

DISCOVERING DEMOCRACY

by Thomas C. Bruneau

Shortly after midnight on April 25, 1974, Lisbon's Radio Renascença played "Grandola vila morena," an old ballad that was an anthem of the Portuguese Left. For a few listeners, most of them middle-ranking Army officers waiting in barracks up and down the country, the spirited lyrics had special meaning. The end of 48 years of dictatorship was at hand.

The ballad was the signal for rebel units to take up positions in six cities. As people were going to work in Lisbon that Thursday morning, Army vehicles were rolling to the waterfront Praça do Comércio and other key points in the capital. Radio announcements by a group called the Armed Forces Movement (MFA) explained that a coup was under way "to put an end to the regime which had oppressed the country for so long."

The collapse of the late António de Oliveira Salazar's New State was swift. Almost no one would fight for the dictatorship. When a squadron of "loyalist" tanks entered Lisbon, its men declined to fire on the rebels: A young sublieutenant who clearly approved of the coup happily said to an MFA officer, "I am here to attack you, but all I want to do is laugh." Students took to the streets chanting "Down with fascism," and the censorship office on the Rua da Misericórdia was ransacked. When a joyous mob of 15,000 gathered at Caxias prison, near the capital, guards freed all 200-odd political prisoners.

Prime Minister Marcello Caetano surrendered to the MFA's representative, Gen. António de Spínola, a popular veteran of the long antiguerrilla campaigns in Africa. "You must maintain control," Salazar's successor told the general. "I am frightened by the idea of power loose in the streets."

Today, nearly 11 years after the beginning of the transformation of one of the world's oldest nations into Europe's newest democracy, the "Revolution of the Flowers" has noticeably wilted. Demonstrations for one group or another—about 50 political parties sprang to life within two months of the coup—are now infrequent, and the red carnations hawked by vendors are no longer worn as symbols of freedom. Like Lisbon's political graffiti, the excitement of liberation has faded.

According to a 1984 poll, while nearly all Portuguese believed that the revolution brought something new to their poverty-ridden nation, only 44 percent thought that their own

lives had changed. A good many reckoned that the change had been for the worse. Asked which government had run the country the best, more people (35 percent) chose the Salazar or the Caetano regimes than any of the 15 governments—six “provisional,” nine constitutional—that had appeared since 1974.

Though labor unrest, rumblings in the military, and other fissures in the war-strained New State had been visible for months, the April 1974 coup came as a surprise. Portuguese citizens, few of whom knew what the MFA was, rushed to stock up on food and gasoline. A different sort of shock reverberated among Portugal’s North Atlantic Treaty Organization (NATO) partners, particularly the United States. The troubled Nixon administration, worried—amid its agonies over the Watergate scandal—about Communist violations of the fragile truce in Vietnam and concerned about Soviet expansion elsewhere, reacted quickly: It barred Portugal’s military men from access to NATO’s confidential nuclear strategy briefings.

Whatever the reaction abroad, Lisbon’s new rulers inherited a society that had gradually been falling apart. Viewed in retrospect, some sort of revolution seemed almost inevitable.

Grinding on for 13 years, the wars in Angola, Mozambique, and Guinea had become extremely costly to Portugal. By 1971, 11.2 percent of all Portuguese men of military age were in uniform. Of the Army’s 179,000 troops, 142,000 were deployed in Africa, fighting a jungle war of attrition against Soviet Bloc–armed black guerrillas with tactics (including a “hearts and minds” campaign) much like those used by American forces in Vietnam.

Though casualties went unreported, they were worse, relative to population size, than U.S. losses in Vietnam. In *Portugal: Fifty Years of Dictatorship* (1975), António de Figueiredo cited an estimate of more than 6,000 dead and 12,000 wounded by 1970 alone.

One of the other casualties was Portugal’s economy. By the time of the coup, the country’s inflation rate had reached 30 percent (the highest in Western Europe), its trade deficit was the worst ever, and unemployment was rising—despite a steady exodus of emigrants seeking work or avoiding conscription.

With nearly half of government spending going to the mili-

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After initial hesitation, civilians cheered the April 25, 1974, Army coup that ended Portugal's New State. Soon, red carnations were worn everywhere, giving post-coup turbulence a name: The Revolution of the Flowers.

tary, Portugal's rate of "fixed" investment—the kind that creates jobs and exports—was the lowest in Western Europe. To compensate, Lisbon had in the mid-1960s begun to lure foreign manufacturers to its low-wage economy. While this strategy brought growth for a while, by the mid-1970s it had soured.

Portugal, which imports 80 percent of its energy and more than half of its food, was hit especially hard by the global bout of recession and inflation that followed the 1973 Organization of Petroleum Exporting Countries (OPEC) oil embargo. As Portugal's export markets went soft, the cost of everything from codfish to bullfight tickets raced ahead of wages. Though both unions and strikes were illegal in the New State, Communist-led workers staged some 40 major walkouts in 1973. Plants owned by International Telephone and Telegraph, Grundig, British Leyland, and other firms closed down; Britain's Plessey had to double its minimum wage, to \$200 per month. There was violence: Riot police broke up a rally of employees of the national airline TAP at Lisbon airport, and several were injured by gunfire.

In the spring of 1974, by one estimate, 400,000 workers in Lisbon and the nearby Setúbal industrial area went on strike, some for as long as three weeks. On the day of the coup, Prime

Minister Caetano planned to hold a Cabinet meeting to discuss an expected May strike by the New State's own civil service.

While all this was going on, unrest was spreading in the military. Formed in mid-1973, and first known as the Captains' Movement, the MFA was originally a group of some 200 middle-level officers with a professional complaint. Short on junior officers, the Caetano regime proposed awarding officer rank to draftees who had served abroad and re-enlisted after a one-year course at the national Military Academy. These *mali-cianos* would have the same status as career men with four years of education at the academy. Some of them might advance faster than the regulars, since their conscript time would count toward promotion.

The government soon dropped that proposal, but the MFA went on to other matters. Its battle-weary leaders—many of whom had served with General Spínola in Guinea—concluded that, although the African wars could not be won, the regime would fight on, and more Portuguese would die in a lost cause. Caetano himself had once said that “without Africa we would be a small nation; with Africa we are a big power.”

No Lebanon, No Chile

In March 1974, Caetano fired both Gen. Francisco de Costa Gomes, the armed forces' chief of staff, and Spínola, the deputy chief. Spínola had recently published *Portugal and the Future*, a call for peace and the creation of a colonial federation. He compared Portugal's struggles against the African guerrillas with the trouble a man trying to doze in a haystack might have with a flea: “The flea has carried out his mission, which was by feeding off you to keep you from sleeping. But you cannot carry out yours, which was to find the flea. Imagine this happening for a whole week; you would die of exhaustion.”

Caetano went before the National Assembly to defend his war policy and extracted a loyalty oath from more than 100 senior officers. MFA leaders saw no alternative to a coup.

Portugal's politicians suspected nothing. Indeed, when the young officers struck, several notables were traveling abroad: Socialist Party leader Mário Soares was in Bonn; Álvaro Cunhal, the exiled Communist Party chief, was in Prague. The coup quickly became a revolution, largely because the New State simply unraveled. Its bureaucrats and security forces simply quit working. So did much of the country.

Yet, the notably civil Portuguese gave the lie to Salazar's old maxim that “to govern is to protect the people from them-

Turning their backs on Spain, the Portuguese have stayed close to the sea. Most of the population of 9,794,100 lives on or near the stretch of coast from the northern border to just below Lisbon. Some 244,400 people inhabit the Azores, roughly 1,100 miles west of Lisbon; another 258,000 reside in the Madeira Islands, west of Morocco.



selves." Despite all the tumult of the first year of the revolution, fewer than a dozen citizens died in political violence. Portugal was not Lebanon, Chile, or Cuba.

But a revolution it was. With the end of government censorship, publishing exploded. *Avante*, a previously clandestine Communist Party weekly, suddenly appeared on newsstands, along with three dailies that had been taken over by the party. (Indeed, during the first two post-coup years most of the Portuguese press was Communist.) Students held "general assemblies" in the schools and purged libraries of works on the old regime. Contraceptives went on sale, and once-banned plays and movies appeared: Staid middle-aged couples trooped to movie theaters to see why *Emmanuelle* and *Last Tango in Paris* had caused a stir elsewhere in Europe.

Of all the parties that emerged, the only one with any history and organization was the 53-year-old Partido Comunista Português (PCP). It had money (from Moscow), and allies in the

bureaucracy, the unions, and the press. It also had an established network of cells in hundreds of Portuguese communities outside the Catholic, conservative north. While local Communists had sworn never to join "bourgeois" elements, the party accepted Spínola's invitation—during the month after the coup—to take part in the Provisional Government. The PCP chief, Cunhal, said that the party would be happy to help nurture the "fragile plant" of democracy.

Egged on by party cadres, peasants seized large farms in the south and set up some 600 Soviet-style communes. Three months after the coup, 200,000 workers were striking for more pay, shutting down much of Portugal's industry. Lisbon's bus drivers pressed their demands by refusing to collect fares. By late summer, Spínola, as head of the Provisional Government, was openly complaining of Portugal's leftward

THE PORTUGUESE-AMERICANS

During the late 17th and 18th centuries, Portuguese Jews who moved to America owned ships that helped build New England's whaling industry. When sizable Portuguese immigration began, during the 19th century, it was led by Azoreans and other islanders who had joined the crews of passing Yankee whalers. Settling chiefly in Massachusetts, Rhode Island, California, and Hawaii, the early arrivals worked in mills, on farms, and, most notably, in fishing.

A fresh influx began two decades ago, when the curbs that were imposed on all immigration in 1921 were eased. By the late 1960s, Portuguese immigration trailed only that from Britain, Italy, and Taiwan. Better educated than their predecessors, nearly 85 percent of the "new" immigrants have come from mainland Portugal. Today, one million U.S. residents claim Portuguese ancestry. California has the most (31 percent of the total), but the recent arrivals have chiefly headed for Rhode Island (where 9.5 percent of the population has Portuguese roots), Massachusetts, New Jersey, and New York.

The Portuguese remain clannish, especially in New England, but time and marriages to outsiders are bringing "Americanization." As of 1910-12, there were some 15 Portuguese-language newspapers in New England, California, and Hawaii; now there are about 10 small weeklies and one daily (in Providence, Rhode Island). On the other hand, the list of Portuguese-descended notables has grown beyond composer John Philip Sousa and writer John Roderigo Dos Passos (see p. 154). Azores-born Humberto Cardinal Medeiros was the Catholic archbishop of Boston for 13 years, before he died in 1983. And the chairman of the Democratic Congressional Campaign Committee is Peter ("Tony") Coelho, 42, a three-term U.S. Representative from California—and the grandson of fishermen who came to America during the early 1900s.

drift: "The country," he said, "is sick."

The two years following the revolution brought not only six provisional governments but also two major attempted counter-coups—one from the right, one from the left. Spínola, acting as head of state but representing the center and right of the political spectrum, envisioned a democratic Portugal that would have ties with Western Europe and would shed its colonies gradually. But Vasco Gonçalves, Otelo Saraiva de Carvalho, and other leftist officers who had gradually taken over the MFA—and made it a kind of parallel regime—began talking of authoritarian rule and instant freedom for the colonies.

The leftist captains found in the PCP both a sympathetic ideology and an organization that no other party could match. The Communists emerged from the revolution with 4,000 members, a roster that they increased to 100,000 within a year. They also had control of the largest of the newly legalized union federations and impressive financing. The Soviets funneled an estimated \$10 million a month to the party through the Moscow Narodny Bank in London.

A Rebuff to the Left

Spínola, lamenting the "general state of anarchy," was forced into exile in Brazil by the MFA radicals in March 1975. The colonies were turned loose,* and the radicals began talking of ruling indefinitely. MFA officers hinted that, if "the people" wished, the Army might upset plans for a national assembly to frame a new constitution.

Nonetheless, elections for a constituent assembly were held on schedule on April 25, 1975. Fully 92 percent of the six million eligible voters (everyone over 18) turned out for the first real election in Portugal in 49 years—and they rejected the Left.

A stunning 72 percent of the vote went to the prodemocracy parties: Soares's center-left Socialists (who led with 38 percent) and two parties on the right. The PCP got just 12 percent, and the total leftist vote was only 20 percent.

Earlier, following the captains' march to the left, several Western governments had tried to influence events in Portugal.

*Within a year of the coup, independence was handed to Guinea (now Guinea-Bissau), Mozambique, and the islands off Africa—the Cape Verde Islands, and São Tomé and Príncipe. Timor (later seized by Indonesia) simply declared its independence. China declined to take over Macao, the Portuguese enclave near Hong Kong, and it remains in Lisbon's hands. Washington had hoped that mineral-rich Angola would be turned over to one of the three principal rebel groups, Holden Roberto's pro-Western National Front for the Liberation of Angola, but Spínola was exiled before he could accomplish that. Lisbon simply withdrew from Angola in November 1975, and by early the next year the resulting civil war was won—with Soviet and Cuban help—by Augustinho Neto's Popular Movement for the Liberation of Angola. Today, all that is left of the Portuguese empire, besides Macao, are the island provinces of Madeira and the Azores.

PORTUGAL



In this 1976 cartoon, Socialist Prime Minister Mário Soares and Portugal's bespectacled president, Gen. António Ramalho Eanes (right), rebuff would-be coalition partners, among them Communist Álvaro Cunhal (far left).

The Nixon administration was particularly aroused. Portugal's strategic importance was clear. It anchored the Atlantic end of NATO's southern flank, which already had its share of unstable governments (Turkey, Greece). And during the 1973 Mideast War, when other European nations refused to let U.S. transports flying supplies to Israel refuel at their airfields, the big C-141s and C-5As used the American base in the Azores, where Soviet submarine movements were also monitored.

Yet Washington felt unable to intervene in Lisbon, particularly in view of the congressional restraints that had been placed on the CIA after the 1973 overthrow of Salvador Allende's Marxist regime in Chile. Secretary of State Henry Kissinger had a gloomy October 1974 meeting in the U.S. capital with Soares, then foreign minister. Kissinger told the Socialist chief that, in allowing PCP participation in the government, he may have become Portugal's Kerensky—a dupe who would be swept away (along with democracy) when the Communists took total power.

There was even a suggestion that Portugal's expulsion from NATO might be necessary—an idea that prompted Senator George McGovern to comment that Kissinger had concocted a "vaccination theory" by which the "loss" of Portugal "would at least have had the benign effect of frightening the rest of West-

ern Europe back to strong, anti-Communist unity.”

But, in the end, Portugal was not lost to the West. Simply put, the PCP did not have the votes to win power. The noncommunist parties had worked hard to establish democracy—with foreign help. Governments in West Germany, Norway, and other NATO countries, as well as West European Socialist parties and labor unions, countered the Eastern Bloc’s aid to the PCP. The Common Market advanced \$180 million in loans, on condition that Portugal establish a multiparty democracy.

Finally, the Ford administration (President Nixon had resigned in August 1974) perceived that a Communist takeover was not inevitable and joined the European efforts. Along with the NATO allies, Washington made it clear to Moscow that any Soviet attempt to pry Portugal out of the alliance would not be tolerated; by early 1976, the Red menace had faded.

Today, Portugal has enough problems of its own. The lengthy, 312-item constitution adopted in mid-1976 divides power between a president, who is elected every five years, and an Assembly of the Republic. In the 1976 presidential elections, Gen. António Ramalho Eanes, who had repelled a threat from the left in 1975, was elected with 61.5 percent of the popular vote. He won re-election in 1980 with 56.4 percent; he has provided an important stabilizing force in Lisbon.

The assembly is supposed to be chosen every four years, but if it cannot form a government—a too-frequent occurrence—the president can call early elections.

The Portuguese have gone to the polls four times to elect assemblies. All that this effort has brought them is a succession of nine different coalition governments.* Yet so far, Portugal is doing somewhat better, in terms of governmental stability, than it did in its previous attempt at democracy. Between 1910 and the military coup of 1926 (from the right, that time), Lisbon’s politicians produced 45 governments in 16 years.

All in all, polls show that the Portuguese value their new freedoms. They may even become inured to Lisbon’s fractious politics. In *Portugal: Birth of a Democracy* (1978), British journalist Robert Harvey suggested that “it is possible that instability is becoming institutionalized, Italian-style.” Though Rome has had 44 governments since 1945, the Italians survive; the mail gets delivered and the civil servants get paid.

*The current coalition, in power since 1983, joins Prime Minister Soares’s Socialists, still the top vote getters, and the center-right Social Democratic Party (PSD), generally second at the polls. No government since 1976 has included the rigidly pro-Moscow PCP. It now pulls about 18 percent of the vote, more than the Spanish Communists (close to four percent) but far less than the Italian Communist Party (30 percent), whose leaders have espoused a “Eurocommunism” that is supposedly independent of the Kremlin.

**PORTUGAL'S WINE-MAKERS:
COPING WITH COMPETITION**

António de Oliveira Salazar, prime minister from 1932 to 1968, once called himself Portugal's "housewife." Yet, while he kept things tidy, he never gave his old industries a good scrubbing. Indeed, the New State exalted traditional ways. But now that Portugal's economy depends heavily on exports, the old ways can be a liability.

Take the wine industry—particularly port, which has been Portugal's leading export since the 17th century.

Port comes from a region of 62,000 acres of terraced vineyards in northern Portugal's Douro River valley. The finished wine is "fortified" with brandy (to a level of 20 percent alcohol), bottled, and marketed by some 75 "shippers," most based in the city of Oporto. But the basic wine comes from the area's 25,000 farmers, most of whom have very small plots. Though they are often at odds with the shippers—and have lately been pressing for the right to blend and sell their own port—the farmers are deeply conservative and wary of change of any kind.

In 1975, for example, the military-dominated regime in Lisbon dispatched a young Army officer to head the farmers' association in the port region. When he sought to ingratiate himself by proposing to change the name of port wine to Douro wine—after the region's name—the farmers sent the officer back to the capital. Revolutions may be fine for Lisbon, they suggested, but not for the Douro wine-makers.

Portugal is the world's seventh biggest wine producer (the top six: Italy, France, the Soviet Union, Spain, Argentina, and the United States). Wine exports earned the country \$200 million in foreign exchange during 1983 (port's share: 60 percent). Directly or indirectly, wine employs 15 percent of the work force. Lisbon newspapers follow the September-October grape harvest as closely as the *Des Moines Register* tracks Iowa corn yields.

The average adult consumes 85 liters annually, a level exceeded only in Italy and France. (The U.S. average in 1983: nearly eight liters, or 2.1 gallons, up from about half that in 1970.) The Portuguese prefer their robust reds and whites. Port and the sweet, fizzy rosés launched in the 1960s under such labels as Mateus and Lancers are largely for export.

But the bloom is off the rosés: In their chief market, the United States, white wines are ascendant, and Mateus and its compatriots have been replaced as the top imports by inexpensive Italian brands. Port is under pressure too. Sales are off in its main markets, Britain and France, partly due to the competition of "port" from South Africa, Australia, and California.

Portugal's one rising star is *vinho verde*, or "green wine," best known as a slightly sparkling white. Its low alcohol content (about

eight percent, versus 13 percent for typical Portuguese table wines) suits current U.S. and European tastes.

The Portuguese launched green wine in Britain during the late 1970s with a rare astuteness. While the government trade office in London mounted a snappy ad campaign ("One swallow makes a summer"), the producers sweetened the wine to British tastes and let supermarkets sell the cheaper brands under their own labels. *Vinho verde* now has 25 percent of Portugal's British wine sales. There are hopes for similar success in America, where the wine sells under such names as Quinta da Aveleda and Casal Garcia.

Portugal needs more such winners, but officials fret about its ability to produce them. The industry needs "a complete overhaul," says Bento de Carvalho, vice-president of the National Wine Board. There is "no policy whatsoever for planting vines, replanting existing vines," and trying new ideas.

The government is moving cautiously to streamline the industry. About half of the 180,000 Portuguese who make wine (most turn out fewer than 150 cases a year) have been nudged into cooperatives—the better to meet the Common Market's exacting rules for everything from the size of bottles to the tonnage of grapes that can be grown on an acre of vineyard.

But only large organizations can experiment with new varieties that may turn into export triumphs. One example is the 150-year-old José Maria da Fonseca Company, which makes Lancers and is also known for high quality wines, such as the sturdy red Periquita. Under the leadership of António d'Avilas, director of J. M. da Fonseca International, and in partnership with America's Heublein, Fonseca has produced a subtle, flowery Muscatel, called João Pires, that can match any dry Muscat from Alsace and a fine Cabernet Sauvignon, named Quinta da Bacalhôa. Its grapes grow on vines that were imported from Bordeaux and grafted onto rootstocks brought from America; the winemaker is Australian. Though the Portuguese can find Quinta da Bacalhôa only in some Lisbon-area wine stores, in Britain it is sold (like green wine) in supermarkets.

Wine has long been a valuable Portuguese resource. During the 18th century, for example, the fortified wine that the Portuguese made on the island of Madeira became a favorite of the colonials in America (including George Washington) and enabled Lisbon, in return, to import grain from Virginia and the Carolinas. Yet today, Portugal does not even have a wine-making school. Its best young vintners study abroad—usually in France.

—By Alex Macleod

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Guidebooks for tourists note that a Portuguese characteristic is *saudade*, a melancholy yearning or nostalgia for past glory. Whatever the validity of that old cliché, visitors to the country since the revolution note a new exuberance. The old fear of authority has given way to a brisk self-confidence. Anthropologist Joyce Firstenberg Riegelhaupt tells an anecdote about a Lisbon lawyer meeting a foreign journalist in 1974:

"We have made a considerable anatomical discovery this April: The Portuguese have teeth," the lawyer proudly declared.

The journalist, confused, replied that surely it had been the mildest of revolutions. "No," the lawyer explained. "What I mean is that you can see us smile."

\$99 a Month

In many ways, Portugal during the mid-1980s seems like France and Italy during the early 1950s and Spain during the 1960s. Lisbon has its high-rise apartments, and glittery little bars such as the Procopio and the Snob are still filled past midnight with people talking politics, but the city is dominated by the kind of 18th-century façades—iron grillwork, balconies, and pastels—that were torn down long ago in Madrid. In Spain, new businesses, and a rising middle class, were blossoming in the 1960s. In today's Portugal, that phenomenon has barely begun.

Portugal's income per capita, \$2,092 in 1983, is barely half that of Spain and Greece. The country also trails Western Europe in literacy (70 percent in 1981), education, and infant mortality. Vacant housing is so scarce that squatters celebrated the revolution by moving into the homes of Portuguese emigrants.

Some 68 percent of the people are still dispersed in rural villages. Urbanization has advanced little since Salazar's day, when fewer than one-third of the Portuguese hailed from towns of more than 5,000, and most lived in hamlets of fewer than 100. Wood-wheeled carts are still common in the countryside.

By a 1978 reckoning (Portuguese statistics are often a bit musty), the country had just 118 cars for every 1,000 people, fewer even than Spain's 178 cars per 1,000. Portugal's high auto-fatality rate—the worst in Western Europe—reflects not heavy traffic but poor roads.

Portugal has only two TV channels, both state run and based in Lisbon (like the radio networks and all but one of the 22 national newspapers). The fare includes performances of concert music, drama, and opera, as well as sports (including hockey played on roller skates), Brazilian-made soap operas, called *telenovelas*, and foreign cartoons (many from the Soviet Union) dubbed in Portu-



The last Portuguese troops left Luanda on November 11, 1975, when Lisbon officially gave up Angola. Most of some 500,000 white settlers followed.

guese. There is little U.S. programming, a bit more from Britain. A recent offering: "The Jewel in the Crown," a series about the end of British rule in India.

In the New State, the right to vote was granted to only about 20 percent of the adult population—males who could read and write and had paid a certain minimum tax, and women who had at least a secondary education. Now adult suffrage is universal. The new constitution provides for separation of church and state (though 96 percent of the Portuguese are baptized Catholics) and for divorce. Abortion was legalized in 1984, but is permitted only in situations involving incest, rape, and deformed fetuses; nonetheless, the measure earned President António Ramalho Eanes, who signed it, a jab in the Catholic press as "the president who legalized the death penalty."

The constitution also specified a "socialist" society, with safety nets for all. Yet, thanks to its poverty, Portugal is still no Scandinavian welfare state. A National Health Service was created to provide free medical care for the needy, and the government is trying to persuade the country's numerous physicians—one for every 500 people—to do more in rural

areas. But the minimum wage that Lisbon established is now just \$99 per month, and the allowance granted for each child in a poor family is all of \$4 per month.

Moreover, many Lisbon politicians now argue that the early rush to establish a state-run economic system was a mistake. During the peak of revolutionary fervor in 1975, Portugal's big banks and insurance companies were nationalized, which also brought state ownership to the scores of other businesses that they owned or controlled. The shipping, railroad, urban transportation, oil, and electric power industries soon followed, and the government wound up running companies that represent 32 percent of Portugal's corporate investment.

Looking for Leadership

But here, as elsewhere, the state-run firms are awash in red ink. Grand projects—petrochemical complexes in Sines and Leixões, the Setenave shipbuilding complex near Lisbon in Setúbal—have been beset by sagging world markets or their own poor management. (Their directors change with each new government.) The companies owe half of Portugal's \$14.2 billion in foreign debt, but many cannot even pay their employees. As of autumn 1984, some 7,000 Setenave steelworkers were owed back pay.

Portugal's foreign debt piled up as a result of labor unrest, the chaos of the revolution, and the loss of the colonial markets. When Lisbon went to the International Monetary Fund (IMF) and rich Western nations for help in 1978, it accepted austerity measures that caused "real" wages to plunge 20 percent below the 1975 level. To improve its 1980 election prospects, the government then in power subsequently let the value of the escudo rise (to make imports cheaper) and continued subsidizing food and other essentials. That led to more debt.

In 1983, Lisbon sold some of the large stock of gold—worth \$7.8 billion that year—left in the Bank of Portugal by the pinch-penny New State, but still had to seek new IMF aid. The price this time was new austerity measures that caused a recession and raised unemployment (now about 10 percent).

Prime Minister Soares, who aims to run for the presidency this year, has been cutting back on some of the post-1974 excesses. Many of the expropriated southern farms have been returned to their owners, for instance, and employers have won back the right to fire slack employees. Some politicians talk of moving toward a more laissez-faire economy, as Britain has done under Margaret Thatcher's Conservative government.

One issue on which all parties (except the PCP) have agreed

is Common Market membership. When Lisbon applied to the European Economic Community (EEC) in 1977, it cast its request in terms of a new mission: Replacing its colonial and Atlantic "vocation," Portugal would finally join Europe. After all, almost two million Portuguese now live in Common Market nations, and nearly half the country's trade is with these 10 states.

Portugal—and Spain, which applied after the death of Francisco Franco and his dictatorship's fall in 1975—seem likely to be admitted in 1986. The wait has been useful. If free trade with the EEC were to start now, Portugal's economy would suffer. The Portuguese are now competitive with other European producers only in wine, tomato paste, textiles, and shoes.

Now that this reality has sunk in, the idea of "joining Europe" has lost much of its appeal in Portugal. Its politicians, journalists, and industrialists realize that, once their country joins the Community, it will be the poorest member (behind Ireland), and may find itself stranded on the periphery of industrial Europe. Portugal might well remain a land of sunny beaches, inexpensive wine, and friendly people. While this may not sound too bad, assuming a profitable tourist trade, it would be a far cry from either industrial modernity or the much-celebrated past of great discoveries and overseas empire.

The Portuguese have a tradition of looking for a savior. It goes back at least to the 16th century, when the quixotic young King Sebastian sailed off to fight the Moors in Morocco. No matter that the king's army was crushed and that his death led to 60 years of Spanish rule; it was long hoped and believed that he would return. Democracy has not ended *Sebastianismo*, the popular hankering after a leader who, in times of trouble, will step in and solve Portugal's problems.

In many respects, Salazar served that purpose. He rescued the country from instability during the late 1920s. The Army captains played a similar role in 1974. Polls still show high esteem among Portuguese for strong leadership and a widespread public perception of its absence during the past few years. There is, indeed, a general perception among most Portuguese that stronger government in Lisbon is required for both democracy and economic development to flourish. The question for the Portuguese is how that strength and stability can be achieved, without resort to some new Sebastian—or Salazar.
