

The Portuguese “Estado Novo”: Programmes and Hindrances for Agrarian Modernization (1933 – 1974)*

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Introduction

In this text we approach the study of the agricultural policies that were put in place by the Portuguese *Estado Novo* (Portuguese *New State*) from its establishment in 1933 to the bloodless military coup that saw its end on the 24th April 1974, making way for a new democratic political era in the history of contemporary Portugal. (Schmitter, 1999)

Our contribution takes reference from the main findings made in this field by recent Portuguese agricultural historiography, from which we propose our own interpretation to be developed further in the conclusions section.

The *Estado Novo* was the dictatorial political regime that governed Portugal for nearly forty years, spanning the central decades of the XXth Century (1933-1974). It is often seen as a prolongation of the military dictatorship, which in 1926 overthrew the liberal republican regime that had been in power since the fall of the monarchy in 1910. (Ramos, 1994; Marques, 1997)

In ideological terms it was an extremely conservative, catholic and corporative regime. Somewhat more debatable, if we are to consider its political nature and compare it to “classic fascisms” such as Italy and Germany, is whether or not the *Estado Novo* (also known as *Salazarism* in reference to its maximum political figure, the Professor of Economics, Antonio Oliveira Salazar) constituted a fascist dictatorship. In any case, during the 1930s and 1940s it certainly displayed sufficient characteristics (in political-ideological, economic and cultural terms) to earn a deserved position in the international family of inter-war fascist regimes.

As with other fascist regimes during that period, the *Estado Novo* incorporated an idealized view of the rural world into its ideological discourse, depicting it as a model harmonious society, free from class struggle and bearing the very essence of its people and the virtues of an entire race. This supposed traditional rural order of “lords and peasants” was exactly what Salazar's dictatorship wanted to project to the entire Portuguese society at that time.

The presence of “ruralism” as an ideology, a common element to all fascist regimes, was even more notable in Portugal's case given the vast predominance of its agricultural economy and the structures and values of its rural society at the beginning of the 1930s.

In this text we will trace the evolution of the policies that the *Estado Novo* designed for the rural context over its forty-year existence. Nevertheless, our aim is not to conduct an exhaustive analysis of the New State's agricultural policy, neither in its entirety or from a sectoral perspective, nor will we enter into the study of the initiatives carried out by the dictatorship in social, educative or cultural environments.

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What is of interest to us is the debate over whether political programmes were developed from within the dictatorship to “modernize” (in strictly economic terms) Portuguese agriculture. We want to know what these projects consisted of, which social groups or political elites backed them, what specific results they obtained, and what support or resistance they came across during their implementation, etc.

Before going any further it is necessary to describe the main characteristics of the principal agricultural regions of continental Portugal at the beginning of the 1930s, that is to say, immediately prior to the establishment of the *Estado Novo*. Simplifying greatly, we are able to define two large agricultural regions within Portugal, separated by the River Tajo basin and the central mountain range. (Oliveira Baptista, 1984; Rosas, 1994a)

To the North of this dividing line was the *Zona de Agricultura Familiar*, or *Area of Family Farming*, characterized by its dispersed rural population; the small size and enormous fragmentation of its plots (known as *minifundios*); and predominance of multi-crop cultivations and stock breeding (corn, vegetables, fruit, and vineyards, which alternated as meadows for bovine grazing). The exception was the Douro river region, which specialized in vine-growing. The area was also known for the social supremacy of its noblemen, large absent landowners who leased the farming of their terrains to a multitude of tenants and sharecroppers, whose living conditions barely surpassed the subsistence level.

To the south of the central mountain range were the *Campos do Sul*, or *Southern Fields*, defined by extensive farming based on the cultivation of wheat and the practice of land fallow in intervals of 5-7 years. The periodic rest given to the land was compensated for with extensive sheep and pig farming, exploiting the bark from cork oaks, and olive picking. It was an area of large farms (known as *latifundios*) in which the rural population was concentrated in farmworker villages. The social structure of the area was extremely polarized, with the minority large landowners occupying the top of the social pyramid and the great masses of paid farming workers at the base.

1. The *Estado Novo* in the 1930s: times of “agricultural fascism”

The agricultural policy of the Portuguese *Estado Novo* from its establishment to the breakout of World War II, that is to say, during the period spanning from 1933 to 1939, shared many characteristics with the agrarian programmes of other fascist regimes or the orbit of fascism settled in Mediterranean Europe.

During the 1930s, Portuguese agricultural policy was based on three principles: the autarchic search for food self-sufficiency; social and political control over the rural society, and keeping farming costs at a minimum (low-cost farm labour). The dictatorship's permanent use of repression over the rural population served to complement the specific political measures adopted to achieve the aforementioned objectives. (Oliveira Baptista, 1996)

This programme of agricultural autarchy can be visualized more clearly once we analyze the measures implanted in Portuguese agriculture's two main cultivations: wheat and vineyards.

In the case of wheat, which practically became the sole cultivation of the Alentejano Southern Fields during the first third of the XXth century, the paradigmatic measure of the thirties was the so-called *Campanha do Trigo* (1929-1933), or *Wheat Campaign*, initiated by the military dictatorship (1926-1932) that preceded the establishment of the *Estado Novo*.

This *Campanha* took direct inspiration from fascist Italy's *Bataglia del Grano* and pursued the

expansion of farmland and an increase in the national product of this cereal. Therefore, the *Estado Novo* established a line of credit support to promote the farming of new lands and guaranteed the acquisition of wheat at a fixed price. Whilst the *Campanha do Trigo* helped to avoid the negative effects the crisis of 1929 was having on cereals, during its early years it also received wide support from diverse sectors of the Portuguese rural population. Needless to say, it especially favoured the owners of large *latifundios* in the South of the country, as well as medium-sized proprietors, who were rewarded for cultivating their land with high earnings. However, small farm owners who barely surpassed the level of farmworkers, also took great risks to rent or sharecrop marginal lands conceded by larger land owners. The latter were the most badly affected by annual overproduction that started to occur from 1931 onwards, and which forced the government to remove farm credit support in 1933. They did, however, keep the official prices policy for elevated buys, which became the main source of support to the sector until 1965. (Amaral, 1996a)

The crisis provoked by the surplus of wheat produce, along with the subsequent fall in prices, led the *Estado Novo* to exercise its interventionist vocation in the cereals sub-sector in order to regulate market functioning. From 1933 they banned free exchanges and created several institutions within the complex structure of the dictatorships' corporative organizations, put in charge of regulating exchanges within the sector: *Federação Nacional dos Produtores de Trigo* (FNPT) (*The National Federation of Wheat Producers*); *The Federação Nacional dos Industriais de Moagem* (FNIM) (*The National Federation of Milling Industries*); and *The Instituto Nacional do Pão* (INP) (*The National Institute for Bread*). (Amaral, 1996b)

Likewise, the policy to protect vine-growing was a constant throughout the duration of the *Estado Novo*, despite practically always operating against the economic rationale dictated by exterior and interior markets. Following the 1929 crisis a series of political measures were introduced to guarantee the profitability of vine-growing and wine production: increased storage capacity of State dependent organizations; the promotion of internal consumption and the massive collocation of low-quality wine surpluses in colonial markets; and subsidies to support farms, etc. (Freire, 1996a)

The principal demand of the Portuguese wine producers' lobby was for the *Estado Novo* to intervene to avoid annual price fluctuations in the wine market. As with the wheat industry, the "solution" came (from 1933 onwards) in the form of a complex corporative structure that categorized wine producers and traders on a local level and according to the different wine-producing regions. The best example of this structure was the *Junta Nacional do Vinho* (JNV) (*National Wine Committee*), a corporative that was put in charge of controlling wine production, financing the sector and storing produce (especially common wine) until the end of the dictatorship. (Freire, 2002)

The steps taken during the 1930s significantly anticipated the main lines of the *Estado Novo's* policy for this sub-sector, which focused more on guaranteeing farmers the sale of their produce than fomenting the quality of the final product. Even then, this type of measure operated somewhat contradictorily, even from the thirties, alongside other steps that were taken more sporadically to alleviate structural problems within the Portuguese wine production industry: restrictions on planting new vine stocks, technical assistance to improve wine-production or to foment the creation of cooperative wineries, particularly from the 1950s. However, the reality of the wine industry in the *Estado Novo* can be summed up by a structural overproduction of low-quality produce.

In order to assure social and political control over the rural population and keep farm labour salaries at a minimum, the *Estado Novo* went on to combine the use of police repression with the creation of a new structure to categorize the rural population: *The Organização Corporativa da Lavoura* (*The Corporate Agriculture Organization*). Prior to this, the regime had made sure to repress and make illegal the few farmworker unions that had made any headway in the conflictive Southern Fields

from 1910 onwards. (Pacheco Pereira, 1983)

Within the complex and confusing web of corporate entities, we are particularly interested in the *Casas do Povo*, or *Houses of the People* (created in 1933). These constituted a mixed organization that were formed by farm owners and labourers alike from a given locality. The design of this institution was based on an idealized vision of the rural world, common to other fascisms, depicted as a harmonious society woven by religion and the goodness of the “lords” paternalism, in which class struggle was inexistent. One of their more important missions was the “negotiation” of collective work contracts between large farm owners and wage earners within the institution. Consequently, in the South of Portugal, the *Casas do Povo* (*Houses of the People*) became the breeding grounds for large farm bosses to hire unemployed labourers at a low cost.

Another structure of agricultural corporatism worthy of some attention are the *Organismos de Coordenação Económica* (OCE) (*Organizations of Economic Coordination*), which may be defined as autonomous organizations of the State administration. Their responsibilities, somewhat ambiguous and variable depending on the case at hand, ranged from regulating production in monopolistic markets, to the transformation and commercialization of certain farming products (such as wheat, oil or wine) and intervention in metropolitan and colonial commercial circuits. Despite the fact that they served private interests, they still represent a clear example of State intervention. Through the OCEs, the *Estado Novo* channeled the varying demands from lobbies from production, transformation industries and agricultural traders, and settled disputes amongst them. Throughout this text we will get the chance to see the OCEs in action. In fact, some have already been cited, such as the *Junta Nacional do Vinho* (JNV) (*The National Wine Committee*) or the *Federação Nacional dos Produtores de Trigo* (FNPT) (*The National Federation of Wheat Producers*).

In reality, both the specific policies applied to the wheat and wine sub-sectors and the introduction of a newly created institutional structure in rural Portugal (Corporate Agriculture Organization) served to meet the Regime’s main objective in relation to agricultural economy and the rural society: to insure and strengthen the predominance of principal traditional agricultural interests.

Farm-owner lobbies, generically termed *grandes agrários* (*large farmers*), not only constituted a decisive social sector in the institutionalization and durability of the regime, to which they were almost an inherent characteristic, but were constantly found at the centre of any political decision made by the *Estado Novo*, granting them notable influential capacity.

On an internal level, this elite group of large absent farm owners was quite heterogeneous. The main factors of differentiation within the group stem from their regional origin (North/South) and the specific agrarian sub sector upon which their economic power rested (cereal production, wine making, oil production, or stock breeding). (Rosas, 1994a)

Nevertheless, they shared a series of common characteristics. They had total economic, social and political control on a local and regional level. Also, they occupied local and provincial political posts, either directly or through the delegation of an entrusted person (mayors, council secretaries, civil governors...), meaning they became the maximum local and district representatives of the regime's single party, the *União Nacional* (*The National Union*). Moreover, they headed agricultural organizations: *Grémios da Lavoura* (*Farming Guilds*); *Casas do Povo* (*Houses of the People*), *Unões* and *Federações* (*Trade Unions and Federations...*) and acted as representatives in their area for the *Associação Central de Agricultura Portuguesa* (ACAP) (*The Central Association for Portuguese Agriculture*), the only organization representing the interests of agricultural employers, apart from the new Corporate Organization, that the *Estado Novo* had allowed to survive. In reality, they represented and constituted the tentacles of the *Estado Novo* in the territorial periphery, and for

that very reason they were an inherent characteristic of the political regime itself.

The most notorious amongst this group of rural elites enjoyed high political positions in Lisbon: deputies in the National Assembly, leaders of the *Organismos de Coordenação Económica* (OCE) (*Organizations of Economic Coordination*); Secretaries of State and Ministers of Agriculture... From these platforms of political and economic power they were able to defend a determined vision of rural Portugal and apply political pressure to benefit the interests of different sectoral lobbies.

Along these lines, we can identify up to four large pressure groups or agricultural lobbies. (Rosas, 1994a)

The best organized was that of the large southern farmers, which was very much linked to the main centres of political decision right from the very beginning of the *Estado Novo* institutionalization. Beyond the defense of their own collective interests, we must highlight the degree of specialization this lobby attained in the management of the characteristic sub-sectors of the Southern Fields' agriculture (oil production, livestock, and in particular, wheat production lobbies)

The political support that the large Alentejo wheat-producers - known as the *senhores do pão* (*bread lords*) showed towards the *Estado Novo* can be partly explained by the decision the 1st Portuguese Republic (1910 – 1926) made to do away with the protection policy over import duties of national wheat, applied by the State from the end of the XIXth Century (Reis, 1993). This policy had resulted in a significant increase in the land surface dedicated to wheat farming in the region, to the point of it becoming practically the sole cultivation. Following World War I, in order to reduce the price of bread, the republican government abandoned the protection policy for cereals and stimulated imports of wheat from abroad. This led the large Alentejo wheat producers to support the military coup of May 1926. In fact, the *Campanha do Trigo* constituted a peak in the synthesis between the dictatorship's agricultural policy and the interests of the large-scale wheat producers.

Although equally influential, the vine-growing lobby was more heterogeneous on an internal level compared to those of the large Southern farmers. This diversity had much to do with the regional specifications of Portuguese vine-growing. Along these lines, we can distinguish between the organization of the interests of the large producers (and traders) from the Douro river region, who specialized in Porto wine, directed principally towards the British market; and the lobbies' of producers, wholesalers and traders of common wine from the central regions of the country (West, Estremadura, Ribatejo and Beira Alta), whose constant concern was to avoid the overproduction crisis by controlling the supply to the cities of continental Portugal and maintaining the colonial market. As mentioned previously, their interests were protected by the creation of specific corporate structures for the wine production sector from 1933 onwards. What is more, distinguished members of the Portuguese wine production lobby led the new *Organismos de Coordenação Económica* (OCEs) (*Organizations of Economic Coordination*) for the sub sector.

Finally, we come to the Lobby for North Portuguese agriculture, defined by its marked regional character, as opposed to the national-scale discourse offered by the meridional farmers, and a radical conservative ideology. Its constant battle was to defend the archaic status quo of Northern Portuguese family-run farming (whose reproduction was the ultimate guarantee of its predominance) and artisan farming, as protection against the threat posed by urbanization, industrialization or the excesses of a free market.

The economic and political influence of these *grandes agrários* (*large farmers*) and their respective sectoral pressure groups held up until the end of the *Estado Novo*, beyond the large structural changes that did away with “traditional farming” in Portugal and the model of a rural society inherent with it.

Direct opposition to change from large farm owners was at the route of the multiple difficulties faced by the projects to modernize the country's agricultural sector before and after World War II, which we will go on to analyze.

2. The Second World War and the change in direction of Portuguese economic policy

Despite not intervening as a belligerent country in the Second World War, the effects of the conflict hit Portugal's economy hard and produced variable effects (positive and negative) on the different sectors of a very dependent peripheral economy, as was Portugal at that time. (Rosas, 1995)

For Portugal's agricultural policy, the War meant notably intensifying the master lines put into place during the 1930s, in particular the objective of food self-sufficiency, met with fresh concerns over guaranteeing supply to the population at stable prices. (Oliveira Baptista, 1996)

The new situation may be summarized as a decided reinforcement of State intervention in all areas of the agricultural economy: control over production and distribution of extremely scarce agricultural inputs (sulphate and mineral fertilizers); strict price regulation; state supervision over transport, distribution and commercialization, freezing of farming wages... Just as in other contemporary cases of agricultural economic intervention, (such as the war economy of the III Reich or Franco's agricultural autarchy), the consequences of intervention in the agricultural sector were immediate: the official sale price of goods became almost fictional as a consequence of hoarding and speculation; a large black market emerged and, despite the introduction of rationing on primary goods towards the end of 1943, little could be done to avoid food shortages and hunger, which hit the financially weaker sectors of both urban and rural populations hard. (Rosas, 1995)

The Second World War years became the “golden era” for the corporate organization of Portuguese agriculture, to which the task of managing economic intervention was attributed, in particular to the *Organizations of Economic Coordination* (OEC). Nonetheless, if the participation of corporate organizations during wartime left its mark on the Portuguese memory, it is one associated with their involvement in black markets and the inefficiency of their enormous bureaucracy.

From a political point of view, the economic and social impact the war provoked on Portugal, both during and immediately following the conflict, left the regime in a delicate situation, particularly in the rural context. The Portuguese rural population and agriculture assumed (compared to sectors such as external and colonial commerce, banking or transformation industries) a large part of the sacrifice associated with the “war economy”. In addition to harvest declarations and obligatory delivery quotas came a policy to lower prices, which especially affected small to medium size farmers by impeding them from taking advantage of the economic opportunities the war presented, although this view is not shared by all authors (Oliveira Baptista, 1996). However, there is a definite consensus on the grave difficulties faced by both the most modest of small farm owners and rural labourers.

In those areas with a predominance of small family run farms (in the Northern half of the country), along with low farming salaries and difficulties accessing primary goods, they suffered the plundering of wood from their forests and the invasion of their farm lands by the wolfram prospectors...which led the population to undertake a series of revolts. (Freire, 2004; Rosas, 2000)

In the South, farm workers from the Alentejo and Ribatejo regions protested against the deteriorating living conditions stemming from State policies to reduce their wages and increase their working hours, which led to an important strike movement. The duration of the rural

population's protests (from 1941/42 to 1948), despite the harshness of the repression they faced from the dictatorship's police forces, the *Guarda Nacional Republicana* (GNR) and the *Polícia de Vigilância e Defesa do Estado – Polícia Internacional de Defesa do Estado* (PVDE/PIDE) (*The National Republican Guard*) and (*The State Vigilance and Defense Police*), gives us an idea of just how desperate their situation of misery had become. (Oliveira Baptista, 1996; Freire, 1996b, Rosas, 2000)

Nevertheless, the war situation was to become just as important to the immediate future of the regime's economic policy. According to F. Rosas (1996), the foundations for a decisive change in direction of Portugal's post-war economy were laid during the conflict, leading to a process of industrialization to modernize the country, and the subordination of farming and traditional agricultural interests. The reinforcement of the State's political and economic role during the war period, as well as the positive position of its finances at the end of the conflict, left it in a privileged position to stimulate and direct a process of economic modernization in Portugal.

Economic intervention in the industrial sector during these years, and in particular the industrialization projects of Ferreira Dias (national electrification; creation of new base industries and the reorganization-concentration of preexisting industries), legislated for in 1944 and 1945, announced the immediate future of the regime's economic policy whilst awakening the rage of rural conservative sectors. (Rosas, 2000)

3. Modernizing Portuguese agriculture: Mission impossible? (1950 – 1960)

Throughout the forty-year history of the *Estado Novo* (1933-1974) it is likely that there was never an ideological current with a well-defined political programme that aimed to modernize Portuguese agriculture. In other words, we believe that there never existed such a “fascist programme of modernization for Portuguese agriculture”.

However, this does not mean to say that there were not numerous proposals for agrarian reform within the tradition of Portuguese economic thinking. What is more, we can identify an intellectual current of proposed agricultural reform that originates from the final decades of the XVIIIth Century, which achieved an important development during the following century and first third of the XXth Century. Therefore, what we are going to find in the four decades that the *Estado Novo* spanned are projects for agricultural reform based on this tradition and, more specifically, with proposals that were generated prior to its establishment. The proposals of Portuguese economists were based on the consideration of Portuguese agriculture as being very backward in relation to other modern European countries of that time.

The main theorist of agricultural reform at the turn of the century was Oliveira Martins, for whom the real problem for Portuguese agriculture laid in the unbalanced structure of property: whilst in the North of the country the land was enormously fragmented (atomized), hindering the survival of an excessive population; in the South, and in Alentejo in particular, there was a predominance of large-scale farms and the population was scarce, to such an extent that a large proportion of land was exploited inefficiently. His proposal consisted of defining the Northern properties, dividing those to the South and transferring the demographic surplus from North to South. (Amaral, 1996c)

During the years prior to the establishment of the *Estado Novo* these ideas were well-received, giving rise to the proliferation of “neo-physiocratic” ideas amongst numerous politicians and intellectuals, some of whom were later doted with highly important political responsibilities during the regime (such as Salazar himself or Rafael Duque, who was the Minister of Agriculture from 1936 to 1940 and the Minister of Economy from 1940 to 1944). The underlying proposals were molded with the outline of a much broader agricultural reform programme, that did not only

contemplate measures to restructure land ownership, but also colonization plans accompanied by the complementary development of agricultural hydraulics or the reforestation of land inapt for farming. (Rosas, 2000)

This programme of agricultural reform was present, at least in theory, throughout the forty-year duration of the dictatorship. However, and despite the fact that some of the agricultural policy measures they proposed were applied more sporadically (such as the construction of hydraulic infrastructures, the colonization of common lands, farming credits or reforestation), it failed in its basic objective: the modification of the structure of land property in Portugal.

Portuguese agricultural historiography gives varying reasons for this failure that correspond to different moments of internal evolution within the regime.

In the period from the institutionalization of the *Estado Novo* to the end of World War II (1933 – 1945), reformist projects were hampered by direct opposition from the pressure group formed by large landowners and the rural conservative thinking these embodied. What is more, the *Estado Novo* suffered an unresolvable internal contradiction: on the one hand, it intended to initiate technical agricultural reform through colonization and hydraulic policy, but on the other, it never wished to jeopardize the support of one of its greatest political and social strongholds, the agricultural lobby in Southern Portugal.

From 1950 onwards, the reformists faced even more difficulties. Not only did they have to confront the monolithic ideology of the large farmers, but their political influence within the regime faded into the background, leaving the hegemonic position to be taken by the theorists of industrialism, whose approach was adopted by the *Estado Novo* as the official economic discourse. For the theorists of “industrialism” the modernization of agriculture through an agrarian reform programme was not the priority. Instead, they were convinced that the Portuguese economy could grow and modernize without affecting the agricultural sector.

Nevertheless, even during the 1950s, there came the “spring of agricultural reform”, which was nothing but a short-lived mirage. This partial revival of the agricultural reform theories occurred in the form of medium-term economic planning policy (*Planos de Fomento*) (*Development Plans*) carried out by the *Estado Novo* from the beginning of the 1950s to the fall of the regime in 1974, more specifically, in the *II Plano de Fomento (II Development Plan)*: 1959-1964.

In any case, it should be noted that rather than a restoration of the “neo-physiocrats” agricultural reform programme, this was:

A miscellany in which the former bases combine with the modern theory of economic development and some contributions of industrialism. (Amaral, 1996c)

In other words, control over the operations for the modernization of Portuguese agriculture was in the hands of the industrialists.

The *II Plano de Fomento (II Development Plan)*: 1959 – 1964 went back to the classic idea of dividing the large plots of the South and concentrating the predominant atomized properties of the North of the River Tajo. In the South, the division of properties (*latifundios*) was carried out on the land affected by the *Plano de Rega do Alentejo (Alentejo Irrigation Plan)* (included within same the *II Development Plan*), whose objective was to irrigate some 162,000 hectares in eighteen years. (Oliveira Baptista, 1993)

In the North the Plan sought the concentration of farms in order to convert the economically “inefficient” plots into a new type of family-run farm with an area sufficient to allow the family to

live more comfortably. This process implied a stronger presence of moto-mechanization and a high consumption of agricultural inputs and other consumer goods of industrial origin. In other words, in the North of Portugal (also in the South, but in another manner) the industrialists wanted to create a farming model characteristic of the Green Revolution.

This project to alter the structure of property was complemented by a proposed amendment to the leasing law that proved favourable to the interests of tenants, whether they were family farmers in the North or Southern capitalist entrepreneurs. In short, the intention was to improve the conditions of the leases to stimulate the creation of capitalist farms.

However, the sectoral objectives that the *II Plano de Fomento* (II Development Plan) established for agriculture were never met. The clash between this project and the interests of large agricultural pressure groups was resolved within the system, once again in favour of the latter, and the structure of land ownership was barely altered. Hence, the industrialists chose to withdraw from the battlefield, keep a peaceful coexistence with the farming lobby and continue its modernization programme without giving priority attention to agriculture. (Amaral, 1994)

In the case of the *Estado Novo*, resistance to the modernization of agriculture from large landowner lobbies was not overcome through political channels, but through the natural evolution of Portuguese agriculture between 1960 and 1974.

Meanwhile, the proposals for agricultural reform were finally cornered for two reasons. Firstly, their loss of political influence and secondly, and most importantly, the imposition of a new model of agricultural development in Portugal from the early 1960s (a new version of agricultural "modernization"), based on the use of fossil fuels (oil), the massive incorporation of inputs and technologies from outside the sector (mechanization, motorization, agricultural chemistry, genetics), the consolidation of larger and more capitalized farms, or new ways of relating to the market through the appearance of national and international agro-industrial conglomerates. In other words, the characteristic indicators of the Green Revolution.

4. The rapid modernization of Portuguese agriculture (1960 – 1974)

At this point, it only remains to briefly describe how the industrialization process of Portuguese agriculture came about in the final stage of the *Estado Novo*. This process was carried out differently in the South and in the North.

At the prospect of a capitalist process of agricultural modernization, the South of the country started out with clear advantages over the North. In the 1960s the Alentejano system of large farms went into crisis as a result of the structural changes occurring in rural areas: in particular, the massive exodus of thousands of agricultural workers to the major cities in Portugal and more developed western European countries, or changes in the structure of urban demand for food stuffs. Moreover, a specific measure of agricultural policy served to worsen the crisis in the wheat economy. In 1965 the government published the *Regime Cerealífero (Cereals Regime)* whereby the annual credit support to wheat growers was abolished, a grant that had enabled many large landowners to maintain, year after year, the extensive cultivation of their land despite its lack of profitability.

Through diverse measures, the dictatorship's agricultural policy supported farms of a sufficient size to be economically viable under the Green Revolution. The scale economies meant that larger farms with more fertile lands benefited the most, since they met the criteria for business management. Generally speaking, they fitted the profile of large areas of land, leased to agricultural entrepreneurs by traditional landowners.

Other factors were also important in the creation of a powerful capitalist business sector in the Southern Fields, much to the detriment of traditional *latifundios*, especially the intense push for the mechanization of farming production and a shift in production in keeping with the new demands of the urban food market. Wheat cultivations gradually lost ground to vineyards, fruit trees (apple, pear, peach ...) and specialized dairy farms.

The reorganization of the productive structure in regions such as Alentejo, Ribatejo or Beira Baixa was encouraged by the *Estado Novo*, embodied in measures such as the *Plano de Fomento Frutícola (Fruit Development Plan)* and the *Plano de Fomento Pecuário (Livestock Development Plan)* (both passed in 1962) or the *Lei de Melhoramentos Agrícolas (Agricultural Improvement Law)*, 1946 (later amended in 1960), which meant a decisive injection of agricultural credit, for example, for the mechanization of farm businesses and larger family-run farms.

The crisis affecting large southern *latifundios* was softened by the *Estado Novo* through various means: maintaining a beneficial tax regime and leasing system, the construction of irrigation infrastructures and, above all, promoting the conversion of woodlands devoted to cereal cultivation on very favourable terms. (Oliveira Baptista, 1993)

In Southern Portugal, it could be argued that the crisis of traditional agriculture came to settle the question of agricultural "modernization" not by reforming the structure of land ownership, but through the triumph of an enterprise-based agricultural capitalism more in keeping with the times.

The story was quite different in the area of family-run farms to the North, where all the farm consolidation projects were thwarted. The *Estado Novo* was faced with the challenge of protecting the economic interests of both the agricultural lobby in the North of the country, whose rent-based economy had been hit hard by the massive rural exodus, as well as a sector with a significant number of small family farmers. The survival of many family-run farms can only be explained by a combination of factors: remittances sent by migrants abroad, official credit and the social outreach of rural social security subsidies (pensions) from the late 1960s. In another aspect of its protective action, the state intervened (moderately) in market mechanisms. This was the case of its intervention in milk production and retailing, so important in the Northern coastal region of the country.

Conclusions

As previously stated, we do not believe in the existence of a comprehensive political programme for the modernization of Portuguese agriculture during the dictatorship of the *Estado Novo*. Instead, we think more attention should be paid to the specific sectoral policies and measures, which sometimes took on a transversal theme (if not discontinuous) throughout the four-decade-long regime. This was the case of the policies for internal colonization and agricultural hydraulics, the forest policy, agricultural credit or the push towards cooperatives and technical assistance...

Firstly, when we analyze the "modernization project" of a dictatorship as long as that of the *Estado Novo*, or other long-term fascist dictatorships (such as Francoism or Italian fascism itself) it is more than likely that the concept of economic modernization underlying these various national agricultural policies underwent significant changes over time.

In the case of the Portuguese *Estado Novo*, using the term "agricultural modernization" in a broad yet loose sense, we are able to identify two schools of economic thought with a certain degree (very different) of concern for the transformation of Portuguese agriculture. The idea of agricultural modernization that they handle is very different, as are the temporal contexts (separated by World War II) in which they tried to implement their theoretical formulations, as well as the political

situation the *Estado Novo* was going through in each case.

For the first of these intellectual currents, known as the neo-physiocrats, agriculture played a central role in Portuguese economy as a whole, which is, moreover, a reflection of the social, political and symbolic influence of the countryside in Portugal during the first half of the twentieth century. They conceived a more moderate land reform project (more technical than social) that defended certain elements of an enlightened reform tradition (the obsession with doing away with uncultivated land or a firm commitment to binomial Colonization - the extension of irrigation), that adapted well to the autocratic direction of the regime's state economic policy from its establishment to the years following the end of World War II.

A prototypical example of how such approaches were put into practice can be found in the forest policy of the early decades of the *Estado Novo*, which focused on the massive reforestation of public lands with pine trees in order to promote the internal development (autarchic) of a national industry producing paper pulp.

The proposals of the neo-physiocrat reformists not only continued an established intellectual tradition, but were characteristic of their historical time and the international political context of the fascist heyday. Thus, one of the star measures of the *Estado Novo's* agricultural policy in the 1930s was "internal colonization", directly influenced by the *Bonifica Integrale* Programme of Fascist Italy, which also inspired Franco's colonization policy in Spain during the 1940s.

The theorists of industrialism, who led economic policy from the early 1950s, believed that the economic development of Portugal had to undergo a process of accelerated industrialization. Consistent with this idea, agriculture took on a secondary and subordinate role in their conception of the country's economic modernization. Its mission was to ensure the population's food supply, serve as the industrial manufacturing market and provide labour and capital for industry and service sectors. Despite its apparent indifference to the endogenous evolution of the agricultural sector, they sought to implement their own proposals for change, that focused on implementing a model of farming (family or business based) in the country that would be suitable for the development of industrialized agriculture.

Evidently, they were more than aware of the processes of agricultural modernization occurring in the democratic countries of Western Europe following the end of World War II. In fact, just when they were laying the foundations for an economic planning policy, Portugal also benefited from being included in the Marshall Plan and the the main economic recovery aid programmes, which were implemented through U.S. agricultural technical assistance programmes, developed between 1948 and 1956. (Rollo, 2007)

A third project (held firmly throughout the forty-year dictatorship) opposed these two proposals for agricultural modernization: the Portuguese agricultural lobby's total opposition to any proposed attempt of agricultural modernization, particularly if it meant any change (however slight) to the status quo of land ownership. This rigid position, the true ideological bunker of the so-called "ruralists" is not easy to understand and seems (from our current perspective) quite unintelligent as a strategy to defend the collective interests of large landowners.

It is highly unlikely that the *Estado Novo* would have carried out any sectoral policy or global agricultural reform programme without the support of the "large farm owners". It is also very likely that this sector would have benefited the most from these hypothetical measures. In this respect, it bears a striking difference from the relationship between the State and large landowners in Spain, in the context of Franco's dictatorship. In the Spanish case, those who most benefited from colonization and extensive irrigation policies during the 1950s and 1960s were the large landowners

of the South (Extremadura, Western Andalusia), who realized how these policies would allow them to transform and capitalize their farms, adapting them to the new demands of agricultural produce markets. However, in Portugal, and particularly in the South, the majority of large landowners were unable to avoid the crisis of the *latifundios* and wound up displaced by dynamic agricultural entrepreneurs.

The question then is: why was the Portuguese agricultural lobby so suspicious of the regime's agricultural policy if it formed such an essential part of it? Perhaps, as the traditional rentist group they were, they lacked the entrepreneurial mindset to adapt to the new situation, or maybe it came down to their mistaken trust in the immutability of agriculture and rural social order, that had actually been changing rapidly from mid-century.

Another issue to consider, and not such an easy one to resolve, is assessing just how important a role the fascist dictatorial State played in the modernization of Portugal's agriculture. In the case of the *Estado Novo*, the process of modernizing the agricultural sector occurred just as the State simultaneously moved away, in economic terms, from the model of a "fascist state", relaxing the intensity of its intervention in agriculture, and leaving the initiative to the market and private actors (farmers, agribusiness conglomerates ...).

As in other contemporary dictatorships, like Francoism, that evolved economically from a position of autarchy towards certain liberalization, the *Estado Novo* progressively abandoned the role of absolute control over the agricultural sector from the early fifties, only to register an apparent state of subordination, with the mission of helping it move towards private initiative (through farming credits, subsidies, electrification or the construction of infrastructures). The goal was actually to create a powerful capitalist agricultural sector in Portugal...

Nonetheless, we must be cautious when talking about this push towards liberalization, as this trend existed alongside the implementation of the economy planning policy, included in the agricultural sector, through the successive Development Plans (1953 - 1974)...

Generally speaking, the *Estado Novo* was a regime which tended towards intervention in the agricultural sector, particularly through the control of farming markets.

However, this is not a conduct exclusive to dictatorships (fascist or of another type), and is shared, even today, by many democratic States and even supranational political organizations, such as the European Union.

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