

Chapter 15

Post-Salazar Portugal: the European SIPGEI¹

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The end of the Salazar dictatorship and of the Portuguese Colonies

The demise of the Salazar régime of fifty years of dictatorship only hastened the breakup of the portuguese colonial Empire. The thousands of entrepreneurs who had lived sheltered lives under the clientelist protection by the State,- a sophisticated, institutionalized form of paternalism - and who, therefore, had good reasons to feel indebted to the State, came pouring in droves out of Portugal and its colonies, euphemistically referred to until then as Portugal's Overseas Provinces. At that time metropolitan Portugal proper held only three quarters of its total(9m.) population, three million of whom had gone to live abroad, due to the lack of job opportunities at home. The arrival of more than half a million of '*retornados*' (returned colonial personnel) made up of Portuguese nationals expelled from the former colonies of Angola, Mozambique, Guinea-Bissau, Cape Verde and São Toma e Principe only contributed to a further exacerbation of the inherent structural problems in housing and employment in the motherland,

¹ Acronym for the Spanish/Portuguese 'Sistema de Participación social para la Generación de Empleo e Ingreso' (Social Participation System for the Identification Jobs and Income Generation) a term used for regional or national OW programs. (SEE ALSO: APPENDIX)

² based on personal recollections by Clodomir Santos de Morais

now having to cope, on top, with the structural problem of unemployment.

With the flight of their owners, hundreds of thousands of paid labor involved in agriculture, industry and the service industry were faced with the problem of trying to keep afloat the thousands of small to medium-sized enterprises, albeit with scant success, given the dearth of experience in organizing and managing enterprises of that nature which the workers had quite creatively transformed into commonly owned cooperatives with socially divided production. It seemed imperative, therefore, that an organizational skill capacitation program which would allow them to efficiently confront the unemployment problem and the inherent functional weaknesses of their enterprises, ought to be organized for those workers transformed, for all practical purposes, into owner-managers. The situation seemed urgent enough for the government of the then Prime Minister Mario Soares to go and knock on the door of the ILO for technical assistance, this in the form of a Technical Cooperation Program financed by the United Nations Development Program (UNDP). The intended aim was a capacitation program for the 'formation of trainers' (*formación de formadores*)³ for the social economy, in other words, the cooperative and self managing enterprise sector.

The massive capacitation project: International Aid

While this \$1/2 m. project was being negotiated, the government set up the Cooperative "Antonio Sergio" Institute, INSCOOP, which was to become part of the POR/ILO/UNCP/007 program. Clodomir Santos de Moraes who had just directed FAO projects in Honduras and Mexico, was called in by the ILO and given the task to directing this project as ILO evaluator for the government of Portugal. However, insufficient the funds set aside to cover the cost of the necessary Course OW's involving a total of six thousand learners were insufficient. Because of the size of the task at hand, Prime Minister Mario Soares called on the help of his Swedish Social Democrat, Olaf Palme, who was able to channel \$250,000 dollar through the Swedish Aid Agency SIDA to INSCOOP. For its part, the Norwegian Development Agency NORAD provided another \$50,000 on condition that the Capacitation Program include participants from the Third World. That is how study grants could be provided to ten candidates from the Republic of Cape Verde, Guinea Bissau and Sao Paulo e Principe, as well as to a further two Guatemalan indigenous exiles (sent by the Honduran Institute for Rural Development, IHDER). Six exiled Brazilians from Sweden, Switzerland and France were also able to attend.

A country in need of Experts in Development Projects

Portugal had laboured for 50 years under a corporatist régime patterned on a form of incipient capitalism, having to make do without project specialists because, in order to obtain a new investment it was sufficient to be in the good graces of the corporations concerned. This meant that, for example, in order to set up a shoe or furniture factory, it was enough to persuade the headquarters of the corporation concerned that there was sufficient economic space for the business to thrive, for a new branch of that particular industry to be set up in the country. It was easy to understand, therefore, that the aspiring (non-corporatist) capitalism of the European

³(Note of the Translator: Formation of Trainers, usually known as 'Trainers of Trainers'(TOTs) in development cooperation parlance. As elsewhere in the book, we translate the Portuguese/Spanish/French educational term 'Formação (Port), Formación (Sp), la formation(Fr)' as 'formation' and with not the one size fits all English term 'training'. 'Training' is part of the 'formation'/capacitation process, but cannot be reduced to it.

Union was only too eager to exploit the 50 TDC's (Economic Development Experts) which the ILO project was going provide with capacitation in the 90 day-Course for Interns, and even more the 40 upper level TPI's (Investment Project Technicians) to be formed during a second Workshop lasting five months, this time with Externs. The latter course was foreseen for the second half of 1979.

The strong possibility of the new cadres graduated from those courses being creamed off (pirated) was not realized by the INSCOOP directors, nor by the cooperative leadership or the Cooperative Unions and Federations. All of them were united in their opposition to the idea of a special salary being paid (calculated by order of the value and importance of the work done, ranging from TPI (Investment Specialist), TDC (Development Project Specialist) to API - Project Assistant), levels of expertise which were to become the backbone of the planned national SIPGEI (Social Participation Project in the Identification of Job and Income Generating Projects) structure. The 3,000 Project Assistants (API's) to be trained, in turn, by the Development Experts (TDC's) and a further 3,000 by the Investment Specialists of the Course, *'in situ'*, and to be presented to the different municipalities, were at no expense to INSCOOP or to the Portuguese Cooperative Movement.

Ultimate destination of the newly formed cadres

Ojective factors

Leaving the foreign students out of the equation for a moment, some of the 50 TDC's were University students while others were barely holders of a BA degree. The fact was that the majority were persons who had completed higher studies and had not found work, except for a few cooperative leaders and the six Africans on a study grant: 4 from Cape Verde and 2 from Sao Tome e Principe. The new TDC's and TPI's were full of enthusiasm, not sufficiently realizing the gigantic problems Portuguese cooperativism was going to have to cope with. The mere fact that there were, indeed, more than 4,000 Cooperatives and other Mutual Aid and Membership Associations in existence at that time was no reason for triumphalism. On the contrary, Professor Emiritus Henrique de Barros was so worried that he remarked that

"it would be a grave mistake to take for granted that the cooperative idea had already triumphed in Portugal. It would be more honest to simply admit that it continues to run the grave risk of stagnation, retrogression, not excluding the possibility of total disintegration"

And he further added that

"without a sound system for the flow of credit which lays down precise rules and regulations for amounts, timescales, deadlines and strict guarantees, the cooperative movement is doomed to lose steam and may even go into decline"

Protectionist measures, typical of the corporatist state, were done away with in favor of open trade policies, to smoothen the path for the adoption of Portugal into the then European Community (EEC). Meanwhile the old and now bypassed cooperativist rules and regulations remained in place and little effort was made to adapt them to the changed circumstances or to devise a credible and adequate system for the processing of credit, about which Henrique de Barros had issued such grave warnings. The 50 years of corporatist dictatorship had left Portugal hopelessly overtaken by the other European countries in, for example, the field of Education.

Although 81% of the population received primary schooling, only 8%, by contrast, held secondary certificates. This compares unfavorably with a country like Greece where the proportions at that time were respectively 55 and 27%. The Cooperative Movement could not but reflect this serious handicap.

The race towards the adoption of capitalist patterns of operation in the production of goods and services all too soon resulted in a polarization between rich and poor producers. This applied, too, to small and large cooperatives, so much so that a mere 10% of all the cooperatives eventually gobbled up up to 90% of the subsidies provided by the European Community. Which prompted Ivo Piño to remark that "for enterprises with a 'Rating'", ie the 278 enterprises which represented more than a third of the Gross National Product, there were no problems of financing".

Subjective factors

Of the above mentioned group of TDCs (Development Investment Experts) cadres, INSCOOP was able to absorb only five, due to budgeting problems. The reason for this was that the INSCOOP Board of Governors, in anticipation of the large scale operations to come, had already spent the greater part of the subsidies on infrastructure: furniture, vehicles, and an entire printing plant for the production of cooperative manuals, rather than doing the obvious thing, ie delegating such jobs to third parties not only in the field of publishing and printing but also the technical evaluation needed for the thousands of projects identified by the API's. Despite the predatory behavior displayed by some private enterprises which was being copied by the bigger Cooperatives, engaged in the more vigorous sectors of the economy -- (Credit, Housing, Consumption, Agricultural and Milk Production Cooperatives) -- 18 TDCs from the group of cadres formed in the first round, managed to set up their own NGO for the provision of technical support to the Project Assistants (PAs) and to the Cooperatives represented by them.

In line with the INSCOOP Capacitation plan, this original TDC Institution, in reality a Workers' Cooperative, was to be the embryo from which the SIPGEI (Social Participation System for the Identification of Job and Income Generation Projects) would spring. Nevertheless, neither the TDC Cooperative, nor the directorship of INSCOOP had the insight nor foresight to develop a partnership scheme in which, at the very least, part of the evaluation and capacitation tasks were allotted to the new TDC Workers' Labor Cooperative. By this we mean that INSCOOP ought to have delegated to third parties, by eg farming out some of its functions to the cadres it itself had formed. The prevailing political instability during a period of Portuguese history which saw the premiership of the country pass to successive ministers of varying political hues further strongly contributed to the inhibiting climate of mutual distrust between the official bureaucracy of INSCOOP and its first non-State and private 'offshoot', ie the TDC workers' coop. A sharp dividing line therefore developed between the creator and the creature, in stark contrast with what had happened in other countries such as Honduras, Mexico (and, later on, Nicaragua) where the method of incorporating the masses in the development process by means of the Experimental or Organization *Course* Workshop, was used extensively. In those countries no such 'aquarian divorce' occurred between the sponsoring Institution: the technicians who were formed were easily absorbed into its own structures.

So, and unsurprisingly, the first TDC Workers Coop in Portugal did not survive for long: it completely disintegrated in only its second year of operation. In the meantime INSCOOP went ahead with project POR/OIT/PNUD/007 all the while trying to garner and channel financial support from outside the cooperative movement. Shortly afterwards came the transfer of

Clodomir Santos de Morais to Nicaragua at the request of the then Sandinista government who had asked him to set up an identical project under the 'COPERA' aegis.

State Power vs Civil Society: two opposing forces?

Structural reversals notwithstanding, the same phenomenon which was observed in Mexico and Honduras (and afterwards in other Latin American and African countries) these could not prevent the State, ie of the Public Sector Power, to curtail the irrepressible social synergy emanating from the massive Organizational Capacitation 'Job and Income Generating Workshops'. This went, once more, to show that the organization of the broad layers of the population, of '*Civil Society*' does not have to wait to be done 'for them' by the State, but that it is quite capable of seeking, on its own, heuristic, self-directed orientations, energy and material support in organizations set up by themselves. Public Powers (whether at state, provincial or local level) consistently displayed a severe case of *myopia* and *hemiplegia* when it came to offering urgent solutions to fundamental problems besetting Civil Society.

Myopia, because the ideological vision of its officials and bureaucrats prevented them from looking beyond their own immediate small group or party interests, symptomatic of all holders of power - a social class which is adept at excluding whomever it deems necessary to exclude from participating in public budgeting decisions.

Hemiplegia, because it behaves as a person paralyzed on just one side of the body: Civil Society on one side, while the other side, the active side, only functions, albeit ineffectively, just enough to guarantee the survival of its jobs and assure its inclusion in next year's budget.

Thus, when it comes to tackling the problem of capacitation those broad population masses, it is the unemployed themselves who are the focal point from which the organizational skills of Civil Society mobilized, and this in the absence and independently from the public powers that be. The only time they can be persuaded to do something in the interest of the great numbers of the disadvantaged is when they feel they are not up to the job, or imagine that they are not necessary or redundant. On the other hand, when the time arrives for actually implementing mutually agreed programmes they almost always seem to be taken by surprise. By this we mean that there exists an inherent incompatibility between the 'slow' practices prevailing in the public sector bureaucracy and the 'instant' praxis of the new dynamic organizational structures set up by Civil Society, which are free from the ballast of personal vested interests but are, instead, thrust forward by extremely urgent social demands. From this we can deduce that the axiom that '*the State is only mindful of its own interests*' is counterbalanced by its immediate corollary, namely the paradigm which posits the indispensibility the great numbers of the unemployed organizing themselves to solve the great structural and conjunctural problems which affect them.

Further developments of the INSCOOP initiative

The dislocation of the emerging SIPGEI (Income and Job Generation System), due to the premature death of the TDC workers' cooperative, soon to be followed by that of the UNDP project itself was the prelude to the disintegration of the vast Portuguese (popularly-based) cooperative movement during the eighties. Even the national counterpart component built in the UNDP project fell victim to this process. The specialist Arnaldo Leite, who, at the present moment, is the Principal Technical Evaluator of INSCOOP and who, later on, was also in charge of evaluating the Cooperative Movement in Brazil, was virtually the only remaining local counterpart.

About a thousand small cooperative and mutual benefit structures, at the end of the 80's and the beginning of the 90's, found themselves financially insolvent, victims, principally due to the free market laws to which all EEC capital injections were from now on subjected. No provisions had been made, in good time, to develop a new cooperative code adapted to the new realities, nor had the Portuguese Cooperative movement attained any appreciably high levels of organization. So, it was the actual practice, or the objective activity (the activity of being engaged with reality) instilled in them the need to improvise, to invent, to conceive and accept philosophies and structures allowing them to survive in the pervasive neoliberal global market which brought a high concentration of capital.

This brought the present INSCOOP Director, Dr. Manuel Canaveira de Campos to comment that

"even though the present environment characterized by untrammelled competition and a barely controlled market, the truth is that the 240 consumer cooperatives at present in existence in Portugal to which almost 7% of Portuguese families belong, have succeeded in maintaining and even strengthening their position in the market"

So it came to pass that an economic system based on the darwinean principle of the survival of the fittest was the starting signal for the unleashing of the 'law of the jungle' in the principal branches of Portuguese cooperativism, be it by mutation or by imitation. The change from cooperativist to membership structures was the most commonly adopted means by which the cooperatives increasingly started to fuse with other, more economically sound units, a solution referred to as the '*group strategy for survival*'.

A good example of how cooperatives can confront fierce outside competition by strategic alliances allowing them to boost their competitive edge, is that of the Portuguese milk-producing cooperatives setting up their own 'Lactogal Ltd' Group, in direct competition with Multinationals such as Parmalat, Danone and Nestlé, as well as other huge French and Spanish enterprises in the Milk sector. We thus see reenacted in Portugal - (as we also saw in Brazil's Landless Worker Movement, MST, which completely upgraded its top heavy cooperative structures) -, solutions similar to those commonly applied in Latin America, where Cooperatives had to confront the united competitive might of American giants such as United Fruit and Standard Fruit by amalgamating a number of Cooperatives into megastructures, such as Hondupalma and Coopalma, producers of palmoil, cocoabutter, margarine etc for internal consumption and export purposes (ch 6).

Such fusion and absorption processes were adopted by the Portuguese Cooperatives involved in the most significant sectors of the economy, such as dairy cattle, agriculture, housing, agroindustry, credit, distribution, industry and urban services. While it is certain that the European Union brand of neoliberalism seriously affected the social cement of the Portuguese Cooperative movement, it is no less certain that the Movement's will to adapt and modernize was mainly due to an entire army of experts at grassroots, middle and higher ranking levels (about 6,000 altogether) who had graduated from the massive capacitation programs realized by INSCOOP under the POR/OIT/PNUD/007 project. Those experts and their API's (local Project Assistants) were trained with a clear view of the dialectical nature of the development process and the socio-economic patterns prevailing in the European Community, where the cooperatives had to modernize themselves in order to survive amidst an increased level in productivity, which is an absolutely determining factor in the organization of large groups of producers of Civil Society for the generation of jobs and income.

Some examples of the influence of the OW in Portugal

Evidence of the application of the massive Experimental Workshop Methodology for the training of trainers ("*Formación de los Formadores*" see Note 2) can be found back in many of the present efforts of cooperative organization, used as work tools. So, for example, the 'ESDIME' Service Cooperative created in 1989 by its present President, José Carlos Albino who, ten years earlier, initiated what then called an 'Experimental Training Project' in the framework of FECCOOPSERV, the 'Portuguese Federation of Cooperatives of Associated Workers'. The location where his 'Experimental Project' took shape was in Mesejana, in the municipality of Aljustrel, Beja District, a suffering from heavy depopulation and lagging entrepreneurial initiative, compounded by a high (50%) unemployment rate. As related by José Carlos Albino in the INSCOOP Journal '*Cooperatives and Development*' of April 1998, the "Experimental Training Project for the development of Mesejana (1988-90)" was, after tortuous negotiations, eventually financed by the European Commission's '*Social Fund*'; the objective was to set in motion a process of change by promoting autonomous initiatives among those who had been formed at the Project and to create a Membership Cooperative (ie the present ESDIME) which, later on, -- beyond the duration of the Experimental Project --, would support the development of professional projects launched by its graduates, as well as giving assistance to the overall development of this Portuguese sub-region.

It was, again in the words of José Albino,

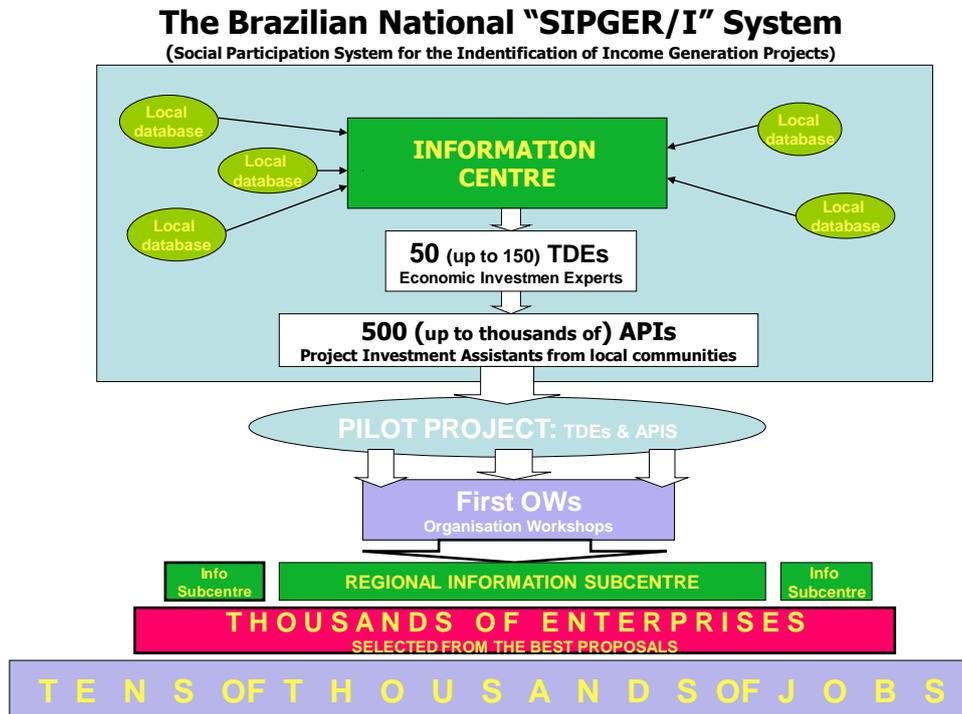
"a highly innovative project because it had a stake in Capacitation as a prime factor of development: wholesale, tridimensional formation to citizenship, enterprise and professionalism requiring the sustained support and organized involvement of the population, the challenging of people's capabilities and culture, the management of the programme 'in situ' and a sustained struggle against ingrained and backward looking attitudes"

Subsequent engagements of the Overseas Participants at the Portuguese OW's

During the first Portuguese Experimental Workshop, three Africans and three Brazilians completed the course, as well as the two indigenous Guatemaltecos. The young ex-combattant of the years of the Independence struggle in Guinea-Bissau took up the post of lecturer in Cooperative Organization at the Capacitation Centre of the town of Contubo, in the municipality of Bafatà at his return to his home country. The best Cape Verdian recruit after his return to his home country, led, with great success and for several years in succession, the '*Cape Verdian Housing Cooperative*' with the rank of Secretary of State. The six Africans --(four from Cape Verde and two from São Tome e Principe) -- who were awarded TPI (Investment Project Specialists) diplomas at the Course OW, were well received in their respective countries of origin and were appointed to various Management Posts in local Banking Institutions, except for one who preferred to go for his own Fisheries project which was approved during the Course Workshop.

In effect, this TPI (Investment Specialist) graduate, after his return to Cape Verde, sold his house and a piece of land in order to buy a small deep sea fishing vessel. Three years later he became a fishing entrepreneur who contributed substantially to the increase in employment in the Island of Santo Antao. A TPI graduate from Sao Tome e Principe could not return immediately to his country because he was recruited by the World Bank to go and work in Washington and in Colombia, from where he was recruited by the FAO to its headquarters in Rome with special

duties for Africa and Latin America. Among the Brazilians who completed the Portuguese TDC Course Workshop, Manuel da Conceição and his wife Denise Leal have revealed their considerable organizational nous. Two years later they had created, in the town of Imperatriz, an NGO called CENTRU (Educational and Cultural Centre of the Rural Laborers). They have already built up a Formation of Trainers Network connecting 175 cooperative nuclei integrated them into a single marketing system for rural products among the Landless Workers of the State of Maranhão.





PORTUGAL 1978 **1st NATIONAL SIPGER^(*)**



- After concluding his participation in the experiments with the Course and Field OWs in **Mexico**, Santos de Morais moved on to **Portugal** where he launched, in 1978, pioneering – *with INSCOOP* Portugal – the adaptation of the OW to **Europe** in their ‘Course OW’ variant, in the context of the ‘Carnation Revolution’.

- **PORTUGAL COURSE O.W.**

- **Hundreds of Trade Union Technicians trained**
- **3,000** Project Assistants (API's) trained by the Development Technicians (TDE's) and a further
- **3,000** trained locally for the INSCOOP branches at minimal cost to the cooperative movement

(*) SIPGER (National/Regional) Job & Income Generating System