chapter 8

Agricultural Policy, Growth and Demise, 1930–2000

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Introduction

During the period from 1930 to the end of the 20th century, the course of Portuguese agriculture was affected by many political and economic changes. Two aspects deserve special attention. One was the structural change in the Portuguese economy, through which agriculture lost its role as the main contributor to GDP and principal source of employment. Another was Portugal’s accession to the European Communities (EC) in 1986, which led to the insertion of its agrarian sector within the institutional mechanisms of the Common Agricultural Policy (CAP). These changes took place in a few decades, between 1960 and 1990, closing a long-term pathway that, as shown by the previous chapters of this book, dates back to the formation of Portugal as a national entity around the year 1000. So until the second half of the 20th century, agriculture was at the core of economic, social and political decisions.

Portugal throughout this period changed political regime. In 1974, a revolution overthrew the old Estado Novo dictatorship and paved the way for democracy. Unsurprisingly, this political change had impacts on the institutional framework and the orientations of public policies for agriculture, but studies have shown that there was some continuity between the two regimes. In fact, some of the most important changes in agriculture are not directly connected with the nature of the political regime, as shown by the State’s market intervention strategies. Although the country witnessed some market deregulatory changes after the 1960s, until the accession to the EC the general political objectives were maximizing domestic production in order to supply the population with national agricultural goods. While in practice achieving these objectives has become increasingly difficult, the idea continues to influence political discourse.

Since 1986, the implementation of the CAP has implied successive readjustments of Portuguese agrarian production and marketing logics. On the one hand, the incentives have been directed to regions and products that offer more comparative advantages in the context of the European common market, forcing the painful processes of agricultural conversion or the abandonment of much cultivated land. On the other hand, the mechanisms of the CAP slowed down the process of structural change in Portuguese agriculture.
as compared with the other Mediterranean countries. The result was a divergence of Portuguese agriculture in relation to Western Europe in terms of labor productivity. Thus the mechanisms supporting the CAP, associated with the peculiar features of Portuguese agriculture, introduced a system of incentives leading farmers to use more labor than land and capital, in comparison with countries at a similar level of economic development.

In a period of just over 30 years, the Portuguese economy has passed from presenting pre-modern features, in which agriculture took up about 50 percent of the working population and 30 percent of GDP, to display those of a modern industrial one, subject to the rules of the European Communities. The processes of rapid economic, social and institutional change occurring in recent decades motivated intense political debates and mobilized different interest groups. As agriculture was at the heart of these discussions and dynamics, the structural changes affecting the sector were subject to different, and sometimes contradictory, interpretations. Several authors writing during the 1960s and 1970s, who followed closely the structural changes in the economy, considered that many of the negative impacts affecting agriculture could be avoided if more efficient public policies and institutions framed the sector. These authors, many of them agronomists, believed that Portuguese agriculture was not taking advantage of the green revolution innovations and, because of this, was failing to respond to the new demands for food products. In the 1970s and 1980s the perception that Portuguese agriculture was backward, unable to react to modernization stimuli and, therefore, that it had undermined the overall performance of Portuguese economic growth, became generalized (Freire 2013).

These interpretations influenced the historiography of the 1980s and 1990s which, putting the State’s action at the core of the analysis, pointed to the lack of institutional changes, in particular the political incapacity to promote agrarian reform, as a key factor to explain the loss of agricultural relevance. Still during the 1990s, several studies helped to re-evaluate the changes in agriculture and rural society, while seeking to broaden the comparison of the Portuguese case in the European and the global framework. These studies, applying different theoretical perspectives and empirical data from multiple sources, provide several interpretations of the changing paths of Portuguese agriculture during the 20th century. While some of the latter are more focused on the examination of the macroeconomic performance, others offer interdisciplinary

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1 See Baptista (1993) and Rosas (1994).
2 For the 20th century the official statistics allow a detailed analysis of agrarian performance. The central statistical offices were created in the 1930s, but regular statistics for agriculture have been produced since the mid-19th century.