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3 Portugal as a European periphery

Imbalances, dependency, and trajectories

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Portugal as European periphery

The subject of this text is the trajectory of the Portuguese economy in the European framework during the last few decades. Within this context, Portugal's peripheral position is taken as a most relevant fact. Due to the heterogeneity of their internal organisation, and the relations they establish within the pluri-national space of which they are a part, European peripheral economies are dependent economies. That is, they show little control over what is essential in economic and social evolution and are subjected to the development of the central countries, thus articulating the evolution of the whole of which they are a part. From this, results a position that, by the material and institutional connections that involve peripheral economies, structurally conditions the political choices and the margins of action made possible by their own specificities.

The peripheral condition of Portugal is persistent and has assumed diverse forms. Geography – the country's distance from the great centres and dynamics of the most powerful capitalisms – is not enough to determine that condition. What is essential to define it are the imbalances that result from this internal characteristic and the consequent intermediation roles that the country plays in the space where it established its fundamental economic relations. These are developed within the European framework – constituted in its dominant relational space at the end of the colonial cycle – and reproduced differently over time. The key roles have been the supply of labour force to the centre, the reception of the exports of these countries, and finally, the role of debtor in the context of a credit and debt economy.

The unbalanced internal nature and the dependency relationship do not mean, however, that we cannot distinguish moments of reconfiguration resulting from specific and relevant deliberations (even though we know that there are strong limiting tendencies). We can conclude, as I will do here, that the structural power and the reproduction of the asymmetric condition prevail over what the specificities might suggest. It is a game of tensions, present within the European framework itself, which, at the extreme, allows us to suggest that the peripheral condition is not inescapable. There are circumstances in which a reaction occurs in the search for other trajectories and other destinations.

This is what happened with the project of advanced democracy that began to be constructed on 25 April 1974; with the European integration of the 1980s; with the recent response to the austerity shock; and – this must be admitted, at least for some – with the adoption of the euro. At these times new balances were rehearsed. But these balances have not been easily obtained. These are demanding and must start with the way in which people's lives are organised and how they are socially and economically embedded.

I assume that it is through work and employment that the essential mechanisms for inclusion are established. This means that it is in the productive system and in the internal organisation of material life that the key to social and economic problems lies – it is in the way in which wealth is created in the various sectors that the economy itself and society are qualified – and that society should be understood as a community of people where the collective well-being and the public interest must be realised. But it has happened that, instead of the desired balances, new imbalances succeed, perhaps deeper than the previous ones.

In 1974, at a time of radical change that reconciled the country with itself, Portugal was an anachronistic colonial 'power' and an economy that had experienced a decade of high growth and intense industrialisation without increasing employment and that, at the same time, had transformed workforce export into its main device of external relations. In fact, between 1960 and 1973, the Portuguese GDP more than doubled, and the annual investment was between 20 and 30 per cent of GDP, consisting predominantly of capital accumulation in heavy industry. Yet employment remained virtually stagnant.[1] The resident population itself decreased. By contrast, emigration, which moved to European countries in a novel way and replaced the traditional destinations of Africa and Latin America, amounted to around 900,000 emigrants in the same period, according to official numbers. But according to estimations by Maria Ioannis Baganha (1994), who also assessed clandestine emigration, total emigration volume in this timeframe was actually closer to 1.4 million. The dictatorial regime rehearsed a sort of modern industrialisation. But although this appeared as the driver of progress, it did not even modernise or give cohesion to the economy. Much less did it fulfil the immediate purpose of generating employment and 'pulling' the rest of the economy with it. Portugal arrived at the beginning of the seventies with a smaller population and with exhausted possibilities of growth. For the first time in the period under consideration, the Portuguese economy fell short of potential output. This imbalance between GDP growth and job supply is the first imbalance that we find in the formation of the contemporary Portuguese peripheral position.

The second imbalance was formed over the period of economic, social and political democratisation following the 1974 revolution and the redefinition of the country's international insertion, which led to its accession to the European Economic Community (EEC) in 1986, and to the first phase of integration. It was fundamentally an imbalance of underproduction. The result was heavy commercial dependence. At a time of major institutional change, of various external shocks, of emigration stoppage, and of the return of over half a million citizens (over 5 per cent of the resident population),[2] the 'transformation of productive structures' was one of the 'major tasks' (Lopes, 1996, p. 26), alongside addition to the country's own physical and social infrastructure. Economic policy persistently focused on the internal dimension. Between 1973 and 1985, employment registered 400,000 new jobs (10 per cent of the total volume). This was a radical change from the previous period. The generalisation of the principle of inclusion through work and the diffusion of well-being became central and brought with them two significant growth cycles with a similar duration, profile and intensity (see Figure 3.1).[3] However, this effort did not prevent, even after an initial glimpse associated with integration, the widening of the trade deficit, consolidating a negative trend that would prove to be longer and more inflexible than at other times.[4] Productive insufficiency is necessarily associated with a low-skilled workforce, scarce entrepreneurial competence, and productive specialisation in low-value-creating sectors. These were weaknesses of the economic system as a whole. The priorities were well established and the effort huge. But it was not enough. International openness through trade accelerated, exports grew, but imports increased much more, resulting in a significant imbalance that expressed the persistent structural weaknesses of the country, deterring the expectations of a population seeking access to reasonable welfare standards.

The previous imbalance was then combined with a much more profound one, which was decisive because of the institutional architecture of EMU. Portugal participated in this process with all the signs of peripherality just described. In a framework of 'happy Europeanism' this was underestimated or even ignored. A functionalist idea of convergence predominated, and it was assumed that this would blur and make irrelevant centre–periphery relations that predated the single currency (Rodrigues & Reis, 2012). But this new reality, made up of intense forms of privatisation and liberalisation that made the financial sector more powerful than it had ever been, quickly revealed that some countries' productive and commercial advantages would make them creditors to those on the other side of this asymmetrical relationship. The Portuguese economy, whose financial relations with foreign countries were balanced in the early 1990s, quickly accumulated high deficits, as shown by the International Investment Position. With no balance-of-payments mechanisms (such as transfers made by emigrant remittances or European cohesion policy at its most significant phase), placed in a situation of heavy trade dependence, devoid of economic policy instruments that would counteract this unbalanced trajectory, and caught in the trap of a financial circulation actively promoted by the institutional framework and powerful players, the Portuguese economy saw its external indebtedness rise from -13 per cent of GDP in 1996 to -119 per cent in 2014.[5] This is the third major imbalance. The subjection to credit and debt became prevalent, in a situation of impoverishment that mirrored the renewed peripheral condition of Portugal.

From these three moments of the tension game established between the Portuguese economy and its European context, there resulted, as it turned out, different internal configurations of the labour market, the productive system and the relationship with capital markets. Emigration, trade deficit and external indebtedness expressed the internally generated imbalances and dependencies. Beyond what each one means in the Portuguese economy, they have unleashed intermediation effects in relation to the central countries that have consolidated the country's peripheral condition – as a labour provider, as an open market for their exports, and as a debtor that makes the surpluses that they accumulate. These functions are essential elements of the consolidation of the asymmetrical form assumed by the European framework and, therefore, of the distinct role of central and peripheral countries.

The difficulty of structuring a qualified productive system

Behind the previously mentioned imbalances there has always been an essential problem: the difficulty of structuring the economy around a capital-intensive and high-skilled system of production and wealth creation, and consequently the building of a welfare system. The economy has often fallen short of potential and, above all, short of what a fairer country required. What the satisfaction of internal needs demanded was always greater than its ability to create wealth, resulting consequently in external dependence. This has been revealed in the employment system and the labour market, in trade relations, and in the financial balance.

This is the general and permanent difficulty of a periphery. In Portugal, the key moments in the history of this difficulty can be properly identified. In the decade prior to the 1974 democratic revolution, the salient dynamics in the economy – which existed and were occasionally acute – were limited to creating an 'insular', protected and self-centred space in which capital was accumulated and some technologies were structured without a direct result in the creation of an articulated and capable system of production and supply. Still less did this create a set of relations between the economy and society that allowed a sustainable development, in both social and economic terms. Some economic historiography saw here 'Portuguese development', and abandoned research devoted to 'explaining backwardness' (Amaral, 1998, p. 741). It was argued that we would be faced with a 'unique reality in the post-war economic scene' because 'a small and peripheral country' with a 'different socio-political structure from the typical European one', 'has grown strongly and transformed its economy into an industrial and modern economy', being considered 'one of the best examples of the growth of the "golden age" of the 50s and 60s' (Neves, 1994, pp. 1005–1006). It was even said that the fact that those 'turbulent' decades were 'governed by the same institutional structure' (i.e. by 'Salazarism') 'brought to the Portuguese economy a great unity of purpose and consistency of orientation' (Neves, 1994, p. 1006). But what happened was that Portugal was 'the last European industrial country', 'the last industrial nation of Western Europe', the one that only in 1963 saw the value of its industrial product surpass that of agriculture (Lains, 2003, p. 179).

It is clear, then, that an original process was opened up in the evolution of the Portuguese economy and that it consisted of industrialisation and unprecedented economic growth. But 'growth accounting' only records as the most important input the accumulation of capital, that is, physical capital. Therefore, the reading I propose is substantively different. The effects on the constitution of a modern economy and society were minimal. There was no political democracy, much less economic democracy. Nor was there room for positive 'production functions' and 'externalities' that would involve the whole economic sector. There is no evidence of other mechanisms that allow this industrialisation to be considered a mode of development of a society. These would be a broad and articulated productive base that would involve, through employment, an increasing number of people and set standards (technical, but above all, social) for the organisation and qualification of collective life.

The confrontation with such limits forced the regime to resort to what had been set aside: light industries producing finished goods, and agriculture, in an export turn that would rebalance the economy and the state, which in the meantime had to endure a colonial war in Africa. It was, however, an openness based on low-value goods and low remuneration, in a context in which various forms of protectionism and regulation remained, as well as a policy of low wages that protected profits and capitalist positions. This culminated in an industrialisation dictated by the 'capital factor' alone and thus absolutely mediocre in its economic and social repercussions. While the peripheral condition of the country subsisted, it had relevant political consequences. The political economy internally set the conditions for the rise of a new democratic framework.

The next phase of the Portuguese economy includes the long period of the establishment and consolidation of democracy and the first phase of European integration, until 1993. This has been the most complex period of economic, social and political evolution in the country over the last decades. The institutions that shape employment systems, social security, income sharing and access to the provision of collective services became crucial and were positively structured with remarkable achievements.[6] This is what determined a set of general drag effects. The high level of investment demonstrated that the basic elements of the structure of the economy and society were at stake. The social dimensions of democracy, as well as its political dimension, became relevant and this is the kind of deliberation that shapes the prevailing political economy. Industry kept its weight in GDP above 20 per cent. A decisive condition, which is inclusion through work, was ensured. Similar to what had already happened in most economies, the emergence of an economy of public and private services, characteristic of a tertiary economy, was, along with industrial persistence, one of the striking new features. The link between democratic deliberation and economic governance found significant expression here. A mix of economic policies prevailed where the domestic level was central, before financial transformations radically changed the rules of the game.

However, amid strong external shocks and a turbulent international economic situation, the capacity for dealing with the structural weaknesses of the productive system was scant. The Portuguese economy was too peripheral for all of the country's ambition for qualification to be fulfilled. To the 'characteristic fact' of employment growth should be added that of intense foreign trade dependence. Trade deficits widened and became particularly significant in the balance on goods. Between 1984 and 1992 they were around 10 per cent of GDP. The country's peripheral conditions were once again exposed. It became clear that this was the difficulty resulting from the way in which an economy without robust anchoring factors fitted into an international market in which very diverse economic powers operate.

In the absence of industrial reinforcement (as opposed to the deindustrialisation and banal tertiarisation that did occur), changes in productive specialisation in favour of higher-value-added activities, or a shift in the qualification of the workforce, the difficulties became worse. Admittedly, democracy and the adherence to a Europe that still had cohesion policies, especially territorial cohesion, qualified the country and disguised the problems. But it turns out that what a country means as a market is, in many circumstances, more appealing than what it represents as an economic, social and political system. Suffice it to say that even foreign direct investment has always been scarce in the Portuguese economy and its weight in the current International Investment Position is reduced, since financial transactions largely dominate without any productive counterparts. This contrasts, for example with countries on the eastern periphery of Europe (Reis, 2018, p. 203).

The most frontal and dramatic moment of encounter with its peripheral condition happened when Portugal became involved in the construction of the Economic and Monetary Union and became a member. The 'new Europe' that began to be defined and formalised with the 1992 Maastricht Treaty and the 1997 Stability and Growth Pact was establishing a set of systematic restrictions on an economy which, in 1993, had closed its third cycle of expressive growth and, then, because of the new commitments, entered into a limited and later turbulent evolution.

The scope of public policies (e.g. the exchange rate, fiscal, monetary and financial policies, as well as the organisation of production and labour market policies) was reduced and the power of market relations, especially of financial markets, prevailed over state action. The principles of real convergence that underpinned aspects of European policy were replaced by those of nominal convergence and restrictive logics of 'economic governance' that actually act in the name of markets and their powers. The preponderance of financial investment by shifting amounts of wealth from the real economy has become a new form of rentism. The centre of gravity of the economy's dynamics was shifted to sectors whose activity was facilitated not only by excessive credit availability (where real estate predominated) but also by an influx of imports, which were not subject to international payment restrictions, in view of the conditions of membership of the monetary union and of trade liberalisation worldwide.

Instead of progressing towards the improvement of the economic system, more 'extractive' than inclusive schemes were developed (Acemoglu & Robinson, 2012), resulting from the primacy of the logic of capital circulation, financial relations and credit files. Portugal was particularly fragile and ill-equipped to cope with what would emerge in this new European context. In it, in place of production and employment, which were central to the affluent phases of capitalism, canonised money management, finance and banking systems became the essential governing powers of the economy. It is in their name that all mischief is allowed, including the weakening of states, while promoting markets and their power of command.

At that time, during the 1990s, international economic relations began to give major importance to the circulation of capital in the form of credit. The balance of intra-European development, through cohesion and sustainability of each country, has been pushed to the background in favour of the accumulation of trade surpluses in the central countries, leading to a reduced convergence between EU national components. Banks frantically promoted credit and were careful not to separate speculative operations from those that could qualify the economy, thus leading to clumsy financial schemes that would create huge problems for the banking system itself. Bank refinancing has become the main external indebtedness component of the Portuguese economy, and the combination of this weakened position and the political economy of austerity, accentuating the impoverishment of the country, transfers responsibilities to the state, generating a public debt economy, which passed from reasonable values and from a minimum of 50 per cent of GDP in 2000 to a maximum of 131 per cent of GDP in 2014. Society and the economy were marked by the great restrictions already established, given the dependence generated by the indebtedness of the economy and then by public debt. The economy was hit by an absolutely unprecedented level of unemployment and an equally unprecedented stagnation. At the same time, the marks of inequality were reinforced, including again emigration and the devaluation of the country's resources. It was the strongest recessive capture of the Portuguese economy by deep ideological convictions, in favour of a reversal of social relations, especially labour relations, and of a limitation of the role of the state. The acceleration of the problems brought about by the international financial crisis occurs in an already established institutional context, favourable to financial power and inhibiting responses that could reconstitute the capacity to structure and grow productive systems.

To deindustrialisation and outsourcing through banal services would quickly be added a reduction in employment, strong precariousness, and a concentration of labour dynamics in the low-wage and higher-precariousness sectors, particularly low-cost tourism.[7] To this we may add a metropolitan concentration that weakens the country territorially. Portugal remained far from having a balanced and sensible set of economic policies, which would have combined productive investment, budgetary clearsightedness, fiscal justice and the development of society itself.[8] However, for this the European environment would have had to be different, since its presence in national deliberations became asphyxiating. This is the periphery in its most intense condition.

Growth and forms of external dependence

Portugal had, over the period I am taking as a reference, four significant growth cycles: 1960–1974, 1975–1983, 1984–1992 and 1993–2002. The graph summarises the essentials (Figure 3.1). All have a similar duration and only the third shows slow rhythms, which I associate with the restrictions to which the economic governance of the EMU subjected the Portuguese economy. The effects of the international financial crisis then become apparent by the radical instability they give rise to, as a turbulence never felt before.

On this time scale, it is possible to identify growth cycles. Even the turbulent period which we have recently entered is undergoing significant recovery effects, albeit in a new context of low and irregular increases. But there are two issues that must be addressed: one is the low starting point, which has kept the country far from the most advanced ones; the other is the dependency that each cycle generates.[9] I will now dedicate myself to this topic.

As we have already seen, there are three forms of dependency that I analyse here. The first concerns the inclusion of people in the economic system, wage ratios, income distribution and access to welfare. A developing Portugal relied on the labour markets of European economies in order for a significant part of its population to achieve these goals. Taken together, the aforementioned indicators of negative demographic evolution, non-growth in employment and

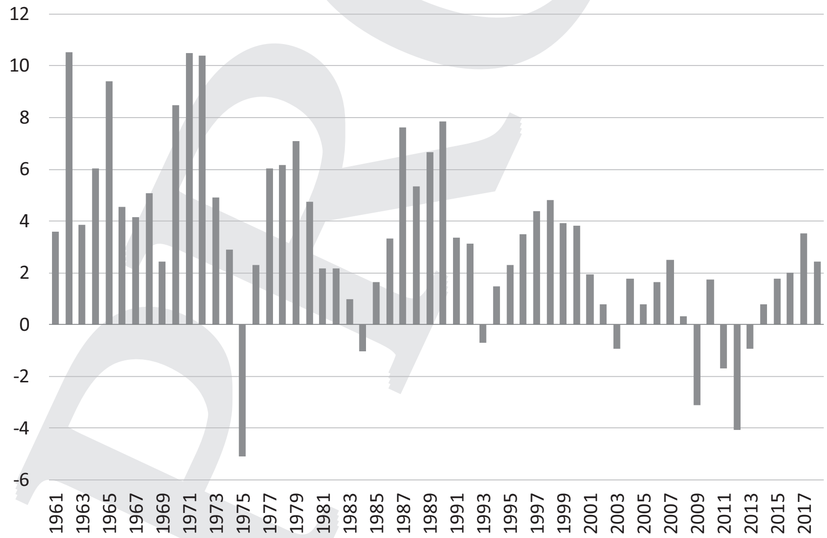

Figure 3.1 Annual percentage rates of real GDP growth, 1960–2018
Source: Instituto Nacional de Estatística and Bank of Portugal

massive emigration in the 1960s demonstrate exactly this. When situations of fragility persist, even in different forms, this dependence may return. This is what is happening now in Portugal, with other types of emigration and other destinations.[10]

Commercial dependence is especially impactful on the industrial sector and, therefore, on the production of goods, and is mitigated by an unskilled specialisation in tourism services that make intensive use of the country's environmental conditions, from urban to seaside. The ratio of exports to imports of goods has rarely moved beyond 60 per cent and only under conditions of great economic compression, as happened under the austerity effect, has it exceeded 80 per cent. The current account deficit is obviously determined by what happens with the production of goods. There is a noticeable parallelism between both indicators. The problem increases when there is a trend towards deindustrialisation and specialisation degrades.[11] At this point, it is particularly apparent that such dependence is, in fact, a consequence of the development of the role of peripheral economies as a market for the industrial capacity of central countries.

The picture described above converged in the nineties to a new form of intense and novel dependence of the Portuguese economy, which defines the current situation. This kind of dependence had never occurred in Portugal, even in times of crisis and transition such as the ones the country experienced punctually in the late seventies and eighties. It is a new political economy, based on the financial circulation that is prevalent in the country and, ultimately, in the European context (for more details, see Rodrigues, Santos & Teles, 2016). External economic relations are the focal point of significant change.

The intermediary functions of a peripheral economy

As I have been arguing, a peripheral society is defined by its internal condition and intermediation functions within the spaces in which it operates, at different times and at different scales. For example Portugal exerted forms of mediation within the world system when it played a colonial role. In this case, the appropriate way of conceptualising Portuguese society was as a semi-periphery (Santos, 1993; Wallerstein, 1979). Returning to its current European position, the relevance of any intermediary function in the international system has diminished sharply, highlighting the internal relations with a 'region' of that system, the European Union. It was here that Portugal's position was redefined and consolidated. And it is also here that we emphatically see that its intermediate condition also means the exercise of intermediation functions in relation to the central countries and the system itself, which thus maintain its asymmetrical nature. It is no longer political intermediation in conflict management as conceived on the scale of the world economy. It is an economic intermediation, which in the Portuguese case is expressed in labour supply, in the widening of goods and services markets, and in capital reception and debt creation, within a framework of structural asymmetry within the EMU, where the single currency has become a powerful instrument of governance between economically and politically very different countries.

The first of these functions took place when the labour markets of the developed economies showed that they were dual markets and contained within them low-skilled and lower-waged segments; these were the sectors supporting those where the dynamics driving innovative growth were based. It was the periphery that made these people available through massive waves of abundant emigration. In Portugal, the inability to structure the economy internally was combined with this function at the service of central capitalisms. And the same is happening today, in the face of an employment system that has become more fragile after the political economy of austerity, which means an inability to generate the necessary volume of employment and, in particular, to absorb the skilled population. This function of labour intermediation is thus recurrent, even when it is the result of different processes within the same structural condition of a peripheral economy.

The second intermediation function, clearly visible at the different stages of the integration process, consists of the 'supplementary' market for goods and services that a periphery offers to the central countries because it has a deficit-productive system in view of internal needs. We have already seen that what results is a trade balance deficit of more than 10 per cent of GDP for long periods of time. But of course, the structure of this market is also significant, as we are considering sectors with very different value creation capabilities. The peripheries thus legitimise the superior technological capacity of the centre and the 'organic composition' of its productive capitals. In the same vein, the shift of production chains from the centres to the peripheries can be observed as certain technological goods and processes mature and their innovative meaning and profitability decline, as was well explained by the product cycle theory. The move to Portugal by the electrical and electromechanical industries first, and later the automobile industry, illustrate this phenomenon.

The intermediation role played by the peripheries in the financialisation phase of capitalism results from indebtedness and insertion in the credit circuits and is primarily played by the recycling of surpluses accumulated in the centre and converted into financial assets. The indicators already used to illustrate external debt and public debt express this. But more immediately, we must also account for the internal devaluation that these processes push the peripheries into and the transfer of income that asymmetrical relations lead to.[12] In Portugal, the balance of primary incomes with the exterior was positive until 1996 and entered a declining path that seems difficult to change, reaching at times -4 per cent of GDP. The costs of financing public action in the periphery are high and compensate for the low costs in the centre, safeguarding the overall remuneration of capital and thus contributing to the cumulative structural surpluses already available to it.[13] In the EMU, with a common currency, the actual real exchange rates are very different between countries: the most developed act as if they had a weak currency, the peripheries as if they had a strong currency, and that establishes the terms of an asymmetric competitiveness over which the weakest cannot act because they no longer have their own exchange policy. These are the circumstances in which the periphery now has a new intermediary function vis-à-vis the centre, in the financial and monetary framework.[14]

The persistent peripheral condition

The peripheral condition of the Portuguese economy, uniquely demonstrated at times as different as those I pointed out earlier, from the 1960s to the country's participation in the formation of the EMU, through the democratic revolution and the first phase of European integration, is, as we have seen, a persistent circumstance. The intense political economy of austerity, in the context of that last phase, in which financialisation dominates, brought the country into a new and intense confrontation with this condition. The unavoidable fact is always the same: a dramatic contradiction between internal welfare needs and the internal capacity for wealth creation, for which skilled people and advanced resources are essential. By the second decade of this millennium we have rediscovered, in a renewed way, the most primary imbalance of a periphery, which is the deficit of the employment system, whose inclusion power is much lower than the volume and quality required of the workforce. And with that returns the emigration escape valve or, more rigorously, the function of providing labour to other economies. Therefore, from 2011 on the annual volume of emigration, which was at a low level, has risen to 100,000, including permanent and temporary emigrants (INE, 2020a).

Now, it is inevitably in European terms that the peripheral condition of Portugal is defined. Moreover, it is an institutionally locked-in situation, encased in the architecture of the EMU and its economic governance processes. The profound shock of austerity, the effects of which must not be underestimated, reconfigured the economy on a material level (productive and employment systems), established powerful constraints on the state and public action, and fixed the terms of financial constraint expressed in foreign indebtedness and public debt.

It is true – and this too must not be underestimated – that Portugal has embarked on a process of recovery that has enabled the reconstruction of certain dimensions of well-being and expectations and diminished the quantitative gaps suffered by the employment system and growth indicators.[15] Having changed neither the institutional conditions nor the main restrictions, either at the European level or at the international level in general, this new phase only shows that the possibilities for political action for a country are very narrow and correspond to a trajectory on a razor's edge. The activation of an income policy that values labour and relies on a balance of growth-boosting mechanisms – which include domestic demand and the attempt to refocus the role of the state and public administration, including collective services – is confronted by strong limitations. The persistence of the constraints established by the financial powers – the restraint of the economy, the promotion of undervalued forms of international insertion, the weight of restrictions such as debt – are allied to a restrictive 'economic governance' that is the expression of these constraints.

The unavoidable feature of the peripheral condition of a country lies in its productive system and in the failure of a basic condition: employment and the existence of robust forms of inclusion through work. This is where not only the possibility of properly structuring the life of a community begins, but also the possibility of counteracting the asymmetrical relationships that weaken the peripheries.

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Notes

1 Chemical industry, cement, steel, heavy metalworking, and shipbuilding and repair. In 1960 and 1973 the employment volume was respectively 3,439 and 3,549 million (Amaral, 2009, p. 788).
2 This was the return to Portugal of those residing in the African colonies, especially Angola and Mozambique. This happened in a few months, coinciding with the independence.
3 This is an important point. The conventional notion that economic growth in Portugal is only the result of trade liberalisation and European integration mechanisms in the 1980s is unfounded. What I call the 'cycle of democracy' is significant and as relevant as the 'cycle of European integration' (Reis, 2018, pp. 81–90).
4 In 1985 and 1986 trade deficits amounted, respectively, to 3 per cent and 1 per cent of GDP, but soon returned to values always exceeding 6 per cent of GDP between 1988 and 2011 (Reis, 2018, p. 111).
5 Remittances reached almost 9.4 per cent of GDP in 1979, were above 5 per cent in 1991, and in recent years have reached 1.8 per cent. Between 1992 and 1999, EU transfers to Portugal were always close to 4 per cent of GDP. In 2017 and 2018 they were set at 1.8 per cent. The net balance, however, was below 3 per cent and is now below 1 per cent (Bank of Portugal, 2020).
6 It is rightly considered that the establishment of a free general health service and public education were two crucial aspects.
7 The maximum employment volume in Portugal was reached in 2001, with 5.1 million jobs, reduced to 4.4 million in 2013, and by 2017 it had only returned to close to 4.8 million, reaching 4.866 million in 2018 (INE, 2020b).
8 The form of political economy pursued in these restrictive circumstances weakens material life in different domains. The references I have made to the productive system and employment can be extended elsewhere to other forms of collective organisation. One which I consider to be among the most important is the country's spatial articulation and the generation of territorial asymmetries. Although that is not the subject of this chapter, I cannot omit to point out the profound and original effects that reduce the dynamics essentially to the Lisbon metropolis and give it a unipolar role that it never had before in Portuguese society.

9 Portuguese GDP per capita in 2017 was 77 per cent of the EU average and its most significant proximity is to peripheral economies and not, for example, to the economies of Southern Europe.
10 The United Kingdom and Spain are significant new destinations for Portuguese emigration.
11 I have described the evolution of the structure of the economy after the economic cycle of the establishment and consolidation of democracy – the cycle of the first phase of European integration – as characterised by 'two "excesses": the excess of deindustrialisation and the corresponding excess of real estate and outsourcing' (Reis, 2018, p. 154).
12 '"Internal devaluation", in fact falling workers' wages and other labour-related business costs, is seen as the only mechanism for adjusting external deficits available to a country that has no currency of its own or has decided to establish a fixed exchange rate between your currency and that of other countries' (Caldas, 2015, p. 5).
13 In 2018, ten-year sovereign bonds in Germany paid rates of 0.25 per cent. In Portugal this figure is 1.7 per cent, almost seven times higher.
14 On top of all this, it still happens that today all countries are, by the prevailing logic of liberalisation and privatisation, 'autonomous' participants in financial circulation. In 2017, residents of Portugal had EUR 340 billion (176 per cent of GDP) as foreign financial assets. A globally deficient country thus contributed to the activism of the financial markets. And it reinforced such contributions through much larger liabilities (EUR 544 billion, 282 per cent of GDP) and a debt position equivalent to 106 per cent of GDP.
15 Between 2013 and 2017 the volume of employment registered 330,000 more jobs but the difference from 2008 is still 360,000. In 2015, 2016 and 2017 the real GDP growth rate was respectively 1.8, 1.4 and 2.5 per cent.

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