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THE PORTUGUESE LATE MODERNIZATION AND THE COMPLEXITIES OF SOCIAL INTEGRATION THROUGH WORK

Pedro Hespanha

The reduced level of unemployment during the last decade in Portugal has concealed the persistence of very diverse forms of work, some of them undoubtedly pre-modern ones. This diversity is partly owing to both the character and structure of labour market (given the relative weight of temporary, part-time, domiciliary, independent or home-based forms of work and the relatively low level of labour qualifications) and the changes which have occurred in the labour relations of the most advanced sectors of the Portuguese economy (reductions in volume and in time of employment, job insecurity, labour polyvalence).

Employment policies have sought to take into account this double source of difficulties relating to the labour market, but the programmes implemented by the government to solve the difficulties seem to be ambiguous or even contradictory. In fact, along with programmes aimed at integrating an increasing number of workers into a stable wage system, some others have been developed aiming to adjust the wage system to the versatility imposed by firms.

The entry of Portugal into the EU in 1986 also seems to be a factor worth considering in this field, for the effects of the crisis of economic restructuring in the Portuguese labour market during the 1970`s and 1980`s could have been in part cushioned by the entry of European funds for investment and professional reconversion. Nevertheless, these funds have appeared to increase the dualism in the labour markets between the modern, competitive activities they favour, and the traditional activities based on low salaries, which the unemployed turn to when the sectors in which they work undergo a crisis.

A brief overview of the recent changes in Portuguese society

Before analyzing the most recent trends in the area of employment which permit us to understand the diversity and complexity of the forms of work in present Portuguese society, it is worth developing a little more the description above in order to show in greater detail the extent of the changes which have

occurred over the last few decades in every sector of social life, including work and employment.

On the eve of the restoration of democracy at the beginning of the 1970s, Portuguese society showed strong indications of rurality and low indices of modernization. The part of the population linked to agriculture and living in rural areas was very high - in 1970 around one third of the active population was working in this sector, and three quarters were living outside the urban centres.

From the middle of the previous decade, emigration to countries of Northern Europe¹ and migration to the developing industrial zones around the biggest cities had initiated a process of rural exodus and littoralization (movement towards, and development of, coastal settlement) by the Portuguese population, which has continued to the present day and has been reinforced by later events, like the democratic reform of institutions after 1974, and the entry into Europe in 1986.

The increase in workers' demands and the appearance of the first autonomous trade unions, at the end of the 1960s, favoured the institution of Fordist labour relations, based on collective contractual agreement and the redistribution of part of the productivity gains by the worker in certain more advanced sectors of the economy (banking and insurance, naval construction).

But the political reforms compatible with greater trade union autonomy and with the development of the system of social security only gained significant importance after the Portuguese revolution of 1974. Important redistribution policies were developed during the years immediately after the revolution, whether operating at the level of production (institution of the minimum salary in May 1974) or at the level of reproduction (universalization of social security, stabilisation of housing rents, etc.). The purchasing power of the workers rose significantly as a result of the general increase in real earnings during 1974 and 1975. At the same time important sectors of the economy were nationalized (banking, insurance, transport, electricity, etc.) and the extensive landed estates in the south of the country were dismantled by an agrarian reform initiated by the people and imposed by their prolonged occupation of the land. In the area of labour legislation, advances regarding the recognition of workers'

¹ From 1962 to 1974, more than 1.5 million Portuguese left, legally or clandestinely, to work in European countries, mainly in France, Germany or Luxembourg.

rights and guaranteed stable employment² were notable in the years following the revolution.

The Portuguese economy, having changed so profoundly and undergoing the effects of the increasing world recession, was unable to regain its balance, and entered a crisis. Not being related to the process of accumulation, a large part of the reforms and redistributive policies did not succeed in becoming established, and were withdrawn. At the same time inflation reached very high levels (30% in 1984) which led ultimately to an erosion of earnings and decrease in consumption, with negative effects on investment. Although inflation affected all workers, it has been shown that the most severely penalized were those in the lowest income bracket. (Almeida *et al.*:1992:55).

The country then entered a period during which the Portuguese state was obliged to submit to the conditions of the IMF (the agreements of 1978 and 1983) in order to achieve economic recovery: devaluation of the escudo, cuts in public spending, reduction in consumer demand. The effects of this new policy accounted for a dramatic increase in unemployment and a significant reduction in GNP and, on the other hand, in a reinforcement of the peripheralization of the Portuguese economy. Despite the reaction of the trade unions and the innumerable strikes, the increased power of the workers has been weakening in the face of political changes and the spectre of unemployment.

The economic and political orientation towards basing competitiveness on low salaries, which gradually came into effect throughout the 1980s, made it imperative to lower wages and render the workforce more flexible. This was possible not only because nothing was done to prevent the erosion of real earnings, or even the delays in the payment of wages and salaries by companies in crisis, but also because, in pace with the reaction of the market, an active policy was being developed to institutionalize more flexible but more insecure forms of work contract: short term contracts, temporary work, subcontracting, domiciliary work.

The entry into Europe in 1986 reinforced this orientation, although causing important changes particularly at the level of the labour markets, not always

² The Political Constitution of 1976 attributed to the state the obligation to guarantee the right to work and particularly the prevention of dismissal without just cause, the minimum salary, a maximum limit to the number of hours in the working day, the weekend break and paid holidays. It simultaneously recognized the freedom of trade unions, the right to strike, and prohibited the lockout.

convergent with European policy. The structured adjustment which the Portuguese economy was driven to make was accompanied by a progressive harmonization of labour laws and political measures regarding employment, resulting in, in general terms, a strong impulse towards economic and social modernization (Hespanha 1997). The moment of entry into the EU was a turning point for the Portuguese economy, initiating the rise of a new economic cycle, which benefited very well from the new investment opportunities offered by the community aid (Lopes 1996).

In spite of the more favourable perspectives for the workers offered by the growing economy, severe inequalities regarding access to the labour market have been maintained. Newly created forms of employment are corresponding less and less with the workers' aspirations of security, putting a very significant part of the population at risk of unemployment or in a situation of great vulnerability to social exclusion.

The workers' feeling of insecurity, the competitive weakness of businesses and the reduced capacity of state legislation in this area have contributed to the proliferation of these forms of insecure employment, which are frequently associated with practices of circumventing or violating the labour rights recognized by the Constitution and by the labour laws: formally self-employed workers, unpaid overtime, abusive dismissals, non-renewal of fixed term contracts, evasion of social security contributions, delayed payment of salaries, child labour. In other cases the dismissed workers return to their former occupations as independent agricultural workers, small time door-to-door salesmen or artisans in the traditional sectors.

The labour market and social regulation

In this section we will briefly analyse the role of the state and other social partners — namely, trade unions and employers' organisations — in the regulation of labour markets over the past ten years. Attention is paid to the way that regulatory policies of different social agents are conditioned by distinct and contradictory interests, are highly sensitive to the needs of circumstance, and rarely demonstrate a clear logic of intervention.

It is important to emphasize that the state in Portugal (as well as in other countries that have experienced long periods of authoritarian or dictatorial

rule) demonstrates the continuation of a highly centralized regulatory social role compared to the role of civil society (Poulantzas, 1975; Santos, 1993). A bit paradoxically, this elevated centrality of the state is seen to be reinforced in various ways by adherence to the European Union due to the need to proceed to a rapid modernisation and to the adjustment of structures and institutions of Portuguese society, and, at the same time, due to the need to promote the emergence of collective agents that represent the interests of different sectors of civil society.

In the area of macroeconomic policy the state never gave up a moderate Keynesian management of development, and with regard to labour relations it continued a tight regulation. Nevertheless, there has not always existed a large difference between the extended scope of announced policies and the reduced character of their implementation.

In the period following the revolution of 1974, the regulatory role of the state was clearly oriented to the institutionalisation of workers' rights and their unions and to the construction of a public system of social protection that would respond to the expectations of an improvement in living conditions of the population governed by the new democratic system. In regard to labour disputes, the inability of the social partners to find negotiated solutions given the weakness of employers caused by the nationalisations of 1975 and the social pressure of workers led to their resolution by administrative means — by the mediation of the services of the Ministry of Labour and by arbitration imposed on the parties. We could say that, in this period, the state was forced to assume an increasingly central role more due to the pressure of events than due to the promise to control economic power by means of political power inscribed in the Political Constitution of 1976.

Nonetheless, during the first half of the 1980's the effects of the economic crisis in the Portuguese manufacturing sector, which was weakened and not very competitive (and, additionally, the need to control public expenditure imposed by accords with the IMF), required a reorientation of state intervention to restore the confidence of investors and to attract new capital. Previous pro-labour orientations in policies had to be manipulated in a way to favour the emergence of an industrial bourgeoisie capable of adjusting to the new market conditions. In general, these policies operated through the concession of incentives to enterprises, the re-privatisation of a large part of public

enterprises, and legislation increasing the flexibility of labour and wage demands. Nevertheless, such a change was only possible because, at the same time, the closing of firms, non payment of salaries, redundancies, and a general rise in the rate of unemployment had dramatically weakened workers' pressure on the state and had reduced their resistance to the deregulatory measures demanded by employers. The creation in 1984 of a system of negotiated regulation by means of a Permanent Council for Social Concertation (CPCS), composed of representatives of the government, management, and unions, did not substantially alter the government's room to operate or reduce the regulatory role of the state.

Maintaining levels of employment and, at the same time, reinforcing private capital and improving firms' economic competitiveness were only possible at the price of low wage levels (salary ceilings below the inflation level) and increased job insecurity (an increase in non-standard forms of employment).

Adhesion to the European Community in 1986 came to consolidate public economic regulatory policies and labour markets. In the clarified economic situation due to the influx of capital from community funds, the recovery of markets and the re-absorption of the unemployed, public policies were oriented to improving the competitiveness of firms. This objective was achieved by the concession of financial aid or fiscal benefits for industrial restructuring and modernisation or by means of policies that permitted more flexibility in labour relations and firms' management of labour. In 1989 collective dismissals and, in 1991, individual dismissals of workers were made easier in situations of technological re-conversion or of the economic difficulty of firms. Still in 1989, the legislation regarding fixed term-contracts was altered to enlarge the scope of their use as well as to regulate the interim employment agencies whose importance for the management of labour is recognised. More recently, the law regarding geographical mobility and workers' flexibility was enlarged.

To compensate for the negative effects of these and other forms of the flexibility of labour relations and of unemployment produced by the restructuring of firms, the state at the same time developed active and passive employment measures.

In the area of active measures of promoting employment, a vast combination of measures was introduced to increase the incentives for firms to create new jobs for young people and long-term unemployed. Other measures support local development initiatives, encourage the creation of a social market for employment (in the areas of family-aid services and preservation of the natural, urban and cultural heritage), promote professional training whether at the initial stage of or throughout the career, and prepare for the recycling of labour in economic sectors undergoing re-structuring. It is difficult to evaluate the results of these policies. The continued low levels of unemployment and the significant percentage of the labour-force covered by employment schemes and professional training - 15%, according to Mozzicafredo (1997:142) - appear to confirm some success of the policies. Nonetheless, there is a recognised lack of the energy and the initiative capacity of civil society organisations that accompany the implementation of similar measures in other EU countries and, in relation to these, a more decentralised and integrated implementation (Figueiredo *et al.* 1997:193).

In the area of passive employment measures, the unemployment insurance created in 1977 constitutes the principal measure instituted by the state. In 1985, the unemployment social benefit, granted to those workers unable to apply for a general unemployment benefit, was established³. Throughout the 1980s and 1990s, the level of the latter was successively enlarged. Between 1987 and 1996 the proportion of unemployed workers receiving unemployment benefits rose from 22.4% to around 38%⁴. Workers over 55 might in case of redundancy be offered early retirement.

The positions of workers and employers on the role of the state are in stark contrast. While employers argue for the liberalisation of the labour market and demand from the state the necessary reforms to guaranty the viability of private economic activity (including the flexibilisation of labour legislation),

³ Social unemployment benefit is a means-tested subsidy, the value of which corresponds to between 70 and 100% of the M.N.S. according to the size of the family. At present an unemployed worker has the right to unemployment benefit for a period of 10 to 30 months (according to the contributions he has made previously) corresponding to 65% of his average earnings during his last year of employment and up to a maximum of three times the national minimum wage, so long as he has worked for at least 540 days over the last two years. Apart from these cases, unemployed workers can still have the right to social unemployment benefit of a lesser amount provided they have worked for at least 180 days during the last year, or if they have used up the period of concession for unemployment benefit.

⁴ A comparison with other EU countries shows that in 1993 this proportion was below the average; only Greece and Italy being below this, where financial assistance for the unemployed is very low.

unions try to maintain employment levels, demanding of the state not only the enforcement of compliance with labour laws by firms but the development of policies designed to counteract the tendency to increased lack of job security.

For the CGTP, generally considered as a pro-communist workers' confederation, "unemployment is the main factor in social exclusion and job insecurity is the first step in that direction". This job insecurity encompasses all work situations which violate human dignity and "is expressed by (short) term contracts, day wages, temporary work (part of which is clandestine), part-time work, and subcontracted work, which in many cases represent external forms of the exploitation of workers. In addition, it is considered that, in comparison with Europe, the chasm between the levels of employment tends to increase because Portuguese workers earn one quarter of the European average, their work hours are much longer, social protection is inferior, there are many more work-related accidents, the level of education and training is much lower, and the level of information and participation of workers in working life is almost non-existent (CGTP 1996a:3).

Relative to passive employment measures, CGTP manifests a clear opposition to the policy of work subsidies that benefit only firms (CGTP 1996b:21) and contributes to discrimination against workers (CGTP 1996c:35).

The other labour union, UGT, more close to the positions of the Socialist and Social-Democratic parties, shares the same idea of the indispensability of the defence and stability of job security, but has a more open position on the acceptance of specific modes of temporary work and of part-time work corresponding not only to the demands of firms but in terms of the diversity of workers' time requirements, thus allowing them an employment strategy (UGT 1996:7).

According to the UGT the active and passive employment policies should complement one another and the union claims that the passive measures should be improved when the active measures do not produce the conditions for the creation of jobs (UGT:1996:22).

Unemployment and insecure terms of labour

Keeping our analysis within the period following, it has been shown that The civil labour force has grown continuously throughout the last decade, after the

entry into the EU, mainly because of an increased female participation rate. This regular and sustained increase in the active population demonstrates the delayed structuring of the Portuguese labour market and the way in which the different categories of the population (according to sex, age, location or occupational sector) have been absorbed.

As regards the category of gender, the social indicators show that a fairly significant part of the female population had never, or only recently, access to paid employment. It is worth noting that in periods when employment is in crisis it is the women who are dismissed first.

Young people, on the contrary, enter the workforce much too early, bearing in mind the requirements of education and professional training, and the younger they are when they start work, the lower their level of education. A characteristic of the Portuguese population is precisely its low level of education, and according to the most recent data, about half of those employed only have the basic level of education.

In the rural areas a part of the population live on family smallholdings, frequently with reduced links to the open market, occupying their freetime with a number of activities such as craftwork or small scale commerce and by providing local services, that is, activities which are not recognized by national statistics or accounts. Resorting to off-farm jobs is becoming more and more frequent as a consequence of the growing installation in rural areas of labour intensive small-scale industries (principally in the areas of textiles, footwear, light metals and furniture), and the need for agricultural producers to confront the difficulties of competing in the agricultural markets.

Table 1
POPULATION AND EMPLOYMENT

	EU	PT	SP	GR	IT	IRL
1 Persons in employment (1/8)	49,2	55,7	37,4	44,5	42,9	45,0
2 — working part-time (2/1)	14,7	7,4	6,6	4,3	5,4	10,8
3 Unemployed persons [3/(1+3)]	10,6	5,3	22,2	8,6	10,3	15,6
4 — seeking first job (4/3)	18,1	14,4	19,1	47,4	52,7	16,4
5 Labour Force (5/8)	55,1	58,8	48,1	48,7	47,9	53,3
6 Non-active persons (6/8)	44,9	41,2	51,9	51,3	52,1	46,7
7 — in education (7/6)	18,5	23,9	21,8	18,3	19,6	24,7
8 Persons =15 yrs (8/9)	82,1	81,8	82,1	82,5	84,3	73,9
9 Total population (1 000)	341 819	9 801	38 705	10 118	56 115	3 469

Source: EUROSTAT, *Labour Force Survey*, 1993

In the same way, in the periphery of the big cities, a migratory population poorly integrated into the job market occupy themselves with innumerable informal or clandestine activities, combined with occasional or temporary work, insecure and badly paid.

From the categories presented in Table 1 we can distinguish a pre-modern component of the active Portuguese population, but it would be completely wrong to limit the analysis of Portuguese employment structures to this component. Other categories exist besides these, which appear to correspond more adequately to the contemporary idea of work and employment. These categories, and especially the processes of change in which they are involved, are discussed below.

Unemployment⁵

The analysis of unemployment rates during the last decade in Portugal, when compared with the European average, shows a relatively favourable situation for Portugal. The maximum figure is only a little over 10%, and is currently at 7.3%. However, this must be viewed with caution, as behind the reduced unemployment rates are concealed low wages and insecure forms of employment. Apart from this, these forms of employment not only represent a high proportion of total employment, but also reflect the enormous instability which characterizes the labour market resulting from the strategies for survival developed by the workers and from the attempts by businesses to succeed under the new conditions of competition. In conclusion, it should be stressed that the numerical expression of unemployment in Portugal is not as low as the economic indicators would lead us to believe, only because many workers accept jobs with inferior terms of employment and low pay.

⁵ Estimates of unemployment vary according to the source used. Thus, the rates of unemployment calculated on the basis of the Employment Survey by the National Institute of Statistics are, as a rule, lower (about 2.5% in 1995) than the calculations derived from registrations at Employment Centres. It must be said that the system of registration for work is rather imperfect, since a fraction of those seeking work do not register with the Employment Centres, and also because some who are registered as seeking work are not in fact doing so.

Table 2
PORTUGAL 1992-96
UNEMPLOYMENT INDICATORS (%)

	1992	1993	1994	1995	1996
Total rate	4,2	5,5	6,9	7,2	7,3
Male rate	3,5	4,7	6,1	6,4	6,5
Female rate	4,9	6,6	7,8	8,0	8,2
Youth under 25 yrs rate	10,1	12,7	14,7	16,2	16,7
First job rate	0,9	0,9	1,2	1,4	1,5
New job rate	3,3	4,6	5,7	5,8	5,8
< 12 months job seeking	74,4	68,9	66,1	60,2	57,5
> 12 months job seeking	25,6	31,1	33,9	39,8	42,5

Source: INE, *Estatísticas do Emprego* (several years)

The indicator of the length of unemployment is also favourable for Portugal when compared to the other EU partners. The percentage of situations lasting less than a year - 62.1%⁶ is well above the average (56%) and on the other hand, the percentage of unemployment lasting longer than two years, which has a European average of 23.6%, is at just 15% in Portugal.

In a society still very much dominated by particularistic arrangements the unemployed frequently resort to direct contact with employers via friends or relatives (in about half the cases) in order to obtain a new job. Registration at Employment Centres, although quite high (55% of the cases) is not considered to be a very reliable way of finding work, but is justified by being an indispensable condition for obtaining unemployment benefit. These findings are quite similar to those from Greece, Italy and Ireland.

Self-Employment⁷

The two most outstanding observations when comparing the indicators of self-employment in Portugal with other European countries are their high and increasing figures in Portugal and their proximity to those of other non-core EU countries, that is, Ireland, Spain, Italy and Greece.

At first glance, this seems to result from the higher proportion of small-scale traditional activities in all these countries. In fact, small-scale family farming and other traditional crafts occupy a larger part of the active population in

⁶ The discrepancy with the figures in Table 2 results from the different sources used.

⁷ According to the definition used in Portuguese employment statistics, the "self-employed worker runs his own business or practices independently a profession or trade, with or without employees" (INE 1993).

these countries. On the other hand, the classic description of self-employment emphasizes the pre-capitalist character of activities linked to this form of work, stressing the tendency for it to disappear in proportion to the development of industrial economies and the expansion of the system of salaried employment.

What is happening in Portugal is that the proportion of self-employment is gradually increasing, rising from 22% in 1989 to 27% in 1996, and this phenomenon must be interpreted correctly. On the one hand, it shows that this area is also demonstrating the effects of industrial restructuring resulting from the changes in the system of accumulation, which are translated into processes of deconcentration and tertiarization of business, and subcontracting of jobs. The conversion of salaried work to self-employed work constitutes a manifestation of these processes. On the other hand, a new cultural attitude encouraging the search for personal success, fuelled by neo-liberal ideology is creating a climate favourable to the development of self-employment. In any one of these cases, we are dealing with explanations which stress traits of conditions of labour under late capitalism which are distinct from those of the preceding phase of intensive salaried employment. For this reason, the employment statistics show that the proportion of self-employed is high, not only in certain areas of traditional activities, but also in areas of innovative activity such as real-estate agencies, information technology, consultancy, etc. All this produces a category combining the very distinct statutes of isolated workers, small-scale employers, artisans, self-employed professionals and “formally self-employed workers”.

It would appear that in the Portuguese case it is necessary to examine more thoroughly the relationship between the pre-modern and post-modern elements in the economy and the labour markets, in order to emphasize the interdependent and reciprocal nature of this relationship. For example, the fact that the process of professionalization of work is still very limited, and that employees have little autonomy or responsibility at work as opposed to employers, favours the preference for self-employed work. Thus the strategies of auto-establishment commonly being developed by salaried workers at the lowest level may function inclusively as the first stage in a strategy to access to the employer condition. It is because of this that self-employment, far from signifying nothing more than a degraded form of work, may play, at the level of social representation in some groups, a significant role in social integration, by

the increasing intergenerational mobility and by the realization of individual projects (Freire 1995:29).

Nevertheless, it is important to point out that the current Portuguese situation shows that the condition of self-employed worker corresponds more and more with situations in which the worker is only formally autonomous in relation to whoever contracts his services. This is the case with workers sub-contracted in the areas of textile production, clothing and footwear who have retained a reduced level of maneuver in relation to the companies sub-contracting them. It is also the case with workers on a system of exclusivity or franchising for other firms. It is furthermore the case of "formally self-employed workers", that is, workers obliged to declare themselves as self-employed despite working regularly for and under the direction of firms which refuse to admit them to the workforce as dependent workers (circumventing the regulations protecting wage-earners` rights). And, finally, the case of the workers who choose to become self-employed only as a type of second best, that is, because they have to survive and are unable to find any other remunerative employment.

The insecurity of job for self-employed derives from not having the right to holidays, working more hours per week, having lower wages, having to pay the full amount of his social security contributions himself, not receiving unemployment benefit and not having any stability of employment.

Over and above enjoying a limited autonomy, the "ideal type" of a self employed worker is a mature male with low scholar and professional qualifications in a relatively low income bracket⁸.

Self-employed workers in Portugal are less well covered by social security than wage earners, owing to the fact that until very recently they were not integrated into the system of general protection. Today, the system of general social security also applies to self-employed workers who declare an annual income greater than six times the minimum national wage⁹. In general, the social security service is very cautious as regards the registration of self-employed workers, barring access to the system of those not earning any

⁸ A recent study of self-employment in Portugal concluded that 81% of the families of self-employed workers questioned earned a very low monthly income, less than 1000 ECU's (Freire 1995:71).

⁹ The national minimum wage is revised annually and in 1997 was set at ca. 290 ECU's.

income, by demanding fiscal proof of income. In this way, many small-scale agricultural producers remain outside the system of social security.

The policies directed towards self-employment are designed to facilitate the creation of jobs for those finding it difficult to enter the job market, particularly young people looking for their first job and the long-term unemployed. Since 1986, financial aid towards the creation of self-employment for those categories has been deployed, but the results are still not very significant.

*Non-permanent employment*¹⁰

In general, the limited duration of a job is related to the difficulty in finding permanent employment, and consequently the preference for temporary work represents a second best choice for the worker. Since fixed term employment provides flexibility of contracts, there is a close connection between variations in the temporary employment rate and the unemployment rate.

In Portugal, the number of fixed term contracts increased considerably during the 1980`s accompanying the process of adaptation by businesses in crisis and as a result of an alteration in the labour laws allowing businesses to have recourse to these type of contracts¹¹. After reaching 19% in 1989, the proportion of temporary work has been diminishing subsequently, and was at 12.5% in 1996. The figures are higher for women and for workers either in manufacturing or services strongly dependent on market forces (electrical goods, cars, information technology, R & D) or in seasonal work (hotels and construction). In European terms, this situation is very similar to that of other southern countries, particularly Spain and Greece, where higher figures are found. In these countries also, the main reason for taking a temporary job is because the workers are unable to find permanent employment¹².

¹⁰ According to the definition used in Portuguese employment statistics, non-permanent employment includes "work under a system of fixed term contracts (the duration limited and defined in writing), or without a permanent contract (seasonal, occasional or temporary)." (INE 1993).

¹¹ The previous legislation of 1976 established an initial probationary period of not more than six months for the worker to adapt. This period could be renewed twice more, after which the contract would become permanent. The alteration of 1989 permitted fixed term contracts to be used in cases of temporary substitution of a sick employee, for temporarily increased activity, for a job defined by a specific time limit, and for periods of fluctuation of activity in general.

¹² Although in European countries this reason only accounted on average for 36.3% of employed workers, in Portugal it applied to 79.9%, in Spain to 86.2%, in Greece to 74.3%, in Ireland to 61.3% and in Italy to 50.2%.

An emergent type of employment in Portugal, still only a small percentage (0.2% of the working population), is that of interim work, related to employment agencies hiring out to third parties. Many workers, to avoid unemployment, are obliged to take this type of temporary work, which tends in general to be poorly paid as the agencies only obtain unqualified work. On the other hand, many companies and even the state are now substituting interim work for permanent jobs. Given the case by which the employment agencies are able to take advantage of the Portuguese legislation, and the difficulties of some sectors of the population in finding employment, such as young people and women, a rapid expansion in this type of employment is foreseeable in the future.

In Portugal, temporary workers contribute to social security and benefit equally from it. However, evasion of social security payments is higher in the case of temporary workers given the increased level of dependency of the worker resulting from the unstable nature of the work. In the case of employment agencies, despite the frequently clandestine nature of the work, the payments to social security are made as for non-skilled workers, which reduces their benefits.

From the point of view of the policies actively encouraging temporary work, the most important measures to be mentioned are the public programmes providing work for the seasonally unemployed, and the youth employment programmes.

*Part-time employment*¹³

In countries of late industrialization, part-time work is usually found to be associated with processes of transformation of small scale mercantile production or with the patriarchal family. In both cases, peasants and women in the labour market try at all costs to preserve their traditional occupations, dividing their time between these and their new jobs. On the contrary, in fully industrialized countries in which full-time salaried work has long been the universal pattern of employment, part-time work became the exception. Its recent re-emergence signifies a profound alteration in the labour market, and is closely associated with industrial restructuring.

¹³ According to the definition used in Portuguese employment statistics, the part-time worker is "a worker whose total working hours are fewer than those of normal workers employed in businesses, the establishment or in their respective professions." (INE,1993).

In Portugal, the proportion of part-time work is relatively low - 7.5% in 1993, when compared to the European average (14.7%), but is similar to that of other southern European countries - Spain (6.6%), Italy (5.4%) and Greece (4.3%) - and also near to Ireland (10.8%)¹⁴.

The highest proportion of part-time workers in Portugal occurs in agriculture (24% of agricultural employees) and in women's jobs (12%). In the case of women a high proportion claim to prefer part-time work because of family commitments (30% in 1995). On the other hand, there seems to be a relationship between the level of unemployment and the level of part-time work in the case of Portuguese women. The difficulty in finding secure employment not only causes women to accept part-time work for their first job (27% in 1995), but it also causes women who have been made unemployed to take on part-time work. It is important to note that in Portugal, as in other countries, there has been an observed increase in the proportion of non-voluntary part-time workers (in 1993, 15% of men and 23.2% of women employed on a part-time basis) and that the part-time jobs are associated with a greater frequency of temporary contracts (36.4% in 1993). As a rule, part-time work corresponds to low levels of training and skills¹⁵.

Because of all this, the vulnerability to exclusion in this atypical type of employment is quite high, and is manifest in different ways: reduced social security cover, performance of less skilled or less responsible tasks, greater job insecurity and low pay.

Part-time work has been increasing in Portugal over the last few years, from 5% in 1989 to 7,5% in 1995 and may indicate the presence of the same effects of economic restructuring as the central European countries. In terms of flexibility of employment, the advantages of part-time work to businesses are innumerable: lower costs, greater productivity of labour, a lower level of unionization, numerical flexibility (adjustments to fluctuations in productivity), wage flexibility (lower level of remuneration), greater effort per worker, lower rate of absenteeism (OECD 1991).

¹⁴ The legal regime of part-time work does not favour neither the firms' nor the workers' preference for this type of work (Ferreira, 1993:238).

¹⁵ In 1995 almost three-quarters of the employed population employed in part-time work had a level of education not exceeding 4 years.

Added to this there is also the fact that measures actively encouraging part-time employment have been implemented: new opportunities for employment in the public sector, financial or tax incentives for job sharing, offering the possibility of semi-retirement or incentives to create part-time jobs for young people aged between 16 and 30.

Employment on non-standard timetables

This broad category includes distinct types of work ranging from overtime, through shift work, to work during unsocial hours (night work, weekend work). A common factor of these types of work is that they permit great flexibility and respond to changes related to, for example, new technology, tertiarization and the changes in work patterns throughout the career of the worker.

In Portugal, the average number of hours of work per week per worker is very high, although a progressive decrease is observable. In 1996, slightly less than 50% of employees worked more than 40 hours per week (Table 3). The persistence of a petty bourgeois ethic recommending maximum efficiency of labour resources helps to explain the ease with which companies were able to mobilize the workforce to put in this overtime, and the paradoxical attitude of workers willing to work more hours¹⁶. However, the low average wage appears to be the main reason for the prolonged working day¹⁷.

In 1993, compared with other European countries, Portuguese full-time workers had the second highest weekly average, with 41.2 hours per week, following the British (43.4), and immediately above the Greeks (40.6) and the Irish (40.1).

Table 3

EMPLOYMENT BY WEEKLY LABOUR TIME (%)

	1992	1993	1994	1995	1996
<10 hours	1,3	1,6	1,5	1,2	1,7
11-20 hours	3,5	3,8	3,9	4,0	4,6
21-30 hours	5,7	5,9	5,8	6,2	6,3
31-40 hours	36,9	36,9	38,6	39,7	40,8
> 40 hours	52,5	51,8	50,2	48,9	46,5

Source: INE, *Estatísticas do Emprego* (several years)

¹⁶ Significantly, this willingness is greater in the case of self-employed workers employing no employees.

¹⁷ A recently approved law reduces the normal working week to 40 hours. Despite having been laboriously negotiated through the proper channels of social conciliation, the resistance of owners to their application has given rise to a high level of protest, demonstrating the unfavourable working conditions which the workers are facing.

As to the other categories of work, the figures are nearing the European average and are lower than the other countries of southern Europe. In 1995, shift workers represented about 6% of the population and workers on unsocial hours represented 12% (Vaz 1997:22).

*Home working*¹⁸

This type of employment is traditionally found to be linked to small scale production carried out in rural areas and the putting-out system of labour intensive industry¹⁹. In this sense much home work is confused with self-employment and corresponds to the situation in which rural families - especially women - try to find off-farm work which is compatible with their domestic tasks and family responsibilities. Only a part of home work is carried out under contract, and represented about 4% of the employed population in 1995, involving mostly women (61%), certain branches of industry (clothing, leather goods), services and reduced skills.

As in the case of part-time work, this type of work is extremely insecure, mainly owing to the fluctuations of the market and the absence of guaranteed employment contracts. In most cases the firms benefit more from the more prolonged working day of home workers than that of their salaried workers, together with the advantages of reducing fixed costs, minimizing the effects of seasonal demand or occasional production and circumventing the social security and tax obligations²⁰.

There is also a close relationship between the levels of unemployment and the levels of homeworking. Where work is scarce, and the workforce plentiful, there will be found those willing to work for low wages and even without their rights as long as they can add to the total family income²¹.

¹⁸ According to the legal definition, home working consists of "work performed under legal subordination, at the home of the worker, or where the worker buys the raw materials and resells the finished product back to the supplier, always so that, in each case, the workers must be considered as being economically dependent on the party providing the employment" (DI. 440/91 of 14/11).

¹⁹ But not all homeworkers correspond to this pattern of unskilled and degraded employment. In Portugal a growing category is tele-working, linked to developments in information, technology and communications. Recent studies estimate that 60,000 workers (1.4% of the employed population) are occupied in this type of work.

²⁰ Homeworking is regulated by the legislation on homeworking of 1991, and integrates the wagers' system of social security, although with certain specifications.

²¹ The presence of child labour associated with homeworking and sub-contracting has been noticed in footwear and clothing industries in northern Portugal. Usually used as unpaid family

The Portuguese situation regarding homeworking appears to be very similar to other European countries, where the same traits as those above can be found: a way of escaping unemployment on the part of the worker, a way of minimizing risk and reducing cost on the part of companies, semi-clandestine forms of employment and a flagrant undifferentiation between self-employment, under employment and informal work (Meulders *et al.* 1994).

Multiple job holding

Carrying out a second occupation in addition to the principal employment corresponds to the need to earn extra income, and results in a weakening of the workforce of the principal job.

This represents a common situation in countries with a less structured labour market and where it is still possible to combine autonomous small-scale production in agriculture, industry or the services with salaried employment. This is the case in Portugal and also in other southern European countries of the EU, although there the figures are lower. In 1993, about 6% of the employed Portuguese population had a second job, in most cases performed regularly, although in the cases of Greece, Spain and Italy the figures are respectively 3.5%, 1.4% and 1.3%.

In agriculture, pluriactivity has permitted the survival of families at levels of modest or low income on smaller farms, where pluriactivity and farming are relatively stable solutions to the “income problem”.

In a recent study carried out in a Portuguese area of diffuse industrialization it has been shown that “despite employment figures suggesting a decline in agricultural activity it is in fact as widespread a phenomenon as before but that the proportion of the workforce for which agriculture has remained the main source of income has decreased. In this respect the structural change which is associated with declining agricultural employment throughout the rest of Europe has not taken place here, but rather family strategies of pluriactivity have been adapted to changing labour market conditions” (The Arkleton Trust 1992:11-21).

helpers, children frequently become full-time employees in small firms during periods of increased workload for an insignificant salary (Baganha, 1996).

Unpaid family worker

Situations in which family members cooperate with each other to operate a business or common activity are very frequent, particularly among activities compatible with small-scale production, such as agriculture, commerce and some branches of industry and services. The extent to which the statistics reflect this fact depends greatly on the way in which each worker identifies his position in the common enterprise, and also on his recognition of the activity as constituting employment. It should also be noted that, in these situations, the distinction between productive activity and domestic activity (or even employment) is not clear cut in these people's minds. Because of this, the statistics on unpaid family work are not very exact in societies in which the family constitutes an important system of management of the labour force, and at the same time an important source of income generation. We can consider that the figure of 1.7% (1996) of the Portuguese employed population attributed to this category is clearly underestimated²² and that many family workers (mainly women) were classified as inactive persons (eventually as self-employed). Similar situations are also observable in other EU countries: Greece, Spain, Italy (Meulders *et al.* 1994:130)

From the point of view of the insecurity and vulnerability of this type of work it is important to stress two points. Firstly, the fact that these workers do not receive any pay and are dependent on the family (almost always under patriarchal domination) in practice signifies an almost total absence of rights. Also, the choice of these forms of employment corresponds as a rule to the absence of other alternatives to employment.

There are no policies directed specifically at these situations and which distinguish them from self-employment. As to the benefits of social security, the system of the self-employed also extends to the respective spouses, but not to any other close relatives.

Informal economy, marginal work and poverty

Some recent attempts to measure the importance of the informal economy in Portugal permit us to confirm its enormous extent and diversity of form.

²² The Agricultural Census by the National Institute of Statistics showed, for 1995, that 80.4% of the relatives of agricultural producers were involved in work on the family farms. This figure is incomparably higher than that gained from employment statistics (9.7%).

In very general terms, the informal economy is characterized by the fact that its activities are not registered in the national accounts and that its workers are not recognized as a labour force by the employment statistics. Apart from this, informal jobs are not protected by labour laws or labour policies, which puts the workers in this sector in a position of great insecurity. The clandestine and inclusively illicit nature of some activities of the informal economy are very often an unintended effect of the solutions found by those unable to enter the protected labour markets. Because of this, the informality of the work is closely related to unemployment and constitutes a common strategy in a society where stable and well-paid jobs are inaccessible to large numbers of people, and, on the other hand, in which the state is relatively consenting or inefficient, which is undoubtedly the case in Portugal. This informal work truly becomes a no-choice option (Baganha 1996:68).

The measurement of the proportion of the informal economy as part of the Portuguese economy is a particularly difficult and controversial task, given the unreliability of the instruments of measurement. . The calculations made by the National Statistics Agency attribute a figure of 12% of the GNP, but this estimate has been considered to be very low in view of the results gained from using different methodologies. Thus, comparing the data from the population census with the data registered by the Ministry of Employment based on the declarations of the companies, it is possible to estimate the percentage of workers not declared by the companies and arrive at figures in the order of 23.6% for 1981, and 20.8% for 1991 (Baganha 1996). These figures vary greatly from sector to sector of activity, which confirms the wide diversions of situations in informal activity. Because of their importance the following activities deserve mentioning: informal work in house building, part-time farming, small services and child labour.

Although some of the workers in the informal economy choose to remain on the margin of the labour markets for a varying amount of time, taking advantage of the circumstances, another, but not inconsiderable number are forced to remain on the margins of these markets engaged in survival activities. These cases are more frequent amongst the long-term unemployed, the elderly, young people and women.

These marginal workers, who do not even feature in the unemployment statistics because they have given up hope of trying to find work constitute, without

doubt, one of the categories most vulnerable to poverty, after old age pensioners.

According to the most recent data (MQE 1996) poverty reached 18.3% of Portuguese families²³ in 1995, and was very irregularly distributed throughout the country, varying from 10% in an western central region of diffuse industrialization to 36.8% in a southern rural region in demographic decline. The typical profile of the head of a poor family is that of an elderly person (55%), with low educational qualifications (59.8%), receiving an old age pension (64.8%) and living in very poor housing (65.2%). However, there are many families with a younger head of the family whose poverty is due to low salaries (27%), unemployment (16.8%), economic crisis (15%) and inactivity (6.7%).

Modernization, globalization and the risk of exclusion in a semiperipheral European society.

Let us return firstly to our previous analysis of the high proportion of non-standard forms of work in Portuguese society. Bearing in mind the existence of situations in which various statutes of employment overlap, a recent study estimated that in 1995, 43% of the total labour force were not engaged in full-time permanent employment (Vaz 1997:24).

Secondly, it is important to remember that the diversity of types of employment corresponds to unequal degrees of employment insecurity and that the same diversity also carries unequal risks of social exclusion. Some of these types of employment, because of their instability, low levels of pay, and absence of guaranteed rights mask a real situation of unemployment or constitute a lesser evil for the worker relative to his situation of unemployment. Others, as with self-employment or homeworking, give a false notion of autonomy, which in practice, almost never corresponds to reality and which becomes characterized by excessive working days, increased responsibility, and low pay for self- and family employment.

²³ In this study poverty is defined as “a situation of deprivation, persistent and severe, relative to the satisfying of one or more basic necessities as these are expressed in a given society, particularly food, clothing, housing and respective conditions of use of essential services, social support, health and certain unusual services” (MQE 1996:22). To classify a family as poor it is necessary to ascertain in addition to deprivation in three or more areas, that the indicators exceed a specified level related to the gravity of the deprivation.

The goal of economic improvement, however, continues to attract a large number of Portuguese workers to self-employment. Other types of employment, such as shift work or work in unsocial hours, do not cause such dramatic problems of insecurity or exclusion and are even preferred by some workers since they facilitate the performance of a second activity.

When comparing the atypical forms of employment in the different countries of the EU, it is immediately observable that the use made of them in each country distinguishes them whether with regard to the level of insecurity or to the risk of exclusion. As a rule, the less the organization and bargaining power of the workers in the labour market, the more insecure and risk laden they become.

The Portuguese case shows that despite the existence of relatively advanced norms of labour, the workers are not able to prevent the erosion of the terms and conditions of employment or defend their rights²⁴, and that the state itself is not capable of regulating the labour markets through the guarantee of observance of the laws and the application of suitable social and employment policies.

To a large extent, the high proportion of insecure forms of employment which characterize the Portuguese labour markets is owing more to the dominant system of labour relations and the nature of the national economic fabric, rather than to the crisis in the Fordist model of accumulation in the 1970`s. The response of a weak capitalist economy to an economic recession is precisely to increase flexibility through insecure types of recruitment and management of manpower to reduce costs and maintain competitiveness.

As regards the workers, the spread of unemployment, the devaluation of their rights and the emphasis of the political discourse on flexibilization combine to lower their resistance, decrease unionization and orient the workers more and more towards individualist forms of escape (Ferreira 1996:43).

Thus some workers have taken advantage of the flexibility, trying to combine activities and sources of income capable of sustaining them in a crisis and assuring the economic reproduction of their families. Homeworking, temporary work, non-standard timetable work, work divided between diverse activities,

²⁴ Even before the reforms in labour legislation in 1989, which facilitated individual and collective dismissal and in general made the terms and conditions of work more flexible (temporary work, fixed term contracts, sub-contracting), the workers were not able to prevent delayed payment of salaries, the employers` debts to social security and pay disputes.

the use of financial assistance to the unemployed to set up independent employment, have all been ways of dealing with the lack of stable and permanent employment. The clarity of the statute of employment of a salaried worker was lost at the same time as the role of the subordinate worker was confused with that of the autonomous worker, the role of the subsidized unemployed worker with that of the unpaid family worker, and the role of inactive worker with that of the clandestine worker.

What appears to be important to observe is that this relative indistinction between the roles of the workers, or, more broadly, between the areas of economic production and social reproduction, creates severe impediments to the efficacy of the policies, which generally utilize specialized intervention agencies for both of them, which are divided among different governmental departments. This is the case, for example, of policies of employment and social security directed towards the unemployed or with policies of health and social security directed towards the aged and handicapped, which are poorly linked and even end up pursuing incompatible objectives.

The situation relating to the determinants of the spread and diversification of non-standard forms of employment did not alter substantially when, in the second half of the 1980's, the Portuguese economy started to recover and there was a reduction in the unemployment rate. It must be said that the recovery was greatly owing to the impulse brought about by Portugal's integration into Europe, and in particular to policies improving the infrastructure, providing financial support for industrial redevelopment and training manpower, which were able to be implemented with Community assistance. The creation of new jobs, however, has been occurring outside the structural rigidity which characterized the system of employment during the previous decade, and is directed by a competitive logic based on low salaries. Because of this, it is impossible to avoid the erosion of conditions of work.

And we are convinced that this erosion cannot be avoided because of Portugal's position within a strongly hierarchical "world system" and an increasing globalized economy.

The impact of globalization being uncertain, the probability that it will have detrimental effects on different areas of social life appears to be higher in non-core societies, above all in those most open to international interaction, and in

which the endogenous factors capable of promoting effective responses to global destructuring are weak or inexistent. As Mingione and Pugliese point out, "in locales left behind by the hyper-mobility of global capital, the negative consequences are often most evident in terms of unemployment, underemployment, environmental degradation and community decay" (*apud* Bonanno *et al.*, 1994: 23).

Portugal constitutes a good example of this type of society. Being semiperipheral in terms of the world context, it has certain characteristics revealing a high vulnerability to penetration by hegemonic forms of globalization, such as the debility of its regulating mechanisms - economic, social or cultural - and its elevated social heterogeneity (Santos 1993)

This last characteristic - the elevated social heterogeneity of Portuguese society - is responsible not only for a particular vulnerability to the processes of globalization, but also for an unequal and contradictory impact of these processes on different sectors of society.

Given the close relationship which exists between the phenomena of globalization and of modernization in societies of intermediate development like Portugal, the differences between the various sectors within the society become particularly relevant to this matter, in that the least modernized sectors of Portuguese society have the least capacity to resist or negotiate in the face of the effects of globalization and, as a result, suffer its most destructive effects.

It is in the light of this combined perspective of the phenomena of globalization and modernization that it seems the social heterogeneity of work forms must ultimately be analyzed.

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