The origins of the welfare state in Portugal: the new frontiers between public and private*

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Abstract
The period chosen for our study - the first two decades of the twentieth century - is especially relevant for the history of the welfare state in Portugal. It is a period in which we can analyse, at a crucial moment in its history, the change which was then taking place in terms of attitude of the state and of society towards the welfare state. Before 1910 state social policy had a very limited scope. Even accidents at work were still regulated in accordance with the Civil Code. From 1919 onwards a fully-fledged system of social security began to be set up. Portuguese social legislation, which up to then had not accompanied the progress made in this area by other European countries, came to the forefront of the movement in a relatively short time, by the side of Germany, the Scandinavian countries, the United Kingdom and Spain, and ahead of France. This progress was not easy and had to face resistance from several quarters.

Introduction
At the turn of the twentieth century the welfare state was contested by the governments of most European countries. Gradually, a reform of the social security system has been undertaken and this process has entailed, to a greater or lesser degree, the privatization of the services provided. The protest movement against the curtailment of social benefits witnessed in recent times could suggest, by its social composition, that such rights had their origin as demands of the working-class movement in different European countries or, at least, in those where a welfare state was first built.

But historical reality is slightly more complex. At times exactly the opposite occurred, and the welfare state faced opposition from both employers and workers for various reasons, among which the fact that alternative social security systems already existed. The welfare state did not grow on virgin soil, neither did it emerge at once in its present shape. At the outset, it consisted of a movement integrating a few previous initiatives and its present form was the result of a slow process which, as pointed out by Gosta Esping-Andersen, led to the de-commodification of different areas - from health to education - giving rise to a great institutional expansion of state intervention. Neither the social services nor early social security had ever reached this dimension (Esping-Andersen 1990: 21–22).

Keywords
welfare state
friendly societies
movement
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women’s social insurance
social insurance acts
urban and rural social insurance

* For more information, please see Pereira (2000).
From the outset the welfare state had a very limited scope, and was addressed exclusively to the working classes. The road to universalization was a long one: even in Germany, where the welfare state originated, there was a lag of about 40 years between Bismarck’s initial legislation and the Weimar Republic which undertook the task of widening its scope. Other countries were late in following Germany, and introduced their first welfare measures between 1911 and 1920, shortly before Germany moved on to its second stage. Portugal and Spain introduced compulsory insurance in the same year, 1919. The origins of this development remain poorly understood, particularly in the case of Portugal, which we will be examining here.

Conceived at the end of the nineteenth century, the ideological roots of this model lie in a project of society presented as an alternative to both liberalism and socialism. It consisted of a global vision of society that incorporated a desire for increased access to education and vocational training (which in Portugal included combating illiteracy) as well as to culture, which included the establishment of public libraries, and the diffusion of knowledge through the press and public lectures. Whilst the provision of those services now associated with social security was important, the fin-de-siècle proponents of the welfare state took a much wider view.

We shall show that, in Portugal, this project had two distinct aspects, albeit with similar objectives. The first was of a more private nature that incorporated voluntary mutualism and the paternalism of the employers. The second aspect was of a public nature, which involved the introduction of compulsory insurance contributions that were collected by the state. The introduction of compulsory insurance represented a breach in the frontier between the public and private sectors and was not, for this reason, easily accepted by either of the social partners involved. It implied a change of attitude towards welfare by both the state and society. It is this crucial change that we will seek to understand here.

This change in mentalities occurred during the first three decades of the twentieth century, precisely the period of Portuguese history we have chosen for our work. Before 1910, state social intervention had a very limited scope. Even accidents at work were regulated according to the Civil Code. From 1919 onwards, a fully-fledged system of social security began to be implemented. Within a relatively short space of time, Portugal, which had been slow to follow the path laid down in other European states, had a welfare system that was comparable to those of Germany, Scandinavia, Britain and Spain, and one that was slightly more developed than that of France. This progress was far from easy, and had to face the opposition of many vested interests.

Before beginning our analysis, however, we should first seek to explain just what is meant by the concept ‘welfare state’. First, it is important that we do not confuse the welfare state with either the traditional social services or with the hygienist state. The welfare state co-existed with both of these, and both were important in Portugal. In accordance with the socio-institutional criterion proposed by Richard Titmuss, we believe that the frontiers between public social services and the welfare state differ with
respect of their aims - residual or institutional - and to the population covered by each of them. Public assistance was intended for those destitute of private means and had the supplementary role of providing aid when traditional institutions, namely the family, could not. The welfare state operates according to entirely different principles. In spite of only contemplating the working classes in its initial stage, the welfare state had no intention of solving the problem of residual poverty. Rather, it aimed at achieving a more equitable society, in which aid would be provided in situations of temporary or permanent unemployment, and access to different services would be made available, especially in the case of health aid and medical care.

Leaving aside the different types of welfare state, we must look closely at what distinguishes the hygienist state from the welfare state.

The 'hygienist state', as Pierre Rosanvallon has pointed out, represented a basic turning point in the relation between society and the state. The concept of public hygiene had come to alter notions of what was proper to the public and private spheres. It was the opinion of the medical profession, at a time when it was seriously concerned about public hygiene, that every aspect of human life and of the human condition was of public interest. Pasteur’s discoveries revolutionized this field. From then on the prevention of disease became a question of prime importance, which implied the reconstruction of society: hygiene had become a social problem. Public health turned into a central issue for the political and military powers. Now, doctors were at the forefront of social policy and legislation aimed to ‘heal’ the social body. Throughout Europe, hygienists began to enter government and health ministries were created (Rosanvallon 1990; Mansfield et al. 1994; Titmuss 1970; Esping-Andersen 1990).

This type of state intervention, which was also adopted in Portugal towards the end of the nineteenth century, belonged to the social area but had an entirely different nature from that of the welfare state. In the latter, the duty of society towards each individual and the forms of solidarity adopted were the result of a concern with social justice and aimed at a redistribution of wealth. This was a project designed to reform society by protecting the individual, while the object of the hygienist state was to protect society as a whole. It is important to distinguish between these two methods of social intervention by the state that were developing in parallel with one another. As a matter of fact, some of the social legislation designed to protect workers - such as the factory laws that protect women and children - were enacted to prevent the degeneration of the ‘national race’ - which was one of the hygienists’ major concerns. There was no intention to establish social rights: indeed, in the case of women, this legislation has paved the way for eventual sex discrimination in the labour market.

The ideological concept of a liberal society did not take into account situations arising from the poverty of the working classes or of cyclical unemployment. Neither did a worker’s ability to work ensure that they could earn a wage, let alone a living wage. The idea that social insurance could help to solve these problems was neither obvious nor easily accepted.
by potential social partners. While the insurance of goods and objects was an age-old practice, both the employers and the political elites believed that personal insurance was immoral and would only encourage irresponsible behaviour. However, following a paternalistic practice already used by some employers, different forms of private compensation for life-cycle accidents were created, as well as several institutions, such as nurseries, schools and medical services.

The inclusion of this type of insurance into the charter of wage-earners’ social rights was a comparatively recent development. At the beginning, the working classes preferred to remain attached to old traditions of class solidarity, and resisted the institutionalization of these services by the state.

Friendly societies
Methods of self-help, through which artisans and workers have sought to minimize the effects of the life cycle, have a long tradition. Although the corporations were abolished in Portugal in 1834, the irmandades (brotherhoods) and confrarias (fraternities) survived. Alongside these, other bodies were established, specifically named ‘friendly societies’, or simply ‘trade associations’, which functioned as centres of solidarity. These associations often served particular trades and occupations; however, from the 1830s many were established that were socially undifferentiated. This movement gained momentum from the mid-nineteenth century, with its growth intensifying at the turn of the twentieth century. Fearing competition, the brotherhoods opposed them, but they could not prevent a reduction of their field of activity.

With its voluntary and private nature, this vast movement had wide-ranging aims in many ways similar to those of the welfare state: it aimed at creating, through a system of mutual aid, conditions of access to education and health, while securing at the same time the availability of income in eventual circumstances of need, illness, invalidity, old age and unemployment. The practice of social insurance was started by friendly societies, which gradually took over the solidarity functions of the old guilds and brotherhoods. This was a pioneering experiment, not only in the areas mentioned above, but also in situations specifically concerning women, like that of pre- and post-natal leave.

This notable aspect of the friendly societies has only recently begun to be recognized: the criticisms and proposals for transformation made by the working-class movement were apparently more interesting topics of research for historians than this self-help movement, with its conciliatory attitude towards class relations. Thus, the experience of friendly societies, marginalized by historiography, remained for a long time in the shadow. In Portugal, as was also true in France and Britain, the friendly societies were a storehouse of experiences that assisted in the development of the early welfare state.

The network of friendly societies grew considerably during the 30 years before the First Republic. From 295 in 1883, the number of associations increased to 392 in 1889. Overall membership increased by 47 per cent during these six years. By 1909, there were 628 associations, and member-
ship had increased by 174 per cent from 1889. This growth continued, albeit at a less frenetic pace, throughout the 1910s until the peak in 1921 at which point membership had increased by 64 per cent on the 1909 total, and when there were almost 700 associations. The reduction in the number of associations between 1921 and 1931 led to a mere 4 per cent reduction in membership, indicating that the associations were merging in order to secure their financial positions. Such mergers were a natural constant of the friendly society movement: between 1852 and 1915, 977 associations were created, with 323 disappearing, either as a result of mergers or dissolution; between 1891 and 1915 it is possible to identify a total of 64 dissolutions and 53 mergers. It is also interesting to compare the size of the friendly society movement with that of the trade unions: in 1921, there were six times more friendly society members than there were trade unionists.

Although the majority of mutual aid associations had twin aims, providing assistance during illness was the principal function in 572 out of a total of 654 that existed in 1915, while only 10 were more concerned with providing support to the disabled, a further 12 paid out pensions, and assistance with funeral expenses was provided by only 34.

On average, the associations were of a considerable size, generally much larger than the minimum size established by law. In 1883, the average association had 320 members, 208 if we exclude those in Lisbon and Oporto, whilst the minimum legal membership established by law in 1891 was 30. Membership of the associations continued to increase at a fast rate, as the legal minimum memberships were altered in 1896 to demand that associations in Lisbon and Oporto had at least 500 members, while those in the larger administrative districts required 400, with those in the smaller districts requiring a minimum of 250 members. It was only...
in Vila Real, Bragança, Viseu and Coimbra that the average size of these associations were below the stipulated legal minimum size in 1915.

The mutualist movement’s geographical development was very unequal. Present in every district, it was, essentially, an urban phenomenon, with 81 per cent of the movement’s membership being concentrated in Lisbon and Oporto in 1883 - a situation that did not alter significantly over the following
40 years, with these two cities accounting for 78 per cent of total membership in 1924. By 1931, 44 per cent of the population of Lisbon and 57 per cent of the population of Oporto were members of a mutualist association. In contrast, outside of the two cities, there were 180 districts in 1915 with a combined total of 2,351,000 people who were not members of any mutual aid association. The more rural districts with the most isolated populations,
and those which were experiencing the greatest effects of emigration, such as Vila Real, Bragança, Guarda, Viseu, and Castelo Branco, were the areas with the lowest proportions of mutualist members.

Outside of the two major cities, the growth of mutualism was very slow. It was not until 1930 that the national mutualist population reached the level of Lisbon in 1883. In this year, the average proportion of the nation’s population that were members of a mutualist association reached 8.6 per cent, an significant increase from 1883, when only 2.1 per cent of the population were members.

The exuberance of the friendly society movement was patent in its four national congresses, held in 1865, 1882, 1911 and 1916 and in its regional congresses, held in 1904 (Oporto) and 1906 (Lisbon). This activity gave rise to regional leagues and to a national federation. The public authorities respected the movement and endorsed some of its proposals, such as those introducing changes in legislation in 1891 and 1896. Portugal was one of the first three European countries to adopt legislation on the bases of mutualism and, in this area, it overtook France and the United Kingdom (Dreyfus 1995: 92–102).

In the mutualist movement, women faced the same obstacles which, in family law, hindered their emancipation. By marriage, they were placed in the dependence of their husbands, whose permission they had to obtain in order to join any association. This limitation was lifted in the 1919 Bill on Associations, the last one to be drafted during the First Republic, and it was not reimposed by the 1932 law.

Protection of maternity had, in the meantime, been introduced by a law prohibiting women from working in pre- and post-natal periods. However, without the granting of a maternity benefit this could only lead to destitution or to illegal work. Maternity hospitals were at that time shelters for defenceless women who could take rest there before and after childbirth, under the care of doctors and specialist nurses. Only maternal friendly societies granted maternity benefit to pregnant women for an equivalent period. A parliamentary bill was proposed in 1921 by the then Minister of Work, José Domingues dos Santos, which allowed for the payment of a subsidy to pregnant women during the six weeks prior to birth. This bill, however, never passed into law. Whilst Minister of Finance during the Military Dictatorship, Sinel de Cordes, created a clear distinction between hygienic concerns and social rights and extended the compulsory period during which pregnant women were prohibited from working to two months pre-natal for those women in moderately physical employment, or who had been suspended from working on medical advice. The ban on post-natal employment was extended to four months. Once again, the law did not allow for the payment of any subsidies to the women affected (Decree-Law, 29 October 1927).

Initially, the First Republic approved of the friendly society movement. Among the leaders of the movement there were many republicans, such as Costa Godolfin, an active promoter of the expansion of the friendly societies
network and one of its most prestigious figures. With the advent of the new republican regime, the relations between the state and friendly societies were institutionalized. The creation of a new Ministry of Labour and Social Security was the result of a proposal presented at the 1911 mutualist congress, suggesting the institution of a special department responsible for labour and social security.

Estevão de Vasconcelos managed to obtain government permission for the constitution of the Federação Nacional das Associações de Socorros Mútuos (National Federation of Friendly Societies), a body that was not contemplated by the existing legislation. Francisco Grilo - an economist who had written a book in defence of friendly societies and who was on excellent terms with the Federation and wrote regularly for its bulletin, was appointed director of the Ministry’s department responsible for friendly societies. The development of the international relations of the friendly society movement - to which Costa Godolfim had given much of his effort, attending several international congresses - was institutionalized in a special department of the Ministry of Labour.

This permeability between the friendly society movement and the republican and socialist tendencies was also patent in the appearance of important political figures in the role of honorary presidents of the friendly societies’ congresses and organization. We can also find some very active mutualists among members of parliament - such as Manuel José da Silva, who was a member of the Central Committee of the Federation, and Estevão de Vasconcelos, who became a parliamentary deputy before being appointed Minister for Development.

In the meantime, the friendly societies movement, which had always been concerned with keeping its autonomy, started to ask for state intervention, though always in a liberal context. It was realized that voluntary contributions for aid in the case of accidents pertaining to the life cycle posed severe limitations to their action and there were criticisms to the lack of contributions from employers, namely for accidents at work. In this area and in that of old-age and invalidity pensions, the idea that there was a need for state intervention gradually settled down as well as that of school mutual funds for educating future generations.

In the case of old-age and invalidity pensions, more than in any other branch of insurance, friendly societies faced statistical deficiencies and accountability problems which often led them to insolvency. The balance between the contributions received and the benefits payable to permanently disabled and retired members was difficult to keep, due to inaccurate mortality and sickness statistics. For this reason, the 1896 law established that there must be total separation between friendly societies caring for permanent disability and those caring for retirement pensions: any new societies set up should conform to this strict separation. Co-existence of aims would only be tolerated in already existing associations. All associations would have fixed differential rates for each type of aid and contributions would have several grades, according to each member’s situation.
Costa Godolfim, a central figure in the Portuguese friendly society movement, went even further and, from 1889, recognized the urgent need for state intervention in the case of pensions. He then wrote: ‘The only way [forward] is through the establishment, by the state, of a central general fund for all citizens, compelling them, by whatever means, to be prudent.’ Somewhat ironically, he counterbalanced the criticism made by some to the ‘illiberal’ character of this measure with the comfort it would give to most families.

The recommendations of the 1911 congress that show there was within the friendly society movement a wish to conciliate freedom with state intervention: appeals were made to the government to enact a law on accidents at work, to create a fund to ensure invalidity aid and old-age pensions, to engage in building houses for the workers and to grant state contributions for the assistance to widows and orphans. Several communications showed an even more directive disposition. Truly, it is rather surprising that the congress should unanimously support Cassiano Neve’s proposal for strengthening free mutual aid with the contributions of employers and of the state, as a preliminary stage for the future adoption of compulsory insurance. The idea of the need for state intervention begins thus to be established in areas where financial management was more difficult and, even more generally, as a future and distant aim (Boletim do Trabalho Industrial 1911).

Francisco Grilo had the same view, and in his book, published on the following year, he sustained the unavoidable need for compulsory insurance, primarily to assist agricultural workers in invalidity and old age (1912). His main concern was the social situation of Alentejo, where many agricultural workers’ friendly societies existed, and he gave a central position to the role of these associations. In spite of being an admirer of the 1911 Act introduced by Lloyd George in Britain which, beside invalidity and old-age insurance, contemplated it for sickness and unemployment, Grilo defended, at a first stage, compulsory insurance for invalidity and old age only, covering all rural and urban wage-earners. Free friendly societies would continue to take care of other risks. He put forward the proposal that the next congress of the Mutualist Federation should include a debate on this point and his suggestion was indeed adopted.

In this congress, held five years later, in 1916, Manuel José da Silva, a parliamentary deputy, defended general and compulsory social insurance and his communication was published in the Federation bulletin. He recalled in it that his present opinion had already been defended by him at the parliamentary debate over the law on accidents at work and that it found no supporters then.

Successive governments preferred to support the friendly society movement, whose services to the community they recognized - especially in what concerned medical care - rather than undertake any direct responsibilities themselves. As to friendly societies, they tried to find ways of protecting themselves from growing financial burdens which became heavier day by day, on account of inflation. One of the most interesting initiatives
undertaken by mutualists with the aim of easing the weight of the cost of medicines was the creation of leagues for the setting up of mutualist chemist shops producing their own medicines - these existed in Oporto and Coimbra - and an attempt at centralizing the medical services. Costa Godolfim and Santa Rita criticized the scattering of multiple associations and excessive competition, which was financially debilitating. Besides, expensive and corrupt management sometimes made the situation worse. However, the financial situation of the mutualist associations was considered to be sound in 1915, at the beginning of the First World War.

But the situation changed in subsequent years. The health situation was dramatic in 1918 on account of the Spanish 'flu epidemic that ravaged the country, causing the death rate to rise to 42 per thousand. Consequently, the action of friendly societies became indispensable, at the precise moment when the continuity of the movement was at risk (Miranda 1990: 20). It was in this context that the Portuguese state, which had seldom helped the associations - in contrast with what happened in some other countries - gave for the first time a substantial grant, 50,000 escudos, to friendly societies for health aid (Decree-Law 4803, 10 September 1918; Boletim da Federação Nacional das Associações de Socorros Mútuo 1918: 50). The societies requested government permission to impose great and successive rises in contributions, in order to face the post-war galloping inflation: 100 per cent in 1920, 100 per cent in 1922 and 300 per cent in 1923. Inflation endangered the survival of the movement, particularly in what concerned medical services: the cost of medicines and of medical care became unbearable.

The financial limitations to which the societies’ initiatives were subjected and the irregular expansion of the movement - very dense in the cities and scarce in the rural areas - left uncovered extensive sectors of the Portuguese territory. It is against this context that the project of compulsory insurance has to be seen.

The debate between an individual’s right to have the freedom to take out social insurance, and being compelled to contribute to an insurance fund had broken out throughout Europe during the 1880s between the mutualist movement and those who defended the German state-controlled system, ended, as we have seen, by being institutionalized within mutualism. In 1911–12, the British system introduced a new compromise that integrated the mutual associations into the compulsory insurance formula. However, the debate was prolonged within the international mutualist organizations, which is reflected in the proceeds of their congresses right up until the 1930s.

The First World War marked the emergence of a new trend. The war led to greater state intervention in all areas and, in the post-war years, the huge size of the male population temporarily or permanently disabled by the war meant that the state had to go on intervening in the social area. It had to take charge of aid to the wounded, the mutilated and their families, as well as assistance to widows and orphans, who had soared to unprecedented numbers. The social and political situation in Europe - the Russian
Revolution of 1917 and the intense activity of the working-class movement at the end of the war - also influenced this situation. An instance of the change which then occurred in the trade union movement was a shift in the attitude of the French CGT: in 1910, it had opposed the laws on retirement pensions for industrial and agricultural workers and, in the post-war years, it was already supporting the social security system in its 1919 congress (Dreyfus 1995).

Compulsory social insurance
The introduction of compulsory social insurance in Portugal was part of a European wave favouring the enforcement of social insurance. The first year that followed the end of the war was a time of great political agitation in the whole of Europe and Portugal was no exception to the prevailing climate. It was in this context that the first system of compulsory social insurance was instituted in our country. Its enactment went almost unnoticed, amidst the packet of social laws with which it was published. On the same day, 10 May 1919, Domingos Pereira’s government, on the eve of an election, sent for publication 340 decrees: this led to the issuing of 30 supplements to Diário do Governo, distributed in May and June, but all dated 10 May. At the beginning, the social security laws were overshadowed by the eight-hour law, also contained in this packet. This law gave rise to a heated debate and to a strong strike movement, given the employers’ resistance to the implementation of the new work schedule.

It was indeed the eve of an election, but the social security laws were not enacted solely with an electioneering purpose. No doubt the political conjuncture of May 1919 - and other previous events, such as the workers’ participation in the struggle against the monarchist uprising - contributed to the enactment of these measures. But they were far from being the result of an improvised project without a sequence in the years to follow. It was quite the contrary: once adopted, the compulsory insurance principle survived successive changes of government and even the overthrowing of the liberal regime, which only led to a reformulation of the system’s foundations.

The compulsory nature of social insurance had been a matter debated in Portugal since before the advent of the Republic, for over ten years. This debate was carried at two levels: first, within the friendly society movement, as seen above, and second, inside the academic sphere, among a minority of jurists, as evidenced by Pierre Guibentif (1985a: 214).

The arguments in favour of compulsory insurance did not ignore the role played by the friendly society movement nor by the employers’ paternalism. But they pointed out that the latter lacked regularity and that the unevenness of the coverage of the rural population was difficult to obviate, given their low income and educational level. The idea of compulsory insurance was beginning to gain acceptance not only among mutualists but in other sectors of society as well.

Lobo d’Avila, Professor of Law at Lisbon University, belonged to the small group of scholars who wrote about this subject at the beginning of
the twentieth century (Ulrich 1906: 282; Lima 1909: 320–29). He presented solidarism as a valid alternative to liberalism and to socialism. Looking for support in Léon Bourgeois, he defended the view that the experience accumulated in the practice of friendly societies and in the employers’ social policies had shown the limitations inherent to voluntarism and he proposed the welfare state - an expression probably used for the first time in Portugal in this text - as an adequate solution for the problem. State tutelage would obviate the shortcomings of private enterprise. His answer to the liberal view of social matters was:

Compulsory insurance, the essence of which liberal economists so strongly reject, is not the same as rewarding improvidence, which is a sad consequence of the poverty this obligation intends to cure, nor is it a violation of individual liberty ... it is through association and through the laws of solidarity that the working class finds its true freedom.

(Lima 1909: 329)

The matter of compulsory insurance went from the academic world to the political arena for the first time when the issue of accidents at work was discussed. The proposal of this form of social insurance was not put forward as part of a project for wide-ranging state intervention and it did not imply the setting up of a welfare state. As in several other countries, it was for the restricted area of accidents at work that the use of compulsory insurance was initially proposed, first as the initiative of a small group of monarchists, and dissenters of the Progressive Party. This was later joined by a similar proposal presented by Estevão de Vasconcelos, parliamentary representative of the republican minority (Ferreira 1971: 1981), a doctor who was a very active member of the friendly society movement. The same proposal was again presented and approved at the 1911 mutualist congress.

Accidents at work are excellent case study illustrating how difficult it was to change the frontiers between the private and public sectors. Through most of the nineteenth century, they were considered as pertaining to the realm of the Civil Code, because they occurred inside a private area, the enterprise. With the development of new technologies, decisions on the responsibility of accidents became more complex and occasioned lengthy law suits to decide who was responsible for the accident: employer or worker. The insurance against accidents at work put the matter on a different basis, granting compensation to the worker.

The introduction of personal insurance, no matter how restricted the area to which it applied, was a difficult battle to win. Estevão de Vasconcelos only managed to secure the approval of the Bill when he presented it to Parliament for the second time, while he was already Minister for Development in the newly installed Portuguese First Republic. In the long debates held in Parliament before the approval of the Bill it was possible to see distinctly the type of objections and hesitations dividing the political elite and the social groups involved in the discussion.
The majority of parliamentary deputies felt bound to the promises they had made during their fight against the Monarchy and therefore supported the principles underlying the Bill. The need to improve the lot of the working classes occupied a substantial part of their speeches. Letters of support from trade associations and friendly societies arrived daily in Parliament from all over the country and weighed heavily on the result of the debate. In spite of this, only on matters of general principle was it possible to reach an agreement.

During the debate, arguments were ranged according to two different lines. A substantial number of parliamentarians proposed an enlargement of the scope of the law, so as to include agricultural workers, commercial workers and seamen. In this, they were supported by at least one association of seamen. Different arguments were used by some who were in disagreement with the Bill but thought it inconvenient to express their views clearly. As it often occurs in such situations, they demanded the passing of the law to be postponed and presented as their main argument the absence of a budget. Now, in spite of the non-existence of records of accidents on which a budget could be based, the Finance Committee was favourable to the Bill. Estevão de Vasconcelos, Minister for Development, pointed out that no reliable statistics of accidents at work could be available unless a law on this matter was passed. And he added that this objection was in any way irrelevant, since the state contribution would always be negligible, given the insignificant role of the state in Portuguese industry.

In the heat of the debate, social identification was used in support of the arguments and some members invoked their class origins. Ladeira recalled having previously been a worker and supported the Bill in spite of its shortcomings because he thought it should be put into operation without delay. Francisco da Cruz, a factory owner, put forward some interesting arguments: although he agreed with the Bill, he argued for the need to make a distinction between good and bad workers when working out compensations. He insisted on distancing himself from the dichotic view expressed in many speeches, according to which the good worker always worked like a slave for a bad employer. Workers were not free from evil and guilt, he said, adopting the typical moralist language then used by employers. After all, his was a conciliatory position seldom found amongst employers.

Factory owners led a forceful fight against this Bill. The Lisbon Industrial Association pressurized Estevão de Vasconcelos in order to obtain the postponement of a decision. The idea that accidents at work were a matter pertaining exclusively to industrial management and, therefore, of an entirely private nature, is patent in a petition presented by the Associação Industrial do Porto, aiming at ‘preventing a law which would be ruinous and humiliating for them’. This idea of humiliation shows clearly that they thought this law was an intolerable interference in an area of their own jurisdiction.

A completely different type of criticism emerged during the first four sessions of Parliament, which were dominated by one speaker, Fernão Botto-
Machado, a promoter of the Centro de Estudos Socialistas. He came to the fore to propose a global system of social insurance and presented a Bill which - in the name of social revolution and of a republic intending to give equal opportunity to all - included, by the side of accidents at work, insurance against sickness, old age and unemployment (Botto-Machado 1929). He strongly disagreed with the introduction of social insurance for accidents at work only, partly because he thought this would lead to a situation in which an accident at work would be the only means for the worker to acquire the right to a pension. The financial foundation of his project was also different from that envisaged by the government: while in the government proposal financial responsibility pertained to employers only, here the state was to accept direct financial responsibility, together with employers and workers. Botto-Machado also criticized the Bill’s exclusion of agricultural workers and seamen. This criticism was met with the approval of other speakers, but he was the only one to challenge the exclusion of domestic work and to point out that this fact implied the exclusion of the overwhelming majority of women workers.

Throughout several successive sessions Botto-Machado was left to undertake the defence of this project, with practically no intervention from other speakers: Manuel José da Silva, a long-standing member of the friendly society movement already mentioned, was the only one who seconded him. His oratory had no apparent impact on the audience and he gave up intervening again in this debate.

After its approval by Parliament, at the end of January 1912, the Bill on accidents at work was sent to the Senate, where it remained for another year until it acquired its permanent form. Two years elapsed between the presentation of the Bill and the passing of the law. The final text differed from the original proposal in some points, namely in the enlargement of the scope of the insurance to include agricultural workers and seamen. Only accidents at work caused by machinery were contemplated, but exceptions included heavy work in the mines, means of transport and industries working with dangerous raw materials. This restriction to mechanical work did not prompt any criticism in Parliament and even outside the Congress only two university professors, Emydio da Silva and Bento Carqueja, raised some minor objections relating to the rural world. We only came across one isolated and belated protest of the rural world in 1919, but this was caused by a misunderstanding of the newly passed law, which, contrary to what the protesters understood, did cover the rural population (Silva 1913; Carqueja 1916: 361).

In 1919, six years after this long debate on an important but restricted bill, a new law concerning accidents at work was passed, this time covering all types of work, both manual and intellectual. This was part of a set of laws which instituted a complete system of social insurance contemplating, beside accidents at work, sickness, old age, invalidity and widowhood. Only unemployment or chômage, as it was then called, was left out and, to cater for this, an already existing institution, the Labour Fund, was reformed.

This set of social security laws, elaborated in less than 40 days, resulted from the work of two Ministry of Labour officials, especially appointed for the
task at the end of the José Relvas government by the then Minister of Labour, Augusto Dias da Silva, a Socialist Party member (Nogueira 1966: 40–67). These two men were well acquainted with the friendly society movement. João Ricardo da Silva had been a member of the Central Council of the Federação das Associações de Socorros Mútuos and worked as a mutualist doctor in the region of Montemor-o-Novo, before being appointed Director of Social Welfare. José Francisco Grilo, a mutualist who defended compulsory insurance, after having been head of the Friendly Societies Department in the Ministry of Labour, was appointed as head of the Department of Insurance Companies in the same Ministry.

The new system of social insurance proposed to include as beneficiaries wage-earners with an income lower than 900 escudos, this is, low-income manual and office workers (Grilo, 1919). In the case of insurance against sickness and temporary incapacity for work, side by side with regular members, who only paid a monthly contribution of 30–50 centavos, a special category of ‘born’ members was created for those who had an income above 900 escudos. These would pay a higher contribution, between 50 centavos and 3 escudos, and had no right to benefits, unless a change in income occurred.

This system was modelled on the friendly societies and these were offered the option of becoming compulsory if they so wished. In boroughs where no free society existed, only a single one would be established. A different arrangement was allowed in Lisbon and Oporto, where multiple friendly societies already existed: here a merger between several societies was recommended in order to achieve an optimum number of six per neighbourhood.

Contributions varied according to each type of insurance; only workers were to contribute for sickness and widowhood benefit; but both employers and workers had to pay contributions for old-age and invalidity pensions. The previous diversity of already existing pensions was taken into account and the system only excluded the civil service, the armed forces and workers who benefited from private insurance schemes organized by their employers. The state was in charge of the general management of the system through the Instituto de Seguros Sociais Obrigatórios e Previdência Geral, which incorporated the already existing social security departments. The Institute would benefit from an autonomous source of income by keeping 2 per cent of the total sum of the companies’ insurance premiums collected. This arrangement would avoid any increase in state expenses and quite possibly this reason - emphatically invoked as a basis for the choice of this type of system - helped to overcome political objection (Diário do Governo, 25 May 1920).

This newly created welfare state had far-reaching aims, stated in the introduction to each of the laws enacted. In general lines, the coming of a new era of cooperation between labour and capital - an era of social justice - was announced. Lloyd George’s social security measures and the most recent tendencies of the League of Nations were praised and invoked as a source of inspiration. The political intention of the project was openly admitted by Augusto Dias da Silva for whom the granting of benefits to the workers was absolutely necessary in order to prevent trouble, as he explained in an inter-
view three days before resigning (*Diário de Notícias*, 1 May 1919). He was no longer in office to sign the laws personally, as he resigned on 4 May in protest at the attitude of the government, which blamed the workers movement for terrorist acts then occurring in Lisbon. The workers demanded his reinstatement in a demonstration of about 3,000 people, but their protest was in vain (*O Século*, 3 June 1919).

The social security laws, which were all enacted together on 17 May 1919, caused different reactions. Broadly speaking, the mainstream press gave substantial prominence to the institution of the new system. Several sectors of the working-class press, from anarchist to socialists, welcomed the new legislation and only regretted the low level of the benefits granted. However, some accused the government of lacking the courage needed to ensure that the reform would fully achieve its aims. For César Nogueira, only the nationalization of insurance companies would have provided an adequate basis for financing the system (Alves 1919a).

A more persistent opposition to the new legislation came from the friendly society movement who felt their autonomy had been transgressed. Truly, their associations had been left with no choice other than adopting compulsory insurance: otherwise they would have been marginalized from the social security system and, in any case, their patrimony would have been incorporated into the ISSOPG. They tried to introduce alterations to various points of the law on medical insurance, but the result of their efforts was negligible. They would only accept enrolment for medical insurance to become compulsory if it took place within the framework of free associations. But this proposal could hardly be approved: as free associations only accepted the enrolment of people under 45 years of age, compulsory friendly societies would then become a repository for those age groups with the higher sickness and mortality rates so negotiations reached a deadlock. The friendly societies had planned to hold a congress in 1922 in order to study this problem, but - possibly on account of their troubled financial and political situation - they only came to meet again in a congress in 1934, on the eve of having to face competition from the corporate model trade union provident societies, which were politically and ideologically favoured by the new regime but possessed no rights of exclusiveness (Leal 1998: 104).

The employers’ attitude, represented by the reaction of professional organizations, was somewhat reticent. The União da Agricultura, Comércio e Indústria tried in vain to delay the passing of the laws. The Associação Industrial Portuguesa, when invited to cooperate in the regulation of sickness benefits, declined the invitation and asked for a change in the law (*O Século*, 14 May 1919). Its position was entirely different from that taken the year before by the Oporto Industrial Association, who suggested the adoption of social insurance as a prevention against the ‘social peril’, expressing an attitude substantially different from that adopted only three years before (Ribeiro 1995: 79–81, 102–03).

The strongest criticism of the new legislation came from doctors: the Lusitanian Medical Association asked for the suspension and reformulation

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of the three social insurance laws according to two sets of reasons. While agreeing with the need for the services proposed, they found questionable their quality and supported the criticism raised by the workers’ movement against the low level of the benefits granted. They also expressed their concern with the doctors’ situation: they considered the new duties of municipal doctors to be an overload which would moreover deprive other doctors of many of their private patients. Exclusively from this angle, from the point of view of the interests of the medical profession, the Association of Portuguese Doctors considered that the free exercise of the medical profession had been impaired. It strongly disagreed with the fact that the whole population would be entitled to sickness benefit and proposed that health insurance should be restricted to indigents. It also disagreed with the imposition of fixed fees, in accordance with rates established by medical associations. All this was in the name of the patient’s free choice of doctor (Associação Médica Lusitana, 11 May 1919).

Contrary to what has currently been affirmed and in spite of all opposition, the new social security system began to be organized, with only a slight delay, priority being given to health insurance. The Instituto de Seguros Sociais Obrigatórios, under the chairmanship of the Labour Minister, was inaugurated on 24 May 1919. One of its first priorities was the setting up of committees to organize compulsory friendly societies in all the districts where no societies existed. This task was immediately started in the summer of 1919. In some cases, as it happened in Évora, where the existing free local association did not want to become compulsory, a committee for the organization of compulsory insurance was set up. At the end of the following year, there were already 235 committees for the organization of friendly societies for compulsory health insurance and 17 mutualities had been installed, all outside the cities of Lisbon and Oporto, 7 of which were former free societies. In the following two years another 43 societies were organized, but few of these were formally installed. All the four societies functioning in 1927 were former friendly societies.

The attitude of passive resistance with which the friendly society movement confronted the new system was obvious. And it was also difficult to enlarge the scope of the system through the imposition of compulsory membership, as proved by the fact that the only associations that functioned were converted friendly societies. Domingos da Cruz, writing in the 1930s testified to the fact that the workers offered great resistance to the acceptance of the insurance booklets printed in thousands by the Institute and thought this attitude corresponded to an ‘era of obstinate trade-unionism’, which rejected all relations with the state (Domingos da Cruz 1934: 34–35).

We found no confirmation of these statements in the press during the period that immediately followed the enactment of the laws. It is conceivable that this attitude might only have emerged at a later date, but we should look elsewhere for the explanation of the complete failure of the project. The truth is that the galloping inflation of the post-war years constantly caused the outdating of the wage-limit set by the law and the emptying of the group thus defined. Barely one year had elapsed after the enactment of the law,
when there was a proposal for the raising of the maximum wage for admission from 900 to 1000 escudos (Report of the Board of Sickness Insurance, December 1920: 4).

Inflation also prevented the implementation of the insurance for invalidity and old age. In the years that followed, wages experienced successive rises of between 1000 and 1500 per cent, rendering any adjustment impossible. Only in 1925–26, with the stabilization of the exchange rate, was it possible to make an adjustment and the maximum wage for beneficiaries was set at 6000 escudos. A new law, passed on 11 April 1928, raised this maximum wage to 9000 escudos.

It was only in the area of accidents at work that the 1919 legislation managed to be implemented and achieved excellent results, according to Francisco Grilo.

Paradoxically, regarding other types of insurance, this creator and organizer of compulsory insurance recognized that the voluntary friendly societies had during all those years been the only institutions that really worked. As we have seen, the movement grew steadily between 1919 and 1921. The role of friendly societies was rightfully recognized and Grilo announced the implementation of a new law in 1926. However, in the Bill he drafted in 1928, friendly societies were ignored and the services of the Institute had a wide-ranging scope. Compulsory friendly societies were contemplated, but only in the case of health insurance and where they had not been voluntarily formed (Diário de Notícias, 22 October 1926; Diário do Governo, 11 April 1928).

But these laws had no continuation in the years to come. Soon after, on 28 April 1928, Salazar took over the Finance Ministry, from which the Instituto Nacional de Seguros Obrigatórios e Previdência (as it was called from 1928 onwards) depended since the Ministry of Labour had been suppressed in 1925. Immediately after this, at the beginning of May, the implementation of the social security laws was suspended, because they were thought to be too ‘statist’ and displeasing to insurance companies.

Sooner after, a new law and a regulation of friendly societies were enacted, both of which gave a juridical form to old aspirations pending from the friendly society movement. In fact, during the First Republic none of the Bills presented to Parliament were approved and the old 1896 law, which had no room for the formation of a federation, was still in force. In spite of this, a federation was formed but it had to be based on ad hoc political decisions. In many other aspects the law inherited from the monarchy was outdated. The new law of 29 January 1931 and the decree-law of 27 February 1932 came to solve some pending juridical problems. But freedom was curtailed by a decree-law published on 6 September 1935, according to which administrative committees were instituted and the general assembly became liable to be suspended if its work hindered the functioning of these committees. Friendly societies lost their autonomy, political freedom disappeared and so freedom of association also disappeared.

However, the friendly society tradition had solid roots, to which the new authorities wished to pay their apparent respect. Friendly societies were incor-
corporated into the new social security system and, from then on, two types of insurance co-existed - one free, and the other compulsory (Guibentif 1985a, 1985b; Leal 1966–67; Conselho Superior da Previdência 1948). Theoretically, the concept of compulsory social insurance, which entailed such a deep change in the frontiers between the public and private sectors, was never clearly rejected again. However, the integration of friendly societies into the corporate model and the creation of trade union insurance funds with the return to the corporate initiative of employers and wage-earners, really amounted to giving them back to the private sector. Although consecrated by law, compulsory social security was not spontaneously implemented either by the workers - whose initiative was anyway subjected to restrictions - or by the employers. It was only due to government intervention, at the beginning of the 1940s, that trade union insurance funds acquired a reasonable dimension. In this, as in other areas of industrial relations, state intervention proved to be indispensable (Patriarca 1995: 173ff., 454–55; Leal 1966–67: 114–15, 127; Guibentif 1985a: 222–25; Lucena 1976: ch. 5).

Conclusion

In Portugal, although the final initiative for the institution of the welfare state came from the state, as it happened in other European countries, this was rooted on the will to merge the old traditions of the self-help and trade solidarity pursued by friendly societies with, to a lesser extent, employers’ paternalism. From inside the friendly society movement and from among employers as well, a few voices in favour of this development had been raised.

It seems to me that we cannot consider the institution of the social security system as the mere result of a decision emanated from the top. It emerged as an attempt to respond to pre-existing aspirations, in the same way as the English 1911 legislation, the German social policy during the Weimar Republic and later social policy measures in France. In Portugal, this project was not successful. In 1919, the state intervened with the aim of compulsorily expanding and supervising these traditions, but without contributing with any financial investment. In this the Portuguese system was substantially different from the English tripartite model where it had found inspiration. The slow and inadequate management of the system’s financial situation is another clear symptom of the absence of a strong political determination. Those were its major weaknesses, to which an unfavourable political conjuncture must be added.

With its integration into the ‘corporate’ model of the new authoritarian state, compulsory social insurance lost its link with the concept of democratic social development from where it had originated. Its integration into the framework of social rights was also curtailed, since their political existence ceased. It was only after the restoration of democracy in 1974 that the reinstatement of this set of long-standing aspirations into the framework of social rights could proceed.

The history of the Portuguese case - a history which is richer in terms of institutions than in terms of concrete realizations - contains the three
models of welfare state established by Esping-Andersen (1990: 26–28), as a function of the articulation between state, market and family. The system launched in 1919–20 - with modest social security based on means tests offered to the working classes with the lowest income - belongs to the liberal type of welfare state. In this type of social security system, those who were granted benefit were marked with a social stigma - a situation which would have existed in Portugal too, if the system had worked and which did indeed arise in the area of accidents at work, the only one in which the system operated. The effect of ‘de-commodification’ would always be weak and the scope of social rights narrow.

From the 1930s and 1940s onwards the principles on which the welfare state was originally based were superseded by a type of corporate and conservative state in which the purpose of preserving status differentiation was paramount. Social rights varied according to class and status (Lucena 1976: 289–90). The Church was highly influential and this led to the preservation of the family and to the encouragement of maternity, but services of maternity care were not concomitantly developed. The state had a subsidiary role.

After 1974, the Portuguese social security system was changed to resemble more closely the social democratic model: by adopting the principle of universalism, it now covers more extensively the middle classes and de-commodification has led to the access to different services being considered as a social right. It is a system aimed at promoting equality at a high level and not merely restricted to bare necessities.

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