

Poverty and Social Exclusion in Portugal: A General Overview of Situations, Processes and Policies

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Portugal presently has one of the highest poverty rates among the countries of the European Union. Although this is a structural characteristic of Portuguese society, it has only recently become an openly-debated social problem; social exclusion is now on the political agenda of government, political parties and social partners. This has given rise, in recent years, to new, albeit modest, directions in social policy which aim to combat it. In this article we present a few relevant aspects of poverty and social exclusion in Portugal with reference to situations and processes of social exclusion as they are at present. A general description will be made of some of the major directions of social policy and an assessment of their impact in terms of their effectiveness in combating social exclusion in some of those areas identified as citizens' rights.

Keywords: Portugal, poverty, social exclusion, social policies, European Union

1 Poverty and Social Exclusion in Portugal: An Introduction

The debate on social exclusion is very a recent one in Portugal, and still very rare both at the academic and the political levels, despite the fact that this social phenomenon is a serious one and is historically-rooted in Portuguese society, if we consider the dominant model of economic development followed in Portugal in recent decades.¹ Only recently has this debate come on to the agenda of the political parties and social partners, gaining importance since the early 1990s. This is due, to some extent, to external influences (following the EU debates on the Social Charter, the Council Resolution on social exclusion and EU initiatives to combat poverty). Social exclusion has clearly become a policy concern of the government and is evident, although in a modest way, in some policy measures which have been drawn up to combat it.

In the early 1980s, poverty and social exclusion were not openly referred to by politicians. However, large proportions of the Portuguese population were living in very distressing situations below the estimated poverty line. A pioneer study published in the mid-1980s assessed that 35% of households were living in abso-

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lute poverty in 1980 (Costa, Silva, Pereirinha, Matos, 1985). With reference to the same year, another study published later (EUROSTAT, 1990) compared Portugal with other EU countries: 20.4% of households had adult-equivalent expenditure below 40% of the national average, while this figure was, for the same year, 11.9% in Spain and 11.6% in Greece.

Recent studies have pointed out the tendency for poverty to remain at high levels and the fact that very little progress was made during the 1980s. According to Ferreira (1993), and although he was using a different definition (poverty line defined as 50% of the median of per adult equivalent income), the incidence of poverty was reduced from 11.5% in 1980 to 9.4% in 1990, but such a reduction was more visible in rural areas (a reduction from 13.1% to 10.3%), while it rose slightly in urban areas (from 6.8% to 6.9%).²

One may say that, in Portugal, poverty: (i) has the characteristics of a structural phenomenon rooted in the low social and economic development of the country; (ii) is also, to a great extent, the result of the present process of economic and social change which is giving rise to new mechanisms of poverty generation; and (iii) has not yet been met by adequate social policy that deals with these structural causes and the consequences of these processes of poverty generation. We will further examine some of these issues.

2 Main Situations and Processes of Social Exclusion in Portugal

If we look at figures related to poverty (in the strict sense: households below a "minimum" income level), the following groups are to be found with the highest incidence of poverty: agricultural workers and farmers, the elderly/retired population and manual workers in the manufacturing industries.³

2.1 The Rural Population and Agriculture

The higher incidence of poverty in rural areas (in comparison with urban areas) has been verified in some Portuguese studies. The first estimates of poverty in Portugal were made for 1973-74 and already pointed out the same pattern, with an incidence of poverty⁴ in rural areas 37% higher than that in urban areas (Costa, Silva, Pereirinha, Matos, 1985). This study also showed that the highest incidence of poverty was found in households mainly involved in agricultural activities. According to estimates made in this study for 1973-74, the incidence of poverty for those households whose head is an agricultural employer or is self-employed in agriculture was 80% higher than that of total households, and the incidence of poverty for households whose heads are agriculture workers was twice that of total households in the country.

If we look at the situation of households whose heads are agricultural employers or are self-employed and of households whose heads are agriculture workers (Table 1) we may conclude that important changes occurred for both socio-economic groups in the 1980s. There was a significant decrease in their population share and the incidence of poverty rose for both socio-economic groups in that decade.

Table 1. Incidence of poverty for households making a living from agriculture.

	Agricultural employers and self-employed in agriculture	Agricultural workers
Population share (%)		
1980	15.00	6.20
1990	7.30	3.50
Incidence of poverty (%) (a)		
1980	10.99	18.27
1990	11.31	22.95

Source: Ferreira (1993).

(a) Estimated as a percentage of individuals with net adult-equivalent income below 50% of the median.

Rural areas are not homogeneous zones in terms of socio-economic categories of households and their sources of income. It is true that agricultural employers, the self-employed in agriculture and agricultural workers are located in rural areas, but industrial workers are also present (with a rising share, given the location of some manufacturing industries in rural areas and the importance, in some rural areas, of employment in construction and public infrastructural work), as are households whose main income source is in the form of transfers (social security pensions), given the high percentage of elderly people in rural areas. The evolution of these sources of income has been relatively more favourable than incomes from agricultural activities. This may explain why the incidence of poverty decreased in rural areas in the 1980s despite the fact that poverty rose for socio-economic groups involved in agriculture. Available information on the characteristics of the rural population as far as the composition of their incomes is concerned is very scarce and in insufficient detail to understand the processes of social exclusion in these areas. But in order to complement the above considerations of this issue, one should note that presently 4/5 of the farmers work in agriculture part time, and 47.5% of the farmers allocate 50% or less of their working time to it (MPAT, 1993).

In order to understand the patterns of poverty in rural areas, it is necessary to analyse a few characteristics of the socio-economic groups referred to above. A specific survey of the poor population was made in 1985 and was the basis of a pioneering analysis of poverty in Portugal (Costa, Silva, Pereirinha, Matos, 1985). It attempts to identify the major characteristics of the population of those social groups considered poor. Most of the land-owners surveyed cultivated their own land, alone or with the help of their relatives, and only 11% rented part of their land (mostly elderly people). But 35% of the land-owners also cultivate land as tenant farmers, which is an indication of the insufficiency of the income derived from their own farms. A great proportion (64%) of the production is for their own

consumption, 8% is sold directly in local markets and 22% through traders that buy their produce. This is an indication of the low level of monetarisation of the activities of the poorer land-owners, which is related to the subsistence characteristics of their agricultural activity, constrained, as they are, by the difficulty of getting to the market due to their isolation (56% live in areas of fewer than 500 inhabitants). To this has to be added the fact that a high proportion of these farmers are elderly and illiterate, which very much limits their access to credit and harvest insurance (only 6% stated that they had access to credit, and 18% did not even know of its existence).

The poor tenant farmers also directly cultivate the rented land, of which 37% do it alone and 60% with the help of relatives. The same pattern of the destination of produce occurs with this group: 90% of them state that the produce is mostly for their own consumption and only 20% is sold (of which 9% is sold directly in the local markets).

The poor agriculture workers live in rather precarious conditions: 15% work occasionally in agriculture, 6% have seasonal work as agricultural workers and only 9% have a work contract.

These characteristics of the poor population which lives from agricultural activities can be better understood if we look carefully at the general characteristics of agriculture in Portugal, the vulnerable nature of agricultural incomes and the rather asymmetric effects of agricultural policy in recent years.

According to Avillez (1993), three distinct systems of agricultural production may be distinguished in Portugal:

- (1) the "social-type enterprises", which includes most Portuguese farms to the north of the Tagus river, very small in size (representing about 75% of the total number of farms but only 13% of the total cultivated area of the country), using very intensive and traditional methods of cultivation and with low productivity; the poverty of the agricultural population described above corresponds mostly to this type of agriculture;
- (2) the "potentially viable enterprises" are medium-sized farms, located in the north, central and southern regions, using more advanced production techniques and providing higher incomes to the farmers (the author estimates that these correspond to about 22% of the total cultivated area and contribute to about 45% of agricultural revenues);
- (3) the "viable agricultural enterprises", which corresponds to less than 1% of total farms but to about 25% of the cultivated area, larger in size and using more capital-intensive methods of production, providing much higher incomes.

In the general context of the low profitability of agricultural enterprises, agricultural pricing policies before the accession of Portugal to the EC consisted in establishing higher prices for agricultural products and imposing restrictions on imports. These policies had positive impacts on agricultural incomes, but with large inequalities across the country, the larger farms benefiting much more from the pricing policies than the small farms, and thus with fewer benefits for the poorer farmers. As far as credit policy is concerned, in the years before accession to the EC the author recognizes that "it was far from achieving the desired results. In practice, its main users were the agricultural enterprises that appeared from the outset to have the greater technical and economic viability and therefore had less need of it; this was undoubtedly not only because they were better at

submitting financially-viable investment projects but because they had easier access to the financial institutions through which the subsidies were channelled" (Avillez, 1993: 34-35). Public investment in agriculture (infrastructures), of fundamental importance for its modernisation, declined at the beginning of the 1980s as a result of the budgetary constraints imposed by the short-term economic policy.

After the accession of Portugal to the EC, there was an inversion of some trends: investment in agriculture rose greatly and prices, no longer under policy control but instead under the terms of competition from foreign agriculture products, have fallen. This had different effects on agricultural enterprises but the general trend was a continuation, or even an aggravation, of the existing inequalities.⁵

The large amounts of funds allocated to agriculture after 1986, and the aid programmes for public infrastructures which support agricultural activities, have probably had a significant impact on this sector of activity. But we should say something about the biased direction of these funds, and the concentration of their allocation. Indeed, according to Avillez (1993) the larger farms (above 20 ha) benefit from these funds (either aids to investment under the EEC Reg. No 797/85 or EEC Reg. No 355/77) more than do the smaller ones. Following Avillez, we can expect Portuguese agriculture to follow a "bimodal" (or dualistic) process of modernisation in which the most viable enterprises can survive and gain in competitiveness, while most of the agriculture population are kept marginalised - there are negative effects on their incomes and the desertion of the interior regions continues.

But the characteristics of the poor agricultural population tends to be transmitted to successive generations. Educational, cultural and economic factors induce children to start working very early. According to the above-quoted study (Costa, Silva, Pereirinha, Matos, 1985), among the population surveyed 6% had started working below the age of 6 years, and almost 50% below 10 years old. The poor living conditions of many households also contribute to school failure and then the abandonment of studies. Vocational training is also very rare. Other elements of mobility may be added. According to the same study, the percentage of poor land-owners who declared that their parents were also poor was 50%, and this percentage rose to 79.3% for tenant farmers and to 93.6% for agricultural employees. Other elements of mobility are also interesting: according to the same study, 46% of the poor land-owners had fathers who were also land-owners, and the rate of "staying" in the same socio-economic category from one generation to the next was 44% for the tenant farmers and 31% for agricultural employees.

The existing structural factors that dominate the major features of Portuguese agriculture, in addition to the socio-economic characteristics of the rural population, mean that the process of impoverishment may continue for some social groups in rural areas. The establishment of small and medium-sized industries in some rural areas (benefiting from the still abundant labour force and low wages in these rural areas) will probably compensate for the limits imposed by the agricultural sector on the improvement of the economic conditions of the rural population. But this will probably mean that rural areas will persist as areas of poverty.

2.2 Labour Market and Education

If we look at urban poverty, the figures point to the worsening of the incidence of poverty between 1980 and 1990. In urban areas, low income is, to a great extent, associated with low-skill levels of the labour force, low wages, insecure jobs, long-term unemployment and, for the elderly, very low pensions. The functioning of the labour market and the insufficient social security are crucial issues in understanding poverty in urban areas.⁶ Thus, some illustrations are required in order to grasp some of the basic mechanisms of impoverishment related to these factors.

The functioning of the labour market has been recognized, in official EU documents, as a crucial aspect for understanding the processes of social exclusion, since the first documents on this issue: the EC Social Charter and the Council Resolution on Social Exclusion (September 1989). In the context of the growth and modernisation of the economy, the existence of labour market segmentation, co-existent with contracting and expanding sectors, may create "pull-mechanisms" where the latter can absorb the abundant labour force generated by the former; or "push-mechanisms" may become dominant for some categories of workers (those less skilled, facing more difficulties in sectoral, occupational and geographical mobility), thus creating situations of exclusion from the labour market (Andersen, 1991). This process generates impoverishment for some of those with specific job skills and for social groups in cases of an insufficient employment and vocational training policy and cumulatively in cases of poor levels of unemployment benefit. This is the case with Portugal.

In Portugal, social exclusion in the labour market, as it is observed presently, is basically the result of two effects: (i) a short-term effect, which results from the reduction of the rate of growth of GDP since the early 1990s, and even economic depression, which is felt more acutely in some sectors and regions; (ii) a structural effect that originated in the existing features of the economy under a process of change, combined with the characteristics of labour force which cannot accommodate to the demands of the most modern and dynamic sectors and companies.

Looking at the structural aspects of the Portuguese economy (as far the size of the firms is concerned), 76% of firms have fewer than 10 workers, and only 2% have more than 100. Traditional sectors are still important in the Portuguese economy, and some of them are facing strong competition from abroad. This is the case with textiles, which has a large share of total employment in manufacturing industry and which is facing technological backwardness and a surplus of labour. The crisis in some sectors and the ongoing process of restructuring and modernisation in others has generated actual or potential unemployment in some manufacturing sectors and regions, affecting particular social groups more seriously: women, young people and the less-skilled workers, who face great difficulties entering the labour market and adapting to the structural changes in the economy.

Education and professional training are important factors which limit the possibilities of the unemployed to re-enter the labour market. The illiteracy rate is still very high in Portugal (11.2% in 1991), although it decreased in the last decade by 9%. The educational level of Portuguese workers is rather low, although the improvement in the educational level of the population as a whole has already

had some effects on the educational performance of the labour force: according to official figures (MPAT, 1993), in 1990 68% of the workers had 6 or fewer years of school education, but this percentage had been much higher in 1985 (76.8%); and in the same period the percentage of young workers (below 25 years old) with secondary education rose from 16% in 1984 to 25% in 1991.

In spite of the rising unemployment rate in Portugal since the early 1990s (4.1% in 1991 and 5.6% in 1993), Portugal still has one of the lowest rates in the EU. The rise in unemployment has been accompanied by a bigger share of the unemployed in search of a new job (over 80% of the total number of unemployed) and also a rise in the share of the long-term unemployed (about 30% of the total). The social gravity of the very long-term unemployed (VLTU)⁷ is widely recognized as a major symptom of social exclusion in the labour market, given the very low social security they are afforded and the further difficulties of entering the labour market. A study made with reference to this social group in 1991 by region (Mendes, Rego, 1992) show that, although with some regional differences, the VLTU represent between 25% and 40% of the total number of registered unemployed. They are mainly women, mostly from 25 to 49 years old and with a low level of education (about 75% with fewer than 6 years of schooling). The main reasons given by those surveyed as to why they were in such a situation were that they had been fired or that they had had a non-permanent (and thus insecure) job, the latter reason being significant for all regions and given as the main reason by over 20% of the VLTU. This is a good indicator of the vulnerability of this social group as far as employment is concerned. Indeed, the existence of short-term contracts, temporary jobs, subcontracts involving the loss of social benefits, involuntary part-time jobs, work at home, low wages and delay in wage payments work as factors of income insecurity for a significant percentage of workers, mainly in the sectors most vulnerable to foreign competition (such as textiles).

If we look at the personal reasons stated by those surveyed, it seems clear that some of them indicate serious obstacles to entry into the labour market. Indeed, important reasons stated by the unemployed were their age, their level of education and the fact that they had no qualifications or skills. This was a general response for all regions, to which we can add a further one, which has more relevance in the south: the area of residence, which constitutes a serious obstacle to easy access to work. This also applies to the solutions considered by the unemployed themselves as necessary for their reintegration into the labour market: professional training (either short-term or long-term) is considered the most necessary by a significant percentage of the unemployed.

Social protection in unemployment is inadequate in Portugal. Unemployment benefit is not guaranteed for long periods and is given in small amounts. This is the reason why 12% of the VLTU at most consider unemployment benefit to be the main means of subsistence, while most of them (above 50%) consider the "family" to be the main source of subsistence, and about 15% make use of occasional jobs to cover their income needs in situations of very long-term unemployment.

The situation regarding children's work is also a mechanism which generates social exclusion, not only because it clearly violates a fundamental right of the citizen, but because it has opposite consequences for their future integration into the labour market (due to their poor educational background) and the opposite

effect on further generations. The work performed illegally⁸ by children is characterised by low wages, no social security and bad working conditions. This is recognized as a difficult problem, given the confluence of several factors: the behaviour of enterprises which employ low-paid workers, the economic needs of poor households for whom the children's wages are a significant component of their income, and a culturally-rooted form of looking at apprenticeship at the factories as a way of preparing children for working life which is a better alternative to the educational system.

Evidence from research (Pereirinha, 1988; Cardoso, 1991) shows that education is a crucial factor in good performance on the labour market, and differences in the educational levels of workers are an important factor leading to inequality and poverty in Portugal. And the intra- and inter-generational transmission of job insecurity and low wages lead to situations of social exclusion. Table 2 provides general information on education by region. Some indicators reveal inter-regional differences either in the literacy rate or in educational success and illustrate what was said above, namely that the phenomenon of failure at school and of abandonment of studies are both related to the early participation of children in the labour market. This is a mere sketch of important factors which will act as agents of social exclusion in the near future for this and successive generations.

A recent study was made of the factors that determine the abandonment of school education in the 2nd and 3rd cycles of basic education (from the 5th to the 9th year of education) on a very detailed regional basis (Ferraó, Neves, 1992). This study assessed the different factors at work at the regional level. There is a strong relation to the socio-cultural and economic conditions of the population, but different patterns emerge: (i) in some regions with high poverty rates, abandonment is associated with problems of integration into school, and this abandonment occurs very early (2nd cycle); (ii) in other regions abandonment occurs in association with the existence of demand for seasonal and unskilled labour, which generates abandonment at the 3rd cycle; (iii) in other regions (urban) the simultaneous existence of abandonment and repeated failure points to other reasons: more intensive socio-cultural pressure to remain at school, and the existence of alternatives (private schools).

Table 2. Educational factors by region in Portugal.

	Illiteracy rate 1987-88	School failure rate 1st cycle (1990-91)	% students who completed 9 years of school	Employment rate of children 10-14 years old
North	13.1	25.8	36.7	Lit (10.7) Int (6.5)
Centre	18.2	25.5	45.1	Lit (8.4) Int (11.5)
Lisbon & Tagus Valley	10.4	21.4	60.7	Lit (2.3) Int (4.8)
Alentejo	28.9	24.1	52.0	0.6
Algarve	22.4	26.4	56.4	-
PORTUGAL (Mainland)	14.3	-	44.0	6.9

Source: Silva, M. (1991).

Low education is a factor which determines social exclusion in the labour market, with effects on other areas of social exclusion. And it is also a factor in the transmission of vulnerability to social exclusion to successive generations (it is well known as a factor which has dynamic effects). The expressive character of the inequality of educational attainment, and its inter-regional differences, will have obvious effects on social exclusion in the future. This is presently one of the most serious problems facing Portuguese society.

3 The Recent General Direction of Social Policies and Their Potential Effects on Social Exclusion⁹

Given that social exclusion is a multi-dimensional phenomenon, coordinated action between the various areas of social policy are required to fight it (see Room, 1992). By coordination we mean "the general principle that governs the design and implementation of social policies, which translates into specific actions undertaken by the government and which aim to increase the effectiveness of policy measures by preventing the duplication of actions, reducing the external social costs resulting from these interventions when they have different objectives and promoting the complementary nature of policy measures and social practices by all actors involved" (Pereirinha, 1993). An analysis of the effectiveness of social policies with regard to their effects on social exclusion requires, to a great extent, an analysis of attempts at policy coordination. That is what we will do, although in rather artificial terms, in this section.

We cannot really talk of a tradition of effective coordination of social policies in Portugal as far as social exclusion is concerned. But some trends have become visible in the last few years regarding the intention to coordinate efforts and policies in some areas.

One such area consists of the coordination of sectoral social policies whose implementation is the responsibility of each of the ministries involved but which are oriented towards the complementary nature of policy action, thus reinforcing the efficacy of each of them separately. There are some examples of this form of coordination in Portugal, but one should stress the efforts to coordinate education policy and employment and vocational training policy.

Vocational training policy has been, since 1990, an important component of social policy in Portugal, very much addressed to the initial training of young people, the training of workers in order to facilitate their integration into the labour market, and, in general, the training of those vulnerable groups facing more serious problems of integration.

Some convergence of education policy with the objectives of vocational training policy is evident. The education policy followed in Portugal since 1986 (when the reform of the education system was initiated) is very much oriented to combating social exclusion in education (failure at school and early abandonment of studies). The raising of the school-leaving age from 9 years to 15 years was accompanied by curriculum reform and the implementation of educational programmes. Changes may be taken as a measure of the willingness of the government to better prepare the students for employment, and to remove some of the obstacles which still exist. An example of the former is the creation of vocational training as a special education module.

The second direction to be stressed is the creation of programmes, involving several ministries, that address a specific social problem. This demonstrates more visibly the intention to coordinate policy, involving the creation of coordinating bodies without any major changes in the structure of public administration, and, mostly, cooperation among institutions. Examples of this form of coordination may be found in the creation of inter-ministerial programmes intended to tackle the socio-economic barriers to educational success, and a national programme to combat drug-addiction ("Projecto Vida").

Some (more effective) coordination has appeared with the creation of new institutions set up to tackle problems experienced by specific social groups, with the aim of developing policies aimed at these groups and involving further changes in public administration with respect to the design and implementation of such policies. Examples include the creation of General Directorates and Institutes with responsibility for policies addressed to a number of social groups: elderly people, women, young people, the handicapped, etc.

Finally, another form of coordination consists of the creation of programmes to address the multi-dimensional disadvantage of the most vulnerable groups. Specific policies, of a multi-dimensional character, to combat situations of social exclusion have consisted of the design and implementation of programmes to combat poverty, some of them launched by the EC in the context of the EC Poverty 3 Action Programme, and others, country-wide and financed by the state, coordinated by two Regional Commissariat (one for the north and the other for the south), and involving, presently, about 90 projects running for a period of 2 to 5 years on average.

Such projects involve the participation of several social actors (central administration, municipalities, non-governmental organisations (NGOs) and other private bodies at the local level) as a basic feature of their design and implementation.

But as the problem of poverty in Portugal is determined by structural factors rooted in the model of development followed in Portugal (and which remains as a structural constraint limiting the possibility of the eradication of poverty in the short term), these projects cannot be seen as a programme for poverty eradication in the country. It is mostly a programme oriented, on the one hand, to the solving (or alleviating) of local situations of poverty and, on the other, to the creation of effects of synergy which, through the mobilisation of local social actors, can contribute to the establishment of mechanisms of local development.

The design and implementation of social policy involves a wide range of actors (government departments at the central, regional and local levels, social partners, professional organisations, NGOs, etc) which are linked through a given institutional (formal and informal) arrangement, which determines the forms of their functioning in society.

This institutional arrangement is dynamic, and the way in which it evolves may lead to greater coherence in their actions and therefore to greater effectiveness in combating social exclusion. It may also, however, create new barriers to the exercise of social rights and ineffectiveness in the implementation of policies and programmes. In the last few years, some institutional changes have occurred in Portugal which have changed the role of actors in social policy and which have had some effects on policies to combat social exclusion. Some of these changes seem to have had potentially positive effects in efforts to combat social exclusion. Others seem to have had the opposite effect.

Three major trends are evident when we look at the legislation and/or the actual policy practices (notably since the early 1990s): (i) the broader and more active participation of social actors on the design, implementation and monitoring of social policy; (ii) the greater decentralisation and fragmentation of activities; and (iii) the privatisation of services, changing the role of the state in the provision and financing of such services. Examples of these trends are evident mainly in the following areas of social policy: healthcare, social security and employment and vocational training.

Health policy is an area of state intervention which may have the opposite effect on social exclusion following legislation in the 1990s. The healthcare system in Portugal evolved from a system predominantly based on social insurance (until the late 1970s) to a tax-financed National Health Service in 1979, a change which was justified on the grounds of equity (both in terms of the distribution of the burden of payments and in the provision of healthcare). The policy of the 1990s has been characterised by higher direct payments (flat rate co-payment for healthcare), the creation of alternative health insurance (which benefits the better-off), and the heightening of public and private competition in the provision of health services. These policy directions correspond to a development of the healthcare system on the grounds of efficiency, with potential negative effects on equity. The costs will be rising inequality in access to healthcare, and social exclusion for the more vulnerable social groups.¹⁰

As far as social security policy (regimes) is concerned, policy measures have been taken in order to better coordinate existing schemes and provide incentives to take out alternative (private) social security. The low level of pensions, in spite of the annual increase in pensions above the rate of inflation in recent years, creates serious economic difficulties for those groups for whom the social security

pension is the main source of income.¹¹ No important policy measures have so far been envisaged to tackle this serious problem, generating social exclusion for a high percentage of the Portuguese population. Portugal is still one of the few countries of the EU that does not have a guaranteed minimum wage, and it is surprising that the creation of this scheme was proposed by the main opposition party only very recently. As far as social services are concerned there is a political willingness to coordinate public services more effectively with the setting-up of a General Directorate of Social Action. Other forms of cooperation have been designed through the more active intervention of private institutions (the NGOs) and coordination among these and public services. A tendency for greater decentralisation of social services through the creation of local services corresponds to the need for increased effectiveness in dealing with problems afflicting the most vulnerable groups at the local level. However, in spite of an increase in the capacity to respond to social needs, and more effective coordination among social actors, serious limits in the capacity to meet all social needs still exist.

As far as employment and vocational training is concerned, some relevant institutional changes have occurred since 1990 with the aim of improving employment and vocational training policies by changing the role of the actors involved and by encouraging the more active participation of social partners and NGOs. The general aim is for a better coordination of policies and institutions, following the Social Agreement on the Policy of Vocational Training in 1991.

The state is still dominant in Portugal and is rather centralised since intermediate decision-making levels, between central administration and local administration (municipalities), are still absent. This centralisation sometimes creates difficulties in coordination with other social actors. The trends, visible in some areas of social policy, of the decentralisation of responsibility to lower levels of administration, look as though they might facilitate cooperation among the actors involved. This may improve effectiveness in the fight against social exclusion. But it is sometimes difficult to distinguish decentralisation (as a form of the approximation of the administration to the real needs of the population) from the "de-responsibilisation" of the central government to deal with these problems. For example, the transfer of competences to the municipalities has been met by financial constraints imposed by central government (with responsibilities to provide part of the financial resources needed for the implementation of activities at the municipal level). The dependence of the NGOs on the state (the state as tutor, the dependence on the state for financial resources) also raises some doubts about the actual effectiveness of the increasing intervention that they are called to make in some areas of social policy.

Notes

1. For an analysis of Portuguese economic development in recent decades and its effect on inequalities of income, see Pereirinha (1988).
2. The rather different figures on poverty rates using different methodologies is a good example of the very common difficulties of presenting widely-accepted diagnoses of the situation.
3. Either based on an absolute poverty line (Costa, A.B. et al., 1985) or in relative terms, the poverty line was defined as a given percentage of the median income

(Ferreira, 1993). According to the former study, and for a global incidence of poverty of 35% for the whole population in 1980, incidence of poverty (using an absolute poverty approach) was the following for these social groups: elderly/retired (42.4%), agriculture workers and farmers (between 48-49%), manual workers in manufacturing industries (35.4%). According to the latter study, based upon a relative approach (50% below the median adult-equivalent income), incidence of poverty decreased from 11.5% in 1980 to 9.4% in 1990 and the following trends occurred for incidence of poverty in these social groups: elderly/retired (23.7% in 1980 and 19.3% in 1990), agriculture workers (from 18.3% in 1980 to 23% in 1990), farmers (from 11% in 1980 to 11.3% in 1990) and manual workers in manufacturing (from 8.1% in 1980 to 4% in 1990). The disparate figures result from different methods of poverty measurement, as stated above.

4. This study used an absolute poverty approach to the estimate of incidence of poverty in rural areas and urban centres and by socio-economic population groups.
5. According to Avillez (1993), agricultural incomes declined in the period 1985-89: the cash value added per unit of labour at real prices declined about 9% and the cash income of family labour per family unit of labour/year declined by 16% at real prices. But the author estimates that these falls were nearly three times higher in the smaller farms than in the larger ones.
6. Research we carried out on the factors explaining income inequality in 1980 (Pereirinha, 1988) has shown that, in Portugal, inequalities in household income are determined by different factors in urban and rural areas, the latter being more influenced by household size and the age of the head of the household, while in urban areas the influence of education on inequality in household income is more important. Looking at wage income (as that source of income with the highest contribution to inequality in household income), and using Theil decomposition analysis, the causes are to be found either in human capital variables (using education and age as proxies), accounting for 45% of the total "explanation", and segmentation variables (sex, sector of activity, region and size of location as proxies), accounting for 42% of the total "explanation". Although not directly related to poverty, these findings point out the structural character of inequality in income and poverty in Portugal, where the characteristics of the labour market are important for explaining it.
7. This means those unemployed who are registered at Employment Centres for 4 years and more.
8. Recent legislation (1991) establishes 15 years old as the lower age-limit for a job. Although statistics on this phenomenon are unreliable, more than 30,000 children are illegally engaged in work, according to official figures by the General Labour Inspectorate.
9. This part of the article reproduces the summary of the national report prepared by Portuguese experts to be published in the synthesis report by G. Room (1992), pp. 31-34. A slightly different version of it was published in Pereirinha (1993).
10. See Pereira and Pinto (1993) for a recent analysis of equity in healthcare in Portugal.
11. According to our estimate of a poverty line for 1989, the minimum pension for the general regime was about 56% of the urban poverty line and the minimum pension for the special regime for the agricultural population about 60% of the rural poverty line. For the same year (and for purposes of comparison) the average pension represented about 34% of the average wage.

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