

## 11 Labour relations in a Portuguese shipyard

The case of Setenave

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### Introduction

In the years following the Second World War, Portugal remained an authoritarian regime and a colonial power. Economically, it continued to be a mainly rural economy and a peripheral country in the European context. From the 1960s, however, Portugal joined several international organisations such as the European Free Trade Association in 1960, the International Monetary Fund (IMF) and the World Bank in 1961, and the General Agreement on Tariffs and Trade in 1962. This reaching out to supra-national bodies helped to create the conditions for the development of Portuguese industry, in association with banks and other financial institutions through great monopolies. The gross domestic product (GDP) average annual growth rate was 6.9 per cent between 1960 and 1973, and for the first time in Portuguese history the secondary sector equalled the primary in terms of manpower.<sup>1</sup>

Seven major business groups dominated the Portuguese economy in the period of the Estado Novo dictatorship. At the top was the Companhia União Fabril (CUF) group, which included about 186 companies, from textiles to fertilisers, metal products to shipping, trade to property, insurance to finance, supermarkets to petrochemicals, and shipbuilding to computer science; it was responsible for about 10 per cent of GDP and employed around 100,000 people. In association with foreign capital it developed the Portuguese shipbuilding industry, initially with the successful case of ship repairers Lisnave, followed by the more ambitious project of a new gigantic shipyard specialising in shipbuilding, Setenave.

The conditions for the formation of Setenave seemed encouraging. The closure of the Suez Canal in 1967 and shipowners' subsequent preference for the Cape route (the canal remained closed until June 1975), the need to reduce costs with freights paid abroad, the success of Lisnave, the boom in

1 Rocha, "Crescimento económico em Portugal nos anos de 1960-73", 621.

orders to shipyards for mega-oil tankers and Organization of the Petroleum Exporting Countries' full embargo on Portugal in retaliation for the use of the Lajes base in the Yom Kippur War of October 1973 all accelerated the need for the construction of a new large shipyard, facilitated by the non-adherence of Portugal to the Organisation for Economic Co-operation and Development (OECD) agreement of 1969 establishing the full liberalisation of the sector. An ambitious plan was on the march: Cabinda in Angola produced oil, Setenave built the ships, and the Soponata shipowner of CUF would transport the oil to be refined in Portuguese factories.<sup>2</sup>

However, a growing dissatisfaction with a colonial war fought on three different fronts resulted in a military coup by middle-ranking officers on 25 April 1974. It was a thunderous fall, with hardly any resistance, of Europe's longest dictatorship in the twentieth century and the most durable of the classic colonial empires – opening the floodgates for the most radical social revolution Europe witnessed in the second half of the past century.

Setenave (Estaleiros Navais de Setúbal) was officially formed on 6 August 1974 at Mitrena in Setúbal to cope with increased demand, both for ship repairing and shipbuilding. It commenced operations on 16 June 1975, with the arrival of the vessel *Montemuro* in the shipyard amid the aforementioned social revolution (which nationalised the shipyard) and amid the continuing effects of the world economic crisis of 1973-1974, which strongly affected the shipping industry. Consequently, the severe downturn in demand in orders of new ships, especially in Setenave's projected area of expertise (oil supertankers), the discovery of oil in the North Sea, the downfall of the national merchant navy after decolonisation, and the new international division of labour with the productive relocation to sectors more profitable to the accumulation of capital, as well as Setenave's ruinous deal with international shipowners in Portuguese currency (the *escudo*) exposed the early operations of the shipyard to the grim realities of international competition.<sup>3</sup>

In this less than propitious market situation Setenave would try to diversify its productive range and its market, but would always struggle with chronic problems of financial asphyxia. The constant devaluation of the *escudo* (increasing the costs of material and equipment acquisition), bureaucratic slowness in financing operations (delaying contracts and causing cancellations from shipowners), a financing significantly under

2 Available at <http://www.esquerda.net/dossier/o-caso-da-lisnave> (accessed 14 September 2013).

3 Grupo de Trabalho ad hoc, "A indústria naval em Portugal", 12.

international standards, and the lack of payment on time of wages and invoices together created a scenario of chronic instability.<sup>4</sup>

Successive governments, although recognising Setenave's strategic importance and repeatedly promising new orders, by neglecting to put in place an integrated plan for the whole industry (when all the banks, shipping companies and the majority of the shipyards were nationalised) left Setenave in a difficult economic situation.

Notwithstanding the financial troubles, the reduction in freight and external dependence, the balance in trade and transactions, and employment had positive effects on the shipbuilding industry. In 1984, shipbuilding represented about 3 per cent of employment in the intermediate goods industries and 6 per cent of industrial GDP, a sector with a "per capita" product superior to the industry average by about 40 to 50 per cent. The national value added, since there are virtually no producers of equipment or other materials for shipbuilding, was almost exclusively dependent on the greater or less volume of manpower utilised (which varies between 30 and 50 per cent of the value of ships built in Portugal) because the materials of Portuguese origin represent only 10-25 per cent of that measure. In ship repairing (including sub-contractors) the national value added ranged from 75 to 90 per cent. By 1987, the Portuguese shipbuilding and -repair industry represented about 4.3 per cent of employment and 4.8 per cent of the gross added value in manufacturing industry. Setenave, with its locational advantages, was second in Europe in docked tonnage and number of repaired ships (above 30,000 tons) and third worldwide in docked tonnage.<sup>5</sup>

The social struggles of 1982-1984, the joining of the European Economic Community (EEC) in 1986, and the election of a neo-liberal government in 1987 (paving the way for private capital and denationalisation of the Portuguese economy) created the conditions that led in 1989 to Setenave handing over its facilities in Mitrena to a private company, Solisnor, a consortium between Lisnave, Soponata, and a Norwegian company.<sup>6</sup> Solisnor would manage the Mitrena facilities for five years after which the concession was passed to Lisnave, which closed its own shipyard on the south bank of the Tagus and focused solely on Mitrena, re-orienting it to ship repair, modernising its facilities from 1997, and adding three Panamax-size dry docks at the turn of the millennium.

4 Comissão Coordenadora das Comissões de Trabalhadores da Indústria Naval, 7º *Encontro de Trabalhadores da Indústria Naval*, 16.

5 Federação dos Sindicatos de Metalurgia, Metalomecânica e Minas de Portugal, *Indústria naval faz falta a Portugal*, 11.

6 Barber International, Wilhelmsen, and Platou.

## Setenave shipyard

Setenave was the largest Portuguese shipyard that undertook both shipbuilding and repair. It was a gigantic project put in motion by the association of the most powerful Portuguese monopolist group with foreign capital.

From the beginning, Setenave functioned almost like a subsidiary factory of Swedish shipyards, building ship hulls and block sections of oil tankers that were towed to Sweden in order to be completed. In this international division of labour, Setenave provided a cheap and flexible labour force and Swedish yards retained overall control including design.<sup>7</sup>

The shipyard was initially projected to build very large crude carriers (VLCCs) but the contraction of the world market post-OPEC forced a change in strategy. A decision to readapt the shipyard towards ship repair was crucial to the economic survival of the enterprise; it repaired not only VLCCs but also other types of ships and oil platforms, and even assisting shipyards in the former Portuguese colonies.<sup>8</sup> According to my estimate more than 1,200 repairs were undertaken in the shipyard between 1975 and 1995 (Table 11.1).

The shipyard was built in Mitrena, 40 km south of Lisbon and 12 km from Setúbal. The Tagus estuary has a dimension of 10 km in length with the narrowest point being 1.5 km wide. The average depth of the waters varies between 8 m and 12 m. The Tróia peninsula and the mountain range of Arrábida form a natural protection against winds and tides. The temperature of the waters ranges from 10 °C in the winter to 25 °C in the summer. Weather conditions (with little precipitation) are very good for shipbuilding and ship repairing, allowing longer periods of work.

Mitrena shipyard has a total area of 3,000,000 m<sup>2</sup>, of which 1,000,000 m<sup>2</sup> were reclaimed from the river, with facilities being divided between shipbuilding and ship repair. The area set aside for shipbuilding has an area of 350,000 m<sup>2</sup> in a U shape. The construction dock was 420 m in length and 75 m in width equipped with a gantry crane of 500 tons' lift capacity and cranes of 100 tons' and 15 tons' lift capacity. The ship repairing arm could repair ships up to 700,000 dwt (the world's biggest tanker at that time was 550,000 dwt and was docked in Lisnave). Setenave was equipped with two

7 Federação dos Sindicatos da Metalurgia, Metalomecânica e Minas de Portugal, *Indústria naval faz falta a Portugal*, 12.

8 Informação Setenave, no. 252, 27 August 1981, "Manter e desenvolver a cooperação Setenave Moçambique", 1.

**Table 11.1** Ships repaired in Setenave and Solisnor, 1975-1995

Year	Number of ships repaired
1975	11
1976	66
1977	97
1978	97
1979	82
1980	68
1981	40
1982	n.d.
1983	57
1984	96
1985	102
1986	106
1987	106
1988	82
1989	6
1990	89
1991	87
1992	n.d.
1993	n.d.
1994	n.d.
1995	n.d.

Source: Author's calculations from government, industrial, and union publications ; Conceição, *Setenave*

docks of 420 m x 75 m and 350 m x 55 m, three piers, one tube workshop, one mechanical workshop, and one hull-fabrication hall. The shipyard was equipped with one building platform with the capacity to build up to 700,000 dwt served by a huge gantry crane, and two repair dry docks (700,000 dwt and 300,000 dwt). Setenave had a maximum capacity to repair fourteen ships simultaneously, and also to build four or five ships provided that dates of delivery were staggered.<sup>9</sup>

In terms of construction Setenave built seven oil tankers (376,000 dwt, 323,000 dwt, 316,000 dwt, 159,878 dwt, 159,719 dwt, 152,000 dwt, 88,980 dwt), three bulk carriers (38,300 dwt), floating docks, hulls for reefer ships, and deck cargo barges, and undertook jumboisation of ships by adding prow and cargo tanks to oil tankers.

9 Moisés, *Setenave e Lisnave*, 20.

## Setenave: the workers

The workers had the following characteristics: they came from geographically dispersed areas, although the majority were recruited in the rural south, and they were young with an above-average education (National Employment Centre and industrial courses) but with little training (the more qualified were recruited in Lisnave and the CUF group). Other sources of recruitment were former soldiers in the colonial war and Portuguese emigrants working in European metalwork factories and shipyards. These recruits were a perfect prototype of the new Portuguese working class that arose in the 1960s amid the “rural ocean”: concentrated on both banks of Tagus River, recently urban, and yet with strong ties to the rural areas, highly concentrated, in new modern factories, young and inexperienced in the old traditions of the Portuguese workers’ movement, and bereft of almost any kind of labour rights and union and/or political legal representation.<sup>10</sup>

By 1975, shipyard workers had finally achieved paid holidays, wage increases, and automatic promotions, among other labour rights. In 1977, night-shift working was introduced at Setenave, leading to more employment and allowing the utilisation of the shipyard 24 hours a day, 6 days a week.

In the late 1980s, the working week was 44 hours per week; with a day shift from 8.25 a.m. to 3.45 p.m. from Monday to Friday, and a night shift from 5.30 p.m. to 2.40 a.m. In general, workers preferred the night shift because it paid 25 per cent on top of the normal wage. On Saturdays they were paid three times the normal hourly rate of pay and would have a day off for every fourth Saturday worked, while on Sundays they were paid at twice the hourly rate of pay but obtained an immediate day off on the following Monday. Later on, a new shift was introduced in which work would take place from Tuesday to Saturday in order to reduce overtime. Setenave wages were in general twice the minimum wage, but not very good in comparison with Lisnave shipyard rates or those in similar metalworking establishments.<sup>11</sup>

The legal framework of industrial relations inside the shipyard was the Collective Vertical Contract of the Metalworkers (CCTVM), which covered all workers in metalworking trades. The CCTVM stipulated precisely the function of each worker and had a chart of minimum wages applicable to each trade. This professional description was, however, an obstacle to the multi-tasking

10 Rosa *et al.*, *Sistemas de trabalho*, 182.

11 Interview with Miguel Moisés (Workers’ Commission Setenave), 1 June 2009.

and labour flexibility desired by the company management and because of that, and contrary to most enterprises, there never was a so-called Collective Agreement specific to the company. Nevertheless, on an annual basis a process of negotiation took place between the workers and management concerning wages and conditions of employment. These negotiations and associated "claims" were better for the workers than the restricted terms of the CCTVM. Indeed, in cases of discrepancy between the CCTVM and the annual agreement, the most favourable to the worker was applied.<sup>12</sup>

### Labour protest in a revolutionary context

The coup of 25 April 1974 took place while Setenave was under construction. In an enterprise without autonomous structures of labour organisation, the workers eventually recruited from Lisnave and CUF shipyards were the most experienced, carrying the traditions of struggle against the CIE (Enterprise Internal Commissions) and of the emblematic strike of 1969 in Lisnave that resulted in hundreds of dismissals. The first major mobilisation of workers at Setenave occurred in May 1974, when workers gathered spontaneously near the building of the Training School and constituted an ad hoc negotiating commission. A set of demands was presented to the management, with an ultimatum of ten days and thereafter immediate start of a strike of unlimited duration, with a General Assembly of the Workers operating at all times. The main demands were: reduction of the working hours to 40 hours a week, no work on Saturday, more holidays, limitation of overtime, less time until retirement, limitation of extra hours, and abolishment of the third shift, control of the disciplinary processes and promotions, a substantial rise in the minimum wage, and a simplification of wage scales. Some demands fully met were: profit sharing, paid holidays, freezing of higher wages, compensation for workplace accidents, and the establishment of a set of political and labour rights within the shipyards.<sup>13</sup>

On 27 May 1974 the first Workers' Commission of Setenave (CTS) was elected. However, a General Assembly dismissed the previous committee and elected another, which was strongly anti-capitalist. The second CTS (July 1974 to May 1975) and the third (May to December 1975) would be politically led by those who had been on the far left throughout the revolution. Only after the failed communist-led coup of 25 November 1975 against

<sup>12</sup> *Ibid.*

<sup>13</sup> Pires de Lima *et al.*, "A acção operária na Lisnave", 853-854.

the transition to democracy would the PCP (Portuguese Communist Party) direct the CTS (as well as all other workers' representative bodies); in Lisnave, however, the Workers' Committee (WC) was led by the socialists in 1986.<sup>14</sup>

During the Portuguese revolution the CTS focused its claims on anti-capitalist and egalitarian issues, and struggled to harmonise different categories of workers and to reduce wage scales, to freeze higher wages, to block sub-contractors, to abolish fixed-term and probationary contracts, and to reduce the privileges of senior staff. In particular, the third CTS (May to December 1975) integrated the mobilisation of Mitrena workers in the wider context of the revolutionary dynamic; tried to co-ordinate with other committees of workers, residents, and soldiers; and attempted to establish alternative forms of "people power" within the framework of a new socialist society.<sup>15</sup>

### Evolution of workers' struggles

The second CTS was elected on 11 July 1974 with 849 votes. Only one programme was presented in the elections. It established "Base Commissions" for each area of activity.<sup>16</sup>

The main opposition to the CTS was led by the PCP under the rubric "Movement for the Constitution of a New WC". In March 1975 they gained a critical advantage in the Portuguese shipbuilding industry with the dismissal of the "Group to Reduce the Wage Scale" (linked with the far left) in Lisnave. Also in March, the big controversies in the shipyard were related to the hostility of the CTS to the visit of representatives of the Movement of the Armed Forces (MFA) and the proposal, approved in the Workers' General Assembly, of reducing the wage scale from eleven categories to just three. However, the defeat of that position in Lisnave undermined the efforts of a similar solution in Setenave.<sup>17</sup>

The third CTS was elected in May 1975, near the peak of the revolutionary period. Earlier, on 11 March 1975, a failed far-right coup caused the radicalisation of all social activity. The banks and major enterprises were nationalised (except foreign capital) and in key factories self-management and workers' control were widespread. At the same time, in the conservative and religious

14 Fernandes, "As relações sociais de trabalho na Lisnave", vol. I, 125.

15 Comunicado Comissão de Trabalhadores da Setenave 10.7.7, Archive Centro de Documentação 25 de Abril in Coimbra.

16 Comunicado Comissão de Trabalhadores da Setenave 18.7.7, Archive Centro de Documentação 25 de Abril in Coimbra.

17 Pires de Lima *et al.*, "A acção operária na Lisnave", 870.



north, counter-revolutionary forces supported far-right terrorist groups who began to destroy the headquarters of the Communist Party and far-left organisations. In the south, the industrial belts of Lisbon and Setúbal were controlled by workers' commissions that began to centralise themselves in Soviet style with the active complicity of low-ranking soldiers who started to organise their own commissions in the army. In all of this political activity, Portugal remained on the edge of a civil war.<sup>18</sup>

The new CTS developed active intervention in the general struggles of the Portuguese working class, in an attempt to co-ordinate and centralise all workers' commissions (WCs) to include their aim of the socialist transformation of the society. For instance, it took part in the "Committee of Struggle" of Setúbal in co-ordination with other enterprises, residents' commissions, and soldiers' commissions.<sup>19</sup> In response, the company management issued a "Letter to the Workers of Setenave" on 6 October 1975, characterising the situation as a "catastrophe": "the abandonment of the work place is frequent, productivity is low, dead times are huge, authority of those in charge is questioned, discipline has deteriorated, the enterprise is 'invaded' by political conflicts, the indifference of the workers and tensions and disputes grow". The document closes with a subtle threat of dismissal of the directors, engineers, and managers and calls for a platform of understanding with the workers' organisations because the situation was "untenable".<sup>20</sup>

The very experienced management tried to communicate with the workers over the heads of their delegates, blaming the WCs for the "disorganisation" of the shipyard and the lack of orders, accusing them of being against the government,<sup>21</sup> and playing on the workers' divisions (far left versus PCP).

In a Workers' General Assembly on 16 October 1975 the speakers supported "the dictatorship of the proletariat", and the assembly approved with acclamation "the development of the unity of the soldiers, seamen, farmers, and workers towards socialism and reject all measures from the 6th Government that intend to suppress the voice of the oppressed and the exploited".<sup>22</sup> It also approved the process of election of another WC that would complement a Workers' Control Programme.

18 Varella, *História do povo na Revolução portuguesa*.

19 Dows *et al.*, *Os Moradores à Conquista da Cidade*, 201.

20 Letter to the workers of Setenave, 6 October 1975: Archive Centro de Documentação 25 de Abril in Coimbra.

21 The provisional governments tried to regulate and institutionalise workers' control with state participation.

22 Minute of the General Assembly of Workers of 16 October 1975, Archive Centro de Documentação 25 de Abril in Coimbra.

To what extent was “workers’ control” expressed in Setenave? They had very high levels of information, for instance, on wages, control without resistance of tasks, meetings, services, staff, production, the financial state of the company, and likely level of profits, etc. They had the strength to refuse proposals from management and to impose many of their own.<sup>23</sup> It was in this context that workers began to discuss an official programme of workers’ control for establishing functions of the WC. However in the midst of this process, the 25 November 1975 coup took place and elections for the Workers’ Control Programme only occurred in December. Five different programmes of workers’ control were presented. Programme E (PCP) won with 862 votes, followed by Programme B (Maoists, 260 votes), Programme D (Maoists with the Socialist Party, 240 votes), Programme A (far left, 142 votes), and Programme F (Trotskyists, 18 votes). The total votes cast numbered 1,914; 402 were invalid and 2,093 workers (more than half the workforce) did not participate.<sup>24</sup>

The winning Workers’ Control Programme “Unite-Organise-Control” divided the shipyard into five geographical sectors that elected their representatives in the approximate proportion of one representative to every one hundred workers. A Workers’ Control representative could not also be a union delegate, and any representative to the WC could be recalled at any time by the Workers’ General Assembly.<sup>25</sup>

The highest-level body of the WC communicated with the WC Assembly via thirty-four representatives. The assembly elected the secretariat and the subcommittees. The organisations had the following roles:

- Secretariat (seven representatives): centralise WC activities, chair the Workers’ General Assembly, and represent the workers to management.
- Sub-committee for liaison with union delegates (three representatives): contribute to obtain a correct balance between the specific interests of the different professional groups and the collective interests of the workers as a whole.
- Sub-committee for the liaison with rank-and-file organisations (three representatives): liaison with others workers’ committees, soldiers, and resident committees.
- Education committee (three representatives): to activate programmes for cultural and technical development of the workers in order to prepare them for building a future socialist society.

23 Rosa *et al.*, *Sistemas de trabalho*, 490.

24 Informação Setenave no. 57, 22 December 1975, *Controlo Operário*, 2.

25 SRTUIU, “Workers’ Control in Shipbuilding/Shiprepairing”, 5.

- Information sub-committee (three representatives): to produce communiqués and pamphlets.
- Sub-committee for liaison with sectors (five representatives, one for each sector): to provide links with the sectors.
- Sub-committee for the Workers' Control Commission (with ten members), worked on the following principles:
  - a To co-ordinate the activities concerning workers' control; to analyse all the irregularities reported to it.
  - b To request from the administration any documents or management reports; some of these elements should be submitted regularly to the sub-committee, so that the workers knew the main activities of the shipyard at all times.
  - c To detect which activities may be subject to economic sabotage and to ask the workers to reinforce their vigilance on them.
  - d To obtain from management the services of specialists to help the sub-committee to interpret documents referred to in b). These specialists may also be requested to give evidence or information.
  - e To demand from the administration that all detected irregularities are corrected.
  - f To attempt the integration of Setenave into a planned economy by linking its objectives with those of the same and similar industries.
  - g To ensure a correct investment policy, protecting both the workers and the national interest.
  - h To demand that all the existing or prospective contracts be revealed to the sub-committees.
  - i To guide all possible activities that may contribute to the improvement of the workers' knowledge of the activities of the management of Setenave. The aim is that workers should view the exercise of workers' control as a necessary practice heading for a new kind of production relations.

The document analyses the political context but does not mention the 25 November 1975 coup,<sup>26</sup> and positions the fight against fascism and for a future socialist society as the main aims of the Portuguese working class. However, the term "socialism" never appears in the specific workers' control

<sup>26</sup> The PCP saw the revolution as ongoing and Portugal as developing into a special kind of democracy, with non-capitalist sectors of the state, that is, nationalised industries.

project or attributions. Here the priority is given to “national independence”, namely:

- a Reconversion of the shipyard.
- b To buy Portuguese goods whenever possible.
- c To press for the immediate inclusion of shipbuilding materials in the range of products of national steelworks.
- d The acquisition of national technology.
- e The search for a large market, by the inclusion of countries that were not traditional clients.

The non-PCP vote got 44.2 per cent. The partisan fragmentation is a reflection of internal disputes. The second most popular among these groups were the Maoists. They wanted the CTS to be political, non-partisan, “class”-oriented, and revocable at any time. The main tasks were seen as the anti-fascist and anti-imperialist struggle, to ensure and organise the defence of the workplace, organise workers’ control against unemployment, and against fascist and imperialist sabotage. The goal was to centralise commissions of all shipyards and of all metal mechanical enterprises and to establish the total centralisation of all WCs in Portugal.

The immediate goals of workers’ control were:

- a Control over all orders;
- b Control over raw materials and equipment;
- c Reconversion; and
- d Financial situation and enterprise spending.

According to Programme D (240 votes, Maoists and Socialist Party) orders and contracts should be channelled to national needs and raw materials and equipment bought in Portugal whenever possible. All accounts ledgers were to be controlled by the WC. Workers’ control was to act in admissions, recruitment, training, security, and hygiene.

To supporters of Programme A (142 votes, far left) the workers’ organisation was to be democratic, autonomous, and not elected by lists. The political mobilisation should be framed in the alliance with the MFA. Its immediate tasks were: to exercise workers’ control over planning, commerce, finances, repair, and construction and to expel saboteurs.

Finally Programme F (Trotskyists, with only 18 votes) proposed a struggle against unemployment and inflation. Workers were to organise pickets in self-defence.

## Setenave and “democratic normalisation”

Notwithstanding the defeat of the so-called military left in the coup of 25 November 1975, a set of labour objectives was crystallised, a network of democratising public services was established, and the economy was heavily nationalised. It is in this context that the elections for the new CTS in January 1976 offered victory to the PCP list with 45 per cent of the votes cast, as against 13.5 per cent for the Maoists and 12.4 per cent for the Maoists and Socialists combined. Communists also held the majority of shop steward positions and leadership of the company's most important union, the metalworkers (Table 11.2).

Most political interventions could be characterised as “national developmentalism”. Priorities became, on the one hand, the continuation of the nationalisation of the company within the “state enterprise sector”, the “non-capitalist sectors” that would serve as a barrier against the advancement of the forces of reaction, and allow – through a rational articulation of the productive sectors – independence and national development, as well as the improvement of the living conditions of workers; and, on the other, the economic and financial viability of the company.

The “claims ’80” in 1980 emerged in a context where the purchasing power of workers’ wages had fallen to levels significantly below those of Lisnave and many other metallurgical enterprises of the district of Setúbal. Therefore, wage demands were at the centre of negotiations, a process that would end with an average percentage increase of 11.8 per cent. Also in this year the CTS were forced to apply a new legislative rule, which introduced the D’Hondt method into workplace elections, a system criticised by both the PCP and the Maoists.<sup>27</sup> The elections marked the beginning of a trend of stability in the CTS’s composition. The PCP (“unitary list”) got the largest share of the vote and elected an average of seven mandated delegates; followed by the Socialists with around 20 per cent and two seats, and the Maoists ranging between 15.8 per cent and two seats in 1980, and 12 per cent and one seat in 1986. The PCP unitary list easily exceeded the votes of the other factions and, elected the secretariat of the WC, which undertook negotiations directly with management.

The year 1981 marked a turning point in labour relations in the shipyard. Claims gradually moved from being qualitative in character (workers’ control, co-management, etc.) to a more quantitative dimension (salary

27 The D’Hondt method is a highest average method for allocating seats in party-list proportional representation.

Table 11.2 Workers' Commission elections, 1976-1994

	1977	1979	1980	1982	1984	1986	1988	1990	1992	1994
Potential voters	5733	6300	6130	6413	5734	4836	4749	2607	2507	2363
Votes	3900	4329	4102	4004	3521	3588	3398	1815	1833	1695
%	68.0%	68.7%	66.9%	62.4%	61.4%	74.2%	71.6%	69.6%	73.1%	71.7%
Abstentions	1833	1971	2028	2409	2231	1248	1351	792	674	668
%	32.0%	31.3%	33.1%	37.6%	38.6%	25.8%	28.4%	30.4%	26.8%	28.3%
Blank votes	180	318	61	99	148	57	51	24	54	14
%	4.6%	7.3%	1.5%	2.5%	4.2%	1.6%	1.5%	1.3%	3%	0.8%
Null votes	57	133	32	49	185	34	38	31	19	15
%	1.5%	3.1%	0.8%	1.2%	5.3%	1%	1.1%	1.7%	1%	0.9%
PCP	1845	2732	2248	2231	2251	2170	2317	1321	1338	1488
%	47.3%	63.1%	54.8%	55.7%	63.9%	60.5%	68.2%	72.8%	73.0%	87.8%
Number elected	18	18	7	7	8	8	8	9	9	10
UDP	795	1146 (coalition with Other (far left))	649	616	553	449	Coalition with PCP	Coalition with PCP	Coalition with PCP	Coalition with PCP
%	20.4%	26.5%	15.8%	15.4%	15.7%	12.5%	Coalition with PCP	Coalition with PCP	Coalition with PCP	Coalition with PCP
Number elected	0	0	2	2	2	1	Coalition with PCP	Coalition with PCP	Coalition with PCP	Coalition with PCP
PS	968	-	883	879	-	705	992	439	422	178
%	24.8%	-	21.5%	22%	-	19.6%	29.2%	24.2%	23%	10.5%
Number elected	0	-	2	2	-	2	3	2	2	1

	1977	1979	1980	1982	1984	1986	1988	1990	1992	1994
PSD	-	-	-	-	384	173	-	Coalition with PS	Coalition with PS	Coalition with PS
%	-	-	-	-	10.9%	4.8%	-	-	-	-
Number elected	-	-	-	-	1	0	-	-	-	-
Other (far left)	55	(with UDP)	229	130	-	-	-	-	-	-
%	1.4	-	5.6	3.2	-	-	-	-	-	-
Number elected	0	-	0	0	-	-	-	-	-	-

Source: Author's calculations from industrial, union, political, and general publications

increases, bonuses, etc.), and a deterioration of labour gains was seen. However, there was some stability in the company, made possible by a certain climate of optimism about its viability and the establishment of channels of communication with management; this was considered positive by the WC, whose members were more critical of government than of its own leadership.

Early in December 1980, the company was declared to be in difficulties by the government. In January 1981 the degaussing station (one of the most profitable sectors) was handed over to Lisnave (a private company), the chairman of the company was removed, and salary arrears began.

In this period the social context was the stormiest since the revolution. The International Monetary Fund intervened in Portugal in 1977 and again in 1983; a state constitutional revision of 1982 had eroded previous labour gains. In 1982, the CGTP (General Confederation of the Portuguese Workers) declared the first two general strikes in Portugal since 1934 (on 12 February and 11 May). A drama over the issue of wage arrears began (leading to some reported cases of hunger and even some suicides), and a letter from José Mello of Lisnave to the prime minister proposing a lock-out of thousands of workers in the shipbuilding industry ignited workers' tempers.<sup>28</sup>

### The "social pact"

In 1979, the shipbuilding and -repair industry provided 28,000 direct jobs, more than 5,000 in sub-contracting arrangements, and some 100,000 Portuguese depended indirectly on this activity, making the Lisbon-Setúbal region the largest repair centre worldwide. In 1984 it accounted for about 3 per cent of total employment in manufacturing and 6 per cent of industrial GDP. The sector had a product "per capita" superior than the industry average by about 40 to 50 per cent and, with the two main yards (Lisnave and Setenave) geared to the international market, allowed significant foreign exchange inflows.<sup>29</sup> To complete the picture, most shipyards, shipping companies, and banks were nationalised, which would facilitate, at least theoretically, joint synergies, obviate financial credit bottlenecks, and create a policy of state subsidies that could at least compete with the OECD countries.

Setenave sought to respond to the crisis by introducing innovative methods such as jumboising (lengthening the ship), but it was the incident of the tanker *Setebello* (S-106) that would mark the subsequent period. Due to

<sup>28</sup> Rosa et al., *Sistemas de trabalho*, 519.

<sup>29</sup> Grupo de Trabalho ad hoc, "A indústria naval em Portugal", 8.



delays in its delivery, the shipowner Thyssen wanted to cancel the contract. In January 1983, workers were expecting to receive their December salary and holiday allowance, despite the spectre of the shipyard's closure, now reported in the media. Given this uncertain background, at the end of the month a historic agreement on labour relations was signed. For the first time in a public company in Portugal workers accepted a loss of rights in exchange for economic viability.<sup>30</sup>

The government committed itself to ensuring the continued functioning of the shipyard until the completion of S-106 until August 1983, and the workers agreed in assembly, after intense controversy, to the government holding back 6 per cent of their salary as well as bonus payments until the ship was finished, and they relinquished the right to strike (except when called out nationally). The CTS agreed these measures as "a form of responsible and patriotic commitment" and "as a challenge to consciously ensure the viability of the company." The *Setebello* underwent sea trials in August, workers left the industry by the hundreds with programmes of "voluntary redundancies", privatisation was postponed, and the company would survive, agonisingly, more than half a dozen years.<sup>31</sup>

The newspaper *Expresso* labelled this agreement a "social pact". Indeed, in a context of acute economic crisis, the political actors and the media started to discuss with increasing intensity the need for a "social dialogue" able to institutionalise and regulate labour relations, which had reached a degree of radicalism unprecedented since the revolutionary period. In the shipbuilding industry Lisnave was militarily occupied in June 1983 to liberate the ship *Doris*, which had been held by workers with wage arrears, and a demonstration of shipyard workers in February 1984 on the 25th of April Bridge was violently repressed by police. In the aftermath of the *Doris* affair and the subsequent redundancies (which affected several union activists); in Lisnave the socialists became the majority party in the WC in 1986. A year later the CGTP finally entered into "social dialogue" after three years of absence. In Setenave, 2,000 workers left between 1980 and 1987, and more than 1,300 did so in 1988. That year the PCP and the Maoists started competing on joint lists, and the Socialists never received more than 30 per cent of the votes.<sup>32</sup>

30 *Expresso*, nr 535, 14, "Pacto Social viabiliza construção do 'S-106'".

31 O trabalhador dos estaleiros navais, Ano I, no. 2, January 1983, "Setenave: o plano do governo ruuiu como um castelo de cartas", 5.

32 Comissão Coordenadora das Comissões de Trabalhadores da Indústria Naval, Grupo Trabalho Informação, *Dossier Imprensa*, January 1983, 66.

## A new era?

In 1988 under a new neo-liberal government a new management team was nominated with the promise of creating a “cultural revolution”. Sectors of the shipyard such as canteens, security, and cleaning were privatised, the kindergarten was closed, and 2,000 workers were threatened with dismissal; at the same time the project of privatisation advanced. Unsurprisingly, the workers demonstrated and were able to partially transform the initial proposal into around 700 “voluntary redundancies”.<sup>33</sup>

Under the provisions of the EEC VII Directive on Shipbuilding, subsidies could be granted only if there were a reduction of shipbuilding capacity. Thereafter, Lisnave co-opted the Mitrena shipyard. It formed a consortium with Soponata (which was in national ownership) and Norwegian Barber International to form Solisnor, which gained control of Mitrena shipyard in 1989. The agreement made by the state with Solisnor established the construction of ships for the national merchant fleet. However, just two years later, Lisnave proposed a plan to merge the two shipyards, including the state’s assumption of Lisnave’s liabilities linked to the current value of its facilities, and the closure of new construction work.<sup>34</sup>

The plan later settled with workers’ organisations stipulated, among other measures, “voluntary redundancies” of 800 workers, and a programme of early retirements at age 55 or more until December 1996. However, the plan had to be approved in two Workers’ General Assemblies, in Lisnave and Setenave. On 15 July 1994 workers in Lisnave agreed to the plan, but it was rejected in Mitrena. Thereafter, the workers’ organisations had hundreds of meetings in Setenave and the plan was finally approved.<sup>35</sup>

In 1996, Lisnave replaced Solisnor in charge of Mitrena shipyard and in the second half of 1997 put in place a restructuring plan that concentrated on ship repair.<sup>36</sup> This focus was confirmed in 2000 when the Lisnave shipyard in Margueira was closed. That flexibility of labour was pursued was indicative of the company’s strategy. With the average age of employees being high, Lisnave instigated a youth training programme. In response to opposition from trade unions, Lisnave formed a new company in 2009 to hire all future

33 Fernandes, “As relações sociais de trabalho na Lisnave”, vol. II, 52.

34 Público, *Lisnave avança com carteira cheia*, 86.

35 The agreement was signed 4 August 1994: *O Pórtico CT Solisnor*, April 95, no. 175, 2.

36 Lisnave Estaleiros Navais SA Management Report and Accounts, 2013. Since the Restructuring Plan of 1997 to the reporting year of 2013, Lisnave has undertaken the repair and/or maintenance of 2,047 ships, from more than fifty countries, resulting in sales of €1.78 bn.

employees, Lisnave Naval Services, LDA.<sup>37</sup> Although Lisnave experienced difficult trading conditions at Mitrena after the world financial crisis of 2008 and the slow recovery of global trade thereafter, at the time of writing, it has positive financial results; and employs about 300 workers on direct contracts and many thousands more in sub-contracting.<sup>38</sup>

## Conclusion

In an authoritarian regime, a revolutionary situation, or a liberal democracy, and in the context of a private or nationalised enterprise, in offensive or defensive claims, the shipbuilding and -repair industry, and Setenave in particular, served as a nerve centre. Throughout, a specific configuration of the balance of power between social classes was built, test-tube solutions for social engineering were created, and it served as a carrier element, flag, and reference point for the movement, behaviour, mood, and action of a significant section of working-class people.

Setenave was also the test bed for a new form of “post-revolutionary” industrial relations institutionalism. The deal to “rescue” Setenave in 1983 was the first piece of the puzzle of social dialogue in Portugal, translated in the signature of the first social pacts, after serious defeats of the labour movement, particularly in the shipbuilding industry, which began to be dismantled in the context of accession to the EEC, the denationalisation of the economy, and the eventual transfer of the industrial and productive sectors into private hands.

We can ask if the result of the Portuguese revolution of 1974-1975 as set out in the 1976 Constitution was perhaps the only true “social pact” throughout the Portuguese twentieth century;<sup>39</sup> and, if the subsequent retreat of labour achievements in the context of assistance from the IMF, the accession to the EEC, or the opening of banks to private capital and the dismantling of the “state business sector” are not the accumulation of the economic, legal, political, and social conditions necessary for the victory of the neo-liberal project in Portugal. The reality of the so-called social pacts was that they were an accumulation of strategic defeats of the labour movement; as such they established a new framework for seemingly permanently precarious labour relations and resulted in the almost total collapse of an industry.

37 *Ibid.*, 26.

38 *Ibid.*, 29, at 31 December 2013, the total direct workforce at Mitrena stood at 294 with an average age of 54.

39 Varela, “Ruptura e pacto social em Portugal”.

