

## 12 Work in the Portuguese shipyards of Lisnave

From the right to work to precariousness of employment<sup>1</sup>

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### Introduction

For nearly three decades, the workers from Lisnave's Lisbon shipyards staged some of the most important social conflicts in Portugal. From 1967 to 1984, Lisnave was the locus of Portugal's highest concentration of workers (at its peak it had 9,000 permanent employees), and a model in the relationships between private economic groups and the state. The history of Lisnave's modern growth mirrors trends in the world market for ships, particularly the growth in size and scale of oil tankers consequent upon the closure of the Suez Canal in 1967, the OPEC oil crises of 1973-1974, the recession thereafter, and subsequent restructuring of the shipbuilding industry by relocation of the bulk of shipbuilding production to East Asian countries.<sup>2</sup>

Lisnave was a model of workers' organisation which had a profound effect on Portuguese society as a whole. In 1974, in one of the major conflicts of the revolution, 7,000 workers marched in the streets of the capital, Lisbon, against the Popular Front government. It was also in these shipyards during the early 1980s that the first company agreement that helped consolidate the social pact in Portugal was signed. However, by the 1990s, the model of restructuring applied in Lisnave saw both a massive replacement of workers who had been on standard terms and conditions of employment (guaranteed working week, agreed wages and conditions, pensions, etc.) with those on more precarious short-term contracts, and increased use of sub-contractors.

1 We would like to thank theoretical physicist Renato Guedes and economist Luís Felipe Pires for help given in the construction of the database and its analysis.

2 For this production shift, see Todd, *Industrial Dislocation*, and Todd, "Going East".

## Lisnave shipyards: the current situation

With an ideal geographical location (Atlantic Ocean, Mediterranean Sea), central to the trade routes between the South and North Atlantic, and favourable weather conditions enabling outdoor work, Lisnave currently operates in Mitrena, Setúbal, on a site of 1,500,000 m<sup>2</sup>. The yard has three large dry docks, two of which are straddled with a 500-ton gantry crane and which are capable of docking the largest ships afloat, and three Panamax-size dry docks. In addition to this, there are nine repair berths and a large marine-engineering facility. In mid-1997 the company implemented a restructuring plan in order to meet future trends in ship repair and conversion, including the construction of the three Panamax-size dry docks. Reconstruction and general upgrading of the yard were completed in late 2000 and a cost-containment policy for human resources was implemented with all activity focused at Mitrena.

As of December 2013 the shareholder structure of Lisnave was as follows: Navivessel Estudos e Projectos Navais, SA, 72.83 per cent; Thyssenkrupp Industrial Solutions AG, 20 per cent; Parpública, SA, 2.97 per cent; other shareholders, 4.20 per cent.<sup>3</sup>

Lisnave's business was severely affected by the crisis in the international economy from 2009 onwards. Nevertheless, in part due to the fall in wage costs the company was able to mitigate the effect of depressed market conditions. Changes to the labour laws of 1 August 2012 allowed for a reduction in compensation for overtime, now established as an extra 25 per cent during the first working hour, 37.5 per cent in the subsequent hours, and 50 per cent on weekends and holidays. Since 2009 the trend of net profits has been downward, but profits increased again in 2013.<sup>4</sup> That year, Lisnave repaired 107 ships, of which 106 were foreign-owned, and 103 were dry-docked, with the repair of tankers and bulk carriers predominating. This is equivalent to a total turnover of about €81 min, a slight increase over the previous year (101 ships).<sup>5</sup> However, it should be noted that, although the number of vessels has increased, there was a smaller amount of work per vessel. Still, in its market area (ships above 30,000 dwt), the company stands out as the fifth-largest in the world and largest in Europe. Since the restructuring of the company in mid-1997, Lisnave has undertaken repairs and/or maintenance of 2,047 ships from more than 50 countries, resulting in sales of €1.78 bn.<sup>6</sup>

3 Lisnave Estaleiros Navais SA Management Report and Accounts 2013, 15.

4 *Ibid.*, Statement of Profit and Loss, 2009–2013, 33.

5 *Ibid.*, 30.

6 *Ibid.*, 12.

With regard to its workforce, Lisnave's main objective, as part of its wide cost-containment policy, is to replace older workers, who have more labour rights, with younger, more precarious workers. The company's strategy in labour relations is clear: to rejuvenate its workforce by the introduction of more flexible working conditions and contracts to ensure its continued survival. However, the company's proposed collective-bargaining agreement has been repeatedly rejected by workforce representatives. Against this background, between 2006 and 2009 Lisnave drew up a youth training programme. This was in part an acknowledgement that the average age of its workforce was high and to bring in a new hiring regime. To this end, with the co-operation of its major shareholder, Navivessel, Lisnave incorporated a new company with objectives similar to its own, which would hire all future employees. The new company, Lisnaveyards - Naval Services, Ltd, operated from February 2009.

Lisnave has recruited most of the young people who successfully passed out of the first training programme organised by Lisnaveyards. Compared to the 2012 personnel indicators, the number of Lisnave employees fell slightly and, as of the end of 2013, the total number of Lisnave directly employed workers stood at 294, the average age increasing to 54,<sup>7</sup> with approximately 2,300 precarious workers. However, it should be noted that in the current situation and with the successive amendments to the labour laws, direct workers' employment is increasingly precarious. Lisnave's activities are divided into two shifts: one from 08:00 to 16:30, and another from 16:00 to 00:00, with the majority of workers in the first shift.

In 2013, for the eighth consecutive year, Lisnave proceeded to return on the capital invested by shareholders of the company, posting a net profit of €6,979,646 mn, of which €6 mn was allotted to shareholder dividend and the remainder to retained earnings.<sup>8</sup>

### From the Rocha Shipyards to Lisnave, 1937-1974

In 1937, the CUF group (Union Production Company), the most influential economic group of the *Estado Novo* ("new state"), chaired by Alfredo da Silva, and protected by the Law of Industrial Conditioning,<sup>9</sup> won the concession

<sup>7</sup> *Ibid.*, 29.

<sup>8</sup> *Ibid.*, 40.

<sup>9</sup> For the development of this subject see, for example, Brandão de Brito, *A industrialização portuguesa no pós-guerra*.

for the naval shipyard of the Port Authority of Lisbon, and founded the Rocha Shipyards on the north bank of the Tagus River. The Law of Industrial Conditioning (1931) limited domestic competition in particular industrial sectors, and required prior authorisation by government if an entrepreneur intended to start a business in the conditioned areas. This measure served, in practice, to protect from competition a sector of the domestic bourgeoisie linked to the government, guaranteeing them a monopoly of certain sectors of the economy. For shipping and shipbuilding, the Tagus River has exceptional locational advantages.<sup>10</sup> Its shipyards and shipping lanes are protected by the largest estuary in Western Europe, with 300-350 km<sup>2</sup> of water (depending on the tides).

When the shipyards were founded in 1937, Portugal was a dictatorship. During the 1930s anarchist influence in the labour movement had declined; communist influence had duly increased and was reorganised in 1940-1941, in line with the VII Congress of the Communist International.<sup>11</sup> Antonio de Oliveira Salazar had come to power as prime minister (effectively dictator) in 1932. Since the *coup d'état* of 1926 against the Republican government, workers' organisations had been suppressed.<sup>12</sup> The insurrectionary general strike of 18 January 1934, with its epicentre in Marinha Grande, a glass-making village in central Portugal, was crushed and brutally repressed – its leaders were the first prisoners in the newly opened Tarrafal's concentration camp, built in the African archipelago of Cape Verde.<sup>13</sup>

The victory of the Nationalist forces in the Spanish Civil War (1936-1939) served to consolidate the authoritarian regime in Portugal. The Rocha Shipyards thrived up to and during the Second World War, becoming the main ship repair yard for the Portuguese fleet. However, in the summer of 1943, against a background of the high price of food and rationing since the beginning of the war, a wave of strikes broke out in Lisbon. Some 50,000 workers took part in closing down dozens of factories on both banks of the Tagus. Demonstrations of workers and their families multiplied in other

10 Saiote and Espírito Santo, "A construção naval no Grupo CUF", 25.

11 Sena Junior, "Frentes Populares".

12 Originally, Salazar's regime was based on an alliance of financial-colonial and agricultural capital. The policies of the *Estado Novo* were designed to reduce class struggle at home and opposition in the colonies. The price of agricultural goods was maintained by the state at a very low level, thus progressively ruining the smaller landowners. Simultaneously, trade unions were replaced by official *sindicatos*. The industrial bourgeoisie also had to toe the line, being obliged to organise on a corporative basis. There was a ban on all public meetings and strikes. No opposition was tolerated in what was effectively a police state.

13 Antunes, "No tempo em que os homens usavam chapéus", 12.

cities. According to João Madeira, state repression was brutal and widespread, and many factories were taken under military control. Against this backdrop, from the *Fundição* and the *Caldeiraria* of the Rocha shipyards, 1,625 workers went on strike, and 851 of them were arrested by the GNR (National Republican Guard).<sup>14</sup> Repression continued throughout the war.

In 1947, the workers of CUF and Parry & Son shipyards went on strike, refusing to repair the ship *Lourenço Marques* which was to carry Portuguese soldiers to Angola. In April, in solidarity, the PCP (Portuguese Communist Party) cell directed the workers in Rocha Shipyards to refuse to repair the same ship. Consequently, management called in PIDE, the Salazar regime's political police, which radicalised the situation, linking it with the Naval Construction's workers ongoing strike on the Tagus docks, with the workers taking shelter in the workshops and roofs of some buildings – a situation that could be resolved only by the departure of the police from the shipyard.<sup>15</sup>

Despite these isolated challenges, Salazar remained firmly in power and retained the support of the military, police, and other organs of state. In this he was substantially aided by the relative prosperity of the bourgeoisie who supported the *Estado Novo*, and by international support in the context of the Cold War. Thereafter, labour disputes in the Rocha Shipyards were relatively scarce for almost fifteen years.

The industrialisation of the Portuguese economy had gradually resulted in a larger concentration of the Portuguese working class on both banks of the Tagus, in Lisbon, and in Setúbal, which reflected changes in the composition of the workforce. The rural labour force had decreased from 44 per cent in 1960, to 28 per cent by 1973, while the industrial workforce had increased from 29 per cent to 36 per cent in the same period.<sup>16</sup> According to Eloy Clemente, the proportion of industrial production in Portuguese gross domestic product increased from 37 per cent in 1960 to 51 per cent in 1973. Moreover, the manufacturing sector tripled its added value, especially in the most dynamic sector, metals, and in construction.<sup>17</sup> In 1970, three-quarters of the active population were employed and over two-thirds of industrial workers (67.4 per cent) were employed in manufacturing units with more than twenty people. Maria de Lourdes Santos *et al.* claim that there was an increase in the working class, between 1950 and 1970, from 768,000 to

14 Madeira, "O arsenal e os movimentos populares e operários".

15 *Ibid.*

16 Clemente, "Problemas y ritmos de la modernización económica peninsular", 203.

17 *Ibid.*, 203–204.

1,020,000, all this in a framework of emigration of manpower to the richer countries of Western Europe (1.5 million people left Portugal between 1950 and 1970).<sup>18</sup> During the 1960s the proportion of women employed increased substantially in industry, agriculture, and services.<sup>19</sup>

## The formation of Lisnave

On 11 September 1961, the Rocha Shipyard company adopted the name Lisnave - Estaleiros Navais de Lisboa; thereafter, it expanded on the south bank of the Tagus. Formed with mainly Portuguese but also with Dutch and Swedish capital, with Manuel de Mello (Alfredo da Silva's grandson) as chairman of the Board of Directors, Lisnave had orders of a military nature from 1963 to 1967, within the framework of the commitments of the Portuguese regime as part of NATO. Nevertheless, the company's output, particularly in ship repair, also gained added importance because of the colonial war, which had begun in 1961, against the peoples of Angola, Mozambique, and Guinea Bissau. However, Lisnave lacked the capacity at this point to build four corvettes for the Portuguese navy. These orders were granted to Bazán-Ferrol, in Galicia, the most important military shipyard in Spain.<sup>20</sup>

Thereafter, Lisnave increasingly specialised in ship repair, focusing less on new construction. The growth in orders and the prospects for development of the ship repair industry led to the construction of a new Lisnave shipyard, this time across the river. On 23 June 1967, the president of the Republic, Américo Tomaz, inaugurated the new shipyards at Margueira, on the south bank of the river, designed for large ships. They were named Lisnave, Shipyards of Lisbon. The opening took place with the entry of the vessel *Índia* into dock No. 11, one of the largest in the world, with a capacity for vessels of 300,000 dwt. On that day, José Manuel de Mello was awarded the Grand Cross of Merit Industrial. Representatives of major oil companies and foreign shipowners attended the inauguration.<sup>21</sup>

The Suez Canal was closed that same year, necessitating the re-routing of crude oil tankers around the Cape of Good Hope and through to the Atlantic Ocean. The closure and its impact led to an exponential growth

18 Santos, Lima, and Ferreira. *O 25 de Abril e as lutas sociais nas empresas*.

19 Barreto and Preto, *Portugal 1960/1995: indicadores sociais*, 17.

20 Alén, "El Ferrol y la Bazán".

21 *Diário de Notícias*, 24 June 1967.

in size of these vessels to reap economies of scale and to a consequent increase in tanker construction.<sup>22</sup> Lisnave was ideally located to service this growing market segment's need for ship repair. In response to this market opportunity, the company attempted to create framing mechanisms and to control its workforce politically. In 1967, the company created an Internal Commission (CIE), through which it was envisaged workers should offer suggestions and contribute, in general, to the company's progress. However, later testimonies and interviews collected show that workers were inherently suspicious of the CIE, which reproduced the failed scheme of vertical unions (corporate) created by the *Estado Novo*. It failed because they were unable to gather enough members from a sceptical workforce.<sup>23</sup> Moreover, workers suspected that the information from this commission would somehow be conveyed to PIDE/DGS, the political police, which quickly proved to be the case when a strike in 1969 broke out.<sup>24</sup>

In an interview, a Lisnave worker recounted that his section had decided to elect a deaf-mute worker as a workers' representative to the CIE,<sup>25</sup> a way of showing their contempt for this structure, which was considered incapable of listening to workers. On 12 and 13 November 1969, there was a strike in the Lisnave shipyards of Margueira (south bank) and Rocha (north bank), in the midst of the economic crisis and the political jolt that swept Europe in the social and political upheavals of 1968 and 1969, with important repercussions in Portugal. Indeed, 1969 was the year with the largest number of recorded strikes since the Second World War;<sup>26</sup> this year would also be instrumental during the revolutionary period. The reasons for this particular strike are still controversial. From the PCP perspective – the only structure with a cohesive organisation, although it was still operating underground – the protest arose over wages which, despite being higher than the national average, were still below the European average. The PCP claimed that its activists had organised the strike but rejected the idea of a walkout that included political claims. The sources analysed by Paulo Oliveira and Paulo Fernandes show, however, that the strike itself had political roots, as three of its claims were the

22 Faria, *Lisnave*.

23 Valente, "O Movimento Operário e Sindical".

24 Faria, *Lisnave*.

25 Interview with Fernando Figueira, Lisnave Margueira worker, Jan. 2009.

26 In 1968, 15 strikes were recorded in Portugal and 100 in 1969. The sectors where strikes happened are metallurgy, manufacturing, and transport. For further development of this theme, see Patriarca, "Greves".

**Table 12.1** Number of workers at Lisnave 1967-1997

Year	Number of workers
1967	4,719
1968	4,552
1969	4,522
1970	4,948
1971	6,703
1972	7,103
1973	7,715
1974	8,200
1975	8,463
1976	9,803 [peak]
1977	9,673
1978	9,593
1979	8,518
1980	8,533
1981	7,996
1982	7,140
1983	6,718
1984	6,582
1985	4,552
1986	4,511
1987	4,164
1988	4,099
1989	3,815
1990	3,712
1991	3,719
1992	3,623
1993	3,472
1994	2,129
1995	1,923
1996	1,768
1997	1,768

Source: Faria, *Lisnave*

end of the colonial war, Portugal's exit from NATO, and opening trade with Eastern Europe.<sup>27</sup> The state's response to the strike was to send in riot police to suppress the workers and prevent them from entering the shipyards; they would later be reinstated at the shipyard's entrance, one by one. The leaders of the strike were dismissed. A few months later, the administration raised the wages of dockyard workers, but the suspicion

27 Oliveira and Fernandes, "A Lisnave no início da década de 70".



created by the repression in 1969 remained, and following the 25th of April 1974 coup – which led to the fall of the dictatorship – a new opportunity awaited the Lisnave workers.

Earlier in 1969, the directors of Lisnave had decided to build dock No. 13, with a capacity to receive vessels up to 1 mn dwt. On construction, it became the largest dry dock in the world. Lisnave had a workforce of 4,719 in 1967 and, at its peak of production, in 1976, 9,803 workers were employed; 21 per cent of the world fleet of tankers above 70,000 dwt used Lisnave at the end of 1969. The number of employees grew, as shown in Table 12.1, until Lisnave became the locus of the largest concentration of workers in Portugal.

### Mitrena shipyard

A new site opened in 1973, at Mitrena in Setúbal – Estaleiros Navais de Setúbal Setenave – initially geared for shipbuilding, with the state as the major shareholder. Other shareholders were CUF, Lisnave, Banco de Fomento, and the CGD bank. However, a military *coup d'état* carried out by the Armed Forces Movement (MFA) on 25 April 1974 ended the *Estado Novo*, the longest dictatorship in Europe. The new regime pushed through a rapid programme of decolonisation. Over the next few years, Guinea-Bissau, Mozambique, the Cape Verde Islands, São Tomé and Príncipe, and Angola all became independent.

Immediately, and in defiance of a radio appeal broadcast by the military asking people to stay at home, thousands of people left their homes, shouting: “Death to fascism”. The prison doors of Caxias and Peniche opened up in order to set free all political prisoners; PIDE was dismantled, the headquarters of the regime’s newspaper *A Época* was attacked, and censorship was abolished. In the aftermath of the coup, between May and June 1974, more than 2 million workers, nearly half the working population of the country, participated in strikes, occupations of companies, and demonstrations. Lisnave workers organised to demand better working conditions, above all, an increase in “sanitation” of the former regime’s supporters.<sup>28</sup> In an administration accused of repressing the 1969 strike, one figure in particular, the deputy manager Perestrello, an engineer, was accused by

28 “Sanitation” was a term that was born in popular slang at the beginning of the revolution, to describe the processes of stripping those directors linked to the *Estado Novo* – as well as entrepreneurs and employers of occupied businesses – of positions of political responsibility.

workers of having released a list of twenty-four names of strikers in 1969 to the political police.<sup>29</sup>

The first strike at Lisnave took place in May 1974. Workers demanded a minimum wage of 7,000 escudos with production bonuses and a 40-hour working week with Saturdays off, vacation entitlement of 6 weeks, retirement at age 55, full and free medication, extra sickness benefits, and the right to assembly within the company and during working hours. In addition, a profit-sharing scheme was mooted (the government approved a minimum wage of less than half of that proposed, but was unable to impose this on the metalworkers' union). The workers' demand ended with an allusion to the 1969 strike. Lisnave workers demanded the "immediate readmission of all comrades fired during the last strike, [who would be] entitled to all social benefits from the moment of [their] redundancies".<sup>30</sup>

By the summer of 1974, the company administration attempted to compromise on some of the workers' demands (sick pay, thirteenth month's pay, and holidays, making a counterproposal with salary increases)<sup>31</sup> but refused to sack Deputy Manager Engineer Perestrello. Tension was heightened in Lisnave following a peak of nationwide strikes, which occurred in the final days of August 1974 and September 1974. On 7 September, a plenary meeting in Lisnave with 2,000 workers attending ratified the decision to convene a demonstration that led the steelworkers of Lisnave to the centre of Lisbon, to the Ministry of Labour in Praça de Londres. On 11 September, the government, through the Ministry of Internal Affairs, banned the demonstration that same day, fearing that demonstrations and strikes would spread to other companies. By the morning of 12 September, a MFA delegation was sent out to convince the workers to postpone the demonstration to a Saturday. In vain, as Fátima Patriarca recalls, workers had evolved from a dialogue position to a position of strength where the claims were not to be argued: the demonstration would take place and it would be an act of force against the establishment. The workers gathered inside the shipyard, and ratified the demonstration on the 12th, with only twenty-five votes against:

At 5:20 pm we set off in demonstration and in the middle of the yard we encountered a Rifle Corps and three chaimites [armoured vehicles] blocking the way. We stopped there and started yelling: "Soldiers are sons

29 "Lisnave", in Santos, Lima, and Ferreira, *O 25 de Abril e as lutas sociais nas empresas*, vol. II, 45-46.

30 *Ibid.*

31 *Ibid.*, 55-58.

of the people" [...] at that time soldiers began to cry and the Commander, after this, ordered an open passage.<sup>32</sup>

With the passage open, a six-hour demonstration followed – one of the most famous in Portuguese history – including marching along the main avenues of Lisbon, a stop for a minute's silence in solidarity with Chile, and a stop at the Ministry of Labour. The workers' communication, distributed to the population, is an example of the democratic struggle transforming into a socialist one, as Patriarca stated: "The fight for sanitation surpasses its anti-fascist character and is now also being set in anti-capitalist terms."<sup>33</sup> Below are some excerpts from the communication that Lisnave workers distributed to the population during the demonstration:

We remind you of all the announcements from the Administration, an outrageous provocation to the workers' dignity, disguised as "Justice", "Understanding", "Economic Chaos", "National Economy" [...] When there is initiative and organised struggle of the oppressed classes, reaction recoils [...] We are not with the Government when it promulgates anti-worker laws, restricting the workers' struggle against capitalist exploitation. We will actively fight the Strike Law because it is a deep blow to the workers' liberties.

We reject the right that employers have to drag thousands of workers into poverty because the lock-out is against the workers and protects capitalists.<sup>34</sup>

Lisnave workers maintained a position of strength, achieving virtually all claims – placing them, in terms of wage and working conditions, above the national average, with the government anxious to prevent the spread of conflict. It is significant that the welfare costs of the company, in millions of escudos, rose from PTE \$910,400 in 1973 to PTE \$1,518,700 in 1975 to PTE \$2,109,500 in 1976,<sup>35</sup> which represented not only an absolute increase in the number of employees but also an extension of the net social wage. During the revolution of 1974 and 1975 there was an overall increase of 18 per cent of payroll on income from wealth in Portugal,<sup>36</sup> and a large

32 Patriarca, "Operários portugueses na revolução", 722.

33 *Ibid.*, 709.

34 "Dos operários da Lisnave à população", Lisnave workers communiqué, 11 September 1974, in Santos, *O 25 de Abril e as lutas sociais nas empresas*, 110–112.

35 Oliveira and Fernandes, "A Lisnave no início da década de 70", 255.

36 During the 1974–1975 revolution, there was a general wage increase due to strikes and other protests. See Varela, "A eugeniização da força de trabalho".

number of workers who had previously been in a precarious situation were hired by the company.<sup>37</sup>

### **Lisnave: the 1981-1984 crises and the social pact**

We proposed, as an explanatory hypothesis in another work,<sup>38</sup> that the social pact born in Portugal in the revolutionary period of 1974-1975 and enshrined in the 1976 Constitution – which consolidated a large welfare state with the right to work and wages that rose above the minimum needed to maintain the biological reproduction of the labour force – remained in force because of the intense political bickering inherited from the revolution. There were ten governments in ten years, between 1976 and 1985, which gave rise to difficulties in governing and stabilising the political situation in order to ensure production under the capitalist system, although there were fewer difficulties than in 1974-1975.

There was, however, a major change in the midst of the economic crisis of 1981-1984 and, by a combination of factors the result of this crisis was not victory for the workers, as in 1974-1975, but defeat. A reconfiguration of the Portuguese workforce emerged from this crisis, and in this the shipyards of Lisnave played a central role.

Accordingly, a conflict developed within the company, which would last for years, the most critical period being from 1982 to 1986; the end result was the restructuring of the company from 1992 to 1996. This was a conflict that from the workers' side had defensive characteristics, and they primarily aimed at the conservation of employment. Marinús Pires de Lima states that:

The strategies of social management of manpower in Lisnave seek to respond to the specific conditions of the economic crisis: about 2,700 early retirements, attempts to suspend employment contracts, proposals for more than 2,000 voluntary terminations of contract, and the collective dismissal of close to 600 workers.<sup>39</sup>

The hardest blow to these workers was a policy of wage arrears that the administration used to demoralise workers. Fernando Figueira, a Lisnave worker at this point, told the authors “that there were families who sent

37 Oliveira and Fernandes, “A Lisnave no início da década de 70”, 256.

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

39 Lima, “Transformações das relações de trabalho e ação operária nas indústrias navais”, 541.

children to their grandparents because they no longer had means to sustain the education and even the survival of the children".<sup>40</sup>

Workers responded differently to the fierce labour dispute unfolding in this period within Lisnave, opposing the trend driven by the UDP (Maoist) faction, which proposed direct action and a permanent model of discussion and action among workers; and a trend led by CGTP, close to the PCP, which advocated the control of discussion and information to conduct negotiations with management. In the end, a trend led by UGT (Social Democrat) gradually gained ground, according to Pires de Lima, because workers saw greater proximity to power with this trend and, conversely, because the actual militancy of workers tended to decrease during this period, following a general decline of workers' mobilisation in the post-revolutionary period. Despite this, however, Lisnave workers were protagonists of radical struggle, including measures such as the kidnapping and detention, for several days, of directors and administrators in the shipyard (September and October of 1982), a blockade of ships, and measures that led to a police occupation of the site in 1983. Although kidnapping is a criminal act under Portuguese law, no criminal sanctions followed for those who carried it out.

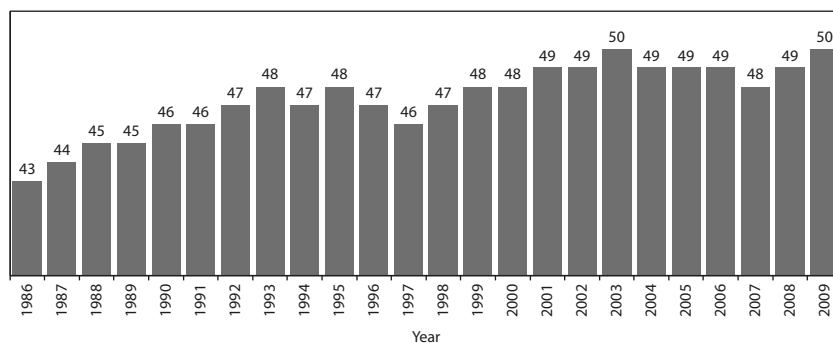
Thereafter, the workers' response to the administration's anti-crisis measures tended to subside. In this context, surprisingly, given Lisnave's previous history of radicalism, the UGT won a majority at the workers' council in 1986. Far from having guaranteed Lisnave's viability, however, the restructuring and finally the near-disappearance of the company were seemingly irreversible from this date.<sup>41</sup>

The single enterprise agreement, which provided for a social peace clause, was signed in 1986 after negotiations with the UGT workers' council. In exchange for the administration's regulation of their wages in arrears, "social contracts" were also signed, in which workers undertook not to strike and to renounce holidays in exchange for the promise of work constructing a supertanker, which in the end turned out to be cancelled. There were 700 voluntary terminations with prompt compensation by the company administration immediately after the agreement.

This was the first substantial political union defeat at Lisnave and one that led to the widespread casualisation of the workforce. Once stabilised,

40 Interview with Fernando Figueira, a worker from Lisnave Margueira, January 2009.

41 UDP: União Democrática Popular (a Maoist organisation); CGTP: Confederação Geral dos Trabalhadores Portugueses (the main union confederation, strongly linked with the Communist Party); UGC: União Geral dos Trabalhadores (the second-largest union confederation, connected with the liberal and social democratic sectors).

**Figure 12.1 Average age level (calculation) by year, 1986-2008**

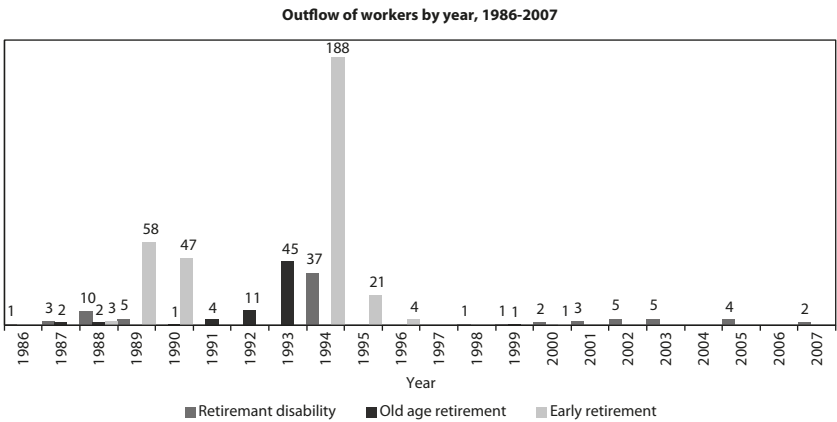
Source: Balanço Social da Lisnave

the company's restructuring programme was then set in motion between 1992 and 1995. It was carried out by ensuring ample rights to those who remained in the company, as well as 100 per cent of salary for the next ten years to those who agreed to leave, plus compensation – guaranteed to about 5,000 workers. This model – using the Workers' Fund to undermine these same workers – applied to all sectors of the Portuguese working class from 1990 and 2013. Unions were strong enough to ensure that their full-time members complied with these generous terms in their entirety, but accepted, in exchange, the casualisation and sub-contracting of new workers – which, in the medium term, eroded the reforms because the precarious position of casualised workers meant that employers failed to deduct as much for social security, which eventually decapitalises a social allocation system. From 1997 (see Figure 12.10) the number of permanent workers decreased while sub-contracting increased exponentially. Today, there are some 2,300 employees working at Lisnave, of whom 2,000 are temporary and therefore in precarious employment.

The early retirement and sub-contracting policy increased the average age of workers from 43 in 1986 to 50 by 2007 (Figure 12.1). Permanent workers opting for early retirement stands out as a prime factor in the increasing casualisation of the Lisnave workforce (Figure 12.2). There are two less pronounced peaks in 1989 and 1990 and a large peak in 1994 when 188 workers went to early retirement – in addition to the hundreds of voluntary terminations – which together caused an overload to the social security fund.

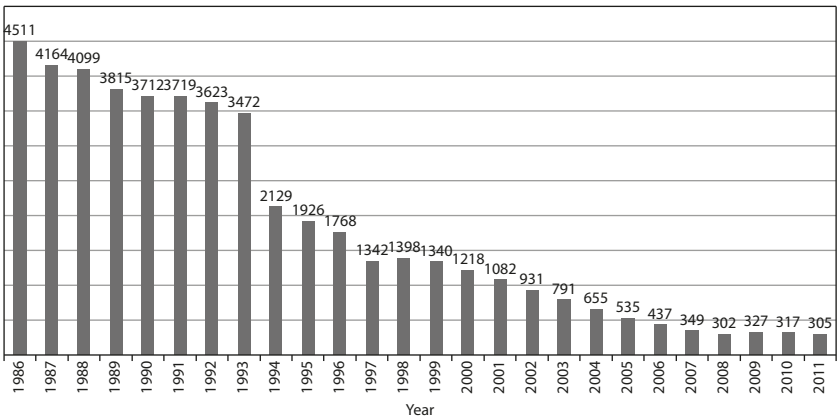
In Figure 12.3, it can be seen that the average number of workers per year dropped by 53 per cent from 1986 to 1994, and from there dropped by 86 per cent by 2008.

**Figure 12.2 Outflow of workers by year, 1986-2007 (retirement because of disability, old age, or early retirement)**



Source: Balanço Social da Lisnave

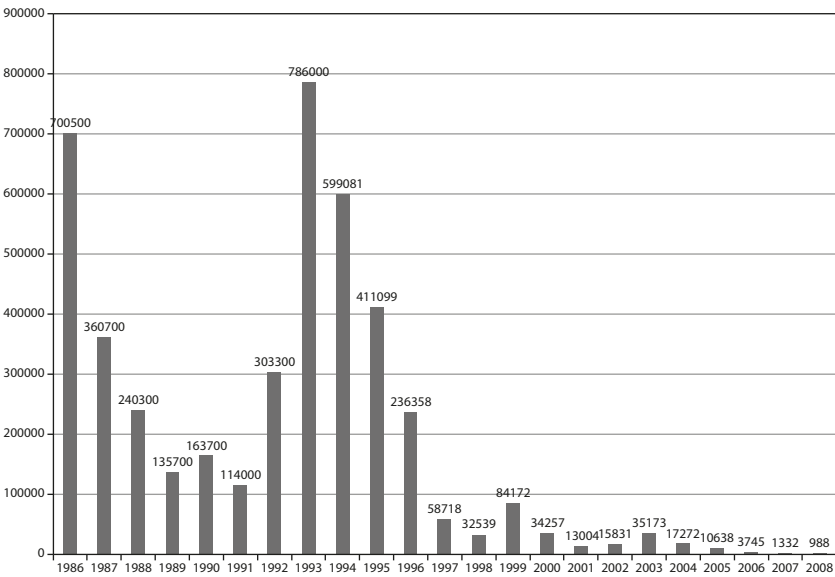
**Figure 12.3 Average number of workers by year, 1986-2008**



Source: Balanço Social da Lisnave

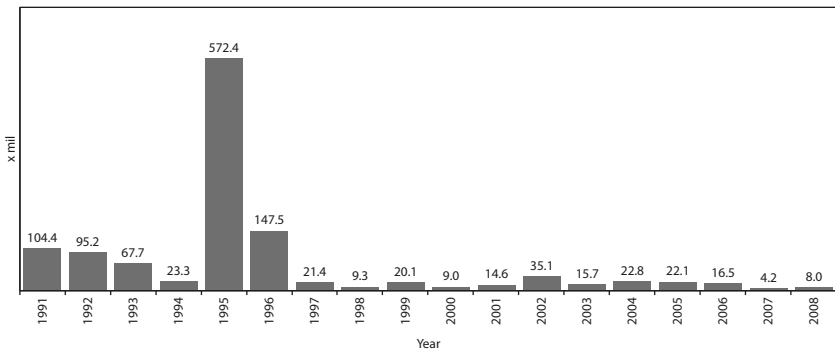
One of the impacts of job precariousness was a decrease in non-worked hours motivated by internal unemployment. Until 1997, the year of the last restructuring, when there were no orders, this risk was assumed or covert by the social security system under vocational training programmes (see Figure 12.5); or directly by the company in so-called internal unemployment (Figure 12.4). We perceive two peaks in the mid-1980s and early 1990s which relate to the two periods of restructuring. Later there would be a sharp

**Figure 12.4 Man-hours not worked due to internal unemployment, 1986-2008**



Source: Balanço Social da Lisnave

**Figure 12.5 Hours not worked on production (vocational training), 1991-2008**



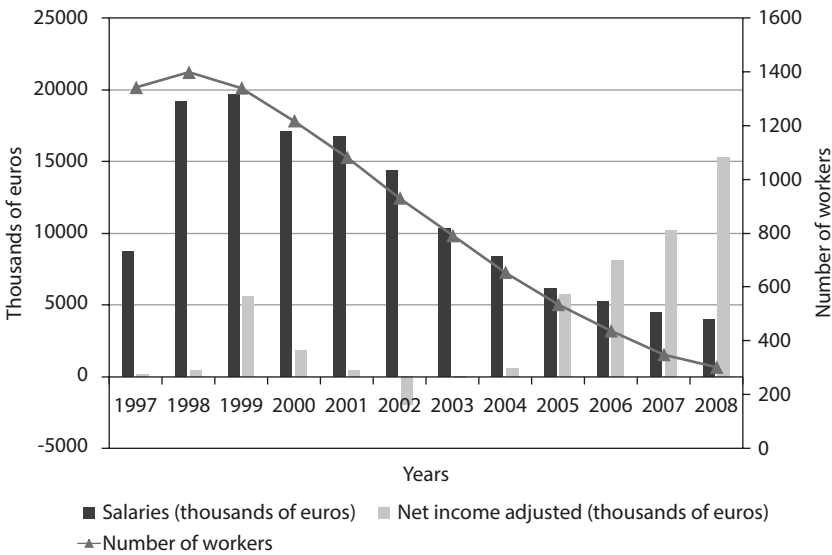
Source: Balanço Social da Lisnave

decline, which means that the company – not decreasing production – outsourced costs.

In Figure 12.5 there is a decrease in the number of man-hours not worked for vocational training in 1991, 1992, 1993, and 1994. In 1995, however, at the point of the company’s restructuring, there is a peak of 572,355 hours – corresponding to an externalisation of costs with workers provided for

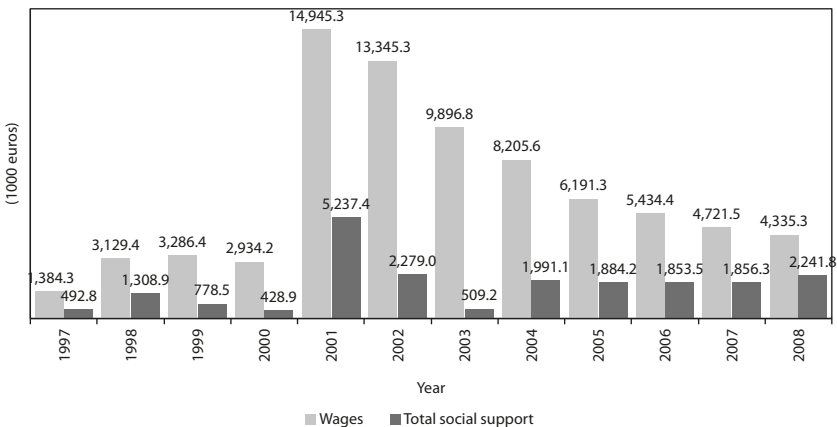


**Figure 12.6 Profits, salaries and number of workers, 1997-2008**



Source: Balanço Social da Lisnave

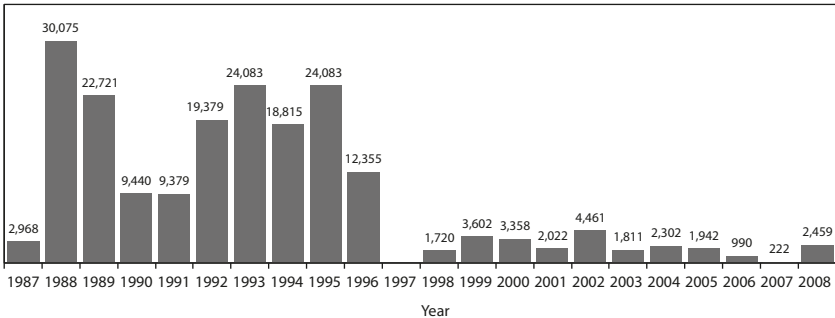
**Figure 12.7 Wages and total social support, 1997-2008**



Source: Balanço Social da Lisnave

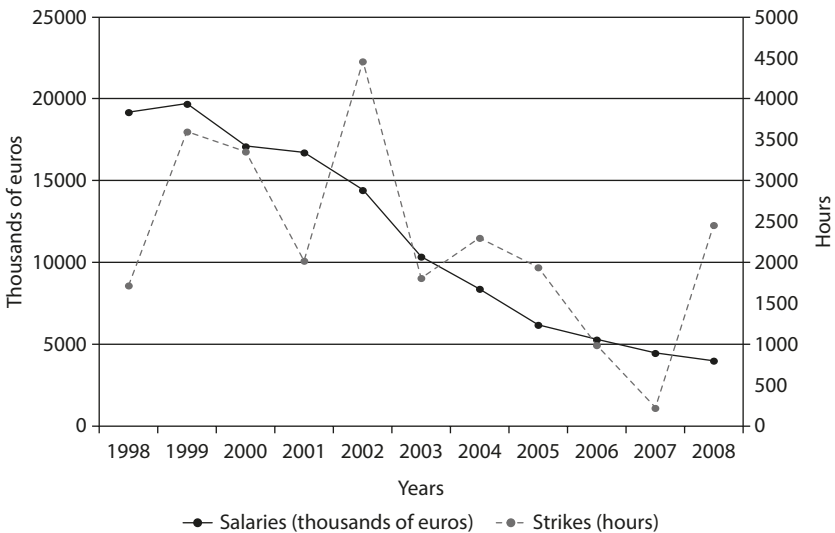
by the social security fund, which mainly funded vocational training, and the European Social Fund. From the moment that the company was restructured, however, the number of hours remains relatively constant,

Figure 12.8 Man-hours not worked per strike, 1987-2008



Source: Balanço Social da Lisnave

Figure 12.9 Salaries and strikes, 1997-2008

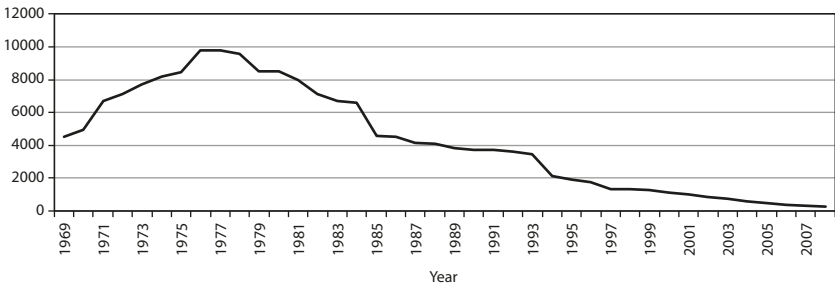


Source: Balanço Social da Lisnave

with a slight increase in 2002, caused by a cyclical crisis that had an impact on the number of orders in Lisnave.

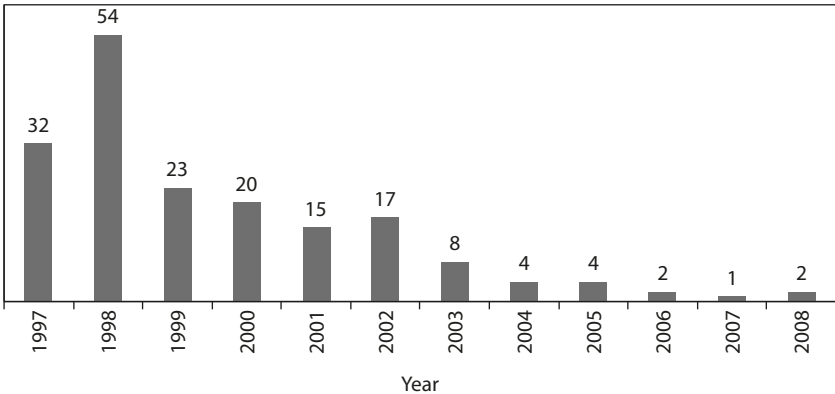
Casualisation and labour flexibility have resulted in wages falling (see Figures 12.6 and 12.7). With regard to wages (euros in constant 2005 deflated prices), we note that there was an increase until 1999. From that point onwards, there is a steady fall that corresponds with the international economic crisis in 2008. Profits, however, reach two peaks: one in

**Figure 12.10** Total number of permanent workers, 1969-2007



Source: Balanço Social da Lisnave

**Figure 12.11** Fixed-term contracts, 1997-2008



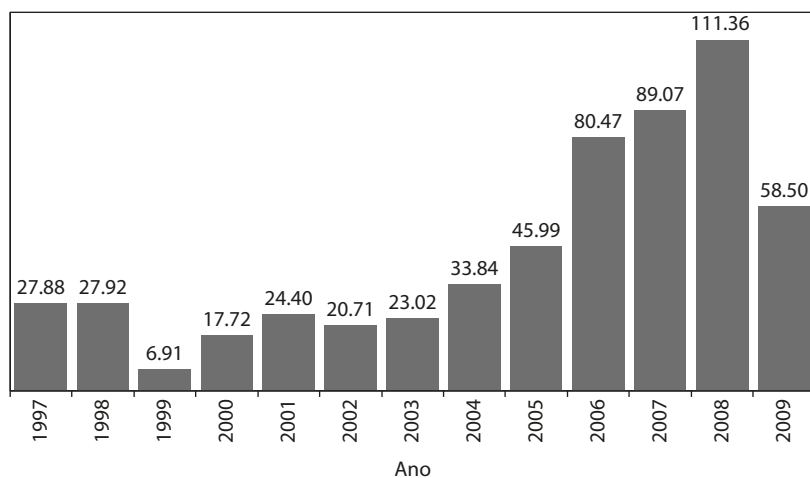
Source: Balanço Social da Lisnave

1999 and another in 2008. From 1999 to 2004 there is a decline in profits, but then there is a recovery until 2008. The increased use of flexibility of labour in the shipyards is accompanied by increased profits and decreased payrolls.

We can observe a similar pattern in Figure 12.7 regarding direct wages and salary in the form of the company's social support. There is a peak between 2001 and 2002, and from there both wages and social support drop to 2008, but remain above the period 1997-2008.

There seems to be, in this case, a correlation but not necessarily a cause-and-effect relationship between the reduction in the number of strikes and reductions in wages (see Figures 12.8 and 12.9).

There is also a clear increase in strikes in the two periods of restructuring of the company in late 1980 and in the first half of the 1990s. In 1997 – the

**Figure 12.12 Hourly productivity, 1997-2008**

Source: Balanço Social da Lisnave

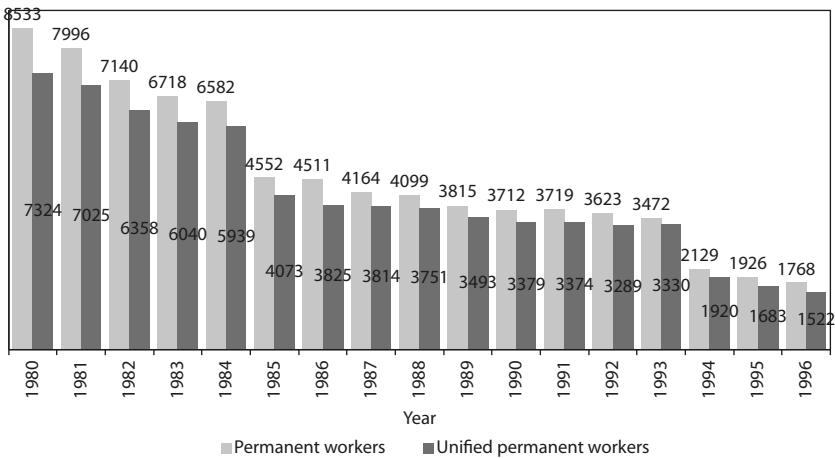
beginning of operation of the new company with precarious workers – there is a significant decrease in the number of strikes: i.e., labour flexibility has not been accompanied by strike action by workers. We can also add that there is a relationship between the number of hours of strike and wage developments. We conclude that the number of strikes influences wages but it is not solely due to the existence, or not, of precariousness. Precarious workers could and did go on strike, as they did before 25 April 1974 and during the dictatorial regime, but from 1997 onwards the number of man-hours lost to strikes declined dramatically.

Lisnave is, to this day, the fifth-largest ship repair yard in the world, and its workers perform three types of jobs: the cleaning of tank vessels that come from Asia and unload in the ports of Rotterdam, Antwerp, and others in Northern Europe), damage repairs on or periodic inspections of vessels, and major repairs or conversions. Its continued operation is primarily due to two factors: geographic location, and low wages and poor conditions of employment.

By analysing Lisnave's number of permanent workers (Figure 12.10) we clearly observe two phases: a phase before the 25 April 1974 revolution, and another after it. As a result of the intense workers' struggle, there is a large increase in permanent workers from 1969 to its peak in 1976. After that we see a sharp and constant decline in total numbers employed.

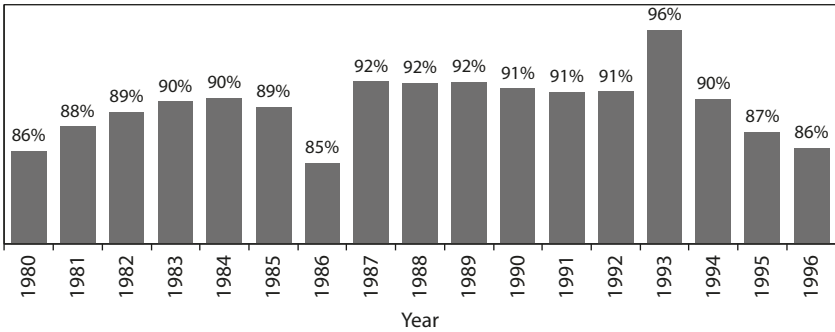
In 2007, the total number of workers with a permanent contract, 300 (Figure 12.10), sharply contrasts to the figure of almost 10,000 in the mid-1970s. On the

**Figure 12.13 Permanent workers and unionised permanent workers, 1980-1996**



Source: Balanço Social da Lisnave

**Figure 12.14 Percentage of unionised workers, 1980-1996**



Source: Balanço Social da Lisnave

other hand, fixed-term contracts (Figure 12.11) peaked in 1998, registered a sharp decline in 1999, and a subsequent decline with only two slight increases in 2002 and 2008, coinciding with the productive periods immediately prior to the period of cyclical deflationary economic crises. The number of permanent workers with ties to Lisnave has increasingly been reduced. However, as already noted, there is a fairly large number of sub-contracted workers in undertakings outside Lisnave, or who, although a part of Lisnave, are not from the parent company. There were about 2,000 sub-contracted workers in 2012.

Fewer workers and fewer fixed-term contracts does not mean that workers were less productive (Figure 12.12). After stagnation in 1997 and 1998,

and a drastic decline in 1999, we see an increase in productivity to 2002 and a marked increase from 2004 (when the level increases above that of 1997-1998) to 2008. Figure 12.12 was constructed by dividing the gross value added in 2005 prices by the number of hours worked. This is explained not by greater productive efficiency or technological development – nothing has changed during this time at a technological level and at the level of productive rationalisation – but by an increase in productivity that occurs simultaneously with a drastic reduction in the unit cost of labour (CUT).<sup>42</sup>

There is a direct relationship between the reduction in the absolute number of workers in the company and the number of unionised workers (Figures 12.13 and 12.14). Moreover, this process has resulted in a reduction in the number of unionised workers. We have argued that these facts are not the cause but the consequence of precariousness, because those who signed voluntary termination and pre-retirement agreements were the unions themselves when they still had some strength – in 1997 – resulting in almost 5,000 workers retiring at 55 and receiving full pay plus compensation.

## Conclusions

This study of Lisnave workers is a contribution to further research in this sector of the Portuguese working class connected to heavy industry, influenced over the years by different political groups, often in conflict with each other (Maoist, communist, socialist) and marked by distinct forms of labour organisation (vertically integrated unions, industry trade unions independent of the state, workers' committees).

Lisnave served as a model of organisation of the workers with a knock-on effect for the whole of Portuguese society – either when their workers led struggles against the dictatorship until 1974 and then by “people power” in the revolutionary years of 1974-1975, or when they negotiated the social pact in the 1980s. It is precisely because the process of heavy industrialisation in Portugal took place in the early 1960s that the first Lisnave workers were young men; this remained roughly the same between 1960 and 1990, which adds possibilities for research, to the extent that we can study the evolution of a set of workers from these shipyards which remains relatively unchanged, in very different political, economic, and social times.

42 Relatório do Orçamento de Estado 2013, “The State Budget Report 2013”, <http://www.dgo.pt/Paginas/default.aspx>.

In this chapter we have sought to historicise this process of organisation and struggle of the workers of Lisnave who staged some of the most important victories and simultaneously suffered some of the most significant defeats of the Portuguese labour movement of recent decades. Among the main conclusions we point out that the volume of accumulated capital from 1974-1975 was partially allocated – from the time of the 1981-1984 crisis – to fund and regulate labour market flexibility, using unemployment and precariousness subsidised by the social security funds (social security was simultaneously used to finance various types of capital) against the workers.

The state has played a central role in this historical reconfiguration of the labour market in Portugal. Increasingly interventionist, the state had taken a central role in reversing the trend of decline in profit rate by transferring the social wage – the wage necessary for the maintenance and training of the workforce – to fund to profit/income or interest. The state is managing and executing policies of labour flexibility and welfare programmes that mitigate social instability resulting from labour unrest, with the decapitalisation of Social Security as a counterpart.

We have argued that five conditions had to be met in order for this process to happen:

- 1 Defeat of the most important sector of the organised labour movement setting an example for all other sectors of the working classes and middle classes – three years of wage arrears in Lisnave led to the defeat of the workers who signed the first firm commitment ever made in Portugal in those terms (of “social peace”); this had a symbolic effect of constraining other sectors, similar to what happened with the defeat of the miners during the government of Margaret Thatcher in Britain, of air traffic controllers in the USA, Fiat workers in Turin, and, later, oil workers in Brazil, as Alan Stoleroff<sup>43</sup> and Bo Stråth,<sup>44</sup> among others, have noted.
- 2 Close linkage between a strongly supported trade unionism in negotiation and not in confrontation – although the trade union can be more or less compliant, depending if the major player is UGT or CGTP – and, with the strong links that this unionism has to the democratic regime, and co-operation with the state, seen not as an opponent, but as an umpire for which proposals were targeted, rather than for businesses,

43 Stoleroff, “All’s Fair in Love and (Class) War”.

44 Stråth, *La política de desindustrialización*.

as was characteristic of the period of the revolution.<sup>45</sup> The main unions of that time, accepting the need to emerge from the crisis while keeping the same model of capitalist accumulation, also agreed that the way out of the crisis would be to grant massive direct aid to companies, on the one hand, and on the other, by indirect aid through transfer to the state of part of the costs of the workforce (by early retirement or exemptions from social security contributions).

- 3 Improvement of living standards and consumption levels of the middle and working classes. This improvement came about and was actually perceived, although we consider that it is not due to real wage increases but, among other factors, increasing low-interest credit for house purchases (which today is extremely difficult and restrains wages, which have fallen precipitously).
- 4 Changes in the international geo-political arena, following the fall of the Berlin Wall and the end of the USSR. We believe it is not the end of the USSR that determined the erosion of social rights – an argument often made – because this erosion has occurred via union negotiations. This argument is accurate to the extent that the end of the USSR was met with hopelessness by those (especially in countries such as Portugal where there were strong communist parties) who believed that “somewhere in the East” there was a more egalitarian society.<sup>46</sup>
- 5 The use of the social security fund to manage precariousness and unemployment, thus creating social protection, following the guidelines of the World Bank, preventing social disruption as a result of extreme poverty, inequality, or social regression. Such use was negotiated on a case-by-case basis and in most cases was accepted by the unions in the form of early retirement and compensation. In exchange, either the rights acquired are maintained for those who already were entitled to them, or new workers are not hired, or those who do get hired are in a precarious situation, which implies a substantial reduction in social security contributions. What occurs is a close link between management of the workforce, social security funds, and the increasing establishment of welfare measures to mitigate the effects of social conflict arising from a situation of unemployment stated as being cyclical yet growing (unemployment benefits, support for layoffs,

45 Lima, “Transformações das relações de trabalho e ação operária nas indústrias navais”, 541; Stoleroff, “Sindicalismo e relações industriais em Portugal”, 160.

46 See the interview with Valério Arcary, “Os limites da estabilidade social”.



vocational training, welfare, social insertion income, unemployment social allowance, partial unemployment allowance).

From a business perspective, however, the story of Lisnave is largely one of missed opportunity. It was a small and relatively insignificant shipyard until the late 1960s when, with the aid of the Dutch RSV Group and Swedish shipbuilders Kockums and Eriksberg, the firm was transformed and a new yard built on the south side of the Tagus at Margueira in 1967 and another at Mitrena in 1973. The economic and political disarray arising from the 1974 revolution, in tandem with the imposition of labour laws banning reductions in the workforce, had a deleterious effect on the yard's international competitiveness in new construction. This position was made worse by the shipping recession after the OPEC price hike shocks of 1973-1974, strikes, and the consequent drop in demand for ship repair and conversion work. By the mid- to late 1980s the yard performed better in the ship repair sector, aided by currency devaluation and an overhaul of labour practices. Today, only the Mitrena yard at Setúbal remains, with six dry docks and nine ship repair berths dedicated to ship repair and conversion. The yard is evidently a going concern whose management have attempted to shift the industrial relations paradigm wholly in its favour by vastly reducing its direct workforce and in the main embracing precarious employment as a means to remain internationally competitive in a largely unpredictable market for its services. The company clearly sees a continuing transition to more flexible labour contracts as the basis for its future prosperity.

