



The Political Economy of the Carnation Revolution (1974–75) A World-Systems Analysis

Ricardo Noronha

Instituto de História Contemporânea, NOVA FCSH

ricardonoronha@fcs.unl.pt

Abstract

Following the military coup of April 25th, 1974, Portugal experienced a revolutionary period characterized by unprecedented levels of labor unrest and political radicalization. As the social landscape suffered a profound transformation, key-sectors of the economy were nationalized, many firms went into self-management, and large areas of the south were swept by land occupation. When the country's democratic Constitution was brought to vote on April 2, 1976, it contained numerous references to "socialism," "self-management," "planning," and "agrarian reform," bearing witness to a widespread commitment to build a "classless society." What eventually took shape, however, was a mixed economy under a parliamentary regime, very similar to that of countries like Greece and Spain, both of which experienced far less dramatic democratic transitions. Drawing on the writings of Immanuel Wallerstein, Giovanni Arrighi, and Boaventura de Sousa Santos, this article analyzes the plans and strategies devised to ensure a socialist transition in the semiperiphery of the capitalist world-system during the 1970s.

Keywords: Socialism, World-System, Semi-Periphery, Carnation Revolution, Political Economy



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The “long 1970s” were a pivotal moment in the history of the twentieth century, a short but intense period of crisis and restructuring, during which the post-war consensus built around Keynesianism and the mixed economy started to falter amidst growing inflation and unemployment. With the benefit of hindsight, we can single out the wage explosion of 1968–1973, the end of the Bretton Woods agreement, and the first Oil Shock of 1973 as markers of a major historical turning point that paved the way for the neoliberal turn and the collapse of “actually existing socialism” in Central and Eastern Europe. For those who lived during that time, however, the period was one of indeterminacy, as the horizon of expectation of numerous political and social actors in Western Europe contemplated the prospect of a shift to the Left (Andry 2022). Moreover, several countries from the global South produced a set of proposals, channeled through the United Nations Conference on Trade and Development, that called for a “new international economic order;” inspiring Nobel prize winners Jan Tinbergen (1977) and Wassily Leontief (1976) to conceive ambitious projects for re-shaping the world-economy. As pointed out in recent works, “up until the end of the 1970s, and even into the first years of the 1980s, other paths were still open” (Garavini 2012: 4). It therefore seems sensible to reconsider the shape and direction of the “lost futures” (Roberts and Westad 2017) that have failed to materialize during that period, the several roads not taken during the long 1970s (Andry 2022); if only to better understand the adversaries against which the neoliberal agenda emerged triumphantly.

This article looks at a specific moment in that historical conjuncture, drawing on insights offered by world-systems analysis to explore the conditions of possibility for a “socialist transition” in Portugal during the 1970s. After the toppling of the dictatorship of *Estado Novo*, on April 25th, 1974, an eighteen-month period, commonly referred to as the “Carnation Revolution,” drastically changed the socio-economic landscape of Portugal, shaping its democratic transition. The article will look at these transformations from the viewpoint of the country’s position within the international division of labor and its profile of productive specialization. By exploring the projects conceived for a socialist transition in Southern Europe, the article also engages with a broader historical debate concerning both the opportunities and the obstacles faced by semi-peripheral social formations during the crisis and restructuring of the long 1970s.

The rest of the article is divided into five sections. The second section addresses the initial scope of world-systems analysis as defined by Immanuel Wallerstein, focusing specifically on the articulation between two key-concepts: “semi-periphery” and “antisystemic movements.” The third section deals with the ways in which this theoretical framework was used to address the trajectory of Southern European countries during the long 1970s. The fourth section analyses Portugal’s late industrialization after the Second World War. The fifth section covers the main transformations brought about by the Revolution at the level of political economy, along with the plans conceived to ensure a socialist transition. The sixth and final section concludes the article, offering new elements for debate within the field of world-systems analysis.

Socialism in the Semi-Periphery of the Capitalist World-System: Theoretical Debates and Political Strategy in the Long 1970s

The birth of world-systems analysis can be traced back to 1974, when Immanuel Wallerstein first argued that the functioning of the capitalist mode of production relied on a single international division of labor comprising a core, a semi-periphery, and a periphery, each with its specific function and patterns of productive specialization (Wallerstein 1974a, 1974b). As a conceptual apparatus, it stemmed from previous discussions within the field of dependency theory (Frank 1967, 1969), while also drawing inspiration from the work of Fernand Braudel (1984). On the one hand, drawing on a widespread dissatisfaction regarding modernization theory—namely the linear stages of growth model championed by Walt Rostow (1960) but also some versions of Marxism that were popular in Latin America at the time (Laclau 1971)—world-systems analysis allowed militant intellectuals to move beyond the framework of the nation-state and contemplate the world-economy as the decisive unit of analysis to understand the history of capitalism since the sixteenth century (or even sooner, according to Giovanni Arrighi [1994]). On the other hand, through its emphasis on the *longue durée*, world-systems analysis offered a comprehensive and transdisciplinary theoretical toolbox well suited to interpret patterns of growth and change within and across different social formations.

It is not always taken into consideration, however, the extent to which this theoretical effort resulted from specific political concerns, namely the strategic possibilities that laid open in a period in which U.S. world hegemony appeared to be coming to an end (Wallerstein, 1976). When we read the articles he published at the time, it becomes immediately clear that Wallerstein was trying to capture the basic features and predictable outcomes of the crisis of the world-economy in the 1970s. It is therefore important to revisit some of the ideas and hypotheses that permeated the field of world-systems analysis in the 1970s and early 1980s, bearing in mind their initial political thrust, namely the aspiration of replacing a capitalist world-system for a socialist world-government.

Wallerstein's initial main argument was that it made no sense to define certain areas of the world-economy, such as Latin America or Eastern Europe as either feudal or socialist, inasmuch as there was only one world-system, which was capitalist in nature. This meant that any nation-state was exposed to the constraints of the world market and forced to negotiate its position within the existing international division of labor (Wallerstein 1974b). At the same time, Wallerstein acknowledged that this international division of labor did not remain unaltered throughout the course of time, as specific groups (or classes) could “distort” the world market in order to reap greater benefits, namely by exerting influence or gaining control over the state machinery of specific countries. “Mercantilism,” in particular, could be used as “tool for Semi-peripheral countries to become core countries” (Wallerstein, 1974b: 409); namely by conducting successful industrializing pushes, as early modern England, or nineteenth century Germany and the United States of America had done. On the contrary, “backward” areas in Latin America or Eastern Europe that had traditionally been analyzed through the prism of feudalism should simply be seen as having acquired a peripheral role within the modern capitalist world-system, specializing in the

production of raw goods as the power of their state machinery declined, thereby engaging in a trajectory that local ruling classes could accommodate to and even profit from.

This had very precise implications for analyzing the meaning and reach of any given socialist revolution, all of which had hitherto occurred outside the core of the world-system, contrary to Marx and Engels' original expectations. Whereas some nation-states, which had a "minimum strength in terms of skilled personnel" and "some manufacturing" could alter their position within the international division of labor by employing what Wallerstein (1974b: 413) defined as a "technique of mercantilist semi-withdrawal" from the world market, others lacked that minimum strength and remained unable to abandon their peripheral role. Since the world-system tended to be structured around the hegemony of a particular nation-state—with turbulent periods of transition in between the rise of one and the decline of other—it resulted that the conditions for such semi-withdrawal relied, to a great extent, on the capacity of a given group (or class) to establish the necessary alliances and compromises (internally and externally) that would enable it to seize and strengthen the state machinery, so as to resist the military and economic pressures from the core. In any case, it made no sense to speak of socialism as an "actually existing" system since all areas of the globe were connected, through one way or the other, to the modern capitalist world-system. The strategic implication of this argument was that the nature of such connection had to be considered the main criteria upon which to judge the "progressive" or "reactionary" nature of any given government or regime, regardless of the rhetoric it employed to legitimize itself.

Wallerstein (1976) would return to this subject two years later, in an article specifically dedicated to the prospects offered to semi-peripheral nation-states in the context of the crisis and restructuring of the world-system. He argued that the "downturn of economic activity" (Wallerstein, 1976: 463–464) that characterized the mid-1970s offered such nation-states particularly favorable conditions to shift their role within the international division of labor, reinforcing their bargaining power vis a vis core countries, as the momentary situation of global over-supply caused a shift in the terms of trade, allowing them to expand control of their home markets by selecting foreign investments according to their own strategic priorities and negotiating better prices for both their imports and exports. Simultaneously, Wallerstein argued, the ability for core countries to intervene in the internal affairs of semi-peripheral nation-states became more limited, as the former would be facing internal problems of their own.

There was, however, an important caveat in this argument, as only a few semi-peripheral countries would be able to translate these advantageous conditions into "a real shift in economic position" (Wallerstein 1976: 466) which led Wallerstein to establish a distinction between those semi-peripheral nation-states where an indigenous bourgeoisie held the reins of government and those where revolutionary socialist movements had seized control over the state machinery. There was another crucial distinction to be made, related to the available natural resources in each semi-peripheral country—those belonging to OPEC, for example, benefited substantially from rising oil prices—but Wallerstein refrained from exploring it in greater detail. Instead, he argued that the possibilities offered to socialist movements relied primarily on their class composition and the

strategic options they conveyed. Socialist movements holding state power could either prioritize economic planning and re-structure their foreign trade as part of a general strategy for partial withdrawal from the world market, or, conversely, aim at maximizing efficiency and deepening their integration within the capitalist world-system. Whereas the hegemony of the proletariat (and the semi-proletariat, with which it could form alliances) within a movement would tend to favor the former strategy, the rise of a technocratic class of managers within the State apparatus would reinforce the latter. More specifically, Wallerstein (1976) attributed the willingness to define investment priorities according to world-market prices with the interests of “certain powerful strata within the socialist countries” (Wallerstein 1976: 478–479). This reasoning was, to a large extent, inspired by the Maoist slogan of “politics in command,” to which Wallerstein seemed to adhere when he claimed that “deemphasizing ‘expertise’ may do more to expand production and productivity during the transitional era than yielding to technocratic priorities” (Wallerstein 1976: 478–479). In any case, the future of the world-system would depend on the outcome of a battle between two main forces: the multinational corporations that functioned as the main coordinating force within the world-system, on the one hand, and the “transnational alignment of socialist forces”, engaged in “forcing relatively drastic redistributions of world surplus”, on the other. The 1970s, he concluded, were a “turning point in the historical life of the capitalist world-economy”, with the semi-periphery constituting one of its “critical arenas” (Wallerstein 1976: 482).

Insightful as they were, Wallerstein’s arguments seemed unable to tackle two extremely important questions. On the one hand, considering the relevance he attributed to semi-peripheral countries, his definition of the concept remained extremely vague, encompassing social formations as disparate as Indonesia and Canada (Wallerstein 1976). In addition to that, even though his aim was to understand the consequences of the world economic downturn for semi-peripheral states and for “revolutionary socialist forces throughout the world” (Wallerstein 1976: 462), he immediately concluded that it was hard to explore such connection, “since in the modern world to date, there has been no instance of a revolutionary socialist movement arising and coming to power in such a country during such an economic conjuncture” (Wallerstein 1976: 471). As a result, Wallerstein’s reflections became limited to a set of hypotheses that could not be tested, sprinkled with vague remarks concerning the “internal class struggle” within socialist countries and the need for transnational alliances.

Wallerstein would reassert some of these positions in the following years, insisting on the need for a united front of peripheral and semi-peripheral countries vis a vis the core countries, while pointing out the contradiction between the long-term revolutionary objectives of bringing down the world-system, and the mercantilist strategies of socialist states, which could not but reinforce the functioning of that very system (Wallerstein 1984). He remained, however, extremely vague regarding the adequate strategy that would allow semi-peripheral countries to escape the constraints of the world-market. Nor was he keen to offer more precise insights regarding what a transnational alignment of socialist forces would look like in this specific historical context.

In fact, the focus of Wallerstein’s analysis would change significantly in the course of the 1980s, leading him in a very different direction. While remaining politically committed to look

into the past in search of explanations for the present, the texts he co-wrote with Giovanni Arrighi and Terence Hopkins during this period reveal a much more cautious understanding of the prospects of socialist regimes. Indeed, the very possibility for antisystemic movements to use the state apparatus in pursuit of an emancipatory agenda was now posed as an open question rather than constituting a point of departure. What previously had appeared to be mostly a set of tactical problems that had to be contended with but remained somewhat secondary in the grand scheme of nation-building now emerged as a formidable challenge, one that raised the “urgent need of reconstructing the strategy, perhaps the ideology, perhaps the organizational structure of the family of world antisystemic movements” (Arrighi, Hopkins, and Wallerstein 1989: 51). By 1987, in an attempt to interpret the increasing divide between the politics of national liberation and that of class struggle, Arrighi, Hopkins, and Wallerstein (1989) not only singled out the later as “the pivotal process of the capitalist world-economy”, but they also emphasized the fact that it consisted of an historical process, “that continually forms and reforms the relational classes it joins in conflict”, prone to immense variations in “structuring, consciousness, organization and development”, thereby resulting in “culturally, organizationally, and civilizationally distinctive versions, each as it were with its own authenticity, and originality” (Arrighi et al. 1989: 67).

This shift of focus mirrored a vaster process of expansion and consolidation of the field. As world-systems analysis became an important research agenda across different disciplines, inspiring a vast body of scholarly work, some of its earlier hypothesis and theoretical claims were subject to discussion and reevaluation; most notably within the Fernand Braudel Center at the State University of New York, Binghamton¹. Such efforts would, in turn, lead to a more nuanced understanding of the functioning of the modern world-system (Marques and Parron 2018). In a remarkable article centered on the notion of the “second slavery,” Dale Tomich (2018) underlined the need to take into account historical specificities of each social formation and to lose sight of the fact that the capitalist world-system is not “an empirical whole,” but rather “a methodological construct” (Tomich 2018: 10). In order to reconstruct historical reality as a concrete totality, it is necessary to understand the changing relations and interactions among the different parts of the world-system as dynamic processes. By abandoning the propensity for a certain rigidity in outlook and contemplating a more fluid understanding of historical processes, we will be in a better position to overcome linear narratives and to formulate new research questions. This is, however, no easy task; and as we shall see, concepts such as “semi-periphery”, “revolution”, or “socialism” retained a highly problematic usage within the field of world-systems analysis, limiting the capacity to interpret the Carnation Revolution as a historically specific process.

The Politics of Southern Europe

An obvious question emerges from the set of problems and discussions briefly sketched in the previous section: why was the brief revolutionary crisis of 1974–75 entirely absent from

¹ A very thorough account of this process is offered in Wallerstein, Rojas, and Lemert (2012).

Wallerstein's reflections, even though Portugal was indeed a semi-peripheral social formation officially engaged in a socialist transition and confronted with most of the challenges and possibilities he identified for such nation-states during the 1970s? The answer to this question requires that we take three factors into account.

First, the incipient internationalization of social sciences in Portugal meant that the literature produced on the period was initially very limited and varied significantly in terms of quality, besides being available mainly in Portuguese, which made it extremely difficult for scholars from outside to engage with it. This was particularly relevant for world-systems analysis because it relies so extensively on secondary sources to approach specific national trajectories from a transnational comparative perspective. Most scholars were therefore forced to rely on superficial accounts and (frequently inaccurate) fragments of information offered by foreign press correspondents who, for the most part, didn't master the local language and were unfamiliar with the political and social context of the country. Excellent monographic works on social movements and conflicts during the revolutionary period—such as the struggle for housing in the urban context, land occupation by rural workers, or collective mobilization in industrial areas—were eventually produced by foreign and domestic social scientists who conducted extensive fieldwork inside the country². However, these only came out after a few years, and by then, a number of tropes concerning the nature of the transformations that occurred in 1974–75 had circulated enough to have become a sort of shared common sense among left-leaning academics.

In that regard, there was a particularly influential author who contributed to frame the interpretation of the Carnation Revolution as it was still taking place. In a book written on “the crisis of dictatorships” in Southern Europe, initially published in February 1975, Nicos Poulantzas (1976) argued that Greece and Portugal (to which he added Spain, as the next country to likely experience a similar path) were experiencing a process of democratization under the hegemony of the “domestic bourgeoisie” (which he counterposed to the “comprador bourgeoisie”). Poulantzas was cautious enough to admit the possibility of different outcomes, ranging from a right-wing military coup to a transition to socialism, particularly in Portugal, where the situation was highly unstable due to the “force of the popular movement unleashed by the overthrow of the dictatorships” (Poulantzas 1976: 127). However, in a short post-script written only a year later (and which was added to the first English translation of the book), he would be adamant in arguing that “the process of ‘defascisization,’ or more properly the break with the military dictatorships, could not skip over a specific stage of democratization and be simply telescoped together with a transition to socialism” (Poulantzas 1976: 134).

It is well beyond the scope of this article to point out the numerous problems with Poulantzas' analysis of the Carnation Revolution. In any case, the way in which he structured his narrative around the distinction between domestic and comprador bourgeoisie, while diluting the working class into what he called the popular masses, revealed a very a crude understanding of how social

² Most notably Bermeo (1986), Hammond (1988), and Downs (1989). For a more recent strand of scholarly work on social conflicts and grassroots radical politics in Portugal during this period, see Cerezales (2003), Piçarra (2008), Ramos Pinto (2014), Accornero (2016), and Suarez (2023).

classes act on the historical stage. In fact, the intensity of postwar industrialization in Portugal, along with the remarkable levels of concentration of capital, contributed to eliminate any major form of political antagonism between the different sectors of the ruling class while allowing for the emergence of a modern industrial working class, with its distinctive repertoire of collective action, comprising wild strikes, workplace occupation, control over production rhythms, and complex forms of self-organization (see Noronha 2019, as well as Papadogiannis and Pinto 2023).

More broadly, the assessment offered by Poulantzas (1976) rested on the assumption that there is such a thing as an ideal-type of revolution (basically that of Russia in 1917), against which all specific historical situations should be measured. He therefore downplayed the importance of the revolutionary upheaval in Portugal simply because it did not fit the pre-established model of what he believed a revolutionary situation ought to look like. This is a fundamentally wrong approach to any given historical situation, but even more so to a revolutionary one, for no single revolution that ever occurred has fitted the model offered by previous ones, while there are good reasons to doubt whether any of them unfolded according to the script offered by Poulantzas.

In that sense, to claim that “there was no question of a transition to socialism in Portugal in the period in question” or that “socialism was never really on the agenda” (Poulantzas 1976: 144) was merely a way to avoid the difficult questions that emerge from a historical situation in which every major political actor propounded a different version of socialism. Rather than pointing out what was absent in Portugal, like a “powerful and massively implanted class organizations” (Poulantzas 1976: 142) or “a mass revolutionary party” (Poulantzas 1976: 144), it is perhaps more sensible to assess the events of the revolutionary period of 1974–75 as they were experienced and perceived by historical actors. However skeptical one may be regarding the employment of the term socialism by political parties, trade-unions, the Armed Forces Movement (MFA), or government officials, the fact that their actions and calculations were geared to the possibility of a socialist transition cannot be overlooked, nor dismissed with the facile argument that subjective conditions were absent. This is not a matter of confounding discourse for reality, but the rather simpler gesture of acknowledging that discourse as an important part of reality, recognizing its capacity to structure collective agency and political rationality.

For all its flaws, *The Crisis of Dictatorships* (Poulantzas 1976) enjoyed a wide international circulation—in sharp contrast with the much more solid and informed account offered by Phil Mailer (1977), a militant of the British libertarian socialist group Solidarity, who lived in Portugal throughout the revolutionary period—contributing to disseminating the depiction of the Carnation Revolution as no more than a brief interlude between dictatorship and liberal democracy. This leads us to the second factor to take into consideration, which is the tendency to convert Southern Europe into an almost natural unit of analysis. The rise of a comparative interpretative framework within the field of political science, dedicated to the topic of democratic transition, has contributed to establish the existence of a distinctly “Southern European model” shared by Greece, Portugal, and Spain, defined almost teleologically; as if the establishment of parliamentary regimes and integration within the European Economic Community was an inevitable outcome of their

historical evolution³. This tendency to conflate the Spanish *Transición* with the Portuguese *Revolução* and the Greek Μεταπολίτευση rests in fragile epistemic ground, since, as noted by Diego Palacios Cerezales and Victor Fernández Soriano (2023), the differences between the processes of democratization were evident to most observers at the time, prompting “leftist sympathizers from all over the world” to flood Portugal “to eyewitness a social revolution”, (Cerezales and Soriano 2023: paragraph 4) something that did not happen regarding the other two countries. Even more importantly for the purpose of this article, Portugal experienced “not just a political and institutional break with the authoritarian regime, but also, and especially from 1975 onwards, an attempt to promote an economic and social model that served as an alternative to capitalism” (Pinto 2023: paragraph 5).

In spite of the numerous methodological and epistemic differences between world-systems analysis and “transitology,” a collective volume dedicated to “the politics of Southern Europe in the Twentieth Century” (Arrighi 1985) denotes a similar tendency to address the region as an homogenous bloc. Although Giovanni Arrighi (1985) conceded, in the introductory chapter, that “semiperipherality does not always and everywhere mean the same thing” (Arrighi 1985: 12–13) and that “individual countries have entered the trajectory characteristic of each period at different times, with different modalities and with different successes” (Arrighi 1985: 26), he nevertheless remained tied to the initial hypothesis that Southern Europe’s semi-peripheral integration in the world-economy inevitably produced a shared pattern of political and economic convergence. According to this view, said pattern explained both the convergence of those countries towards authoritarian regimes and neo-mercantilists policies in the course of the world crisis of the 1930s and their convergence towards parliamentary regimes and neoliberal policies during the world crisis of the 1970s. Albeit with varying degrees of nuance, all of the remaining contributions to the volume (from Wallerstein, Papadantonakis, Çağlar Keyder, John R. Logan, and Peter Lange) shared these assumptions, downplaying the specificity of the Carnation Revolution.

The fact that large swathes of Portugal’s business elites had been either arrested or fled the country while the commanding heights of the economy were nationalized and a myriad of small firms and large estates seized by their workers was simply overlooked. Likewise, the crude assessments made by Henry Kissinger at the time, according to whom the revolutionary upheaval in Portugal posed an existential threat to the interest of the United States and could force them to intervene, not least because of the inspiration it could offer to others (Simas 2008), seems to have gone unnoticed. Nor did the country’s new Constitution, approved in April 1976 and purportedly aimed at building a classless society with several paragraphs of its Economic section dedicated to self-management, planning, or agrarian reform, appear to raise any question. The hypothesis of a socialist transition in Portugal seemed entirely inconsistent with the trajectory of the other Southern European countries and was therefore dismissed as a subject for inquiry, falling off the radar of world-systems analysis.

³ For a recent characterization of this interpretative model, see Radcliff, Kornetis, and Oliveira (2023).

It is worth noting that Wallerstein's (1985) contribution to the volume offered a more consistent theoretical definition of semi-periphery than the ones he had previously put forth. By singling out the pattern of productive specialization as the most relevant indicator of a country's position within the capitalist world-system, he distinguished the high-value activities of the core from the low-value activities of the periphery, which allowed him to define semi-peripheral social formations as lying in an intermediate position, comprising a mix of the two (Wallerstein 1985). In any case, he was returning to the subject mainly from a methodological standpoint, and the notion that semi-peripheral countries constituted a critical arena for the future of the world-system had become entirely absent from his concerns.

The third and final factor to take into consideration regards the epistemic mismatch between a transnational theoretical approach based on the long duration and the interpretative challenges posed by a brief and intense experience of revolutionary crisis within a specific social formation. Understandably, Wallerstein's interest in revolutions was very much related with their historical impact upon the world-system at large, that is, to their capacity to act as catalysts for broader historical transformations (see Jacob 2023). At a first glance, the global impact of the Carnation Revolution was largely reduced to confirming the end of colonial rule in Angola, Mozambique, and Guine-Bissau, where independent nation-states were formed by the national liberation movements that had waged war against Portuguese colonialism (another colony, East Timor, would be invaded by Indonesia soon after its independence and would only recover it in 2002). Additionally, by arguing that a global revolution occurred between 1968 and 1973, that had new social movements and a "new Left" as its main protagonists (usually in a tense relation with what he called "the old Left"), Wallerstein (1989) established an interpretative framework that tended to downplay the importance of historical episodes like the experience of *Unidad Popular* in Chile and of Portugal's Carnation Revolution⁴. Indeed, if the distinctive feature of 1968 as a revolution of and in the world-system was to reveal that the revolutionary model inherited from the nineteenth century (and materialized in Russia in 1917) was outdated, then the experiences conducted under the broad label of socialist transition would seem to be out of tune with their time and condemned to failure from the start, since they both stood in continuity with that legacy (although they also sought to move beyond it, namely by combining socialism with democracy). Curiously, what had been lacking in Portugal, according to Poulantzas' revolutionary script, was apparently in excess according to Wallerstein, since mass political parties and trade-unions belonging to the old Left were key-protagonists of the revolutionary period of 1974–75. In both cases, the interpretation of a complex, fluid, and singular chain of events was sacrificed to an interpretative model that comprised only a limited set of possibilities. What is more, while Wallerstein and Zukin (1989: 431) have convincingly argued that 1968 was "a single revolution" that needs to be interpreted at the scale of the entire world-system, they proceeded to offer a very rigid assessment of the antisystemic movements that resulted from it, reducing them to six varieties that ranged from the old Left in Western countries to the "indigenists" of the Third World. This raises the obvious

⁴ For a recent attempt to reinterpret the Chilean experience from a global history perspective, see Harmer (2021).

question of what to do regarding historical collective actors that do not fit into any of those six varieties? Tomich (2018) can once more be useful to break this interpretative deadlock:

Collapsing the distinction between world-system as the conceptual presupposition of inquiry and the concrete conception of the world-system as the outcome of analysis results in an abstract, static, and suprahistorical conception of the world-systemic whole that is taken to stand outside of isolated and equally abstract facts. Such a conception is unable to theoretically appropriate empirical reality in its historical richness and complexity. It can only treat the whole as greater than its parts. As a result, historical analysis is reduced to merely classifying abstract facts into already given categories. Explanation, then, derives not from the relations among the facts but from the relations among abstract categories. Functional descriptive categories dominate. Events and processes are narrated within unchanging categories, and the system appears as an ever-present “external cause.” We are presented with a historical structure without a history. (Tomich 2018: 13)

Following Tomich, perhaps we need to draw on the notion that different temporalities are at play simultaneously within the world-system, and that local, national, and regional conjunctures can be desynchronized with patterns of historical transformation observable at a level that we have deemed to be the “global.” It is therefore more prudent to take those conjunctures into account to reevaluate the categories and criteria we have uses to determine what the “global” consists of, rather than selecting our empirical material in accordance with an abstract, static, and suprahistorical conception of the world-systemic whole. Sectors of the labor movement that don’t belong to the old Left, national liberation movements that share closer affinity with the communist parties from socialist countries than with third-world nationalism, indigenists peasants that form guerrilla movements but nevertheless manifest their solidarity with the struggles of minorities in the West: these can then all fit into our historical analysis, rather than being sidelined as an historical anomaly. Likewise, a revolution in which a socialist transition is contemplated, however briefly, allows us to think about the conditions under which things could have happened differently in a specific semi-peripheral social formation, defying an otherwise inevitable historical path. In that regard, perhaps a broader chronology and a more nuanced assessment of the nature of the global revolution 1968 can prove useful. This would allow us to place the Carnation Revolution very much in its own time, alongside the riots in the *Quartier Latin* or the protest against the Vietnam war or the demand for a New International Economic Order, as both cause and consequence of the historical processes that contributed to shape the capitalist world-system.

Boaventura de Sousa Santos (1984, 1985) adopted precisely this viewpoint when he wrote two groundbreaking articles that handled both the nature of the revolutionary crisis of 1974–75 and the pattern of Portugal’s semi-peripheral integration within the capitalist world-system. In the first article, drawing predominantly on Gramscian concepts, Santos (1984) argued that the final years of the *Estado Novo* had been characterized by a crisis of hegemony and legitimation, resulting from the growing fissures within the historical block that supported the dictatorship. Those fissures were mainly associated with the process of modernization and rapid industrialization initiated after the Second World War with the colonial question emerging as a

critical point of contention, resulting in a stalemate that paved the way for the military coup of April 25th, 1974, conducted by the Armed Forces Movement. This would, in turn, set the stage for what Santos considered to be the “broadest and deepest social movement in post-war European history” (Santos 1984: 18), with a “complex class composition” that overturned relations of exploitation and domination across numerous areas of social life, converting the military coup into a revolutionary crisis. Santos also noted that the only way for the state to absorb the impact of these social conflicts—often transgressive, albeit rarely violent—had been to improvise new channels to legalize and institutionalize the many demands with which it was faced, thereby transforming its own structure in the process. However, since the revolutionary crisis had eventually come to an end in late November 1975 through what Santos (1984) defined as an ambiguous “historical compromise” between the most radical elements on the Left and those more moderate of the Center-Left, the main thrust of these transformations had been blocked without being either reversed or properly consolidated. This ambiguity caused the democratic regime to lack a solid hegemonic project, being forced to navigate through the turbulent waters of the world-economy without a suitable basis for its legitimation.

The second article (1985) was more explicitly inspired by world-systems analysis, exploring the concept of semi-periphery to interpret the transformations brought about by the Carnation Revolution, but also the consequences of the historical compromise that had brought it to an end. According to Santos (1985), the “advanced practices” adopted by social movements had been able to set high wages and establish innovative forms of control over production, but because productivity had not risen in order to match these transformations, capital accumulation had been blocked, originating an incoherence between the transformed social relations of reproduction and the stagnant social relations of production. The state had been called upon to manage the resulting contradictions, but since it had remained unwilling, or unable, to consolidate the new socialist relations of production, it was forced to reinstate capitalist (and even pre-capitalist) relations of production in order to relaunch capital accumulation. This originated a gap between legal norms and social practices, with those that had a more pronounced “socialist” character (namely the power of Worker’s Councils within firms, the Agrarian Reform and economic planning) being either blocked or ignored within the State apparatus, a reality that Santos aptly defined as that of a “Constitution without a State” (Santos 1985: 895).

These two articles allow us to readdress the strategic debate opened up by Wallerstein in the 1970s, which appeared to have run into an epistemic and political dead end by the 1980s. Portugal, with its rapid industrial growth and stagnant agriculture, relentless exploitation of colonial resources, and subordinate integration within the Western European economic sphere constituted a quintessential example of a semi-peripheral social formation. And it has indeed experienced a brief but intense period of revolutionary change, in which deep shifts at the level of the social relations of reproduction pushed for an equally radical transformation of the social relations of production. This allows us to cast a new light upon the “socialist transition” conceived during the 1970s, when the impact of the world-economic downturn, the collective mobilization of crucial sectors of the working class, and the political radicalization of the Armed Forces Movement

aligned themselves to convert a semi-peripheral social nation-state into a critical arena within the capitalist world-system. The fact that the political actors that prevailed at the end of this process refrained from pursuing this goal does not diminish the importance of the transformations that occurred in 1974–75. The same goes for the debates, projects, and plans devised to push the country in a different direction, some of which retain a surprising degree of actuality if we consider the discussions concerning an exit from the Eurozone and the challenges this would imply (See, for instance, Lapavistas et al. 2012). Revisiting those projects without the usual condescendence of posterity, exploring the futures that failed to materialize but were nevertheless considered plausible, desirable, or even inevitable at the time, may therefore allow us to capture the singular trajectory of a Southern European semi-peripheral country during the turbulent period of the 1970s; and, at the same time, readdress some of the questions that both Wallerstein and Santos left unanswered. Before we do that, however, a brief overview of Portugal's economic trajectory before the revolution is called for.

The Crisis of the Portuguese Model of Underdevelopment

The military coup of April 25th, 1974 occurred at the close of the longest period of economic growth in world history, during which the Portuguese social formation experienced an industrial take-off and increased its economic integration within the Western European core. Industrialization picked up in the 1950s under a framework of economic planning inspired on the French model, with massive public investment in hydroelectric power. The initial strategy of nationalist, autarchic development through import substitution and exploration of domestic natural resources would give way to a strategy of international economic integration aimed at exploring comparative advantages, namely through a specialization in labor-intensive sectors like textiles, preserves (canned fish and tomato sauce), cork, wine, and electrical hardware. Through its membership in the European Free Trade Agreement, established in 1959, Portugal became a paradigmatic example of a small open economy; in which the weight of foreign trade rose significantly, from 17 percent of GDP in 1960 to more than 30 percent in 1973 (Lains 2002). The modern capital goods sector expanded rapidly, mostly through private investments that benefited from generous government support (low taxes; cheap credit; reserved markets), registering extremely high levels of capitalist concentration, with the largest domestic financial and industrial conglomerates dominating the production of steel, cement, paper, oil refinery, electricity, beer, along with the bulk of the financial system (Santos 1977; Ribeiro, Fernandes, and Ramos 1987). Even though the economic structure remained relatively backward in comparison with other Western European countries, some figures allow us to draw a rough picture of the scale and depth of these transformations. Average GDP growth stood at 6.8 percent a year from 1961 to 1973, pushed by a remarkable rise of industrial output, averaging 9.2 percent a year, and productivity, which grew at an annual rate of 6.15 percent between 1950 and 1973 (Rocha 1984; Aguiar and Martins 2005). Direct foreign investments also contributed to changing the industrial landscape, with several multinationals establishing factories in branches like electronics, machinery,

chemicals, garments, or shipbuilding (sometimes in joint-ventures with domestic investors), attracted by low labor costs and high levels of productivity. It is worth noting that even though the average wage in Portugal grew by 6.7 percent a year between 1950 and 1973, by April 25th, 1974 it still stood at 57 percent of its Greek equivalent, 49 percent of the Spanish, 29 percent of the French, and 25 percent of what was paid in West Germany (Santos 1989).

The traditional tale of the country's industrialization and growing integration within the world-economy is that of a success story, but there were significant vulnerabilities in what a left-leaning economist called the "Portuguese model of underdevelopment" (Murteira 1979). Portugal ran a negative external balance of trade since the end of the Second World War, with exports covering at best 80 percent of the value of imports. This trade deficit was traditionally covered by a favorable balance of payments fed by Portuguese emigrants' remittances (11 percent of GDP by 1973), some revenues from the African colonies (railway and port fees, or mining concession rights for the most part), and tourism.

The decision of maintaining the colonial empire in Africa implied a long and costly war with the liberation movements of Angola, Mozambique, and Guinea-Bissau, contributing to the country's international isolation and eating away a lot of resources needed for public investment in infrastructure, health and education. In spite of the scale of its military commitment (Portugal's share of the male adult population called for active military service was topped only by Israel and apartheid South Africa), the dictatorship remained incapable of creating an integrated Portuguese economic space, with steady flows of capital and trade between the European metropolis and its overseas territories. Colonialism was thus increasingly at odds with the prospect of further European integration: while the share of the colonies in Portugal's external trade had been shrinking steadily in the course of the years, amounting to only 7.6 percent of imports and 10.9 percent of exports in 1974, that of OECD countries corresponded to 71.6 percent of imports and 80.9 percent of exports in that year (Banco de Portugal 1975).

The most lucid members of the regime, as well as a few technocrats working within the Planning apparatus and some of the higher echelons of the Portuguese bourgeoisie (most notably those heading the large conglomerates, like Mello and Champalimaud), were sharply aware of the fragility of this model, namely its strong dependency on low wages and political repression, along with the stagnation of the agricultural sector, which required large imports of grain and meat in order to feed the growing urban population. It was among the aforementioned sectors that a political solution for the war in Africa started to be contemplated, offering encouragement to General Spínola and General Costa Gomes who had returned from the theater of operations convinced that the conflict against the guerrillas of MPLA (Angola), FRELIMO (Mozambique) and, particularly, PAIGC (Guine-Bissau and Cabo Verde) could not be wone militarily. Said Generals would, in turn, offer political protection to the middle-rank military officers of the Armed Forces Movement in the preparation of the coup that would eventually bring down the dictatorship. All of these entanglements would prove important on the early days after April 25th, establishing a certain continuity in terms of economic policy, which the radicalization of the revolutionary process would eventually disrupt.

The last Development Plan of the dictatorship, set for the period of 1974–78, was aimed at changing the pattern of productive specialization; with large investments in sectors like heavy-chemistry, oil refinery, and ship building so as to explore the country's location near the main shipping routes of the northern Atlantic and the opportunities that had been offered by the closing of the Suez Canal since 1967. As the world-economy went into recession, however, the fragility of this plan, along with that of the development model itself, became manifest. The Oil Shock of 1973 paired with increasing competition from newly industrialized countries caused a sharp deterioration of the country's terms of trade: while the demand for oil, machinery, and foodstuffs was inelastic and could not be brought down in spite of rising international prices, Portugal's main exports had to deal with a contraction of international demand and declining prices. Simultaneously, the slowdown of Western European economies limited the growth of emigrant's remittances, while the prospect of decolonization eliminated an important source of foreign currency.

According to the Bank of Portugal, the value of exports went up from 45 billion escudos in 1973 to 58 billion in 1974 (an increase of 27.9 percent), whereas that of imports went up from 67 billion to 108 billion escudos (an increase of 60.5 percent), generating a negative trade balance of 50 billion escudos (22 billion in 1973). Emigrants' remittances only went up from 27 billion to 28 billion escudos during the same period, which resulted in a deficit of the balance of payments estimated around 16 billion escudos. This was considerably aggravated in the following year, when the value of remittances dropped to 24 billion escudos and that of exports to 50 billion escudos. Even though the value of imports also came down, the deficit of the balance of payments rose to 27 billion escudos, eating away the foreign currency reserves held by the Bank of Portugal.

The recession was further aggravated by a massive wave of labor conflicts, with wildcat strikes and workplace occupations sweeping across the industrial landscape. In the absence of established mechanisms for integrating the working class and institutionalizing labor conflicts, as existed in most Western European countries, police repression had been the main instrument for containing industrial unrest. Since this was no longer possible in a context of democratization, workers' collective mobilization was able to achieve massive wage increases and other concessions (cafeterias, nurseries, paid transportation, etc.), raising labor costs at the precise time in which Portuguese firms were facing severe financial hardship. A second wave of labor conflicts took off in the winter of 1975, this time centered around power within workplaces and access to firms' account books, amidst widespread attacks levelled by trade-unions against businessman (particularly bankers), who were accused of practicing "economic sabotage" in order to undermine the process of democratization.

It was in this context that a failed right-wing military coup, on March 11th, triggered a drastic response from the left-wing of the Armed Forces Movement. The bank system was nationalized on March 14th, 1975, and more than two-hundred firms would follow, granting the government control over the production of cement, steel, electricity, paper, oil refinery, and beer, along with public transportation, the financial system, and a vast number of industrial firms which had banks and insurance companies as their main stock-holders. By the end of the year, state-owned

enterprises (SOE) in Portugal ensured 19.8 percent of the country's Gross Value Added (GVA) and 30 percent of Gross Fixed Capital Formation (GFCF), employing 7.6 percent of the labor force (António et al. 1983). Adding to that, there were temporary interventions in over 300 smaller firms under financial stress, the owners having fled or been removed in the course of labor disputes. A large movement of land occupations took off in the south of the country, resulting in a collectivist agrarian reform set in motion by rural workers with the support of the government. Foreign investments were spared from nationalization (a marked difference from what happened in Cuba after 1959 or in Chile between 1970 and 1973); partly because the MFA and the Government didn't want to risk retaliation from the governments of the United States and Western European countries, but also because the firms in question were primarily located in light industry sectors either oriented towards export or integrated within multinational production chains. Although some of these were important employers and had contributed to the growth of Portuguese exports in the recent past, most had been severely affected by the downturn of the world-economy, and they would require considerable restructuring and investment to become viable⁵.

Nationalizations are, of course, merely a juridical act, through which property is transferred from private businessman to the state, without necessarily changing output or the prevalent labor relations on the shopfloor. As several members of the country's business elites were either arrested or opted for exile, it became increasingly evident that a new institutional setup had to be devised in order to keep the economy afloat. Additional measures were therefore required to consolidate the transformations undertaken after March 11th, 1975. Aware of this, the MFA would announce shortly thereafter the decision to operate a profound break at the level of political economy, placing "Socialism" at the center of political debate.

"Rebuilding the Economy through Socialism"

On April 11th, 1975, members of the Council of the Revolution (CR), the political leadership of the MFA, gathered to discuss the economic strategy proposed by the Minister of Economic Coordination of the Fourth Provisional Government, Mário Murteira. Murteira was a left-leaning catholic who had worked for many years within the planning structures of the dictatorship (mostly dealing with labor issues), and, in spite of having worked extensively with the OECD, had experienced a process of political radicalization that geared him towards a variety of Third-Worldist socialism, largely inspired by structuralist economics and dependency theory (Noronha 2022). He started his presentation by noting that Portuguese capitalism had been dismantled in a context of acute class struggle, and that the economy was on the brink of collapse due to wage increases and work-time reduction. This was a normal consequence of democratization, he added, but it was now imperative to act swiftly in order to "rebuild the economy through Socialism" and make "workers feel that the economy is no longer something alien to them". (Murteira 1975: 14)To

⁵ That did not prevent workers in some of those firms to conduct long and bitter struggles in demand for State intervention and the preservation of their jobs. Cfr. Sindicato das Indústrias de Ourivesaria, Relojoaria e Correlativos do Sul (1976), Antunes (1976), Martins (1976), and Barão (1977).

achieve that, Murteira outlined an economic strategy aimed at ensuring the “endogenous control of the accumulation process” through a “socialist transition” in which workers would hold control over production, while following “goals and criteria of efficiency” defined by the State.

Investments would be conducted according to a comprehensive economic plan, mandatory for the public sector and indicative to the private one, with the goal of achieving higher productivity and efficiency at the level of the entire Portuguese economy rather than seeking the profitability of any given firm. This would require a set of specifically tailored tactics of government, along with a new institutional architecture geared to forms of workers’ control at firm and branch level, so that capital accumulation could become compatible with high wages and full employment. During the summer of 1975, workers’ committees from numerous firms produced reports and projects dedicated to workers’ control (Patriarca 1976a, 1976b). Many of these texts were concerned with preventing the creation of a “technocratic” form of socialism, in which the social division of labor remained intact, and the workers were reduced to being a mere piece in the cog. But they also stressed the desire to contribute to the rationalization of production, improving methods and raising efficiency, ensuring cooperation across different sections of the same firm and between different firms so as to contribute to the “battle of production” (Noronha, 2018).

By the end of July, Murteira presented his strategy for the next triennium in the central pages of weekly newspaper *Expresso*. His “Plan for an Economic Transition” (PET) unfolded across two distinctive time frames: first on the short-run, in order to keep the economy running it established improvised structures of coordination and credit provision that would oversee specific programs of investment and restructuring across different sectors; and second on the longer-run, a new institutional architecture of state planning would take shape so as to encase the market and subordinate it to non-mercantile forms of provision and rationality.

It was expected that the structures charged with running the aforementioned programs would evolve in the course of time, until they were consolidated into a fully developed planning apparatus. By way of example, the Commissariat for Heavy Metal-Mechanics Industry, which brought together representatives of workers from the largest firms of the sector and technicians nominated by the Government (mostly Economists and Engineers), was charged with presenting investment plans, directly negotiating sales and acquisitions abroad, restructuring productive units, and presenting credit requests to nationalized banks. In the north of the country, a similar structure was conceived for the textile sector, which made up for a considerable part of Portuguese exports. Although firms operating within it had been mostly unaffected by nationalization (some were, however, under workers’ management), most of them were highly dependent on short-term credit. As such, the Group for Study and Intervention on Textile (GIEST) was comprised of trade-unionists, employers, bank staff members, and technicians from the Ministry of Industry, with the aim of keeping production running, both on private firms and on those that operated under self-management or state intervention. Within the Bank of Portugal, a Secretariat for the Coordination of Bank Activity (SACR) was created to manage nationalized banks, which adopted a set of new rules concerning credit concession and risk assessment, privileging aspects like job creation or export capacity over short-term profitability. A Commission for the Restructuring of the Bank

System was charged with merging existing credit institutions and creating specialized banks (Agriculture, Housing, Foreign Trade, etc.). It was expected that these improvised structures would be perfected in the course of time, as the short-term responses to the challenges of everyday management would overlap with the medium and long-term horizon of planning.

In spite of the ambitious goals that these projects entailed, the challenges posed by Portugal's integration within the world-market, could not be ignored. Since the size and structure of the Portuguese economy made the cost of a withdrawal from the world market unbearable, something similar to what Wallerstein (1984) called a "socialist mercantilist" strategy was required. This meant attempting to navigate in-between the turbulent waters of comparative advantages and the shallow straits of import substitution, while looking for a profile of specialization adequate to the possibilities and requirements of what was now being designated as "the Portuguese road to socialism."

The Ministerial team assembled by Murteira had a long-standing experience of work within the structures of planning of the dictatorship. It could therefore resort to an input-output industrial matrix based on Wassily Leontief's (1976) work, similar to the one employed by the French *Commisariat National du Plan*, in order to calculate the impact of each investment in the balance of trade and how it would affect the price of inputs employed in other sectors. The matrix, designed in the early 1970s with the help of the IFO (Institute for Economic Research, Munich), allowed the PET to offer two alternative paths, according to which political priorities were deemed to be more important.

Annual Growth Rates (%)

	Gross Added value			Productivity			Employment		
	Recent evolution (1960-1972)	Strategy A (1976-78)	Strategy B (1976-78)	Recent evolution (1960-1972)	Strategy A (1976-78)	Strategy B (1976-78)	Recent evolution (1960-1972)	Strategy A (1976-78)	Strategy B (1976-78)
Agriculture	1	3	3	4	1.5	4.2	-3	1.5	-1.2
Traditional industries (1)	7.7	5	7	6.7	4	7	1	1	0
Modern industries (2)	10	8	10	8.5	5	8	1.5	3	2
Construction	6.1	8	8	4.1	4	6	2	4	2
Transportation	6.4	7	7	4.1	2	4	2.3	5	3
Total	6.5	5.5	7	8.3	4.1	6.9	-1.8	1.4	0.1

(1) Food, Beverages, Tabaco, Textile, Garments, Shoe wear, Timber, Cork, Furniture, Leather.

(2) Paper and Print, Rubber, Chemicals, Oil Refinery, Non-metallic minerals, Foundry, Metal works, Machinery, Electronics, Transportation material, Electricity, Gas and Water.

What Murteira called "Strategy A" was centered around job-creation, seeking to reduce unemployment to around 4 or 5 percent of the working population. It directed a larger amount of

investment to labor-intensive sectors with lower productivity, namely agriculture (which was to see its output grow along with its workforce), traditional industrial sectors, and construction. Price setting by the government would favor import substitution, namely of foodstuffs (cane sugar, for instance, was to be substituted by sugar beet, which could be grown in Portugal). The price of exports would remain stable, as trade balance equilibrium would be achieved mainly through quotas on imports of high-price consumption goods (automobiles, television sets, etc.). This strategy implied a limited demand for capital investment, making it less reliant on external sources of credit and foreign investment. It was, however, relatively timid in terms of overcoming the external mechanisms of dependency already in place, since it did little to alter the country's profile of economic specialization or its position in the international division of labor.

“Strategy B,” on the other hand, was precisely aimed at altering the structure of trade and bringing down the external disequilibrium. It would do so by considerably raising productivity across all sectors, with a particular emphasis on “modern industries,” through a very ambitious program of investment in Gross Fix Capital Formation. Paradoxically, it implied a deterioration of the balance of trade in the short-term, since most of the initial equipment and several raw goods required by this great leap forward would have to be imported. On the long-term, however, it would allow a repositioning of the Portuguese social formation in the international division of labor, altering its pattern of productive specialization. Along with the vertical integration of most industrial branches, in order to achieve greater economies of scale, one of its key-aspects was the rapid development of an equipment goods sector, in order to bring down the value of imports in machinery on the long-run.

Time was a decisive aspect of either strategy, since there would inevitably be a gap between decisions and results. More importantly, either strategy (but particularly Strategy B) demanded the negotiation of a large foreign loan that had to be settled before the currency reserves held by the Bank of Portugal were depleted. In this regard, the fact that the Central Bank held the eight largest gold reserve in the world, amounting to 862 tons, could work as an important trump in any negotiation. Gold could be sold in the international market, although the sale of large amounts would inevitably bring down its price. There was also a notation issue, since the official price of gold had been set by a cartel of central banks, but prices in the international market were well above it. Attempts to negotiate a large foreign loan with an international banking syndicate were blocked during the summer of 1975, as the governments of the United States and Western European countries pressured for a change in the composition of the Portuguese government, which would eventually be achieved in the autumn. The Commercial Bank for Northern Europe, held by the Soviet Union, also turned down Portuguese requests for credit. This generated a certain expectation concerning the possibilities of negotiating with the Arab countries of OPEP which were swimming in liquidity at this time, prompting Portuguese diplomacy to support Palestinian demands in the Assembly of the UN as well as taking on a favorable position regarding the demand for a New International Economic Order put forth by the G-77 (Franco 2006; Oliveira 2021). Indeed, in a document issued in June 21st, 1975 (Neves 1975), the MFA went as far as defining itself as a national liberation movement.

A second important aspect of this strategy was that it required some restraint over consumption that could be partially mitigated by a robust provision of collective equipment and services (housing, transportation, health, education), but nevertheless amounted to an austerity policy. Murteira argued that wages could not rise above productivity and would quite likely have to remain below it in order for any of the strategies to work, emphasizing the need to curtail the import of luxury goods, while admitting the possibility of a repressive stance towards labor conflicts, in case the demands of specific groups of workers were considered to be “excessive.”

A third and final aspect is that Murteira did not seem to consider monetary devaluation a necessity, although it would become the main thrust of economic policy in the following years. Indeed, it would be hard to conceive a “socialist mercantilist” strategy without such leverage, since the deteriorating terms of trade of the Portuguese economy had rendered the balance of payments a critical problem to be tackled with. It is worth noting that the need to attract the remittances of Portuguese emigrants placed a severe constraint on both devaluation and negative real interest rates, as it would offer a considerable disincentive to money transfers towards Portugal. With all of this in mind, French socialist economist Serge-Christophe Kolm (1977) proposed a currency devaluation of 20 percent to the provisional government in August 1975, arguing that it would enable to restore the competitiveness of Portuguese exports abroad and stimulate import substitution in the domestic market, allowing for a stabilization of the *escudo* within a relatively short timeframe (less than a year, according to this calculation). It would, in other words, contribute to an equilibrium of the balance of payments and increase employment at home while offering Portuguese emigrants a more favorable exchange rate for their remittances, with the prospect of a stable currency in a near future. More importantly, it would allow the provisional government and the MFA to seize the initiative and gain some room to maneuver, avoiding a devaluation imposed by foreign creditors that would inevitably curtail the margin for an independent economic policy.

Regardless of the various choices it laid out, the plan presented by Murteira was only a blueprint, laying down the main coordinates for a “socialist transition” that was bound to meet obstacles and suffer corrections along its path. It employed methods and techniques commonly used by the planning apparatus inherited from the *Estado Novo*, having some similarities with the fourth Development Plan of the dictatorship (which had been canceled after the April 25th military coup), namely the aim of changing the profile of productive specialization of the Portuguese economy. It had, however, a striking difference in this regard, since it addressed high wages and job creation as the key goal, around which all investment options were to be structured. Murteira’s “Plan for Economic Transition” was conceived as a shift that would offer greater consistency to transformations that were already running their course rather than pursuing the habitual aspiration of engineering the social landscape according to the imperative of conquering a higher share of the world market. In this regard, it comprised both a continuity encased in structures inherited from the past and a rupture brought about by the collective agency of the working class. The political economy of the Carnation Revolution, with its distinctive horizon of possibilities, was conceived as an attempt to rebuild the economy through socialism, in that it was both an immediate response to a crisis situation and an attempt to transform the relations of production in depth.

The political-military disputes that marked the summer and autumn of 1975 converted the goals of the PET into a mirage, leading us back to the interpretation offered by Boaventura de Sousa Santos (1985, 1986). Since both the Sixth Provisional Government and the First Constitutional Government had European integration as their main objective, the structural transformation of the economy was put to a halt, and market mechanisms that had been cast aside during the revolutionary period would be reinforced in the course of the following years (Ribeiro et al. 1985). This required a rapid deterioration of real wages and a contraction of internal demand in order to restore external equilibrium and gain competitiveness in the world market through a combination of monetary devaluation and wage ceilings (Krugman and Macedo 1982). Without a consistent strategy to consolidate the transformations brought about by the Carnation Revolution at the level of political economy, the only way to relaunch capital accumulation was to reinstate the pattern of productive specialization inherited from the *Estado Novo*, which had low labor costs as its main competitive edge. This now had to be done in a parliamentary democratic regime, in which trade-unions could act more freely and the workers had the right to strike, since it was impossible to turn the calendar back to April 24th.

The years that followed the revolutionary crisis of 1974–75 would be characterized by a repetitive pattern: currency devaluation, mild economic recovery, rise of imports, deterioration of the balance of payments, IMF intervention, currency devaluation, mild economic recovery, rise in imports, deterioration of the balance of payments, IMF intervention (Noronha 2022; Rodrigues 2022). It was against that historical backdrop that Boaventura de Sousa Santos (1984, 1985) wrote the essays analyzed in the third section of this article. This state of affairs would only change after 1986 with the integration in the EEC and the influx of capital that came with it, initiating a new cycle that lasted until the sovereign debt crisis of 2010–2014.

In the *longue durée*, then, the incapacity to break away from structural constraints inherited from the dictatorial past did produce a convergence, reducing the politics of Southern Europe to mildly different degrees of subordination towards the Northern European core. Retroactively, what happened during the revolutionary period of 1974–75 seemed little more than a distant fantasy, a phantasmagorical time from which only a waning memory subsists. But the mere fact that a different road was looked upon, even if not taken, should make us pause to consider whether that was an inevitable outcome rather than the result of multiple, contingent, historical factors. In other words, by looking at the political economy of the Carnation Revolution through the lenses of world-systems analysis, a richer and more nuanced view of the long 1970s emerges, one that is intersected by the lost futures that failed to materialize but were nevertheless perceived as a real possibility at this critical juncture, in which the world-economy was about to be re-shaped in such a dramatic and decisive fashion.

Conclusion

Was the international context of the mid-1970s favorable for a socialist transition in a small open economy, located in Southern Europe? Looking at the outcome of the revolutionary crisis in

Portugal it would seem that Wallerstein's initial reflections on semi-peripheral social formations were overly optimistic. For one, his analysis was more concerned with countries from the global South, with a simpler pattern of productive specialization inherited from colonialism. In this regard, Portugal was a more diversified economy, with a few fairly modern industrial sectors and a greater degree of integration within the Western European core. However, unlike the countries that exported mostly raw goods benefiting from a significant rise of their price during this period, the Portuguese economy was more vulnerable to the world crisis of the mid-1970s and saw its terms of trade deteriorate significantly. Its main imports—oil, grain, beef, but also the machinery required by modern industrial firms—proved to be exceptionally rigid inasmuch as they could not be easily and rapidly substituted, while their price rose significantly in the world market. Its exports, in contrast, suffered from growing competition in the world market, as the demand for them either stagnated or fell in the mid-1970's. And all of this occurred, it must be noted, amidst a revolutionary crisis, with fierce labor struggles pushing real wages upwards. It was this combination of factors that propelled the members of the Provisional government and the Armed Forces Movement to contemplate the possible advantages of a socialist transition.

For a brief period of time during the Carnation Revolution, strategies conceived to improve Portugal's position within the international division of labor were geared to the aspiration of sustaining the gains of the working class, both in terms of real wages and control over production. Socialism became the "soteriological name" (Santos 1985) for this dispositive, a combination of political economy, collective mobilization, state-building, and technocratic imagination that had the Portuguese social formation as its main object. It involved investments in some sectors so as to substitute imports and gain a higher degree of self-sufficiency in critical areas like foodstuffs, along with a robust provision of housing, infrastructure, and education by the state. It also implied a diversification of trade relations, with new destinations for Portuguese exports and new suppliers for some of its imports, along with significant gains in terms of productivity and efficiency.

In order to relaunch capital accumulation without bringing down the real wage it was necessary to change the profile of productive specialization of the country, investing in the capital goods sector and improving the country's industrial capacity so as to reduce unemployment and, simultaneously, support the expansion of the internal market. The cornerstone for all this was that a large foreign loan was required, backed by the accumulated reserves of gold at the disposal of the Bank of Portugal. Numerous studies and projects were elaborated to achieve this goal, but in the end, the prospect of "rebuilding the economy through socialism" lacked the most important condition: a firm political commitment. To maneuver amongst the complex geopolitical scenario of the 1970s, aligning the country with the strategies pursued to bring about a new international economic order required both a strategy of semi-withdrawal from the world market—the socialist mercantilism of which Wallerstein despaired so much—and the capacity to establish transnational alliances with other antisystemic movements across the globe. It was necessary to look inwards and outwards, exploring the full range of possibilities offered by the downturn of the world-economy and the crisis of legitimation of capitalism that came with it.

In this regard, Wallerstein's reflections offer precious elements to analyze the Portuguese case, just as much as the later allows us to move beyond the epistemic dead end upon which his arguments eventually have fallen. For therein lies the interpretative challenge posed by Portugal's trajectory in the 1970s: this was, along with Chile, the only semi-peripheral social formation in which a socialist transition emerged as a real possibility, however briefly and however ridden with contradictions and ambiguities, during the period of "global revolution" that took shape after 1968. Perhaps such contradictions and ambiguities constitute a specific trait of semi-peripheral social formations, challenging established models of interpretation. Or perhaps it simply better to use the concept of "semi-periphery" in a more sensible way, through a fine grained analysis of the historical specificity of each social formation and its trajectory that avoids both the limits of methodological nationalism and the pitfalls of taking the world-system as an empirical whole.

About the Author: **Ricardo Noronha** is a historian based in Lisbon, Portugal, interested in the subjects of social conflict and critique of political economy. He is a researcher at Universidade NOVA de Lisboa, Institute of Contemporary History (IHC).

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