

PORTUGAL'S ACCESSION AND CONVERGENCE  
TOWARDS THE EUROPEAN UNION

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Seminar

Cohesive growth in the enlarging Euroland: patterns, problems and policies.

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## PORTUGAL'S ACCESSION AND CONVERGENCE TOWARDS THE EUROPEAN UNION

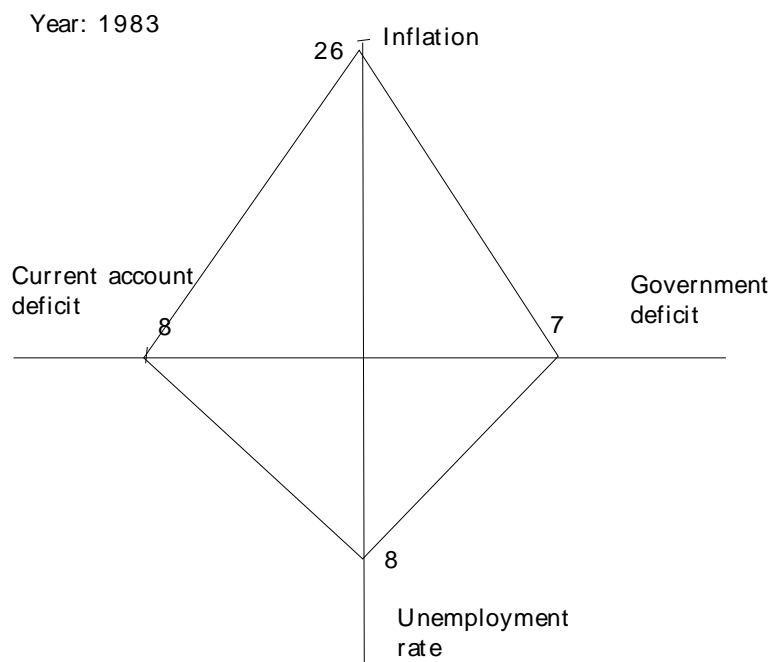
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After a request to join the EEC in March 1977, Portugal joined the European Community in January 1<sup>st</sup>, 1986, at the same time as Spain. We are going to study first the pre-conditions for accession, and second the impact of Portugal's entry on its economy for a decade and half that has elapsed since then. We will study both in terms of the triple dimension: macroeconomic stability, growth and convergence and political democracy.

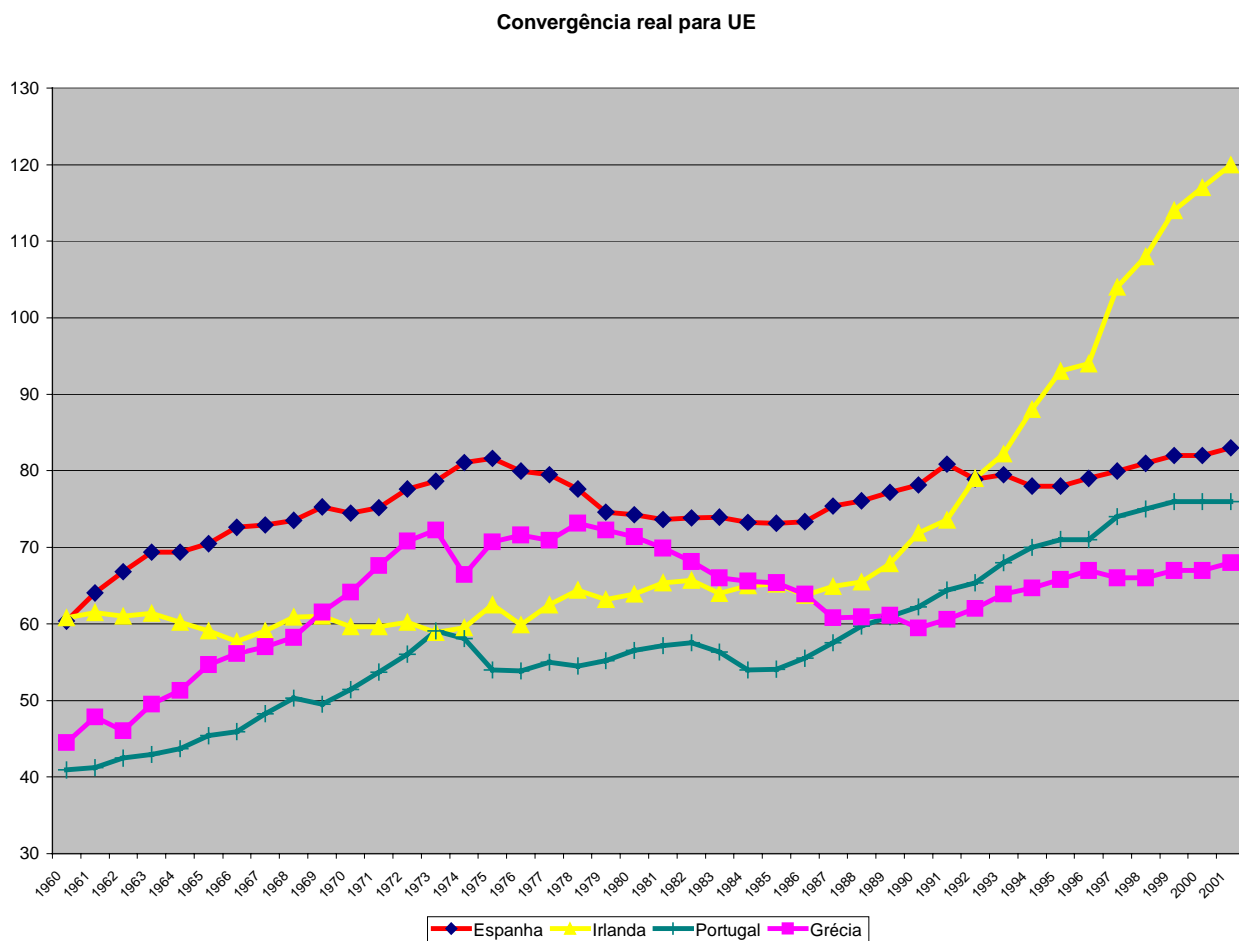
### The Pre-accession period

After the 1974 Revolution and the extensive nationalisation and incipient democracy installed after 40 years of dictatorship, Portugal was oscillating between a Latin American and European political and economic regime. Promised to be accepted within the EC in 1978, negotiations took from October 1978 to March 1985, side-by-side with negotiations between the Commission and Spain. In retrospective, there is no doubt that political factors played a major role in the admission of the country to the EC, mainly the need to consolidate democracy and avoid Portugal's slipping into the socialist bloc.

The period of 1978 to 1984 was characterized by large macroeconomic disequilibria. After the positive shock of the reduction in oil prices, the situation started to be redressed in 1985.



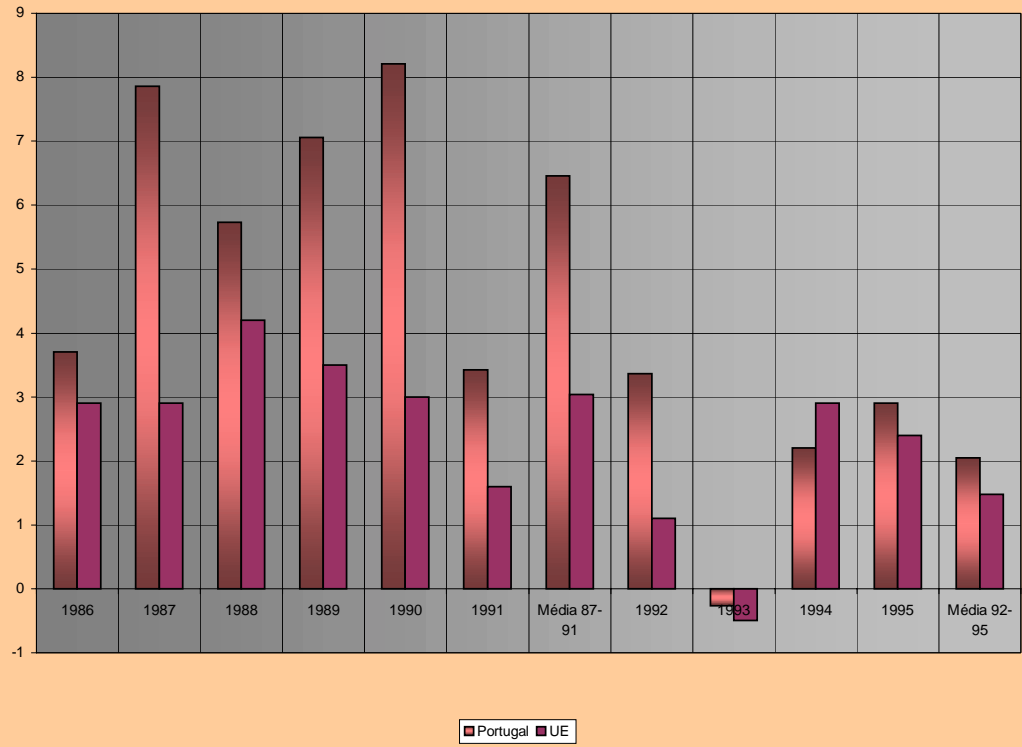
Growth was also disappointing during the pre-accession period.



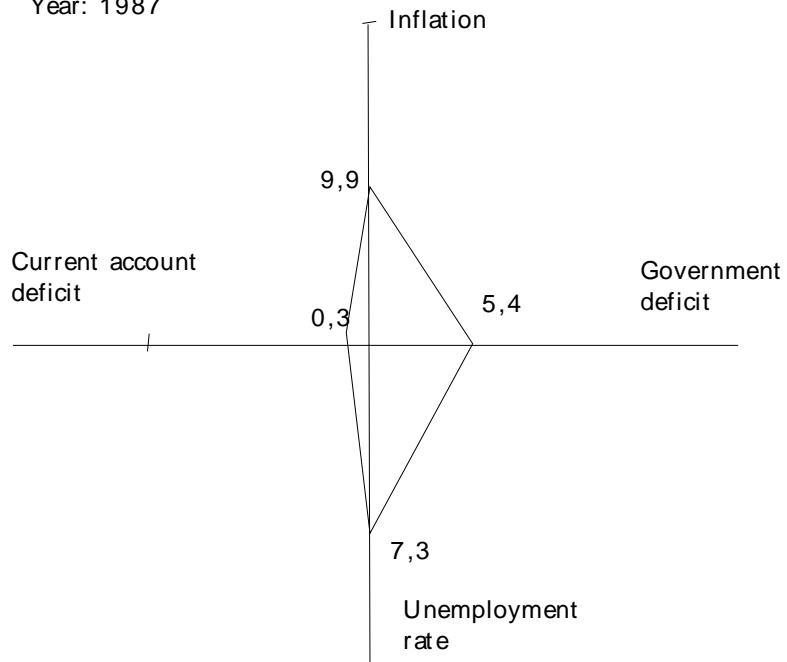
A large part of the economy was in the hands of the state, and large parts of manufacturing and services were closed to the private sector. The press and radio stations were almost all state owned, while the television was only state property. The labor market was heavily regulated with no possibility of firing. Wages were set by negotiations between the state and unions. There were two major political parties: social democrats and socialists that alternated in power. In 1985, Cavaco Silva, a social-democrat premier, won the first electoral majority after democratic rule was established.

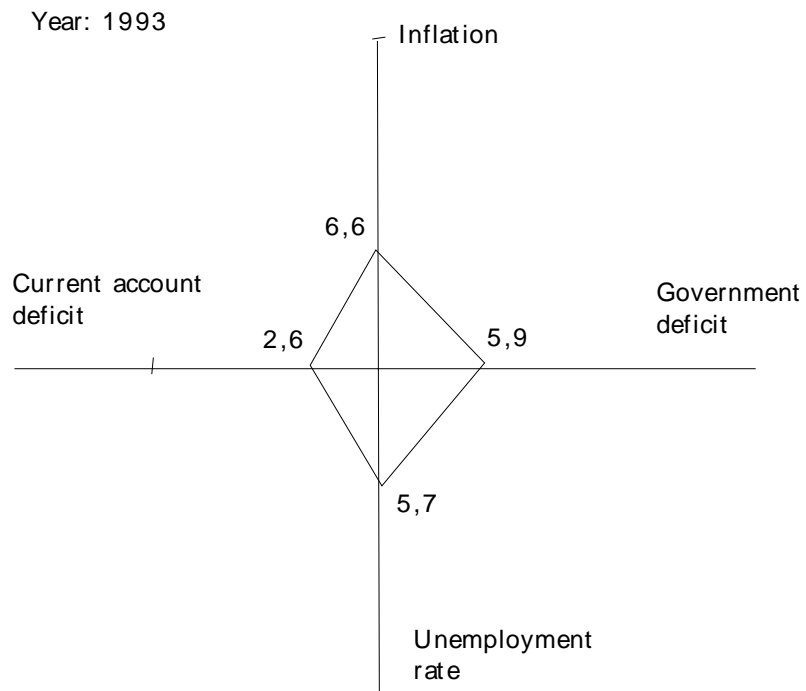
### Adjustment and growth

Taxa crescimento PIB



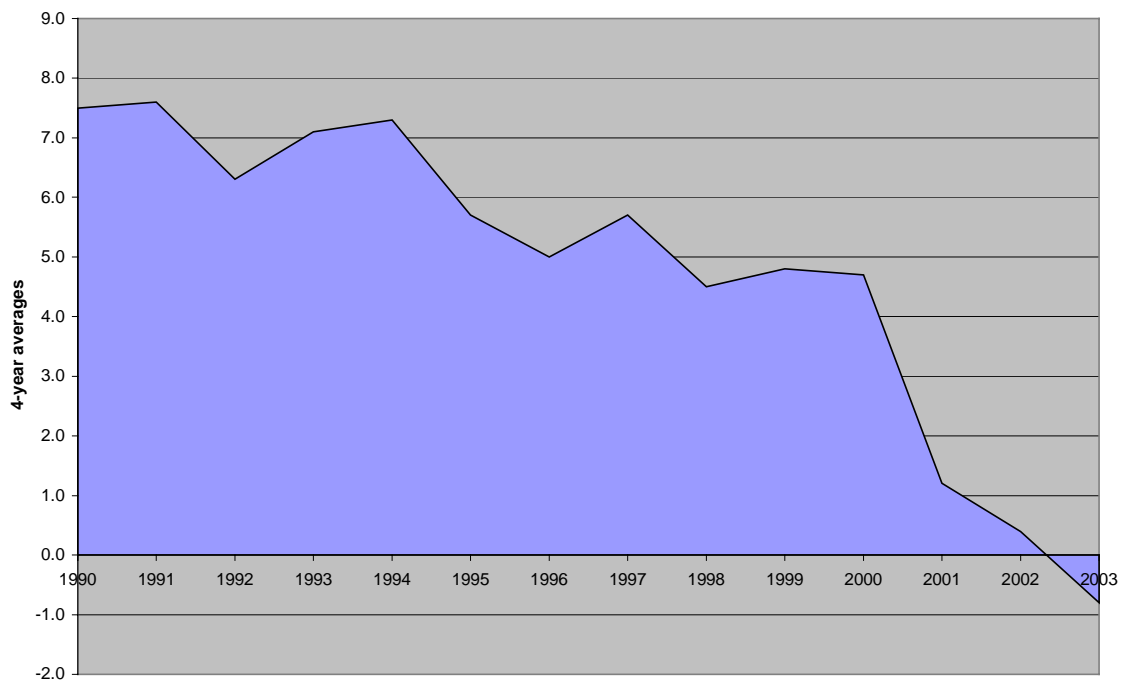
Year: 1987



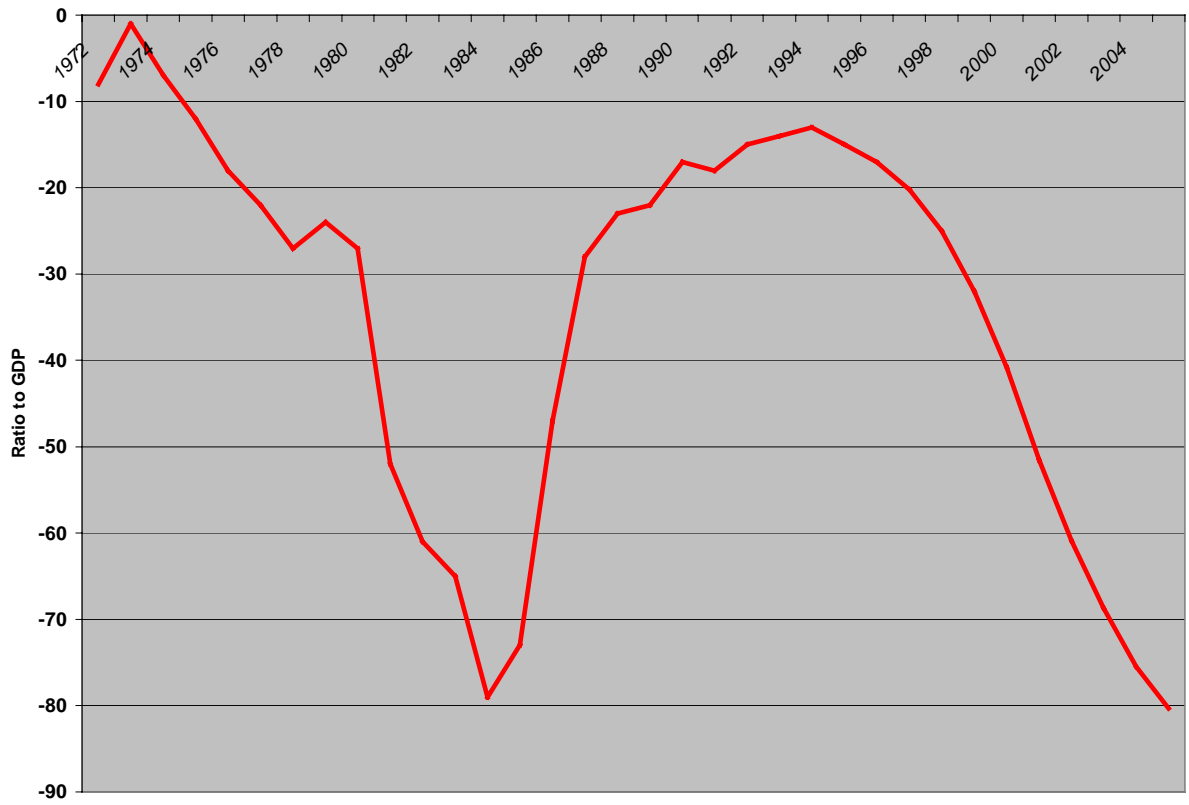


## Deceleration and structural problems

Convergence speed to the EU



### External Net Wealth position



### The challenge of enlarging Euroland