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AN ACCOUNT OF THE PORTUGUESE AFRICAN EMPIRE, 1885-1975 *

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1. INTRODUCTION

From the independence of Brazil in 1822 down to the independence of the African colonies in 1975, successive Portuguese governments became engaged in maintaining, enlarging, developing and, ultimately, in defending an empire in Africa. The literature on the Portuguese African empire is largely concerned with discussing the economic and political motives behind imperial policy [1]. Thus, the evaluation of the costs and benefits of the empire for the metropolitan economy —or, for that matter, the colonial economies— has not received much attention. This paper attempts to provide some of the evidence necessary to conduct such an evaluation [2]. Alas, the available data is insufficient for a full evaluation of the costs and benefits of the Portuguese African empire throughout the period considered here and this exercise will be incomplete [3]. But for two periods, namely, from 1885-1914 and 1948-1975, there is enough statistical

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[1] See Hammond (1966 and 1969) and Clarence-Smith (1985) for two opposite thesis regarding the nature of Portuguese imperialism. See also Capela (1975), Papagano (1980) and Marques (1994). According to Valentim Alexandre (1979) and (1993), the expansion of the Portuguese African empire was due to the same kind of factors that facilitated the other European empires in Africa, namely, better transports, the development of medicine and of military techniques, as well as the need to increase the control of the territories. For an account of the military activities of the Portuguese in Africa, see Pélissier (1994), (1997a) and (1997b).

[2] Two exceptions may be noted, for the twentieth century, namely, Castro (1980) and Green (1969).

[3] Also for lack of data, I do not present an explicit model for the evaluation of the costs and benefits of the African empire.

information to suggest that the single largest effect of the colonial empire on the Portuguese economy may be detected through an analysis of the balance of payments of Portugal and her empire with the rest of the world. The contribution of colonial revenues in financing Portugal's balance on current account dwarfed any other effects the empire had upon the Portuguese economy.

At the beginning of the nineteenth century, Portugal was the largest slave trader on the Atlantic and the share expanded down to the late 1820's. Apart from wax, ivory and gold, little else was sold on world markets by the Portuguese colonies in the years that preceded the abolition of the Atlantic slave trade [4]. Revenues from slave trade also accounted for an overwhelming share of the colonial budgets [5]. Yet this trade was to be curtailed by the British sea power. The abolition of slave trade in Portuguese Africa was first settled in principle with the British government in 1810, when Portugal agreed not to trade in slaves outside its own empire. In January 1815, during the Vienna Congress, Portugal signed a treaty with Britain which included a provision for the abolition of slave trade from the Portuguese colonies of Africa to the north of Equator. In 1817, Britain obtained the right to inspect Portuguese ships and the Portuguese claims to territories and bases in Africa were recognised by the British government [6]. Nevertheless, it was only in December 1836 that Portugal unilaterally moved to abolish the slave trade from all of the Portuguese possessions (but not within the empire). Even so, the British government still insisted on the right to inspect the Portuguese ships [7].

The dominance of slavery in the African outbound trade was by no means specific to the Portuguese colonies [8]. Yet, the reconstitution of trade from other colonies was easier. The growth of commodity trade was accompanied by an important shift in the way that trade was managed, in particular by the British, namely, the shift from sail to steam shipping [9]. Portuguese traders had to adapt to British competition in the trade between Africa and Europe and failed. The comparison with Britain suggests that the difficulty for the Portuguese resided in their inability to develop steam

[4] See Liesegang (1986), Miller (1986) and Curto (1992) for Portuguese Africa's slave and commodity trades in this period. See also Richardson (1989).

[5] See Capela (1979, pp. 85-86).

[6] See Smith (1970, p. 80).

[7] See Capela (1979, pp. 202-24). For a review of the discussion of the abolition of the slave trade by Portugal, see Marques (1994) and Alexandre (1994).

[8] See Haight (1967, pp. 100-2), Inikori (1986) and Law (1995).

[9] See Lynn (1981) and (1989).

shipping and to cater for an industrial market that demanded such raw materials as palm oil and palm kernels [10]. In Africa, as well as at home, Portuguese traders faced strong competition from British industry and finance.

Given Portugal's military weakness in Europe, it was only through diplomacy that Portugal could keep and expand its African empire and for that an alliance with Britain was important, particularly when and where the interests of other colonial empires were at stake. The British government was not always keen to have direct administrative control and Portuguese administration with its African backup could useful. Thus when the Foreign Office in London looked into the Portuguese occupation of the Congo basin, it noted that «a bad tenant was better than an empty house, and it was better to let Portugal in at once than for Britain to wake one morning and find that France had occupied the disputed territory» [11].

Portugal attended the Berlin Conference, in 1884-1885, and secured administrative control over the north bank of the river Congo after assuring the other powers that it was committed to free trade in the area. This was a diplomatic achievement but very little flowed from it, by way of economic gains, not least in terms of fiscal revenue to cover the administrative costs involved. This was precisely what occurred after similar diplomatic victories that secured north Angola, in 1855, Bolama, then capital of Portuguese Guinea, in 1870, and the Delagoa Bay, in 1875. By 1889-1890, times were about to change and the Portuguese ambitions in Africa were restrained by other powers.

In 1890, the British government sent an ultimatum to Lisbon to stop Portuguese military expeditions aimed at securing the territories in south central Africa. The outcry that then emerged in Portugal has blurred the fact that the settlement of the borders of the Portuguese colonies in the following years was pretty favourable for Portugal. The colony of Mozambique was cut short of the lands bordering Lake Nyassa, but the important kingdom of Gaza in the south was included, in 1895. Angola was not allowed to stretch to the region of Barotze, in the south, but the Lunda, a large area comprising almost one fourth of its present day borders (and which was not claimed in 1887) was added to the colony also in 1895 [12].

[10] See Bowman (1987).

[11] Axelson (1967, p. 58).

[12] See, among others, Axelson (1967). See also Smith (1970), Caetano (1971) and Nowell (1982).

The actual map of 1895 may have been less favourable for Portuguese interests than Portugal's virtual map of 1887. But the territory left still proved to be of significant economic interest. When the frontiers were all but defined and Portugal's claims in Africa internationally secured, the government in Lisbon became free to switch its African policy from a relatively free trade and liberal phase into the new «colonial system» which aimed to maximise revenues from trade.

The rest of the article is structured as follows. Section 2 deals with the period from the Conference of Berlin, in 1885, when the Portuguese government became free to implement colonial policies that would lead to large earnings in foreign currency for the metropolis. This benign outcome was temporarily reversed during the 1920's. Then, new rules were implemented over the following decade which allowed Portugal to obtain mercantilist profits from its colonies once more. From the early 1960's, the colonies in the Portuguese economy decreased, while their negative weight in the metropolitan government budgets increased, due to the costly wars of independence. It was in this context of rising fiscal costs that the empire came to an end. Section 3 analyses the second phase of Portugal's African colonisation. A summary of the conclusions is given in section 4.

2. THE REVIVAL OF EMPIRE, 1885-1930

At the time of the Berlin Conference, in 1885, Portugal's African colonies had an entirely small weight in the Portuguese economy and their role was not increasing in any discernible way. For example colonial trade still represented a tiny proportion of Portugal's trade and there were no other significant economic relationships with the Empire. Portugal exported little capital and few emigrants to Africa. Furthermore, in the 1880's, the colonies were not a fiscal burden to central government. Their share in total expenditure was small and the colonial budget deficits look insignificant. Thus it seems hard to find any general and purely economic interest behind the attempts to secure Portugal's political claims in Africa. Yet the interest that successive governments had shown in the Angola coast compared to the Guinea coast suggests that there were some economic priorities behind African policies. For example, the statistics for the 1870's show that Angola, with a population of half a million and exports of one billion réis, seemed set to became a more profitable colony than Guinea, with a population of five thousand and exports of less than 300 million reis [13].

But in 1892 a protective tariff was introduced which led to a significant increase in trade between Portugal and Africa. That increase was particularly marked for Portugal's exports to Africa and for African exports to third countries, shipped through Portugal as re-exports. In fact, by 1905-14, when the weight of African imports in Portugal's total imports was not much different from what it had been half a century before, African markets already accounted for 15 per cent of total Portuguese exports (see table 1). By then Portugal's Africa trade took a larger share than any other single country and Portugal ranked second to Britain in terms of the share of exports directed to non—European destinations (table 2). In the 1890's, the value of re-exports from Portugal was comparatively larger than it was for Great Britain and France (table 3).

The major effect flowing from the new tariff was that revenues in foreign currency derived from exports from the colonies were retained in Portugal because they passed through Lisbon and attracted just ten per cent of the duties they would have paid if they had been sold outside the new «colonial system». These revenues gradually assumed an important role in Portugal's balance of payments. In 1893, Barros Gomes, former minister of the colonies, told members of the Sociedade de Geografia de Lisboa about the «increasing importance, for the Portuguese economy, of the foreign currency coming from Angola» [14]. Given that emigrant remittances from Brazil, previously the major source of finance of the Portuguese balance of payments, suffered a severe contraction between 1888 and 1900, the change in the colonial tariff could not have come at a better time.

The major other facet of the economic relationships between Portugal and her colonies and for which there is data for a long period, is the share of expenditure by the metropolitan government on the colonies. Table 4 displays the average values for the share of colonial expenditure for the period after 1852, as well as the share of outlays on the military in total colonial expenditures. Distinctions between metropolitan and colonial accounts are not completely clear and a precise account of the financial cost of the colonies to the Portuguese government is hard to establish accurately. Such expenditures were not concentrated within a single ministry and they could be incorrectly registered. For example, it was a

[13] See Clarence-Smith (1985, p. 74).

[14] Quoted in Alexandre (1979, p.63). See a similar opinion expressed in 1899 by the then minister of the Navy and colonies, quoted in Lains (1995, p. 130).

TABLE 1

Portugal: trade with the colonies
(as % of total foreign trade)

	Imports		Exports	
	African Colonies	*Other Colonies*	*African Colonies*	*Other Colonies*
1840-49	0,5	–	1,0	–
1850-59	1,9	–	2,4	–
1860-69	2,5	–	3,1	–
1870-79	2,4	–	3,7	–
1880-89	2,0	–	2,9	–
1890-99	2,4	–	10,8	–
1900-09	2,9	–	15,3	–
1905-14	3,3	–	15,1	–
1920	3,8	–	14,1	–
1930-39	10,2	0,0	11,9	0,2
1940-49	13,2	0,0	19,5	0,6
1950-59	14,0	0,1	25,1	0,6
1960-69	14,1	0,2	24,1	0,3
1970-74	11,7	0,4	17,8	0,2

Note: Data for 1842, 1843, 1848, 1851, 1855, 1856, 1861, 1865-1914, 1920 and 1930-1974.

SOURCES: 1842-1914: Lains (1992, p. 127); 1920: Castro (1979, p. 229); 1930-1974: Ferreira (1994, tables 1-3) and (1996).

TABLE 2

European exports by main areas, 1913
(per cent)

	Europe	*N. America*	*S. America*	*Asia*	*Africa*	*Oceania*
Portugal	59,8	3,0	18,7	2,2	16,3	0,0
Denmark	97,6	1,4	0,4	0,3	0,2	0,1
Finland	98,0	0,0	0,1	0,0	2,0	0,0
Norway	80,8	8,5	4,3	1,9	1,4	3,0
Sweden	86,9	5,2	1,3	2,6	2,7	1,0
France	69,8	7,4	6,9	3,5	12,3	0,1
Italy	65,8	13,3	11,6	4,4	4,3	0,4
Spain	70,6	6,5	18,2	1,4	3,2	0,1
U.K.	35,2	11,6	12,6	24,5	7,4	8,6

SOURCE: Bairoch (1974, p. 573)

TABLE 3

The importance of reexports, 1861-1913

	Portugal	*U.K.*	*France*
1861-70	9,4%	17,2%	3,2%
1871-80	9,7%	15,5%	1,2%
1881-90	11,6%	15,9%	1,2%
1891-90	21,3%	13,6%	1,4%
1901-13	21,1%	13,9%	1,4%

SOURCES: Lains (1992, p. 186), Imlah (1958, p. 170) and Levy-Leboyer (1073, p. 86).
Note: reexports/(reexports + imports).

common practice to assign the funding of certain expenditures on Portugal to the colonies on the premise that colonies should bring benefits to the metropolis. Such sources of error were, however, minor.

Expenditures on the colonies were below 5% of annual total expenditures for most of the 120 years considered in table 4. When expenditures rose above that mark that was due to military operations that occurred in the early 1890's, during World War I and again during the wars of independence (1961-1974). On average for 1851-1914, Portugal's central government's expenditure on the colonies came to 3.1% and below the corresponding ratio of 6% for France [15]. Furthermore, colonial governments also raised their own taxes. The information regarding local budgets is scarce and refers to planned, not actual, revenues and expenditures and relates only to Angola (see table 5). Nevertheless we may conjecture that Angola's budgetary deficit added not more than one percentage point to Portugal's metropolitan expenditure, between 1853-1910 [16]. Even if the deficits of Guinea and Mozambique are taken into account, the share of total expenditure on the empire in the Portuguese budget most certainly fell below that of France over the period 1850-1910.

[15] See Crouzet and Dormois, this issue.

[16] This proportion is probably overestimated and it has been estimated that the total actual deficit for 1853-1907 was only 56 per cent of the deficit of the planned budgets. See Macedo (1910, pp. 33-35 and 52-54).

TABLE 4

Government expenditure
(billion reis)

	Total	Colonies Total	Investment	Military	Inv/Tot	Mil/Tot	Other/Tot	Colonies/ Total
1852-60	11,22	0,01	na	na	na	na	na	0,1%
1861-70	14,86	0,34	na	na	na	na	na	2,2%
1871-80	22,61	0,36	na	na	na	na	na	1,6%
1881-90	31,63	1,23	1,37	0,00	91,0%	0,0%	9,0%	3,7%
1891-900	44,74	2,56	1,56	0,51	58,1%	14,7%	27,3%	5,8%
1901-10	57,42	2,78	2,53	0,19	64,1%	5,1%	30,7%	4,8%
1911-20	147,1	11,5	1,9	8,6	32,9%	48,3%	18,7%	7,7%
1921-30	1399,5	62,5	51,5	1,5	61,4%	8,2%	30,4%	4,1%
1931-40	2591,0	29,4	3,5	0,4	10,2%	1,0%	88,8%	1,2%
1941-50	3790,5	186,7	111,8	45,7	27,7%	21,3%	51,0%	3,7%
1951-60	7747,3	498,2	181,5	256,0	28,7%	56,2%	15,0%	6,0%
1961-70	20682,1	5387,9	633,4	4621,5	12,5%	84,9%	2,6%	26,1%
1971-76	66854,6	10001,7	1442,1	9038,9	13,6%	85,1%	1,3%	18,0%

SOURCES: 1851-1914: Mata (1993, tables 10, 14 and 39); 1915-1980: Ferreira and Pedra (1988, Annex I).

Note: Total expenditure is taken from Mata (1993, table 39).

TABLE 5

Angola: colonial budget
(million reis)

	Revenue	Expend.	Deficits
1819	175,2	141,8	33,4
1822	152,1	183,4	−31,3
1824-25	164,3	179,6	−15,3
1829-32	148,5	143,3	5,2
1843	132,7	208,4	−75,7
1853-59	241,2	266,6	−25,4
1860-69	247,0	352,6	−105,6
1870-79	419,2	433,3	−14,2
1880-89	570,7	750,5	−179,8
1890-99	1295,3	1462,2	−166,9
1900-09	1842,5	2476,7	−634,1
1910-14	2797,4	3888,7	−1091,3

SOURCE: 1819-1910: Macedo (1910, pp. 45 and 47-48); 1911-1914 Pélissier (1997a, p. 228).

Although the increase in exports from Portugal to Africa was rapid, it was in the re-export trade of colonial produce to third countries that the true changes brought about by the 1892 tariff can be observed. This rapid increase of colonial re-exports had a large effect on Portugal's balance of payments and, ultimately, on her rate of industrial and economic growth. In 1891, the Portuguese government had faced a severe crisis in meeting payments to foreign holders of government bonds, due basically to the contraction in the value of emigrant remittances from Brazil. Following the abolition of slavery in 1888 and the Republican revolution, Brazil's currency depreciated heavily and Portuguese emigrants reduced their remittances sent home to Portugal, particularly during the years 1890-1894. The resulting shortage of gold and foreign currency led to a debt crisis. This crisis had wide political implications although its economic consequences were less serious than historians once believed [17].

The re-export trade from the African colonies through Portugal and on to northern Europe and the United States, increased considerably after 1892 because the colonial tariff of that year imposed strong preferential treatment for re-exports carried through Portugal. After 1892, Portuguese exports to the African colonies paid between 10% and 20% in tariff duties, foreign produce re-exported through Lisbon to the colonies paid 80%, and direct exports from foreign countries to the colonies paid the full tariff [18]. The reason why re-exports from Africa earned foreign currency for the Metropolis, was that Portugal paid the colonies in domestic currency, and retained the foreign currency received from their sale outside the empire. Furthermore, direct trade between Portugal and its African territories was carried on in domestic currency and consequently the Portuguese balance of trade with the African colonies has to be deducted from the balance of trade in foreign currency.

Table 6 includes my estimates of the revised values for average yearly re-exports from the African colonies, in comparison to Portugal's balance of trade valued in both domestic and foreign currencies [19]. Column (c)

[17] See Lains (1995). The debate around the crisis of 1891 has been misleading to the extent that the impressive role of colonial re-exports in balancing Portugal's external payments is largely neglected in the more recent literature. See, though, Cordeiro (1896, p. 400), Vieira (1905, p. 473), Salazar (1916, pp. 193-99) and Clarence-Smith (1985, pp. 86-87).

[18] See, for instance, Pautas vigentes [...] (1892). Differential duties had already been imposed in the 1830's, albeit less successfully and they were abandoned in the 1870's.

[19] For details regarding the correction of Portugal's foreign trade statistics see Lains (1992, Appendix B). Briefly, outward trade was undervalued, whereas inward trade was

TABLE 6

Portugal: balances of trade
(revised values, billion reis)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Total trade			Trade with Africa			Colonical reexports			
	Exports	Imports	BoT (a)−(b)	Exports	Imports	BoT1 (d)−(e)	From Afr.	To Afr.	BoT2 (g)−(h)	BoT3 (c)−(f)+(i)
1855-1856	15.760	19.640	−3880	390	437	−47	1.145	932	212	−3621
1861	13.875	29.043	−15168	515	630	−115	916	1.299	−384	−15437
1865-1869	15.164	27.967	−12802	484	727	−243	1.614	1.431	182	−12377
1870-1874	23.132	28.091	−4959	758	760	−3	2.472	1.977	494	−4462
1875-1879	24.513	31.554	−7041	1.047	663	384	2.468	2.118	350	−7075
1880-1884	24.058	30.885	−6826	665	621	44	1.982	2.134	−152	−7022
1885-1889	32.344	35.139	−2795	1.009	697	312	3.288	2.417	872	−2235
1890-1894	37.316	34.570	2746	2.712	805	1907	8.819	3.396	5423	6262
1895-1899	55.360	39.146	16214	7.806	963	6843	14.995	3.879	11117	20488
1900-1904	53.712	54.876	−1164	8.187	1.486	6701	17.404	3.806	13598	5732
1905-1909	44.808	59.388	−14580	6.906	1.820	5086	16.243	4.297	11946	−7720
1910-1913	64.938	73.058	−8120	9.659	2.393	7267	25.490	5.804	19686	4299

SOURCE: Lains (1992, p. 184) and (1995, p.132).

shows that Portugal's total balance of trade converted into domestic currency, was in deficit throughout most of the 1865-1913 period; apart from the decade 1890-1899 when the mil-reis was undervalued in relation to its par value. Column (d) indicates that from the 1870's, Portugal's balance of trade with her African colonies was positive and the surplus reduced the total deficit. Since trade with the colonies was carried in domestic currency, such transactions should be excluded from the balance of trade measured in foreign currency. This balance is shown in table 6 (column e) and it is naturally less favourable for Portugal than the overall balance measured in domestic currency. What is most noteworthy is the sharp increase in receipts over outlays in 1895-1899, due to the depreciation of the currency, and the worsening thereafter, following the appreciation of the currency. Table 6 also shows the value of colonial re-exports (column f) and in column (g) the value of re-exports is added to the value of the balance of trade in foreign currency. From this last set of data, we conclude that for most of the period from 1890, Portugal's balance of trade in foreign currency was positive. Finally, table 7 shows that during the same period from the early 1890's, re-exports were earning considerably more in foreign currency for the Portuguese economy than emigrant remittances. Clarence-Smith concluded that re-exports covered less than half of the deficit between 1905 and 1915, and the rest was covered by emigrant remittances. But my revision of the official data gives a different picture, and suggests that either emigrant remittances were substantially lower, or that Portugal's balance of payments was largely positive [20].

Returns from the colonies to the Portuguese economy depended on their capacity to produce exportables. In 1901, the principal items exported from the empire were cocoa, wild rubber, coffee, oil seeds, fisheries and wax and, in 1913, sugar was added to this list (see table 8). These products were either produced in plantations run by Europeans using contract labour or they were produced by the Africans and brought to the coast to be

registered correctly. The reason is that the declared value of exports was converted into the Portuguese currency at the par exchange rate, even after 1891, when Portugal left the gold standard and the currency was below par for most of the period up to 1914. Imports were registered at the market exchange rates.

[20] See Clarence-Smith (1985, p. 87). There are no estimates for total remittances and the values in table 4 are only temptative. The most complete study of the effects of emigrant remittances on Portugal's balance of payments after 1891 is still Salazar (1916, chap. 7). See also Pereira (1981, pp. 39-44) and Lains (1995, p. 127). Mata (1987) provides an estimate for the balance of payments for 1891-1913, and for the earlier period (1865-1890) there is another estimate from Reis (1991). These two series are incomplete and incompatible with each other.

TABLE 7

Emigrant remittances and reexports
(billion reis)

	Remittances		*Reexports*	
	Recorded	*Estimated*		
	(a)	*(b)*	*(c)*	*(d) = (b)/(c)*
1878-79	2961	5922	695	8,521
1888-89	3796	7592	2201	3,449
1890-93	1078	2156	5614	0,384
1896-99	1965	3930	13182	0,298
1900-04	4225	8450	15563	0,543
1907-09	4126	8252	13721	0,601
1910-13	3558	7116	21445	0,332

SOURCE: Lains (1992, p. 178).

exported. The importance of produce such as rubber, wax and fish, decreased in the period 1901-1936 while the export of oil seeds, probably another peasant crop, increased. Plantation exports show an inverse trend, except for cocoa. In fact, the share of exports of sugar (mainly from Mozambique), coffee (mainly from S. Tomé and Angola), cotton and sisal (from Angola and Mozambique) and corn (from Angola) increased from 1901 to 1936.

Exports from Portuguese Africa doubled between 1901 and 1919 (in current pounds sterling), declined during World War I and stabilised thereafter, until 1929, to decline again until 1934, in which year the levels of the beginning of the century were re-established (see table 9) [21]. This pattern of export growth was shaped by the growth of international markets for tropical exports and the economy of the Portuguese colonies probably suffered as much as other economies that were also dependent on primary exports.

The commodities which the African colonies exported were commodities for which the domestic demand was probably very low. For

[21] Table 6 also depicts the value of trade for the Asian colonies (Portuguese India, Macau and Timor), which fall out of the scope of the present article. The relative importance of those colonies can be gauged by the data on that table. The value of trade from Portuguese India and Timor is relatively small, Macau was a transit port for China as well as Portuguese India for imports into India.

TABLE 8

Composition of colonical exports, 1901-1936

	Billion reis				*Per cent*			
	1901	*1913*	*1927*	*1936*	*1901*	*1913*	*1927*	*1936*
Cattle	13	93	2622	2659	0,1%	0,4%	0,4%	0,4%
Hides	69	222	7481	5694	0,6%	1,1%	1,1%	0,9%
Wax	511	660	14258	14230	4,2%	3,2%	2,1%	2,3%
Oil seeds	913	3081	183046	150274	7,4%	14,8%	27,5%	23,9%
Oils	34	99	11273	4893	0,3%	0,5%	1,7%	0,8%
Cotton	9	80	16639	33258	0,1%	0,4%	2,5%	5,3%
Sisal	0	17	14810	52405	0,0%	0,1%	2,2%	8,3%
Tobacco	0	11	833	890	0,0%	0,1%	0,1%	0,1%
Rubber	3326	2367	1395	293	27,1%	11,4%	0,2%	0,0%
Wood	44	62	1299	1549	0,4%	0,3%	0,2%	0,2%
Diamonds	0	0	38498	83338	0,0%	0,0%	5,8%	13,2%
Gold	0	0	4449	4802	0,0%	0,0%	0,7%	0,8%
Coal	0	0	389	546	0,0%	0,0%	0,1%	0,1%
Fisheries	736	769	32913	18382	6,0%	3,7%	4,9%	2,9%
Sugar	163	2331	87749	75934	1,3%	11,2%	13,2%	12,1%
Coffee	1122	1440	67917	59680	9,2%	6,9%	10,2%	9,5%
Cocoa	4180	7172	83987	23686	34,1%	34,4%	12,6%	3,8%
Corn	90	287	55341	57364	0,7%	1,4%	8,3%	9,1%
Salt	73	60	4041	2324	0,6%	0,3%	0,6%	0,4%
Other	974	2091	36937	37001	7,9%	10,0%	5,5%	5,9%
TOTAL	12257	20842	665877	629202	100,0%	100,0%	100,0%	100,0%

SOURCE: Salgado (1939: table 12b).
Note: All territories, except Nyasa Co. and Macau.

example, African populations consumed some negligible amounts of coffee, cocoa and cotton. Thus, the growth of exports was made possible by an elastic increase in the production and sale of exportables. For example, the collection of wild rubber and its transport to the coast, could be carried on with little European supervision [22]. Although the major concern of the Portuguese authorities was to make sure that such products were channelled through the ports under their supervision, and not diverted through the Congo from northern Angola and Zambese from northern Mozambique. That had happened earlier in the century with exports of slaves and ivory.

[22] See Duffy (1961, p. 158).

TABLE 9

Colonial Trade, 1901-1936
(000 pounds sterling)

	Exports									
	Guinea	*Cape Verde*	*S. Tome*	*Angola*	*Mozambique*	*India*	*Macau*	*Timor*	*TOTAL*	*Total Africa*
1901-10	109	62	1422	1116	662	144	1572	67	4991	3365
1911-20	304	53	1239	1188	1250	245	1643	90	6013	4034
1921-30	357	32	615	2029	2603	293	1518	144	7591	5636
1931-36	273	24	285	2148	1521	194	788	59	5292	4251
	Imports									
	Guinea	*Cape Verde*	*S. Tome*	*Angola*	*Mozambique*	*India*	*Macau*	*Timor*	*TOTAL*	*Total Africa*
1901-10	167	173	572	1266	1707	416	1845	59	6004	3868
1911-20	367	229	733	1149	2528	726	2231	79	8043	5007
1921-30	387	335	351	2229	3930	1121	2740	113	11206	7232
1931-36	233	222	165	1506	2973	1111	1840	59	8109	5098

SOURCE: Salgado (1939: tables 3 and 6).

Meanwhile, the definition of the borders in the 1890's fostered control over supplies of exportables from the Africans.

Yet, the definition and control of the borders or, for that matter, the definition of property rights within the colonies, were by no means sufficient to guarantee increases in the supply of exportables from the plantations. Labour was a scarce factor in Africa (probably less than capital but certainly more than land). After the abolition of slavery, the production of products for export such as coffee or cotton required measures to tie the population to the land. The control over African populations was of paramount importance for successful colonisation, not only because it helped to provide the necessary labour force for the plantations, but also because it allowed the collection of taxes.

Control over the African populations became harder after the abolition of slavery [23]. The first step towards the abolition of slavery was taken in

[23] Slavery was more difficult to abolish than slave trade also because it implied a compensation to the slave-owners. Yet, the Portuguese legislator, contrarily to the British, managed to avoid that expenditure to the government.

1856 in the district of Ambriz as a response to a dispute with Britain. In April 1858, Sá da Bandeira decreed that slavery would be abolished over a period of twenty years. He expected the number of slaves would decline and thus reduce the cost of indemnity to the Portuguese government. When that did not happen, the government formally ended slavery in February 1869, but obliged the ex-slaves to continue working for their ex-proprietors for ten years, as «libertos». Between 1874 and 1876 the «libertos» were freed and slavery was finally abolished in the Portuguese colonies, only a few years after slavery had been abolished on the rest of the Continent and a labour code was published, in 1878, which established some protective rights for native workers [24]. During the following decade, Portugal was more concerned with territorial claims than in securing fiscal revenues from the colonies to cover their administrative costs, either in the form of tariffs or in the form of the control of the labour force. Not until 1899 was a new labour code applied to all African natives in the form of a «moral and legal» obligation to work [25].

Thus, the 1892 tariff and the 1899 labour code formed landmarks for the new colonial regime that Portugal imposed on her African colonies. The measures were surely what other European powers had expected Portugal to implement when they resisted Portuguese claims during negotiations over territory and borders in the 1880's. Perhaps the tariff and labour code, which brought important benefits for Portuguese colonisation were delayed simply to strengthen the bargaining position of the country in the scramble for territory.

The increased interest of government in Africa emerged in several ways. For example, the position of *governador geral* of Angola and Mozambique obtained a new status that attracted men who managed to impose a tighter administrative control over the territories. Yet soon the new governadores gerais demanded more autonomy. Meanwhile, the fiscal cost of the colonies increased from the early 1890's, particularly for Angola. Sound public finance preoccupied the press and the parliament, upon which governments depended. Yet, it was not until World War I that the share of the colonial in metropolitan government expenditures increased to 12%, but shortly thereafter that share fell again to a level close to what it had been in the nineteenth century (see table 4 above). Even so, the budgets of the colonies became increasingly unbalanced, particularly for Angola, largely

[24] See Alexandre (1979, pp. 155-57) and Duffy (1961, p. 151).

[25] That obligation was further regulated by the labour codes of 1926 and 1928, and in 1930 it was limited to public works. See Duffy (1961, pp. 318-21).

because the military expenditures increased more than three times between 1883-1887 and 1903-1907 and in 1907 they peaked at 51% of total expenditures for that year [26].

The reason for the increasing burden on the metropolis was that Portugal was heavily engaged in wars in Angola, Mozambique and Guinea during the last three decades before world War I. It was not until the mid 1920's, that the Portuguese colonies on the continent of Africa were pacified and controlled by the Portuguese army and its tax collectors.

The generally favourable position of African colonies in Portugal's balance of payments and their relatively low burden on the metropolitan budget, gradually came to an end during the republican regime (1910-1926). Four factors contributed to this outcome. Firstly, the wars against native power, in Guinea, Angola and Mozambique increased in intensity down to 1926 when the last important conflict was fought in the colonies. Secondly, the autonomy granted to the governadores gerais fostered colonial investment, a policy that was backed by Lisbon because it was believed that the colonies needed social overhead capital in order to make them profitable and less war prone. Thirdly, the shock caused by the War to international markets was particularly severe for the kind of primary products exported by Portugal's colonies. Finally, the way Portugal financed the war caused high inflation and disturbances to the public finances, in both Portugal and its colonies.

The 1926 coup d'état that ended the republican regime was followed by a period of financial reorganisation, led by the Estado Novo. In the colonies, reforms were more difficult to implement because the effects of the 1929 depression were severe. Portugal's balance of trade with the African colonies went into substantial deficit, first in 1913 and thereafter for most of the 1920's. The years from 1929 to 1931 were the three highest deficits since the beginning of the century. Exports did not recover, but imports were cut almost in half between the peak year of 1929 and 1934. By 1936, the Estado Novo could proudly present a small surplus for commodity trade with African colonies. At the same time, colonial finances moved into balance and remained there for the rest of the period down to 1950 [27].

[26] In 1900-10, the accumulated deficit for Angola's governo geral (7,100 contos), surpassed the accumulated deficit of the previous five decades, from 1852 to 1899 (5,500 contos). See Macedo (1910, pp. 54-61).

[27] See Duffy (1961, p. 331).

3. THE CONSOLIDATION AND DEMISE OF EMPIRE, 1930-1975

The 1930 Acto Colonial marked a new era in the relationship between Portugal and her colonies. Basically this act (included in the 1933 Constitution) aimed to establish a new colonial system, where trade and payments between Portugal and her colonies would be in balance. Furthermore, the autonomy of the colonial administrations was constrained in order that the whole system could be ruled from Lisbon. The strategy was not designed to produce revenues in the colonies for the benefit of Portugal, but rather a financial equilibrium within the empire. Through the medium of exchange controls imposed in 1931, the new system channelled foreign currency from colonial exports into the metropolitan economy and thereby provided a major source of the means required to finance Portugal's deficits on the current account of the balance of payments. Furthermore, the share of the colonies in Portugal's trade increased substantially, as the export sector in Portugal responded to opportunities opened by protected markets in Africa and the colonies developed raw materials which the Portuguese industry demanded, such as textile fibres and industrial oils.

The functioning of the colonial system born in 1930 differed from the system imposed by the tariff regime of 1892. Under the former regime, Portugal secured the foreign currency earned by African exports by controlling re-exports through Lisbon. After 1930, the control was exercised over monetary flows.

Estimated values for the empire's trade for 1927-1931 presented in table 10 show that the colonies were running slight deficits, both in terms of total trade (1061 contos of exports against 1143 contos of imports) and for trade with foreign countries alone (812 contos against 987). Table 11 depicts a similar situation for the years 1932-1936 (the deficit should be reduced by applying a factor of 30% to the value of exports), and for 1947-1951 [28]. The share taken by foreign countries in exports from Portugal's African colonies increased from 1901 to 1927-31, stabilised in the period to 1932-1936 and then increased again down to 1947-1951. The decline in the value of exports from 1927-1931 to 1932-1936 was more important for sales to foreign countries and the share of colonial

[28] There is no equivalent revision for Portuguese foreign trade statistics for the period after 1914 as the one presented on table 6 above for the 1842-1914 period. Ribeiro Salgado (1936, p. 91) hints that exports from Portugal were undervalued by 50% and exports from the colonies by 30%.

imports from third countries contracted from 72% to 62%. Yet, the decline in total imports was sharper than the decline in exports and the colonies probably run a surplus in the early 1930's (if account is taken for the under-valuation of exports). Such an outcome flowed from the protectionist measures imposed by the Colonial Act of 1930.

TABLE 10

Trade within the Empire, 1927-1931
(contos)

	Official values			
Exports to	*Portugal*	*Colonies*	*3rd Countries*	*Total*
Portugal	–	191,2	2198,6	2389,8
Colonies	103,6	–	987,3	1090,9
3rd Countries	812,9	624,6	–	1437,5
Total	916,5	815,8	3185,9	4918,2
	Revised values			
Exports to	*Portugal*	*Colonies*	*3rd Countries*	*Total*
Portugal	–	248,6	2198,6	2447,2
Colonies	155,4	–	987,3	1142,7
3rd Countries	1219,4	812,0	–	2031,4
Total	1374,8	1060,6	3185,9	5621,3

SOURCE: Based on Salgado (1936: table 1).
Note: The revised values were estimated according to the source by adding 50% to the value of Portuguese exports and 30% to the value of colonial exports.
Exports from countries (imports) were not revised.

TABLE 11

Portuguese Africa Trade, 1901, 1913, 1927-36 and 1947-51
(contos)

Exports to	*Guinea*	*C. Verde*	*S. Tomé*	*Angola*	*Mozambique*	*Total*
1901 Portugal	74	303	4.480	4.208	146	9.211
Other colonies	2	49	17	219	129	416
Foreign countries	273	21	—	101	1.612	2.007
Total	**349**	**373**	**4.497**	**4.528**	**1.887**	**11.634**

Exports to		*Guinea*	*C. Verde*	*S. Tomé*	*Angola*	*Mozambique*	*Total*
1913	Portugal	275	282	7.236	4.512	342	12.647
	Other colonies	1	21	152	229	1.265	1.668
	Foreign countries	1.209	11	10	841	3.713	5.784
	Total	**1.485**	**314**	**7.398**	**5.582**	**5.320**	**20.099**
1927-31	Portugal	21.390	2.251	59.325	102.965	42.688	228.619
	Other colonies	134	206	467	9.275	5.277	15.359
	Foreign countries	17.586	663	765	130.695	197.593	347.302
	Total	**39.110**	**3.120**	**60.557**	**242.935**	**245.558**	**591.280**
1932-36	Portugal	19.285	2.111	30.597	125.189	46.847	224.029
	Other colonies	271	140	230	4.027	4.972	9.640
	Foreign countries	10.608	449	32	136.964	114.112	262.165
	Total	**30.164**	**2.700**	**30.859**	**266.180**	**165.931**	**495.834**
1947-51	Portugal	107.553	7.622	19.763	461.392	385.599	981.929
	Other	27.018	207.655	182.051	1.462.827	603.520	2.483.071
	Total	**134.571**	**215.277**	**201.814**	**1.924.219**	**989.119**	**3.465.000**
Imports from		*Guinea*	*C. Verde*	*S. Tomé*	*Angola*	*Mozambique*	*Total*
1901	Portugal	122	435	818	1.668	1.302	4.345
	Other colonies	8	23	234	49	283	597
	Foreign countries	374	458	1.426	2.381	4.603	9.242
	Total	**504**	**916**	**2.478**	**4.098**	**6.188**	**14.184**
1913	Portugal	213	238	973	1.596	1.833	4.853
	Other colonies	13	22	440	14	904	1.393
	Foreign countries	1.402	948	2.313	4.439	9.050	18.152
	Total	**1.628**	**1.208**	**3.726**	**6.049**	**11.787**	**24.398**
1927-31	Portugal	9.028	8.405	13.190	85.009	81.958	197.590
	Other colonies	603	1.241	9.828	845	17.833	30.350
	Foreign countries	22.105	23.946	16.580	161.274	371.534	595.439
	Total	**31.736**	**33.592**	**39.598**	**247.128**	**471.325**	**823.379**
1932-36	Portugal	9.066	6.548	6.891	84.926	73.095	180.526
	Other colonies	618	2.754	4.387	475	5.236	13.470
	Foreign countries	17.349	14.188	6.372	83.836	226.273	348.018
	Total	**27.033**	**23.490**	**17.650**	**169.237**	**304.604**	**542.014**
1947-51	Portugal	109.667	31.958	48.471	720.163	549.245	1.459.504
	Other	40.568	242.649	210.156	751.739	1.181.660	2.426.772
	Total	**150.235**	**274.607**	**258.627**	**1.471.902**	**1.730.905**	**3.886.276**

SOURCE: Salgado (1939: table 8).

The government in Lisbon imposed highly restrictive policies in the colonies which balanced their budgets and the foreign trade deficits. Thus, the budgets of Angola and Mozambique moved into balance already in 1931 and Mozambique run a fiscal surplus for most of the following period, due to the revenues that accrued to the colonial government from taxation of the native emigration to the Union of South Africa [29]. The effect of such measures on the African economies must have been severe. The government did not want to lose control of the internal and external finances of its colonies and the colonies would not be allowed to became a burden for the metropolitan finances. Yet, the problem was about to fade away because after World War II the African colonies once again became a source of foreign currency for Portugal. The «archaic» system of re-exports through Lisbon enhanced by the 1892 tariffs was replaced in 1930 by a system of exchange controls whereby earnings in foreign currency from African exports had to be deposited in the Banco de Portugal, in Lisbon, in exchange for Portuguese escudos and other colonial currencies (the proportion of the two currencies varying from colony to colony). Domestic imports into the colonies could be paid by escudos, in Portugal, and imports from foreign countries had to be paid for in foreign currencies provided, within certain limits, by the Portuguese government [30].

Official data for balances of payments within the empire dates only from 1964, but it is possible to gauge the contribution of the colonies to Portugal's balance of payments by looking at the other accounts. For example, table 12 shows that the balance of payments on income account of the empire (Portugal and its colonies) was positive for most of the period from 1950 to 1971. Up to 1965, the income account of Portugal alone was in deficit and the overall surplus was attributable to the contribution of the colonies [31]. From 1965 onwards, the colonies retained their surpluses with Portugal. But by then Portugal ran a surplus with foreign countries and the relative importance of the colonies declined. From 1967 onwards contributions from emigrant remittances surpassed the colonies as sources of foreign exchange, and the contribution of the colonies to Portugal's foreign earnings had been dwarfed by 1973. In fact, the contribution of the colonies to Portugal's balance of payments can be correlated to their share in Portugal's trade. During 1960's, the share of

[29] See Duffy (1961, p. 331).

[30] See Castro (1980, p. 168) and Clarence-Smith (1985, p. 16).

[31] In the 1950's, the contribution of the African colonies for the balance of payments was also paramount for Great Britain, Belgium and France. See Rodney (1982, pp. 171-72).

TABLE 12

Balance of Payments
(000 contos)

	1	2	3	4	5
	Portugal-Foreign Countries	*Colonies-Foreign Countries*	*Portugal-Colonies*	*Empire (1+2)*	*Portugal (1+3)*
1948	−3011	45	na	−2966	na
1949	−2461	425	na	−2036	na
1950	−397	868	na	471	na
1951	−152	2331	na	2179	na
1952	−1281	1702	na	421	na
1953	−791	2876	na	2085	na
1954	−1072	2460	na	1388	na
1955	−1327	1956	na	629	na
1956	−1406	2298	na	892	na
1957	−2422	2242	na	−180	na
1958	−2137	2962	na	825	na
1959	−2017	2807	na	790	na
1960	−3176	2647	na	−529	na
1961	−6455	3349	na	−3106	na
1962	575	2263	na	2838	na
1963	−711	2476	na	1765	na
1964	−495	3626	1861	3131	1366
1965	−485	2454	2945	1969	2460
1966	1868	2044	2002	3912	3870
1967	3974	2093	2417	6067	6391
1968	1268	2847	3033	4115	4301
1969	−514	2157	3587	1643	3073
1970	94	2437	2167	2531	2261
1971	7865	387	−200	8252	7665
1972	8763	1122	−641	9885	8122
1973	6517		1886		8403

Notes: Until 1967, errors and ommisions of the balance colonies-foreign countries are included in column 1.

SOURCE: Rocha (1982, tables 1 and 2).

the colonies in the Portuguese exports was 24 per cent (see table 4 above), which represented 4 per cent of Portugal's GDP and a slightly higher percentage of the industrial output. The contribution to the balance of payments was equivalent to about 1.8 per cent of GDP, in 1964.

TABLE 13

Sources of foreign currency compared
(000 contos)

	1	2	3	4	5
	Portugal-colonies Balances of Payments	*Trade*	*Total*	*Foreign Private Transfers*	*(3/4)*
1964	1861	1460	3321	2270	1,463
1965	2945	2165	5110	3109	1,644
1966	2002	1519	3521	4537	0,776
1967	2417	2512	4929	5993	0,822
1968	3033	2699	5732	7548	0,759
1969	3587	2424	6011	11277	0,533
1970	2167	1859	4026	13875	0,290
1971	−200	448	248	18266	0,014
1972	−641	2110	1469	21831	0,067
1973	1886	4081	5967	25569	0,233

Note:
SOURCE: Rocha (1982, tables 3 and 7).

TABLE 14

An estimate of colonial benefits in 1957
(000 contos)

	Angola	*Mozambique*	*S. Tomé & Principe*	*Guinea & C. Verde*	**Total**
Offical transfers of foreign currency	791	319	0	0	1110
Other revenues in foreign currency	561	0	0	0	561
Earnings from price differentials	500	155	0	100	755
Retained capital, interests and deposits	800	466	100	50	1416
Total	2652	940	100	150	**3842**

SOURCE: Castro (1980, pp. 170-71, 230-31, 311-12 and 360).

Armando Castro has provided alternative estimates of the contribution of the colonies to the Portuguese economy, the so called «colonial rent», for 1957 (see table 14). To official transfers of foreign currency, the author added the earnings from the sale of Angolan diamonds as well as transit revenues earned by the Benguela railways, which were exempt from exchange controls. He also takes into account the benefits derived from differentials in the price Portugal paid her colonies for some of their exports (compared to the prices obtained on international markets), and the retained capital, interests as well as deposits owned by Portuguese nationals [32]. According to Castro's estimates, the overall financial benefits of the colonies surpassed the official transfers of foreign currency by a large margin. In 1957, transfers from Angola and Mozambique, amounted to 1,110 contos and the other benefits totalled 2,732 contos, of which 1,861 contos originated from Angola. Castro's estimate is not fully comparable to the data set out in table 12, because it may contain items included in the balance of payments of the colonies and Portugal, as well as trade between the the colonies and foreign countries (particularly «hidden» revenues from diamond exports). Orders of magnitude are such, that we may safely conclude that the revenues from the colonies as estimated by Armando Castro imply a positive balance on current account for 1957, for Portugal and for the empire. Total benefits from the Portuguese colonies could have amounted to 6% of Portugal's GDP and Castro's estimates may be represented as an upper limit of the contribution of the colonies to the supply of foreign currency to the Portuguese economy.

How far colonial supplies of foreign currency made a contribution to Portuguese growth rates is debatable. Portugal had an investment gap due to a low level of domestic savings which had to be filled either by capital imports or invisible earnings from abroad and in that macro economic context the contribution of the colonies may have had an important role [33]. Given that exports of capital from Portugal to the colonies remained low in the early 1960's, the low level of domestic savings (compared even to other southern European countries), was hardly imputable to the retention of the empire. Edgar Rocha has argued that, in the 1960's, emigrant remittances contributed to the «overvaluation» of the escudo and thereby favoured imports, particularly of capital goods, and thus a more capital intensive pattern of growth. In the 1950's and 1960's, Portugal had the lowest capital-output ratio of the southern European countries. Thus the bias in favour of capital intensive growth was probably not a major problem and the country's favourable balance of payments position arising from

[32] In the 1960's, price differential turned against the colonies.

[33] See Green (1969, pp. 351-52).

colonial revenues —and emigrant remittances— had probably a net positive effect on the Portuguese economy [34].

Colonial wars, started in Angola in 1961 and pushed the expenditures with the colonies up to 26% of Portugal's public budget, from 1961 to 1974 (see table 4, above) and the share of the military in that budget to 85%, which imposed a severe contraction of investment expenditures in the African economies. The manning of this military effort represented 6% of Portugal's total labour force. The consequences of the expenditures on colonial wars for the Portuguese economy are difficult to analyse. The cost of the war was certainly high (representing 8% of GNP throughout the 1960's), a proportion that is higher than even the more optimistic estimates of the gains from the colonies in the late 1950's (see table 10 above). Although Edgar Rocha has argued that the increase in government spending induced by the war may have fostered the growth of demand for industrial goods, as well as the growth of domestic consumption, by reversing the tight fiscal policies that the governments had maintained since the early 1950's [35].

4. CONCLUSION

Portuguese industrial exports were sold on protected markets in Africa and certainly that had effects upon the industrial structure of the metropolis. Capital exports to the colonies remained low until the 1950's and only thereafter did they effect metropolitan financial markets. Emigration followed closely the pattern of capital exports and its effects should also be taken into account. Yet, the shares of the domestic industrial output, investment and population that were diverted by colonial protectionism were probably too low to make a large difference to the pattern and rate of Portuguese economic growth. This article deals in detail with only a part of the economic consequences of the empire, but that part was surely the single most important factor for macro economic growth.

The main thrust in this analysis is to emphasise the role of the colonies as a major source of foreign currency for the Portuguese economy. Portuguese economic and industrial growth has been dependent historically on the possibility of financing an adverse balance on current account in order to sustain imports of industrial inputs and food. That is basically

[34] See Rocha (1982, pp. 1070-74). For the capital-output ratio see Pintado (1964, p. 29).

[35] See Rocha (1977, p. 610) and Green (1969, p. 353).

why the foreign currency obtained through the sale of tropical products from the colonies made a positive contribution to metropolitan economic growth.

The interests of the Portuguese state in imperialism are very old and for centuries can be represented in terms of the substantial contribution made by taxes on colonial trade [36]. With the independence of Brazil in 1822, the Portuguese empire was reduced to three enclaves in the West Indies, East Timor, Macau, the military and commercial outposts along West and East Africa and a few stations in the interior of the continent. Up to the 1850's, Portuguese public and private imperial interests were centred in Africa and were pretty much restricted to the slave trade, which was in process of being shut down by the British sea power. In the following two decades, trade with Africa was liberalised but there was no real increase in the economic links between Portugal and the empire. Down to the mid 1880's, the administrative and military costs of the empire must have surpassed the revenues the state collected from a meagre and slowly growing trade in tropical products. For the first time in years, thus, the empire became a burden to the Portuguese government budget.

Once the treaty of Berlin in 1885 had defined Portuguese rights in Africa, governments in Lisbon decided to increase their investments in colonisation. Between 1890-1914, substantial amounts of foreign currency were obtained for the home economy from the sale of African produce re-exported through Lisbon. The Great War and the financial disruptions that followed endangered this version of mercantilism. But between 1930-31 a new system was created, based on the control of the monetary flows, rather than goods. This change, which may be seen as an intensification of colonial exploitation, was helped by the fact that the control of the African territories was almost complete, after decades of military campaigns. The benefits for Portugal's balance of payments were probably high from the start. Since 1948, when data for the balance of payments become available, they were undoubtedly important. The importance of the colonies for the economy was however being reduced by the early 1960's when Portugal increased its trade, investment and emigration links with industrial Europe and when the colonies became increasingly dependent on imports of industrial inputs and capitals from foreign countries. The contribution of the colonies as a source of external financing of the Portuguese economy faded away by the 1960's onwards

[36] See Jorge Pedreira, this issue.

and, contemporarily, the wars of independence created a heavy burden for the Portuguese government finances. Certainly, it was not the first time in the long period from 1822, that the African colonies were both a burden for the central government budget and a weak provider of foreign currency, Yet, by 1974-75, the domestic and international political climate was such that the last European colonial empire in Africa came to an end.

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