

policy, we could transform the economy in ten years."

In a recent lecture to the senior defence college in Lisbon, Senhor Costa Andre, the minister of finance, examined the pattern of current defence spending and arrived at some significant conclusions. He said that between 1960 and 1970 the proportion of the gnp devoted to defence in metropolitan Portugal rose from 4 to 7 per cent, from 1 to 4 per cent in Angola and from 1 to 3 per cent in Mozambique. He also said that the proportion of gross fixed capital investment devoted to defence rose from 23 to 40 per cent in metropolitan Portugal over the same decade, while the figure rose from 11 to 29 per cent in Angola and from 14 to 28 per cent in Mozambique. These figures have to be qualified by the fact that they also include spending on the various police agencies. But it was Senhor Costa Andre's conclusions that were most interesting. He argued that one of the tactics of the enemies of the regime was to force the government to devote so much of its resources to defence that it might fail to satisfy the "legitimate material satisfactions of the people." He argued the need to devote "an increasing percentage of our national resources to the satisfaction of the economic, social, cultural and spiritual aspirations of the people in order to reduce internal states of tension."

Above all, he declared that it had become essential for the African provinces to bear more of the burden of their own defence in view of the fact that, for the first time in history, Angola and Mozambique had achieved higher growth rates than that of metropolitan Portugal. "It will be possible," he concluded, "to organise the defence of the overseas provinces more and more within the internal ambit of each province."

That may be partly what is behind Dr Caetano's decision to give the provinces greater internal autonomy. It has been obvious for several years that although the defence of the African territories is still a serious drain on the central exchequer, private companies are starting to make handsome profits from the exploitation of natural resources. But it is still difficult not to conclude from past experience that, whereas the capacity of the Portuguese to pursue their African wars while continuing to chalk up massive surpluses on their balance of payments has been remarkable, part of the price has been the diversion of badly-needed resources from internal development.

## The cost of the war *Economist* 26/2/72

Does Portugal spend too much on the African wars? "It is hard to say," one banker commented. "We don't really do our accounts." The OECD figures show that in 1969 and 1970 an average of nearly 13 per cent of the central government budget went on ordinary military expenditure, while about 30 per cent went on extraordinary military expenditure (the wars).

A country that devotes 43 per cent of government spending to defence is bound to have to make sacrifices in some other areas. It is striking, but not at all odd, for example, that less than 1.5 per cent of Portugal's gnp is devoted to education. The amount spent on education was raised to \$175m in 1971, but facilities at Portuguese schools and universities are still extraordinarily limited. Health services

have also suffered from a restricted budget. A recent count showed that there were fewer than 8,200 registered doctors in Portugal and half of them practised in Lisbon and Oporto. The city of Beja, with 300,000 inhabitants, has only 80 doctors. Nearly as many Portuguese die from tuberculosis as from road accidents.

It would be unfair to blame Portugal's backward health and educational facilities solely on the sacrifices involved in pursuing the African wars. But there is a certain feeling among the Portuguese themselves that they have not been devoting enough of their resources to the development of the home country. As one junior minister put it to this correspondent: "If we approached development with the same political will we display in our African