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RUPTURE AND CONTINUITY: 
THE STATE, LAW AND THE ECONOMY IN ANGOLA, 1975-1989

Ph.D. DISSERTATION

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April 1994
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GENERAL CONCLUSION

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<tr>
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<th>Full Form</th>
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<tbody>
<tr>
<td>BCC</td>
<td>Branch Coordinating Committee</td>
</tr>
<tr>
<td>BNA</td>
<td>Banco Nacional de Angola (central bank)</td>
</tr>
<tr>
<td>CC</td>
<td>Central Committee</td>
</tr>
<tr>
<td>CDS</td>
<td>Council of Defence and Security</td>
</tr>
<tr>
<td>CM</td>
<td>Council of Ministers</td>
</tr>
<tr>
<td>CR</td>
<td>Council of Revolution</td>
</tr>
<tr>
<td>CT</td>
<td>workers committee</td>
</tr>
<tr>
<td>Dec.</td>
<td>decree</td>
</tr>
<tr>
<td>DPRA</td>
<td>Democratic Popular Republic of Angola</td>
</tr>
<tr>
<td>Exec.Dec.</td>
<td>executive decree</td>
</tr>
<tr>
<td>FNLA</td>
<td>Frente Nacional de Libertação de Angola</td>
</tr>
<tr>
<td>GPU</td>
<td>group of production units</td>
</tr>
<tr>
<td>kz</td>
<td>kwanza (Angolan national currency)</td>
</tr>
<tr>
<td>m.o.</td>
<td>ministerial order</td>
</tr>
<tr>
<td>MP</td>
<td>Member of Parliament (People's Assembly)</td>
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<tr>
<td>MPLA</td>
<td>Movimento Popular de Libertação de Angola</td>
</tr>
<tr>
<td>NOC</td>
<td>National oil corporation</td>
</tr>
<tr>
<td>NPC</td>
<td>Neighbourhood Popular Committee</td>
</tr>
<tr>
<td>NRC</td>
<td>National Restructuring Committee</td>
</tr>
<tr>
<td>PA</td>
<td>People's Assembly</td>
</tr>
<tr>
<td>PC</td>
<td>Permanent Commission</td>
</tr>
<tr>
<td>PE</td>
<td>public enterprise</td>
</tr>
<tr>
<td>PM</td>
<td>Prime-Minister</td>
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<tr>
<td>PP</td>
<td>People's Power</td>
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<tr>
<td>PPA</td>
<td>Popular Provincial Assembly</td>
</tr>
<tr>
<td>PR</td>
<td>President of the Republic</td>
</tr>
<tr>
<td>PRA</td>
<td>People's Republic of Angola</td>
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<tr>
<td>PSA</td>
<td>production sharing agreement</td>
</tr>
<tr>
<td>RSA</td>
<td>Republic of South Africa</td>
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<tr>
<td>SEF</td>
<td>Economic and Financial Cleansing</td>
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<tr>
<td>SIC</td>
<td>State Inspection and Control</td>
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<tr>
<td>TAC</td>
<td>technical assistance contract</td>
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<tr>
<td>TG</td>
<td>Transitional Government</td>
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<tr>
<td>Abbreviation</td>
<td>Description</td>
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<td>--------------</td>
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<tr>
<td>TNC</td>
<td>transnational corporation</td>
</tr>
<tr>
<td>UDC</td>
<td>underdeveloped country</td>
</tr>
<tr>
<td>UNITA</td>
<td>União para a Independência Total de Angola</td>
</tr>
<tr>
<td>UNTA</td>
<td>União Nacional dos Trabalhadores Angolanos</td>
</tr>
<tr>
<td>UPA</td>
<td>União dos Povos de Angola</td>
</tr>
<tr>
<td>USD</td>
<td>United States dollar</td>
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<tr>
<td>WW1</td>
<td>First World War</td>
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<td>WW2</td>
<td>Second World War</td>
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<td>WB</td>
<td>World Bank</td>
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**LAWS**

<table>
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<tr>
<th>Abbreviation</th>
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<tr>
<td>AA</td>
<td>Alvor Agreement</td>
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<tr>
<td>CL</td>
<td>Constitutional Law</td>
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<tr>
<td>GLL</td>
<td>Law no 6/81, General Labour Law</td>
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<tr>
<td>LEA</td>
<td>Law no 10/88, on Economic Activities</td>
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<tr>
<td>LFI/79</td>
<td>Law no 10/79, on Foreign Investment</td>
</tr>
<tr>
<td>LFI/88</td>
<td>Law no 13/88, on Foreign Investment</td>
</tr>
<tr>
<td>LGM</td>
<td>Law no 5/79, on Geology and Mining</td>
</tr>
<tr>
<td>LLG</td>
<td>Law no 7/81, on Local Government</td>
</tr>
<tr>
<td>LOA</td>
<td>Law no 13/78, on Oil Activities</td>
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<tr>
<td>LPE/77</td>
<td>Law no 17/77, on Public Enterprise</td>
</tr>
<tr>
<td>LPE/88</td>
<td>Law no 11/88, on Public Enterprise</td>
</tr>
<tr>
<td>LPP</td>
<td>Law no 1/76, on People's Power</td>
</tr>
<tr>
<td>NCL</td>
<td>New Constitutional Law</td>
</tr>
<tr>
<td>PL/82</td>
<td>Law no 2/82, on Planning</td>
</tr>
<tr>
<td>PL/88</td>
<td>Law no 12/88, on Planning</td>
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ACKNOWLEDGMENTS

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The responsibility for the opinions expressed here remains mine.
SUMMARY

This work analyses the main lines of the attempts of the post-colonial state to ensure the implementation of a project of social change to respond to the expectations Angolans had of independence. Focusing on the functions and limits of the state and law, it aims to inquire about the barriers to social change generated by state intervention and the role of law in the shaping of social relations.

After references to the colonial society and the social groups and responses it generated, the conditions in which Angola attained independence are summarised. Chapter 3 describes the project of change as in 1975 (the so-called socialist option) and the different changes in the constitutional framework up to 1989 as a result of political struggles, emphasising the progressive centralisation of decision-making within the state and related loss of participation of grassroots organisation.

Part II deals with the central command economy. It describes the project of change in the period 1976-1988, as well as the different national and international factors leading to the failure of part of the avowed goals it aimed. Chapter 4 analyses the legal regimes of public enterprise and the planning system, from the standpoint of resource allocation and shortage, approaches of state bureaucracies to the system, problems of co-ordination and information, and struggles for the control of allocative apparatuses. Chapter 5 approaches the central command economy from the standpoint of control of wages and prices, statisation of trade and welfare provisions. It demonstrates that in the area of distribution the central command economy was not capable of satisfying the needs for consumer goods and lost the control of this economic area for the informal economy. Chapter 6 refers to specific problems of change in peasant societies and the policies of the post-colonial state to deal with them. Chapter 7 describes different aspects of post-colonial legislation dealing with international economic relations, emphasising the progressive fragmentation of state property rights under international contracting as one of the conditions for the failure of the attempts to implement a central command economy.

The third part deals with the main lines of the 1988-1992 economic and political reforms, analysing their background and outcomes, within the (analytical) boundaries of the short time-span of these changes so far.

The conclusions focus on the economic and social, national and international, boundaries of projects of radical change implemented from above in an underdeveloped country, on the role of the peripheral 'soft state' and on the functions performed by post-colonial economic law in promoting change and enabling social groups access to resources.
INTRODUCTION

Angola became independent in 1975 and during the period studied MPLA, the party then leading the state, stressed the objective of radical change of society. At the level of law, the constitution established the general goal of transformation of a colonised society into a "prosperous and democratic country". The constitution, and laws developing its principles, later clarified the 1975 broad anti-imperialist orientations. In the late 80s, after years of eroding war, MPLA, while maintaining the general objective of building a "free and democratic society, with peace, justice and social progress", changed its strategy of development towards the construction of a "regulated economy", apparently integrated into the world system according to the existing 'rules of the game'. The restructuring, following the general trends of the restructuring of the state in the Third World under the direction of international institutions, led to the official rejection of a socialist path of development and to hopes of peace which were not fulfilled.

A. The problem

The overall goal of this work is to analyse the attempted process of change of the colonial society from 1975 to 1988, with special emphasis to the content and role of economic law. It is a reflection on a failed socialising project of change in an underdeveloped country (UDC), which aims to lift the veil of the political rhetoric and

1. Constitutional Law, CL, art. 1; see Chapter 3 (constitutional programme).

2. New Constitutional Law, NCL, art. 1, as revised in 1992: see section 8.2.

3. See section 7.3. and Chapter 8, on the reforms; on the general restructuring see, e.g., Clarke, 1990.

4. Related to the functions of law as a mean of 'social control', that is, ruling the constitution and protection/legitimation of social relations, a framework on which the allocation function of law is emphasised.

5. The concept is used here to contrast levels of economic and social development with those of other (more developed) countries; it does not aim to enter into the discussion of the concept; still, the expression 'developing' country is not used because there are strong doubts on whether Angola is developing or, instead, reinforcing underdevelopment.
Introduction

legal solutions, and to understand some of the barriers to radical social transformation in this country. Concerning law, this work inquires on the origin of legal regimes and their effectiveness. It deals as well with the possibilities of alternative use of economic law by some social groups, within a context of political and social parameters internationally induced.

The title of this work, "Rupture and Continuity", summarizes the problems dealt with: i. is it possible to achieve a project of radical change of society in an emergent state arising from colonialism? ii. what are the limits imposed by society, including the relative insertion of the concerned in the world system, to radical change? iii. what are the constants of a process of historical development that post-colonial law cannot change significantly, whatever the content of legal norms and the political intentions and struggles? That is, what are the barriers determined by continuity opposed to rupture, especially when rupture comes mainly from law and initiatives at the state level?, and, finally, iv. are there, in the Angolan history, strengths pointing to original developments and a future as a "prosperous and democratic country"?

The choice of problems may appear too broad. Its rationale is the absence of studies on the post colonial society and law, which implies the need to approach themes which in other (with more developed production of knowledge) societies would be the subject of many studies even in other disciplines.

As referred to above this work analyses the Angolan economic legislation from 1975 to 1989 focusing on the issue of rupture and continuity within the frame of attempted transformation of the colonial society.6

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6. Thus it approaches the allocation and promotional functions of the state, referring to Bobbio's meaning of the intervention of the state aiming to favour behaviours socially desired, especially actions which bring about some advantages (according to ends of the legal order or general policy measures) by using encouragement techniques which make the actions either necessary, easy or advantageous (promotional function, for example, by incentive laws), (1977: e.g., 24-8); the allocation function (distributional function) refers to the distribution of available resources through an activity of the state (for example, employment, education), (Caroeva, 1988: 48-50, referring to Bobbio).
Introduction

B. The scope

Within the limits of available information and the topography of the thesis, this work attempts to refer to direct or indirect producers of normative solutions, and to the responses of the recipients of legal commands. Thus, some struggles, goals and the shaping of Angolan social groups along the colonial and the post-colonial periods are briefly described. Moreover, as the subject-matter is the law of an emergent state it implied references to the colonial state and law.

As Angola is an UDC integrated into the world system in a dependent position, there was a need to include to the regulation of international economic relations by domestic law. However, the approach to international economic relations, although determinant is incidental, strictly restrained to those aspects clearly conditioning internal developments. This is due to firstly, the shortage of reliable information on foreign partners and contracting. Secondly, this work analyses a national (and thus restricted) model, in the sense that, having as a premise a self-sustained development (the so-called classic 'Soviet model') it does no comprehend international variables (or at least they have not in the model a determinant role). It is not within the scope of this work to expand the model by an exercise of integration of its international components but to analyse its application. Still, there is an attempt to insert national developments within a very general theoretical framework of development of the world system and the changing relationships between core and periphery. However, it should be stressed from now that some international variables, especially the direct and indirect aggression of PRA by foreign

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7. Dependence means here the structural position of a society in the world system as a producer of commodities to satisfy needs identified in and arising from more developed societies, instead of the country's needs; the structure of international relations resulting from this relative position (for example, purchasing technology and manufactured goods in exchange for raw materials or semi-manufactured goods in the unequal exchange framework), leads the internal logic of development to distortions, the most significant of which are the undersatisfaction of local needs and the creation of new needs not originated by an indigenous process of development.

8. See. e.g., chapters 1 and 7.

Introduction

powers conditioned all the developments studied. The importance of this factor is evident in aspects such as the allocation of resources, by law or other mechanisms, and even gives rise to strong doubts on conclusions on the project of rupture and its application which could be different if there was not the constant war. Indeed, as stated below, Angola tried a different form of integration in the world system, departing from African patterns, which also meant, at the surface, a rupture with the colonial framework. Although this was a failure in strict economic terms (and it is doubtful it could succeed) it has been harshly punished by the regional power, the apartheid regime, with sustained support of the USA administration. This aspect overshadows any conclusions on indigenous developments which led to the present patterns of integration (that is, the 'standard' for African countries). The only conclusion we may reach is that poor countries cannot dare autonomous paths of development and if they dare, the winners are the same as in the past (e.g., Chomsky, 1992).

This work deals as well with the rise and fall of a socialising project. The focus has been the reading of a socialist strategy by those in charge of its statist variant, as well as their practice. The merits or demerits of the model itself or experiences in other countries are not assessed. Thus issues such as the vexata questio market versus planning are not discussed at a theoretical level but approached from the standpoint of the concrete problems raised by their implementation and working in this country. Nevertheless, some conclusions may be reached, especially concerning transplants of models to societies without concern for their social and economic backgrounds, something which is valid for present transplants of capitalist models as well.

Since this work analyses public law, and the state, and as during the period studied MPLA held power as a single party, the bulk of references to political groups goes to it.

10. Angola appears as a special case which cannot be compared to other African countries, except Mozambique, for a 'surface' comparison. See, e.g., Young, 1988.
Introduction

The references to other political forces are thus incidental, focusing on their goals and role when acting as power, for example in the Transitional Government, or counter-power, for example UNITA. An analysis of their social composition, political internal practices, and international connections, is not within the scope of this work.\footnote{11}

The fact that this work deals with state and state law\footnote{12} also had consequences for the content. The main emphasis is on urban societies, of which state law is a production. Thus, the interference of customary law, and related peasants societies, is not approached with the degree of depth its importance would justify. This may appear as a false problem in developed countries, with the general scope of application of rule of law in a given territory, but is an acute problem in many underdeveloped countries: the duality of urban/rural legal spaces strongly conditions the effectiveness of state law, especially economic law when ruling fundamental economic relations or containing directives of economic policy.\footnote{13} This work does not deal as well with other normative systems, especially the esoteric directives with a substantial social impact enacted by political parties, which successfully compete with state law.

Concerning state law itself, the shortage of production of knowledge in this area meant the need to describe legal regimes, given the shortage of references, and influenced the choice of themes and the depth of strict legal analysis. On the other hand, the widespread importance of regulations making concrete the content of formal law\footnote{14} and its particular emphasis in a strongly administrative order, led to the inclusion of the level of

\footnote{11}{The main reference here remains Marcum 1969 and 1978, and concerning UNITA in the 80s, James, 1986, and Minter, 1988 (where he makes the critique of Marcum ethical approach to political groups, 19) and 1991.}

\footnote{12}{Defined as the law produced by the state in a context of legal pluralism.}

\footnote{13}{See note 20.}

\footnote{14}{Defined as the norms enacted by the parliament and usually establishing the general bases of the legal regimes.}
Introduction

ministerial orders, something which proved rewarding in terms of assessment of the application of formal law.

Interrelations within the legal order also influenced the scope of this work. For example, the reference to the principles of the constitution on the economic system and its mode of organisation, to the allocations of regulatory powers of the economy to state organs, or even the decentralisation of these powers in non-state organisations, such as trade unions, is essential to the understanding of economic legislation. But the constitution means very little when strong mechanisms of guarantee are not implemented. So, besides the description of the constitutional framework, there was a need to refer to the political process and how it impacts on the realm of economic law.

In the area of interrelations within the legal order, there was also the concern to present the norms of economic law sometimes with an organisation different from that specific to this branch of law, using criteria external to the legal order aiming the understanding of the relationships between these norms and other social spheres. Also, an attempt to avoid the barriers of the division by branches led to the inclusion of labour law and references to industrial relations, considered essential to the understanding of the legal framework in the area of the economy.

Beyond the legal order, choices were conditioned by the parameters established by the subject-matter. For example, economic law and its application demand the more or less intensive intervention of bureaucracies, especially the state ones. It was thus necessary to include references to their perceived goals and behaviour. Also, as these bureaucracies are not an isolated social group and have an history, references to their roots and achievements seemed necessary to allow the understanding of this form of administrative state, the legal translation of this reality and the different legal solutions progressively adopted.
Introduction

Finally, to insert economic law in its social context demanded the reconstruction of a meaningful context, from the standpoint of genesis and application of the law. The departing point for the reconstruction of this context was legislation under analysis, avoiding the strict application of any model. Indeed, the 'thing', using Wiethölter's expression in a broader sense, "a (concealed) basis of decisions ... a mean between normative guide-lines and social relationships" (1986: 62-3) is too complex to be modeled here. This risky option proved fruitful since it allowed the identification of some constants of the Angolan history, including legal constants such as intensive state intervention in the economy, which led to the answer of some of the questions this research project aimed to enlighten.

C. Structure of the thesis

Chapter 1 deals with the colonial policies along a century, integrating the vaster context of the world system, its impact in Portugal (as semi-periphery) and Angola, as well as the transformation of Angolan formations in the dynamics of the restructurings of the colonial power and the world system. The chapter emphasises the authoritarian and interventionist character of the colonial state, the constant of war and repression, and the successive failure of colonial policies due to inadequacy to the social reality and to the responses of Angolan formations, which led to the dysfunctionality and ineffectiveness of some legal regimes beyond the urban areas. The chapter is an introduction to the social framework the post-colonial state would attempt at transforming, since it tries to identify the formation and consolidation of some social groups as a result of the dynamics between colonizer and colonized.

Chapter 2 describes briefly the Angolan responses to colonialism, the emergence and development of nationalism, in an attempt to clarify the ideological background of post-colonial policies. It also deals with the transition to independence, especially the
Introduction

experience of the transition government, the co-habitation of MPLA, FNLA and UNITA in government and the social movements which emerged in towns and would radicalise the MPLA project for the post-colonial society. The chapter ends with a synthesis of the transformation of different social groups at independence.

Chapter 3 analyses the political developments from 1975 to 1989. It begins with a reference to the expectations of Angolan on the post-colonial society and the state and to the organisational experiences which acted as inputs for the emergent state: the pre-state guerrilla structures, the 1974-75 social movements and the colonial state. After referring to the project of change of society as reflected in the constitution, the chapter describes the attempts of MPLA to respond to the expectations of all the social groups which had supported it during the struggle for independence, as well as the conflicts generated within and relating to the state, its new social composition and the struggles for power. The latter meant changes in the project of social transformation, especially in strategies for democracy, and in the very control of the state by different social groups, with alteration in the structure of decision-making meaning progressive centralisation and authoritarianism as the expectations of the people were not satisfied due to underdevelopment, the war, the conflicts on models of organising society and the struggles for power. This chapter deals with the general political and legal framework which allows the understanding of the struggles and interest conflicts in the draft and application of post-colonial economic law.

Chapters 4 to 7 analyse the central command economy, how legislation regulated it and how it was implemented. Chapter 4 deals specifically with the process of reorganisation of abandoned and nationalised firms, with special emphasis on industry, and with the planning system. The successive restructurings of public enterprise (PE) and the central command economy are related to the political struggles which took place within the state for the control of sources of accumulation and to alternative use economic
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legislation. The chapter also refers to some of the problems of PEs and the planning system as a result of the shortages economy, including the input information.

Chapter 5 approaches the central command economy from the standpoint of distribution, analysing the providential post-colonial state as a supplier of goods and services. It deals especially with the control of flows of commodities, prices and wages, while referring as well to the welfare provisions of the providential state. It demonstrates that the problems of producing firms multiplied in distribution and that in this area it has been possible to some social groups linked to and/or rooted in the state to make an accumulation which qualified them as substitutes of capitalist settlers. The chapter explains that in a socialist programme constrained by resources and not by demand, it was precisely in the area of demand that the system generated greater dysfunctionalities, as the informal economy progressively controlled the distribution circuits, nominally state, with consequent generalized ineffectiveness of legislation in force.

Chapter 6 refers to other area of the socialist project and the central command economy, the agricultural policies. The latter were the most radical side of the post-colonial attempt of change since they aimed at the reconstruction of the whole agricultural production destroyed by successive wars and the very colonial policies. Furthermore, the initial project lay in co-operativisation, which meant significant resources and the mobilization of peasants to different organisational forms, and mechanization, which also implied conditions not existing in Angola at the time. The chapter also refers that the statisation of farming production promoted by patrimonialist groups within the state conflicted with the expectations of peasants, and their agrarian representatives, who later would voice their demands in the framework of the economic reform.

Chapter 7 deals with international economic relations with special emphasis in the legislation on natural resources, that is the enclave economy, and on foreign investment. It
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demonstrates that independence meant a step backwards in the form of integration of the country in the world system, as exploitation by capital penetration was replaced, except in the oil industry and given the suspicions and lack of incentives of foreign investors, by trade exploitation. It also shows that the range of goods and services traded with foreign firms progressively expanded as a comprador state bourgeoisie stratified and benefited foreign firms in allocation of state contracts, thus contributing to the reinforcement of dependence. The analysis of the relationships between PEs and foreign firms in a framework of fragmentation of property rights leads to the conclusion that the nominal Angolan public sector had already a high degree of privatisation when the reforms institutionalised it, something which was apparent as well in the area of marketing of national production.

Chapter 8 deals with the late 80s-early 90s reforms. It is an epilogue of the bulk of the thesis whose subject-matter was the socialist project. Indeed, the reforms were a natural consequence of the process of social restructuring during the post-colonial period, which had as a necessary passage, in the Angolan conditions, the socialist project. Thus the chapter summarizes, by reference to previous chapters, the legal regimes altered by the reforms while relating them with the economic, social and political developments dealt with along this work.

The general thesis of this work is that the socialist project of change of the Angolan society, if for many has appeared as the most adequate path to attain a fast economic development and a more egalitarian society, for the majority of the Angolan elites it has just been a form of social organisation which enabled access to and control of sources of accumulation, allowing the redistribution of the abandoned settlers wealth according to their interests. Thus the form of social organisation of central command economy is, in some conditions, functional to the 'nationalisation' of capitalism, which in colonial Angola was an exclusive of foreigners.
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Along the different chapters there was an attempt to analyse the weak points, the lines of ineffectiveness, of all the legal armory of the central command economy. There were some assumptions which constitute the theoretical background of the legal analysis produced.

D. Premises on law

Economic law has as main subjects the state and large economic organisations. This work tries to integrate producers (workers) and citizens, the forgotten categories of textbooks of a branch of law which rationalises (and legitimates) the 'great dimension'\(^\text{15}\) and bureaucratic invasions,\(^\text{16}\) appearing as a magic formula desperately attempting (among other things) to rule the "too complex 'administration' of decidedly 'magical' relationships (for example, monetary stability, full employment, growth, the balance of trade)._"\(^\text{17}\)

Law is approached as an instrument for maintenance, reproduction and transformation of social relations, notwithstanding the risks of this choice. After describing

15. The problem of the 'great dimension' is related to the growth of organisations, especially within the state, and the location of decision-making powers. It is a problem interesting constitutional and economic law. Indeed, because resources are scarce to satisfy increasing needs, there are demands on access to goods and services (from public goods to 'quasi-public goods'). When the degree of democracy is relevant, satisfaction of these demands is channelled through the welfare or the socialist state. This means an increase in state functions and growth of apparatus to supply goods or services and to make decisions on the allocation of scarce resources. Conflicts of interests, and or market failures, in the area of allocation of resources meant the empowering of the state, to a greater or smaller degree, to establish this allocation. Within the state, the location of these powers related to its political tradition, usually of a centralised signal. Low-level units were alienated from this allocation of economic powers due to the top-down character of the process: from revealing preferences at the level of parliamentary elections to the concentration of decision-making in vanguards aiming to change society, the process of satisfaction of needs went downwards. This led to a pattern of allocation of decision-making powers which nothing but history can justify, even when this allocation is rationalised under the argument of 'complexity' of knowledge required to deal with scarce resources. Indeed, if many problems of allocation are very complex, many are not so complex as bureaucracies or the political 'class' (or entrepreneurs) make them to rationalise centralisation. And if scarcity justified the enlargement of state functions, it had as an outcome the emergence of social groups sheltered in the state who appropriate power at their own convenience. For example, if there is little discussion on the decision by the parliament of the levels of aggregate public expenditure, it is quite difficult to explain why a central board of public administration should decide, say, how a county council should use its budgetary funds. Problems become complex where macroeconomic or macrosocial issues are at stake. This is the realm of centralised and specialised decision-making. Still, if we assess, even in developed countries, the decisions on resources allocated to central government and to experts, we find a substantial amount of irrationality leading to what Guiducci calls the 'great mistakes' of the 'great dimension', which could be avoided in many cases through the transfer of powers to the 'small dimension' (1979: 72-3).

16. State bureaucracies expand within the frame of the 'great dimension' with the enlargement of state functions to face demands from society for enlarged public provision, and accountability, to face market failures or as a result of central planning. In many UDCs, state bureaucracies flourish as substitutes of indigenous entrepreneurs, especially in the area of international relations. This special role may make these bureaucracies appear as a comprador class, that is, middlemen dependent on foreign interests and acting on their behalf for capital penetration in a given country. The control of some state apparatuses over nationalised enterprises and or over national investment led some authors to classify state bureaucracies as 'state bourgeoises' (see, e.g., Temiani, 1986, for Algeria).

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how it attempted to regulate social relations (that is, how it faced and reflected the relationships and problems of the time), the contradictory character of the functions performed is emphasised. Law did not perform the functions law-makers foresaw (and from this stand-point legal regulation appears as strongly dysfunctional or even with a substantial degree of negative functions) but, from the stand-point of some social groups, it performed positive enabling functions of access to resources (material or immaterial).

The degree of effectiveness of legislation, necessary to the performance of its intended functions, is considered very low and thus affecting and explaining problems in the area of functions. Ineffectiveness of law is related in this work to the weakness of the soft state, the inadequacy of transplanted contents, the competition of informal grassroots normative systems, and the visible hand of opposing international and national interest groups. In Angola, functions were affected, besides ineffectiveness, by the alternative use by those capable of achieving it: the strongest, those who have the control of knowledge and information, including on legislation and law, that is, TNCs and national elites.

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19. The expectations of law-makers relate to the concept of efficacy which "suggests a necessary reference to the ends of the legislative authority ... (meaning) the effective attainment of the outcomes aimed by those who legislated (norms)", as well as to the concept of 'real efficacy', or function "the historical result of the fulfilment and non-fulfilment, of application and non-application of the whole of norms in force, from the stand-point of the basic end of the legal order in a social formation divided in classes; that is, the protection, reinforcement and reproduction of social relations" (Jearamaud, 1984: 6-7); on 'subjective efficacy', related to the attainment of the intentions of lawmakers and 'objective efficacy', related to the changes in existing social relations demanded by the organisation and working of the model it regulates, see, e.g., Correas, 1988: 98-102.

20. "Effectiveness of a norm is the relation of compliance (or at least of non-infringement) with that norm of the situations or behaviours which are within its scope"; a certain degree of effectiveness is necessary to efficacy (Jearamaud, 1984: 6-7), but an high degree of effectiveness does not mean necessarily efficacy, at least objective; the problems of ineffectiveness of legal norms suggested to Jearamaud a distinction between 'legal effectiveness' and 'material effectiveness'; legal effectiveness is "the conformation of a concrete legal situation - the condition 'in law' of a subject - to the model constituted by the norm, for example, the effective recognition to such person of the rights he/she benefits under the law, since the previous requisites in that law are realised"; material effectiveness relates to "the conformity of the de facto situation to the legal situation thus allocated or imposed to the subject by the fulfilment or the application of the norm" (ibid., 11-12).

21. On the concept see Kandeh, 1992 and also, Myrdal, quoted in Green, 1977: 56.

22. Approaching law from the stand-point of its functions of mediation of the domination of given social groups, the problem of 'alternative use' as discussed by Marxists (e.g., Barcellona, ed., 1973 and 1973a) raises the question: can oppressed groups use existing legal institutions (of a converse class sign) to protect their libertarian interests and to transform the actual relations of domination? This is a much discussed problem with no clear conclusions. Still, 'alternative use' is possible under given (mainly balance of power) conditions and for given legal institutions but apparently the degree of actual transformation of relations of domination has not been significant: for example, unions could buy shares in companies and promote workers participation in management achieving an 'alternative use' of company law; this practice, even if widespread, would not by itself, change the foundations of the system which generated company law, although it could eventually increase the degree of industrial democracy. As far as Angolan legislation is concerned, there are many cases of specific alternative use, for example, of institutions of statis socialism by agrarian strata sheltered in the single party.
Internal conflicts of the norms of the legal order also condition efficacy. Their impact over real efficacy is emphasised in this work: for example, the rules on state control of PEs, aiming at eventually to ensure them a 'social control' and a privileged allocation of resources, relying in administrative regulation, as contrasted with the norms ruling the activities of foreign firms, relying in contract regulation, allowed foreign firms to have in fact a preferential status (since far more extended powers to regulate relations have been allocated to them), which permitted them to compete successfully with impoverished PEs and later, to buy them. That is, if the ends of economic law, in these areas, were to promote the development of the state sector, the outcome was the destruction of that sector (although many other factors contributed to the failure of PEs).

The overall conclusion is that it is extremely difficult, say impossible, for the post-colonial state to attempt autonomous paths of development from above. Constraints arise from its own weakness and contradictions, from the social structure it tries to change, and from the international environment which makes the sovereign national state obsolete, while struggles for independence made it a social objective. While the process of integration in the global system inexorably reinforces, the roles of post-colonial state change, transforming it in a mediator of the shaping of the relationships demanded by the centre's expansion. But the very weaknesses of the post-colonial state to perform its functions enable peoples of the peripheries to assume themselves as a constant source of 'dysfunctions' to the dictates of centre's dominant elites. That is, they have strengths, they have a future.

23 Jeanmaud considers the "oppositions and conflicts between the norms of the same legal order themselves" as sources of ineffectiveness (1984: 13).

24 For a critical assessment of this statement grounded on an approach to the role of TNCs in the international system, see, e.g., Burnham, 1991: 86.
Blacks in Africa must be led and surrounded by Europeans, but they are indispensable as auxiliaries

Marcelo Caetano, 1954

Create create
create in mind create in muscle create in nerve
create in man create in the masses
create
create with dry eyes
Create create
create freedom in the slave stars

(...) create love with dry eyes

Agostinho Neto, 1960
CHAPTER 1

COLONIAL POLICIES AND THE SHAPING OF UNDERDEVELOPMENT

For a long time the failures of the post-colonial state were subscribed to the 'legacy of colonisation'. Criticized by some as a rationalization, the notion of 'colonial inheritance' was not, however, systematically theorized in Angola: it did not go beyond references to, for example, a 'distorted economy', illiteracy, etc. Still, the roots of the post-colonial society and state may be found in the interaction of Angolan societies with the colonial power in the framework of colonialism.¹ This chapter attempts to identify the areas more relevant for the analysis of the outcomes of post-colonial state and the socialist project.

But a serious constraint arises when colonialism is under analysis. Given its own specificity, the approach to colonialism usually has the colonizer (subject) as the starting point and colonized societies (objects) are approached as victimized by a dynamics which they could not face and overcome. In this part, an attempt is made, where possible, to avoid this approach.

1.1. Markets and marketers - the international connection

Angola related to the emergent world system as a supplier of labour (slaves) who were exchanged for manufactured goods. It has been the first stage of trade exploitation. One of the consequences of the relations between Angolan kingdoms and the Atlantic trade was the emergence of an urban nucleus specialized in international exchange. This

¹ For a definition of colonialism see Merry, 1991: 894-95.
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nucleus would become a first periphery, as contrasted with political units dependent on the trade as suppliers of slaves and buyers of manufactured goods, the second peripheries.2

1.1.1. The slave trade

The relations between Portugal and the Angolan kingdoms involved in the Atlantic slave trade conflicted. The conditions for the exchange, imposed by Portugal, included obligations such as the adoption of the Roman Catholic religion. They also meant the unregulated supply of slaves which had an impact in the population and led kingdoms such as Kongo not only to a process of decay but also to question their relationships with Portugal and try alternative partners such as Holland, France and England. Competition with other European powers and the conflicts with Africans led, after the defeats of Angolan kingdoms and their 'vassalage' to Portugal, to treaties and trade agreements between colonial authorities and African chiefs (Birmingham, 1966 and 1972, Wheeler, 1971: 45-9, Miller, 1973: 17, 19). Whenever possible, Africans challenged these treaties due to their harsh terms, whereby trade clauses imposed duties of payment of tributes in kind, mainly slaves, to the colonial power. These tributes, population drain and successive wars, caused the progressive underdevelopment of Angolan societies.

The slave trade meant the organization of a set of linkages between independent kingdoms and chieftaincies, especially their elites, and the urban trading interests. Until the 1840s most of middlemen, agents and dealers acting in the bush for the Portuguese were Africans (Wheeler, 1971: 49-50, and Miller, 1973: 20). Commercial activities with the Atlantic partners gave rise to a substantial interest in some Angolan peoples and even led to their specialization, for example the Ovimbundu and Tshokwe during the rubber boom. Their complete control of the hinterland trade until the 20th century, made them

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win the reputation of skilled traders, change their social organization and enjoy a period of wealth in the 1850s-1912 (Possinger, 1973). Initially African trade was in the hands of chiefs, sometimes was monopolized by kings, and later, in some cases, went to families (Possinger, 1973 and Miller, 1973). Also, caravans crossing the territories of different political units had to pay 'transit duties', in trade goods (Wheeler, 1971: 64-5). Wheeler describes the 18th century as one of Africanisation and foreign control of coastal trade, and the 19th century as one of Africanisation of plateau trade, emphasising the threat that the control of trade by Africans represented to Portuguese imperialism (1971: 67). Nevertheless, these trading nations were never able to go beyond a primitive accumulation and expenditure in luxury consumption.

The abolition of the slave trade had as a consequence that the majority of settlers became storekeepers in the bush where they were in competition with Angolans. To this competition chiefs responded with harassment of traders, especially accusations of witchcraft (Wheeler, 1971: 64-5). By 1914, after the occupation of the plateau by colonial military forces (Principe, 1956), hinterland traders were progressively replaced by settlers who got the monopoly of the supply of manufactured goods to these regions. Progressively, they spread along Angola, far before the colonial army and authorities.

Coastal towns and hinterland focal points (the slaves fairs in the Luanda/Malanje corridor, for example), corresponded to the 'colonial nucleus'. From the military occupation and subordination of the resident population arose the incipient colonial administration which later expanded hinterland. The consolidation of coastal towns and the hinterland focal points as trading centres, especially the first peripheries of Luanda and Benguela ports supplying trading and other services as links of the international trade network, reinforced them as intermediaries between the second peripheries (peasants societies supplying primary products) and the centre. The position of towns allowed the extortion of marketing surpluses and the emergence of a commercial capital. The coastal
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towns appeared from the beginning of colonialism as a locus of disjuncture in the previous organization of Angolan societies and gradually acquired the status of 'centre' in their respective geographical area, working as a pole of control and attraction for 'tributary societies' increasingly more dependent (Heimer, 1979).

Angolans gradually integrated the colonial nucleus and, during the period of initial 'creolage' in the 17th-19th centuries, filled (social) spaces where settlers were scarce at the time (on creolage, e.g., Pepetela, 1989, Boxer, 1963, Pelissier, 1977, 1978, Martins, 1958, Birmingham, 1966, 1988 and Wheeler, 1971, 1972). They were slaves, servants, traders (e.g., Wheeler, 1971: 49-50, Carreira, 1977: 169, notes 11 and 15, Ribeiro, 1981: 28-83 and Dias, n/d), craftsmen, workers (Wheeler, 1971: 69, 94), soldiers and officers (Wheeler, 1971: 37, 70, 94), civil servants and land-owners and/or aristocrats attracted by the borough or simply ruined and searching for a new occupation, usually a job in the state (e.g., Pelissier, 1978: 215-16, Wheeler, 1971: 45, 41-2). The creolage of coastal towns, and the direct participation of many Africans in the international trade and/or control of the hinterland trade, did not mean that racism and subordination did not exist in Creole societies. On the contrary, the position of Angolans in the colonial nucleus was conditioned by the colonial situation arising from previous defeats of independent political units, such as was the case of the initial military strata. It was thus a position of subordination where the ultimate decision-making power lay in settlers and their representative boards, such as the municipal councils, or in the decision centres of Lisbon or Bahia. This fact was important for the role played and the demands made later by urban Angolan elites along the 19th and 20th centuries, as a response to colonial policies.
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1.1.2. The XIX century restructuring: from the slave trade to the trade of raw materials

The ban on the Atlantic slave trade imposed by England forced the colonial power to a restructuring which lasted for a century.\(^3\) The new international division of labour which emerged from the abolition meant the change from the export of slaves to that of raw-materials: agricultural and minerals. Both the colonial power and the Angolan formations faced stringent difficulties to achieve their connected restructurings.

Many Angolan kingdoms involved in the slave trade which were already going through a process of economic decay were not capable of reorganizing and change slaves for the new products in demand in the colonial and thus the international market. The fact that they had no products to exchange in the Atlantic market meant as well shortage of manufactured goods and the inability to reorganize at least as middlemen in the hinterland trade networks of Central Africa. The process of decay was reinforced with a gradual shift towards self subsistence. This was the case of Kongo, for example. Other chieftaincies changed quickly to other products, such as the Ovimbundu's turn to rubber trade and managed to face the initial stage of the restructuring.

A part of the African elites tried to adapt to the new environment reorganizing the production of commodities either as landlords of farms and plantations, where part of trading capital was invested,\(^4\) or trading farming commodities supplied by peasants as tributes to aristocrats of their regions. Some of the members of these elites were already involved in other urban activities, such as the civil service and the army. Urban Africans previously involved in the slave trade who could not follow this path, joined the colonial nucleus as craftsmen or salaried/waged labour.

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\(^3\) On the concepts of crisis, restructuring and rupture, see Holloway, 1992: 145 ff.

\(^4\) For example, the by Mbundu elites, since long involved in close contacts with the colonial power and in trade. Rella (1992: 38) sees the emergence of plantations as a result of investment of local trading capital, mainly held by Europeans.
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But the difficulties of Africans were faced by the colonial power as well. The restructuring demanded of the latter a progressive territorial expansion and efforts to achieve an effective occupation of conquered territories and the subordination of indigenous peoples. This process was very violent since neither the urban elites nor peasants accepted the three components of the system which was established: i. land regimes leading to the loss of land by Africans, ii. forced labour to ensure cheap labour, and iii. a legal framework of racial and cultural discrimination which had a special impact in the access of Africans to jobs and economic activities, such as the civil service and trade.

The attempts at a quick restructuring were jeopardised by the resistance of Africans kingdoms (on these wars see, e.g., CEA, 1975, Principe, 1956, Sousa Dias, 1957, Clarence Smith, 1979, Wheeler, 1971, Wheeler and Christensen, 1973, Pelissier, 1977, Chilcote, 1972 and Ramos de Almeida, 1979) and of Africans to work in plantations. The resistance of settlers to farming and of Portuguese to migration to Angola (e.g., Bender, 1978 and Rella, 1992), the shortage of metropolitan capital, the need to divert resources to finance the wars for the conquest of new territories (within the boundaries later established at the Berlin Conference) and to ensure a process of continued expansion, pre-determined by the needs of expansion of metropolitan industries, also contributed for the difficulties of the metropolitan power to implement its colonial policies.

As stated above, the restructuring meant the extraction and production of primary commodities, either to the metropolitan industries or those of the proper centre. The process of implementation of export production, incipient up to the abolition of slavery,
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meant thus for the colonial power: i. the need for investment, ii. the appropriation of Africans land, and iii. an ideology and legal framework which grounded and reinforced colonial domination.

Appropriation of land, dealt with below, was undertaken through violence and was still expanding by the end of colonialism. Military and administrative occupation of the territory, and related wars to break the resistance of Africans, aimed at: i. the guarantee of the supply of raw materials at low prices and the maintenance of trade flows necessary to an expanding trading capital, and, ii. primary forms of industrialization combined with a primitive accumulation in the small trade mediating between the African producer/consumer and the large foreign trade firms (Rella, 1992: 38). To achieve these conditions of the restructuring there was a need of complete subordination of African peasants.

The colonial state adopted measures to guarantee the supply of raw-materials to metropolitan industries by the compulsory farming of agricultural raw-materials, such as cotton (Carreira, 1977: 151-61, Ramos de Almeida, 1979: 45 and Pelissier, 1978: 403 ff) while providing for a system of price fixing for the purchase of raw materials at low prices. Also, large companies could apply for the concession of the exclusive of purchase of a given product to peasants ('natives'), which gave them an automatic control of production and prices in the region. Regulations on the direction of Angolan exports also ensured the supply of metropolitan industries.

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7. See subsection 1.1.2.

8. Decs no 11,994 (1926), 21,226 (1932) and 35,844 (1946). The 1st measures on compulsory farming were enacted in 1907, when the native tax began to be paid in cotton; from 1912 the peasants of Icolo e Bengo had to farm cotton in a fixed area if they did not cultivate tobacco, coffee and rice (Carreira, 1977: 151-58).

9. On prices, see, e.g., Galvão report (quoted at Ramos de Almeida, 1979: 271); for figures, op.cit., e.g., 378 (textiles in 1960).

10. E.g., Governor Regulation of 22.1.1946, establishing that the exclusive right of purchase (of crops) could be granted: i. for crops needing substantial capital, technical assistance, machinery and selected seeds to which small farmers had no access, ii. there would a priority of supply to the 'national market', and iii. prices were fixed according to the world markets and also "the possibilities and needs of national markets".
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As for the general framework of exchange of agricultural commodities, the isolation in the bush, the lack of transport for agricultural products and the monopoly of contacts with coastal traders, led to an unequal exchange between bush traders and peasants. Traders sold manufactured goods at monopoly prices and bought crops at very low prices, thereby extorting a rent. Sales prices demanded by bush traders were usually higher than those fixed by the state and in coffee regions prices were even higher for Africans than for whites (Pelissier, 1978: 466). Plantation and mining companies, which had their own shops, had the same monopolistic and unlawful behaviour.

On the purchase of farming products, besides low price fixing, bush traders used debt as a mean of inducing dependence and ensuring commercial supremacy. An illegal system of credit over future crops was adopted: traders supplied manufactured goods to peasants at prices fixed by them, or lend cash to pay taxes, at interest rates also fixed by them. Loans were reimbursed by the crops, bought by traders at prices fixed by them as well. With the system peasants became highly indebted and could not resort to other traders to sell their production or try to discuss the exchange terms. There were families that spent years in a state of indebtedness and some were forced to sell their land, when possible, to pay debts. Peasants obligations arising from the system were guaranteed by the complicity of station chiefs, often bribed by bush traders. The system was particularly crucial in coffee zones and in the cotton areas where the concessionaires used this method. (Carreira, 1977: 162-63; Pelissier, 1978: 466).

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11. For example, in the mid 40s: i. German sisal and coffee producers had to sell their production to a government board which decided on its allocation, ii. the Exports Authority prioritized the supply of Portugal in tobacco and only surpluses could be oriented to non-Portuguese markets, iii. 25% of the Angolan coffee production was channelled to Portugal according to quotas established to producers by the Coffee Board, and iv. the Exports Authority fixed the prices of exported products (Governor's Orders of 14.8.1946, 2.7.1946, 10.7.1946 and 12.10.1946).

12. These relations frequently were violent; Margarido refers the practices of white merchants in coffee areas (for example, burning villages) to force African farmers to sell at prices lower than usually practiced (1972: 46).

13. For example, an official report of 1948 states that Diamang, in the Lunda Norte concession where it controlled trade, sold commodities to 'natives' at prices higher than fixed, having a profit rate of about 20%, 73% and even 100% in some products, while the colonial legislation only allowed a rate of 15% (Ramos de Almeida, 1979: 276).
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In plantations, employers of forced labour used the system in their shops, where labourers were compelled to buy and became permanently indebted. This scheme made for the perpetual renewal of the 'contract', saving the planters the costs of paying for new labour recruitment. The state of indebtedness of forced labourers was completed with the deductions for food or cloth supplied by the employer, at prices higher than those fixed (e.g., Pelissier, 1978: 466, note 49).

The patterns of exchange in tributary societies allowed the appropriation of the small surpluses of peasants, led to their progressive ruin (e.g., Bender, 1978: 244), disrupted and retarded the development of peasant societies and reinforced the gap between towns and countryside. These patterns were reproduced, although at a lower rate of exploitation, in the relations between bush traders and their trading partners from the cities, especially when bush traders were simultaneously farmers of export commodities (Pelissier, 1978: 456-7). Commercial licensing and price fixing did not work and this failure was one of the reasons for the measures taken under colonial reformism from the 1960s.

The dominance of metropolitan interests was reflected in reinforced protectionism for metropolitan industries in the markets of the colonies. As it caused serious conflict between local producers and the colonial authorities during liberalism it gave rise to conflict with local capital and bureaucracies from the 1960s. During fascism, protection not only of metropolitan industries but also of some strata of metropolitan capital was implemented through the industrial licensing regimes, which prevented the creation of industries either in Portugal or in the colonies (Sousa Ferreira, 1977: 53, 69). The attitudes towards competition are also reflected in 1936 legislation providing that authorisations 14. The wine regimes preventing local production of spirits or banning the sale of Brazilian rum, are an example of protectionism of metropolitan industries. They lasted for a century and the metropolitan state concentrated efforts in promoting exports to the colonies. On the wine wars' and the responses of Angolan producers and consumers, see, e.g., Capela, 1973, Silva Rebelo, 1970: 273-83, Wheeler, 1971: 48, 73, Wheeler and Christenson, 1973, Carreira, 1977: 114, and Ramos de Almeida, 1979: 18, 89, 151; on the wine policies, see Capela, 1973; see also Ramos de Almeida, 1979: 226 (figures exports of wine in 1947).
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were denied if in Portugal or other colony there already existed an industry producing the
same good in some conditions. These norms were complemented with regulations of
export commodities, especially with regard to prices and foreign exchange. The
centralized licensing schemes acted as a deterrent for the setting up of local industries
which therefore only began to expand from the 60s.

During the first restructuring the colony remained a buyer of metropolitan
products and a seller of cheap raw-materials for metropolitan industries. The
unfavourable terms of exchange in the relations of peasant societies when dealing with the
'first periphery' where also reproduced internationally. The exploitation of Angola as a
colony, when approached from the stand-point of exchange relations, was thus achieved
by a system of successive links from the bottom, peasant societies, to the international
relations of the first periphery with patterns of unequal exchange reproduced at the
different hierarchical levels. But while the extortion of colonial rent from foreign trade was
achieved by means of state intervention/regulation, in the exchange relations between the
first and the second peripheries, the monopoly position of bush traders and their
bargaining power reinforced by the 'natives' legal regimes (which acted at the economic
level restraining competition between settlers and Africans, who were banned from
trading), enabled traders to extort a monopoly rent without resort to state intervention. An
exception were the areas where African farmers competed, and/or conflicted, with colonial

15. Dec. no 26,509 (1936). The licensing regulations enacted from 1936 aimed "to prevent unregulated competition among industrials of
the same brand" (preamble Dec. no 26,509).

16. In 1910, 90% of exports of Angola went to Portugal and 90% of imports came from Portugal but in 1913, the % of Angolan exports to
Portugal fell to 77%; in 1920, the main exports of the country were coffee and diamonds (the latter quite near the coffee values), followed
by maize, coconut, wax and palm oil (Ramos de Almeida: 1979: 70, 98, 156). In 1956 22% of Angolan exports went to and 45% of
imports came from Portugal. The balance of trade with Portugal has been negative for Angola, although the general balance of trade has
been positive until 1957 (op.cit.: 179, 336, 346); as to the year of 1960, which preceded the beginning of the independence war, the overall
balance of trade was negative for Angola. The exports structure was: i. coffee, 39.45%; ii. diamonds, 13.92%; iii. sisal, 10.55%; iv. iron
ore, 4.50%; buyers of exports were (% of exports): i. Portugal and colonies, 29.44, ii. USA, 19.06, iii. UK, 15.03, iv. Holland, 10, v.
Germany, 9.56, (source: Ramos de Almeida, 1979: 379-80), for late colonialism see note 34.
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interests, for example, the farming of cotton. Conversely, prices regulations, countering the interests of traders, were ineffective.\textsuperscript{17}

Progressively, as a result of this process, Angolans were pushed physically to the hinterland and socially to the bottom of society, in a process of ruin and proletarization from which not even the urban elites escaped (e.g., Vieira, 1989). The process meant a higher hierarchy at a global level, since it meant more levels and more links: consolidation of towns as first peripheries, linking to the colonial power, a semi-periphery, and to the peasant societies, as second peripheries.

1.1.3. The second restructuring of colonialism: reformism and the slow shift from trade exploitation to capital penetration

After the outbreak of the independence war in 1961, colonialism went a second restructuring. The reforms of late colonialism will be dealt with in the different sections of this chapter. Here, the improvement of the trade regulations and the framework of capital penetration are briefly dealt with.

The former licensing schemes\textsuperscript{18} were expanded with the control of foreign exchange and imports and exports through licensing of activity and operations. The general framework for this control was the creation of the 'monetary system of the escudo zone', a Portuguese 'economic space' with free movement of goods, where possible the unification of customs regulations and the control of foreign payments.\textsuperscript{19} The 'system'

\textsuperscript{17} See, e.g. Seidmann, 1987.

\textsuperscript{18} Powers to license small industries were decentralised in the colony in 1962.

\textsuperscript{19} Dec. no 40,016 (1961), established: i. free movement of goods within the Portuguese economic space, ii. when possible, the unification of customs regulations on relations with foreign countries, iii. the non exchangeability of money circulating within the economic space and "the creation of a system of interterritorial payments", aiming "the maintenance of the external financial stability and solvency of our money" (escudo), iv. the formation of a "genuinely national economy" and "the promotion of a most efficient division of labour, that is, the development of activities according to the best natural potential of each territory". The decree established a term of 10 years to end restrictions to the free movement of goods and the liberalisation of operations of current invisibles. Still, quantitative restrictions of imports were maintained with import licensing, even in the provisions for progressive liberalisation of transactions of goods, services and capital within the economic space.
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legitimated Portugal appropriation of hard currency from the colonies exports and its redistribution according to metropolitan interests, reinforcing the role of Angola as a supplier of hard currency to ensure the equilibrium of the metropolitan balance of payments. Indeed, all foreign currency obtained by the colonies was transferred to the Bank of Portugal and the concerned colony got a credit in Portuguese money (Sousa Ferreira: 1977, 47-9). As from the 60s Angola had to finance its war expenses, the shortage of hard currency was controlled with the import and foreign exchange licensing.20

Licensing policies were complemented by import-substitution incentives. The 1965 legislation on foreign (non-Portuguese) investment lifted barriers to its penetration, for example by allowing a 100% share of foreign investors in companies. Incentives to investment were mainly exemptions from taxes and customs duties, free repatriation of profits,21 besides cheap labour, sometimes supplied by the administrative authorities. The enlarged market created by the substantial number of Portuguese troops and the inflow of settlers as well as the new prospects for the colony arising from the emergence of the oil industry, also acted as incentives in the 60s boom (Sousa Ferreira, 1977: 75, 79, referring to metropolitan capital).

Concerning foreign investment, non-Portuguese firms always played a role in Angola due to the shortage of metropolitan capital for significant investments (e.g., Capela, 1977: 7 and 67). The patterns of direct investment from the 19th century show an

20. The Angolan war expenditure was financed by taxation, especially the consumption taxes; the so-called 'labour tax' (the former 'native tax'), also contributed. On the import-export licensing scheme until 1971, Guide for Investment in Angola, 37-8 and later Decs no 421/71 and 422 71; see also Chapter 4, Table 2 (similar post-colonial licensing of activity and operations).

21. Dec. no 46,312 (1965, on foreign investment), defined as state reserves: goods of the public domain, public services and activities interesting to defence (art. 21) but the CM could decide on exemptions (art. 21 par. 1); the decree allowed total or majority participation of foreign capital (art. 3) if the investment referred to goals approved by the CM (art. 4); foreign investors had to comply with the licensing regulations (art. 4 par. 4); in case of refusal of authorisation of a foreign investment there was a right of appeal to the CM (art. 5); incentives were tax and custom duties exemptions (art. 17), which could be larger than for national firms (art. 18); foreign investors had also the guarantees of, e.g.: i. non-interference of the state in the investor's affairs (art. 8), ii. expropriation only on grounds of public interest (art. 9) and, iii. export of profits and invested capital (art. 13) but the export of profits had to be licensed (Guide for Investment in Angola, 33-7); on the post-colonial regimes, see section 7.1.
Colonial policies

interest of non-Portuguese firms in agricultural raw-materials and mineral resources by investing associated or not to metropolitan capital.\textsuperscript{22} The latter specialized for centuries in trade, with some exceptions in the plantation economy and only from the 1950s substituted 'exploitation by trade' for 'exploitation by capital penetration' (Sousa Ferreira, 1977: 67-76 and 384). After the emergence of the independence war, foreign capital (Portuguese and non-Portuguese) invested significantly in the colony and this fact, added to the emergence of the oil industry and oil exports, led to the 'golden era' of the Angolan economy, the first years of the 70s.

Foreign firms penetrated the Angolan economy through direct investment\textsuperscript{23} or acquisitions of shareholdings in metropolitan firms.\textsuperscript{24} Portuguese firms also depended on their foreign partners through patents and marks licences, technical assistance and procurement of spares and materials (e.g., CED, 1977: 47). The general patterns of investment were: i. TNCs preferred to invest in mining and related activities, aiming the export of non-manufactured commodities,\textsuperscript{25} some were present through trading companies or franchised for the marketing of Western products\textsuperscript{26} and very few invested in heavy industry, usually associated with Portuguese firms, ii. metropolitan capital invested in the light and food industry, in some scarce projects in heavy industry, transports, banking and

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\textsuperscript{23} On TNCs investment in Angola see, e.g., Guerra, 1979: 128-29, 130-33, 136-7; Sousa Ferreira, 1977: 53-4, 87-9; Minter, 1977: 18, 28; on investment from WW2, see Ramos de Almeida, 1979: 276, 302, 310, 317, 328, 345, 354; Bender, 1978: 239-40; Guerra 1979 and 2, Actualidade Econômica e Cooperação [1982], 29-30.

\textsuperscript{24} For the firms, see, e.g., Guerra, 1979: 136-37 and Ramos de Almeida, 1979: 284.

\textsuperscript{25} The location of TNCs investment had some connections with territorial bases for activities or claims of their parent state in previous centuries: USA and UK companies invested mainly in the north, Belgian companies mostly invested in the north as well; German and South African capital invested in the southern areas, but German were also present in the central Highlands (sisal). On British in northern Angola from the 17th century to the 19th century, see Wheeler, 1971; on North-Americans in Angola in the 19th century, Wheeler, 1971, and in the 20th century, Marcum, 1978; on Germans in Southern Angola, Wheeler, 1971 and Clarence-Smith, 1979, and on South Africans, Wheeler, 1971 and Clarence-Smith, 1979.

\textsuperscript{26} On some franchised of non-Portuguese marks, see Guerra: 1979: 137.
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Colonial policies

plantations,\textsuperscript{27} iii. local capital invested, and had its origin, in plantation and, later in the food and light industries, here associated to Portuguese and non-Portuguese capital.\textsuperscript{28} Local capital seemed to have no access to mining concessions, due to protectionism of metropolitan firms, the comprador character of the Lisbon state apparatuses intervening in international contracting, the shortage of technology and financial capacity, and fears of autonomic demands if the local bourgeoisie could control these resources.\textsuperscript{29}

The promotional role of the colonial state (reflected in the intervention through concession regimes, licensing, price fixing, indicative planning and state contracting),\textsuperscript{30} had as a consequence direct intervention through financial participations in many foreign-owned firms, usually concessionaires of mining rights, or the creation of state-owned banking institutions.\textsuperscript{31} The system, which processed the alliance of the colonial state with

\textsuperscript{27} In metropolitan capital, there was in the 70s a shift of ownership from trading capital to financial capital, involving a strong concentration of ownership (see, e.g., Sousa Ferreira, 1977). On main investment by Portuguese capital in 1973, see Guerra, 1979: 139-142.

\textsuperscript{28} On the groups with origin in the late 1880s and early 1900s Angolan (settlers) capital by 1973, see Guerra, 1979: 145-53.

\textsuperscript{29} See subsection 2.1.3. (MPLA Manifesto on discrimination against local capital) and Chapter 7 (investment).

\textsuperscript{30} An example is the Cunene plan, due to its political goals, the amount of resources involved and the links between the Portuguese and the South-African states and TNCs, within the frame of state contracting and building of infrastructures. After the 1926 accord, negotiations between Portugal and RSA for a new agreement initiated in 1962, a pre-accord was signed in 1964 and the final agreement in 1969. From 1968 cooperation between Portugal and RSA also included joint military and intelligence activities in southern Angola; RSA controlled the southeastern sector of operations, Kuando-Kubango, bordering with Zambia and the Caprivi strip (Marcum, 1978: 266-67); the RSA controlled zone was 'occupied' after independence by RSA client UNITA. The Cunene plan aimed the construction of three dams in the Cunene river, two for regulation of water flows and one for electric power. RSA would get water from Caluque to Ovamboland and energy for the Namibia mining centres and fishing facilities at Walvis Bay from Ruacana. In Angola about 150,000 has of land would be irrigated and divided into 20 has plots to distribute to about 6,233 families, an average of about 37,000 new settlers; cattle ranchers would benefit from water in an area of 173,000 has and it was expected that settlers could resort to local labour of about 73,000 'natives'. The Cunene plan was connected to other projects, for example the supply of energy for the Krupp/Minastra do Lobito iron ore mining venture at Cassinga. The metropolitan government created in Lisbon a special board following, so they said, the model of the Tennessee Valley Authority. On RSA side the entities involved were the Department of Water Affairs (Windhoek), the Electricity Supply Commission (Johannesburg) and IDC (Industrial Development Corporation), a mixed enterprise (Minter, 1977: 18). Contracts for the constructions were allocated to Portuguese firms, some of them dependent on foreign partners, such as Krupp and IDC in related projects. The emergence of independence prevented the plan, and related social and ecological damages (see Carvalho and V. Silva, 1973: 164-65) to go ahead, but did not prevent RSA to occupy Caluque and Ruacana in August 1975 (Hodges: 1976, 55) preparing itself for the subsequent invasion of Angola. Under the alibi that its army was protecting the supply of energy and water to Namibia (actually by the 1969 accord Portugal allowed RSA "to station a small security force at the site", Caluque, Marcum, 1978: 440, note 216). On the Cunene plan, see Sousa Ferreira, 1977: 168-78 and Cosme, 1988.

\textsuperscript{31} Financial participations: in about 30 enterprises with mining concessions; in CFB and Tanganika Concessions, concessionaires of the Benguela Railways, TAP (the Portuguese airlines); the banks Banco de Angola and Banco de Fomento; concessionaires of electric power supply Sonel, Hidroeletrica do Alto Catumbela, Companhia Electrica do Lobito-Catumbela; and Concar (meat processing). The colonial state had as well indirect participations, for example, through JPP (Settlement Board) in ELA and Caixa de Crédito in Satoc. Financial public institutions for specific loaning were Instituto de Crédito (housing and industrial projects), Fundo de Fomento Pecuário (cattle ranching), Caixa de Crédito Agro-Pecuário (farming and cattle ranching), (Guerra, 1979: 79-80).
investors, also served to pay services of the regime's clients, who were appointed to the different boards of mixed enterprises (e.g., Ramos de Almeida, 1979: 353, and Guerra, 1979: 120).

Imports licensing, the creation of incipient import-substitution industries, some of them using obsolete equipment from the metropolitan industry, and the new revenues from extracting industries, especially the oil and diamonds exports, led to surpluses of the Angolan balance of trade from the early 70s. The increase in local disposable consumer goods improved the living standards of those with purchasing power. Indeed, the rate of growth of the manufacturing sector from 1960 to 1973 was, at 1963 constant prices, 11% per year and the manufacturing output (only 6.5% of GDP in 1960) grew up to about 16% in 1971 (Bhagavan, 1986: 149). The economic boom, which also meant conflict between metropolitan industries and local capital, motivated investments on education partially satisfying demands of urban elites.

32. The new imports policy from 1969, which aimed to reduce the external debt and create incentives for the implementation of import-substitution industries, prioritized imports of (data 1973): i. equipment (41%), ii. intermediate consumption (24%), iii. consumer non-durables (21%), iv. technical and energy consumption (9%), and consumer durables (5%), achieving thus a change in the structure of imports, with a decrease in imports of consumer goods and an increase in imports of "goods essential to economic development" (source: Direcção dos Servicos de Comercio, DSC, 1974: 23).


34. After years of deficit, including 1971, the balance of payments was positive in 1972-73 (although the balance of trade positive from 1969 to 1974); i. the main exports were oil (27.6% in 1972 and 30.3% in 1973), coffee (30.0% in 1972 and 21.2% in 1973), diamonds (11.5% in 1972 and 8.9% in 1973), iron ore (7.6% in 1972 and 6.2% in 1973), fishmeal, sisal, cotton, wood, maize, dried and fresh fish, paper pulp, palm oil, tobacco, bananas, cassava, sugar and beans; in 1973 2 products (oil and coffee) accounted for 51.5% of exports. ii. main imports were machinery, motor vehicles and parts, iron and steel, textiles, medicines, petroleum products, wines, wheat and fertilizers; iii. main buyers were in 1970-73: Portugal and colonies (29.3%), USA (19.9%), Japan (9.9%), Canada (7.5%) and Holland (6.0%); iv. main sellers in 1972 were: Portugal (23.3%), USA (12.7%), West Germany (12.3%), UK (9%), France (5.9%), Japan (5.7%) and RSA (4.6%), (source: DSC, 1974: 17-21). See also note 16.

35. As Bhagavan refers, the products available in the Angolan market in the early 70s were sufficient just for a minority of the population and "19 out of 20 Angolans lived in bare essentials" (1986: 148); the present and past propaganda on the 'golden 70s' arose from the access to the goods by urban elites, European or African, and the fact that peasants living standards are usually forgotten when assessing colonial policies.

36. On the 60s 'wine war', see Capela: 1973, 26-7, 29, 159, 161, and 30-35 (for the documents); also, on conflicts within state bureaucracies, Heimer, 1979: 19.

37. E.g., Heimer, 1979: 13, note 64. The Angolan university was created in the 60s but educated essentially white experts, since they were the majority of students there during colonialism; anyway, traditional Creole families got thus access to higher education, and related access to the state bureaucracies, a demand originated in the 19th century.
Colonial policies

However, while ignoring the war going on in the countryside and ensuring the profitability of firms by the practice of 'colonial wages' to African labour, the whole industrial structure arising from colonial reformism could not resist the emergence of civil liberties in 1974 and collapsed rapidly in the period 1974-75, when workers finally could demand higher wages. The survivors were those with capacity to face the problem, the TNCs. But the memory of past urban affluence endured: 'post-colonial reformism' would adopt a package of policies with some resemblance to these of colonial reforms while to reach the 1973 levels of production was from independence defined as a national target.38

1.2. Peasants and their land

The state of Angolan peasants, about 81% of total labour, at the time of independence was the result of colonial policies towards them. They involved three crucial aspects: i. the constant and ever expanding expropriation of land and related European settlement, ii. the 'natives' and forced labour regimes, which, with the land regimes, constituted the legal and ideological foundations of the destruction of pre-capitalist formations and related subsumption of peasants, and iii. the impact of war on the organizational forms in the countryside.

1.2.1. The natives regimes

The political constitution for the majority of Angolans during the last century of colonialism may be found in the 'natives' laws formally regulating the relations of black and mulatto Angolans with the colonial state up to 1961 and, in fact, regulating peasants until independence.

The 'natives' legislation constituted the background of the discrimination against Africans in all economic and social areas, legitimizing forced labour, land expropriation

38. See section 1.2. and Chapter 8, respectively.
Colonial policies

and a tight regime of control of Angolans which, in different forms, lasted until independence. This legislation would have its fate strongly connected to peasants rebellions: the first laws were enacted during the Tulante Buta rebellion against forced labour, reinforced by the 1917 rebellions and would be repealed after the 1961 uprising in northern Angola. The 'separate development' and attempts of social engineering of African institutions they meant had 'boomerang effects' on colonial policies. Indeed, from the 1920s and after the conquest of the remaining independent chieftaincies, peasants constructed their own movements under forms which by their very cultural 'strangeness' were out of the control of colonial authorities, for example, secret societies and messianic movements.

The 'natives' legislation and related policy of 'assimilation' and cultural oppression probably reinforced the 'great divide' among urban African elites. The 'official' end of the 'Creole era' with the new legislation contributed for the cleavages between those who were for reform within the system and those who realised that Portuguese colonialism could not be changed by reform or pleas for the rights of urban Angolans. This conflict would lead to the emergence of 'new Creoles' from the late 40s.

Another outcome of the 'natives' regimes, which actually aimed to divide Angolans and isolate both urbans and peasants, was the emergence of a group of 'middlemen' in the political relations between the two groups. They originated in peasants elites, for example country aristocrats or small farmers, with some degree of urban education. With colonial rule expanding and the defeat of previous forms of armed struggle, this group, the

39. The last relevant war ended in 1920 with the defeat of Tsholcwe and the loss of Lunda independence (Ramos de Almeida, 1979: 145).

40. On messianic movements, see section 2.1. and, for a general approach, Chiloote (ed.), 1972.

41. Pelissier considered that the 'Creole era' had finished with Matos repressive legislation (1978: 230). In fact, what happened is that while Creoles lost their importance in the colonial nucleus and under fascist repression, their culture became underground but, as later events showed, flourished (see section 2.1.).

42. See section 2.1.
Colonial policies

'agrarians', radicalised by the land and labour policies, would play a crucial role in the independence war and, later, in post-colonial politics.43

The natives status

From 1914 the colonial state imposed the racist distinction between 'civilized' Africans and 'natives', which would constitute the legal background for the life of peasants up to 1961. The 'natives' legislation divided Africans into two groups: 'natives' and 'other persons' (later under the racist label of 'assimilados').44 'Natives' lost citizenship rights under a special status ruled by customary law and were only entitled to the political rights granted by the customary law of their communities. The 'assimilados' were exempt from customary law and would enjoy full use of the political rights guaranteed by colonial legislation. The governor decided who could be included in the category 'other persons'.45

The attempts of the colonial state to institute an apartheid system to regulate the relations between the colonial nucleus and peasant societies and to tame urban African elites by putting their status under the discretion of the governor, were furthered by 1917 legislation providing for the criteria to consider an African as Portuguese citizen.46 The 1926 Natives Statute,47 developed the 1914 legislation.48 The 1954 Natives Statute had a more restrictive definition of 'natives', combining racial and cultural criteria with

43. See Chapter 3.
44. As Sousa Ferreira puts it: "As the distinction between 'civilised' and 'non-civilised' was made on a racial basis, it is very difficult to consider that the attitude arising from it was not racist (as the colonial ideologists argued). An effort to disguise racism was made allocating to this distinction a cultural aspect: the African was accepted as civilised and incorporated to the Portuguese society if he attained a given cultural level meaning the ability to read and write Portuguese. Given the high percentage of illiterate among Portuguese settlers at the colonies, it is difficult to understand why they were not included among the 'non-civilised', unless one admits that the distinction lays in fact in race and not in culture." (1974: 119).
45. Law no 277; for a summary of the natives status as ruled by this law, see Wilensky, 1971: 49-54.
47. Dec. no 12,533 (1926), revised in 1929 by Dec. no 16,473, "Political, Civil and Criminal Statute of the Natives of Angola and Mozambique, here referred to as '1926 Statute'.
48. 1926 Statute, art. 3.
Colonial policies

educational requirements in a system where Africans had a very limited access to education (e.g., Sousa Ferreira, 1974: 51-97). The 1954 Statute defined 'natives' as

"Those individuals of black race, or their descendants, who, having been born (in the colonies) and usually being there, do not yet possess the education and individual and social habits assumed for the complete application of the public and private law of Portuguese citizens."

To become an 'assimilado', Africans should integrate in the colonial nucleus and behave as its members.

The 'assimilado' status was linked to the different documents both groups of Africans should exhibit. The identity card (ID, for Portuguese citizens) was necessary for all kinds of acts, from access to jobs, especially in the civil service, to driving licences. Having an ID also meant formal freedom of movements, since 'natives' had to carry a passbook, the so-called 'native card' (Wilensky, 1971: 72, note 8), aiming to control labour, the movements of the population and the fulfilment of tax obligations.

The distinction between 'natives' and 'assimilado' also worked as a barrier in other economic areas. For example, licenses for the marketing of cotton could only be delivered to "Europeans and assimilados", damaging the interests of Mbundu traders. Also, only 'civilized Africans' could be granted individual property of land, while the 'natives' were subject to an obscure regime of 'communal land'.

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50. "(He should) ... behave properly and have acquired the education and habits associated with the full application of private and public law of Portuguese citizen", to prove domain of Portuguese language, to have a profession, job or post or estate ensuring him and his family a sufficient income, as well as having fulfilled his military obligations (cit. Statute, art. 56); the certificates were delivered by the station chiefs. Women could not apply autonomously for the 'assimilado' status, but they could acquire it under some conditions (cit. Statute, art. 57; see, e.g., Wilensky, 1971: 167). The district governor had discretion powers to grant the 'assimilado' status, after application through the administrative hierarchy. The grant of 'assimilado' status could be revoked by a judge. Some individuals could have these formalities waived, e.g. either if they were civil servants, belonged to the administrative hierarchy, were registered traders or owners of commercial or industrial undertakings; cit. Statute, arts 60, 61 and 64; see Wilensky, 1971: 166-7.

51. Dec. no 11,994 (1926) forbade the purchase of cotton produced by 'natives' by people who had no licence. These regulations also meant that only enterprises could apply for licences, and barred access to bush traders and Africans. An additional effect was the destruction of the African commercial networks, in the concession areas (Carreira, 1977: 153-58); see section 1.1.

52. See subsection 1.2.2.
Colonial policies

The connection of the status to the labour regimes ('natives' were subject to forced labour) to ensure the supply of cheap labour, made the grant of the 'assimilado' status very difficult. By 1950, the status had been granted to 30,809 blacks and 23,335 mulattos out of a population of four millions. (Ramos de Almeida, 1979: 290, 299, and Pelissier, 1978: 65-6, 59, 77). Although many authors relate the low number of 'assimilados' to the educational policies barring the access of Africans to the prerequisites of Portuguese citizenship, the action of the station chiefs, the bureaucracy involved, and racism aiming to favour settlers also seem responsible for these low figures (e.g., Pelissier 1978: 67, 69, 468). Massive migration to neighbouring countries to escape forced labour also contributed to the little interest shown in the acquisition of the 'assimilado' status in regions as northern Angola.

The humiliation and reinforced ruin this regime brought to Angolan elites, whose status was at discretion in the hands of administrative authorities, motivated the 'qualitative leap' of protest in the 50s and petitions to the colonial government reformists assembled at Liga (e.g., Wheeler, 1971: 135). Concerning peasants, the 1961 jacqueries were motivated, among other reasons, by the curtailment of their movements under the 'native card'. As an example, during the most exemplary autonomous peasants rebellion of modern Angola, that of Baixa de Cassanje against the compulsory farming of cotton, peasants showed their hate for this legislation by the symbolic ripping of 'native cards' (Pelissier, 1978: 416). The Natives Statute was hastily repealed in 1961, by a decree ironically with a single article, under the argument that the 'process of assimilation of natives' was completed. Indeed, it was a direct result of the emergence of the independence war and related international pressure.
Colonial policies

Chiefs, peasants and the cosmetic 1961 reform

The repeal of the 'natives' system\(^{53}\) was a formal progress waiving legal barriers to access of Africans to jobs and some economic activities, but did not have in the life of peasants the impact it eventually had in towns. Indeed, the colonial state continued its efforts to control peasants by manipulating invented tradition\(^{54}\) and resorting to coercion with the resettlement policies.

To control peasants without effective occupation of the territory, the colonial state needed an alliance with chiefs. In an early stage, fascist legislation on the organisation of power in the countryside compromises with chiefs, co-opting them for the control of peasants, while retaining the supraordinating power of the colonial state. As occupation spread and the colonial apparatus of local administration developed, legislation raised the restrictions on selection and requisites for leadership to the point where the colonial government allocated itself the power to appoint directly the rulers of peasants communities. The advance of the colonial state into the political life of precapitalist formations was suddenly stopped by the outbreak of the independence war. Among other things, this led to the reinforcement of militarisation of the social control of Africans. In response to this arose, conversely, such phenomena as the rebirth of traditional allocations of power, although interfered by factors such as the needs of anticolonialist struggle and international pressure.\(^{55}\)

\(^{53}\) Doc. no 43.893, 6.9.1961; the preamble explains the measure as "the logical consequence of the evolutionary process (of the 'natives') that has been undergone by our legislation in this field" (quoted in Wilensky, 1971: 178).


\(^{55}\) See subsection 2.1.3.
Colonial policies

The 1961 reforms maintained basically the former organization in rural zones. Keeping the colonial constructed hierarchy of chiefs in administrative units defined by the colonial state, the latter were directed by a 'native authority', who was under the orders of the colonial authorities (Wilensky, 1971: 179). The 'elective system' of chiefs was maintained while a chiefs advisory board, a committee chosen by chiefs among "good men", was created. Some chiefs powers could be delegated in the committee. However, some groups of villages were directly subject to the colonial authorities, who could be aided by 'liaison officers' they appointed. To enforce the new traditional system, a so-called 'local militia' became a military corp (Wilensky, 1971: 179-81). Bender describes how the system worked:

"the militia primary function was to compromise its members with the nationalists. ... Population control was further extended in each resettlement through the establishment of a network of spies and informers who were coerced or recruited among the villagers by the secret police (Pide/DGS)." (1978: 161-62)

The new legislation extended the control of movements to the 'ex-assimilados' who previously did not need to report their movements. From the 60s this control covered the entire African population: nobody could leave the region of residence without a pass from the administrative authority (Sousa Ferreira, 1974: 119-20, quoting an UN document).

There were no state apparatuses to apply the natives legislation. Thus, the station chiefs and their hierarchy got conflicting functions which lasted until the 70s. Indeed, from 1929 these authorities combined administrative functions (including the recruitment of labour), these of judges of 'native courts' and of prosecutors. With no legal training, they

56. Established by the different natives statutes and by the Overseas Administrative Reform (RAU), which provided for a set of norms on the organization and succession of traditional powers, which in fact conflicted with the customary law of many Angolan chieftaincies.

57. Dec. no 43,896, arts 2 and 3.
Colonial policies

were supposed to apply unknown customary law\textsuperscript{58} to private relations of 'natives' and judge some kinds of crimes in suits where simultaneously they acted as prosecutors (Wilensky, 1971: 83, 85, 240, 242-43). The 'natives' adjudication, especially in the criminal area, further undermined the standards of rights peasants enjoyed under the screen of respect for tradition. In fact colonial authorities had discretion powers to rule all the aspects of Africans life.\textsuperscript{59}

**Expansion of colonialism and changes in precapitalist formations**

The attempts of social engineering described above conflicted with changes in peasant societies, induced by the very expansion of colonialism. There are three main aspects: i. the ruin of chiefs and aristocrats, and urban landowners, under the overall scheme of land expropriation and consequential undermining of their authority, ii. the progressive integration of some peasant societies in the capitalist economy leading to changes in their organisational forms, and, iii. migration of peasants to other jurisdictions reinforced shortage of labour and undermined the rule of chiefs.

Possinger stressed the impact of the development of capitalist relations in Ovimbundu chiefs power. After the decline of the caravan trade by 1912, Ovimbundu integrated in a market economy turning from the honey and rubber trade to cash crop agriculture sold to bush traders. This restructuring led to a growing importance of owning sufficient land and to the search of new land. The first stage was the dispersal of population having the clan as the migrating unit. But the increasing scarcity of land in the region, since the central Highlands were desired by settlers from the 1910s, led

\textsuperscript{58} From 1914 to the 1954 Statute and as late as 1961, successive legislation ordered the codification of tradition (Wilensky, 1971: 45 [on the 1914 legislation], 80 [on the 1926 Statute], 129 [on the Imperial Organic Charter], 135 [on RAU], 181 [on the preamble of Dec. no 43,897]); however, the task was not achieved.

Colonial policies

Ovimbundu to further migration and to create new villages with new chiefs where later a different social structure emerged:

"farmers (began) to consider land as private property ... Fallow land ... soon became hereditary within the family. ... Subsequent, however, the normal inheritance practice was to pass landed property from parents to children. Thus the individual and clan-free family was born ... (and) the political significance of clan leaders was destroyed as radically as the old chiefs following the departure of their subordinates." (1973: 38-9)

Later, after the beginning of the independence war, many chiefs supported the resettlement projects of colonial authorities, in spite of people's protest, since the projects appeared as a return to a way of life Ovimbundu no longer accepted but were convenient for the revival of chiefs' authority. When resettlement was abolished in central Highlands in the early 70s, some chiefs protested (Possinger, 1973: 46).

Migration caused by changes in production, taxation, forced labour and land expropriation also undermined colonial policies based on alliances with chiefs and the implementation of colonial agricultural policies. For example, in the 50s an annual average of 30,000 African workers migrated abroad and in 1960 there were about two million Angolans living in neighbouring countries while in that year alone about 100,000 Africans migrated abroad (Ramos de Almeida, 1979: 290, 377, 379). The shortage of labour in the plantation and mining economy led employers to resort to labourers from other regions, for example Ovimbundu for northern plantations, thus reinforcing internal displacement of persons. Migrants were not directly subordinated to traditional authorities during their absence and integrated in groups where, although ethnic links played a significant role, former power relations were substituted and out of colonial control.60

60. "As the possibilities for political and economic self-regulation (for peasant societies) became more and more limited for larger social units (residual) articulation on these levels was increasingly assumed by individual villages (or their equivalents in the herd societies). Conversely, on the ideological level, the tendency was to expand the collective self-identities, referring them to the larger ethnic (ethnolinguistic) groups which as a rule encompassed several (former) political units (especially among the Ovimbundu, Mbundu and Bakongo)." (Heimer, 1979: 9 and note 33).
Colonial policies

While traditional power structures on which colonialism relied disintegrated, many chiefs involved themselves in hazardous activities against the colonial state and collaborated with nationalist movements (e.g., Davidson, 1972: 244, 264).

The legislation on chiefs control and invented customary law demonstrates the negative functions of metropolitan legal constructions: i. the economic needs of colonialism, for example, resort to forced labour and to chiefs to supply it, undermined eventual attempts of indirect rule and the very foundations of chiefs legitimacy, ii. the expansion of capitalist relations outdated the alliances with chiefs attempted by the colonial power, iii. the conflicts these policies caused were so deep that they even led to the emergence of a nationalist movement, while reinforcing the most oppressive and corrupt strata of the colonial bureaucracies, the station chiefs, and, iv. the factors above referred to contributed increasing recruitment of peasants by nationalist movements.

61. UPA, see subsection 2.1.3.
Colonial policies

1.2.2. The land regimes

As stated above, the first restructuring of colonialism, conditioned by the restructuring of the world system, demanded the subordination of peasants and their integration in the production of export commodities. One of the legal instruments used for this purpose was land legislation. This legislation performed during the 20th century different functions. The first has been to legitimate the acquisition by settlers of land possessed by Africans, stabilizing the possession of land by the latter in a legal framework of private ownership as conceived by metropolitan law and demanded by the working of capitalist relations. Thus, after failed attempts to use taxation to integrate peasants in a putative capitalist economy in the initial stage of the first colonial restructuring which motivated many peasants rebellions (Capela, 1977, Ramos de Almeida, 1979: 36, Freitas, 1975: 62, and Wheeler, 1971: 56, 64), land legislation established from 1901 that all land not privately owned under the Portuguese law, belonged to the state which could grant it to settlers and later 'civilized natives'. This principle persisted in legislation until independence (Pelissier, 1978: 153 and Ramos de Almeida, 1979: 188).

Another function of the land legislation was to respond to the opposition of Africans to land expropriation. To achieve this function, there was a need to guarantee reserve land for Africans and the complicity of chiefs and local administrative authorities in the implementation of a scheme ensuring settlers access to African land with the least opposition possible. The system adopted, which fits within the general framework of the natives status, was nevertheless very ambiguous, due to colonial constructions on what would be African customary law on the possession and use of reserve land. Indeed, the colonial legislators always hesitated when facing the idea of making Africans 'owners', in the Western sense. It seems that an additional function of land regimes was thus to prevent the emergence of a class of African capitalist landowners competing with settlers, since there were actual fears that different patterns of relations between settlers and Africans
Colonial policies
could arise from the simple working of economic forces. The access of Africans to full ownership, as conceived by Portuguese law, was restricted under the land laws up to independence. For example, in the 1954 Statute 'civilized' Africans could be granted individual property rights on land if they fulfilled some requirements, which usually acted as barriers to their possession or access to land ownership. Firstly, they had to prove "continuous, peaceful and notorious occupation and improvement of land" (Ramos de Almeida, 1979: 318). However, Angolans resorted in many areas to shifting cultivation and land which might seem not occupied was in fact lying for further farming. The same happened, mutatis mutandis, with grazing lands of pastoral peoples. Secondly, applicants had to fight the encumbrances of the complicated bureaucracy either of land concession or to guarantee occupation vested rights, which demanded the demarcation of the concerned area and its registration. The majority of Africans were not aware of this proceedings, even of their existence. Thus, the 'civilized' Africans with access to this regime were but a few.

The 'natives' were allocated 'communal land', formally state owned, and which could not, in principle, become private property. The ambiguity of the land regimes lies in the differentiation of access to private ownership and in the very obscure concept of 'communal land', which eventually lost its former content as some peasant formations integrated in the cash crop farming. Peasants formations in Angola were diversified, kept different stages of development and patterns of economic behaviour. The general design of

62. For example, Carriço and Morais proved in the 70s that African farming in some regions had a per ha productivity equal or superior to that of settlers (1971, quoted in Bender, 1978: 130); Carvalho and Vieira da Silva demonstrated the same for cattle ranching (1973: 161-62); in 1971 about 90-95% of Angolan exports of meat came from the African production, although this fact was hidden by the marketing system (Bender, 1978: 189).

63. In 1919, reserves of land for 'natives' exclusive use were created. In 1927, the first regulations of the fascist government on land arranged for a reserve of land for Africans four times the size they actually occupied at the time of the law enactment. However, the law had a safeguard clause for expropriation of reserve land, establishing compensation in money or land in the case of Africans were evicted (Pelissier, 1978: 153). The 1954 Statute provided also for common use of reserve land under customary law. Dec. no 43,894 (1961) forbade the transfers of inhabitants from the land they 'occupied'. Land was divided into three classes: i. 1st class, the urban and suburban land; ii. 2nd class, land for occupation by 'council areas' and common use by 'ex-natives' and, iii. 3rd class, the residual land which could be granted to individuals by concession. There were area limits for land concessions. However, the Overseas minister could grant concessions, by contract, for areas superior to the legal limits (Guide for Investment in Angola, 1967: 32). On the 1973 regulations which maintained the system, Guerra, 1979: 103.
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land ownership in the Angolan precapitalist formations was that the community was entitled to them on grounds of common ancestors, and in this sense, the land was 'communal'. However, cultivated land belonged to the concerned family who provided labour and, as the case may be, marketed surpluses. Thus there were elements of individual possession. In addition, some peasant societies began to depart from the clan ownership, for example the Ovambo, Ovimbundu, Kikongo and Mbundu.64

Nevertheless, from the standpoint of the majority of Angolan peasants, this aspect - use and fruition of land owned by the state or private ownership of land - apparently was not relevant if it did not disturb the system of land allocation and of production in the different communities. The latter was ruled by their customary law. Thus the crucial problems, when assessing the entitlement to land occupied by Africans are, firstly, the powers to determine which land constituted reserves (or 2nd class land in a more modern version of the law) which was vested in local administrative authorities (Pelissier, 1978: 154) who usually did not take into account entitlements of peasants communities and favoured the land claims of settlers (Bender, 1978: 122, 190). Thus, the main factor in expropriation of land was more the application than the content of land legislation.65

However, as land expropriation in Angola gave rise to serious conflicts and many peasants revolts especially from the 19th century, local authorities and settlers always used a set of justifications for their contempt for land legislation, especially the reserves norms. Settlers used as techniques of expropriation the recruitment forced of labour to get the land compulsorily abandoned,66 as well as the argument that desired the land was not

65. I am very grateful to Mr. Júlio Morais and Mr Zenha Rella for their comments on this work concerning the issues of customary and state land law, as well as on the gender division of labour in Angolan peasant societies.
Colonial policies cultivated (Bender, 1978: 181-82). Furthermore, peasants were not aware of the requirements of registration of land rights and the bureaucracy of the process worked as a bar to their protection against expropriation. The dependence of peasants on bush traders may have been an argument for land expropriation, when land, even when under customary 'common ownership', was used as a security for loans. Tax obligations and all kinds of fines imposed by the administrative authorities contributed to the abandonment of land by people working under forced labour to pay debts to the state, and consequent eventual occupation by settlers.

Nevertheless the land regimes by themselves did not, even with settlers agriculture, respond to the needs of metropolitan industries. They were complemented up to 1961 with the compulsory farming of cotton instituted from 1926 in areas where companies were granted monopsonies and Africans banned to trade. From 1932 the recruitment of labourers in the concession areas was also banned. Legislation of 1946 reinforced the compulsory farming of cotton within the 'cotton areas' providing for the allocation of plots to peasants where they should cultivate cotton under the supervision of the station chiefs and/or officials of concessionaires, while being forced to sell the cotton to the companies at fixed prices. This regime destroyed the peasants economy and reduced them to an extreme poverty, caused migration and, later, the 1961 revolt. Due to international protest and the emergence of the liberation war, the 1961 reforms included the repeal of

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67. Concerning the coffee regions, for example, in 1956 African farmers had to prove to have planted 3,000 coffee plants to be classified by the authorities as farmers; although Kikongos have been working hard planting coffee to prevent the loss of their land, in 1957 only 110 were classified as farmers in Huige (Pelissier, 1978: 459-61) See also Wilensky, 1971: 181-83 and Pelissier, 1978: 154.

68. See, e.g., Wilensky, 1971: 165, on the ban of use of 'natives' land as a security for loans; on bush traders, see subsection 1.1.2.

69. Dec. no 21,226 (1932); this meant that in these areas Africans could not even become waged labour; see Carreira, 1977: 157-58 and Davidson, 1972: 136.

70. Dec. no 35,844 (1946); see Pelissier, 1978: 403-05 and Carreira, 1977: 159-61 (on the corruption of state officials and the Cotonang police); in the 40s Malanje, Lunda, Icolo e Bengo, Quissama, Dande, Benguela and Seles were under the regime of cotton areas (Carreira, 1977: 160) and there were 10 concessionaires in 1960, with Cotonang at the top (Pelissier, 1978: 404).

71. For example, from 1950 to 1960 the population of the province of Malanje decreased (minus 2.41%) (Pelissier, 1978: 408); after the repression of the 1961 rebellion (see subsection 2.1.4), the region became almost desert (Carreira, 1977: 163).
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the compulsory cotton farming and new land laws which maintained the basic legal framework which lasted up to independence (Wilensky, 1971: 181-83, referring to Dec. no 43,897, 1961).

The process of land expropriation, although initiated from the 16th century and provoking significant forms of protest, is interconnected with white settlement. The latter was not significant until the 1920s but from the 40s the white population began to double every decade up to about 300,000 by 1970. Pelissier argues that the land rush by settlers was 'moderate' until the end of WW2 given, among other reasons, the preferences of settlers for coastal zones (1978: 153), except plantation and mining companies whose significant land expropriation was a matter of the concession decrees enacted by Lisbon.

Land expropriation varied according to the regions and the problems were different in Benguela, Huambo, Cabinda, Uige and Kwanza-Norte, highly desired, than, say, in Lunda-Sul or Kuando-Kubango. In 1960, the most acute land problem appeared in Cabinda, where 91.67% of land was under formal concessions to plantation companies committed to the destruction of the Mayombe tropical forest. In Kwanza-Norte, a Mbundu traditional coffee producer and from where originated a substantial part of Mbundu elites, 18.36% of land was under legal concession, as well as 13.51% in the

72. Dec. no 43,639. 29.7.1961; the decree established “the complete freedom of cotton farming” (quoted in Wilensky, 1971: 175). However, the decades of companies domination in the cotton zones had an impact which lasted: in the 70s, nevertheless the new legal framework, Cotonang was still ruling the Malanje region, buying almost all the production of the province to 260 white and 1,000 black farmers (Guerre, 1975: 27, Angolan ed.). African and European small farmers tried to respond to the company's monopoly by marketing co-operatives; on the 1961 decree, see also Pelissier, 1978: 408, note 26.

73. For example, in 1973, Diamang occupied an area of 50,000 square km and "had the biggest concentration of workers in Africa: 28,000 field (African) workers in 1969, plus 650 employees and 1,000 skilled workers. Practically, the life of more than a half of the Lunda Norte depended on the company (Guerre, 1979: 129); Diamang occupied the ‘closed zone’ in Lunda, where it behaved as a state within the state, having a monopoly of trade and its own agricultural and ranching activities (Ramos de Almeida, 1979: 276, 302 and Guerre, 1979: 132). In 1922, the Tshokwe and Lunda began to migrate to Zambia to escape forced labour for the company's mines; Diamang introduced thus a practice which became widespread, the recruitment of labour in other ethnic regions. CADA, for example, in the early 70s had the largest coffee plantation, 20,500 has, with 5,000 Angolan and 1,000 European workers in 1970 (Guerre, 1979: 140). The iron ore company Companhia Minera do Lobo had in the 70s, besides the concession for mining, a 5,000 has farm in Cuima (Guerre, 1979: 131). Cotonang, controlled under the system of compulsory farming of cotton the whole area of the Malanje province (Guerre, 1979: 133) Companhia de Manganes de Angola (iron ore mining) occupied an area of 33,000 has in the province of Malanje, with 1,000 field workers and 129 skilled personnel (ibid.: 132). Land occupation by big companies also acted as a barrier to occupation by poor white settlers; for example, in Gabela, Sumbe, Amboim and Seles, during the 'coffee land rush' these settlers were barred by CADA and other plantation companies (Carreira, 1977: 132).
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Luanda district, 6.61% in Huambo, 6.39% in Benguela, 5.92% in Kwanza-Sul (Pelissier, 1978: 155).

The land rush in coffee areas was significant during the 40 and 50s, when exports of coffee to USA and the high prices in international markets motivated settler migration: from 1950 to 1960 the white population of Huige increased 569% and in Kwanza-Norte 230%, while doubling in the other provinces of the country. Coffee plantations increased from 636 in 1956 to about 2,000 in 1962. Still, the related land expropriation could not destroy African farming of coffee. The boom also made possible the survival of a group of Mbundu and Kikongo small farmers, who sold their coffee to bush traders or to export companies.74 Radicalised by expropriation and discrimination in trade, Mbundu and Kikongo small farmers (the 'agrarian' socio-political group) would participate in nationalist protest and became a target of (competitor) settlers during the repression to the 1961 peasants rebellion in northern Angola.75

Given the availability of free land, expropriation of Africans meant their removal to other places, and the consequent rupture of their commercial ties, social structures, and increased poverty due to diminished quality of soils. However, but it did not directly give rise to a class of landless people forced to sell their labour power in the market. This is one of the reasons why, concerning labour, economic coercion did not work and the colonial state had to resort to direct coercion, expressed as the 'moral and legal obligation' of Africans to work and related sanctions. Also, the shortage of settlers prevented reliance on them by the colonial state and the civil society for the creation of the foundations of a capitalist economy. The task of making a substantial number of landless workers was

74. From 1946 to 1960 Angola was the 1st African producer and in 1960 was the 4th world producer; on the coffee boom and related aspects, including figures, see, e.g., Carreira, 1977: 129-35, Pelissier, 1978: 451, 455, Ramos de Almeida, 1979: 377. For African small production, Guerra, 1979: 103.

75. See subsection 2.1.4.
Colonial policies

assumed by the fascist state from the 50s through the settlement-resettlement programmes.

The 'settlement-resettlement' policies worked in the following way: i. substantial amounts of money and state effort were spent in promoting settlement programmes, ii. Africans were forced to abandon their land, due to 'economic reasons' (the implementation of programmes) and, from 1961, to security reasons, and, iii. were resettled in strategic hamlets whose organization and disposable land did not permit their maintenance in agriculture, iv. as peasants were ruined they had to contract their labour in exchange for a survival wage which did not allow them any savings to come back to profitable agriculture (Bender, 1978).

While promoting 'reforms', the colonial state transferred the 'ex-natives' from their former areas into strategic hamlets, allegedly to prevent contacts with the guerrilla. But the resettlement policies, heavily implemented from the late 60s, had an economic function as well, to free land for concession to settlers. Bender estimates that by 1974 over one million peasants (the actual rural population controlled by the colonial state in the late 1960s and 70s) had been displaced into resettlements. The resettlement policies had a strong impact in African agricultural production, leading to a food crisis, since the disposable land in the strategic hamlets did not permit the maintenance of peasants in farming (1978: 195, 177). Resettled peasants were thus barred from subsistence or cash-crop agriculture, a gap progressively filled by settlers. Also, planters took advantage of resettled people, by "labour relations which are hardly honourable, low wages and disproportionate profit for employers". In some regions peasants resisted resettlement and the colonial state resorted to violence, while land was occupied by settlers. Resettlement in peace zones was opposed by many civil servants, but the opinions of the military and settlers prevailed. Conflict between military and agricultural apparatuses was later solved
Colonial policies

with the revocation of resettlement in the central Highlands and the adoption of ERA. (Bender, 1978: 165-94).\(^{76}\)

The de facto status of 'ex-natives' under resettlement, apart from their standards of rights, had important consequences in the colonial and post-colonial societies. Indeed, a substantial part of African farming and herding was destroyed in favour of settlers, notwithstanding the late 1960s and early 1970s attempts of the colonial state to ally with some strata of peasants. From the 60s, agricultural programs implemented by different state agencies aimed to face the food crisis generated by the resettlement policies and win the goodwill of peasants, that is, their integration in a capitalist economy and consequent rejection of guerrilla activities. From these plans, only the ERA and coffee projects were successful.\(^{77}\) Nevertheless, resettlement created a labour reserve, forcing peasants to migrate to towns or resort to 'contracted' labour when they did not migrate to neighbouring countries or join the guerrilla. As settlers progressively substituted resettled peasants in agricultural production, when they massively left the country in 1974-75, they created a vacuum in food production which led to many difficulties of the post-colonial state.

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\(^{76}\) Quotation refers to a government official report on northern Angola. The central Highlands are an example of 'preventive resettlement aimed to favor land expropriation. In the highly desired plateau land, there was no war, only infiltration of guerrilla groups in the eastern zones. Nevertheless, the military authorities implemented a programme of preventive resettlement in new villages. As Ovimbundu were already involved in cash-crop farming, they were not willing to leave their farms and come back to a scheme which meant the return to clan production (Bender, 1978: 179-87). See also, Carvalho and Vieira da Silva (1973: 164-65), on the impact of the Cunene plan and resettlement on southern peoples.

\(^{77}\) ERA was a programme centred in state support to African farmers, adopted for the central Highlands in 1968. It resulted from a change of attitude of some apparatus of the colonial state on how to deal with peasants participation in the guerrilla: whether by direct coercion in the strategic hamlets or whether by 'economic and social development' (Possinger, 1973, Cruz, 1985: 5-7 and Guerra, 1979: 155-56). ERA aimed to: i. stimulate informal peasants associations for the marketing of crops (to avoid the extortion practiced by bush traders), ii. provide access to loans (since the existing system prevented it) and, iii. eventually, ensure the processing of crops and provide technical assistance to farmers. Later the associations changed into pre-cooperatives and, when the project was stopped by war in 1974, it seems that the goal was the formation of marketing co-operatives. (Cruz, 1985: 6-7). See Possinger, 1973, on the leadership conflicts the scheme generated within peasant communities. In Ulge, an area of guerrilla and coffee monoculture, the state implemented a plan for the creation of local markets, where small farmers could sell their coffee avoiding bush traders mediation. Programmes included the creation of peasants associations. The state granted loans to associations for facilities for coffee processing and purchase of tools and machinery (Cruz, 1985: 7-8, who refers to 13 'associations' covering a population of about 57,000, and Guerra, 1979: 155, who refers to 4 cooperatives of small farmers in Huige in 1972. There were also marketing co-operatives for export products, cattle ranching and associating the cotton producers of Malanje trying to escape the Cotonang monopsony. Co-operatives were ruled by a restrictive legislation which, although providing tax incentives, submitted them to a tight control by the state (Cruz, 1985: 8, referring to Leg.Dipl. no 3,784, 1967).
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1.2.3. Labour

Land and labour are examples of continuity in the Angolan history. Their specific features in the country conditioned all the outcomes of the state, colonial and post-colonial, and replicated in areas far beyond the agricultural framework. The first aspect is that availability of free land, which notwithstanding different levels of productivity and expropriation of fertile lands by settlers, conditioned the supply of labour either to agriculture, industry or services. Indeed, given land availability, reinforced by the extended family solidarity ties, Angolan labour did not become, except for small town enclaves, a stable proletariat. Massively recruited in peasant societies, waged labour was essentially a semiproletariat (Shivji, 1986: 24) with the possibility of ultimate resort to subsistence agriculture. Labour was thus scarce and the colonial state had, for centuries, to resort to non-economic coercion to ensure the supply to colonial undertakings.

Peasants and forced labour

The first restructuring of colonialism merely moved from slavery to forced labour, the so-called 'contract system'\(^{78}\) which would last until independence, although formally abolished in 1962.\(^{79}\) The practice of slavery also continued up to at least, the 1920s (Ramos de Almeida, 1979: 11, 14, 83, 97). Thus nobody ever succeeded in organizing an

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\(^{78}\) Basic labour legislation during up to the 1st Republic: 1836, decree abolishing international slave trade in Portuguese vessels in Portuguese Africa; 1842, Anglo-Portuguese treaty considering piracy slave trade in Portuguese vessels and setting up a joint commission and arbitration court to control the implementation of the treaty; 1853: decree on the transport of freed slaves to S.Tome where served as forced labour for 7 years; 1856: taxation reform: chiefs taxes were no more paid in slaves; 1859: decree on gradual (within the next 20 years) abolition of slavery in Africa; 1869 decree establishing that all the remaining slaves in Angola would become libertos and forced to sign a 5 years labour contract with their previous owner; 1875, law on the transition from slavery to free labour: non-productive Africans considered vagrants were under public sponsorship and so compelled to contract (forced labour in Angola and S.Tome), as well as forced porterage (which was formally abolished in 1853); 1878: legislation allowing private organizations to requisition workers (freed slaves) to the colonial authorities, who should satisfy their demands; 1892: decrees allowing recruiters to supply 'contracted labour' to private organizations resorting either to direct propaganda in the villages or using chiefs to supply forced labourers; 1908: new regulations on S. Tome forced labour reduced contract to 3 years which might be renewed in S. Tome, restricted recruitment zones, provided for fixed wages, food rations and medical care for workers while reasserting vagrants could be compelled to work in agriculture.

\(^{79}\) For a comprehensive study of the labour regimes from slavery to the early 1970s, see Carreira, 1977. Clarence-Smith refers to the south, especially forced labour in fisheries during the last decades of liberalism (1979: 30-34, 42-3).
Colonial policies

economic system based on freedom to work, at least in entrepreneurial agriculture (Capela, 1977: 6).°8

Legislation aiming to change from slavery to free labour with an intermediate stage of 'contracted' (forced) regulated labour, was ineffective. Indeed, the availability of land and the maintenance of struggling competing jurisdictions as to where labourers could move and avoid compulsion to work under the colonial rule, the over-exploitation these forms of labour constituted and the resistance they generated, as well as the opposition of settlers themselves to the new legislation, had as main consequences a relative failure, during the 'liberal period' of the intended rationalisation of colonial exploitation (that is, the shift from export of slave labour to that of raw-materials). It also led to the emergence of Angolan protest under new forms, which went beyond the defence of their independence by peasants formations. The 19th century labour legislation divided settlers and civil servants and caused the so-called Brazilian revolts. Forced labour also motivated the non-violent protest within the first periphery, the regional revolts of peasants societies most affected by the system, and significant migrations from the last decades of the century (Wheeler, 1971, 63, Clarence-Smith, 1979: 70-1 and Marcum, 1969: 52-4). There are few studies on workers struggles during this period but Clarence-Smith argues that "the labour history of the south was one of constant struggle".81

°8 See also Ramos de Almeida, referring to the Casement, Ross and colonial official reports in the early 20th century (1979: 19, 24, 167-8).

81 When the legislation of 1869 was enacted there was a 'wave of insubordination' among former slaves (1979: 37-8). More serious workers protest followed the enactment of the 1875 legislation, on the total abolition of slavery, and in Namibe, from 1876 former slaves refused to sign a five-years contract. This movement of disobedience, which prolonged during the 1870s, was reinforced by the fact that the regulations on the minimum level of wages were lower than in other areas of the country. Later the colonial state tried to force the signing of contracts and alleged a conspiracy of workers in one of the larger plantations of the region. The army invaded it and arrested workers leaders. Soon the colonial authorities were in conflict with settlers as well, who intended to maintain slavery, with the cooperation of corrupt civil servants. In 1880 there were clashes between forced labourers and the police and the brutality of repression deterred workers to present their claims to the state, while many ran away to join social bandits and raid their former employers. In 1884 the colonial state decided, against the labour legislation, the automatic prorogation of previous contracts. This de facto slavery led to new riots in the south and 400 workers leaders were arrested and deported to Mozambique (1979: 38-40).
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The emergence of the 1st Portuguese Republic in 1910 did not mean significant changes. Forced labour was maintained under the 1911 labour code, notwithstanding demands of urban political groups, workers expectations and peasants rebellions. This legislation was anticipated by the introduction of the 1st 'native card' from 1910, demanding 'natives' to exhibit to authorities a pass-book with their identity and labour record.

Forced labour persisted during fascism since the scarcity of voluntary labour to work in agriculture, mining and fisheries remained and settlers were not willing to pay wages determined by the market or even the low wages fixed in legislation. In 1928 the colonial government enacted a labour code which forbade forced labour for private ends. The prohibition was merely formal even at the level of the text of the law.

There has been a substantial gap between these laws and the practice of both employers and colonial officials. Essentially, labour maintained the patterns dominant during the first stage of the restructuring. The main difference is that during fascism we do not find the conflicts between the state and settlers evident during the liberal period. Still,
Colonial policies

the fascist government was aware of the violations of labour legislation but resorted to 'state inertia'.

As in previous times, forced labourers responded by significant migration during the whole fascist period and later by their participation in the independence war. Also, there were some spontaneous collective forms of protest, as the 1956 strikes of forced labourers and, in 1957, the refusal of peasants, prospective forced labourers, to assemble near administrative stations to 'choose' their employers, notwithstanding the threats by the colonial authorities which were followed by massive arrests (Ramos de Almeida, 1978: 337, 347).

Within the 1961 'reforms', the colonial state enacted a new Rural Labour Code (RLC), which stated in the preamble the prohibition of discrimination on ethnic, cultural or sexual grounds in labour, especially in wages and forbade all kinds of compulsory work and the recruitment of labour with the aid of, or facilities provided for, state officials, including 'traditional authorities'. 'Tutelage' and criminal sanctions for breach of contract by the employee were abolished. However, the code contained a safeguard clause to state involvement in recruitment: state departments and local authorities might recruit labourers for their purposes but appointed recruiters could not be administrative officials (Wilensky: 1971, 174-75, 193, 198-99).

This code was applicable to the labour relations of Africans working in services and industry, with emphasis on the 'manual' and 'unskilled' character of the work.
Colonial policies

performed. There were also political goals, since 'unskilled' workers had no right to associate in unions, even in the tightly controlled 'legal' unions (Cahen, 1985: 5). Racism underlies the provisions on the 'unskilled' nature of work, aiming at the 'ex-natives', as Europeans were not under the label. So, from 'non-civilized' black and mulatto Angolans moved to 'unskilled' labour. Also as men were conscripted in large numbers into the colonial army or migrated abroad, women were brought under the regime of RLC, to legitimate the resort to them as actual forced labourers.

The overall intention of the RLC was to 'privatise' forced labour, so the colonial state could not be blamed, internally and externally, by its practice. However, state inertia allowed the endurance of forced labour (Carreira, 1977: 118, 134). Colonial local authorities persisted to act as suppliers of forced labour until the transitional period, notwithstanding the rhetoric of the 1928 and the 1962 legislation (e.g., Davidson, 1972: 134-39). Increased poverty, due essentially to land expropriation and the marketing of farming products by bush traders, led peasants to search for jobs which were mainly occasional (Bender, 1978: 169 and V. Silva and Morais, 1973: 98). This had, anyway, effects on wages, putting them at a level lower than the already very low rates fixed by labour regulations (e.g., Bhagavan, 1986: 147, Carreira, 1977: 126, and Bender, 1978: 226). In short, even the form of free labour was unlawful.

87. RLC, art. 3; see Wilensky, 1971: 194-95.
88. For example, 90% of the members of the largest union, SNECIPA, were white (Cahen, 1985: 5) while, according to Bender, less than 6% of the Portuguese immigrants in Angola between 1950 and 1964, who were 7 years or older, attended schools beyond the 4th grade (1978: 229-30).
89. For the figures see Guerra, 1979, 122-23; see also note 92 (structure of labour).
90. Preamble of RLC (quoted in Wilensky, 1971: 198): there are no figures on women wages in agriculture but in free work, for example, 71% of the working class women living the Luanda slums earned less than the minimal legal wage (Monteiro, 1973a: 221).
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Urban working class

The economic expansion of the late 60s colonial restructuring, and the fact that in industry and some services the practice of forced labour was more restricted than in the plantation economy, had some impact in towns.\(^1\) The three focal points for the incipient industries (the so-called industrial parks), Luanda, Benguela and Huambo, attracted from the 60s an inflow of migrant workers, who, nevertheless, were not significant in terms of total labour in the country, since the peasants subsistence economy prevailed.\(^2\) Also, in Luanda, for example, there were no large workers concentrations, except for the port, the oil refinery and some few large factories, since the small and medium-sized industries prevailed (Cahen, 1985: 2). Cadres were only about 3% of active population and "the majority of the 100,000 cadres were Portuguese" (Dilolwa, 1980: 220).

Although earning higher wages than rural workers, industrial and services workers were not skilled according to the colonial definitions and needs,\(^3\) lived in slums and had to compete for jobs with poor settlers (Bender, 1978: 258) and poor peasants searching for a temporary job (Guerra, 1979: 101).\(^4\) Also, as there was not a proper system of social security, they had no work stability and often had to resort to extended family solidarity or to return to the countryside to survive. Furthermore, the overwhelming

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1. In 1970 the urban population was 15% of total and included 76% blacks, 15.5% whites and 7.5% mulattos (Heimer, 1979, 8, note 29, quoting data from the 1970 census); see section 8.2., for data of urban population in the late 80s.

2. According to Dilolwa, in the last years of colonialism labour had the following structure: i. rural labour was 81.7% in 1970 and 80.4% in 1973, with subsistence peasants still 73.6% in 1970 and 72.4% in 1973, and waged labour in agriculture (including fisheries, livestock and forestry), was 8.1 in 1970 and 8.0% in 1973; ii. waged labour in industry (including mining and construction) was 5.3% in 1970 and 5.7% in 1973; iii. waged labour in services was 7.1% in 1970 and 7.7% in 1973; iv. salaried employees in all sectors were 3.4% in 1970 and 3.6% in 1973; v. private entrepreneurs were 2.5% in 1970 and 2.6% in 1973; vi. total labour in 1970 3 Mn and 3.236 in 1973 (quoted in Bhagavan, 1986, 194, data from 1973 are estimates). See subsection 6.1.3 for the figures available for the post-colonial society, espec. note 80.

3. The manufacturing industry had the following personnel structure: 80% unskilled, 12% skilled, 6% non-managerial administrative personnel and 2% managers (Bhagavan, 1986: 147); "Africans got the unskilled jobs. All jobs requiring some skill (whether technical, clerical, managerial) were almost entirely taken by white settlers, with a very small share falling into the mestico population ... industrial growth, although more rapid and diversified up to 1974 than in most African countries, had done little in transforming African labour in quality and quantity." (Baghavan, 1980: 17).

4. On patterns of migration and semiproletariat characteristics, see, e.g., Cahen, 1985: 2.
Colonial policies

majority of urban workers had no access to union organization and any kind of workers struggles, including strikes, were forbidden and ruthlessly repressed. Nationalist movements did not seem very interested in organizing them and their struggles as such, due probably to the vicious repression and control by the political police. Still, there was hidden workers protest and the most significant struggle in towns has probably been the 1973 strike of dockers in Luanda, when there were severe clashes between strikers and the police, including PIDE/DGS (Cahen, 1985: 5).

Migrant workers hid in the slums of colonial towns where they cohabited with part of the ruined African elites. For example, in Luanda, on which some studies are available, in 1970 more than 50% of the 200,000 slums inhabitants and 80% of the heads of family were born in rural Angola and within the minority born in Luanda many were the sons or grandsons of rural migrants. Africans at the Luanda slums were divided into 74% Mbundu, 18% Ovimbundu, 6% Kikongo and 2% from other regions (Monteiro: 1973a, 214-15). Monteiro's works on the Luanda slums shows that their population was in a process of change, less evident among the Kikongo and Ovimbundu communities. Men living at the slums, Africans and Europeans (these only 3.7% of the slums population), were: 71.28% waged workers in private companies, 19.10% waged in public institutions, 7.17% self-employed, including 1.65% Portuguese traders (Monteiro: 1973, 216-17). Women were unskilled labour, mainly servants.

95. For example, Monteiro (1973a: 231, note 9) refers that the police kept files of all families living in the Luanda slums; see also Pelissier, 1971: 228; on nationalist movements unionism, see, e.g., Cahen, 1985: 15, 17.
96. Which meant, for example: i. the devaluation of some values of the extended family, such as solidarity to relatives which was substituted by participation in mutual aid associations, ii. the shift from matrilineal to patrilineal system of family authority and succession, and iii. the rejection of tradition, say refusing to pay the bride's wealth or to divorce in case of woman's sterility. Still, polygamy lasted and the heaviest burden of change was carried out by women who had lower wages but often had to bear the children's sustenance (Monteiro, 1973a: 216-18, 222, 227). Men did not pay their children maintenance in a situation of conflict between the matrilineal and matrilineal system, meaning either the responsibility of the uncle (mother's brother) or the father, while the gender division of labour and responsibilities at peasants societies, and polygamy, lasted (with the burden of many production tasks over women and children, see Possinger, 1973: 48).
97. The professional patterns of women living at the Luanda slums were: i. washer of cloth 45%-2%, ii. ambulant trader, 21.8%, iii. sewer, 8.6%, iv. housekeeper, 7.1%, v. maid, 5.9%, vi. worker at industry, 4.1%, vii. farmer, 2.9%, viii. cook, 1.1%, ix. commercial employee, 1.1%, x. cleaner, 0.8%, xi. typist, 0.5% (Monteiro, 1973: 231); see note 90 (discrimination against women in wages).
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Due to its achievements in the 1974 popular movements, urban working class would become 'the leading class', under the socialist option. Still, given the lack of experience and the very social composition of MPLA, this leadership would prove an illusion.

1.3. Conclusion

The colonial state made serious efforts, during the period of so-called liberalism, to improve the rationality of colonialism, finding alternative regimes to exploitation by slavery, promoting the entry of foreign capital, building infrastructures for the expansion of this capital and conquering lands for the setting up of a plantation economy. The economic constitution of liberalism proved inoperative in colonial realities, as labour regulations and the behaviour of companies reveal. The political constitution of liberalism conflicted as well with the very colonial situation. When the demands of Angolans reached a given level, the colonial state resorted to measures and legislation which did not differentiate substantially from fascism. This is the reason why we may find the origins of the most significant measures of the fascist period in those adopted in the last decades of colonial 'liberalism'.

As the 1st Republic ended, the economic structure, including centre-periphery relations, and the legal framework, arising from 'liberalism', was a mature fruit for further developments by the fascist state which had the task, from the colonial stand-point, to stabilize colonial domination in Angola, as conquest of the territory was finally achieved.

Agrarian and commercial colonialism prevented the expansion of the colonial economy, by relying on the settlement of European farmers and traders while barring the expansion of local agriculture and industries. The legal ideology of the metropolitan government, added to its ethnocentrism and attempts at 'separate development', reinforced the failures of the colonial power to control Angolans through economic and legal
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mechanisms and is an example of negative functions. The slow changes in the agrarian character of fascism reflected in attempts from the 50s to induce some capital penetration and ally with Angolan bureaucracies.

However, protest radicalised by fascist repression led to the armed struggle and forced fascism to change colonial policies. To the diversified forms of protest against colonialism, the state responded with 'reformism'. Whatever the rhetoric of the metropolitan government, during reformism the colony continued to perform the functions of protected market for metropolitan industries not competitive in the markets of developed countries, of supplier of cheap raw-materials to these industries, and absorbent of metropolitan unemployment. Later Angola also became a supplier of foreign currency. The shortage of sufficient capital accumulation by the Portuguese bourgeoisie remained, a factor which determined the belated decolonisation. Still, for the first time the colonial state was capable of ensuring a significant inflow of settlers while reinforcing metropolitan and non-Portuguese investment. The discovery of oil in Cabinda made it possible to finance war with oil and other mineral resources revenues. While maintaining a colonial war and widespread repression, the colonial state tried to make it compatible with reformist policies and alliances with some Angolan strata. Nevertheless, the struggle for independence spread and, if eventually it was not reflected in guerrilla activities, the progressive migration abroad and the adhesion of people to nationalist movements, or at least ideas, made independence appear as a feasible project.

Reformism was neither capable of maintaining colonial rule under a changed international environment nor to support the emergence of a 'Rhodesian' regime. Indeed, 'reformism under war' and the impossibility of a military victory over the guerrilla, played a determinant role in state's outcomes and led, among other reasons, to the collapse of

98. As Amilcar Cabral put it "Portugal cannot decolonise because it cannot neocolonise" (Cabral, 1972, quoted in Cohan, 1986: 49).
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fascism and the restoration of representative democracy in Portugal as well as to the independence of the colonies. When 'everything' was going so well, with the economy of Angola reaching its peak in 1973 and the guerrilla operations reduced, the 25th April coup overthrew fascism, initiating the decolonisation.

Heimer argues that in the last years of colonialism, especially the early 70s, the transition of Angola from a dependence of the metropolitan power to the integration in the world system, was achieved (1980: 22). The restructuring of 'colonial reformism' implied indeed a re-organisation in the hierarchy of economic processes which became more complex: centre -> metropolitan power as a first periphery -> colony as a second periphery (with urban areas as the centre) with its internal peripheries, the tributary societies. Consequences of the restructuring were the emergence and/or consolidation of the extracting and manufacturing industries, as well as free labour, the integration of some tributary societies in the capitalist economy, and the expansion of some sectors which were not directly dependent on the metropolitan economy.

However, the hierarchy of processes as established at independence existed already before the 70s. As Sousa Ferreira points out, Portugal, in its relations with developed countries, was a periphery in the sense that, among other aspects, it exported raw-materials and imported manufactured goods and technology in an unequal exchange scheme. The relations with the colonies were converse (1977: 43). Still, the relationship of Portugal with the colonies was conditioned by its own position in the world system. Thus, during the 'liberal' period the patterns of investment of non-Portuguese companies already meant decision-making outside the metropolitan power. Dependence on the 'real centre' was reinforced by non-Portuguese investment from the beginning of fascism and from the progressive shift of Angolan exports from the metropolitan power to countries such as
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USA and the UK. The mediating role of Portugal, as submetropolitan power in the relations of the colony with the centre of the world system and its impact of the degree of development of the colony at independence, led Bhagavan to argue that Angola "suffered a double burden of underdevelopment" (1986: 144) which would condition the post-colonial outcomes.

\[99^{99}\] See notes 16 (balance of trade in the 50s), and 34 (balance of trade in 1972-73); also Chapter 7 (foreign investment).
The post-colonial society was not the passive result of the application of colonial policies by the metropolitan state within the general framework of development of the world system. Instead, it results from the dynamics between colonialism and Angolan formations, which always responded, in diversified forms which changed and developed across the time, to colonial oppression and changing policies, which were as well conditioned by Angolan resistance. In this chapter, the Angolan responses to colonialism are outlined, as well as the developments during the period of transition to independence. Lastly, the main social groups which would compete for power in the post-colonial society are identified, in an attempt to explain the projects of rupture, and the endurance of continuity.

2.1. Nationalism and struggles against colonialism

Notwithstanding the particular oppressive character of Portuguese colonialism, throughout their history Angolans kept a permanent struggle against it, which assumed different forms. This section discusses the different forms of peaceful protest and the 1961 revolts.

For centuries Angolan kingdoms fought to preserve independence. Progressively defeated, in a process lasting from the 16th to the 20th centuries they were integrated within the borders of the colony of Angola. Notwithstanding defeat, many former political units kept their traditional power structures and demands, which from mid-19th century in many cases did not appear as restricted to a given ethnic group.

Angolan nationalism\(^1\) has its roots in the 19th century, when new forms of protest against colonialism emerged, laying the basis for the future struggles for independence. The foundations of nationalist demands which developed until independence may be found in the so-called Brazilian revolts, motivated by the abolition of the Atlantic slave trade and the excessive

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1. On different concepts and forms of nationalism, see Hobsbawn, 1990.
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centralization of decision-making in the metropolitan government. After the liberal revolution in Portugal and the independence of Brazil in 1822, autonomist demands, some of settlers, some of Creoles associated with precapitalist formations whose elites were not interested on the disruption of slave trade, spread. The 1823 Benguela secession, albeit motivated by slavery interests, both of chiefs and settlers, and Brazil as well, was the first anticolonialist urban initiative. Indeed, part of the region rebelled against colonial domination and seceded from Portugal, in an attempt to unite to Brazil in a confederation (Confederação Brasílica). The Benguela secession was defeated and, after investigations and arrests, the colonial state responded by diverting trade from Bahia to Lisbon and implementing controls over the communications between Benguela and Brazil (Silva Rebelo, 1970: 235-38, 240-44, 249-52, 256-57, 259-61, 270-73, 283-84, 287-89). Furthermore, in 1825 the metropolitan government signed a treaty with Brazil by which the latter undertook not to interfere in Angolan affairs (Wheeler, 1971: 90-2). Notwithstanding this treaty, Brazilian involvement in Angola's politics lasted until the 1870s, when this country turned to more American-oriented politics, and from 1830 to 1845 the region of Benguela came under a new rebellion which revealed the first structured alliance between chiefs and Benguela Creoles. The persistence of 'Brazilian' revolts probably motivated the 1838 treaty between Portugal and England, where the latter agreed to support Portugal in case of a general revolt in Angola (Wheeler, 1971: 90-2, 104).

Brazilian-type attempts of autonomy continued in the second half of the 19th century but it was during this period that new, more African centred developments of protest against colonialism emerged in urban societies. They may be summarized as: i. expression of independence demands of the Congo kingdom and involvement of Congo aristocrats and peasants in struggles against colonialism, ii. the emergence of the Angolan press, the diffusion of Angolans


3. There were strong relations between Angola and Brazil to where a part of the slave trade was oriented. See, e.g., Silva Rebelo, 1970, on the period 1808-1830.

4. On settlers protest, centred, for example, on labour regulations, the convicted pattern of settlement, the lack of financial autonomy for the colony, the centralisation of decision-making in metropolitan organs, see, e.g., Wheeler, 1971: 91-2, 104, 145, Ramos de Almeida: 1979, 25, 37, 227, and Clarence-Smith. 1979: 57.

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claims and a continuous development of autonomic and nationalist ideas, including the building of
the concept of Angolan nation, which constitute the ideological background of the 1910s protest
movements and the immediate ancestors of the 50s and 60s urban nationalist movement, and, iii.
the creation of the first African urban associations. These three elements of protest endured for
about one century and are constants in the country's history.

The 1st Republic was marked by a number of features. Firstly, the first African parties, and
autonomous social urban movements claiming the solution of specific problems, emerged.
Secondly, urban organisations allegedly cooperated with peasants societies in armed struggle.
Thirdly, at the level of political intervention, Africans and their former associates, Portuguese
republican exiles, dissociated and, as a consequence, a more African centred intervention
emerged. Fourthly, the first African representatives, elected by parties co-opted by the colonial
government, participated in the highest collective organ of the colony. Fifthly, workers adopted
(seldom) new forms of struggle, for example strikes. Sixth, there was the first 'great divide' among
Angolan reformers (now 'old Creoles') and their non-elitist, even socialising, partners, leading to
later radical developments. Seventh, the conquest, and resistance, of independent kingdoms
continued, paired with armed revolts of submitted precapitalist formations ruined and disrupted by
forced labour and taxes. Finally, the consequent failure to implement the political constitution of
liberalism in this context meant responses of the colonial state which did not differ substantially
from the overall patterns of Portuguese colonialism. Peasants rebellions were crashed bloodly in
the 'conquest' style. Non-violent protest often met censorship, suspension of publishing of
newspapers, dismissal of civil servants, deportation and prison. Also, the 1st Republic prepared in
Angola the repressive background for fascist oppression. From the early 1920s, colonial
authorities committed themselves to preventive repression of nationalist demands by: i. the ban of
African press (1921-22), ii. the ban of local associations, iii. the revocation of African
participation at the Legislative Council and the ban of Liga and Grémio Angolano in 1922, as well
as Liga's newspaper, iv. imprisonment and deportation of journalists, whether European or

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Nationalist struggles

African, as well as Angolan urban intellectuals accused of supporting peasants rebellions, v. repression of workers movements against forced labour and dismissal of top colonial officials sympathising with workers demands, and, at the level of direct cultural repression, vi. the ban in 1921 of teaching and printing in national languages (Wheeler, 1971: 123-25 and 151).

Thus some characteristics of fascism already existed in Angola when the 1926 coup d'etat took place. Still, the 'New State' provided repression with a legitimating legal framework and reinforced the colonial domination. Preventive repression led to new deportations and arrests after the 1926 coup (Wheeler, 1971: 145). Since then, political protest was invisible, as political parties and many associations were banned, the media controlled, demonstrations forbidden and any type of protest, even petitions, could mean an individual's imprisonment or, in Angola, 'missing'. Until the 60s urban protest followed the 'liberal tradition' of non-violence. During this period, the large migration of Kikongo to Zaire originated a new axis for protest at Kinshasa, where Angolan emigrés organised. Peasants unrest was channelled through different religious movements whose leaders were persecuted by the colonial authorities.

After two decades of apparent social peace, notwithstanding the arrest and deportation of selected individuals, Angolan protest re-emerged with new, mainly clandestine, patterns demonstrating that preventive repression could not eliminate previous demands. The violent repression of different forms of protest radicalised Angolan elites who moved into armed struggle, while steps to integrate this struggle at a national level were made. Later the particular control of opponents in towns led the centre of protest to shift into peasant areas, while in towns residents, without the possibility of organising significant political activities, reinforced the associations movement which became a form of resistance to the reinforcement of cultural oppression and racism.

From the outbreak of the war of independence, the 'soft' Portuguese fascism slid in the colonies to massive killing grounded on race and religious aspects, only hampered by the need of

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7. On fascism see e.g., Capella, 1986: 44-6.
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different patterns of domination as Portugal had to resort to foreign capital to finance colonial wars.  

2.1.1. Urban protest and the movement of ideas

Three cultural movements played a crucial role in the development of Angolan nationalism and the post-independence project of change: i. the 19th century protest writing,  
Voice of Angola  
and the Message movement.

Message protest

After two decades of silence imposed by censorship, a youth movement, 'Let's discover Angola', emerged in Luanda in 1948. The movement resulted from the awareness of the gap between intellectuals (the urban elites) and workers and peasants, so "it was necessary to undertake the discovery of the people" (Jacinto, 1986: 4). Under the umbrella of Anangola, research, writing and discussion groups led to the publication of the journal Mensagem

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8. On the support to the colonial war by Western powers. see Minter, 1972.

9. During the period of 'free press' (1867-1922), settlers, the Angolan bourgeoisie, Portuguese exiles and Brazilians were involved in the local press. The freedom of press was restricted: the governor had censorship powers and many journalists were arrested and deported. The most important feature of the Angolan press of this period was the creation of the concept of 'sons of the country', that is the concept of Angolan nationality, as contrasted with the Portuguese one or the fragmented ethnic nationalities. Also, from the 1880s there were suggestions for the creation of organisations of Angolans to defend their interests as such. The Angolan press also contributed to the awareness of Angolans by its strong criticism of colonial policies, for example against slavery and forced labour, discrimination of 'sons of the country' in education and jobs, especially the civil service, corruption and inefficiency of the colonial state (Wheeler, 1972: 70-3, and Castro Lopo, 1962: 9, 1963, 1964: 11-29, 63, 65-8). However, the majority of journalists of this generation just claimed for reforms of colonialism. They constitute the ideological ancestors of the African social group known as "old Creoles", since protest had a defensive character, within the context of the slow furthering of colonial domination, by expansion of conquest and the restructuring of the colonial economy. See, e.g., Wheeler, 1972, Castro Lopo 1963 and 1964 and Freitas, 1975: 369-78.

10. "Voz de Angola Clamando no Deserto" ("The Voice of Angola Crying in Wilderness - Offered to the Friends of Truth by the Natives"), first edition, Lisbon 1901 (here the 1984 edition is used). The immediate cause of 'Voice of Angola' were the racist declarations, in 1893, at the parliament and press in Portugal: i. black people should not have citizenship rights, and, ii. blacks and mulattos should be banned from leadership posts and the civil service, the army and the police, where they should be substituted by settlers (Voice of Angola, 1984: 137). This proposal, and the racist campaign that followed, was an aggression against Angolan elites, and also the ideological background of the 1914 and fascist legislation on the civil service and the 'native status' (see section 1.2.1). After the ultimatum crisis of 1890 and the Fontes Pereira case (Wheeler, 1972: 76-8, 1971: 99-102, and Castro Lopo, 1964: 76-9), colonial racism increased and a tight censorship was imposed. The first measures to bar the access of Angolans to the civil service were adopted, land expropriation increased, jeopardising the positions of African elites, while slavery continued. As a part of local elites were in the civil service, the strengthening of colonial oppression was fiercely resented. Angolan journalists responded with "Voice of Angola", a work produced from 1890 to 1901. Voice of Angola dealt with many problems of colonisation as seen by urban Angolans in the turn of the century, constituted the first anticolonialist document from the Portuguese colonies and was later a source of inspiration for nationalist movements. Claims for independence are not the main subject of articles, which generally call for reforms within the colonial framework, but there is an explicit reference to, when stating that the bars to the education of Angolans aimed to prevent independence (1984: 28). A natural right to rebellion is also argued for (1984: 131-32), while there is an appeal to all Angolans, whatever their race and as opposed to metropolitan whites, to unite in the struggle against white racism and discrimination (1984: 100-01, 97, 134, 154). The civilising mission is questioned, mainly by contrasting the (bad) quality of Europeans to the virtues of Angolans, especially blacks, who are approached as naturally good (1984: 53, 131, 162). Still, in an article race relations are seen as a result of the relationship between oppressed and oppressors (1984: 159), while other refers to social differentiations among Angolans (1984: 148). On law and rights, Voice of Angola argues for the maintenance of citizenship rights and the guarantee of equality under the law without "selections of races or separations of colours" (1984: 149). It claims for an effective right to education emphasising its impact in the labour market and access to jobs, as well as in a project for independence (1984: 27-8, 53, 66, 131, 162). There is also protest against forced labour, corruption of civil servants involved, and the attitudes of Europeans towards Angolan workers (e.g., 1984: 51, 69). On land, a sensitive point for the survival of urban elites who were landowners. Voice of Angola claims against land expropriation and the fact that many concessions granted by the colonial state to settlers were not farmed, while stressing the performance of Angolans in agriculture (e.g., 1984: 24, 96).
Nationalist struggles

(Message). Censorship was so strong that the Message generation had to resort to poetry to pass nationalist claims. Themes of Message writers were the dignifying of everyday life of people, the praising of Africa, and protest against colonialism, racism, forced labour and political repression.\textsuperscript{11} Message borrowed from the 'Voice of Angola' and republican heritage, while influenced by the spreading of nationalist and pan-African ideas after WW2. An important influence in the content of the movement was the oral tradition transmitted by the ruined Mbundu elites to young intellectuals who composed the movement (Vieira, 1989: 69-71).

Message was essential to the emergence of present Angola because: i. it achieved the rupture with the Portuguese (colonial) frame of references giving birth to the organised project of independence based on an Angolan identity,\textsuperscript{12} ii. enlarged the frame of references to Africa and the world, inserting internationalism into the Angolan culture and building international links, iii. developed a radical protest against oppression, economic and cultural, centred in a collective hope, which created the 'great collective dream' of independence.\textsuperscript{13} In short, it achieved a 'qualitative leap', as contrasted with 'old Creole' protest: with Message Angolan protest became offensive and originated a radical socio-political group, the 'new Creoles', composed by the post WW2 generation, who promoted armed struggle and later played an important role in the socialist option.

The fascist state was keen in repressing the emergence of a national consciousness in the colonies and, in general, any form of antifascist culture. All the organisations, their journals and/or directions, involved, directly or indirectly, in the Message movement were banned in the 50s and 60s (Freitas, 1975, Margarido, 1980, Andrade, 1980, Vieira, 1989, and Jacinto, 1986). Still,


\textsuperscript{12} Viriato da Cruz, one of most brilliant leading members of this generation wrote about 'Let's Discover Angola': "the movement should revive, but mainly by other methods, the fighting spirit of the African writers of the end of the 19th century and beginning of the 20th. This movement fought the exaggerated respect for Western cultural values (many of them outdated); it incited youngsters to rediscover Angola in all its aspects through a collective and organised work; exhorted to produce for the people; asked for the study of foreign modern cultural trends, but with the target to rethink and nationalise their valid and positive creations; it demanded the expression of popular interests and a genuine African nature, but without concessions to the thirst for colonial exoticism. Everything should be based in the African esthetic sense, intelligence, will and reason" (quoted in Andrade, 1980: 6). See also Davidson, 1972: 157-58.

\textsuperscript{13} See e.g.: i. internationalism, Viriato poem "Black Mother" (Andrade, 1980: 155 and translated in Davidson, 1972: 159), ii. radical protest, Jacinto poem Monangamba (translated by Wolters, 1979), iii. on independence project and struggle, Neto poems "We shall return" (translated by Wolters, 1979) and "Haste" (translated by Holness, 1975).
repression reinforced the radicalism of urban elites and the Message movement would play a
crucial role in the shaping of the MPLA Manifesto of 1956.14

2.1.2. Urban associations

Freedom of association, although restricted to non-party organisations, allowed the
creation of the first local formal associations by settlers in mid-19th century. Opponents to the
colonial state joined social clubs which were centres for political discussions. The most significant
for future Angolan developments were the Republican clubs where Portuguese political exiles,
part of the Creole bourgeoisie and Angolan intellectuals associated (Wheeler, 1971: 72, 91-2,
103, 105, and Castro Lopo, 1963: 7-9). From 1874 informal Angolan urban associations
organising Carnival dances (Ribas, 1965: 43-4),15 from 1880 professional African organisations,
and from 1900 cultural, recreation and mutual-aid formal associations spread (Ribas, 1965).16
These associations, were the organisational background for the Angolan parties founded after the
proclamation of the Portuguese 1st Republic.

Associations of all kinds spread during the republican period (Ribas, 1965). 'Education of
the People - Mutual Assistance' is a special case since it fought for a specific objective, the
development of education in Angola, and its experience allowed a deepening of nationalism, of
more radical tones. Also, the association used new techniques, for example promoting the first
peaceful African demonstration noticed in Luanda.17 Except for the Association of Civil Servants,
it seems that no organised unionism emerged from the post-republican enlarged civil liberties.

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14. See section 2.1.3. The first generation of Message (for Luandino Vieira Message had two generations, and he belongs to the second, 1989: 68)
after the attempts of fascism to destroy their cultural groups and the ban of their journal turned into direct political action and become the founders not
only of MPLA in 1956 but, some of them, of the Angolan Communist Party (PCA) in 1955 and PLUA in early 1956.
15. See Ribas, 1965: 43-55 for the organisation of Carnival up to the 1950s.
16. The majority of founders referred to by Ribas were civil servants and skilled workers (e.g., printers), (op.cit.: 27, 29-33).
17. The association was created by a civil servant and journalist, A.J. Miranda, who denounced abuses against African workers, fought elitism among
Creole parties and journalists, opposed the colonial state directly by refusing to collect taxes and founded the clandestine party referred to below. Miranda brought innovations to the content of nationalism by his opposition to the instituted system, his emphasis in the people component of change, and revived the timid reference of Voice of Angola linking the prospects for independence to knowledge and education. On 'Education of the People'
and Miranda, see Samuels, 1972.
Nationalist struggles

Under fascism associations became played an important role in the diffusion of nationalist ideas, the defence of indigenous culture and the mobilisation of youth. Liga Nacional Africana and (Anangola), which probably integrated the remaining members of former political parties, were the most important. The associations aimed to supply welfare services to members and support the recognition of their rights (Wheeler: 1971: 147).

From the late 40s emerged in towns other cultural associations which contributed to the diffusion of nationalism and the education of Angolan elites and mobilisation for nationalist struggles although they had not the direct political impact of Liga and Anangola (e.g., Marcum, 1969: 105-11, 113-14, Jacinto, 1986: 4, Pelissier, 1978: 238-39, and Ramos, 1991: 11).

Refugees abroad created many mutual-aid and cultural associations which originated, especially in Zaire, 'secondary' political parties from the independence of that country. Marcum refers to various Kikongo associations in Zaire. For example, Simão Toco, a Kikongo prophet who in the 1940s launched the first Angolan (Protestant) church, initiated his activities in the early 40s in Kinshasa where he created a mutual-aid and educational association for Bazombo resident in Zaire. In 1956 his followers founded an "ethnical mutual-aid association", Assomizo, later the political party Alliazo (Marcum, 1969: 72-9, 82-3, 89, 92-3, 291-92).

18. Liga remained an important organisation where reformist 'old Creoles' committed themselves to the 'politics of collaboration', as Wheeler calls it, that is, fighting for the rights of Angolans within the colonial system. In 1938 Liga petitioned the participation of African representatives at the colony Council of Government, which was granted in 1946. Integrating many members of the Angolan bureaucracies, Liga argued for their rights and obtained the ban of the racist division in the civil service. Liga also subsidised schools and provided scholarships and medical care, while remaining a social club for the resistance of urban culture. Although Liga continued to display its loyalty to the colonial state and gave an image of neutrality in forthcoming events, from the 40s colonial authorities often suspended Liga's elected organs substituting them by 'administrative committees' of 'loyal Angolans' (Wheeler, 1971: 135, 148-9, and Vieira, 1989: 69).

19. Anangola paralleled Liga in 'reformist politics' and welfare and cultural activities. The cultural movement "Mensagem" (Message) generated and developed from 1948 in this association. Also, the first clashes of a second wave of conflicts between 'reformists' and 'radicals' are reported at Anangola, when the younger members of the association began to contest the approaches of 'elders' on the future of the country. Still, as a result of its alleged connections with nationalist movements, Anangola had to face the early 60s wave of repression but managed to survive (Jacinto: 1986: 4).

20. Tokoism is a 'country variation of urban reformism centred in protest against white racism and forced labour. The religion argued against white rule and challenged tradition, looking at chiefs and elders as mediators of orders from whites and contesting their authority. Tokoism avoided all unnecessary contacts with whites (Marcum, 1969: 80-1, and Margarido, 1972: 38, 42-3, 50). Tokoism did not challenge white rule at the political level. It urged Angolans to go to schools and learn Portuguese to be able to find free jobs and achieve legal protest (Margarido: 1972, 50). It also encouraged members either to work voluntarily in agriculture and trade with any white, or to prevent forced labour by migrating to towns or abroad. So many Tokoists left Angola, mainly to Zaire, where they were 'good workers in colonial undertakings' (Margarido, 1972: 45, 47, 50, and Marcum, 1969: 82). "Tokoism awakened a strong current of opposition to forced labour in the plantations of Angola" and its social base were migrant labourers (Andrade, quoted in Bragança and Wallerstein, 1982: 11). The colonial authorities persecuted Tokoists, deporting Toco and some followers, but later, during reformism tried to ally with them since apparently they refused to integrate violent nationalist movements. On Tokoism, see, e.g., Margarido, 1972 and Marcum, 1969, espec. 82-3, 88-9, 95, 98, 161-62, 170-7, and 204-05 (political activities of Tokoists).
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These associations, where Angolan elites concentrated, were thus the background of political groups created from the mid 50s. Cultural and social associations were thus for 1950s nationalist movements what the 19th century republican clubs were for the 1910s political parties. But the associations movement was larger. In the 50s university students connected to CEI,21 created many popular clubs (Vieira, 1989: 71, 69). 'Old Creoles' were also active in promoting all kinds of associations, especially from the mid 30s.22

The slums associations were mainly sports clubs and dance groups (Ribas, 1965: 44-6, 100-05, and Bettencourt, 1965: 119-22). As colonial repression was reinforced with the outbreak of the independence war and racism increased with the inflow of settlers, the slums associations kept the tradition of solidarity and cultural resistance. From the 1960s, filed at the police, surrounded by barbed wire, having to exhibit passbooks, with no unions rights, under permanent repression from the police, the mobile slums population developed autonomous forms of organisation which enabled it to solve its own problems in the absence of political organisations and later to adopt more advanced forms of community participation when it was allowed. With no access to the elites 'asphalt' associations, such as Liga and Anangola, the slums population direct relations with nationalist movements did not appear widespread, as the shortage of urban operations during the independence war shows. By its own initiative, the slums population continued the associations movement, although the practice of withdrawing elected leaders when they did not comply with colonial rule, persisted. The associations contributed to the social base of the 1974-75 movements.23

2.1.3. Political parties

The underground political parties which emerged in the 1950s were preceded by the experiences of Liga and Grémio during the Republican period. In the last decades of the 19th century Angolan elites had been associated to Portuguese exiles, the majority of them republican.


22. Luanda African associations listed by Ribas at "Izomba" have as founders representatives of the big Creole families (1965: 33-6).

23. See subsection 2.2.1.
Nationalist struggles

This fact conditioned the expectations that the emergence of the 1st Republic would mean autonomy for the colony (Wheeler, 1971: 71). This proved to be a "failure of hope", using Samuels' expression. Local political parties were founded from 1910: Liga Angolana and Grémio Africano. Both became members, respectively, of the pan-Portuguese colonies Liga Africana and Partido Nacional Africano, created in Lisbon with goals such as the revocation of all discriminatory legislation and land reforms to protect the rights of Africans (Wheeler, 1971: 115-18).

Liga Angolana

Liga is the main reference for nationalist groups during the first decades of the 20th century. In Liga newspaper, Angolense, emerged more radical ideas, for example arguing for independence. Also, in Liga circles the 'great divide' between 'reformists' and 'radicals' became transparent with, for example, Paixão Franco dissent. Still, although Liga was keen to assert its loyalty to the colonial power, the party soon acquired a reputation of being 'anti-European' among settlers and colonial authorities. In 1914 and 1917 Liga was accused of "conspiring with rebellious tribesmen" (Wheeler, 1971: 117). The accusations of Liga cooperation with peasants rebellions were never proved but in the concerned period there were the rebellion of Tulante Buta in Congo (1913-15), the Dembos (1916-17), Amboim and Seles (1917) revolts and the Cuanyama resistance the Portuguese invasion from 1914 to 1917. Under this excuse the colonial state arrested, with no evidence or trials, many Liga members in 1917, while settlers burned villages in 'retaliation'. In 1921, after the so-called Catete Revolt, concert between urban intellectuals and peasants protesters was an excuse for the repression of Angolan intellectuals, their organisations and press, which included the ban of Liga and Grémio and reduced this generation to silence.

24. 1972, title of article.
25. A number of Creole clubs merged in 1912 to set up a new party, aiming to fight for the general interests of Angola and the rights of its members, as well as for the development of education. Although the majority of Liga's members were black and mulatto Angolans, the party was open to whites and natives from the other Portuguese colonies. Grémio Africano resulted from a division within Liga.
26. See Castro Lopo, 1964: 80-1, Freitas: 1975, 380-82 (Paixão Franco), and Samuels, 1972: 57 (A.J. Miranda). Paixão Franco created in 1902 the journal "Luz e Crença" (Light and Belief) and wrote as well in Angolense; according to Mario Antonio "we see the tendency of the author to facts of recent history, mainly those related to the struggle for liberties, and, especially, the promotion of oppressed classes. Events of workers struggles in Europe are often referred to. Although stating that his aspiration was only freedom, with no regard to the system institutionalising it, it is certain that his sympathy seems to go to socialist doctrines, given his emphatic elicitation of the people, often repeated" (quoted in Freitas, 1975: 381-82).
Nationalist struggles

(Wheeler, 1972: 81). Still, sparse references remark on the creation of a clandestine party (a secret society "aiming to kill whites", according to colonial sources) by about 1914 (Samuels, 1972: 58 and note 20) and the endurance of a (probably underground) Socialist Party in the 1930s (Vieira, 1989: 69).

The MPLA Manifesto

During the 50s various clandestine political movements emerged in towns. Given the later hegemony of the 'official nationalist movements' (MPLA, FNLA and UNITA) we know very little about them. In Luanda the most important trend seems the creation of the Angolan Communist Party (PCA) in 1955, which committed 'suicide' in the next year as its members concluded that

"the situation of the working class did not allow the advance of the party and it was necessary to conduct our work in such a way that we could group the largest possible number of people. The only way of achieving it was an organisation of national type." (Jacinto, 1986: 4)

PCA was dispersed into PLUA, founded in the beginning of 1956, which merged with other clandestine groups, especially MINA, to form MPLA in December 1956 (e.g., Jacinto, 1986). MPLA produced then a Manifesto innovating political protest and inserting goals not reached until the 90s. The Manifesto: i. is anti-imperialist demanding an "Africa for the Africans", ii. argues for a different form of protest, the armed struggle, iii. calls for a broad class participation, "revolutionary struggle by an wide front which will not consider political options, social situation, religious beliefs, philosophical tendencies", and, iv. connects the project of independence to a more concrete form of state, adding the idea of democracy and formulating as goals of the movement "to make Angola an independent state, to install an Angolan government, democratic and popular ... of all forces which fought".

27 A powerful denouncement of the 1920s repression of intellectuals related to protest against land expropriation is made in Assis Junior, 1984.


29 On the working class, see subsection 1.2.3.; PCA, which was a multiracial organisation of Angolans, faced an additional problem, the existence in the country of a communist group, affiliated to the Portuguese Communist Party (PCP), (Mingas quoted in Freitas, 1975: 102).

30 Quotations of the MPLA Manifesto refer to the 10th December 1956 Manifesto as published in JA, 10.12.1976.
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The Manifesto also protested against the economic and social problems arising from colonialism: i. concessions to foreign enterprises, especially in mining, and export of profits, ii. privileges of metropolitan capital as contrasted with local capital, especially in licensing, iii. land concessions to settlers and non-recognition of Africans rights on land, iv. barriers to 'native' traders and privileges of bush traders, v. forced labour, low wages, discrimination against blacks by restricting them to manual work, absence of social rights and security, as well as the working conditions generally approached as overexploitation leading to "a policy of murder of the black people of Angola", and, vi. the costs of access to education. It also refers to the low living standards of the Angolan middle-class and the living conditions of the poor. It denounces cultural oppression, especially the destruction of national languages, the historical bias, the undermining of Negroes self-esteem and the destruction of traditional social structures, including the 'native' (extended) family.

The technology of organisation is the other innovative aspect of the Manifesto, since it emphasised initiative and creativity of loose organisations. Throughout its history, MPLA often worked as such. Indeed, due to extreme difficulties of communications in the framework of fascist repression, many MPLA sympathisers in urban areas and guerrillas operating within the country, lived and worked in self-management with no permanent contact with the leadership. Because many Angolans took the Manifesto seriously, they organised in almost all the towns of the country and took many initiatives not giving the leadership even time to produce a decision on the subject. This allowed MPLA to ensure the participation of a wide range of social groups in the struggle for independence and to become the only nationalist movement with a national adhesion (that is, including people from all races, tribes and regions). Whenever they could, MPLA leaders tried to achieve this control but during colonialism it proved impossible.

31. "MPLA will be the sum of the activities of thousands and thousands of organisations ... which will be created all over Angola ... organisations of family, neighbourhood, work place or residence, study, culture, entertainment, sports ... Individuals should begin to organise themselves in terms of their most felt, immediate and of everyday life interests. ... (and) "unification of organisations will be made through the effort of each organisation to achieve the goals and principles of the Manifesto ... through ideas, principles and goals common to all organisations, to all organised Angolans."
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Congo revival, the Kinshasa axis and UPA/FNLA

The colonial authorities intervened frequently, and especially from the 1850s, in the kingdom's politics either by promoting the appointment of kings of their choice or by repressing protest against 'friendly' rulers. In 1913, the Tulante Buta rebellion challenged, among others, the king of Congo due to his role in the supply of forced labour. The king was deposed but the endurance of the forced labour supply motivated a significant migration of the Kikongo\(^\text{32}\) to Zaire (Marcum, 1969: 52-4). The colonial authorities intervened in the king's succession in 1955 to prevent a Protestant from becoming the new king. The incidents which followed the protest from Kikongo aristocrats led the colonial army to Mbanza-Congo, the kingdom capital, and the arrest and deportation of many Kikongo (Marcum, 1969: 56-61). But the most important outcome of the 1955 succession conflict was the emergence of UPA/FNLA.

One of the groups involved in the king's election conflict, the 'Leopoldville group', from 1952 had contacts with USA officials. In 1955 they petitioned for a UN trusteeship of the kingdom, which would be administered by the USA. After the events in Mbanza-Congo, the Leopoldville and the Matadi groups (Necaca, Pinock and Holden Roberto) asked the USA to intervene, arguing that the kingdom "is a territory separated of Angola, to which it had been unjustly united in 1884", while emphasising that the Portuguese colony was the territory from what they called Ngola (Marcum, 1969: 61-2).\(^\text{33}\) During the 50s these royalists created UPNA at Kinshasa and, when the king died in 1957, turned back to action at the international level to get support for the restoration of the kingdom. USA officials promoted contacts between UPNA and recently independent Ghana. African leaders criticised Kikongo royalists and advised Roberto to change demands and fight for the independence of Angola. UPNA was thus transformed into UPA and became, according to its statutes, an organisation of all Angolans aiming to install in the country a democratic regime of peasants and workers (Marcum, 1969: 61-7, 91, and Ramos, 1991: 9).

\(^{32}\) In this work the expression Kikongo is used to refer to the Angolan Bakongo. I am grateful to Ambassador Toka (himself a Kikongo) for his remark that Angolan Bakongo call themselves Kikongo to differentiate from Congolese and Zairian Bakongo since they identify themselves primarily as Angolans, and Bakongo is a secondary identification, as Heimer generally argued (see note 102).

\(^{33}\) Letter quoted in Marcum, 1969: 62; on Kikongo nationalism in the 19th century, see, e.g., Wheeler, 1972.
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The royalists of the Kivuzi clan, other opponents of the "Leopoldville group' in the election of the king, and Kikongo who did not accept the Accra 1958 arrangements to abandon demands for the restoration of the kingdom, created in 1959 Ngwizako, a party for negotiations with the colonial authorities. However, its expectations proved wrong when its members were forbidden to cross the border. After the independence of Zaire Ngwizako became a political party and would fight UPA hegemony among Kikongo migrants for the next decades (Marcum, 1969: 91-2).

Although Ngwizako kept the kingdom's flame for the next years, UPA 'Angolanity' lectured by African leaders was only apparent, as events demonstrated. In 1961, UPA activities restrained themselves mainly to the Kikongo zone, while rebels were committed to kill non-Kikongo, the 'invaders' of the kingdom territory. In 1974, again, UPA/FNLA expelled from the territory 'foreigners', for example Ovimbundu workers. In Zaire, during the independence war, UPA/FNLA maintained military bases and exercised political power in areas of the kingdom, while ruling, as a state within the Zairian state, the life of Angolan Kikongo. The policies of the fascist state on the shaping of traditional power institutions have in the Congo kingdom its most striking example of negative functions: instead of taming 'natives' into 'assimilation', they generated a nationalist movement whose rebellion in the next years had high social costs, while loosing Kikongo labour for colonial coffee plantations.

2.1.4. The 1961 revolts

Peasants often responded to oppression with messianic movements (e.g., Chilcote, ed., 1972). Two peasants movements, actually led by 'provincial Creoles', were important for further outcomes of nationalist movements, because many of their members later joined them and also because they had a large social base. They are the Mbundu Maria movement in Malanje (Mbundu) and Tokoism, of a Kikongo origin.34

34. See note 20.
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All the Mbundu region had a lasting contact with the Portuguese culture and colonial oppression, and it was the most important cotton producing area. With the emergence of cottonocracy in the region in 1926, protest was led by some Creoles who in 1927 sent a letter of protest against colonialism to the League of Nations and were deported by the colonial authorities. In 1930 a religious movement, known as Moise Noir, arose in the region. Its main feature was the belief that "American Negroes would come to liberate Angola from Portuguese oppression" (Marcum, 1969: 47). Although apparently a religious movement, it was banned (Pelissier, 1978: 184, and Marcum, 1969: 47-8).35

In 1960 a new Malanjiang messianic movement, led by a prophet, António Mariano, emerged. The Maria movement made the 1961 peasants rebellion against the compulsory farming of cotton and appeared as the peasants response to Cotonang rule in the region, preceding the Luanda revolt and the northern uprising. According to its code of conduct, the movement was anti-authoritarian, challenging traditional power, anti-European and against forced labour, egalitarian and anti-colonialist.36

At a time of fall in cotton prices, the peasants of Baixa de Cassanje adhered massively to the movement, including some chiefs. From January 1961 they refused contacts or to comply with the dictates of station chiefs and Cotonang officials, while the order to leave fields and refuse to pay taxes spread. It has been a peaceful rebellion, with no killings or use of weapons and the rebels, in the first stage were only avoiding to plant cotton (Pelissier, 1978: 409-18 and Ramos, 1991: 10).

Repression which followed demonstrates the behaviour of some foreign enterprises in underdeveloped countries and their links with oppressive governments. Cotonang complained to the colonial state arguing for strong repression, and it seems that pressure even came from

35. Pelissier argues that it was probably the movement known as Kazonkola, connected to Garveyism and led by Mbundu elites.
36. Rule 1: "not to work for the whites any more and to cut all contacts with them", rule 2: "to break all relations with blacks working for whites or refusing to join the movement", rule 4: "to abolish hierarchies in the villages, the chief has the same value as his subjects", and rule 15: "to expend all one's money since, after the arrival of Maria, money will be changed and equally distributed among us". Maria would announce herself by a tempest which would forever separate Angola from Portugal. As the tempest ended, Maria would arrive, resurrecting the dead and killed livestock. Then Lumumba would come to govern the country. While expecting the tempest to come, people should comply with the code of conduct. (Frade report, quoted in Pelissier, 1978: 412, note 40, and Ramos, 1991: 10).
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Brussels. As the station chiefs arrested protesters, rebels expelled bush traders and Cotonang officials from some villages. After these events the colonial army bombed the Baixa with napalm, burning villages, and, guided by the station chiefs, killed in "a repression with no nuances", even burying peasants alive (Pelissier, 1978: 417-18, Freitas, 1975: 133). The Baixa de Cassanje rebellion was last non-violent protest by peasants in the fascist period. Still, it was the only victory of African peasants in the beginning of the independence war: the legislation on cotton compulsory farming and sale was repealed, although it had cost 20,000 Angolan lives (Ramos, 1991: 10).

With peasants in armed struggle

In 1959 the political police reinforced repression of the urban secret organisations, which led to the '50s trial', where different anti-colonialists were assembled.37 In 1960 the arrest of Agostinho Neto was followed by a demonstration of the people of his native village demanding his release. Police forces intervened killing demonstrators, who had been mobilised by MPLA.38

Disbelief in non-violent protest led to the 4th February 1961 revolt in Luanda, a suicidal simultaneous attack of the Luanda political prisons and a police station by MPLA groups.39 The majority of rebels were inhabitants of the slums. Portuguese policemen were killed but rebels did not succeed in releasing prisoners. The accounts of the organisation of the revolt are contradictory, although unanimous that MPLA participated and it aimed to release the political prisoners who were arrested without trial for about two years. The controversies on the 4th

37. The '50s trial (actually 58) divided defendants among racial lines into 3 cases: 12 mulatto and 3 black Angolans, including two musicians of Ngola Ritmos (leading a musical renewal linked to Message) and 3 foreigners, a Ghanaian, a Cuban and an American negro; in this case 3 were judged in absentia; ii. 5 whites, 1 mulatto and one black, including 4 Portuguese residents and a member of Message (Helder Neto); iii. 30 black, 2 mulatto and 1 white Angolan, plus an American journalist; in this case 12 were judged in absentia and, among others: Antonio Jacinto and Deolinda Rodrigues (Brazil), Viriato da Cruz and Mario de Andrade (Paris), the American journalist and 3 FNLA leaders (Roberto, Pinock and Necaca, who were at Kinshasa). (figures based on the list of defendants, Marcum, 1969: 33-4 and note 63). Pelissier argues that the majority of defendants belonged to MINA or to MPLA (1978: 250-51).


39. Rebels used cutting tools, with which they could not face the colonial army guns; the attack to the prisons was repeated on the 11th February (e.g., Ramos, 1991: 10).
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February are about who ordered it and why.\textsuperscript{40} The obscure points seem related to the 'free initiative' of loose organisations. Still, a FRAIN declaration in May 1960 refers to the organisation, by MPLA, of forthcoming action in Luanda. With the presence in the town of foreign journalists who were, at least so they said, awaiting the hijacked Portuguese vessel S. Maria, the Angolan revolution was finally in the headlines.\textsuperscript{41}

Settlers and the colonial state responded with white terrorism, massively murdering people in Luanda slums and burning huts.\textsuperscript{42} Repression forced nationalist protesters, some of them MPLA militants and sympathisers, to hide in the forests. There, apparently with no contacts with the leadership, they participated in the 1961 peasants rebellion led by UPA/FNLA.\textsuperscript{43} Indeed, mimicking MPLA, UPA ordered the beginning of an armed rebellion in Congo's areas, which spread to the Dembos region. However, UPA did not even control many commanders, some of them actually MPLA members acting under cover, which made the March 1961 events rather confusing.\textsuperscript{44} The rebellion expanded in the coffee regions where Mbundu and Kikongo small farmers, forced labourers, and other opponents to colonialism, rose against the authorities, plantation owners and their employees. It appears more as a rebellion of small farmers and contracted labourers than organised actions towards armed struggle for independence. Kikongo insurgents killed people on a racial basis, such as whites and mulattos, on cultural and tribal grounds, for example educated blacks and Ovimbundu forced labourers (Pelissier, 1978: 435, 524, 526, 558, Marcum, 1969: 145, 192, and Ramos, 1991: 9). Thus the UPA 1961 actions

\textsuperscript{40} On this discussion see, e.g., Marcum, 1969: 126-30, Pelissier, 1978: 363-85 and Davidson, 1972: 190-92; also, among Angolans, Savdi Mingas (quoted in Freitas, 1975: 67), Mendes de Carvalho (writer Unshilha Xita, an ideologist of Mbundu agrarians and a former president of the 4th February Committee at the time arrested for the '50s trial'), (quoted in Ramos, 1991: 11-12), an anonymous, ex-member of MPLA direction at the time in prison (quoted in Agualusa, 1991: 20).

\textsuperscript{41} On FRAIN and Andrade declarations, Bragança and Wallerstein, 1982: 8-10; also, Neto, quoted in Freitas, 1975: 74-5.

\textsuperscript{42} On the repression of the 4th February, Marcum, 1969: 128-29, Pelissier, 1978: 387-91 and 570 (where he refers the special hate of settlers to 'blacks with glasses' they saw as 'Lumumbists') and Davidson, 1972: 192-96; Portuguese witness (military) declared in 1991, about life in Luanda in February and March 1961: "As the night falls, the doors are locked, life disappears and we cannot listen to the laughs of women drinking vermouth in the colonial homes. It is the time of hunting of the 'turra' (colonial slang for 'terrorists'). Civilian militias incite the troops to the massacre: eye for eye, tooth for tooth, the (Portuguese) 'soft customs' fell down", and "woman whose sons and husbands we took away did not even cry any more" (quoted in Cabrita, 1991: 7); according to Angolan sources, settlers and colonial soldiers made thousands of killings in the slums, and built digs where they even buried people alive (Ramos, 1991: 12).

\textsuperscript{43} Davidson, 1972: 192-96 and Neto declarations quoted in Freitas, 1975, 74-5.

\textsuperscript{44} Marcum, 1969: 211-15, referring to Ferraz Bomboko, Tomas Ferreira and Benedite; these concealed or switched off loyalties to MPLA, and MPLA competition, led to Roberto to lobby for the expulsion of MPLA from Zaire (which he got) and to order UPA troops to kill any MPLA groups they found (Marcum, 1969: 214 and Ingo, 1983: 61).
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appear also as an attempt of reoccupation of the Angolan part of the Congo kingdom, which FNLA tried again in 1974.

The rebellion was followed by a wave of white counter-terror. The colonial state apparently convinced itself, and tried to convince the world, that the rebellion was a joint conspiracy of communists and Protestants. So settlers and the army made a fanatic religious persecution of Protestants in the Mbundu areas (Methodists) and in the Kikongo areas (Baptists). Settlers jealousy and greed over land held by Africans also played a role with African successful planters being killed in the counter-terror.45

For the subsequent dynamics of the independence war the colonial indiscriminate repression had significant social consequences. As many 'old Creoles' were forced to flee to the forests and abroad, they participated, mainly in 'exile politics', as the conservative wing of MPLA, while the guerrilla apparatuses progressively integrated a new generation of 'radicals'. MPLA internal conflicts became evident from the 1970s and played an important role on the post-colonial developments, although overshadowed by the conflict between MPLA and UPA. The latter reflected the cold war global conflict, but were motivated as well by the narrow ethnic approaches of UPA and later UNITA.

The fourteen years of independence war had also other significant consequence: they reinforced disjunctures in the Angolan society, divided in two opposed Angolas, with ways of life and forms of organisation substantially different and conflicting: the colonial society and the liberated zones. Both models, and individuals carrying them, would confront each other after independence.

45 See, e.g., Davidson, 1972: 193-99, Marcum, 1969: 144-45, Pelissier, 1978: 463, note 36, 534-40, 547-49, 552, 555-57, 560-62, 570, note 15, Rosas: 1991, 21 and Cabrita, 1991: espoc. 8-9; a recent account by Portuguese participants and witnesses of the white counter-terror includes declarations about the massive killing of villagers, the burning of villages, the cutting of ears and heads and their use as amulets by Portuguese soldiers, torture, even by doctors, using electric shocks and burning prisoners alive, rape of women (villagers or prisoners), and the killing of any prisoner arrested, usually denounced by settlers with no evidence or grounds for arrest, (Cabrita, 1991: e.g., 8-9).
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2.2. The transition to independence

As referred to above, when the 1974 coup in Portugal opened the door to decolonisation, Angola was in period of economic boom due to the development of extractive industries, especially oil, and as a result of a set of reformist policies adopted by the colonial state. With a special impact among these policies were more incentives to foreign investment and the substitution of imports, the control of imports and exports and foreign exchange, the restructuring of state apparatuses and the lifting of barriers of access to the civil service with a decrease in the ideological control in recruitment, the development of education, especially in urban zones, and the contradictory change in agricultural policies to incentive Angolan small farmers combined with the reinforcement of European settlement.

These reforms coexisted with the persisting war for independence waged by nationalist movements in the countryside, the police control of the population, including their movements and forced displacement and resettlement in strategic hamlets under military control to prevent contacts with the guerrilla, the inexistence of basic fundamental rights and freedoms and the repression of all opponents of fascism and colonialism. However, the violent colonial repression did not prevent urban residents to associate in different kinds of associations nor peasants to become the main source of recruitment for the guerrilla. Ideological control did not prevent either the spread of nationalist and socialist ideas.

While colonialism restructured, nationalist movements made, in the controlled territories or in exile, their experiments of social organisation which impacted their later outcomes and projects in the post-colonial society.

As stated above, the MPLA emerged from the cultural movements in urban zones and later tried to ally with peasants and extend its guerrilla to all the national territory. From these

46 The MPLA Maximal Programme, as published in 1975, intended: to abolish "all privileges granted by the colonial regime to the Portuguese and other foreigners" (point 1 'c), to implement "(a) balanced development and by stages and the planning of the Angolan economy" (point 4/a), "the creation and progressive development of state commercial and industrial enterprises, and as production and marketing co-operatives" (point 4/d), "the exploration of the country's energy resources by the state" (point 4/f), "the protection of private industry and commerce" (point 4/j), "the encouragement of private industry and trade, useful to the state economy and to the people's life" (point 4/k), "the protection of economic undertakings explored by foreigners useful to the life, progress and reinforcement of the total independence of the Angolan people" (point 4/m), "the effective implementation of a policy simultaneously taking into account the interests of employees and employers" (point 4/o), "the control by the state of all Angolan foreign trade" (point 4/q); on agrarian reform, "the land to who works it" (point 5/a) and the "nationalisation of lands of the opponents to the movement for immediate and complete independence of Angola, of the traitors and the declared enemies of the independent and democratic Angolan
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roots arose its 'relative autonomy' (or at least of fractions within MPLA) either from the centre's powers (whatever their political signal), the former colonial power or the very African countries. During the independence war MPLA suffered various international defeats within the framework of cold war. They included the loss of OAU support during some years, military defeats and serious internal crisis. However, it was the only nationalist movement which tried to create new political and social structures in the zones under its control which are dealt with below.\(^{47}\) Also it was, at independence, the only political group with a project of its own and supported by cadres capable of implementing this project. The MPLA membership included members of different ethnic and social groups, notwithstanding criticisms of an eventual predominance of Mbundu members in its leadership.

The FNLA\(^{48}\) remained a movement based on the ethnic group Kikongo, set up by aristocrats ruined by the expansion of the plantation economy (in the coffee producing provinces which were integrated part of the former territory of the Kongo kingdom) and by the intolerance of Portuguese colonialism towards African traditional institutions. During the war for independence FNLA was characterized by a fascist-type authoritarianism having Roberto as 'supreme chief (Marcum, 1978: 185-6, 34-6), by serious ethnic crime, arrests and killings of its own members (e.g., Marcum, 1969: 135, 235, 1978: 43-4, 186-8, 198, 231, 390, note 12, 393, note 51, 419, note 396, Ingo, 1983, [73], 61 and Ramos, 1991, 12), by its clientelism towards the Mobutu regime and the support by the USA administration, including CIA. At independence FNLA appeared as militarized fascist movement with the project to implement in the country a

\(^{47}\) See subsection 3.1.2.

\(^{48}\) The economic programme of FNLA stated in 1975: "Apostles of the development of the industrial and agricultural production ... made within the framework of social objectives defined as follows: a. rising the level and quality of life of working masses, whose conditions are still miserable due to the over-exploitation by colonial monopolies of which they had been an object; b. liquidation of the strata of exploiters whose wealth comes from the exaggerated labour force of our peasants and workers (sic). To attain this target we will use not only enterprises of foreign capital (including Portuguese) but also those of national capital, private or public. We are not against investments if they are useful to the development of the country."

But the FNLA Programme included in the 'agrarian reform' "elimination of capitalist concentration of land by nationalisation of the official organisations of land distribution (sic)", (point 02.03) and "distribution of lands to the peasants who do not own or who do possess them in an insufficient scale, with preference to the farming collectives who will be created under the sponsorship of the state" (point 02.04); in industry the programme included: "nationalisation of all sources of energy" (point 04.01), "control by the state of all large industrial enterprises" (point 04.02), "control or participation of the state in all mining enterprises" (point 04.03), and "nationalisation of all transport means" (point 05.01); (quoted in Freitas, 1975: 118, 120-21).
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regime similar to that of Zaire (Marcum, 1969, 1978, and Heimer, 1979). The social base of FNLA were mainly coffee small farmers, traders who had migrated to Zaire and later a part of the landowners of coffee plantations in Uige and Zaire who from 1974 had favoured a 'Rhodesian solution', which did not prevail.

UNITA was a movement composed by former dissidents from FNLA who claimed to represent the ethnic groups which, according the founders, were not integrated either in MPLA or in FNLA (Marcum, 1978: 160-69). UNITA, playing in the sino-soviet conflict, adopted an 'anti-colonialist' and 'anti-imperialist' image of the Maoist type, a populist discourse and, as principles of organisation, "collective decision-making, democratic centralism and criticism and self-criticism". It urged members "to relate to the peasantry through sociocultural values and economic grievances", to share the way of life of peasants to prevent their suspicion, and try the unity of "genuine Africans" for a "popular armed struggle" (Marcum, 1978: 165-69, 195, 377, note 216, 379, note 250, 400, note 116). Today there is evidence that, apart from its obscure origins, UNITA was a client of the colonial military structures operating a 'guerrilla' in Eastern Angola coordinated with the colonial authorities to help to destroy MPLA guerrilla and prevent the eventual access of FNLA to the zone (Pezarat Correia, 1991, Marcum, 1978: 211, 218, 406, note 207, Afrique-Asie, 1982). At independence UNITA had a markedly ethnic base (Ovimbundu), a strange radical programme (the most radical programme of the so-called nationalist movements), and simultaneously a right wing and revanchiste discourse (here against the non-Ovimbundu ethnic groups), while from 1974 appealing to extremist settlers which adhered to UNITA after the failure of their hopes and activities for a 'Rhodesian coup' after the overthrow of fascism in Portugal. The social base of UNITA was composed by peasants of the subsistence economy mobilized in ethnic grounds, a part of Ovimbundu 'contracted' labour, a part

49. The 1973 UNITA goals, according to its Statutes, were "favouring the participation of people in the management of state's affairs, according to the best revolutionary traditions of a popular democracy" (Statutes, art. 6/18), "to promote an agrarian reform according to the principle the land to who works it. The land must be considered collective property and not private property" (art. 6/11), "to promote a planned economy in order to the systematic development of all human and material potential of our country, to guarantee the construction of socialism in Angola" (art. 6/12). On the UNITA 1992 programmes, see Appendix to Chapter 8.

50. UNITA always had MPLA as the target for its discourse on atheists, not 'genuine Africans' (see Marcum, 1978: 169, 193-94, 380, note 258). During the independence war, apart from attacks on the Benguela railway it repeated after independence (Marcum, 1978: 192-93), the movement's guerrilla activities were not significant, although later exaggerated by Portuguese military. Indeed, by 1970, it accounted for only 4% of attacks to the colonial forces, and its so-called liberated zones had about 300 guerrilla members and thus did not seem relevant for post-colonial projects of social organisation (Marcum, 1978: 217-18, 411, note 286).
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of Ovimbundu elites educated in missions and later by the low income and capitalist settlers who had favoured a 'white independence'. Also, when it held power in the so-called "Republic of Huambo' (DPRA) in 1975, some of its capabilities in government were tested under RSA protection. In the 80s, again under RSA protection, UNITA held a part of the territory, where it built a model of 'small-sized' society. Given its connections with the colonial power, UNITA was the first movement to sign a cease-fire with the Portuguese authorities, followed by FNLA and later the MPLA.

2.2.1. Popular struggles and social movements in 1974-75

The emergence of civil and political liberties in 1974 favoured the emergence of a wide, autonomous and decentralized popular movement in urban zones, which developed in the struggle of workers for better working conditions, the struggles of students and teachers for participation in the schools management, the struggles against the initiatives of right-wing whites for 'Rhodesian' solution, and the self-defence of inhabitants of the slums against attacks firstly from white extremists and later from the FNLA and UNITA armies. This movement, composed by multiple organizations, autonomous or linked indirectly through the 'loose organization' patterns to the MPLA, associated to the latter when the framework for the sharing of power only recognized as 'legitimate' Angolan political forces the three movements above referred to. The 1974-75 popular movements played a significant role in the project of change of society as outlined in 1975 and their dynamics impacted developments up to now.

A specific feature of this period, is that from May 1974 urban residents reorganised and defended themselves from white aggressions without resort to the direction of any nationalist

51. The Democratic Republic (DPRA) was the joint post-colonial experience of FNLA and UNITA attempting the balkanization of the country. Firstly, these movements were incapable of sharing power and managing conflict at the top level of the coalition government they formed at independence. As Hodges states, in fact FNLA governed the northern provinces (the region of the Congo kingdom and its tributary region of Dembos) and UNITA, backed by South-African troops, the central-southern Angola. The two partners were incapable of merging their armies into a so-called 'national' army, had frequent military clashes and FNLA did not allow UNITA to move into northern Angola (1976, 55-7). In its area UNITA even kept the previous colonial authorities in office and in fact little changed, except for the flight of settlers. As for human rights, both movements in their zones killed all MPLA militants they found, and UNITA, killed as well peasants who did not comply with its rule. Expelled from the country UNITA soon returned and, backed by the RSA army, waged the devastating late colonial war which jeopardised all the MPLA project. In its controlled territory, the attempts of social organisation adopted show a military fascism which shows no prospects for a democratic future of the country. See section 6.3.

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movement. As for MPLA, it was in April 1974 in a crisis which took months to solve, if solved.53 So the movement as such did not take significant initiatives in towns until October 1974. Nevertheless, although a substantial part of the towns population for many years had no direct contact with MPLA (whose activities outside the guerrilla zones were quite invisible), urban residents, especially in Luanda, Huambo, Benguela and Lubango, had

"an actual sympathy, albeit diffused, for MPLA. A whole generation was preparing itself to support this movement without having been in organised contact with it" (Cahen, 1985: 5).

The FNLA and UNITA did not thus find substantial support in the non-white urban population, although faster in a cease-fire allowing their legalisation.

The first free demonstration of Africans since the Republican times was held in Luanda on the 1st May 1974, demanding the release of political prisoners. On the same day whites made a counter demonstration against claims for independence and for "the union of the Portuguese". Some days later, Angolan associations promoted in Luanda a new demonstration of several thousands carrying MPLA flags and demanding "immediate independence". The colonial army forbade "all demonstrations with propaganda of movements still fighting" (Cahen, 1985: 6, 9).

These events opened a new phase in the life of urban Angolans who would fight, practically without 'external' support, against white racism, led by local capital, which, until the conflict was decided by the Alvor Agreement (AA), intended to promote a 'Rhodesian' solution for Angola.54 White terrorism began by July 1974. Liga, which had became a forum for MPLA supporters and a centre for political mobilisation, called for a national mourning and the first general strike in the country to protest against white racism. The strike was massively successful

53. During the war for independence MPLA had three significant crisis: Viriato da Cruz schism in 1962, the Chipanda (Eastern front) rebellion in 1973 and the Revolta Activa dissent in 1974. These internal splits of MPLA remain a mystery, since information on them is contradictory and the sources available are often unreliable. 'Readings' of the crisis explaining them just as personal struggles for power are not convincing, although might have played a role (e.g., Mingas, quoted in Freitas, 1975: 104). The main issues seem to have been conflicts on strategies for the struggle against colonialism, for example, the Viriato dissent (e.g., Ramos, 1991: 11 and Marcum, 1978: 90-1, referring to Viriato "What Kind of Independence for Angola?", 9 [1], Revolution, 1964), the working of MPLA, and, generally, models of development in the post-colonial society, in a context of dependence on external support, especially for weapons, and conditioned by the internal dynamics of the struggle. On the 70s MPLA crisis, see Heimer, 1979: 29-30, Marcum, 1978: 248-51 and Ramos 1991.

54. On white attempts of Rhodesian solution, see Heimer, 1979: 41-3 and Juju interview (JA, 16.11.1975). Liberal and socialist whites formed the Democratic movements in towns, which tried to counter white racism and the marginalisation of the nationalist movements which waged the war for independence; in 1975 some of them integrated into MPLA. As racist whites moved to support UNITA and secondarily FNLA after the AA, Cahen argues that this fact "accelerated the path to an antagonism colonised/coloniser to the struggle MPLA/FNLA-UNITA, where class struggles and ethnic cleavages intrinsically crossed" (1985: 10).
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at Luanda. To respond to settlers attacks, slums inhabitants created groups of 'self-defence', the organisational background for the later Neighbourhood Popular Committees (NPCs), and expelled whites from the slums (Heimer, 1979: 43).

Later, the social movements which emerged in 1974 had to face UNITA and FNLA opposition, since the latter argued that no social organisation should be permitted outside the three 'official' nationalist movement and their client organisations. This position, which influenced their attitudes towards the neighbourhood organisation and the workers struggles, made them oppose students as well.56

The workers movement and the neighbourhood organization, by its later impact in law and the developments during the period of centralized planning deserve a special reference. The students movement,57 as from April 1975 the prolonged strike made students move to political activism in other social movements, had not the same impact. The students 1975 rebellion was: i. autonomous, with no direct party involvement since MPLA, the movement to which some students were connected, was neutral (Cahen, 1985: 14-15), ii. directed against a ministry headed by an African and, later, against the TG itself, where nationalist movements sat, and, iii. undermined UNITA's fabricated image of 'democratic movement for peace and elections' and forced the TG to show its real political objectives and nature.

55. Terrorism was led by taxi drivers, policemen and others who "assaulted the slums, killing, robbing, raping indiscriminately, without any reaction from the general governor" (Cahen, 1985: 7, 10); see also Freitas, 1975: 224-25, on the reaction of Portuguese authorities to the general strike, approached as "a manoeuvre of agitators and provocateurs" (communiqué Chief-Command 14.7.1974, quoted at Freitas, loc.cit.).

56. See notes 57 and 70.

57. Students were in 1974 one of the first groups to organise. University students in the 1st May 1974 decided to create an union, AEUL. Membership of the union was not necessary for participation in decision-making at the students top organs: the university assembly and the school general meeting. Soon AEUL demanded the liberation of political prisoners, participated in the general strike against white terrorism, and promoted an unlimited strike until measures "unequivocally anticolonialist were taken by the (metropolitan) government" (quoted in Cahen, 1985: 10). Later students occupied some faculties and, associated to part of the academic staff, initiated a movement for the reform of curricula. Innovations extended to the management of schools, under a campaign for democratic management by elected boards. Students at high and secondary schools also demanded legalised unions, and later involved themselves in a teenagers rebellion against the Ministry of Education, allocated to UNITA by the AA. Indeed, students, who were claiming the recognition of their unions and the democratic management of schools, fought the minister of Education from the beginning to the end of the TG. The minister refused to recognise some elected management committees and the union of secondary school students. In this conflict the minister allied with the rector and directors of some faculties who were trying to get back power taken by the management committees, while white underground groups, FNLA youth and the minister intimidated students and teachers. The movement radicalised and widened with the participation of the teachers For-Union Association, university students and some lecturers. The demands were: i. the recognition of democratic management and unions, ii. the revocation of the transfer of a director of a secondary school, and iii. the dismissal of the rector of the university. Students decided a strike and got the support of the teachers For-Union and some university lecturers. The strike and students demonstrations led the minister to call the police, which invaded schools, while students meetings and leaflets were banned. By April 1975 the TG decided to suspend students demonstrations and leaflets during negotiations between students and the minister of Education and recommend the withdrawal from occupied schools. Since then the Luanda schools were striking until the TG collapsed in August 1975 (Cahen, 1985: 10, 14-15). A subtle impact of the students 1974-75 movement was the silent teenagers rebellion, with many slums teenagers leaving home and/or school and following FAPLA.
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The neighbourhood organisation

In mid 1974 CACs, a loose organisation connected to MPLA, launched the demand for 'people's power' (PP). PP later generated substantial conflict, reflected in the 70s 'great divide' about conceptions of democracy. It was defined at the time as the coordinated power of workers, through workers assemblies (WAs) and committees (CTs), neighbourhoods, through neighbourhood assemblies and committees, and students, through the university or school assemblies and management committees. The neighbourhood assembly was "the supreme organ of decision by the people" (Cahen, 1985: 11), and there the inhabitants exercised a direct democracy on the area's affairs. The committees, elected at the assemblies, dealt with the self-defence of the community and other local problems, such as the organisation of food supply after the expulsion of white traders from the slums.

By September 1974, the Luanda slums were organised in assemblies, committees and self-defence groups, to bar settlers attacks and, from the end of 1974, FNLA armed attacks. When the MPLA official delegation arrived to Luanda in October 1974, it approved the idea and self-defence groups became an important source of recruiters to FAPLA.

During the transitional period, NPCs campaigned for their legalisation from the very day of entry in office of the Transitional Government (TG). Yet, they only became legal in 1976. Indeed, labelled by FNLA as 'soviets', NPCs remained a target for whites as well as UNITA and FNLA aggressions, the latter even resorting to military action against the inhabitants of the slums. The activities of neighbourhoods organisation during the transitional period contributed

58. See section 3.2. (conflicts on democracy). CACs, Committees Amilcar Cabral was a Maoist youth group which later associated with a Trotskyist group GSR and founded the underground OCA (Communist Organisation of Angola), after the MPLA order to dissolve the committees and their members integrate the formal organisation of the movement.

59. See subsection 3.2.2. (Law no 176). PP even promoted 'city general meeting', called the Luanda people's assembly, which rallied tens of thousands of people (Cahen, 1985: 11). A 'city general meeting' as a form of democratic decision-making in a town with more than 500,000 inhabitants is a technical impossibility and the participants were there merely to demonstrate their support for 'people's power'.

60. For example, while the gap of white traders was filled by African traders who had the same patterns of speculative behaviour, some NPCs tried to create consumers co-operatives.

61. See, e.g., Roberto message to the press quoted in Freitas, 1975: 299-300. UNITA and FNLA proposed and voted for, at the TG, the official ban of NPCs (Cahen, 1985: 11).
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to bring into open the sharp conflict between the three 'official political movements' on models of
decolonisation and, also, on conceptions of the post-colonial state.

The association of MPLA with the neighbourhoods organisation had two main
consequences: it alienated the support of many 'reformists' who identified more with MPLA than
with the two other movements but, on the other hand, was crucial to the popular mobilisation,
support and victory of MPLA during the town battles of 1975. However, although connected to
MPLA, NPCs had no direct political affiliation to the movement. When the legislation on NPCs
organisation was approved in 1976 within the single-party constitutional framework, they lost
their previous independence.62

The era of 'people's power' in 1974-77 in Luanda has been the most lively period in the
political life of the slums, to which the scheme represented something new, as contrasted with the
covert nationalism of local associations or the exclusive political action by elite groups during the
Portuguese 1st Republic.63 Many mistakes were made, arising from the violent conjuncture of the
time and from the lack of experience.64 Nevertheless, Still, with abolition of the neighbourhood
and village assemblies the poor lost the means of deciding their own affairs.

The workers movement

The majority of Angolans had no access to unions.65 Although some of the existing unions
began a process of democratization, from May 1974 workers created autonomous commissions
(CTs) in the majority of industrial enterprises, a form of organization more adequate to their
experience. Usually CTs were not permanent, but elected during a process of demands to
represent workers in negotiations. Since the banks strike, in June 1974,66 CTs were elected in

62. See subsection 3.2.1.

63. For an account of political participation see Gjerstad, 1977: 28-9; see subsections 2.1.2. and 2.1.3.

64. Which may be included in the 'costs of change of ruling class', using Bettelheim's expression, integrating as well the costs of learning democracy.

65. See subsection 1.2.3. In this part I partially follow Cahen, 1985.

66. Strikes with the agreement of unions had been allowed from May 1974 by a local government order (DL no 5, 25.5.74); on the banks strike and
CTs, see Cahen, 1985: 8.
informal workers assemblies and demanded their recognition. Their members were sometimes mid-level or administrative cadres, as workers had no skills to negotiate with employers. CTs were not directly linked to any nationalist movement and usually were elected in an unitary basis (Cahen, 1985: 7-9). UNTA, the MPLA linked union, arrived at the industrial zones with the project of creating 'enterprise union committees' (EUCs). As it found the CTs movement expanding, it allied with them and was the only trade union to get itself inserted among the working class, through the connections with CTs. Where there were no CTs in an enterprise UNTA founded one. The movement of CTs spread around the country, basically worried with economic demands and resorting to strike to press employers. Workers demands in 1974 were: higher wages, eight hours work, paid holidays, social rights, such as pensions and medical care, and the dismissal of PIDE informers or ruthless managers and intermediate cadres (Cahen, 1985: 7-11, 13, 15).

Dockers staged in May 1974 the 1st significant strike of the African semiproletariat, after demands of wage increases were not accepted by the employer, a public authority. Later they associated with railway workers from October 1974 and were the only segment of urban proletariat to create an union ex novo. Other strikes followed and employers began to realize that they could not cope with CTs and workers demands. They got the support of the newly created 'puppet parties', as well as the UNITA and FNLA 'unions' or even armies (Cahen, 1985: 9-10, 12-17). From February 1975 the TG approved the 'mobilisation decree', to respond to workers protest through their 'militarisation'.

67 UNTA was created in Zaire in 1960 and had been based in Kinshasa during the independence war; it mobilised workers, organised 'production bases' (collective small farms) and 'people's shops in liberated zones, promoted literacy campaigns and training of cadres (Report to the 1984 Trade Unions Congress, 77, 8, Novembro, 1985: 8). See also subsection 3.4.4.

68 Legislation of July 1975 (m.o Labour, UNITA) regulated the election of unions committees. To destroy the CTs movement, the TG tried to adopt legislation only recognising unions as representatives of workers, but UNTA and the CTs protested (Cahen, 1985, 12).

69 In January 1975, before the entry into functions of the TG, a contradictory strikes law was adopted; Dec. no 3/75 repealed the colonial legislation punishing strikes as a crime (Criminal Code and Dec. Law no 23,870, 1934), so avoiding eventual repression of workers on grounds of fascist legislation. The decree established restrictions to decisions on strikes attempting their control by unions and the state (Secretary of State for Labour).

70 On UNITA and FNLA unions, see also Marcum, 1969 and 1978. Usually FNLA and UNITA tried to convince workers not to strike using tribal arguments (Cahen, 1985: 15). UNITA promoted with FNLA the ban of the 1st May 1975 demonstration by the TG and defended the exclusive of workers representation by the unions of the three movements (Cahen, 1985, 12-17). When PP organized the 1st May 1975 demonstration in Luanda to express its demands to the TG, the FNLA union CSA did not join, FNLA bombed (and destroyed) the headquarters of UNTA and prevented the demonstration, by using its army to deter demonstrators. The 1st May demonstration was finally made on the 22 May, although surrounded and provoked by FNLA troops (e.g., Cahen, 1985: 12, 17; references of FNLA documents quoted in loc.cit.).
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As unemployment spread, many African workers left cities as the result of loss of jobs in paralysed industries. The young union movement had thus to face during 1975 quite a unique problem: employers and almost all skilled personnel vanished, enterprises were closed and massive unemployment followed. The amazing situation generated the 70s nationalizations. The Angolan workers movement did not, except for the bank employees, demand nationalization or workers control and had no unionist strategy in 1975 with such objective. But as owners and/or managers fled, the first experiences of self-management were implemented in many enterprises which workers CTs succeeded in keeping functioning. The informal self-management schemes established in 1974-75 were partially legalised in the new PEs created during the transitional period and in the legislation on state intervention, and had considerable changes up to 1989.

The workers movement would have to face serious opposition and repression of its demands from the post-colonial state, combined with the progressive loss of bargaining power of the working class. But in the period of one year, the Angolan working class, supported by professional unionists and students, initiated a rapid process of learning. Although they did not demanded nationalisation, urban workers nevertheless played an important role in maintaining enterprises functioning when the owners fled.

2.2.2. The Alvor Agreement and the Transitional Government

After attempts to marginalise MPLA from the negotiations of the independence accords (Admiral Rosa Coutinho, high-commissioner in Angola, quoted in Freitas, 1975: 161-62), the Alvor Agreement (AA) was signed in January 1975 between the Portuguese government and FNLA, MPLA and UNITA, which were co-opted by the colonial authorities on grounds of revolutionary legitimacy as the movements representing the Angolan people since they had

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71. See subsection 2.2.2.

72. An example is Cabinda Gulf Oil when the company paralysed due to pressure of the US government (see subsection 7.2.1.) (see declarations of an Angolan engineer working there in 1975, Mangueira, JA, 9.4.76).

73. See subsections 3.2.2., 3.4.4. and 8.2.3.

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pursued armed struggle against colonialism. The Agreement recognized the right to independence and created a Transitional Government (TG), the first experience of Angolans in managing the state and composed by representatives of the three 'official movements' and the Portuguese state, to rule Angola until the elections for a constituent assembly. The AA also provided for the draft of a provisional constitution, an electoral law and the promotion of elections for a constituent assembly, restricted to candidates from the three official movements. The date for independence was fixed at the 11th November 1975 and the Portuguese army was to withdraw from the country from October 1975 to February 1976, after creating the national army.

The TG was directed by a Presidential College, a troika composed by three PMs, one of each movement, while a High Commissioner represented the colonial power. The different ministries were allocated by the AA to the four parties involved. Concerning the Angolan parties, ministries soon became fiefdoms with the patterns of authoritarian rule which underlined all the agreement under the 'three-single party' scheme. The TG was a failure of joint management of the state because the three movements could not agree on many issues since they carried quite opposite interests. The previous experiences of a modus vivendi imposed by foreign powers, for example OAU attempts to merge MPLA and FNLA in the 60s, had failed. The same happened

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75. AA, art. 1.
76. AA, art. 2; see also arts 3, 8 and 10.
77. Which entered into functions on the 31 January 1975 and was ruled by AA, arts 5 and 10.
78. AA, arts 44, 43/a-c and 41, respectively; elections would be held in October 1975.
79. AA, arts 4 and 35, respectively; the new army would result from the merger of the armies of the three nationalist movements; on the 1991 agreements, see Chapter 8.
80. AA, arts 14-15, 11 and 13, respectively. The decisions of the TG were made by a 2/3rds majority (art. 13).
81. AA, art 21 and 22; ministerial posts were allocated: i. Portugal - Economy, Public Works and Transports (AA, art. 21/a), ii. FNLA - Interior, Agriculture, Health and Social Work (art. 21/b), iii. MPLA - Planning and Finance, Justice and Information (art. 21/c), and iv. UNITA - Natural Resources, Labour and Education and Culture (art. 21/d); for some ministries there were secretaries of state allocated to the nationalist movements not holding the ministerial post (art. 20).
82. Although authors such as Hodges state that the three official movements agreed in almost everything, the fact that the TG adopted a policy measure does not necessarily mean that MPLA members had voted for it, since the 2 3rds could be obtained by the favourable vote of Portuguese, UNITA and FNLA ministers.
83. See, e.g., Mingas, quoted in Freitas, 1975: 152-53; for a more complete description of these attempts, see Marcum, 1969 and 1978.
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with the TG where the antagonism between the two blocs then constituted (FNLA-UNITA and MPLA) was not resolved within the government and took the usual form of armed conflict. Agreements between the blocs such as Mombassa and Nakuru\(^84\) were short-lived.

Unpopular decisions, demonstrating its authoritarian nature, a serious economic and social crisis with little response from the government as such, plus corruption scandals\(^85\) and clientelism in allocation of resources (e.g., Heimer 1980: 127, note 256), brought discredit to the TG and not even the 'revolutionary legitimacy', and related threats, of nationalist movements could save it from strong opposition, especially in towns. The TG collapsed in August 1975, after the victory of MPLA in the battle of Luanda and related flight of FNLA and UNITA members in the government.\(^86\) The High-Commissioner assumed then the legislative function of the TG and absent members of the government were substituted by 'general-directors' appointed by the Portuguese government.\(^87\) Within the 'single-party' underlying scheme of the whole independence arrangement, soon the country was split into single party dominated territories, and the UNITA and FNLA zones on ethnic divisions, with the support of the RSA and Zairian armies.\(^88\)

The collapse of the colonial economy and the TG

When the process of disintegration of colonialism began, there were two factors which would have a significant impact in the post colonial developments. The first was the collapse of the colonial economy based in non-economic coercion of labour and the low level of wages which kept waged workers, either free or forced, in a situation of extreme poverty while ensuring the

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\(^{84}\) Reached in January 1975 between the three movements (agreeing in common points for the negotiations at Alvor), and reached in June 1975 (repeating the movements intentions to respect the AA), respectively.

\(^{85}\) For example, the minister of Health (FNLA) allegedly embezzled public funds and the case raised substantial popular protest in towns, when people realised he would not go under trial; from the very beginning of the TG some nationalist movements began to embezzle all kinds of public assets; the situation is illustrated by, for example, the ministerial order (m.o.) of 7.5.75 (MPLA-PM and Planning and Finance) alluding to the theft of public assets, especially cars, by the official movements and, while referring that each movement received 15 Mn escudos per month from the state, forbade payments by the Budget (NB) of expenses made by the movements, unless they were discounted from the value of the subsidy they received.

\(^{86}\) The formal recognition of the collapse of the TG came under Dec. no 104/75.

\(^{87}\) Dec. Law no 458/A 75 and Dec. no 107/75.

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profitability of the colonial economy. The second were the popular movements which spread in towns.

As the TG entered into office, the country was already going through fast changes which resulted from the collapse of fascism. Post-25th April metropolitan governments had granted higher standards of liberties, which did not meet the metropolitan standards. Nevertheless, legislation such as the press law, the strikes law, or the PEs decrees of incorporation providing for workers participation in control boards, were enacted before the TG, and represented a significant change, taking into account the departing points, fascist secrecy and censorship, or the illegality of workers' protest.

With the metropolitan power weakened and still going through its own restructuring, the emergence of civil liberties led demands to blossom. As stated above, settler entrepreneurs could not face wages demands and related strikes, since they were not prepared to work in a non colonial labour environment, and many were even actively against the new pattern of relations being shaped in the country. So they responded to the changing economic environment by sabotage or flight, which reached its peaks during 1975. Indeed, 85% of the manufacturing firms were "small establishments owned by white settlers" (Bhagavan, 1980: 16) and 90% of them left the country. In April 1975, a report of an employers association provided the following picture: 60% of the surveyed enterprises had strong difficulties of procurement, 45% had a stock of raw-materials inferior to the standards, 12% had their stocks completely exhausted, 11% had registered refusals of transport, 60% had a decrease in sales (and in about 24% this decrease was superior to 50%), in 25% the costs of labour had increased more than 100% and in the majority of other firms there was an increase of about 67% (quoted in Cahen, 1985: 13). Prices increased more than 100% while shortages began to disrupt the supply of enterprises and households. As for labour, the colonial wages Angolans had under the former regime, and on whose grounds all

89. For example, the political police remained in office (Freitas, 1975: 210, quoting Portuguese official sources.

90. Behaviours defined were defined as sabotage in Dec. no 125/75 (on state intervention in the management of private and mixed enterprises), see subsection 4.1.1.
the colonial economy worked, were soon contested. The increases of wages workers got during 1974 and 1975 could not reach the inflation level: 100% in eight months.\textsuperscript{91}

The TG was incapable of understanding the collapse of the colonial economy and the 1974-75 crisis, the most significant problem it had to face, together with the war going on between FNLA and MPLA. It allocated the burden and the blame of the crisis to the working class and underestimated the impact of the urban social movements which were developing.\textsuperscript{92}

The set of measures adopted by the TG to face the necessary restructuring began in February 1975, with the approval of the 'mobilisation decree', allowing the government to order the military mobilisation of "any institutions, services or enterprises of public or private nature" for a period of three months, renewable until "the circumstances which motivated the mobilisation cease". Enterprises under this regime were controlled by the army, "which may appoint military to direct and ensure its functioning". The personnel was "under military authority, discipline and justice and will be considered permanently under employment with the wages and salaries established by law or contract".\textsuperscript{93} Employers, who benefited from the regime's freezing of wages and prevention of strikes, soon promoted strikes to get their firms under the 'military mobilisation' scheme (e.g., Cahen, 1985: 12). Others, not pleased with the intervention of the 'formal' unified army, resorted to their links with UNITA and FNLA whose troops went to firms to repress workers protest, until the TG, under the pressure of the workers movement, had to enact legislation banning the use of private armies in industrial conflicts.\textsuperscript{94}

\textsuperscript{91} From August 1974 to April 1975, Cahen, 1985: 10; on wages during colonialism, see subsection 1.2.3.

\textsuperscript{92} For example, Chitunda, an UNITA minister saw, in April 1975, the crisis as the work of: "dangerous elements, agitators and anarchists, almost exclusively of a Portuguese origin, established themselves in almost all social, professional or occupational levels, inciting workers and the local population to disobedience and contempt for the entrenched authority within the enterprise." (quoted in Freitas, 1975: 351) Chitunda probably referring to university students who were also workers.

\textsuperscript{93} Dec. no 7'75, arts 1-3.

\textsuperscript{94} Dec. no 34 75.
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The fall of the TG and post-TG policy measures

As the perspectives of war grew with the attacks of FNLA to urban population and its occupation of the northern part of the country, the massive flight of settlers dramatically reinforced the problems of closure of firms and unemployment.\(^\text{95}\) As a result, by mid 1975 one out of two workers in Luanda, the main industrial centre, had lost their jobs (Cahen, 1985: 12). Notwithstanding the protest of unions, the TG did not take any measure and the towns migrant workers had to go back to their societies of origin to survive. Migration had began from August 1974, as a result of white terrorism (Freitas, 1975: 230). The loss of jobs increased the exodus of African workers from cities, approached as a sign of 'traditional' African tribalism, since, for example, Ovimbundu moved back to the central Highlands. But nobody noticed, except Cahen (1985: 21),\(^\text{96}\) the wave of unemployment caused by the flight of settlers. The state absorbed experts but unskilled workers only could come back to peasant societies. However, as Heimer noticed, tributary societies were also affected by the economic crisis and had difficulties to absorb the returning unemployed migrants (1979: 84). Abandoned plantations and farms were occupied by peasants and in some cases former waged labourers tried, even under self-management and notwithstanding the scarcity of inputs and food, to shape new relationships (1979: 84).\(^\text{97}\) FNLA and UNITA, which claimed the control of Kikongo and Ovimbundu, took advantage of the situation, and, although they could not exercise a 'tribal' rule based on ethnic loyalties,\(^\text{98}\) had their territorial constituencies reinforced. Also, part of unemployed workers were integrated into the

\(^{95}\) See, e.g., Bergerol and Wolfers, 1983: 114. The preferences of settlers were Portugal, Namibia, RSA and Brazil (Freitas, 1975: 234).

\(^{96}\) In his study on workers struggles Cahen makes the point that the migration of these workers was and simultaneously was not tribalism, arguing, as Heimer did as well, that the ethnic question in Angola cannot be approached in a linear way: either Angolans are 'tribe-oriented' and have 'tribal parties' (for example Marcum) or 'tribes do not exist' or, at least, 'should not exist' (the position of many intellectuals, including MPLA members). For an Angolan study on the ethnic question, see Nato, 1992.

\(^{97}\) See Chapter 6.

\(^{98}\) During 1974-75 UNITA made strong appeals to the Ovimbundu on grounds of tribalism: i. against FNLA stating that it had killed Ovimbundu contracted workers in 1961 (see subsection 2.1.4.), had expelled them from the north in 1974 and Bakongo farmers exploited them along with the Portuguese, and ii. against MPLA because, according to UNITA, it relied heavily on the despised Mbundu (e.g., Heimer, 1979: 63, note 259); still, it had to execute villagers as witches to ensure their compliance and kill co-operatives dynamisers and MPLA activists in the central Highlands. As for FNLA, who reoccupied the Congo kingdom manu militari, it had no control over refugees who came back to the country and rebuilt their former villages with no contacts with FNLA (e.g., Heimer, 1980: 127, 258); Kikongo who tried to set up a local MPLA group near Uige were prevented to do so by FNLA threats of physical violence (e.g., Heimer, 1979: 62, note 255); nevertheless the massive exodus of Kikongo and Ovimbundu working in towns reinforced tribalism and favoured the tribal claims of the two movements (as Heimer argues as well, op.cit., 73, note 295).
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armies of the so-called nationalist movements which during 1974 and 1975 expanded with the support of foreign powers (e.g., Marcum, 1978, Hodges, 1976 and Wright, 1994).

As abandoned firms paralysed, the issue of nationalisation entered into the agenda. Although nationalisation is dealt with below, it should be stressed that the TG rejected any state action to deal with the firms' behaviour and problems (e.g., Cahen, 1985: 13). FNLA and UNITA declared against nationalisation and relied on flying private enterprise and foreign investment to set up the post-colonial economy, and it seems, to solve the crisis. Still, both had nationalisation goals inserted into their programmes, an example of nationalist movements rhetoric. The so-called left-winger MPLA had the less radical programme on the issue and, as for the 1975 concrete problems, seemed to have no clear ideas. UNTA demanded "workers participation in the economic and social management of the country" (Cahen, 1985: 16), but did not fight for nationalisation.

The factors referred to above led to the fall of the TG which took no serious measures to face the economic and social crisis. Moreover, given the FNLA/UNITA bloc within the government, it took repressive measures against the social movements, thus becoming a barrier to their demands and the solution of the crisis. After its collapse in August 1975, and when the state was thus managed jointly by the colonial authorities and MPLA, a flow of legislation proved that one of the main reasons for the TG inertia was the FNLA-UNITA bloc. Late measures to face the crisis, such as the 'take-over of banks', the intervention of the state in abandoned enterprises,
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and the reorganization of spaces left empty by the flight of settlers, for example the creation of co-operatives. State bureaucracies smoothly 'Angolanised' by the flight of civil servants, were also fast in initiatives, either to support popular demands and/or to control the self-managed institutions created by urban social movements.

On the transitional period we may conclude that the 70s restructuring of the metropolitan power enabled, as it did in the past, the demands and initiatives of the peripheries to flourish, providing a social base for change. But, as in other countries, attempts towards a socialist path had always to face wars and/or ruinous boycotts, which reinforced state role, authority and apparatuses, instead of empowering people to develop autonomous initiatives and choices. The restructuring of Portugal, as its empire disintegrated, changed its role in Africa. The function of regional police was allocated to apartheid South-Africa whose 'late colonial war' against Angola had as a consequence, among others, the progressive exhaustion of people's conquests, as the post-colonial state consolidated to face war.

2.3. Conclusion: social groups, formation and interests

To understand the different projects of change adopted in post-colonial Angola and their dynamics, there is a need to describe briefly some of the most important aspects of Angolan social structure at independence and the impact colonialism and the different forms of integration in the world system had on the formation and consolidation of these groups. This description is a conclusion of Part I, as it aims to enlighten the patterns of continuity and change in the dynamics of the relationships between colonialism and Angolan societies.

Elites and bureaucracies

The former national bourgeoisie, inaccurately called 'petty bourgeoisie, originated in the African aristocracy which was progressively integrated within the colonial society as colonialism expanded. This group enjoyed a relevant status during the so-called 'Creole periods'. The main patterns of the economic path of this social group have particular features. Firstly, it held political power over African population and economic power grounded on the control of hinterland slave
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trade to the international network. Later, there was a loss of formal political power, with maintenance of informal control over peasants, and progressive change of patterns of control of trade with harsher competition from settlers and change of commodities, integration in farming (for example, coffee plantations), and progressive integration of part of this bourgeoisie in colonial state apparatuses. The third stage was that, as colonialism became more oppressive by the end of the 19th century, with the constant 'Europeanization' of state apparatuses and other social spaces and the progressive occupation of land by settlers, a process of decay set in among the Angolan bourgeoisie and this was reinforced up to the 1970s. By the end of the 19th century, and early 20th, this group produced the essential elements of the Angolan nationalist programme, creating the very concept of Angolanity and led different forms of protest, urban and peasant, against the expansion of colonial relations. This was especially the case where its interests were directly affected, as in the case of expropriation of land, discrimination in jobs and access to education, ban on trade, etc. In the fourth stage, after the emergence of fascism in Portugal, the discriminatory policies and political repression reinforced the process of decay of this group, with progressive loss of ownership of means of production and other property, leading simultaneously to a radicalization of part of its components and to its rupture into to ideological groups: 'reformists' and 'radicals anticolonialists'. Although this divide initiated in the 19th century, it would have a significant political impact from the late 1940s, when nationalist ideals began to be structured in terms of struggle for independence. Finally, while sections of former aristocracy and bourgeoisie participated in armed and underground struggle, making up the majority of MPLA leadership and one of its revolutionary components, other segments were co-opted by colonialism when it banned the 'natives system', retaking its reformist patterns and becoming enabled to lead a neocolonial project in case the country reached independence.

This social group, which elaborated different projects of change along a century, has shown, either the 'radical' or the 'reformist' components, a remarkable capacity of survival and leadership and was able to keep power in the post-colonial state and to make the alliances necessary to its survival. In the so-called process of class formation in Africa (Kandeh, 1992), this group does not appear as a class in formation but a class in transition. Indeed, this class has,
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notwithstanding its social and ideological internal conflicts, homogeneity and endurance of status as dominant class. The generalised perceptions of this group as 'petty-bourgeoisie' obscured this status (and the very analysis on the Angolan society) and future perspectives of the group. The latter is in transition in the sense that, having lost the ownership of production means as a result of colonialism, it maintained the political foundations (including superiority of knowledge [a mean of production], political projects and control of political movements), of access to this ownership in the post-colonial society (either in its capitalist or socialist variants). After acquiring a substantial experience of control of the means of production during the so-called 'socialist project' and 'centralized direction' of nationalized industries, this group is presently in transition to the formal ownership of private of means of production. The projects of the different components of this group changed during the post-colonial period studied. However, the elites whose origin was outlined above are not the classes which the post-colonial state has the function to constitute as a new social group (the process of class formation within the state). Due to this reason, the attitudes and policies of this social group within the post-colonial state differ substantially from other social groups which were formed (or will be formed) within the post-colonial state. Concerning the latter, on which a part of UNITA social base may be included, urban elites are already (historically) advanced.

Poor peasants, chiefs and agrarians

In the other bottom of the Angolan society, there are the subsistence peasants. The autarky of this social group, and its social structures, were always shaken by the wars for centuries affecting the different regions of the country. Peasants always were the major victims of war: from the remote times when they were targets of slave raids, to the periods of capture of forced labour, to the military operations during the independence war for their resettlement in strategic hamlets, till the raids of the post-colonial wars to serve as conscripts in the UNITA army. From the economic standpoint, this group formed a 'subsistence economy' in some cases in successive regressions of the mercantile economy (or its embryonic forms) as a result of the restructurings of colonialism, which arose in war or revolts contexts. In a first stage, the structures of the subsistence economy were shaken by the increase in slave trade during the
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Atlantic phase. Later, by the expansion of colonialism with consequent summarization of Angolan political and social units, settlement and expropriation of land. The consequences were: i. the proletarization of part of this social group who, as forced labourers or non-skilled migrants, would partially originate the working class, and, ii. their progressive underdevelopment and economic and social marginalization, with growing isolation and poverty. Poor peasants always have been a 'reserve army' for the most diversified economic and political interests. They participated in revolts and wars, they were called to produce for the market when necessary and were back to the subsistence economy when their integration in the market was not convenient for other social groups (such as poor settlers). Given the social structure of the subsistence economy, including its own labour division, this group in Angola demonstrated a certain 'availability' for participation in revolts and wars, having created an 'warrior' tradition when its interests are affected, for example by land expropriation, or generally, by attempts of enlarged control, political and economic, either by the first periphery or the centre (e.g., Hyden, 1987). Peasants constituted the social base of the struggle for independence, that is, the struggle for a restructuring of the first periphery and its articulation with the second periphery (ies). Simultaneously, they created their own movements which contributed to increase the tensions within the peripheral subsystem (that is, the national space). Angola is thus a country of constant peasant rebellions, expressed by different forms such as messianic movements, social banditry and armed struggle, local or generalized. In the past and in the present, all political movements resorted to poor peasants to forward their struggles. This means that every political movement is highly indebted to peasants. The destruction of peasants economy, the starvation crisis and the massive inflow of peasants to towns have a significant impact on the changes they have undertaken in the colonial and post-colonial societies.

Between subsistence peasants and waged labour and the elites are the so-called 'agrarians' who could be characterized as a rural and trading 'petty-bourgeoisie' if we took paradigms not necessarily coincident with the organization and relationships of this social group in Angola. The small farmers group selling to the market with a certain stability is organically linked to the small traders group, sometimes in terms of gender division of labour within the extended family and
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specialization of members in the organization of the marketing networks linking towns and countryside. Thus the two groups are not approached separately here. Agrarians, as they appear differentiated from poor peasants, were the survivors of expropriation of land (for example, the coffee farmers in Uige and Kwanza-Norte) or the victims of expropriation who managed to become self-employed (including small traders), avoiding forced labour and even waged (free) labour. Given their links with the marketing networks (and thus the urban component), agrarians had some kind of leadership in peasant societies and historically acted as mediators in the relations between the first and the second peripheries. This political and economic role of agrarians generated serious conflicts with the colonial state which until the 1970s not only prevented their access to state bureaucracies, except in the areas of 'natives control', but also caused their progressive ruin in favour of poor settlers in the competition in farming and the hinterland trade. Conflicts motivated the integration of agrarians in nationalist movements, where often they played their mediatory role.

Agrarians had as a goal the takeover of the post-colonial state, which many attained given the 'upwards mobility' policies of recruitment and promotion which prevailed until the intervention of international financial institutions in the late 1980s.

The working class

The availability of free land in Africa (Hyden, 1987, Shivji, 1986) and the instability arising from restructurings of the colonial semiperiphery and the role of the Angolan first periphery, meant that the Angolan working was essentially a semi-proletariat, with some minoritarian segments of stable proletariat.

The scarcity of labour, resort more or less intensive to non-economic coercion, non-permanent work, migration, labour mobility and low wages are constants throughout the history of Angolan labour. Equally constants are the changes in the structure and skills of labour according to the centre's needs: i. slavery in plantations, trade, porterage and domestic services, ii. forced labour in agriculture, mining, building, fisheries and army with free labour in the bureaucracies (state or not), services and industry (initial stage of the first restructuring of
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colonialism), iii. forced labour in the same sectors with de-skilling in the areas where competition with poor settlers emerged ('agrarian fascism'), iv. covert forced labour in agriculture and re-skilling in the import-substitution industries, services, small cash crop agriculture, bureaucracies and army (colonial reformism), v. re-skilling in bureaucracies, trade, import-substitution and extractive industries and services ('statist socialism'), and vi. de-skilling meaning at the lower level a return to subsistence agriculture after unemployment (post-colonial reformism).

Angolan workers responded to the violence of change they endured as a result of the restructurings by different forms: i. changes of jurisdiction, for example migration to towns or to neighbouring countries, ii. rebellions and social banditry during the stages of slavery and forced labour, iii. legal demands at the workshop (periods of civil liberties), iv. passive resistance, refusal to accept forced labour followed by migration, exile, rebellions, messianic movements and sports and cultural associations (fascism), v. participation in the independence war and creation of unions in exile, vi. economic demands supported by strikes and pre-unionisation (liberties periods after 1974). In Angola there were as well the forms of workers protest in Africa referred to by Cohen (1980): disobedience, flight, syncretic movements, revolts, sabotage, drug use, theft and managers misinformation. The struggles of the Angolan working class had usually the patterns of self-organization, except for their participation in the armed struggle.

Summarising we may conclude that at independence aristocrats and landowners had become bureaucrats divided in reformists and radicals. Low level chiefs (corresponding to reduced territorial units) and free men had become small farmers and traders, 'agrarians' when the ideological dimension is added. Slaves, subsistence peasants, ruined small traders and farmers had become permanent and non-permanent working class, part of the traders in the informal economy, 'radicals' and 'agrarians' when the ideological components are added. All these social groups had

102. The overall picture of the Angolan society in the 70s was summarized by Heimer. "(but in the 70s) the boundaries between tributary societies and the central society (became) much more permeable. Not only it became easier for individuals to pass from the former to the latter, but some tributary societies had also become partially absorbed into the central society. ... One of the ideological consequences was that, for the first time, important numbers of Africans in the central society (and not just small segments) had begun to think of themselves as Angolans instead of, or, more frequently, as well as, members of a given ethnic group (identified with one or more tributary societies). A similar process occurred with a significant minority of whites, mostly among those born in Angola or who had lived there for decades. And even in an increasing number of tributary societies, a kind of 'secondary identification' with Angola as a whole began to take place ... (the process of abolition of intra-societal boundaries would mean) essentially a long-term transformation of the contradictions within the Angolan society. According to the logic of this transformation, class cleavages would become paramount (with racial and ethnic cleavages becoming of secondary importance and eventually disappearing) ... (and tributary societies would) become just 'underdeveloped rural areas' ... following the example of Latin America." (1979:9, 14-15).
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diversified expectations on the post-colonial state and society. The movement which would take power in 1975 would have to respond to their expectations within the 'great collective dream of independence'.

CHAPTER 3
MODELS OF SOCIETY AND POLITICAL STRUGGLES

The PRA was born in war and with a substantial part of the territory occupied in the north by the Zairian army (supporting FNLA and assisted by North American and British mercenaries and RSA military) and at the centre/south by the RSA army, supporting the coalition of UNITA and FNLA. Both proclaimed the DPRA in the date of independence. This difficult emergence conditioned all the Angolan political process, besides jeopardising any project of social and economic development in the country. The fifteen years immediately following independence were marked by foreign aggressions, often by proxy UNITA, and international interference in internal politics, from the Reagan 'linkage' scheme to the agreements for the adoption of a given constitutional framework which included the Western 'standard form' of organising society.

The effects of successive foreign aggressions, mainly of apartheid RSA or led by this regime, on the resources of the country and expectations of the people, went beyond the loss of thousands of human lives and material costs.\(^1\) Destruction of any built or rebuilt facility.\(^2\)

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\(^1\) There are many references to the costs of RSA and UNITA war against PRA: i. 15% of the population was displaced (about 1.5 Mn individuals) and there were in 1990 about 40,000 disabled by war (South, June 1990, 79); ii. the war material costs are about USD 15 bn (Público, 4.11.1990), while in 1985 they were already estimated at USD 7.6 bn, not including the estimates for the costs of the 1981 RSA invasion (Mário Nelson, 1985: 48); iii. according to an UN report (ECA) the GDP loss from 1980 to 1988 was 600% of the 1988 actual GDP and in 1988 the loss for the year was 90% of actual GDP. The same report, on the SADC region, states that the region’s output in 1988 would be 40% higher if there was no RSA hostility and the key targets of RSA attacks had been the SADC transport links, both internal and with the outside world. UNITA had a role in the implementation of this RSA policy: in 1985 the costs of attacks to the Benguela Railway (CFB), led the company to owe to the central bank USD 160 Mn, of which USD 90 Mn debts contracted from independence (Mário Nelson: 1985, 46); Zaire and Zambia also had to bear increased costs to use more expensive RSA railways for their copper exports (see, e.g., Hodges, 1987: 27). The transport by air to supply, for example, the Angolan central Highlands are not included. RSA goals are listed at the UN report as: i. external strategy in defence of apartheid, ii. to impose economic dependence of Frontline states on RSA while iii. providing "economic sweeteners such as soft loans, to countries further afield in order to divide Africa in the question of relations with apartheid" (quoted in AED, 23.10.1989).

\(^2\) RSA or proxy UNITA economic targets were, e.g.: the sabotage of the Luanda oil refinery in 1981 (52 [6], Novembro, 1982, 12-13) whose repair costs amounted to USD 20 Mn (Hodges, 1987: 34), the attempt of bombing of the Cabinda oil fields in 1985 (Hodges, 1987: 17) and the attack to Ambizi oil producing zone in 1991 (targeting the facilities of Sonangol, Chevron, Conoco and Bouygues Offshore, Público, 12.2.1991); the bombing of the iron ore mines at Jamba (not the UNITA one) in 1982 (AED, 21.5.1982); the destruction, from 1984, of high-tension pylons of power line from Cunambi to Luanda and transformers, leading to the paralysation of the town's power and water supply and industries using these inputs (e.g., AED, 12.11.1984); attacks to the diamonds mines from 1983, area of the concession of Endiarna, a PE, formerly associated to De Beers/Anglo-American and later to the RST (e.g., AED, 27.4.1984, 8.6.1985, 11.9.1989); destruction in 1983 of the cellulose factory and power plant Lomua, supplying Huambo, Cubal and Benguela, with related shortage of power and water at Alto Catumbela (e.g., AED, 18.3.1983); estimates of costs of loss of manufacturing production resulting from the Lomua attacks were, for example, about USD 75 Mn (Hodges, 1987: 34); in 1990 UNITA destroyed 178 high-tension pylons of power line, three hydroelectric dams, two oil reservoirs, four oil pumps and sabotaged three water conduits (Público, 27.11.1990); in 1991, from January to March and according to Angolan military sources, UNITA destroyed 14 railway bridges, 13 water pipes and devices and 3 diamond laundries at Lunda Norte, and made as well 40 military actions against UN supply routes, 167 total operations causing 700 killed, 70 prisoners and had 200 deserters (Público, 23.3.1991); many UNITA attacks were followed by the kidnapping of expatriate workers, including foreign missionaries, to terrorise them and increase the costs of foreign labour (Público, 18.4.1991).
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diversion of resources to defence,\(^3\) failure of projects caused by factors such as shortage of resources or insecurity, exhaustion of a starving population permanently under threat, all this led to the disenchantment with the very project of independence as well as the loss of the people's self-confidence to decide its own future.\(^4\) In short, these processes led to the necessary conditions for the implementation of a neocolonial project, which, at least at the level of intentions, was rejected by MPLA when it took power.

Still, while the war of conquest of the national territory and expulsion of foreign armies, with the support of Cuba and the USSR, developed (the 'great humiliation' UNITA would try to revenge in the 90s) the new Angolan government tried to implement its project of change of society.

3.1. The project of change implemented from 1975 to 1977

The project of change adopted in 1975 indicated a nationalist and socialist path of development. It resulted essentially from the following factors. Firstly, the MPLA Programme during the struggle for independence, dealing with matters such as the grant of land to landless peasants and the nationalization of energy resources, to respond to expectations generated during the struggle. Secondly, the dynamics of armed struggle against colonialism and the experiences of creation of pre-state structures. Here, the strength of military apparatuses, embryonic forms of popular participation in decision-making, reinforced by a certain egalitarianism and a providentialist ideology concerning health, education, should be emphasised. Thirdly, the very internal dynamics of MPLA which had as a consequence that by 1975 its leadership was composed mainly by non-orthodox Marxists from the 'Presidential' wing. Fourthly, the vacuum created in the economy, in enterprises and the public administration, by the flight of settlers and

\(^3\) For example, the 80s declared defence and security expenditure raised from 29.6\% of total government revenue in 1982 to 43.7\% in 1985 but "no data are published by the government on the foreign exchange costs incurred for purchases of military equipment, though a rough idea of the scale of military imports can be deduced. According to the Ministry of Planning, global imports in 1984 amounted to ... USD 1.42 bn while the non-military imports recorded by the MFT amount to ... USD 827 Mn ... these figures suggest military purchases at about USD 600 Mn, accounted for 42\% of total imports in 1984. Similar calculations for 1985, based on provisional figures, imply a rise in military imports to about USD 720 Mn, equivalent to 53\% of total imports (USD 1,384 Mn). Most of military equipment has been bought to USSR, though some weaponry also came from France ..., Spain ..., and Brazil. Soviet credits to finance defence equipment sales account for the lion's share of Angola's USD 2.06 bn (disbursed and undisbursed) debt outstanding to the USSR at the end of September 1985. This debt to the USSR accounts for two thirds of Angola's total external debt, but, fortunately for Angola, credit terms have been generous." (Hodges: 1987: 35).

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educated Angolans. Fifthly, the achievements of the social movements which emerged in 1974-1975, which resulted in democratic structures, as the CTs, the NPCs, the school management committees, etc, which these movements demanded to be institutionalised. Lastly, the war, the internationalization of the Angolan conflict and the need of support from the socialist bloc.

At independence MPLA had become a movement with a strong popular base, a coalition of diverse social groups ranging from the peasants of the subsistence economy to the nationalist technocracy of the colonial administration and the anticolonialist intelligentsia of the country.

3.1.1. The expectations of the different social groups

All Angolans expected from independence better living conditions and social improvement. In urban zones these expectations were better known since they resulted either from within MPLA, which mediated the demands of the different groups composing it, or from the 1974-75 social movements. Later some information of the poor peasants and agrarians was acquired, grounded on their reactions to policies, sometimes quite different from the predictions of policy-makers, and their own economic and political behaviour.

It may be assumed, as some information arose from the policies and their implementation, that there were the following expectations on change. Firstly, the urban elites were, by the end of the 1970s, split into a radical group, socialist-oriented with a diversified range of models of economic and social development, and a reformist group, which stood for a capitalist and eventually neocolonial project. Both groups aimed to control the state but for different reasons. Many radicals advocated the 'statist' framework dominant in the 1970s, a "poisoned chalice", in Clarke's words (1990: 29). Reformists looked at the state as a form of political domination, a source of accumulation and privilege, aiming at a 'patrimonialism' (e.g., Kandeh, 1992, and Ghai, 1993), or, as later happened, a mean of accumulation for the formation of a national proto-bourgeoisie. In a certain way, this meant return to their previous status before the colonialist offensive of the second half of the 19th century.5

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5. See sections 2.1., 2.2. and 3.2.-5.
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The expectations of waged labour were essentially economic: better wages and working conditions, access to education, upwards mobility, and generally better living standards. Although having created their base democratic structures enterprises, workers did not demand workers control, except for a small number of working class elites, as to some participation in management committees meant upwards mobility. Thus, the demands made later of enlarged working class participation at top level were more the result of the model adopted and the expectations of some segments of the working class, especially the unions leadership, than properly arising from the grassroots.⁶

Peasants expectations also concentrated on better living standards and working conditions. Around land there were many expectations, especially the solving of problems resulting from land expropriation and in some cases, expectations related to the control of traditional territories. On the organization of work, it seems that many preferred an organization according to their traditional patterns to the entrepreneurial ones while aiming at a decrease of the painful character of manual work. Poor peasants did not make significant demands of participation in decision-making at the central and provincial levels, and when this kind of demands arose they resulted from initiatives from agrarians (acting as mediators between central government and the MPLA leadership in a framework of balancing of ethnic and social components) and not from significant pressure from peasants.⁷

From the standpoint of the initiatives which they developed through the 80s, we may conclude that better living standards attained through upwards mobility and the control of the state were the main expectations of the small farmers and traders group, or at least of their leaders (agrarians). The latter's conceptions about the state conflicted openly with those of the urban elites, whether radicals or reformists. Agrarians approached the state as a resource in itself, with its apparatuses and sources of accumulation and privilege; they did not distinguish between state and private property and between state property and the assets of its leaders and workers. Also,

⁶ See subsections 2.2.1., 3.4.4. and Chapter 5.
⁷ See Chapter 6.
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when in senior posts they considered civil servants, or the employees of PEs, as their own employees. Agrarians had access to the state apparatuses from independence grounded in 'revolutionary legitimacy' and became the social group who was capable of making the most successful 'alternative use' of the central command economy.  

The so-called bureaucratic petty-bourgeoisie, found at the lower levels of the state hierarchy during reformist colonialism and in a less significant way in firms, has always been a stronghold of nationalism, most of them with MPLA membership. The main expectation of this social group was to replace settlers within the state and firms. From 1974 there were fierce conflicts, grounded on ethnicity and nationality, within state apparatuses between the Angolan and the Portuguese bureaucratic petty-bourgeoisies. A target of the MPLA campaigns against the "ambitions of the petty-bourgeoisie", aiming at the urban elites and not the actual petty-bourgeoisie, this group appears as the 'big looser' of independence. Although its demands of upwards mobility within the state, and for access for assets such as state housing, were met, its living standards deteriorated as the years passed. An exception are the segments of the

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8. Many agrarians ground their social position either on connections with low-grade chiefs, to whom they may relate by family/clan ties, on 'revolutionary legitimacy', that is, their participation in the independence war, or, lastly, on their superiority of knowledge towards illiterate peasants (a contempt for the poor they share with reformists). Agrarians have a populist speech, appealing to peasants identities and, simultaneously, a non-egalitarian approach to individuals. Indeed, in the local agrarian ideology, children, youngsters, women, soldiers, servants/kin or just people with no access to some kinds of knowledge (for example, the illiterate) should submit to the unlimited power of the 'chief' (either the traditional ones, the military or the party-state local rulers, or even the 'elders'). Thus, in agrarian ideology the ruled are not entitled to rights but eventually to the chief's benevolence. Defending, openly or not, the maintenance and application of tradition, including a covert tribalism, agrarians have a conception of state which make them one of the most corrupt components of bureaucracies since they approach the state as a property of chiefs, where they do not separate functions. It has been essentially through agrarian connections within the state that African traders succeeded in smuggling goods to the informal economy, jeopardising any (unrealistic) attempt at proper rationing, while simultaneously their activities in the countryside created serious problems for the co-operatives movement. Still agrarians approach any to control of their activities within the state as aggression. A recent and well-known example of MPLA agrarians is the so-called Catete group, the most sophisticated segment of Mmbando agrarians, claiming additional legitimacy since they come from the region of origin of President Nato. A section of the members of this group were purged from the party in the mid-80's because they had set up private farms in many cases using the resources of PEs over which they had, due to their positions within the state, some kind of control powers, while using badly paid (when paid) labour. Indeed, when using kin or village 'subjects' labour, quite often agrarians do not pay labour, approaching labour supplies as a result of 'serfdoms': thus agrarians are called, in new Creole jargon, the 'feudals'. Agrarians are quite keen in keeping the instituted secrecy (see subsections 3.4.5. and 4.3.2.) and use it as a means to manipulate people; communication of relevant information is not a right, but a gift from the chief to the subordinates, who become linked by sharing secrets; the latter, as they are not controlled, often are deliberately false. See, e.g., subsection 5.3.2. (requisition') and Chapter 4.

9. The vacuum created by the flight of settlers, including civil servants, was filled by 'upwards mobility' of non-whites, coming from "the low and intermediate levels of petty-bourgeoisie and a part of proletariat" (Heimer, 1980: 91). From the transitional period legislation changed colonial rules on recruitment, e.g.: Dec. no 65/75, allowed the filling of posts in public administration by civil servants of the lower levels, without the requisites demanded by colonial legislation and Dec. no 142/75, reduced educational requirements for access to posts in the civil service.

10. MPLA reacted, with no success, against the trend: "in the urban centres petty-bourgeoisie, heir as channel of incorrect conceptions bequeathed by colonialism, generally assumes ... opportunist practices reflected in an enormous ambition of prestige and rush to command posts. ... It is necessary to fight the petty-bourgeois vices and ideas demonstrated within the Angolan working class, by developing an intensive political work and organising campaigns of ideological struggle against all the capitalist trends." (Politburo Declaration, as quoted in JA, 9.11.1976).
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bureaucratic petty-bourgeoisie who allied to traders of the informal economy either in the embezzlement or in the unlawful use of state assets, as well as those engaged in bribery.\textsuperscript{11}

3.1.2. The organisational components of the post-colonial state

The structure of the post-colonial state, with the wide functions and objective base described in this work, was formed in the framework of the expectations and struggles of the different social groups. During the independence war and in the transitional period two types of structures were created which would play a significant role in future developments: the pre-state structures of the guerrilla and the different forms of organization of people's power in 1974-1975. To these elements of the post-colonial state should be added the apparatuses of the colonial state (approached as organizations and processes). Having dealt with people's power in the previous chapter, the other two organisational elements are dealt with below.

The structures of liberated zones

The experiences of creation of pre-state structures during the war of independence accentuated the supremacy of the military apparatuses in all the movements involved in the armed struggle. Peasants were the social base of all these movements, and all resorted to traditional forms of power for recruited members or even as organisational point of departure. MPLA has been the only movement where the filling of leadership posts went beyond the traditional pattern 'aristocrats, small farmers and traders'. All the movements involved in armed struggle had authoritarian patterns of leadership, especially FNLA and UNITA 'supreme chiefs'. Among these three organisations MPLA was the only one to establish a more democratic organisation in liberated zones and only in this movement was authoritarianism challenged,\textsuperscript{12} probably due to its larger and more diversified social base, as well as the dispersion and variety of the forms of its 'loose organizations'.

\textsuperscript{11} See section 5.2.

\textsuperscript{12} For example, it appears that MPLA developed authoritarian patterns of decision-making at the top, with the president as the paramount figure (e.g., Ramos, 1991: 13), while keeping a relative degree of democracy in the base.
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The guerrilla tradition was, firstly, of self-organisation in the different bases of MPLA military regions given the difficulties of communications. The organisational forms varied from region to region, with a very wide autonomy in the 1st Region. The latter was surrounded by the colonial army and FNLA and was led by political cadres, who were simultaneously military, sent from the MPLA bases in neighbouring countries to reorganize peasants after the white counter terror in the 1960s. Peasants who took refuge in the forests rebuilt their clandestine villages which in some cases managed to keep in touch with each other. MPLA cadres organised defence, run schools and ensured some health assistance. The essential pattern was self-organisation, the integration of the guerrillas in this organisation and isolation for a long time (Ingo, 1983, [72] 60-1, [73] 60-1, [74] 60-1 and Ramos, 1991: 13).

In the Eastern Front, opened in 1966, there were attempts to achieve a larger integration of the military and peasants, of intellectuals and soldiers. In this Region were created CIRs, which were bases where guerrillas were often recruited after negotiations with chiefs of the region's villages and went under military training together with literacy and political education (Ramos, 1991: 11, Minter, 1988: 10-14, Freitas, 1975: 141-42 and, generally, Davidson, 1972). In the villages near CIRS there were 'action committees', the base structure of MPLA, whose leaders were elected by the people before military operations began. It was a democratic innovation in peasants formations which contrasted with the authoritarian patterns of the colonial 'natives' regime. MPLA would later to apply this process of selection of its members (approval by an open base assembly) in towns (Davidson, 1972: 277, 267). The organization of power structures in the areas under the control of the guerrilla continued to have patterns of self-organization, led by the guerrillas, given the isolation and difficulties of communications. The attempts to control this process by the MPLA leadership, and conflicts between the military and the political wings, led to changes in the criteria of selection of military leaders, who should have simultaneously political and military merit and combined the military posts with the political leadership of the zones where they operated (Davidson, 1972: 280-82, 333-39, Marcum, 1978: 198-205 and Ramos, 1991: 10).

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The organisation of the MPLA liberated zones was characterized by a certain experimentalism, where there were attempts to "learn from mistake" (Davidson, 1972: 284 and Neto, quoted in Marcum, 1978: 199-200), by the autonomy and by the small dimension of the different organisational units. The image of life in the bases which reached us show small communities where poverty and risks were shared, the intellectuals among the guerrillas educated peasants, tried to reorganize production, supplied some health care, while fighting colonialism together.

However, later developments showed that democracy at the base in the MPLA liberated zones has been for many participants in the independence war more the result of need to mobilise people than the result of a deliberate purpose towards a deepening of this democracy in the post-colonial society.

When the MPLA guerrillas were integrated in towns, the model of 'units of small dimension', experimentalism and some degree of egalitarianism worked for them as a standard. But the model conflicted with the 'management of macro variables' by the state and the superstructure of centralized direction which was implemented. The organizational patterns carried by the guerrillas were thus diluted within the post-colonial state. The consequence of the defeat of the guerrilla patterns, as well as people's power's, was the progressive centralization of decision-making and related authoritarianism dealt with below. At the same time, it meant the progressive marginalisation of all these who represented a more democratic, or less authoritarian, project than the model implemented within the framework of central command of statist socialism.

The colonial state

The colonial state of the period immediately preceding independence was characterized by authoritarianism, serious restrictions of rights and freedoms, the resort to military means to solve conflicts (the colonial war) and the economic interventionism to guarantee forms of trade exploitation of and capital penetration in the colony (that is, the relations with the centre). A given degree of state intervention was always used in response to the shortage of capital (metropolitan
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and local) and of other factors such as labour. During the period which preceded fascism, the colonial state ensured the supply of labour, the conquest of land, the building of infrastructures, while simultaneously encouraging settlement of Europeans, acting as a mediator between metropolitan and foreign investment and protecting metropolitan industries.

The performance of these functions gave rise to mixed state bureaucracies. As the colonial state fostered the emergence of an African bureaucracy, from the 1890s there was a trend to discriminate against Angolan personnel, by gradually raising the educational requirements for access to the civil service. It became impossible for many Angolans to get posts since there were almost no schools in the country supplying formal education for the necessary degrees. Discrimination against Angolans in the civil service was furthered during the 'agrarian-commercial' period of fascism. Under racist discrimination, the Angolan bureaucracies began to differentiate themselves from the metropolitan ones and became the promoters of new forms of protest.

During colonial reformism, the state continued to supply labour, notwithstanding the formal abolition of forced labour, to build infrastructures and to encourage settlement and occupation of land by Europeans. While promoting the war against nationalist movements, the reformist state rationalized interventionism by controlling a wider set of economic flows (foreign trade, foreign exchange, foreign investment, access to natural resources, etc), and controlling (restricting) competition through the licensing schemes. As in the past the colonial state ensured trade exploitation, while the function of guaranteeing significant capital penetration was emphasised during reformism. The reformist colonial state also used direct intervention in the economy mainly by shareholdings in mining companies and financial institutions (the relationship with the centre of the world system). Under pressure to grant self-determination to the country, the colonial state promoted from the early 1970s an administrative reform decentralizing decision-making in the colony, searched for alliances with some strata of the African population and made some investments in education and health.

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The economic apparatuses (from the planning authority to the licensing boards and a set of promotional bureaucracies such as ERA), to perform their functions in a situation of shortage of expertise became more liberal than other state institutions, local or metropolitan, in the recruitment of personnel. They thus resorted to antifascist and anticolonialist experts, as well as to Angolan elites, especially the traditional Creole families. These patterns of recruitment seem to have influenced economic policy, for example the agricultural policies, leading also to conflicts when colonial domination reached certain levels (e.g., Heimer, 1979: 19).

Local economic bureaucracies, mainly 'developmentalists', experienced their own 'great divide' when independence was foreseen in 1974, between those for a socialist and those for a capitalist model of development. The former remained in the country after independence and enlarged the 'radicals' group, while the latter fled with settlers. The collapse of the so-called socialism in the late 80s, brought back to the country many former members of colonial bureaucracies, some fronting for a wide range of foreign investors and associating with reformists and/or the emergent comprador bourgeoisie.

Colonial reformism enabled the indigenous state bureaucracies, weakened and discriminated against from the late 19th century, to return progressively to the colonial state and be capable to exercise power after independence. The interventionist tradition of bureaucratic power reached its highest level under 'statist socialism', which was, in a certain way, a continuity of former state practice and organisation. The reorganisation of the state after independence sharpened the conflict between the heirs of the colonial bureaucratic tradition, who, whatever their ideologies, had in common the centralised and hierarchic form of organisation, and the carriers of the 'guerrilla', which reflected as an approach to the structure of the state the 'small is beautiful' of isolated villages in liberated zones.

3.1.3. The roots of statism

In 1975 not only MPLA was the single force dominating the state (what was left from the disintegration of the colonial state), but also the state was one of the rare social spheres capable of responding to the problems of society. The collapse of the productive apparatus and the colonial
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institutions left very few alternative spaces given the fragility of the structures, economic and political, which emerged from the 1974-74 social movements and had no time to consolidate themselves, and the conflict which quickly came to surface between guerrilla structures and the post-colonial state, dealt with below.

The economic demands of all social groups centred in the state. In the latter many apparatuses, notwithstanding the massive flight of civil servants, kept the same organization and practices, while the overall dimension of the state was substantially enlarged by the extensive nationalization of abandoned assets. It became thus the main source of accumulation and upwards mobility. Indeed, statist conceptions, added to the goals of social promotion generated during colonialism and barred by the restrictions on the access of Africans to the civil service, especially during the natives regime, led to a set of demands of employment within the state and to the progressive expansion of the areas of intervention of the state and its apparatuses.

Statism had thus in Angola, given the overwhelming situation of non-ownership of means of production by the elites and the people, as well as the weakness of the civil society, an objective base to its expansion. The control of the state (central and local) was for a large period the main goal of the different social groups which composed the MPLA coalition. Struggles did not appear as against the state, save in isolated cases. They even did not appear as a competition among different social forces through diversified forms of political mediation. The state became thus a space for social struggles (e.g., Clarke, 1990a) - from the late 70s social struggles took

15. Firstly, the social movements were not capable, during their period of autonomy, to coordinate their activities (Caban, 1985: 11). Although attempts were made, even at the level of post colonial legislation. So, when repression, legitimated by the single-party control of all social organisations, together with direct repression of members of the movements, undermined their gains, none of these movements were capable of defending themselves from the growing interferences of the party and state. Secondly, because within the pre-established 'official' movements scheme, workers, students and neighbours had necessarily to link themselves to an 'official' movement, here the MPLA they could not cut these links and pursue an autonomous path and self-defence in the post-colonial conditions. The presence of FNLA and UNITA, and foreign intervention, also contributed to the loss possibilities of self-development of the social movements referred to. Indeed, many political, economic and social conditions prevented citizens from pursuing a proper struggle for their rights during the period studied. For example, as RSA invaded the country, or as citizens had to queue to fight for food to survive, there were little opportunities to raise democratic demands.

16. "The utilisation in Angola of a Marxist rhetoric to ground an accelerated indigenisation of the administrative apparatuses and the generalised nationalisation of economic activities originated and mainly served to legitimate the ambitions of rapid social promotion. With the same goal the status of freedom fighter was invoked, so perverting the recruitment criteria to all decision-making posts (a procedure today gauchoely retaken by Savimbi in his comments criticising the shifts of Angolan cadres)." (Pena Pires, Público, 24.9.90). As enterprises were paralysed and their workers facing unemployment, the demand for posts in the state substantially increased; on the other hand, agrarian members of the bureaucracies, within the extended familial/kin loyalties, reinforced these trends by recruiting a substantial number of personnel even breaking the new legislation which lowered the requirements (for example, m.o. no 33/76, Finance, repealed abuses in the filling of posts at customs without respecting the educational requirements for the posts). See Chapters 4 and 5.

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place within the state, either for the control of its repressive apparatuses, of the economic administration or of top decision-making organs.

As this stage of development of the Angolan state is today substantially overcome, it is interesting that UNITA wages the present war demanding the control of, or at least substantial participation in, state apparatuses, especially the economic and repressive ones, given its incapability, demonstrated by the defeat at elections and war which followed, in controlling the state through forms of political mediation which in the meanwhile became institutionalized.

3.1.4. The constitutional framework for change

The Proclamation of Independence and the Constitutional Law (CL) resulting from the compromise between the MPLA Programme, the new demands arising from the popular struggles during 1974-1975, and the context of war and single-party power within which PRA emerged. The 1975 CL was in force up to 1991, with changes mainly in the area of organization of the political power. Both CL and the Proclamation pointed to radical change by a socialist path of development: 'complete independence', and not only political independence, as a strategic goal, while asserting the principle of negation of exploitation while the setting up of a planned economy

18. The CL institutionalised the main principles and directives of the Proclamation; the CL was approved by the Central Committee (CC) of MPLA in 10th November 1975; resulting from a revolution, CL contained a norm safeguarding the existing legal order, by maintaining in force all colonial legislation which “do not counter the spirit of the present law and the Angolan revolutionary process” (art. 58, 1975 version, later art. 85). A nationality law was also approved, granting Angolan nationality according to either jus soli or jus sanguini criteria (art. 1/1) and forbidding double nationality (art. 1 2). The frequent changes of CL refer to the part on state organs; in Title I (Fundamental Principles), only art. 9 was changed by the 1978 revision; Title II (Fundamental Rights and Duties), and Title IV (Symbols of PRA), were not changed until the 1991 revision of CL; in Title V (Final and Transitional Norms), new norms were added as a result of the 1980 constitutional revision, and art. 57 (power of the MPLA CC to change the constitution) was withdrawn.

19. On the MPLA Programme, see section 2.2., note 46; as for the political system, the Programme established in 1975: i. “(to implement) A republican, lay and democratic regime for Angola” (point 3/a), ii. “(to adopt) An electoral system based on universal, equal, direct and secret vote” (point 3 d), iii. “The People’s Assembly will be the supreme organ of the state legislative power” (point 3/e), “(emerging) from free general elections; (and) legal political parties will be able to present their candidates in a common or separate lists” (point 3/f), and MPs will have immunity (point 3 h), iv. “The first constitution of the Republic of Angola will be made by the People’s Assembly” (point 3/g), v. “The People’s Assembly will appoint a government of national union which reinforces the union between the different social strata and really expresses the will of the Nation and especially of the most exploited strata, for freedom and progress of Angola and against the political, economic and cultural subordination of the country to foreign interests” (point 3/i); the government “will be the supreme organ of the executive power of the state” (point 3/j), with powers granted by the People’s Assembly to which it is accountable for its policies (point 3 k). Also “guarantee of freedom of speech, consciousness, cult, press, meeting, association, residence, communication, etc, for all the Angolan people” (point 3/a) and “guarantee of protection of the person of all foreigners who do respect the laws in force in the country, according to the Universal Declaration of Human Rights” (point 3/m).

20. Proclamation, 8-10, and CL, art. 1: “PRA is a sovereign, independent and democratic state whose first objective is the total liberation of the Angolan people from the vestiges of colonialism and domination and aggression by imperialism and the construction of a prosperous and democratic country, completely free of any form of exploitation of man by man, realising the aspirations of the popular masses.”
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to achieve economic and social development. While the Proclamation established as a strategic goal the implementation of a popular democracy, the CL avoided the definition of a precise form of state, but the constitutional principles allow to be include in the broad group of 'socialist-oriented systems of the Third-World'.

The CL provided for an unitary state aiming the "common development of all the Angolan nation and the removal of the sequels of regionalism and tribalism". The principle of popular sovereignty was established in art. 2, while art. 3 incorporated in the law fundamental demands of people's power. Art. 2, in fine, provided for the single party regime and established the principle of direction of the state by the party. The constitutional provisions relating to the country's position in international affairs were contained in art. 16, which established the non-alignment principle and art. 14 the principle mutual respect for sovereignty and territorial integrity and non-interference in other states affairs.

The fundamental principles were not changed until the 1991 revision of CL, except the norms and principles on the economic constitution. The latter were altered by constitutional revision of 1978 which incorporated into the CL the directives of the MPLA CC 3rd Plenary Meeting of October 1976, defining a socialist path of development, and the resolutions of the 1977 MPLA Congress, ratifying the 'socialist option'. This choice led to a new content of art. 9, on the statute of means of production. In 1975, art. 9 established

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21. Proclamation, 10 and CL, art. 8: "PRA considers agriculture as the base and industry as the decisive factor of its development. The state directs and plans the national economy, aiming the systematic and harmonious development of all the natural and human resources of the country and the use of wealth in the benefit of the Angolan people.

22. Proclamation. 9: "PRA, under the direction of MPLA, moves progressively towards a state of popular democracy. Having as nucleus the alliance of workers and peasants, all patriotic strata will be united against imperialism and its agents, in the struggle for the building of a society without exploiters or exploited.

23. CL, arts 4 and 5; art. 4: "PRA is an unitary and indivisible state, whose territory, which cannot be violated and alienated, is defined by the present geographical limits of Angola, and any attempt of separatism or division of its territory will be energetically fought.

24. CL, art. 3: "To the popular masses is vested a wide and effective participation in the exercise of political power, through the consolidation, enlargement and development of the organisational forms of people's power. See subsections 2.2.1., 3.1.2., 3.2.1. and 3.4.3.

25. CL, art. 2, 2nd part: "The political, economic and social leadership of the nation is held by MPLA, its legitimate representative, composed by a large front of all patriotic forces engaged in anti-imperialist struggle.


27. See sections 3.3. and 3.4.
"PRA will promote the implementation of just relations in all the production sectors, stimulating and developing the public sector as well as impelling the co-operative forms. PRA will be especially concerned with solving the problem of land in the interest of the peasantry".

The 1978 revision adopted the principle of dominance of socialist ownership. Also, a directive on the content of legislation and priorities of allocation of public resources was then inserted into art. 9: "The state must adopt the measures which will enable the constant enlargement and consolidation of the socialist relations of production." But art. 10, on private and foreign ownership, was not altered:

"PRA recognises, protects and guarantees the private activities and ownership, if they are useful to the country's economy and to the interests of the Angolan people".

The 1978 revision did not change art. 8. In part one it contained a directive for economic strategy, "Agriculture is the base and industry its decisive factor". In the second part art. 8 provided for the 'principle of planning' and also for a directive on the allocation of resources. Art. 26 established a principle of distribution: "each (citizen) must produce according to his/her capacity and be paid according to the (quantity and quality of) labour (supplied).

The principles and norms of the economic constitution established a complex system of transition to socialism, where at the departing point, apparently, there was no dominant mode of production and different social sectors coexisted. The directives on the organisation of the economy and allocation of resources pointed to goals such as development and a socialist model.

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28. "The base of economic and social development is socialist ownership, constituted by the state and co-operative property." (CL, art. 9/1).
29. CL, art. 9/1; on the norms developing arts 8 and 9, see Chapter 4.
30. This directive (a guideline to the legislator in order to attain some substantive goals, Bobbio, 1977: 54) meant, according to some economists, that accumulation for enlarged reproduction would come from agriculture, while (national) industry should work as supplier of inputs to agriculture and an user of its outputs; a Declaration of the Politburo in 1976 indeed stated that "it is from the countryside that we may expect the accumulation of capital sufficient to develop industry. But this has to be done without demanding exaggerated sacrifices to the peasant masses." (JA, 9.11.1976). In the 1975 expectations, the directive had a meaning destroyed by the worsening of the war, but nevertheless strange in an almost monoproducer of oil which, simultaneously, had a low degree of development of agriculture.
31. On the content of art. 8, see note 21.
32. See section 5.2.; art. 26 also established the right and duty to work.
33. The definition of 'social sectors' existing in Angola was made by the MPLA Congress of 1977: i. socialist, based on PEs and co-operatives, ii. state capitalist, composed by mixed firms and private enterprises inserted into the planned economy, iii. capitalist, including all other forms of private property of means of production with production to the market and using waged labour, iv. small mercantile production, private property of means of production, production for the market and no waged labour, and v. self-subsistence economy, private property, subsistence production only occasionally marketed, collective non-paid labour of members of the family ("Teses e Resoluções" of the MPLA 1st Congress, 1977). These sectors had been defined by Lenin for USSR in the early years of the Soviet state.
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Although many constitutional principles have no immediate effectiveness in the legal order, they nevertheless institute directions for the state action, that is, directives for the draft of legislation, plans and programmes aiming progressive steps towards the strategic goals, within the reserve of possibility. The part of this work on the economy demonstrates that there was often a contempt for the CL programme, while war made it almost impossible to make significant steps towards a more developed and just society. But, generally speaking, during its period in force, the CL had no proper structures of guarantee, and even the norms on the control of constitutionality (which were not included in the CL but in the Regulations of the People's Assembly) did not work. No single case of repeal of a law or decree on grounds of its conflict with the CL was published until the end of the period studied, although unconstitutional norms were enacted and applied. Also nobody seemed to control, from the stand-point of effectiveness of the constitution, flagrant state omissions, for example, on the enactment of legislation on co-operatives, a 'dominant sector' according to art. 9, or the publication of the national plan (NP), a law according to legislation concretising art. 8.

The provisions of CL on state organs (that is, allocating powers) were frequently changed, and reflected in a clearer way the sharp power conflicts within the single party system. But the constitutional framework also urges a reference to the standards of rights citizens effectively enjoyed and which conditioned all the project MPLA was supposed to implement in the post-colonial society. They are dealt with in specific sections.

To understand the ineffectiveness of the constitutional programme it is necessary to go through the political struggles of the different components of the coalition of social forces MPLA represented as well as the way the post-colonial state consolidated.

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34. That is, the state is obliged to achieve the constitutional programme of change within the boundaries of possibility, given by the economic and social structure of the country and the international contest which arises from the relative position of the concerned country in the world system.

35. On the concept and types of structures, see Canotilho, 1983: 695.

36. See, e.g., sections 3.5. (CM Secretariat) and 6.2. (co-operatives).

37. The content of the plan, a law (see Chapter 4), was secret.
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3.2. Struggles and the shaping of institutions

People's power caused the 'great divide' among radicals: at stake were conflicting conceptions of democracy, political and industrial democracy, and plain struggles for power. The single party framework which arose from the metropolitan definition of 'official movements' and related victory of one movement over the two others, conditioned all the discussions on the subject at the time, and in the future. Representative democracy at the parliamentary and governmental level was not, thus, under discussion after independence. Many radicals, including MPLA leaders, believed that the implementation of democracy should come from below, within the frame of the people's power movement initiated in 1974. So while art. 3 of CL generally incorporated people's power as a democratic component of the political system, art. 50 legalised informal PP structures as the local government organization.

But there were other issues in the agenda. Firstly, the independence of people's power organisations from party structures, with CACs defending that they should not be under party direct control. CACs positions got them substantial criticism from MPLA officials, who accused

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38. The conception of democracy in this work relates to the possibility of choosing, by participation in collective or by individual decision-making, among the wider range of possible alternatives at any level of an individuals' life. Democracy includes from the working of the market for consumption goods, or for, say, educational opportunities or professional choices, to the political sphere stricto sensu. In this conception the satisfaction of one level (if ever achievable) does not reduce the need for the others. Within this broad definition, the degree of democracy in a society is assessed by elements which go beyond the political system or standards of living. Access to relevant information on available alternatives is assumed as a necessary condition for the working of democracy, and pairing with known institutional machinery. This broad conception of democracy implies that underdevelopment is by itself, whatever the political system, a situation of restricted democracy for large numbers of citizens of the concerned societies, when their range of choices is contrasted with choices available in other (more developed) societies. Development, and consequent reduction of scarcity with the increase in the provision of all kinds of goods, including information and culture, employment, education and health, etc, is thus a condition for the enlargement of the possibility to choose among different alternatives. However, trade-offs between democracy at the political level and development, are assumed to be attempts of ruling groups to prevent the enjoyment of democracy by, at least, large fractions of the population in the concerned society.

39. Locating democracy at a political level, its is defined as "a set of rules, including procedure rules to obtain certain results of interest to the community by decisions technically laws, the so-called rules of the game, allowing the wider and more effective participation of citizens. whether by direct or indirect forms, in the political decisions, that is in the decisions interesting the whole community." (Bobbio, 1979b: 34 and 1979a: 23) A democratic system has the much discussed (see, e.g., Carrone, 1979: 64-5, Guiducci, 1979: 73-8, Settembrini, 1979: 89, Gerratana, 1979: 99-107 and Vacca, 1979: 132-92, in the mid-70s Rinascita debates) rules stressed by Bobbio (1979b: 74).

40. The Politburo defined in 1976 the goal to implement "a revolutionary democratic dictatorship exercised by all revolutionary and anti-imperialist classes over the internal and external reactionaries. To achieve this (goal) the state must be based on workers, peasants, revolutionary intellectuals and progressive strata of the petty-bourgeoisie. The state of popular democracy grounds on people's power organisations which have to be dominated by these revolutionary classes, largely controlled by the masses and led by the scientific ideology of the proletariat"; and appealed to democratic participation: "it is necessary that assemblies discuss solutions for the concrete problems of neighbourhoods. Workers should always be called to participate actively in these achievements" (Declaration, as published at JA, 9.11.1976).

41. CL, art. 50 (1975 version): "The local government organs in the county, commune, neighbourhood and village are, respectively, the Municipal Council, the Commune Committee and the Neighbourhood or Village Popular Committees"; the municipal councils were the colonial form of organisation and were changed by Law on People's Power to County Committees (LPP, Law no 1/76).

them of lack of loyalty to the movement (on the issue of independence of people's power and associations). Reformists and agrarians, suspicious of people's power, saw them as dangerous left-wingers. But their most enraged enemies were orthodox Marxist-Leninists: the Henda Committees and the Nito Alves group, who actually feared competition, since CACs had reasonable support in the students and workers unions, as well as in the neighbourhood organisation. When CACs lost the 1976 elections for the students unions to an Henda list, the students movement came under the control of MPLA, while UNTA was reinforcing its control of workers committees (Cahen, 1985: 18). As Nito Alves got the supervision of the neighbourhood organisation, the discussion on the independence of people's power towards the single-party was silenced, while later legislation established monopoly of choice of candidates to MPLA and related organisations. But CACs can be credited for their efforts in raising, and practicing, a non-party approach to popular organisation.

To respond to the expectations of the social movements, in early 1976 MPLA enacted a set of legislation: i. Law no 1/76 (LPP), on local government, ii. Law no 3/76 (Title II), on the management of PEs, and iii. Dec. no 76/76, on the Democratic Organisation of Secondary Schools. As the responsibility for the draft legislation was allocated to radicals members of the government, the legal solutions illustrate their different approaches to the problems of democracy. Thus, for example, on 'party control', only LPP provided for candidates linked to MPLA and only the decree on secondary schools tried to institutionalise the 1974-75 goals of coordination of the different components of people's power. Also, the most powerful

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43. See subsection 3.4.4.

44. Law no 3/76 ruled nationalisation (see section 4.1.) and, on Title II, the organisation of nationalised enterprises. See subsection 3.4.4.

45. The drafts of LPP was under the responsibility of Nito Alves, as minister of Internal Administration, of Law no 3/76, under the responsibility of the ministry of Planning and Economic Coordination, Dilolwa, and legislation on secondary schools (draft Dec. no 76/76) was led by minister of Education, Jacinto. In passing this legislation is the work of Angolans with no foreign advisers and no copies of foreign legislation: if there are similarities with other legal systems, they are coincidences; at the time radicals maximised Angolan production and country-oriented. This kind of approach, however, had (and has) costs, which may counter the benefits; for example, Law no 3/76, as a law on nationalisation, has been justly criticised (mainly by foreigners, some of them lobbying against the possibility of nationalisation) by its low technical quality.

46. Law no 1/76, LPP, arts 7, 12, 15, 22 and 29 (election of committees up to the province level) and art. 44 (candidates to the people's power organisation only could be presented by an electoral commission composed by the MPLA Action Committees, UNTA, JMPLA and OMA).

47. See note 42.
autonomous movements with a large social base and a significant record of initiatives got the essential of their demands recognised.

3.2.1. Local government

LLP institutionalised both representative and direct democracy, establishing the assemblies, as the lowest level of a system of committees going, in local government, from the neighbourhood/village to the province level. The neighbourhood and village committees were elected by directly, while upper level committees were elected in a successive indirect way as the level went up. Members of committees could be revoked at any time by voters. Working with representatives of the government (the commissioners at the different levels), the committees coordinated their activities according to the principle of 'democratic centralism', which had nevertheless some limits. In some kinds of decisions higher committees had the duty of compulsory consultation of lower levels (for example, in planning, civil defence and agrarian reform) and decisions made without the consultation were "null and void". The committees also had rights of information, either from the lower or the higher levels.

48. On the fetishisation of direct democracy see, e.g., Bobbio, 1979b: 48-51. See subsection 2.2.1., espec. note 59.

49. The LPP scheme for local government was: i. assemblies of village or neighbourhood, "composed by all residents ... but only those more than 18 years old have voting rights" (and thus teenies and teenagers, who had such an important role in the 1974-75 struggles, could participate in discussions), (arts 4 2 and 9 2); the assemblies elected the area committees (arts 7/2 and 12/2); ii. the neighbourhood or village committees should "mobilise the popular masses for the discussion and solution of their most pressing and immediate problems and for resistance and the construction of popular democracy" (arts 8/a and 13/a), "discuss and adopt forms of reorganisation of social life ...", (arts 8/h and 13/h), "dynamise and support co-operatives ..." (art. 13/j) or, in the villages, "develop and support collective forms of production" and "decide on the forms of organisation of production in the village, especially on the reserve of land for collective subsistence crops near the village and on the application of the principles which will be defined for the agrarian reform" (arts 8/i and 8/j), decide on the forms of supply (of goods and services, in their area), organising the struggle against speculation, hoarding, smuggling and economic sabotage, cooperating with the concerned (public) services (arts 13/1 and 8/k), "decide on solutions for the problems of housing, public health, education, communications and transports, as well as on other affairs interesting the betterment of the living conditions of the inhabitants", (arts 13/1 and 8/l), "supervise the activity of public administration services in the area" (arts 13/o and 8/o), and collaborate in civil defence and struggle against criminality (arts 8/m, 8/n and 13/m, 13/n and 13/g); iii. from that level the committees (commune, county and province) had functions such as "to supervise and control the activities of (local) enterprises or public services" (arts 16 2/h, 23 2/c and 30 2/h), cooperate in civil defence and struggle against criminality and participate in planning (arts 16 2/e, 23 2/a and 30 3/o), (art. 16 for commune, art. 23 for county and art. 30 for province).

The committees of a lower level elected the committees of the upper level (LPP, arts 15/1, 22/1 and 29/1).

50. LPP, art. 47.

51. The commissioners were appointed by the government under proposal of the local organisation of MPLA (LPP, arts 17, 24 and 33).

52. LPP, art. 37. On democratic centralism. The suspension of decisions of the lower level by the higher organ did not apply to "decisions or actions of the exclusive interest of the area of jurisdiction of the concerned organ which do not collude with powers attributed to other organs of local government" and from suspension decisions there was appeal to the organ immediately superior to that which had decided the suspension (LPP, art. 38).

53. LPP, arts 39 and 40. All organs had the duty to supply within 15 days information demanded by other levels, except in defence and security.
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In June 1976, there were elections for NPCs in Luanda. The elections were anticipated by a campaign for the party membership of candidates, under the argument that "right-wingers cannot win the elections", while the organisers of elections claimed against the "last minute militancy". These references point to conflicts within MPLA, and as a synthesis and warning, the PR declared "power sometimes corrupts". Nevertheless, the 1976 Luanda elections were the only direct and universal elections that took place in the country up to 1992. Elected NPCs remained in office for about one year, until some were suspended for alleged participation in the 27 May 1977 coup.

3.2.2. Industrial democracy

Law no 3/76 institutionalised the workers participatory organisation which emerged in enterprise before independence through three types of different organs: the workers assemblies, sector and general, and the management committee. These organs, and the government

55. The elections were ruled by Dec. no 45/76. An elections commission was appointed by the minister of Internal Administration; the commission, organised the voting areas, polling stations, the presentation of candidates and the scrutiny of votes (e.g., JA, communiques of electoral commissions, 14.1.1976, 7.5.1976. Surveys published at JA on how the campaign was going on neighbourhoods, showed: i. 5 people said nothing had been done for mobilisation (16.4.1976), ii. 4 argued there had been no voters registry, while one knew about it (17.4.1976), iii. 8 did not know about the campaign, while one knew and another stated knowing as well but being convinced that there were attempts to get relatives elected (1.4.1976, 7.5.1976), and, iv. in another neighbourhood all 6 interviewed did not know about the campaign (8.5.1976). The date of elections was thus postponed (communiqué of the staff of the electoral campaign (JA, 8.6.1976). The surveys published at the time in the press raise the problem on whether 'people's power' had already become 'bureaucratised' by mid-1976, given the lack of interest of many people in the elections.

56. JA, 2.6.1976 and title of a communiqué of the staff of the electoral campaign (JA, 8.6.1976), respectively. Nito Alves declared that the MPLA action committees should propose the candidates according to the law (JA, 5.6.1976); actually the law also provided for presentation candidates by UNTA, OMA and J MPLA (see note 60), while the Luanda provincial commissioner, Fortunato, later involved as well in the attempt of coup, argued that "only militants shall be elected to the boroughs (committee)" (JA, 9.4.1976).

57. One conflict concerned the problem secret versus public voting, with lawyers arguing for secret ballot and Nitists for public voting. Secret ballot finally prevailed as Dec. no 45/76 and m.os 15/76 to 18/76 (Internal Administration) changed the LPP provision for public voting into secret ballot, an improvement, although formally unconstitutional. But before changes were imposed (probably by the Politburo), Nito Alves attacked in the press the legal profession: "Some backward mentalities, dronically linked to bourgeois law, incapable of overcoming the reactionary character of capitalist law, are scandalised with the ... elections system. Some lawyers, still conservative, criticised us by the fact that the elections system did not guarantee from now direct and equal voting by secret ballot (at all levels of committees). ... Be patient, eminent lawyers. In this concrete historical stage of our revolution voting cannot be equal. The ones who think this want to sell our people's power to the traitors of revolution, the internal reaction, opportunists, criminals. We should be clear: during many next years voting in Angola will not be equal until the level of productive forces under socialist relations of production soundly established and under the leadership of the working class party advise our People the application of equal voting" (JA, 5.6.1976).

58. Agostinho Nito on people's power (JA, 27.6.1976); Nito used to fight rhetoric and propaganda: for example, when he saw in a demonstration pictures portraying him as the guide and educator of the Angolan people, it seems that Henda's propaganda, he stated "I am not the guide and educator of anyone. I am comrade Nato", while sincerely on the side of the oppressed: he declared, for example, in the 1st May 1979 to the workers demonstration: "It is necessary to make a second revolution".

59. For PEs created during the transitional period, e.g., Dec. no 76/75, creating a gross PE (CVC). Other new PEs had some detail differences but the same essential features: i. workers appointed a member of the audit council (art. 10/1 and 10/2); and, ii. the workers committee of the PE had two representatives in the firm's advisory council (art. 13/1) which analysed plans, proposed prices and profit margins and discussed the problems arising from the activity of the PE (art. 14); the PE articles also institutionalised the workers committee, as composed by ten workers "democratically elected" to represent the personnel in relations with management, especially in the area of human resources (art. 15). See subsections 2.2.1.

60. The sector assemblies took place at divisions, departments, factories, unit or sections of an enterprises (Law no 3/76, art. 24/b).
delegate, were compulsory for any PE. Powers allocated to the workers assembly were wide, especially in planning and control of management while the sector assembly aimed to improve labour relations within the different departments and units of the firm by providing more intensive links between management, experts and lower-level personnel. The sector workers assembly included the workers on the concerned department and the members of the management committee, and discussed technical and general problems of the related division.

Law no 3/76 also promoted significant change in power relations within nationalised enterprises with the new patterns of management: i. collective decision-making by the management committee, and, ii. the paritarian composition of the committee, with equal number of members appointed by the state and elected by workers. Candidates to the committee were proposed by the union and had to represent every department, division or factory of the PE. The management committee had the powers of the general manager. Decisions of the committee on human resources needed the compulsory consultation of the union. Some other decisions of the management committee needed the compulsory consultation of interested departments, for example on training. The government delegate could suspend the decisions of the management committee if they related to goals defined in the plan or by the government, to loans, other obligations or to mortgages over means of production. From the suspension there was compulsory appeal to the branch minister.

Simultaneously, Law no 3/76 provided for working class participation at upper levels of economic decision-making by innovating and including representatives of unions at the 'branch coordinating committees' (BCCs) aiming collective decision-making at the economic public
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administration in the coordination of activities of PEs and definition of policies for a given branch.67

3.2.3. Other attempts at democratic management

At secondary schools, the assemblies were maintained and students succeeded in institutionalising their participation in a 'council of direction', composed by the director and representatives of students, teachers and other staff. The links with other people's power components were implemented through a 'school committee' which included the council of direction of the school, a representative of the local NPC and two representatives of CTs of the most important enterprises in the area.68

Although without legal framework, social relations in agriculture were undergoing a conflicting process of change. As foreign armies and their client movements progressively moved towards sanctuaries in neighbouring countries, part of the peasantry occupied abandoned plantations and farms, implementing an essentially subsistence economy. As the central power reached these points, co-operatives dynamisers tried to promote collective forms of production. The state omission to regulate co-operatives and criticisms to the co-operatives legislation enacted after the collapse of the TG, led the MPLA Politburo to adopt in early 1976 the 'models' for the organisation of co-operatives, which, with changes, acted as the only guide-lines in this matter during the period studied. The 'models' instituted democratic principles of decision-making for co-operatives, while establishing rules for distribution and organisation of work. Given the relative degree of development and social practices, the farming co-operatives and the villages democracy projects were the most challenging of the various attempts, of state or MPLA origin, of radical change.69

67. Cit. law. arts 11/3 and 12, respectively. See subsection 4.2.1. (BCCs and NRCs).

68. Dec. no 7676, "Regulations on the Democratic Organisation" (of secondary schools). Cit. dec., chapter 3 (connections with people's power organisations), point 1 and point 3.

69. See Chapter 6.
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3.3. Failures, resentment, the socialist option and the 1977 coup

During the struggle for independence nationalist movements made the most unrealistic promises of future welfare to their constituencies, within the frame of the 'great collective dream of independence'. On the other hand, MPLA, as a broad social coalition had to face significant crisis during the guerrilla period. The merger of the exile and guerrilla apparatuses with the underground dispersed cells, the urban social movements, autonomous committees, and even peasant societies which adhered in bloc to the movement gave it a dimension which, unless a path of self-management and decentralisation was adopted, would mean a more serious crisis than in the past. And this actually happened from late 1975, with the MPLA leadership trying to satisfy the demands of everybody.

As contrasted with the 'small units' former experiences of MPLA, the large dimensions of the movement itself, of the problems involved, for example managing thousands of abandoned undertakings, of the popular participation and expectations, and of the country's territory itself, conflicted with MPLA approaches to a providential, benevolent, state ruling change and supplying welfare to a 'well-behaved' and 'grateful' population. The components of the social coalition immediately after independence began to conflict on the most diverse issues and areas. This conflict was the result of their expectations and images of relative positions in the post-colonial society, and developed in a context of spread anomy.

Managing conflict, MPLA compromised with the peasant and urban components, while 'paying bills'. For example, while in Luanda people's power implementation went on with the preparation of the elections for the NPCs, the government of many provinces was allocated to

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70. There were Angolans who were sincerely convinced that with independence welfare would come automatically, probably by the redistribution of the settlers wealth, and some even thought that there would be no need to work any more.

71. These conditions raised the problem of the paradoxes of democracy; see Bobbio, 1979b: 41, and on importance of 'small units' and decentralisation of decision-making, see, e.g. Guiducci, 1979: 72-3.

72. An example of the duty to 'pay bills' for participation in the struggle for independence are the declarations of Mendes de Carvalho, a former member of the CC quoted in Ramos, 1991: 11.
various blends of agrarians, who adopted their authoritarian schemes of control of the population and use of the state as a private asset of the commissioner.73

The first strains in the workers movement began to emerge within abandoned firms (under state intervention or nationalized) as many as workers representatives who got actual management powers, just embezzled the (few) remaining funds of the firm while others fought for positions in the management committee to have access to goods, and status symbols, or to use their positions to 'jump' to higher and more rewarding posts. The radical working class, as the economy and the living conditions did not improve by magic, continued to promote strikes, which were repressed and taken as activities of the enemy, since MPLA, the movement of the urban working class, could not bear the idea that this class was turning partially against it. Also, the industrial democracy scheme provided for by the law to PEs and intervened companies was not implemented in many enterprises, with the top state bureaucracies 'turning around' the legislation in force and promoting alliances with workers elites to prevent the costs of sharing management with radical and demanding unskilled workers.74

In the slums, as local marketing co-operatives could not ensure a proper supply of goods, partially motivated by the collapse of the farming production and trade networks, the scarcity of food became a serious problem while the informal market was soon reorganised, with African traders practicing prices worse than former colonialists.75 Resentment on the failure of expectations arising from the 'great collective dream', reinforced underlying racial and tribal cleavages repressed during colonialism, and the MPLA leadership had to spend substantial energy in campaigning against it.76

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73. In some provinces the provincial commissioner installed himself (they were men) as the powerful local ruler, owner of the state, including its repressive apparatuses, deciding on everything from his palace (the former colonial palaces of the governors); the palace functioned as the (compulsory) court for local civil servants and party officials. The only deterrents for agrarians in provinces were the central government, the party top organs and the army (whose officers were often radicals who opposed feudal rule). Nevertheless agrarians in provinces succeeded in getting rid of members of these apparatuses who opposed or just denounced their arbitrary and unlawful rule, using the most diversified means, from political intrigue and defamation to invented suits whith led to the arrest of opponents, usually government officials.

74. See subsections 3.4.4. and 4.2.1.

75. In some cases goods were smuggled from the slums co-operatives and from the state trade PEs; on the patterns of behaviour of these African traders. See sections 5.2. and 5.3.

76. On early 1976 a campaign on 'racial prevention' was organised, and many leaders made speeches against racism and tribalism, e.g., Mingas, JA, 25.2.1976, Boavida, JA, 27.2.1976, Lara, JA, 27.2.1976 (against racist propaganda at the radio broadcast Kudibanguela, later forbidden), while MPLA published a declaration against racism (JA, 4.3.1976) and in some villages meetings against tribalism were held (e.g., JA, 15.4.1976); JA
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In the countryside, while there was conflict within the collective forms of production, peasants expectations of becoming equal to plantation owners by magic failed as well. The discontent of many former small farmers was reinforced by the fact that the state took abandoned plantations peasants had no capacity to manage. Local agrarian elites, candidates to private ownership of latifundia, who had occupied farms and were already using the labour of poor peasants, also saw their expectations barred by the intervention of left-wing bureaucrats and co-operatives dynamisers.77

The frustration generated by the worsening of living conditions and the failure of expectations created an easy field to the action of political entrepreneurs able to channel discontent. So, from 1976 a group composed of orthodox Marxist-Leninists, guerrilla friends from the 1st Region, a part of Mbundu agrarians, a part of the urban working class, lumpens and loose youth, began to assert itself, under the leadership of Nito Alves,78 as the main claimant for a 'clear socialist option'. Indeed, notwithstanding the Proclamation, the CL and legislation MPLA, within its large social framework, had not claimed being Marxist-Leninist79 or interested in implementing a proletariat dictatorship. Nito Alves had made his ascent partially at the expense of Revolta Activa, against whom he made aggressive campaigns which contrasted with the mildness of attacks from the radical part of the Presidential Wing. Defining Revolta Activa (which actually was not competing for power) and OCA (whose underground organisation could eventually be a competitor in the people's power elections and was harassing with clandestine pamphlets) as its main enemies,80 Nitists argued for and got the arrest of their members.

77. See sections 6.1. and 6.2.
78. Nito Alves, a member of the Politburo and a former teacher in the 1st Region underground villages, became, it seems, related to Luandans through the underground contacts of the Luanda cells with the 1st Region; he made his post-25th April career with the support of the propaganda apparatus of the Henda Committees and became known by his positions against Revolta Activa; later Nito Alves parted from Henda's, and became more close to 'pro-Soviets', something Hendas could not bear; Nito Alves and his followers apparently belonged to the formal organisation.
79. See, e.g., Agostinho Neto declarations to Afriscope, August 1975, quoted in Hodges, 1976: 49.
80. E.g., Nito Alves at the Luanda Municipal Council, among others things, a speech against OCA and Revolta Activa (at JA, 30.3.1976 to 3.4.1976); Nito Alves claimed against the "reactionary Maoist philosophy" (e.g., JA, 5.6.1976).
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These arrests inaugurated the repression of the Angolan left, which with changing forms persisted the following years. In a war context, with apparently higher interests to fight for, reinforced by widespread sectarianism, fear of the active Nitists and compliance to authoritarianism, non-orthodox radicals did very little to protest against a measure which some of them did not subscribe. The two dissident groups became the scapegoats for all evils the country was going through, jointly with the imperialist aggression and the colonial inheritance. Agrarians and many old Creoles supported the repressive measures, which made disappear from the political scene 'non-loyal citizens' and demanding left-wingers agitating innocent popular masses.

Later Nito Alves turned to the second stage of the struggle for 'his' statist socialism, by beginning a hidden campaign against non-orthodox members of the MPLA leadership. This stage was more difficult and Nitists underestimated the army and guerrilla loyalties. FAPLA was an army with a substantial participation of soldiers and officers coming from the 1974-75 social movements, but led by guerrilla commanders and with representatives in the MPLA leadership. So, when the Nito Alves moved his criticisms against former guerrilla commanders, the reaction of the CC was not the same as when intellectuals, students and workers were at stake. The 3rd Plenary of the MPLA CC in October 1976 decided to adopt a socialist path of development, thus silencing the demands in this area, while simultaneously ordering an investigation to eventual 'fractional' activities within MPLA, aiming Nitists.

Besides its decisions on central government and planning, dealt with below and thus satisfying the demands of a part of state bureaucracies on the issue of the chaos installed within the economic state apparatuses, the 3rd Plenary suspended Title II of Law no 3/76, eliminating

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81. For example, under the title "CIA within the Angolan people", JA published a letter warning against Revolta Activa and Holden Roberto (11.12.1975); in another issue, a FAPLA commander stated that the army asked for "leftists to be considered equivalent to UNITA and FNLNA" (JA, 28.3.1976) and an editorial attacked Revolta Activa and OCA (JA, 15.4.1976); as a general background the provincial commissioner of Malanje argued that "Those who do not follow the words of Pres. Nato are traitors" (JA, 27.4.1976), while JA argued that "to denounce agitators is a revolutionary duty" (15.5.1976).

82. Notwithstanding the campaigns (see note 76) in 1977 Nato had to make (again) a speech against racism (JA, 3.4.1977) given the Nitists veiled attacks against the non-black leadership of MPLA; a summary of Nato's speeches against racism and tribalism was published at JA (19.5.1977).

83. The 3rd Plenary called for a Congress to decide on the transformation of MPLA into a Marxist-Leninist party (Resol. on the Realisation of the MPLA Congress, as published in JA, 30.10.1976) while defining a socialist path of development: i. establishment of a centrally planned economy, ii. enlargement and strengthening of the state sector, with nationalisation or purchase of "fundamental enterprises or sectors", iii. tight control over private enterprises through the central planning and regulation of employment, wages and prices, iv. restructuring of the state in order to 'debureaucratise' it (General Resol. as published in ibid.). See Chapter 4.
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workers participation in management and stating that PEs would be under individual direction. The BCCs and unions participation in the draft of policies for the branch were banned as well.84 On local government the CC decided that in the future candidates were selected by assemblies at the work place.85

From early 1977 MPLA internally took measures against 'Nitists'.86 'Fractionism' became a theme, reflected in speeches and the press.87 Rejected by part of MPLA apparatus, 'Nitists' shifted from internal struggle to coup d'etat in the 27th May 1977.88 The violence used by the putschists, especially the murder of MPLA left leaders, was followed by a wave of violence which conditioned the behaviour of urban Angolans in the next years. After Neto stated that there would be no pardon for putschists,89 and the press appealed to witch-hunting,90 there was a national feud. People were arrested or murdered by the most diversified entities and individuals (many

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84. See subsection 4.2.2.

85. Resol. on People's Power, 3rd Plenary CC, as published in JA, 30.10.1976; on the application of this directive in the 80s electoral system, see subsection 3.4.2. The resolution also created the National Commission for the Implementation of People's Power, thus withdrawing it from the control of a single ministry (no a.) while establishing that there would be elections only where MPLA had "strong, stable and mature organisational structures".

86. For example, the Politburo declaration on 'fractionism' sacking Nito Alves, Jose Van Dimen and Fortunato from their posts in the state, while CC members, Alves and Van Dunen, were suspended by the CC (JA, 24.5.1977) and the restructuring (with purge) of JMPLA (declaration of the Politburo on the reorganisation of JMPLA, JA, 2.4.1977).

87. E.g., JA, 30.11.1976 (Neto defining 'fractionism' as underground work within the movement), and 6.4.1977 (Neto against 'fractionism').

88. Putschists assembled at the presidential palace in the dawn of the 27th May, supported by a demonstration of slums people mobilised by the NPCs they controlled; simultaneously they attacked, trying to repeat the 4th February, the S.Paulo jail, where some of their supporters were imprisoned, and took as well some military garrisons with the support of officers, and the national broadcast station. One of the first measures taken by putschists was to arrest MPLA leaders and middle cadres, mainly unorthodox radicals, such as Mingas, Bula and Dangereux, while blockading strategic points in Luanda. The first disappointment of putschists was that the slums population on which they relied did not follow them massively, although some hundreds gathered into the palace: indeed, the 'popular masses' preferred to stay at home and did not respond to appeals made through the broadcast station; from this day became clear that the loyalties of the slums population of the time went to MPLA and Agostinho Neto and that the slums would not involve themselves massively in MPLA internal struggles. During their period in action, the putschists showed what would follow if they took power: i. in the S.Paulo prison they decided to kill immediately, according to an OCA witness, OCA and Revoka Active members arrested there, but fortunately they changed their mind and decided to deliver them to a 'popular trial' which would judge 'traitors' and 'corrupts', as it was promised in the broadcasts. Concerning the leaders of MPLA they arrested, they killed them coldly (except two who managed to escape), after showing them to the 'masses' at the Sambizanga slum.

89. Neto to TPA (television station, quoted in JA, 28.5.1977).

90. For example, "fractionism is an agent of imperialism" (JA, 29.5.1977), "there can be no tolerance to fractionists" (JA, 31.5.1977), apply the dictatorship against fractionists" (JA, 1.6.1977), "ruthless revolutionary vigilance in the chase to the murderers" (JA, 1.6.1977).
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never identified) and for the most obscure reasons. The apathy of the population Bhagavan noticed in the early 80s (1986: 176) was the consequence of witch-hunting of 'leftists' and related smashing of popular autonomous organisation. Indeed, some NPCs were suspended, nevermore re-elected, and since then direct democracy in neighbourhoods was over. The other components of the 1974-75 people's power, the workers and students participatory organisation, were changed to forms under control from above, while UNTA was purged and accused of lack of loyalty (Cahen, 1985: 19-21).

3.4. The late 70s restructuring and the 80s developments

During the period 1977-1988 the post-colonial state organised and reinforced under the banner of an attempt of 'statist socialism'. The fate of people's power and the 1974-75 social movements, led to a change in the conceptions of democracy. After years in which democracy was a taboo, the early 80s saw attempts to restructure political participation from above with constitutional revision. During this period political struggles shifted from base organisations to the interior of the state and the party. This fact, and the control of information, made these struggles even less transparent than in the past, while the state became an objective by itself, and not a set of relations structured under different forms to attain given social objectives.

The restructuring of the state had some consequences. Firstly, the progressive reinforcement of the PR powers, with weakening of the related organs of collective decision-making, especially the CM. Secondly, a progressive degradation of the citizens rights, transparent at the level of legislation. Thirdly, the enlargement of the economic and repressive apparatuses, legitimated by defence against apartheid and the ideology of central planning. Fourthly, the spread

91 For example, innocent military in mission at Moxico, were killed by local agrarian authorities in 'preventive repression' only because they came from Luanda; also, one of Luanda most well-known 'leftists', an university student not connected to putschists, who was working in the countryside, was killed because, it seems, he was a 'leftist', and so looked with suspicion by the local authorities. On the effects of these events on the central state economic apparatuses, see subsection 4.2.2.; according to a report of Amnesty International, "in July 1977 special military courts were set up. Sessions, verdicts and decisions were kept secret. In August 1977 the PR declared that the leaders of the coup had been executed but did not advance names. ... There are reports of hundreds of people executed without trial, either by orders of military courts or simply by orders of officers of the security police." (quoted in O Jornal, 21.6.1991). In 1980 the government declared that persons arrested in 1977 had been released (under the 1979 amnesty), (ibid.).

92. Mo. no 26 77 (PM). suspended some NPCs of the Luanda neighbourhoods "considering that the situation of emergency in the country is not compatible with the normal functioning of people's power institutions, especially the implementation of meetings to depose the members of elected organs who, by their very criminal practice, showed not qualify to be representatives of people's power" (preamble cit. m.o.). See subsection 3.4.3.

93. On the concept, see. e.g., Poulantzas, 1980.
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of corruption and the emergence of powerful bureaucracies, linked either to foreign capital or to the informal economy where, at the expense of the state, a substantial accumulation was made. Lastly, related changes in forms of protest, which lost their former massive characteristics.

3.4.1. Internalising political conflict

After the attempted coup the LPP was suspended and the MPLA tried develop a new framework for participation in political decision-making. It concentrated firstly in reorganising the party.

In 1977 MPLA was transformed into a Marxist-Leninist party and purged under the 'rectification movement'. The decision to transform MPLA in a Leninist party meant changes in, and the loss of a significant part of, MPLA social base. Nevertheless, as in the 80s the party was reinforcing its leadership of the state, becoming a source of privileges and a means of access to high posts and good jobs, there was a rush for party membership. So by the end of 1990 the number of members was about 65,000.

In the 1977 Congress MPLA party defined itself as a 'workers party'. This had political and legal consequences, since the membership of workers was prioritized. The Angolan working class was partially composed by a semi-proletariat. Also, although some segments of the working class had been capable of pursuing goals such as participation in the management of abandoned firms, the majority of the working class could not find solutions, if they exist, to the dilemma 'getting better working and living conditions' (by resorting maxime to strikes) or 'to create the

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94 By the end of 1976 MPLA had 110,000 registered members and from 1977 to 1980, the number fell to 31,098 members (49.1% working class). (Publico, 26.4.1991). The party integrated the remaining former guerrilla apparatuses, historic and 1974 militants who had not been involved in 'leftist' activities or, if they had, made self-criticism (e.g., Heiner, 1980: 95, on some former Revolta Activa members).

95 The system of priorities in the access to scarce goods and services, in the country and abroad, made party and state posts, with top priority, a goal for anyone aiming a better life. Nomenclature lists established the entities with access to special shops and other facilities. However, the privileges of the Angolan Nomenclature actually made their living conditions rate by the standards of the British working class and foreigners usually had higher living standards, whatever their jobs and skills. Nevertheless, the Nomenclature lists established a status of individuals according to their party government connections which created a sharp division between 'rulers and ruled'. Under the reforms Nomenclature members lost some of these privileges (Publico, 16.8.1990, 26.9.1990).

96 Publico, 26.4.1991; from the rejection of Marxism-Leninism in 1990 (see section 8.2.) MPLA claimed that in the first four months of 1991, about 10,000 members adhered giving the membership a picture of about 75,522, of whom 'intellectuals/employees' were the majority (27,069) while working class were about 21.51% (ibid.).
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technical and material base of socialism', mainly by supplying cheap labour while increasing productivity and generating surpluses for the enlarged reproduction.

So as the working class participation was actually restrained, and the workers integrated into the informal economy, simultaneously its elites were co-opted to the exercise of power. Given the absence of a proper social base, grounded in working class autonomy and initiatives, MPLA attempts to 'internalise' the working class appear as the result of needs of legitimacy. Indeed, although the nationalisation process opened prospects for change, the dependent structure of the country did not change significantly and the working class was progressively marginalised from decision-making processes, either by the legal allocations of power reflecting the weight of agrarians and reformists, or by the progressive shift of decision-making to centres abroad. Also, it had no information and knowledge to achieve a genuine participation.97

To ensure the participation of workers, in the 1977 'rectification' movement and later campaigns for party membership, candidates had to be approved by workers assemblies, a process which followed MPLA tradition in liberated zones.98 Nevertheless this mechanism appears to have additional functions: i. to legitimate the reinforced single party rule, on grounds of democracy in the selection of members, and ii. to attract popular support. In a certain way, it attempted indirect representation: workers selected the members of the party who would rule the country. Discussion in the workers assemblies was not the exclusive criterion for party recruitment.

Thus, what was really implemented was the filling of some posts by working class elites. For example, it was seen during the late 70s and early 80s as the height of democracy having a worker as a branch minister, say. However, his/her function there, with some exceptions, was more to subscribe decisions made elsewhere than to make decisions, and, in some cases, to provide for autocratic rule.99

97. See subsections 3.4.4, 3.4.5. (freedoms) and 4.3.2.
98. See section 3.1.2.
99. There were exceptions to the rule that some posts had to be filled by people with specific expertise, a rule legitimating bureaucratic power: indeed, some people with no specific expertise were capable of creating competent teams to supply proper information, while being also capable of making decisions which were the more adequate to attain some goals.
3.4.2. Attempts of democracy from above: the People's Assembly

At independence, PRA inherited the TG apparatus and the framework of colonial administration. There was a vacuum for a legislative organ and a need to restructure the state. The 1975 version of CL created the Council of Revolution (CR), composed by leaders of MPLA, the army, and high-level government authorities. The CR was a consequence of the war prevailing in the country at the time, as art. 34 of CL already established that the highest state organ would be an assembly and that the CR was a provisional organ, working only "until the complete liberation of the national territory and while there are no conditions to set up the People's Assembly". The CR enacted laws, defined the country's internal and external policies, granted amnesties, decided on état de siege or emergency, authorised the President of the Republic (PR) to make war and to declare peace, approved the Plan and the Budget, and elected the Prime-Minister (PM), the members of government and the provincial commissioners according to MPLA proposals. The government was, thus, elected by a collective organ arising from MPLA structures and grounded on revolutionary legitimacy.

From 1980, MPLA restructured the constitutional framework for state organs in a process from above concentrated in the national and provincial levels. The People's Assembly (PA) substituted the CR. In the provinces, where the provincial commissioners ruled without any control from non-party collective organs, the popular provincial assembly (PPA) was created as the highest local organ.

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100. Members of the MPLA Politburo (CL, art. 36/a), members of the FAPLA Chief Staff, the heads of the fronts chief commands and the fronts political commissioners, (CL, arts 36/b and 36/e), some members of the government appointed by MPLA and the provincial commissioners, CL, arts 36/c and 36/d.

101. CL, art. 35; on the People's Assembly at the MPLA Programme, see note 19.

102. CL, art. 38 a; legislative powers could be delegated in the government (ibid.).

103. CL, arts 38 b, 38 h, 38 g, 38 f, 38 c and arts 38 d and 38/e, respectively.

104. CL, art. 37 1: "The People's Assembly is the supreme organ of state power in PRA and expresses the sovereign will of the Angolan People".

105. Law no 781, on Local Government (LLG), developing CL, arts 64-71.
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The single-party framework continued to condition the selection of candidates, who were appointed by MPLA and related organisations. The new attempt to organise people's power established a system of indirect election by two levels. The first level were the assemblies in enterprises, co-operatives, public administration, army, police and villages and neighbourhoods. While the workers assemblies were loosing power in the economic area and the local government assemblies became meaningless, they were co-opted as a part of the political system: they elected, by secret ballot, delegates to a conference, by province, which elected the members of PPAs and the PA. War prevented universal voting and the law provided for the appointment of an 'electoral conference' in the provinces under war. Nevertheless, even outside the war zones in many potential places (say, enterprises) there was no meeting for elections.

Under the machinery of the 1980 and 1986 elections legislation only a small number of Angolans exercised the right to elect and being elected provided for by art. 20 of CL. Nevertheless, it seems that for those involved the process was lively, making possible debates between the members of concerned organisations (from 1986 enlarged to selected associations) and socio-political groups. Some candidates were rejected by the base assemblies as well as provincial conferences. The resulting composition of the PA was heterogeneous, with a careful balance of ethnic groups and including pastors, chiefs, etc, but with dominance of

106. Law no 880; the law referred at art. 5 to the constitutional principle of non-discrimination (CL, art. 18); but could not be elected those, e.g. with criminal record and who had participated "actively in fractional groups, puppet organisations or ... who voluntarily participated in criminal actions against the People and have not been rehabilitated" (art. 8). Candidates were appointed by MPLA-PT, JMPLA, UNTA and OMA (art. 10), in a single list (art. 11). Law no 11/86, maintained the system of single lists and the absolute majority for being elected but enlarged the appointment of candidates to "social and masses organisations ... according to what will be defined for each elections process" (arts 10, 21 and 29).

107. Law no 880, art. 18/1.

108. Cit. law, arts 21, 28 1, 34/1, 34 2, and 39.

109. In the 1986 elections OMA had the right to propose about 20-21% women candidates to the PA, the majority of whom peasants, UNTA had the right to propose about 17.2% candidates to the PA and 18.9% to the PPAs (96 [11] Novembro, 1986, 13). See note 106.
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bureaucracies. Members of the PA and PPAs were elected for five years and were not professional.

The PA had powers to: change the constitution, enact laws, control the constitutionality of legislation and decisions of the CM and PPAs, monitor the performance of the government, approve the Plan and the Budget, ratify international agreements, declare état de siege and emergency, and authorise the PR to make peace and declare war. Headed by the PR, the PA met twice per year and when it was not meeting its functions were performed by a restricted organ, the Permanent Commission (PC). The PC had the powers of PA but could not change the constitution and the laws it enacted needed ratification by the Assembly. In fact the PC produced the majority of formal laws, usually prepared by the parliamentary commissions.

The PA worked as a forum for discussions between a part of the country's elites with a representation larger than in the CR period, which eventually reflected a crisis of revolutionary legitimacy arising, among other reasons, from the conflicts which were taking place within the

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10 After the 1981 elections, the PA had 31% political and administrative leaders, 29% workers, 24% peasants, 10% combatants, 3% intellectuals and 3% civil servants. The provincial assemblies had 40% workers, 30% peasants and about 10% for combatants, intellectuals and civil servants (Bhagavan, 1986: 168). Given the weight of the capital and the weight of Mbundu agrarians there was eventually a dominance of Mbundu, but there are no data on the subject.

11 Law no 11 86, arts 2 and 3; the PA had from 250 to 290 members and PPAs from 55 to 100 members.

12 CL, art. 35: "The quality of members of people's power assemblies does not imply either specific privileges or economic benefits. All members of assemblies maintain their job with all the inherent rights and duties."

13 CL, art. 38 a and RPA, arts 43-5 and 49.

14 CL, art. 38/b. The power to present bills to the PA (initiative of law) was allocated to the MPLA CC, the PC, MPs, the PA commissions, the CM and the Central Council of UNTA (CL, art. 45) while proposals on changes of the constitution could only come from the MPLA CC or the PC (ibid.); "popular consultation" did not mean resort to referendum, but the opening of public discussion and presentation of proposals by anyone interested in the draft legislation; examples of resort to "popular consultation" are the 1980s law on nationality and the family code.

15 CL, arts 38 c, 38 i and 38/j and RPA, arts 46-9 and 51.

16 CL, arts 38 g (control of activities of state organs), 38/k (analysis of reports) and 60 (CM annual report of activities and reports on the NP and NB) and RPA, art. 66. Resol. no 11/87 (PC) provided that state organs were accountable to the PA and should deliver reports of their activities when asked (art. 1) for analysis firstly by the PC and later the PA (arts 6 and 7).

17 CL, arts 38 d (and RPA, art. 50); 38/o, 38/i (the PA defined the range of guarantees suspended under both situations) and 38/m, respectively.

18 CL, arts 41 and 49. The PC was composed by the PR, the members of Politburo seating at the PA and other members elected by the Assembly, under proposal of the CC (CL, art. 50, as revised by Law no 2 87).

19 CL, arts 49, in fine, and 38 h, respectively.

20 The commissions were composed by MPs elected by the PA (RAP, art. 10) and by experts without voting rights (art. 5).
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state. We may conclude that from the 1975 constitutional framework there has been at the level of the legislature a broadening of representation in central government. The movement from colonial fascism to representative democracy was thus relatively rapid.

3.4.3. Local government

The 1980 constitutional amendment compelled the provincial commissioners to work with the PPAs, whose powers included: i. the approval of the provincial budget, ii. advice on projects of regional development and supervision of their implementation, and, iii. the control of commissariats and commissioners, especially by revoking their decisions if unlawful. LLG was a first step towards a restructuring of the state at the local level and did not provide for any acts of the PPAs. Sparse legislation from the late 80s allocated them normative powers in specific local issues. LLG also established a new collective organ, tending towards a local CM, the commissariat. Both the PPAs and commissariats were an innovation at the provincial level, attempting some control of commissioners. New legislation on commissioners (Law no 21/88) reinforced later the powers of local government executive organs, under a trend for decentralisation.

With the repeal of LPP, neighbourhood and village organisations had no legal framework. In 1980 the agrarians tried to institutionalise chiefs rule in villages by legislation demonstrating their weight on decision-making on local government, appears as their programme for local

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121. CL, art. 64: "The local organs of state power are the Popular Assemblies at the level of province, county, commune, neighbourhood and village and their respective executive organs.; from the province level LLG only provided for, in counties and communes, commissioners and commissariats (LLG, arts 70-85). See section 8.2, on the 1991 regime.

122. LLG, arts 10/g, 10/h, 10/j, 10/k, and 10/l, respectively.

123. E.g., Law no 10 87 (see subsection 3.4.5) granted to the PPAs powers to enact regulations on, say i. "the forms of use of leisure places, beaches, fairs, places for shows and other of public interest" (art. 25/h), ii. "ceremonies, parties and lines of marriages and others (events)" as well as "funerals or memorial services ceremonies" (arts 25/1 and 25/n); the PPAs could also "elaborate directives for a healthy social relations in towns, counties, neighbourhoods and villages" (art. 25/d).

124. The commissariat was "the executive organ of the PPA and the superior organ ... in the province" (LLG, art. 50); it was headed by the commissioner (art. 59 a) who was appointed by the PR (CL, art. 53/d); the composition of the commissariat (from 9 to 15 members) was decided by the assembly, under proposal of the commissioner (arts 10 g, 52 and 53). See section 8.2., on the 1992 changes.

125. Commissioners were in principle watched by the provincial MPLA organisation. However, relations between state and MPLA organs were not peaceful. The CC 3rd Plenary of 1976 enacted directives on the subject: "In the province the provincial commissioner is the highest representative of government. The highest political representation belongs to the coordinator of the MPLA directive commission" (Resol. on the Relations between MPLA and the State, as published in JA, 30.10.1976).
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government and has some similarities with the colonial scheme for peasant societies. Law no 3-A/80, provided for a village commissioner, appointed by the provincial commissioner after favourable opinion of the MPLA organisation in the area and who could be the local chief "if he supports MPLA and the government". The commissioner was assisted by the village consultation commission, composed by: i. the commissioner, ii. the chiefs of the area, and elderly "of recognised reputation and prestige from every settlement", iii. the leaders of MPLA, JMLPA and OMA in the village, iv. the leaders of peasants associations and farming cooperatives, and, v. civil servants working at the village. Although Law no 3-A/80 was repealed by LLG, the new legislation on villages and neighbourhoods LLG ordered to be enacted was not approved during the period studied and sparse legislation points to the endurance of the scheme provided for by Law no 3-A/80. From the late 80s there was an attempt at decentralisation and the control of county commissioners with the move towards the election of the county assemblies established under the 1980 constitutional review.

The framework of Law no 3-A/80 represented an 'historical compromise' of MPLA with the traditional power it tried to internalise and a 'reciprocal legitimation'. Indeed, in a certain way it was an attempt to integrate the precapitalist formations while hindering their violent responses to the economic crisis the country was undergoing. Another goal was probably to prevent the manipulation of the resentment of the second peripheries by UNITA.

126. See section 1.2.
127. Law no 3-A/80, on State Apparatus in Provinces, arts 37/1 and 37/2, and 37/4, respectively.
128. The commission had, among other powers, "to study and analyse the worries, desires, claims and critiques of the population, sending the suggestions to the village commissioner" (cit. law, art. 40/c).
129. Cit. law, art. 39.
130. LLG, art. 99.
131. For example, the official journal (DR), in the summary of a CM decision (Resol. no 2/86), identifies commissioners with "traditional authorities".
132. Resol. no 3/89 (PC), ordered the PA Commission for People's Power to set up, as a test and by an informal process, elected assemblies in some urban and rural counties in some provinces. Up to the late 80s, the counties had a commissariat and a commissioner. On the 1992 scheme, see section 8.2.
133. UNITA took advantage of the economic crisis it caused, and related non-fulfilment of promises, and was capable of exploiting the resentment of the second peripheries while associating to agrarians of non-Ovimbundu tribes, who act as 'mediators' (e.g., declarations of UNITA military quoted in Ramos, 1991: 15).
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Still, given the isolation, and related de facto autonomy of these authorities, the scheme conflicted with the so-called socialist option. It even countered the trend for the weakening of chiefs power in many regions by reinforcing it through the association with the state.\textsuperscript{134} Nevertheless, the initial attempts of 'leftists', mainly students who went to the countryside to teach or to organise co-operatives, as well as those of some military, who reportedly got involved in struggles with chiefs, commissioners and/or other local powers were not successful.\textsuperscript{135} Also, some of them were killed by FNLA and/or UNITA, some were sacked from jobs by agrarian commissioners, some even had to flee the province to escape eventual arrest. So this legislation may also reflect a step backwards of many peasant societies due to war and related isolation, with MPLA allowing agrarians to exploit the conflict between the first and the second peripheries, as did UNITA. It also reveals the difficulties of transformation of social relations in peasant societies, if there are no significant economic changes.\textsuperscript{136}

As for neighbourhoods, during the 80s they did not participate in decision-making since the NPCs and assemblies were not established. But people reorganised informally under a more restricted scheme: the 'residents committees' and the 'building, street, or square assembly', which managed to maintain their self-organisation, with the consent of MPLA. There the residents gathered together to face problems of the place which the state, notwithstanding powers, promises and legitimation, did not solve.\textsuperscript{137}

\subsection*{3.4.4. Industrial democracy}

The wave of strikes during the transitional period grounded on economic demands did not stop with the collapse of the TG\textsuperscript{138} and the victory of MPLA. In the period immediately before

\begin{itemize}
\item \textsuperscript{134} In the late 80s state officials had regular meetings with chiefs "to hear the problems of the peasants", meaning the progressive recognition of their role as representatives of peasants (e.g., JA, 10.9.1988); on weakening of chiefs power, see, e.g., Possinger comments quoted at subsection 1.2.1.
\item \textsuperscript{135} See, e.g., the case of farming co-operatives, section 6.2..
\item \textsuperscript{136} In 1974-75 peasant societies had to absorb people flying from towns and, given the collapse of the market, turned to subsistence economy (see section 2.2. and Chapter 6) which eventually reinforced chiefs powers; protests against the revival of tradition appeared often in the journal Novembro, mainly letters by military and civil servants who travelled around the country and had to face the problems related to chiefs and elders power (for example, concerning the marriage with girls from different tribes or the payment of bride's wealth for which they had no money).
\item \textsuperscript{137} E.g. Dos Santos quoted at 95 [11] Novembro, 1986, 38 and A. Cardoso, JA, 19.3.1988, respectively.
\item \textsuperscript{138} See section 2.2.
\end{itemize}
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and after independence, industrial workers continued, on a more reduced scale, to express their demands to employers, including the state. In some cases, they tried to strike (or did strike). The demands were not welcomed by the government, simultaneously fighting RSA aggression, trying to reconstruct the destroyed economy and, from 1976, to implement a socialist strategy. With the worsening of war, and related collapse of the economy, the functioning of ports and factories was essential to the survival of the country. This fact conditioned the outcomes in the area of industrial relations. Indeed, from 1975 to 1989 the state attempted to tame urban workers and ensure the supply of scarce labour.

The labour legislation during this period is contradictory, reflecting the conflicts on the issue and the bargaining power of the working class and UNTA itself. Some degree of industrial democracy was maintained, but simultaneously workers protest was punished as a crime and the regulation of labour relations meant a tight control over the supply and flows of labour.139

**UNTA and the working class**

UNTA, left alone in the union field, tried to convince workers not to strike, and so did members of MPLA leadership.140 But simultaneously the first repressive legislation was enacted, the law on 'crimes against production', aiming again to resort to direct coercion to deal with some labour matters.141 From 1975 UNTA got the monopoly of workers representation and in 1978 created unions by branch, into which the CTs were integrated. In 1981 the restructuring of the unions was completed with the creation of provincial councils and secretariats.142 According to UNTA figures, by 1978 it "mobilised more than 8,000 workers collectives, corresponding to more

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139. See section 5.1.

140. On the strikes, the process of progressive control of CTs by UNTA and conflicts between UNTA and MPLA, see Cahan, 1985: 19-21.

141. Law no 11/75 (see section 5.1.); although the situation of workers later improved significantly with GLL, nevertheless Law no 11/75 was still in force in 1989.

142. This part is based on UNTA report to the 1984 Congress of Trade Unions, as published in 77 (8) Novembro, 1985, 8 ff; according to the report, in 1974-75 UNTA concentrated its efforts in fighting "economic sabotage, hoarding and black marketing and for the organisation of workers in the national reconstruction"; the 1975 1st National Conference of Angolan Workers "recognised that workers unity is the essential factor to lead an winning struggle against capitalist exploitation and defines UNTA as the only Trade Unions Congress in the Angolan unionist movement"; the 3rd Conference in 1978 decided to create unions to substitute the former organisation only based in EUCs; from 1979 to 1983 more than 600 unions cadres went under training; the thesis for the 1984 Congress were discussed by about 200,000 workers in about 2,000 enterprises and workshops, and about 25,000 women participated in the discussions (cit.report, loc.cit., 8-11, 30).
than 400,000 workers (about 70,000 women), grouped in about 9,000 base unions organisations.\textsuperscript{143}

Although co-opted for the control of labour, UNTA tried, within the possibilities of its subordination to the single party, to channel workers demands.\textsuperscript{144} It may even be said that if workers assemblies continued to meet and survived the reinforcement of authoritarianism during agrarian period it has been, in a certain way, the result of UNTA pressure, and needs of legitimacy of the 'socialist state', as workers autonomous initiatives were no more accepted.\textsuperscript{145} The most important of UNTA activities during the 80s is the adoption of GLL and the Law on Industrial Justice.\textsuperscript{146}

GLL institutionalised: i. the unity of the legal regimes of labour relations,\textsuperscript{147} ii. the right of unionisation and protection of rights of unionists,\textsuperscript{148} iii. the right "to participate in the direction of the national economy", exercised "directly through the workers assemblies (and) indirectly through the union organisation in each enterprise", which meant the enlargement to private and mixed firms of the participation machinery established for PEs,\textsuperscript{149} iv. freedom in employment

\textsuperscript{143} Cit. report, loc.cit., 10.

\textsuperscript{144} For example, the 1984 Conference decided, among other things: i. wages: should be actually linked to production and incentives, allowances and other benefits; workers in more productive or profitable enterprises should be rewarded; ii. prices: producers prices of farming products should be annually revised to ensure they covered production costs; iii. rationing: quotes should take into account the size of families, large enterprises should have their own shops and private traders should integrate the marketing network; iv. self-consumption: the state must guarantee an adequate supply of consumer goods to the working class in order to and self-consumption; v. housing: the state must ensure the provision of materials for self-construction and prioritize the allocation of houses to workers; vi. transport: access of workers to public transport in rush hours should be prioritized; vii. health: enterprise health centres must be reactivated; and, viii. legislation: the area of social welfare should be developed (loc.cit., 31). See sections 5.2., 5.3. and 5.4.

\textsuperscript{145} Shivji comments on Tanzania illustrate, mutatis mutandis, the development of workers struggles in post-colonial Angola (1986: 242).

\textsuperscript{146} Law no 6/81, General Labour Law and Law no 9/81. The report of the Commission for the Draft GLL (composed by UNTA and the ministries of Labour and Justice) refers that several bills were drafted and successively changed by discussions with involved entities. The final draft law was publicised in the media and about 200 enterprises were selected in all provinces for the public discussion of the bill in workers assemblies. The bill was also discussed on a territorial base where participated representatives of enterprises not included in the 200 sample. The public discussion of GLL covered "large tens of thousands of workers, the majority of whom participated directly and actively in the debate ... The total amount of suggestions and proposals of change (was) 123 at the date of making of the report." The Commission rejected 34 proposals, introduced some in the text of the bill, clarified some norms according to suggestions and also changed some articles grounded on questions which arose in the public discussion (Report CDL, 3/81, Trabalho, 1981, 31-3). See sections 5.1. and 5.2.

\textsuperscript{147} GLL, art. 1; the law rules waged/salaried labour and excludes cooperatives members, self-employed and the subsistence economy (cit. Report, 3/81, Trabalho, 1981, 35-6 and 54-5).

\textsuperscript{148} GLL, arts 4-8; "to workers is guaranteed the right to organise in unions" (art. 4/1), "the free exercise of unions activities, according to the law and the articles of unions" (art. 4/2) and "UNTIA, the Angolan TUC, organises, directs and represents the unions, dynamising the performance of their tasks in each stage of the Revolution, under the guidance of MPLA" (art. 4/3); unions should "defend their (workers) interests and rights, especially in the organisation of production, work and living conditions, in order to attain a constant improvement of their material and cultural existence" (art. 5/1).

\textsuperscript{149} GLL, arts 9/2 and 9 3; cit. Report, 3/81, Trabalho, 1981, 37.
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contracts, economic and social rights of workers, and v. the creation of industrial relations courts.

Workers participation

After the suspension of the 1976 scheme, in 1977 the new law on PEs (LPE/77) provided for a more restricted participation of workers. The management committees were substituted by the director, while the new collective board at each PE, the council of direction, had no elected workers. Also, the council of direction was an advisory board, composed by managers of the different divisions and departments of the PE, a representative of the party and a representative of the union committee. Under LPE/77 the union and the party organisation at the PE had, as such, rights of consultation, actually wider than those of the assembly, for example in planning and personnel policies, and managed the social fund with the director. LPE/77 maintained the workers assemblies but as an advisory organ and waived the rules on compulsory meetings. Also, it allocated the assembly the power to discuss only: i. the draft plan of the PE and the degree of its implementation, ii. the "level of productivity and discipline of workers", and, iii. the projects of collective agreements.

But from 1981 GLL extended workers control of management to private and mixed enterprises. It instituted the workers assemblies in these firms, which previously were legal only at PEs. The assembly discussed issues related to industrial relations and verified "the fulfilment of the production tasks and the condition and level of work organisation". Managers had duties of

150. See section 5.1.
151. LPE 77, arts 41 1 and 40. The council of direction had the right to compulsory consultation in the draft plans, annual reports, reports on the use of the social fund, investment proposals, and personnel policies (LPE/77, art. 41/2). See subsection 3.2.2.
152. LPE 77, arts. 49 a, 49 b, 49 c and 49 d (planning), 49 g, 49 h, 49 i and 49 j (personnel policies) and 49 f, respectively. The 'social funds' of PEs and mixed ventures, for example, aimed to finance workers welfare (such as housing) or cultural and sports activities. Social funds were adopted by Law no 3/76 (art. 271/13) and maintained by LPE/77 (art. 25/2) and LPE/88 (art. 24/1/c) for PEs. The social fund is financed by annual profits, but under Law no 11/88 instead of being calculated on the base of gross profits as under previous legislation, is now calculated on the base of net profits (art. 25.3). See also Chapter 4, Table 2 and section 7.1.
153. The workers assemblies were no more compulsory organs of the PE; indeed, LPE/77 only stated as compulsory organs the director and the council of direction (arts 35 and 40, on the chapter on organisation of the PE); art. 50 maintained the assemblies, but on the chapter on workers; Law no 11/88 maintained this scheme (see subsection 8.1.4.), on workers assemblies, see subsections 2.2.1. and 3.2.2.
154. LPE 77, arts 50 1 a and 51 1 b, art. 50 1/c, and art. 50 1/e, respectively.
155. GLL, art. 12, in general and art. 12 1/b.
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information towards the workers assembly. GLL also empowered the unions, through the union committee, to monitor management. The unions committees also had rights of information supplied by managers.\textsuperscript{156}

These norms were inserted in the broader framework of the right to participation of workers in the management of the national economy. This right, not included in the formal constitution, was stated in GLL which enlarged thus the compulsory consultation of workers in some areas of decision-making (such as planning and collective agreements), directly either through the assemblies or the unions, to all enterprises.\textsuperscript{157} However, although the assemblies met often and its powers worked at least as a 'negative limit' for management discretion (at the different levels of the decision-making hierarchy), their functioning and effective participation suffered the impact of the rights and freedoms environment, with restricted freedom of expression and instituted secrecy. For example, an workers assembly could not assess the social need for the labour supply in the future when the national plan was a secret, as well as the branch plan, when workers only had access, if they had, to the enterprise's plan, and bureaucracies kept relevant information for their 'private' use.\textsuperscript{158}

GLL also restored the 'labour collective agreements' (LCAs),\textsuperscript{159} as a form to regulate industrial relations. LCAs were agreed to between the unions and employers. A general accord previously agreed to between the concerned union and the branch ministry, worked as the framework for lower level agreements. After the approval of the general bases, the union drafted guide-lines for the projects of enterprise accords which were discussed by workers.\textsuperscript{160} Some

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\textsuperscript{156} Cit.law, arts 12-3, 10 2, 10/2/b, 10/2/c, and 10/2/d, respectively.
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\textsuperscript{157} GLL, arts 9-12. On NCL, see section 8.2.
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\textsuperscript{158} See, e.g., subsections 3.4.5. and 4.3.2.
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\textsuperscript{159} Cit.law, art. 76; formerly ruled by Dec.Law no 50/75 and defined as an agreement between employers and unions to rule industrial relations.
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\textsuperscript{160} Exec.Dec. no 93‘82 (Labour), "Regulations on LCAs in GLL"; arts. 1-2, 8-9, 11-12, and 16, respectively.
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ministries adopted 'general bases' for LCAs in the branch, such as Industry, but they did not seem widespread.

The association of UNTA to the state in the control of labour from independence made it lose substantial support. In the 1984 Congress it initiated a new strategy, reflected in the assessment of its functioning:

"the weakness (of UNTA) still noticed relates to the non-use of all the capacity of participation and organisation (of the working class) and (non-use) of the technical and cultural initiatives of the working masses, to the insufficient integration of salaried personnel in the activities of the unions, the sprinkle of efforts and trend to bureaucratisation, the low level of knowledge of unions cadres on the management of the economy and to the insufficient capacity of intensive training and recycling of cadres."  

After a progressive restructuring UNTA began to distance itself from state power. As a new workers movement emerged in the 90s, UNTA turned against the reformist 'vision' of the economic reform which made the working class pay for the restructuring and supported workers protest against many government measures.

3.4.5. Rights and freedoms

Although an analysis of the standards of rights enjoyed by Angolans during the period 1977-1988 (the 'agrarian era') is outside the scope of this work, some references to the aspects which conditioned the success of the constitutional project seem necessary.

Generally, the overall framework for the exercise of rights and liberties prevented an effective participation grounded on availability of alternatives, access to information and freedom of choice. Indeed, the bill of rights included in CL became meaningless by the regulations concretising this area of the constitution. The provisions aiming to ensure democratic

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161. The only LCAs found were from Industry; as an example, the "General Bases for Collective Agreements in Heavy Industry" (approved by the branch and published in DR no 47/85) which contained an interesting norm against bureaucratic discretion: "no ministerial order of the branch central apparatus may revoke or nullify clauses in the collective agreements (which were) included by the application of laws or regulations, except if there is agreement of the union, the management and the collective of the enterprise and if law is respected" (art. 19).

162. UNTA report to the 1984 Congress of Trade Unions, as published in 77(8) Novembro, 1985, 11.

163. See subsections 8.1.6. and 8.2.3.

164. CL, arts 18-29.
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participation suffered the weak environment of rights and freedoms, as agrarian patterns of behaviour were progressively adopted. Indeed, in the name of socialism and the Angolan people, legitimated by concepts of the right of a vanguard to exercise a so-called 'democratic revolutionary dictatorship' over the citizenry, and reinforced by the war and UNITA terrorism, agrarians invaded almost all areas of everyday life, exercising preventive and ex-post repression within the limits of their technical and political capabilities. As a consequence, citizens were progressively alienated from decision-making processes and from the very participation in the tasks, and hope, of reconstruction and development. Protest, except for shy initiatives in workers assemblies and elite discussions at the PA and within the party, became progressively privatised, reflected either in integration into the informal economy, flight to foreign enterprise, or resort to former forms of underground organisation, including the families network and links.

From the stand-point of the ruling groups, this state of affairs led to: i. the feeling of 'they' (the leadership) and 'us' (the people), (Bhagavan, 1986: 176), which made MPLA loose a significant part of its social base, ii. the strongly incomplete information of the rulers on the preferences of the population, since all the machinery to reveal these preferences became ineffective, and many preferences revealed were approached either as 'petty-bourgeois demands' or 'activities of the enemy', iii. reinforcement of underdevelopment due to the constraints imposed either to the production and dissemination of knowledge or to initiatives of the population aiming the solution of problems, paired with a constant devaluation of national human potential (now turned back to 'unskilled') and related loss of self-confidence of a population to which independence had brought a renewed hope.

The general outcome was the 'control paranoia': incapable of facing the tasks of social control they had allocated to themselves, facing an elusive reality they did not understand while trying to maintain and reinforce power, agrarians committed themselves to a degree of repression which by the late 80s called not only for economic reforms (demanded by the economic crisis

165 As freedom of religion was guaranteed and actually exercised under the protection of powerful lobbies, a privileged space to attack government policies was the church and the funeral, religious or lay. On the tradition related to these practices, see, e.g., Altuna, 1985: 428-30, 436-40 and 446-53.
Models of society caused by war) but also for political reforms, as the legitimacy of the ruling party entered into a crisis.

As citizens participation and protest moved backwards, agrarian perceptions of rights and freedoms led them to resort from the mid-80s to legislation to legitimate the 'control' of any initiative. This legislation is described here to illustrate the standards of rights and, where possible, references to the underground responses are also made.

Urban associations

Article 22 of CL guaranteed the freedoms of expression, association and meeting. Associations, which had such an important role in Angolan politics up to independence, were 'informally' subject to previous authorization by some organ of central state, as during colonialism. The students associations were purged in the late 70s and restored under the control of the party Youth, JMPLA, in the 80s.166 Liga merged with Anangola and AASA and changed into an association dealing with international relations, loosing their identity and national impact.167 Some associations connected to colonialism were extinguished in 1976.168 The new associations approved after independence either had strong connections with MPLA, or stated, directly or indirectly, their loyalty to the party in the articles of association, while some resulted from party initiative.169

166 As for the democratic institutions students had created, the course assemblies were informally maintained and worked as forums for academic discussions within some limits. The schools general meetings were divided into staff's general meetings and students general meetings. They were progressively emptied of content, given the standard of rights. The management of faculties was restructured and students and workers participated in advisory boards, while the power to appoint the heads of schools and departments was transferred to state bureaucracies. The students leaders and participants, including teachers, in the 1974-75 movement may be called the Angolan lost generation. A part died in the war, another part died in prison or stayed there for some years, many had to flee the country to avoid imprisonment or political harassment. Many of those remaining in the country were later discriminated in jobs or even in access to scholarships and schools. Those who made 'self-criticism' and joined the instituted status quo became well-behaved apparatchiks and some even reached high posts. See subsections 2.2.1. and 3.2.3.

167 Dec. no 23/79, approving the statutes of the new association, LASP (Angolan League of Friendship and Solidarity with Peoples). M.o. 77-C/76 ordered AASA to merge with Liga and Anangola in LASP (art. 4). See subsection 2.1.2.

168 The majority of associations extinguished by m.os. no 77-C/76 and 17/77 (1st vice PM) were settlers abandoned associations; some few however had Angolan or Cape Verdian members.

169 "From independence about 10 associations were created, to guarantee the participation of workers of different areas in the study, discussion and application of the party and government policy" (e.g., the Teachers Association, the Writers Union, the Artists Union, the Journalists Union and the Musicians and Composers Union), (86 [10] Novembro, 1985, 44).
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The previous traditions of self-organisation of Angolans, especially in the slums, were thus undermined. Nevertheless, the slum population went on organising dance groups, but the shortage of necessary means implied some degree of control by the state.170 Also, from 1987 regulations on parties attempted to reinforce the control of the slums inhabitants in their dancing activities.171 Thus, although any law prevented, or regulated, the freedom of association, state omission in enacting such law (except for sports clubs) meant that the future of any attempt of association in fact lay in the hands of bureaucrats.172

In 1988 legislation on working class (enterprise) associations aimed at the complete control of self-organisation by UNTA. Indeed, it was established that associations within enterprises similar to 'cultural centres'173 should submit their articles of association, plans and reports to UNTA approval.174 The union had powers to close the centres which did not comply with directives.175

While many associations were actually repressed, as the years passed underground criminal organizations176 began to emerge in the slums voicing their worries through all kinds of...
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criminal activities. They were the result not only of the worsening of living conditions and the action of anti-governmental groups, but also of the repression of slums associativism, for whom independence did not bring the expected freedom.

 Freedoms

Freedom of expression took a curious path. No Angolan went on trial for his/her writings or speeches. Some, however, were arrested. Those arrested for the expression of dissent opinions were mainly in the left. UNITA members went on trial on grounds of involvement in terrorism and 'Nitists' were arrested under alleged connections to the 1977 coup d'etat.

The restrictions of freedom of expression also arose from the indirect institutional framework on control of means of dissemination, for example mass media, by the party, which made an ex ante censorship. Freedom of expression, in the area of means, was also repressed by the restrictions on access to nationalised publishers and by the 'control of ideology' at, say, schools.

The control of media also made possible libel of protesters or just selected targets, especially apparatchiks, insulted in the media by party and state organs with no defence. Yet, the rights of top officials 'in power' were guaranteed by special legislation, and defamation of a leader was a political crime, a provision with a function beyond protecting the good name and

177. Murder, rape, robbery, assault, etc; Resol. no 5/85 (PA), finally admitted the problem of criminality; the Assembly decided to study the adequate legislative measures, including if necessary changes in legislation in force, to allocate powers to the CM to adopt and execute the "pertinent repressive measures and the political, socio-economic and administrative measures necessary to a fast improvement of the situation" (art. 1/a).


179. E.g., Revolta Activa. CACs-OCA and Costa Andrade (see section 3.3. and note 184).

180. After the 70s restructuring of the press, the only institution having an independent publication (Apostolado) and press was the Roman Catholic church. Control of media went to details such as the m.o. 2/75 (Ministry of Information, later extinguished) which 'enacted' the words to be said before any radio broadcasting by the national station, RNA, and added that "fantasies of any kind are not allowed" (art. 1/2, sic).

181. See, e.g., for an account of the state of production of knowledge and academic censorship in Angola in the late 80s, Birmingham, 1988: 11.

182. For example, members of the government or top officials made the scapegoats of the economic crisis (see subsection 4.4.3.), although the right to a good name and reputation was granted by CL, art. 17. There has been a single exception to the rule of smear in the press when the State Security took the initiative in 1978 to publish in the press a statement that the managers of a PE, formerly accused of corruption in the press, were not guilty.
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aimed to prevent criticisms by 'criminalising' some areas of the freedom of expression. Furthermore, as individuals had no statutory right of access to any files related to them, there is a flow of hidden defamation nobody controlled but which might have serious impact in the victim's welfare.

In this legal and political framework, an important aspect of the exercise of freedom of expression was related to the attitudes of different members of the leadership to the issue. If some were liberal-minded, some were highly touchy and even resorted to unlawful intervention of party organs to persecute critics. Thus, the PA itself had to rule in the early 80s that non-voting members of the parliament commissions should not be prosecuted for opinions given during parliamentary meetings. In fact, aggression by unknown individuals, might take place, if dissident opinions were frequently expressed.

The constitution did not include any norm on the freedom of information. Information was highly centralized, protected by the 80s 'state secrets' legislation, a part of which was secret as

183 Under the law on crimes against the state (not available), implying imprisonment of individual offenders from one year up to eight years, according to the rank of the offended person.

184 For example, the arrest of Costa Andrade in 1982 (about one year of imprisonment without trial) as a consequence of political conflict within the party; the so-called 'painting and play' case (on which party militants, in a play offered to members of the government and CC in the PR birthday party, made references to need of changes in the leadership) was ordered by the head of the MPLA Control Commission, a body which dealt with internal party discipline: the Control Commission forced the arrest by the police under the principle of leadership of the state by the party, and even published in the local newspaper a communiqué accusing Costa Andrade, who had no right to reply; neither was Costa Andrade entitled to compensation, nor the head of the Control Commission sued.

185 Regulations on Collaborators of the People's Assembly Commissions (Resol. no 3/82), art 6/2.

186 Understood by the common Angolan as witchcraft or fate; for example, in the mid-80s a gang of criminals terrified the white and mestizo population of Luanda by making selected attacks to Angolan women, mainly white, they raped; the gangsters were usually expecting the victims inside their houses or within the building when they arrived from some social activity; it seems that the gang was caught and went under trial but no political motive or connection was proved in court; still, 4 female victims (one was murdered when she resisted the entry of uniformed criminals in her house), had by themselves or their close relatives, connections either with the 1974-75 students movement, CACs, the co-operatives programmes and some had been living, or their relatives, in Huambo.
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well. The common citizen, even journalists and government staff, had no access to it and their participation at all levels of social life was conditioned by this fact (e.g., Bhagavan, 1986: 176).

The control of media, publishers, bookshops, imports of books and journals, research and teaching meant also deliberate bars on access to all kinds of relevant information which prevented, besides effective participation in decision-making, the local production of knowledge and increased uncertainty in all kinds of decision-making impacting the very working of the economy.

The control paranoia of the 80s led to restrictions in the freedom of movement. From 1982, any Angolan living in the country had to carry a new 'passbook', the residence card granted by the Ministry of Interior. According to the 1982 decree, any citizen must register his/her residence, and changes of it, with the police. To travel within the country an individual must get a 'travel permit'. When an Angolan travelled abroad he/she must also communicate the fact to the Ministry. An extensive set of sanctions enforced the compulsory use of residence cards and persons not using or exhibiting it when asked, paid a fine and

187. For example, Dec. no 34/85, approving the "General Regulations on State Secrecy" (regulating Law no 1/83, On State Secrecy) established in art. 1: "The General Regulations of State Secrecy are approved by the present decree, of which they are an appendix and a constituent part. ", and art. 2: "The General Regulations of State Secrecy are a 'reserved' document and will be transmitted to the ministries and organs of central and local public administration whose leaders and managers will ensure their adequate use and diffusion. ", the regulations so were law without publication; see also Chapter 7, note 4 (plan law).

188. The press law of 1975 (Dec. no 4/75) provided for a right of journalists to information stating that the media had "free access to the sources of information, by the public administration and as well the public and private enterprises exploring goods of the public domain or concessionaires of public services, except on those (sources) related to justice secrets, to the facts and documents considered state secrets or professional confidential information or related to the privacy of citizens, unless the contrary is imposed by the superior interests of public order" (art. 14/1) and "the journalists are not obliged to disclose their sources of information and their silence cannot be punished with any direct or indirect sanction. Also the directors and the enterprises (on media) cannot reveal such sources, when they know them" (art. 14/3) but "in case of diffusion in any media of elements integrated into suit in justice secret, facts or documents considered state secrets or professional confidential information or related, without need for public knowledge, to the privacy of citizens, the journalist may be forced, by court decision, to disclose the information source, and contempt of court is (crime of) qualified disobedience" (art. 14/4). On the 1991 press law, see section 8.2.

189. See subsection 4.3.2.

190. Dec. no 90 82. arts 1-1 (compulsory use) and 2/1 (powers of the Ministry of Interior). See section 1.2.

191. Cit.dec., art 3, 8 and 9, respectively.

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"may be arrested during the legal terms for inquiries about his/her identity and the true identification of his/her residence and the reasons or motives of its missing, and it will be presumed that, in principle, this person is committed to unlawful activities."192

As the measure was unpopular and its services inefficient, to achieve the control of citizens and movements, the Ministry of Interior got in 1989 the control of the IDs services, which, even during colonialism, were supervised by the Ministry of Justice.193

The control of citizens through economic mechanisms (for example, the linkage of rationing cards to employment, of this to access to higher education)194 also prevented individuals to fight for their rights since it might affect their employment and thereby access to essential goods. Also, the worsening of living conditions, which put the majority of Angolans in a situation in which they had primarily to fight for survival, led people to attempt to satisfy primary needs and have no time or energy to fight for the satisfaction of others. Thus the economic factors reinforced the control of citizens by the post-colonial state.

However, different forms of hidden protest195 enabled Angolans, when civil liberties emerged in 1990, to produce the most diversified projects and forms of protest. Indeed, suddenly and apparently by magic, political parties and associations poured in towns, and even the (politically) well-behaved working class initiated a new movement of demands.196

3.5. The executive and concentration of power

While radicals were concerned with strategies to implement democracy from above or restructure the economy in radical modes, agrarians and reformists did not take seriously PA or

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192. Cii dec., art. 11; the terms for preventive arrest went up to seven months. The curious legal principle stated, the 'presumption of guilt' meant a serious set-back of the attempts of some Angolan lawyers for the adoption of legal machinery on the converse 'presumption of innocence', but nevertheless demonstrates the attitudes of some members of the government on the criminal process and, in general terms, citizens rights.


194. See Chapter 5.

195. The responses to the restrictions on freedoms were diversified and the forms of protest changed from previous patterns to avoid the widespread repression. Besides the resort to parties, funerals, leaks, publishing, organising and campaigning abroad, apparent or underground activities maintained Creole culture and protest alive even in the conditions referred to above. For example, Independent Democrats argue that they began to exist from the early 80s fighting for human rights, plural democracy, peace and the "integrated and balanced development of the country", using means such as the "copies movement" and "radio mujimbu" to denounce "the economic, social and cultural degradation, the violation of human rights by both parties involved in armed struggle (and) in both the movement (Independent Democrats) would find supporters." (Ramos, Expresso, 9.6.1990).

196. See section 8.2.
the PPAs, the remaining machinery of industrial democracy existing in PEs, or citizens rights. They concentrated their efforts on government, on implementing forms of control of the population, and on repressing any attempts at protest.

The PR as supreme ruler and the CM as a looser

The striking aspect of the changing patterns of organisation of the executive during the 80s is the progressive concentration of decision-making powers in the PR, to whom 'arbitration powers' were allocated by the different conflicting socio-political groups, and the related successive devaluation of collective decision-making reflected, for example, in the marginalisation of the CM. This process coincided with the general reinforcement of informal decision-making with evident contempt for the constitution.

The approach to the CM as a collective decision-making body supervising the implementation of the internal and external policies defined by the legislative was not accepted by those who in fact defended and practised where possible autocratic rule and did not want to cohabit with other political groups. Thus the organisation and powers of the CM changed significantly during the period studied. In the 1975 version of CL the CM was the executive, headed by a PM, and had also the power to enact legislation (decrees) in matters outside the exclusive powers of the CR. It was elected by the CR and later appointed by the PR. In the 1976 constitutional revision, the PR became the head of government although the PM was

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197. In the 1975 version of the constitution, the PR, the President of MPLA according to CL, was essentially the head of the CR and the chief-commander of FAPLA (CL, 1975, arts 31 and 32; 1980, art. 32). From 1976 the PR became the head of government and appointed the provincial commissioners (CL, art. 32 c and 39, as revised by Law no 71/76, and art. 32/d, respectively). From 1977 he appointed the members of government (CL, art. 32 b, as revised by Law no 13/77). From the extinction of the PM and vice-PM posts in 1979, the PR directly oriented the activity of the central administration. Sparse legislation began to allocate the PR powers to appoint other senior officials and the 1980 revision received into CL these powers (e.g., CL, arts 53/d and 53/e). From 1980, the PR became the Chairperson of PA and PC and could revoke the decisions of the members of the government or the provincial commissioners against the constitution and the law (CL, arts 41 and 50 and art. 53/j, respectively). The 1980 revision created the presidential decree, by which the PR would "exercise his/her powers" (CL, art. 54). Also, sparse powers were allocated to him as head of the CC Cadres Department or as chief-commander of FAPLA. In 1990, the PR was the President of MPLA-PT, headed the Politburo, the Secretariat of the CC, the CC and the Congress, plus the Department of Cadres, within his functions as a member of the CC; as PR, he supervised the army, the security of state, the other polices and his own security and General Prosecution; he headed the PA, the CP, the CM, CDS and the Economic Commission, and his own two Cabinets (one as PR and another as head of government, which include committees of experts for legislation, economic affairs, etc.). The coordination of members of the government by the ministers of state did not work properly and later the PR got the control of the areas allocated to the minister of state for the Economic and Social Spheres. Since the PR accumulated such a quantity of functions, it is obvious that he could not perform all of them and the actual power lied elsewhere (Law no 2/86, art. 2).

198. CL, arts 40, 41, 39, 42 and 53 d, as revised.
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maintained. From 1979 the posts of PM and vice-PMs were extinguished and until 1986 ministers were under the direct coordination by the PR.200

The 1980 constitutional revision defined the CM as the highest organ of public administration acting simultaneously as an executive of the PA and an autonomous organ.201 However, in the 80s the CM Secretariat, headed by a secretary appointed by the PR who was not a member of the government, got the power to act as the staff of the PR for the CM decisions.202 These reallocations were not welcome by some sectors of the government who saw the Secretariat as a competitor of the CM and a barrier in their direct contacts with the PR. But in 1983, under the emergency but unconstitutional powers,203 the PR allocated the Secretariat powers to control the CM itself.204 Later, a presidential decree invading an area of exclusive competence of the PA made the secretary a member of the CM.205

In 1984, the trend for concentration, partially reinforced by the worsening of war, originated a new organ, the Council of Defence and Security (CDS),206 which exercised the functions of the CM when it was not meeting and the meetings of the latter were spaced.207 After the II MPLA Congress of 1985 there were some changes in the centralised decision-making instituted, especially in the area of the economy, dealt with below.208 From 1988 the powers of

199. CL, art. 39, as revised by Law no 71/76 (art. 6).

200. Law no 1 79, art. 1.

201. CL, arts 56 and 58.

202. Dec. no 25-B/83, arts 5, 3 K, 10, and 31, respectively.

203. In 1983 the MPLA CC granted the President "special powers" (using the expression of the preamble of Pres. Dec. no 27/83), whose content, from a legal standpoint, is unknown; since then, in a focused way, the PR invaded the powers of the CM in legislation, as it is the case of the presidential decree referred to, see also next note.

204. Pres. Dec. no 27/83, arts 3/c and 3/d. The powers of the CM Secretariat included, for example, "to verify whether all the important issues which will be analysed by the CM and its commissions, have been previously analysed and approved by the MPLA-PT Poliburo" and "to contact the ministries, secretaries of state and other bodies subordinated to the CM whose documents (projects and bills) do not follow al. c) and send them back".

205. Pres. Dec. no 27/83, art. 4; CL, art. 56, as revised in 1980: "The composition of the CM is established by (formal) law."

206. Headed by the PR and composed by the ministers of Defence, State Security, Interior, Provincial Coordination and Planning and the Head of FAPLA Chief Staff (Law no 3/84, art. 2/1). The law gave the PR powers to decide on the membership of CDS by other entities (cit. law, art. 2/2).

207. Law no 3 84, art. 1; the meetings of the CM spaced from one to three months (Regiment of CM, Resol no 1 84, CM, art. 6 2).

208. See sections 4.4.1. and 8.1.
the CM Secretariat increased, with the control of the activities of central administration in the provinces and local government, and the control of the CM and CDS.

The devaluation of the CM and the concentration of real power in CDS and the CM Secretariat, and also the restructuring of the work of state organs was the result of the internal dynamics of power struggles within MPLA. They meant the consolidation of autocratic rule by the PR, who reinforced his control over the state though a network of organs directly linked to him through the appointments mechanisms. In the 80s there was thus the marginalisation of the CM, an organ where previously the different components of the MPLA-led coalition sat. Also, under the 'special powers' allocated by the CC in 1983, the PR has been progressively ruling on matters within the competence of the CM or CDS, or even the PA. This trend meant a devaluation of the collective decision-making organs provided for by the constitution, and related devaluation of normative acts in the Angolan legal order. The devaluation reflected the shift of power from the CM as a collective, not to speak about the PA, to individual members such as the Secretary of the CM and staffs. This was the outcome of the 'agrarian era' of which old Creoles took advantage and which appear as a 'peaceful' coup d'état legitimated by the PR.

The alliance against 'Nitists' which led to the appointment of agrarians and radicals as ministers and provincial commissioners became strained from the late 70s as agrarians jeopardised any attempt to implement the planning system or coordination and supervision within the state. Indeed, agrarians exhibited the following patterns of behaviour: i. they refused coordination, by whatever means (say planning, budget, credit, etc) except through PR directives (and hence the progressive extension of PR powers), ii. when disliking a collective decision, say of the CM, they did not implement it or prevent the application by 'kitchen door politics' (informal repeal of the

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209. It became the "link between the central state ... and local government" (Dec. no 26/86, art. 1, in fine) with the provincial commissioners reporting to the CM Secretariat (Law no 12/86, art. 1 changing LLG art. 59/b). The Pres.Doc. no 78/89 provided that ministries (except for Defence, Interior and Security) must report monthly to the CM on their activities in the provinces (art. 3). The role of ministers in this scheme was: they "may participate in the meetings" of the CM Secretariat with the offices for local government (art. 4/2).

210. The Secretariat prepared "the annual project of work of the CM", promoted "the integration of the activities of the CM and CDS", analysed "the reports and proposals of the PA commissions for the activities of the CM and its organs" (cit.dec., arts 3/a, 3/c and 3/e). Also, cit.dec., art. 3/g). In 1989, the Secretary got new powers, for example to decide which matters were discussed by the CM, the CDS or the CDS Economic Commission, and to control execution of decisions by state organs (Dec. no 59/89).

211. E.g., Pres.Doc. no 64/89, allocated the management of waters to the CM Secretariat (instead of the Secretary of State for Estate Planning, Housing and Waters, to whom these powers had been allocated by Law no 13-86.)
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measure by higher level agrarians or associates), iii. management posts were changed and filled with agrarians relatives or political clients, iv. resources allocated by existing processes are diverted either to their own personal advantage, the kin, the village, or other political clients, etc, v. centralised decision-making was reinforced, with the member of the government deciding on everything, from the selection of low-level personnel to the everyday management of PEs, or even ordering private and foreign firms to make all kind of deliveries, vi. protest was approached as a conspiracy of 'counter-revolutionaries', the 'corrupt' or 'elitist experts', leading to reports to the concerned polices, and, vii. 'historic revenge' may be taken on some categories of personnel (usually the so-called petty-bourgeoisie).212

The patterns of behaviour of agrarians in power were so different from those of radicals and even reformists, that sometimes changes in ministers or provincial commissioners seemed a change in the political party ruling the related administration.213 No planned system can be implemented under this style of management, especially when extensive powers of management of the economy are allocated to the state and under the constraints imposed by war.214 The agrarian era is thus characterised by sharp conflict led by agrarians, especially the Mbundu ones, to get rid of remaining radicals. Besides witch-hunting activities, agrarians concentrated in devaluing the CM and fighting the planning bureaucracies, as the possibility of coup d'etat proved to be the Pandora box of the latent conflict between the first and the second periphery and the preferences of the population were not known.

Having got some political victories, such as the appointment of their representatives to repressive apparatuses, in the early 80s agrarians made direct attempts to eliminate the opposition of radicals. The legal system, with its loopholes served to achieve these goals. Individual targets were selected, accused of criminal acts which were never proved but which legitimated later

212 It quite common that protesters or people who resigned from posts did not get a 'release letter' (see section 5.1.) to be able to get a new job; also, using the technique of aggression of needs related to self-esteem to force individuals to resign from their posts, it was current the 'informal punishment' through non allocation of any work or tasks at work place.

213 This was one of the causes of the mobility of experts, who fled the agrarians ministries and made many provinces to loose cadres who fled to Luanda to avoid agrarian commissioners; on job mobility, see section 5.1.

214 On this conflict within the state on the creation of political conditions for the implementation of the planning system, see e.g., subsection 4.2.1. (upwards mobility), and sections 4.4. and 5.3.
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action against them within the party and/or the state. The first targets were in the army. From the mid-80s the 'discovery of the economy' by the Ministry of State for Inspection and Control (SIC), had as targets managers of PEs or experts working in central and local government and, by extension, members of the government, accused of corruption and made the scape-goats of the failures of the economy. While the process was developing, in 1982 radicals within the MPLA central structures made demands against alleged agrarian corruption and for changes. They were severely purged and the agrarian wing reinforced its powers within the party and state structures.

In their struggles against radicals, agrarians allied with reformists who, due to the connections of their kin with 'leftist' groups, including 'Nitists', for some years had their weight in politics undermined. Furthermore, many reformists had no direct 'revolutionary legitimacy' and the 'socialist option' and related party rhetoric made their situation ambiguous since at any time they could be attacked on grounds of 'privilegists' or 'aristocrats'. Their battlefield is essentially the state, given their bureaucratic tradition and superiority of knowledge. But having to face collective organs some of them filled with carriers of 'revolutionary legitimacy' or prestigious experts, reformists had to 'jump over' established allocations of power, for example the CM issue, by sheltering in, say, the PR.

215 Agrarians even 'invented' the very crimes, something made possible by the 'open criminal norms'; defence lawyers in these suits showed the fabrication of evidence by the police, e.g., releasing prisoners sentenced by courts when they produced declarations against their targets, or arranging employment contracts to prosecution foreign 'witness'; an example is the so-called 'photographer case' in 1981, which aimed to involve the then Minister of Defence, and on which a number of military spent several months in prison for the crime of having arrested the prosecution witness, convicted by a court for a common crime and released immediately after the decision (some years of imprisonment) by the Security of State (which had no powers to counter the court decision).

216 On SIC, see subsection 4.4.3.; the 'scapegoats system' implemented by agrarians actually grounds on tradition (e.g., Altuna, 1985: 471).

217 It was the so-called 'painting and play' case (see note 184); since in the later appraisal of the case, they got some historic Kikongo radicals out of the CC (e.g., Lukoki, a previous minister of education and member of the Politburo) or from the Politburo (such as Kimba, former minister of Agriculture).

218 The big Creole families allegedly had members involved in 'Nitist' activities: the Van Damou, Vieira Dias, Neto and Ingles, for example. The campaigns against the petty-bourgeoisie, for example, reached reformists, and agrarians benefited from this reformist weakening.
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Although forced into an uneasy alliance with agrarians or to resort to family connections to secure positions within the state or the party, reformists were (and are) more qualified to cope with the control of the state. One of the outcomes of the agrarian era was thus the reformist rule in the late 80s. In their rush for power the reformists benefited as well from the constraints imposed by war, as radicals restrained themselves from fighting them (Bhagavan, 1986: 176).

Realising the 'side-effects' of 'statist socialism', of which they became victims, many radicals moved from the early 80s to demand reforms, while reformists reinforced their positions within the state, by resort, among others, to the PR/staff rule. The repressive legislation of the late 80s, contradicting government declarations and other legislation, reflects the conflict between agrarians and reformists within the state. After consolidating their positions, reformists took the radicals reforms programme and created their own project, implemented from the late 80s. International conditions also contributed in the 90s to split the organisation of government set up in the 80s.

The evolution of organs such as the CM Secretariat or the commissions of CDS, which were not headed by the ministers of state shows that the attempts to reallocate the PR powers were not successful.

3.6. Conclusion

After a short period where the seeds of democracy from below were integrated in the post-independence restructuring of the state and notwithstanding efforts to promote progressive democracy from above, and as a result of the changes in the allocations of power at the level of central government, the PR had, by the end of the 80s, become the 'supreme ruler'. These developments, as contrasted with the 1975 project, make transparent many changes undertaken by the Angolan society since independence towards reinforced underdevelopment. That is, the reinforcement of underdevelopment at the level of the economy, caused by the conditions of

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219. Birmingham, 1988, 9: "by 1987, the government was controlled by a network of a dozen families of the old Creole military caste that had dominated the black elite in the 19th century".

220. See Chapter 8.

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emergence of the country into independence and war, went together with steps backwards at the
institutional level. In a certain way, the institutional framework reflected as well the
'agrarianisation' of politics, meaning the rule of chiefs, with the PR at the top. As for the winners
of the scheme, reformists, this organisation was tolerated as a necessary step towards their goals
of control of central government. While traditional rule was instituted at the expense of collective
decision-making, 'staff/experts' rule was also accepted. Indeed, the need to 'rationalise' the work
of government, maximised by the needs of the planning system itself, the growth and increased
power of state bureaucracies and, finally, a door for the access of old Creoles, called for the
articulation of both traditional and staff rule.

For the citizens, their standards of rights were bargained against promises of future
welfare. In fact, these conceptions mean a trade-off between citizens rights and state supplies and
have a negative impact on development. Indeed, to break the vicious circle of underdevelopment
it is necessary to mobilize the initiative and energies of the population, aiming to create additional
resources for the take-off. Restrictions in citizens rights, meaning barriers to their self-
organisation and creativity, or even making any initiative difficult, waste a substantial amount of
human wealth and wisdom and prevent long-term successes in social transformation. Putting it
differently, standards of rights enjoyed by citizens in a given society are not just a matter of
democracy or justice, they have a material impact on the enlarged reproduction of a society. For
example, had Angolan citizens wider access to information, the expenses of the state in buying
information abroad would be smaller and the range of alternatives produced larger. Or had
Angolan citizens the possibility of self-organising to solve their problems, as they have done in the
past and are doing now in the economy, the state would not need the overloaded apparatuses for
which it paid. Also, the final outcome would probably be more adequate to the country's realities,
with consequential 'adjustment' savings.\textsuperscript{221} This means that the 'developmentalist' speech of the

\textsuperscript{221} See subsection 7.3.1. Economic and social solutions without 'social adequacy' mean high costs of non-implementation, of which Angola is a good example.
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Third World ruling classes preventing the enlargement or enjoyment of citizens rights for the sake of development,\textsuperscript{222} is just an excuse to perpetuate their rule.

The setting up of new power structures was complemented by developments related to the management of abandoned assets, aimed at the implementation of a central command economy. The system of administrative planning, the allocation of extensive powers to the central administration, especially to individual officials, favoured, in fact, the emergence of a reasonable (economic) power base to agrarian rule (and corruption) at the expense of PEs and promised welfare. They are dealt with in the next chapters.

\textsuperscript{222} See, e.g., Turok, 1986: 66 and Shivji, 1985: 2.
PART II

THE CENTRAL COMMAND ECONOMY

PRA is a sovereign, independent and democratic state, whose first objective is the total liberation of the Angolan people from the vestiges of colonialism and domination and aggression by imperialism as well as the construction of a prosperous and democratic country, completely free of any form of exploitation of man by man, achieving the aspirations of the popular masses.

Constitutional Law of PRA, art. 1

1975 version

We are capable of doing it. We are not worse than others in Africa and in the world. We are not less intelligent than them. Thus we have to use our capacity, our intelligence, mostly, our patriotism, our commitment to the cause of our people to solve, in the best way, this problem.

José E. dos Santos, 1986
CHAPTER 4

PUBLIC ENTERPRISE AND THE PLANNING SYSTEM

The massive flight of settlers during 1974-75 motivated state intervention in the management of abandoned undertakings. Workers and remaining managers maintained some factories working, but a substantial part was paralysed, creating serious problems of unemployment and shortages of goods and services.1 This situation created, as stated above, the objective base for the development of statism, together with the expectations and demands of people on the state.2

The management of abandoned assets by the state, a new problem, asked for an ordering framework. For many radicals, planning was the solution. It aimed to: i. promote economies of scale by joint allocation of inputs (including labour and technology) and distribution of output, ii. achieve a more egalitarian distribution guaranteeing the access to ever scarce goods of those who during colonialism could not afford to buy them, iii. provide criteria for distribution of consumer goods to the population after the

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1. "Destruction and robbery plus the sudden flight of the Portuguese ... led to a situation of almost total paralysis, with the majority of companies in all fields ... abandoned (in most cases after having been thoroughly sabotaged) and most essential services deserted and dismantled, including Education, Health, Finance, Banking, Customs and Excise, and all local government (water and electricity supplies, sanitation, etc) except for a few major centres. 130 road and railway bridges had been destroyed and over 20,000 heavy road transport vehicles stolen or sabotaged (80% of the total number ... in 1973), which virtually brought circulation of people and goods to a halt. Distribution of products and supplies were thus made extremely difficult. In the countryside all kinds of equipment had been stolen, or destroyed and the foundations of agriculture undermined. There was also a shortage of workers. Most foreign farmers fled leaving their agricultural enterprises in a state of paralysis and this plus the dislocation of the rural population due to war left agricultural production at a very low level. In industry the situation was similar. In March 1976, a survey of major industrial enterprises revealed that of 692 enterprises involved in the survey, only 284 (a little over 40%) were still functioning with their former administration, the remaining 408 being totally paralysed or under state recovery. Oil earnings were paralysed until mid-1976, iron ore mining stopped and diamond mining fell to 18% of 1973 production. Construction was completely halted and fishing severely affected with the catch down to 10% of 1973 levels because the best boats were sailed off by their owners and most fishing companies had been abandoned. The commercial distribution network, made up of around 25,000 retailers across the country was virtually paralysed ... While it is relatively easy to calculate material losses in sabotage and destruction through the war, and robbing of equipment, transport, cattle, etc, assessed at a total value of around USD 6,700 Mn, it is impossible to know the full picture of negative consequences of these actions ... As an example, how can one quantify the loss to a recently liberated country, with 85% illiteracy, of almost all skilled workers, all of them settlers, because colonial rule barred the way to training of Angolan nationals as skilled workers? How can one quantify losses accruing from the almost complete breakdown of links between the city and countryside, guaranteed under colonial rule by the network of 'bush traders' and truckers, virtually 100% of whom were settlers who suddenly went back to Portugal, causing hundreds of thousands of rural families to return .... to subsistence farming because there was no longer any market for their products?" (Mário Nelson, 1985: 44-5). See subsection 2.2.

2. See section 3.1.
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breakthrough of the trade network, iv. save in transaction costs by shifting of transactions from a market which had to be recreated (in a context which made transactions difficult and costly) to the hierarchy, v. gather and process information in order to draft and implement economic policy measures adequate to the country's actual conditions, and, vi. use planning as a mean to implement a socialist strategy of development.

In a certain way, planning appeared as a mode of exercise of owners powers over abandoned means of production by making decisions on allocations and distribution of resources. However, the planning process was jeopardised, from its very beginning, by many factors dealt with in this chapter. Among them, the approaches of agrarians to the state, their alternative use of PEs and branches, the traditions of the colonial bureaucracy (which added to the 'socialist' bureaucracy created a mixture favouring corruption) played an important role. Nevertheless, the efforts in the restructuring of the economy translate, along with attempts to implement forms of grassroot democracy, into the ruptural element of the post-colonial society.

The initial managers of abandoned assets, the branch ministries, soon had to share power with the planning authorities which from 1977 and within the general framework of administrative planning, got substantial powers in policy-making and implementation of economic policy. The first attempts to set up the planning system were not ambitious but

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3. "Planning authorities" mean here all the state entities with powers to intervene in the activities of enterprises or branches according to allocations of functional powers in the planning system; it includes essentially the Ministry of Planning, with wide competence in this area, but as well the ministries of Finance, Foreign Trade and Labour, and the central bank (BNA), which shared with Ministry of Planning the set of powers related to planning, including to enact instructions.

4. From 1976 a National Programme (of ventures) implemented indicative planning: the Programme restrained itself to the supervision of allocations of funding to projects proposed by the public administration, and related mainly to state contracting and building (and reconstruction) of infrastructures; the Direction of Planning authorised estimates and movements of funds (m.o. no 80/76, Planning and Economic Coordination, approving the regulations for the National Programme for 1976, nos I/a, 1/b, and I/l/a); the regulations established that the Treasury executed the payments for the project (no III). After the CC 3rd Plenary in 1976 (see section 3.3. and note 84), Dec. no 89/76, implementing the planning system adopted at the Plenary ruled the content of the National Plan (NP), (art. 4/3), the branch draft plans (arts 2/2 and 3), the enterprises draft plans (arts 2/3 and 2/4), and the process (arts 1, 2/1, 2/3, 4/1, 4/2, 5, 6/1 and 6/2); the system was later refined by Law no 2/82 (see next note).
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progressively the branch and planning authorities allocated to themselves all kinds of powers at the enterprise level.

The 'standard pyramid' of organs of the planning system had the PA at the top and the enterprise at the bottom. The hierarchical organisation of the planning system raised different issues, for example: i. the flows of information and costs of communications, ii. the role of participants in the process (either from below or from above), iii. the content of decisions allocating and distributing resources, and, iv. the actual application of these decisions.

The institutional framework at the level of law also raised problems. In a central command economy the plan is a law, thus with coercibility and whose effectiveness is guaranteed by a set of norms providing for complex machinery to change the plan directives and/or indicators. Also, the plan law may be approached as a negative limit for each of the decision-making systems involved. A law containing policy directives and quantitative targets related to macro indicators, the plan law jumped, in administrative planning, from the level of formal law to the m.o. and instruction level as the macro

5 Law no 2/82, on Planning, PL/82; the law provided for centralized planning, with the Plan being approved by the PA and "having the force of law" (arts. 12 and 25/3); in principle the planning obligations emerging from this law aimed only PEs and state organs, but there was a possibility of integration of mixed and private enterprise (art. 22/2; see subsection 7.1, note 54). The draft of plans was complicated: i. grounded in the "Prospective Guidelines for Development", approved at the party congresses, the Ministry of Planning established 'cyphers of control' that is pre-indicators (qualitative and quantitative targets to be reached by branches and enterprises through the plan), (arts. 15/1 and 15/3); ii. the cyphers were sent to the CM for approval (art. 15/1), and the Politburo for approval (art. 15/2) and, after this step, to the Plan Cabinets of the branch ministries for disaggregation by dependent enterprises (art. 16); iii. based in these cyphers, the enterprises made their draft plan and if they changed the cyphers they had to provide reasons (arts. 17/1 and 17/2); iv. the PF draft plan should include the components investment, finance, credit, import/export and hard currency (see Table 2); v. the draft plan should be discussed in the PF council of direction and workers assembly (LPE/77, arts 41/2/a and 50/1/a, and GLL, art. 11/1/a); vi. after this the PF should send it to the branch or to the provincial Plan Cabinet (PL/82, arts 21/1 and 21/2); vii. the PF should initiate contacts with suppliers and clients to negotiate 'economic contracts' (PL/82, art. 19, see subsection 5.3.2.); viii. the branch ministry analysed the PFs plans and made corrections in the draft plans (PL, art. 22/1); as some ministries went to far in the use of their discretionary powers, Dec. no 6/82 (Statute of Prioritizing Enterprises, SPE, see subsection 4.3.2.), established that prioritizing enterprises, as defined by the list at the decree, were entitled to a right "of compulsory insertion of their activities in the National Plan and to the individualizing of their plans in the branch plan" (SPE, art. 4/1/a), that is to the allocation of resources made by the National Plan; ix. the branch ministry made the draft plan of the branch, including the components investment, finance, credit, import/export and hard currency (PL/82, art. 23/1); x. the branch draft plan was sent to the ministries of Planning and Finance (financial plan, PL/82, art. 24/a), Foreign Trade (plan of imports and services supplied abroad, PL/82, art. 24/b), and Labour (plan of work force and wages, PL/82 art. 24/c); State Secretary of Cooperation (SSC), (plan for international technical cooperation, PL/82, art. 24/d), BNA (loans plan, PL/82, art. 24/e); xi. afterwards the ministries had negotiations to prepare the final draft of the plan, and eventually celebrated interbranch agreements (PL/82, art. 20); xii. the Ministry of Planning, having the draft plans consolidated by these discussions, negotiated with ministries and provincial commissioners and made corrections in the draft plans (PL, art. 25/1); xiii. the Ministry of Planning sent the draft national plan for approval by the party CC and after this to the PA (PL/82, art. 25/3); although the plan was a law the secrecy patterns of the Ministry of Planning led to the amazing situation that the plan was a non-published law (in contrast with the Budget, which was published).
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indicators were disaggregated by branch and enterprise.\(^6\) This proved an example that the economic power of the PA was not significant when contrasted with the actual capacity of decision-making of those empowered to make the concrete decisions on allocation of resources. State bureaucracies even could, by these decisions, jeopardise the implementation of the policy directives of the plan law.\(^7\)

This chapter describes the process of nationalisation of abandoned assets, the different forms of organisation of the public sector and the progressive appropriation of decision-making powers by different competing state bureaucracies. It aims to demonstrate the importance of the socialist option, and related central command economy, in enabling state bureaucracies to exercise owners powers over abandoned assets. The pitfalls of the planning system in the Angolan conditions and the working, and impact, of the general institutional framework are also referred to.

4.1. The nationalisation process

The two basic statutes enabling the state to takeover abandoned enterprises were Dec.no 128/75, enacted during the transitional period, and Law no 3/76. The process

\(^6\) The plan appeared as a mean to make decisions on the management of enterprises through the plan compulsory indicators, a set of orders on production, purchases, sales, financing, etc, adopted by the planning organs through administrative acts of planning. The draft plans of industrial enterprises will include the following indicators: a. quantitative production; b. volume of mercantile production; c. increase in productivity; d. number of workers; e. wages and salaries fund (amount of wages and salaries to be paid during the plan period); f. global value of profits; g. payments to the Budget and subsidies from the Budget; h. investment and entry into functioning of new capacities of production; i. volume of supply of technical-material resources.\(^6\) (PL/82, art 18 I). After the approval of the aggregate National Plan by the PA, the 'descending phase' of planning began: disaggregation by branches and enterprises; the Ministry of Planning sent the branch plan to the ministries (PL/82, art 28/1) and these divided the targets by enterprise (PL/82, art 28/2); as sometimes they took a substantial time to perform the task, leaving the PEs in a situation of uncertainty, Law no 4/86 (approving the NP for 1986, established a term of 30 days for the approval by branches of PEs plans, art 5); the plans so elaborated were compulsory for the PEs (PL/82, arts 1/2 and 33/2) and the enterprise should negotiate 'economic contracts' to fulfil the plan tasks (PL/82, art 33/1 and Dec. no 7/82, art 6/1/a). The number of indicators centrally fixed impacts the autonomy of the PE; legislation in force during the functionalist phase provided for 9 indicators for industrial PEs (PL/82, art. 18/1) and empowered the Ministry of Planning to fix more indicators (PL/82, art. 18/3), and to order the division of indicators by 3 months terms (ibid.); the periodicity of indicators was also important for the autonomy of PEs; up to 1988 the plan was annual and the powers of ministries in establishing the indicators, with the possibility of going into the three months term, contrasted with other countries, where plans were pluriannual, and the PE was free to disaggregate the indicators by years or months. On the 1988 changes, see section 8.1.

\(^7\) For example: the plan law asserted that a given level of employment should be maintained, or that a branch should produce given quantities of output, but simultaneously the planning authorities decided to cut the supply of inputs to a branch, for example, by reducing its import quotas (as they actually did, see, e.g., subsection 4.3.1.); these decisions had as a consequence that the indicators related to output were not attained and in some cases, firms paralysed and/or became bankrupt, with impact on employment targets; that is, decisions of the PA were not implemented, or even minimally respected.
initiated during the transitional period and its outcomes were conditioned by the state of the economy at independence. Both laws are examples of dysfunctions due to non-application of their organisational rules: those in charge of the application of the laws only partially followed their provisions and created a parallel framework, more adequate either to the existing conditions or their interests.

4.1.1. State intervention

The 1975 decree provided for four types of temporary state intervention in the management of companies, when situations of abandonment or disruption of production arose, or in case of mixed enterprises:

1. investigation,
2. appointment of delegates of the state,
3. suspension of corporate organs and appointment of a MC, for six months, renewable, with the powers of the suspended organs, including those of the general meeting, and iv. administrative declaration of bankruptcy.

8. See section 2.2. and Introduction to Chapter 3.

9. Dec. no 125 75 also provided for financial intervention: grant of loans or guarantees for loans (arts. 3 and 24-25) and transformation of debts of companies into equity owned by the state (art. 26). The situations allowing state intervention were described at art. 2, while mixed enterprises, through direct and indirect participations referred to at art. 3, could be under intervention.

10. Arts 6-7: the ministers of Planning and Finance and Economy (in the TG, later the branch minister) could order an "urgent investigation to evaluate the real condition of the enterprise", (art. 6/1); the company's officials (directors, managers, members of the audit council and employees) had a legal duty to supply the necessary information, including by providing access to the company's records (art. 63); this legal obligation was enforced by penalties such as imprisonment up to one year, fines and temporary inhibition of the exercise of managing posts in any company (art. 6/3); the investigator should make a report to the concerned minister who could order the "measures of economic and financial adjustment considered convenient" (art. 7/1).

11. Arts 8-10; the minister could appoint 'state representatives' or members of the board representing state participations in mixed companies, after hearing the CT of the enterprise (arts 8/1 and 8/2); the members of the board were under the regime of company's directors (Dec. no 40,833, 1956) and the state was liable to third parties on the management decisions implemented by its appointees (arts. 91 and 910); the government representative had a veto right on decisions not related to current management, especially those "implying disposition or cession of the company's assets, resort to loans or sale of goods meaning the change of the enterprise's productive capacity or, also, withdrawal of provisions by the shareholders" (art. 9/1); every month the state representative should report to the minister (art. 9/3); if the members of the board or managers did not comply with the decisions of the government representative, he/she could propose to the minister the suspension of the corporate organs and the appointment of a management committee (art. 9/4).

12. Arts 11-17; here the boards of the company were 'frozen' for the period of intervention, and a management committee substituted them (art. 11/1 and 11/2); the committee had the powers allocated by company law to suspended organs, including those of the general meeting (art. 14/1); the members of the committee were under the regime of company's directors as established in Dec. no 40,833 (art. 14/2); the state was liable for third parties for the decisions of the management committee (art. 17); as the latter, besides managing the company and promoting "programmes of professional training for national cadres" (art. 15/1/d), should report on the economic and financial situation of the enterprise (art. 15 1/a), and also "inquiry on the liabilities arising from past management" (art. 15/1/b); suspended directors and managers should provide the necessary information (art. 15/3); the state supported the MCs with technical assistance or funding, at the request of the MC (art. 15 4).
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Investigation was rarely used, since the urgent problem was to keep the firms functioning. According to available information, the administrative declaration of bankruptcy was never used, probably because it meant unemployment and also implied legal knowledge and commercial practice people involved, CTs and young cadres of the state, did not master. The most applied instruments were the suspension of corporate organs with appointment of an MC and the appointment of state delegates in corporate boards when the latter remained in office.

Intervened companies were formally ruled by company law and fell outside the public sector. The regime was equivocal, since in practice the companies were under total control by the state. Ambiguity led to situations of illegality, such as the stay in office of MCs for years with neither renewal, nationalisation nor return of the company to owners. Decisions on intervention without the compulsory consultation of workers' representatives or, even, their participation in management, were frequently made. Conflict between private shareholders and state delegates on the boards of mixed

13. Arts 18-23; if the enterprises were in a situation of technical bankruptcy, the state could declare them bankrupt without resort to courts and appoint an administrator for the equity (arts. 18 and 20); the owners could appeal to the Administrative Court, which could not grant an injunction suspending the execution of the proceedings (art. 19); the appointed administrator communicated the administrative declaration of bankruptcy to the court, which continued the bankruptcy proceedings (art. 21/1); the government representative informed the court on the goods and rights the state would acquire for a new enterprise or an existing enterprise (art. 22/1); after the assets had been evaluated by the prosecutor, the state should pay the price, which was included in the 'bankrupt estate' to pay creditors (art. 21/2 and 22 2); the court appointed an administrator to manage the assets, rights and liabilities (art. 23).

14. Still, there were some cases of investigation, e.g., m.o. no 29/77 (Industry), on an investigation under Dec. no 128/75 in an electric materials and equipment firm.

15. In 1989 the institution was restored under a less administrative scheme; Dec. no 31/89 stated that intervened companies might be declared bankrupt if the government so required to the General Prosecution (arts 7/2 and 7/3), which might propose it to the court, on grounds provided for at civil law (art. 7/4); the state might order a reserve of assets for itself, as under Dec. no 128 75 (see note 13).

16. Mo. no 35/83 (Industry): "are considered 'state enterprises': a. enterprises already created under Law no 17/77 (LPE/77), b. enterprises under restructuring in order to create PEs under Law no 17/77, c. nationalised and/or confiscated enterprises, d. intervened enterprises under the form established at art. 4/c of Dec.Law no 128/75' (suspension of corporate organs and appointment of a MC).

17. For example, m.o. no 58/89 (Trade) 'suppressed' the 'intervention committee' in a private company (no 1), which was in office since 1985 (m.o. no 46/85) and appointed a new one (no 2); Dec no 32/89 (see subsection 8.1.2., on privatisation) reassured bankruptcy, nationalisation or return to the owners as the solutions for intervened companies (as it was established in Dec no 128/75 and Law no 76); the need to repeat legislation in force in new laws means that it is not applied, that is, that intervened companies were kept in their temporary status for periods superior to those established by law.
enterprises led to intervention by suspension of corporate organs in mixed companies where the state had majority participation.\textsuperscript{18}

After the suspension of workers participation in management, the provisions of Dec. no 128/75 on MCs were no more implemented. Since then the management of intervened companies was transferred mainly either to newly-created PEs with similar activity, to government departments or to committees promoting the restructuring of a branch.\textsuperscript{19}

As Table 1 shows,\textsuperscript{20} state intervention in the management of private companies was at its peak in 1976-78. Nationalisation was at peak in 1979, although lasting from 1976 to 1983. The reason is that usually state intervention served as a experience to step towards nationalisation.\textsuperscript{21} Only 7 enterprises were reallocated to owners,\textsuperscript{22} mainly because the majority of owners was absent. Still, under the 90s restructuring many remaining intervened and nationalised companies were transferred back to former owners, after more than ten years of absence from the country and management. The late 80s economic reform also provided for the revision of legislation on state intervention, while compelling

\textsuperscript{18} For example, the m.o. of 12.8.1982 (Culture) intervened two mixed film exhibition firms where the state had a majority financial participation; the intervention was justified in grounds that state representatives, who had no experience and knowledge of company law, had been manipulated by private shareholders (who had superior information on 'technical details') in general meetings; the management of the intervened mixed companies was allocated to the film distribution PE, Edecine.

\textsuperscript{19} E.g., m.o. 11.3.82 (Agriculture, allocating the management of a coffee plantation to the national coffee PE, m.o. no 209/77 (Transports, allocating the management of an intervened company to the local department of the ministry), m.o. no 55/77 (Industry, allocating the management of SACMA to the Department of Heavy Industry), and m.o. no 8/78 (Internal Trade, allocating the management of a company to the Benguela Materials Intervention Committee). There were different kinds of committees to manage abandoned companies and the most important were the National Restructuring Commissions (NRCs). See subsection 3.2.2. and 4.2.1. (NRCs).

\textsuperscript{20} The figures refer to a sample of official gazettes available. The present sample roughly coincides with the estimates of the "Guidelines for the Development of PRA in the period 1980-1985", which states a figure of 250 private enterprises transferred to the state between 1978-80 (OFFDES2, 9), 225 in the sample, except for plantations, the legislation surveyed does not include agricultural small undertakings, informally allocated to state farms; as any economic data referred to in this work, the figures are rough estimates (see e.g., Hodges, 1987, 124, on the problems of some economic data on Angola).

\textsuperscript{21} For 503 state interventions there have been 457 confiscations and 7 end of intervention.

\textsuperscript{22} E.g., m.o. no 89/83 (Provincial Coordination) ended state intervention in a foreign company after 6 years (enterprise intervened by m.o. no 62/77).
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state organs to make decisions on 'intervened' companies in order to end their transitory status.23

4.1.2. Nationalisation

Law no 3/76 ruled nationalisation and the management of nationalised enterprises.24 The law divided the broad concept of nationalisation25 into nationalisation stricto sensu and confiscation. Nationalisation stricto sensu caused a right to compensation26 and was grounded on reasons of economic and social strategy.27 It also resulted from unilateral transformation of debts to the state or state-owned banks in financial participations in companies.28 Confiscation was, in the Angolan legal order, a punitive administrative measure with no right to compensation.29 Both nationalisation and confiscation could be total or partial. The latter involved the transfer to the state of shares

23. See section 8.1

24. On Title II, see subsection 3.2.2. and 3.4.4.

25. Defined as the transfer to the state, by an unilateral act of the latter, of privately owned means of production or enterprises.

26. Law no 3'76, art. 9: "1. The conditions for compensation will ... be established by negotiation between the state and interested parties. 2. If the parties do not reach an agreement on the conditions of the compensation ... the CR, under proposal of the CM, will determine these conditions." (by reference to arts 1 and 2). In 1989, after a report of a committee of experts, there were the first formal decisions on compensation for nationalisation (Dec. no 29/89); informally, in 1982 the Portuguese owners of Sonde got compensation in hard currency, under an agreement between the Angolan and the Portuguese governments (AED, 26.11.1982).

27. Cit. law, art. 1: "1. The CR may, in cases of special interest to the national economy and under proposal of the CM, decide the nationalisation of the totality or part of the assets of national or foreign enterprises, considered important to the resistance economy. 2. The choice of enterprises to nationalise will be based in any of the following factors: a. Type of activity; b. Volume of employment; c. Monopoly situation; d. Impact in the balance of payments; e. Location. 3. The CR may also, under proposal of the CM, decide the nationalisation of the totality or part of the assets of enterprises intervened by the state under Dec. no 128/75, when it considers that their maintenance in the private sector is contrary to the national interest."; Law no 1/82, decentralized the process of nationalisation, allocating the CM the CR powers and the branch minister the initiative previously of the CM.

28. Art. 2: "1. The CR may, under proposal of the CM, decide the nationalisation of the totality or part of the assets of enterprises which had been granted financial support by state financial institutions and have not applied this funding in operations on the interest of the enterprise or the national economy. 2. The CM may, on the other hand, decide the compulsory transformation of the debts above referred to into equity of the debtor enterprise.".

29. The grounds for confiscation provided for in art. 3 Law no 3/76, followed those allowing state intervention according to art. 2 of Dec. no 128/75. Art. 4 provided for confiscation when owners of enterprises either abandoned the country for a period superior to 45 days without justification (al. a), had collaborated with white terrorist organisations (including the Portuguese secret police, al. b), with UNITA and FNLA, FLEC and the white separatist army (ELP), (al. c), or were convicted by the practice of tax, customs, foreign currency, against public health or the national economy offences (al. d).
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(or other forms of participation in capital) owned by some individuals or firms and originated a mixed corporation.30

All the rights of nationalised estates were transferred to the state, which guaranteed the right to compensation of third parties entitled to it.31 The CM could allocate nationalised enterprises or assets to co-operatives.32 The nationalisation enactments meant the immediate cessation of functions of corporate boards and their substitution by government appointees if the enterprise maintained corporate personality and form (usually company). If the enterprise was liquidated and transformed into a PE, the CM appointed an 'emergency committee' to manage it until reorganisation.33

As Table 1 demonstrates, the overwhelming majority of enterprises transferred to the state were confiscated (457 out of 499 transfers). About 99% of cases of confiscation were due either to abandonment or to interruption of activity, and referred almost exclusively to Portuguese owners. Nationalisation stricto sensu had no substantial weight in the transfers (just 42 in the sample).34 When the enterprise subject to nationalisation had

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30. E.g., Law no 8/76, art. 1/2, on the partial nationalisation of 17 companies on which the nationalised holding Cuca had shareholdings, among them the soft drinks companies, Sofanco and Refrigerantes Vitoria (later totally nationalised by Decs. no 177/80 and 178/80, respectively). The meaning of Law 3/76 was not clear for many entities. For example, Dec. no 8/88, confiscated 21.67% of the shares of a coffee company and although one of the owners was in the country and remained with a participation of 78.33%, the decree ordered the liquidation of the company, later m.o. no 1/89 (Coffee) allocated to the private shareholder the buildings belonging to the company (with the right of repayment in kz of rents paid in hard currency unlawfully perceived by the Housing State Secretary) and to the state two plantations, the bulk of the company’s property and the credits of the company over the PE exporting coffee, ENCAFE.

31. Law no 3/76, art. 6.

32. Cit.law. art. 8; m.o. no 56 76 (Agriculture) provided for a priority in allocation of abandoned farms in the 'Luanda Green Belt' to the neighbours and enterprises consumer co-operatives; the m.o was not implemented and the majority of the farms became private property of 'upper' officials, many of them of state or party bureaucracy, or their kin, and some of them employing Ovimbundu labour; Hodges states that the majority of abandoned farms were allocated to agriculture PEs (1987: 85) but Sarapu and Cruz refer the allocation to co-operatives. See Charter 6.

33. Law no 3/76, art. 7.

34. Nationalised (stricto sensu), e.g.: i. mining companies: Angel (Sociedade Portuguesa de Exploracao de Petroleo, distribution of fuels. Dec. no 3/77), later dissolved and its assets allocated to the NOC Sonangol (Exec.Dec. no 1/79, Oil); Empresa de Cobres de Angola (Dec. 61/81), Icomiangol (Dec. no 91/79), ii. energy: CELB (electric power, Lobito/Benguela, subsidiary of Sonefe and where the state had a participation), and Electro Industrial, electric materials (Decs. no 39/82 and 40/82, respectively, partial nationalisation and partial confiscation); iii. construction and building materials: Cimento Secil (see Chapter 7), partial nationalisation of shares except the Danish shareholdings (Dec. no 107/78), Sondadora (drills and foundations, Dec. no 108/82); iv. graphics: Grafica da Huila (Dec. no 44/83), Unigran (Dec. no 62/83); v. food industry: partial nationalisation of share not confiscated in Sofanco and Vitoria (soft drinks, Decs no 177 80 and 178/80, respectively), the wine bottling Sovan, Savinex, Sovincs, Covip, Vinsul, Vinul and Geol (Decs no 5/83, 6 83, 7/83, 8 83, 9/83, 10/83, and 11/83, respectively), Huilapao (Dec. no 13/83), Panificadora Benguela (Dec. no 23/87, partial nationalisation), Combal (biscuits, Dec. 69/81); vi. light industry: Holdains, Angola (Dec. no 13/87); vii. plantations: Sapu (cattle ranching, Dec. no
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foreign non-Portuguese owners usually they were maintained and the firm became mixed or the state participation increased. The figures demonstrate the defensive character of the nationalisation process, where, as stated above, the only offensive nationalization has been the takeover of banks.

**TABLE 1**

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<th>State decisions on private enterprise in the period 1976-89</th>
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<td>Total</td>
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Source: DRS 1976-89; interv: intervention in management of private enterprises under Dec.no 128/75; confl1: confiscation by abandon; confl2: confiscation by paralyzation; conflt: total confiscation; nation: nationalisation with compensation; transf: total transfers to the state (total confiscation plus nationalisation); end: end of state intervention under Dec.no 128/75, without nationalisation; total: total decisions state organs concerning private enterprise in the period; figures understated: nationalisation or confiscation of just a part of equity, or of both.

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35 See previous note on Cimento Sethi; also, e.g., the breweries Nocal (confiscation of all equity except the shareholding of Heineken, Law no 9 76, art. 1), Eka, where the shareholding of Société d'Assistance Industrielle et Commerciale, SAIC, and Widbream Company were not nationalised (Law no 10 76, art. 1), the heavy industry firm Diogo d'Avila, where the participation of Société de Transformation de Metaux was excluded (Dec. no 94/77) or IFA (matches) excepting the participation of the French firm Société Industrielle et Forestiere des Allumettes (Law no 6/77).

36 Such as the nationalization of some Portuguese shares in Diamang (Dec. no 61/77) which led state shareholding to jump from about 20% to 70.85% (art. 1); shares from Société Generale de Belgique, Sibeka, Solomon, Guggenheim Foundations, Pacific Consolidated, Morgan Trust Company and the banks Swiss Bank Corporation, Société des Banques Suisses, Compagnie de G. et de Banque, Bancos Pinto Magalhães, Intercontinental Português, Português do Atlântico, Fonseca e Burnay (nationalised in Portugal) and two insurance companies, were not nationalised (art. 2). See section 1.1.

37 See section 2.2. Two banks were nationalised in 1976: Banco de Angola, which became the Angolan central bank, BNA, and Banco Comercial de Angola, which became IBA, a merchant bank (Laws no 69/76 and 70/76). The other banks ceased their activities by cancellation of licences to loan money (for example, m.o.s no 12/76 and 18/76, Finance, for Totta Standard and Pinto e Sotto-Mayor, respectively). Some organisational confusion followed the takeover of banks. For example, it seems that in the few days mediating from the takeover to the change of names who could manage accounts abroad (now the members MCs), some former managers succeeded in withdrawing substantial amounts of forex from these accounts. Nevertheless, banks are a case of intervened companies which managed at least to provide minimal services to the population (only for deposits, since credits for consumption were suspended for an unlimited period and the area of transfers of hard currency acquired a bad reputation) and to the economy. As banks had a record of firms owing them money, in the euphoria of the first years of independence a 'providential' fire destroyed the files which had evidence of settlers indebtedness to the nationalised Angolan banks.
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Law no 43/76 established simplified proceedings for the confiscation of houses and buildings and sparse legislation covered confiscation of other abandoned assets, such as bank deposits. Transfers of private property to the state were also done through: i. requisition and expropriation (compulsory sale to the state of unmovable assets) of assets, when there were no grounds for state intervention or nationalisation of enterprises, and, ii. purchase of shares of strategic enterprises, such as in the case of two oil companies, and, iii. cancellation of concessions and transfer of assets to the state. Insurance companies, subject to licensing, were a special case: licences were not renewed and the government negotiated the transfer of part of their assets to the state as reserves for the assignment of risks by the latter. The state also took over financial participations

38. Confiscation by joint m.o. of the Secretary of State of Housing (previously the minister for Construction) and the Minister of Justice, instead of decree of the CM (art. 2).

39. M.o. no 24/76 (Finance) confiscated money and other deposits abandoned at the banks.

40. E.g., m.os no 13/76, 15-A/76 and 68/76 (Trade, Planning and Economic Coordination), on requisition of commodities and warehouses for a PE, EMPA. Requisition referred to the compulsory sale, on grounds of public interest, of movables as contrasted with expropriation, related to unmovables, in some cases requisition meant a temporary use, e.g., m.o. no 66/77 (Transports) ordering all the private sector trucks, (except those supplying services for the industrial and trade sectors in Luanda, Kwanza-Norte and Kwanza-Sul) to work only in the transport of coffee. An interesting case is m.o. no 2/77 (Transports), which requisitioned the workshops of Casa Americana and allocated them to Volvo. On requisition, see also section 5.3.

41. For example, Exec.Dec. no 35/81 (Finance) expropriated a building of a local-owned insurance company (Angolana).

42. Joint Exec.Dec. no 63/84 (Energy and Oil, Finance and Justice) on the liquidation of Fina; the preamble referred that Sonangol, the Angolan NOC, bought Fina's shares in 1980; art. 1 dissolved the company and art. 2 allocated its assets to Sonangol; Exec.Dec. no 99 82 (Oil, Planning and Finance) authorized Sonangol to buy shares of Mobil Oil Angola to Mobil Oil Corp. (New York).

43. For example, Dec. no 32/77 revoked the concession of the Ambom Railways; Dec. no 91/79, nationalised a mining company. Icomiangol (art. 1) and revoked a mining licence (art. 2), on grounds that "the company ... classified as fusing quartz all its (exported) production and did not refer to the existence of natural 'piso-electric quartz'" (preamble cit dec.).

44. Dec. no 17/78 created a new PE, ENSA, with the monopoly for insurance activity (art. 3); after this decree, m.o. no 72-A/78 (Finance) cancelled the licenses of the three larger private insurance companies (one was the local capital insurance company, Angolana, whose owners had fled, and two others were affiliated of Portuguese companies nationalised in Portugal); some parts of the risks portfolio of these companies, and related assets for reserves, were transferred to ENSA; a case of non-negotiated cancellation of license was the UK company Alliance, whose directors declared in 1976 to abandon business and that Angola should assume their liabilities (preamble m.o. no 78/76, Finance); m.o no 78 76 and no 114/76 (Finance) cancelled the license. Before the cancellation of licences, m.o. no 114/73 (Finance) suspended the management of 10 insurance companies (art. 1), appointed a common 'direction committee' to manage them, subordinated to the Insurance Restructuring Committee (CCISA, created by m.o. no 68/75, Finance, arts 2-3) and provided for the appointment of CCISA representatives in the managing boards of another 12 companies (art. 4); m.o. no 126/76 (Finance) declared null the insurance contracts where premiums were not paid in time and m.o. no 147/76 (Finance) declared null the insurance contracts of 16 companies; m.o. no 148 76 cancelled licences of insurance companies.
of the colonial state, mainly on mining (concessionaire) companies, financial institutions created during fascism, and some PEs formed from 1974.45

Nationalisation of activity (that is, absolute reserves of public activity), for example, health and education, banking,46 insurance, the legal profession, and the reserves related to state ownership of natural resources also contributed to a given shaping of the public sector. The state reserved areas (of ownership and activity) was regulated in sparse legislation providing for absolute or control reserves and targeted essentially foreign firms.47

The trend in the Angolan nationalisation process has been to nationalise the whole company, mainly due to abandonment by owners. When they remained in the country, the relations of state representatives with private partners have been strained in some cases, which led to further statisation of some mixed companies. The process of nationalisation was followed by a trend of concentration (horizontal integration) and to the statutory grant of monopolies of activity to some PEs, for example in banking, insurance or airlines. In many cases monopolies resulted from the reserves of activity and horizontal integration.

This pattern of nationalisation, and the planning system later implemented, led to a misconception identifying the Angolan process with, say, the Soviet one. The distinction between offensive and defensive nationalisation provides a way of separating two processes which, at the level of law, may look similar. To distinguish the two kinds of nationalisation we have to look at the workers' (and consumers') role in the process and

45. See subsection 1.1.3.

46. Law no 4/78 declared public the 'banking functions', which included the functions of the central bank, merchant banks and other credit institutions performing any kind of banking activities (art. 1).

47. Absolute reserves (of ownership or activity) ban completely private ownership or activities; the control reserves establish that the state will hold a position (usually, a more than 50% shareholding in joint-ventures) which will allow it to make decisions on the reserved area. For an example of absolute and control reserves see section 7.1, on foreign investment (absolute reserve on areas banned to foreign investment) and control reserve on mixed enterprises.
their future in the power reallocations which the process signifies. As seen above, the role of urban workers has been important but not determinant in nationalisation, whose driving factor was the flight of settlers. Another factor determinant for later outcomes was the bankrupt state of the economy (and enterprises). Indeed, the percentage of the 1976 volume of production of main products, as contrasted with that 1973 was: oil, 61%, iron ore, 0%, diamonds, 18%, electricity, 59%, coffee, 33%, cotton, 9%, fish, 10%, and sugar, 44% (mário Nelso, 1985). Also, the degree of socialisation of many nationalised firms was very low, and the majority had to face 'colonial induced' dependence problems. These factors influenced all the social outputs of the process and the progressive takeover of decision-making powers by state bureaucracies.

4.2. The relations between nationalised enterprises and state apparatuses

After taking over thousands of abandoned firms, the post-colonial state organised to manage them, in a context of shortage of managerial skills and serious economic crisis. As the scheme of participatory management of PEs and intervened companies was short-lived, the branch ministries began to manage the firms directly, in what has been the Angolan version of glavki. Later intervened and nationalised firms were merged into national PEs, horizontally integrated, with 'jurisdiction' over all the territory. A new reorganisation divided national enterprises into provincial enterprises while some continued horizontally integrated. In the 80s there were the first attempts of vertical integration, combining with a trend to accept the holding character of some PEs.49

48. Bakeries are an example: "(it) is a dispersed and crafts sector ... Bakeries were, in their majority, managed by a head of family, having as workers his wife, children and so on. (and) Our country had never been self-sufficient in wheat flour and the majority of wheat we use is imported." (Kabulu, 1982: 35).

49. Although some PEs were holdings de facto, managing financial participations in mixed companies or joint-ventures (such as the NOC) and also ensuring the management of intervened companies allocated to them (such as the film distribution PE), this was not accepted by some government and party officials, who argued holdings were 'bourgeois' while fearing that PEs became too powerful; see section 7.1.
4.2.1. The 1976-77 'glavki' period

The post-colonial regulation of PEs and their relations with the state began in 1975 during the transition for independence. The TG had approved proposals of state bureaucracies for the creation of PEs as a mean to face problems such as the eventual boycott of consumer supplies by white right-wingers. "Transitional" PEs had an organisation different from the post-colonial ones, in some aspects more advanced, for example, while ensuring workers participation they provided as well for consumers (or clients) participation in the enterprise's boards. Also their relations with the state were not as intensive as they became later.

Title II of Law no 3/76 dealt with the economic organisation of the state and PEs, introducing a 'system of hierarchical committees', relying on collective decision-making. At the bottom of the system was the enterprise with its management committee and the workers assembly. As a liaison officer between the state and the PE there was the

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50 In late 1974 there were rumours that white truck drivers were preparing a strike, following a Chilean model against the (reformist) colonial government and to promote the 'Rhodesian' solution; state bureaucracies created than a reserve of food to face the eventual strike; from these emergency basic structures were later created two PEs: i. CVC (import/export and wholesale), aiming "to ensure the regularity of public supply of essential products (and) at the same time to control prices, in order to prevent the increase in living costs" (preamble Dec. no 76/75, creating the PE); CVC also had to "promote the creation of import co-operatives, supplying them technical and financial assistance, in order to foster the association of small firms into well dimensioned and economic (profitable) undertakings" (cit.dec., art. 2 g), and to create "strategic reserves to guarantee the regular functioning of economic activities, and to supervise, at the national scale, the rationalisation of stocks of imported commodities" (cit.dec., art. 2h); and, ii. EMPA (wholesale and retail), supplied by CVC, aimed to ensure the supply to consumers, given the disruption of trade caused by the expulsion of traders from the slums and the flight of settlers (created by Dec. no 49/74). Another PE, ETP (public transport), was created due to the abandon of the private concessionaire for the service in Luanda (preamble Dec. no 83/75, creating the PE).

51 E.g., Dec. no 7675, creating a gross PE (CVC). Other new PEs had some detail differences but the same essential features: i. workers appointed a member of the audits council (cit.dec., arts 10/1 and 10/2), and, ii. the workers committee of the PE had two representatives in the firm's advisory council (art. 13/1) which analysed plans, proposed prices and profit margins and discussed the problems arising from the activity of the PE (art. 14); the PE articles also institutionalised the workers committee (see subsection 2.2.1.), as composed by ten workers "democratically elected" to represent the personnel in relations with management, especially in the area of human resources (art. 15).

52 The participation of consumers and/or direct clients of a PE (for example EMPA in the case of CVC) in the advisory council (see previous note) was established in CVC articles of association: the council included representatives of the workers committee, a representative of EMPA, four representatives of consumers (to be selected according to further regulations since there was no consumers association in Angola at the time), two representatives of importers, two representatives of retailers and a representative of the Secretary of State for Trade, on which the PE depended (Dec. no 76/75, art. 13/1).

53 In the CVC case, the PE was ruled by company law except when law established differently (Dec. no 76/75, art. 1/3), the control by the state meant the appointment of the board of directors, two appointed by the minister of Economy and one by the minister of Planning and Finance (cit.dec., arts. 4/a and 5/1) for a mandate of three years, renewable (art. 5/3), as well as two of the three members of the audits council, one by the minister of Economy and another by the minister of Planning and Finance (ibid., arts 10/1 and 10/2).

54 See subsection 3.2.2
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government delegate, whose main duty was to participate in the meetings of the management committee and the workers assemblies. The government delegate was also under duty to meet every fortnight the union committee. These obligations probably did not please the intermediate state bureaucracies, since their practice was quite different. The other element of the system, the BCC, probably did not please some members of government themselves, since it concentrated powers they later assumed. The BCCs were composed by the government delegates in PEs and a representative of the branch union.

The 1976 framework for the economic organisation of the state was not implemented. Each branch ministry designed its own scheme of management, contained in ministerial orders ignoring the existing legislation. The most important have been the industrial and agricultural schemes. The phase has similarities with the glavki times in the USSR, and is characterized by the dominance of the branch ministries, which later lost power during what Nove (1989) referred to for different realities as the 'functionalist stage'.

55. Cit. law, arts 23 1 and 23/2, respectively; the government delegate was appointed by the CM (art. 20/1) and could hold the post in various 'enterprises' of the branch (art. 20/2).

56. See subsection 3.2.2.; art. 12: "The BCC supervises the programming, organisation, direction and control of the economic activity of the related branch, according to the Plan directives, and especially has powers to: a. control, rationalize and normalize the supply of economic units; b. coordinate the management of stocks of economic units; c. analyse and make the final proposal on prices, according to proposals drafted by the management committees; analyse the possible differentials in production costs, aiming their optimization; d. coordinate the financial management of the committees; e. establish the types and quality of goods to be produced according to the recommendations of the management committees; f. coordinate proposals of investment made by the management committees, rationalize and insert them in the plan directives; g. submit to the decision of the Ministry of Labour and competent union organisations the proposals of the committees on fixing and normalization of wages and salaries, professional classification and other personnel benefits; h. recommend ... professional training and recycling courses; i. draft systems of information and normalization of accounts allowing a control of economic units.

57. Arts 11/3 and 11/2, respectively; the BCCs were created by the CM and subordinated to the branch minister (art. 11/1).

58. On agriculture see Chapter 6.

59. In a central command economy the functional organ acts through various instruments, from plans to direct instructions; in principle instructions should be limited to 'methodological directives'; actually, functional bureaucracies gave PEs direct instructions on almost everything. For the glavky system in agriculture see section 6.1.
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The National Restructuring Commissions (NRCs) were the form used from 1976 to 1977 by the Ministry of Industry to manage abandoned firms. They were created ad hoc outside the formal structure of the ministry and m.os allocated them the management of intervened enterprises, just stating that they had the powers and functions of the management committee under Dec. no 128/75. Intervened enterprises were thus amalgamated under a common management. For example, m.o. no 75/76 (Industry), allocated 50 intervened companies to the light industry NRC, m.o. no 72/76 (Industry) allocated 31 intervened companies to the heavy industry NRC. Both orders stated that an intervention committee should be appointed to the companies. However, in some cases there were emergency committees, managing the nationalised industries.

NRCs ensured the joint management, including provision of inputs, made the connection between enterprises and the ministry, and generally aimed to guarantee the functioning and reorganisation of abandoned enterprises, making a "rational management of existing cadres", "normalizing action and methods, on execution and control, in services common to the whole sector" and promote economies of scale in a context of shortage of inputs. Below the NRCs there were the provincial committees, and, from early 1977, the

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60. NRCs were created by m.o. no 19/76 (Industry), for food industry, light industry, heavy industry, textiles, sugar, mining and electricity (m.o. no 22 77) and oil (m.o. no 3/77); in the provinces there were provincial restructuring committees (PRCs, m.o. no 55/76, Industry); NRCs functions were, to: i. "create immediately the organisational and functioning conditions making possible the efficient and opportune management of the branches enterprises, contributing to the fulfilment of the general Guide-lines defined by the government"; ii. "support the Secretary of State in the proposals and selection of workers responsible for the functions which will be defined for the new structures", iii. "draft and propose measures contributing to training and professional improvement", iv. "adopt emergency measures necessary to the regularisation of supply and production of the EUs", v. "implement the bases of an accounts plan for the respective industrial branches", vi. "adopt the measures necessary for the restructuring of productive sectors, mainly the specialisation of EUs in some types of products", vii. "make inventories of the means existing at the national level", viii. "draft, with the organs representing the enterprises and unions, a proposal of emergency production plan for this year ..." (m.o. no 19/76, no 2); in the NRCs responsibility was individual and direction collective (no 3).

61. E.g., m.o. no 73/76 (Industry) no 2: "the NRC (Textiles) ... will have the functions referred to in articles 13 to 17 of Dec. no 128/75 (see note ...), especially those related to the draft of inventories and balance accounts"; also m.o. no 69/76 (Industry), allocating a paper intervened company (Celulose do Alto Catumbela) to the heavy industry NRC;

62. Such as SATEC (textiles, m.o. no 25/76, Industry); in this case two representatives of the ministry and one of workers (appointed by them) composed the emergency committee.

63. M.o. no 22/77 (Industry) nos 5.1 and 5.2, respectively, on the Electricity NRC; this NRC had geographic divisions with functional organisation: departments of planning and finance, supplies, procurement, human resources and training, supervision and tariffs, equipment, and operations (zones north, centre and south).
intervention committees, composed by a representative of the ministry and three workers appointed by the minister.64

The industry scheme was followed under other names by, say, the Ministry of Construction, with the 'support nucleus' (NA) managing abandoned enterprises. For example, a set of ministerial orders allocated 15, 27 and 14 companies to the NA4, the nucleus for building materials. A ministerial order established that all firms needing intervention were under the control of a 'support nucleus' and that, case by case, the latter together with a member of the enterprise appointed by workers proposed the measures adequate to the technical-financial cleansing of the unit. After the approval of measures proposed by the 'support nucleus', the enterprises were transferred to a state department.65

In some cases pre-enterprises were created, grouping intervened and nationalised firms to set up a new organisation. This was the method followed, for example, in Fisheries. M.o. no 40/76 (Fisheries) divided enterprises in 'nucleus of production, distribution or services', by provinces, led by a director appointed by the minister with powers to "manage the activity of the nucleus in order to its financial cleaning, organisation of production and consequent furtherance of the creation of future state enterprises". In some cases NRCs were preceded by the 'dynamising commissions', which promoted the take-off of related paralysed industry.66

The amalgamation of enterprises under the control of NRCs led to the creation of national PEs, horizontally integrated. Until the step was made, some NRCs were allegedly

64. After the informal repeal of Title II of Law no 3/76, and related collapse of the MCs scheme established in Dec. no 128/75 and the law, the Ministry of Industry established the intervention committees, appointed just for 30 days, where the state representative was "the maximal authority within the economic unit and may belong to various committees ... on which case he/she will have a permanent substitute in each committee" (m.o. no 5/77, Industry).

65. M.os no 46/76, no 48/76, no 49/76 and no 44/76 (Construction), respectively.

66. E.g., m.o. no 17/76, Construction, creating the 'dynamising commission' for the industry of building materials.
Planning system involved in 'fractional activities' \(^\text{67}\) and dissolved by the PM in June 1977, \(^\text{68}\) who created 'regular' (non-collective) public administration organs for the Ministry of Industry \(^\text{69}\). After these events the glavki approach was abandoned. With the adoption of the 1977 law on PEs, intervened companies, progressively nationalised, entered into the 'functionalist stage'. \(^\text{70}\)

As the process of concentration and direct management of abandoned enterprises was developing, the ministries organised to perform their new functions. A review of their organic laws shows that in the period 1975-78 they had no homogeneous or clear ideas on the subject. Some were 'modest' when approaching functions related to the control of enterprises, while others were very ambitious. \(^\text{71}\) The reorganisation meant, as said above, the substitution of the commissions by a system of hierarchical individual organs. There

\(^{67}\) NRCs had many Leninists and this may be one of the reasons for their adoption of the glavki model; some of them were eventually sympathizers of 'Nitists'. After the putsch there was a purge at the Ministry of Industry of members of the NRCs (professionals and students): some dismissed, some arrested and remained in prison without trial for more than one year and an engineer, Ademar Vales, was even executed in prison, nobody knows by whom or why (O Jornal, 21.6.1991); some were re-hired later.

\(^{68}\) Preamble of m.o. no 32/77 (PM): "Taking into consideration[,] the moment our country is going through, due to fractional activities translated in the refusal of development and strengthening of state structures, attempting to break our revolutionary process, ... that the fractional activities were characterized by passivity and negligence when approaching the directives determined from above, promoting indiscipline at all levels; ... the fact that the industrial sector is determinant to the goal fixed by MPLA, Scientific Socialism, and so has been a particular target for these activities; ... the practical need to implement the decisions of the 3rd Plenary of the MPLA CC in order to attain higher levels of production ...: I. The following organs of the Ministry of Industry are extinguished: i. sub-NRC for Beverages; ii. NRC for Food Industry; iii. NRC for Light Industry; iv. NRC for Heavy Industry; v. sub-NRC for Textiles; vi. sub-NRC for Sugar; vii. General Commission for Planning and Management; viii. General Commission for Administrative Organisation". An argument for the extinction of NRCs, undermining the strengthening of the state, was used as well by Vichinsky to purge (the later 'missing') Pashukanis (Canove, 1975, 77-8); the commissions actually represented a serious effort to change the organisation of the colonial state to perform new functions under new patterns of decision-making, which always included, for example, participation of unions (see note 60).

\(^{69}\) The national directions (NDs); NDs should deal with the enactment of regulations for the branch, or licensing, investment projects and so far, but actually became 'middlemen' between PEs and ministers for the management of intervened and nationalised enterprises; for example, m.o no 42/77 (Construction) allocating the management of enterprises under previous support nucleons to the ND. of Building Materials; or m.o. no 37/77 (Agriculture), allocating the management of coffee plantations to the coffee ND.

\(^{70}\) As an example: Dec. no 48/77 (Construction) allocating the management of enterprises under previous support nucleons to the ND. of Building Materials; or m.o no 47/77 (Agriculture), allocating the management of coffee plantations to the coffee ND.

\(^{71}\) I.PE/77, see subsection 4.2.2.
Planning system was also a collective board of top officials of each ministry to advise the minister in policy matters. Informally, a new body arose as time passed, to provide a forum for the branch national enterprises, mainly PEs, mixed firms, in some cases private firms as well, and for the ministries mid-level experts and provincial delegates: the enlarged consultation council, meeting usually once per year to discuss the execution of the branch plan and policies.

Upwards mobility and financial chaos

While the restructuring was taking place, the MPLA campaign against the so-called petty-bourgeoisie provided the legitimisation for upward mobility of the low-level state bureaucracies, and the recruitment of kin and village clients to posts in public administration, with the consequential implementation of agrarian patterns of management in some ministries. While appointing to the posts of national director, say, people with no adequate schooling or training, some ministers were, simultaneously, creating, so they said, a sophisticated 'socialist system' (that is, centrally planned) to manage huge monopolies.

The management 'mistakes' in the early years of independence were widespread. Vertical and horizontal integration of enterprises demands management skills not available

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72. The consultation council was an advisory board to the minister, usually composed by the minister, the deputy ministers, the national directors, the directors of special organs, such as the PLCs, the provincial delegates and other top officials of the ministry (e.g., Exec Dec. no 42/77, Internal Trade, art. 23).

73. With this move MPLA seriously damaged its traditional support in the nationalist 'genuine' state bureaucracies (see subsection 3.1.1.); the campaign also aimed to clear the state of the remaining 'leftists' (graduates and students of the 1974-75 generation) but due to the ambiguity of the 'petty-bourgeoisie' discourse, reached and irritated reformists.

74. The pressure of kin to the posts was such that the ministries became inflated with excess of personnel and developed a trend to growth with no improvements; Law no 7/79 fixed limits to the number of directions and departments each ministry could create trying to stop the trend for expansion of apparatuses and the unlimited recruitment of non-skilled personnel for top jobs in the state (art. 5). The press also protested against the filling of posts by incompetent people: "ever more we have witnessed a total inversion of values, where the good medianic becomes a bad director of 'Manautos' (car maintenance/repair PEs), a good cook a bad hotel manager and the good shop assistant a bad general manager ... It happens that in our production and our social consciousness is still distant the main factor of progress, work. As simple people say: "Why to work so hard if work does not end?"" (93 [10] Novembro, 1986, 50). See subsection 3.1.1.

75. Such as the imports PE (Imports); the latter, backed by the branch ministry, concentrated almost all (except weapons) the management and actual operations of the imports component on the balance of trade. As a result, in 1978 the PE had substantial debts and, simultaneously, a significant number of debtors, mainly trade PEs; see, e.g., subsection 4.4.1.
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at the time and implement the 'great dimension' as does the setting up of a planned economy. So, these economic policy choices were in contradiction with the resources available in public administration and actually in the country, especially skills and information technologies.

Also, during this period it was understood that the restructuring of (bankrupt and/or paralysed) nationalised firms called for 'super soft budget constraints', reflected in state efforts to finance from the Budget the take-off of bankrupt firms. This situation was reinforced in the late 70s by a trend, both from ministries and managers of PEs and intervened companies, to ignore the working of money relations within the state sector. That is, partners in transactions were not willing to pay for the goods and/or services supplied, a behaviour which led to financial chaos and widespread breach of contract. Also, many PEs and intervened companies had no proper accounts, making attempts at their control quite difficult, while preventing appropriate management decisions and reinforcing their actual bankruptcy.

This state of affairs was not the work of 'leftists' aiming at the (eventual) weakening of monetary relations within the public sector. It was a result of: i. the

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76. The budgetary constraints of the firm may be divided in: i. hard, if the enterprise "can only spend the money it has", covering expenses either from incomes from sales or by resort to credit under "orthodox' conditions", and, ii. soft, if the previous conditions are not applied, for example, when the state a) either prevents the firm to go bankrupt (through instruments such as "subsidies, individual exemption from payment of taxes or other charges ... allowance on the centrally fixed price of an input, open increase of the centrally fixed selling price or toleration of a hidden price increase, credit granted in soft conditions, prolongation of due credit repayment, etc") or b) facilitates the growth of the firm by providing it access to soft loans or subsidies from the budget, and the future of the firm will not be "tied to its present and future financial situation" (Kornai, 1986: 12-13; see also op.cit., 32-51, on hard and soft budget systems).

77. For example, m.o no 18/79 (Transports) urged debtors of a transport PE to pay debts referring to a circular of the PLC forbidding PEs to grant credit to clients (who did not reimburse it). Exec.Dec. no 4/79 (Internal Trade) stated that "all the public administration bodies, enterprises and entities owing debts to the internal trade PEs, will not be supplied in goods or services if they do not pay their debts within 60 days" (art. 1); the situation of generalized indebtedness led to the choice of scapegoats: m.o no 57/83 (Fisheries) established that managers of PEs would be punished with discounts in their salaries (50% in the 1st month and all the salary in the 2nd month and until complete payment of debts) if the PEs they managed were debtors (art 1); the m.o. also ordered the unions to watch the directors and to inform the minister's cabinet on the debts issue (art 2).

78. For example, Importang accumulated debts and debtors and in 1978 was granted by the central bank a loan without interest to pay debts "since various conditions allied to the serious difficulties of the port of Luanda during this period (up to August 1977) prevented the control of these imports" (prosimble Joint m.o. no 81/78, Finance and Foreign Trade, and art. 1); a scheme to control the deliveries of the PE to clients (public, mixed or private) and their payment, was implemented (cit. m.o., arts 5-10); Joint m.o. no 82/78 (Finance and Foreign Trade), ordered Importang to invoice deliveries and provided for invoicing methods.
difficulties to manage huge national enterprises, combined with shortage of managerial and financial personnel, ii. the upwards mobility which followed independence, iii. agrarian views on 'people's property,' and iv. 'alternative use' of the 'soft budget' scheme, in a context of disorganisation, by plain embezzlers.

The financial behaviour of enterprises and public administration, together with the compulsion to print money to pay for inputs of unprofitable PEs, motivated the entry of functional boards, especially the ministries of Finance, Planning and Foreign Trade as well as the central bank, into the sphere of a priori controls over PEs. The needs related to the implementation of the planning system legitimated the controls.

4.2.2. The planning system and the allocations of power over PEs

The functionalist period is characterised by: i. the invasion of all areas of management of PEs by different and competing state bureaucracies, ii. paternalism towards PEs, iii. soft budget constraints, iv. the unsuccessful attempts to ensure a distribution of progressively more scarce resources to PEs, other firms, and consumers, v. reinforcement of the informal economy fed by its connections with the state, vi. strict

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79. See sections 3.1. and 3.5.; for agrarians, budget constraints did not exist since the 'country was rich'; when pressed by financial authorities to provide accounts, or when urged to pay supplies by creditors, agrarian managers (of PEs or local and central administration) used to argue that it was not necessary since the 'owner was the same', that is, the state.

80. See, e.g. Birmingham, 1988: 5.

81. For example, Joint m.o. no 19/77 (2nd and 3rd Vice PMs) created a national and provincial commissions to certify the debts of nationalised and intervened enterprises to the Budget (which had been providing urgent funding to pay inputs) and (some were debts contracted by previous owners and not reimbursed); on the mid-80s 'financial cleansing', see subsection 4.4.1.

82. Kornai compared the relationship between the socialist state and the enterprise to the relationship between parent and child, and considered this relationship as one of paternalism, while stating that "the degree of paternalism in the relation between state and micro-organisation is an important characteristic of the nature of a system" (1986: 52-3); he distinguished 5 degrees of paternalism: i. 4th (highest), grants in kind passive acceptance, ii. 3rd, grants in kind wishes actively expressed (the usual status of firms in socialist economies), iii. 2nd, financial allowance (for investment, after the reforms), iv. 1st, self-supporting/assisted, and v. self-supporting/left to itself, the Friedman-Hayek ideal (op.cit. 54-6). Paternalism conditions the behaviour of managers who have contradictory attitudes towards the authorities (see also Kornai, 1986: 57-8, on the behaviour of lower-level managers).
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control of labour and progressive loss of power of workers, and, vii. the progressive involvement of foreign enterprise in PEs, through different forms of contracting.83

As a consequence of the informal repeal of Title II of Law no 3/76,84 nationalised firms lost their organisational framework. In early 1977 the minister of Internal Trade reorganised trading PEs designing a scheme which was the first attempt of specific PEs organisation.85 The measures anticipated different future practices: i. the framework adopted in the 1977 PEs law, ii. the use of PEs managers as scapegoats of the economic crisis or targets for purges of 'non-followers', and, iii. the reorganisation or dissolution of PEs and the central administration when there was the intention to purge top officials.86

After some isolated attempts to create a framework for PEs, LPE/77 restored their corporate personality, emphasising financial and administrative autonomy, while providing for a standard organisation which put an end to the branches initiatives and differences. The general framework for PEs was: i. the PE was not the owner but the 'operational administrator' of state assets, ii. had the most diversified functions, sometimes conflicting,

83. See Chapters 5 and 7.

84. Decided by the 3rd Plenary of the MPLA CC: “To continue in the path of confiscations and nationalisations. However, Law no 3/76 should be reformulated, not only in the part on confiscations and nationalisations, to make it possible the regulation of all the situations capable of application of the law, but also in the part related to the management of state enterprises, in order to substitute the present forms of collective direction by the individual direction.” (point 3, as published in JA, 1.11.1976). See section 3.3.

85. Dec. no 7 77, creating 34 national and provincial wholesale and retail PEs, apparently to substitute the whole previous (colonial) trade network (see section 5.3.), (cildec., art. 1).

86. EMPA, wholesales, was created in 1975 (see note 50); later state retail firms were created to substitute abandoned shops and also the majority of consumers co-operatives in neighbourhoods, enterprises and public administration (extinguished in 1976-77 as a result of cuts in supply of imported goods). In 1977 the Nitist minister of Internal Trade decided that the managers of EMPA were corrupt and ordered their arrest. Managers were accused in the press since: "our people has often denounced and complained on the shortage of goods in Luanda and in the provinces"; an inquiry was ordered and "showed that many quantities of food had not been marketed and some were rotten ... (and) the directors did not care about embezzlement and smuggling of goods by low level personnel... (as) who is silent, is agreeing to (sic)"; they were also dishonest. Managers were also blamed because they seemed to dislike control and in a committee they voted against a bill on control of food (origin, quantity, quality, destination and price) by the branch ministry. So, as "in trade what is hidden from the public has bad intentions. Aims speculation, sabotage, corruption. it is thus fair to conclude that the directors of EMPA, hating control and supervision, occulted goods which became rotten in huge quantities, as well as embezzled products and money taken from the people in need of food. ... The directors of EMPA have made queues bigger, since they opened few shops. Why? Because the queues are mainly a revelation that the stores were not sufficient. And, so, they have favoured counter-revolution bringing discredit to the first PE, since it is true that firms like this are the guarantee of a Motherland which has chosen socialism." After comparing EMPA directors to Chile anti-Allende forces, the branch minister accused the directors and some low-level personnel of economic sabotage (under Law no 57/76, al. a, imprisonment from 2 up to 8 years) and complicity with embezzlers (under Law no 11/75, art. 18, see subsection 5.1.), (communique of the Ministry of Internal Trade, as published in JA, 10.3.1977). M.o. no 10/77 (Trade) dissolved EMPA and appointed a liquidation committee.
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defined by the founders, iii. was created, organised, restructured and dissolved by an act of
the founder, iv. depended strictly on a state organ, according to the principle of direction
by branches, v. had an unitary form, that is was a single legal person, eventually having
'production units' with no personality, and the law prevented the forms trusts, state
holdings or PEs associations, vii. workers participation was restricted to two advisory
organs.87

The provisions of law in this area were undermined content by the regulation of
relations between PEs and branch and functional ministries, as well as by the practice of
state organs. Indeed, the glavki precedent of direct management of intervened companies
acted as a standard of behaviour and was present in the regulations on the wide a priori
control powers of the state.

A. Founders powers, mergers, monopolies and divisions

LPE/77 divided the powers to make decisions on PEs among: i. the CM, only for
national enterprises, ii. the ministers of the branch, Planning and Finance for regional, and,
iii the branch minister for local (provincial or county) PEs. They had powers for the
creation, dissolution, reorganisation (merger and division) and liquidation of PEs. They
also adopted the articles of association, or made changes to them, and defined the capital.
The allocation of these powers was made according to the 'area of operations' of the
enterprise, but in fact the actual power on the matter lay with the branch minister, who had
the initiative in the process, that is, who decided ex-ante whether a PE would be national,
regional or local and whether resort to other powers was necessary.88

87. Law no 17/77, on Public Enterprise (LPE/77). The law followed the Soviet "Regulations on the Productive Socialist Enterprise" (Dec.
no 731, CM, 1965); although the Soviet law only ruled industrial PEs, LPE/77 ruled all kinds of PEs, except those depending on the
Ministry of Defense and those "having as operator one or various foreign companies" (art. 65/d). On PEs under LPE/77, see Coelho, 1984.

88. LPE/77, arts 7 and 6, respectively. The powers related to the extinction or reorganisation of the PE were dependent on the allocation of
powers for creation, established by levels at art. 6; arts 57-59 (estimation); arts 53-56 (reorganisation); arts 57-59 (liquidation). The
definition of the 'area of operations' for a PE meant that it could not exercise its activities outside the area(s) defined in the articles of
association; however, the law established criteria for the definition of the area (art. 5/2).
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The economic public administration had thus 'freedom of enterprise' (that is, to 'put in motion and run productive processes'), guaranteed by CL to individuals and private firms. PEs were just 'operational administrators' of assets, having no possibility to make decisions related to their expansion and/or association to other enterprises, independent of the state bureaucracies. The exercise of owner's powers by public administration boards, led to an almost complete instability of PEs themselves, and their workers, who, without having been asked, followed the assets in their shifts on the frequent restructurings. The latter were organisational responses to the shortages and the extreme difficulties to achieve the take-off of the economy in the independence and prolonged war conditions.

Under the restructuring of LPE/77, nationalised industries were divided in sets of new PEs and in some cases previous public boards were extinguished. The new PEs resulted from mergers of nationalised companies but the degree of concentration was not as intense as during the NRCs or GPUs schemes. The PEs created under LPE/77 were producers of a given good or service, with no diversification, but there were as well marketing PEs aiming at supply inputs or services for the related branch. The statutes of many PEs show a general trend to horizontal integration, with some cases of vertical integration.

89. E.g., m.o. no 69-A/78 (Finance) extinguished the Insurance Coordinating Committee (which had restructured the branch) and integrated its personnel in the new insurance PE, ENSA.

90. E.g., Enatip. for the "supply of economic units of the branch (Fisheries) on materials, equipment, spares, and products necessary for their efficient functioning" (preamble Dec. no 99/77, creating the PE). In some cases a committee or 'logistics departments' preceded the creation of PEs for procurement of a branch (e.g., m.o. no 79/76), espec. the purchase (usually abroad) of inputs and distribution among enterprises, sometimes after clashes with foreign trade PEs. On inputs see also subsection 4.3.1.

91. For example: Dec. no 53/77, created a national sugar PE (ENA) merging 4 nationalised companies (art. 2); Dec. no 92/83, merged 5 plastic companies into a new PE, Enesp; Dec. no 280/80, merged 6 textile manufactures into a new PE, Enter, divided in 5 production units; TAAG (airlines), nationalised company, was merged with another nationalised airlines company (CTA), (m.o. 1/79, Transports and Communications), in 1980 the PE was formally created, incorporating as well a nationalised catering company (Dec. no 15/80). In agriculture concentration was more intensive; for example, the Joint m.o. no 30/81 (Planning, Finance and Agriculture) created 26 new PEs, resulting from the merger of farms and plantations, on which the highest number is 52 firms merged (Kilenda I, art. 3/zz). After the creation of the most important PEs in the late 70s, in the early 80s, nationalised firms were integrated into them; e.g., m.o. 18.3.82 (Energy) incorporated an hydroelectric company (Hidroefectrica do Alto Catumbela) into the national electric power PE, ENE. The trend for horizontal concentration lasted during all the period studied.

92. For example Sonangol, created ex novo aimed at "to exercise all activities connected to the branch of oil and other hydrocarbons, especially, exploration, production, transport, refining, storage, distribution and transformation of these substances, their derivatives and residuals and also their connected equipment, the petrochemical industries and those connected and the marketing of all the substances".
As monopolies were seen as an expression of socialism and also legitimated the exercise of economic power by state bureaucracies, some PEs were granted a monopoly de jure.\textsuperscript{93} The low development of the country and/or the movement of concentration of nationalised firms led to the emergence of monopolies de facto as well. Although not being capable of setting monopoly prices due to the prices control some PES, usually backed by the branch ministry, in many cases showed patterns of monopolistic behaviour, such as contempt for consumers and/or commercial partners.\textsuperscript{94} This behaviour as been described by Kornai for Hungary in the mid-80s and worked as such in the Angolan shortages economy:

(in a central command economy, given the chronic shortage), "the buyer and the seller are not equally strong. We say that a sellers' market is created. The sellers rule and the buyers are forced to submit. ... the inequality of their positions strongly marks the attitude of both ... In a shortages economy the buyer feels himself defenceless and subordinated, while the seller develops a consciousness of power and dominance. ... The buyer, ... (any economic agent, including household) tries to be friendly to the seller, he makes an effort to win the latter's favours, so that he may be served instead of a competing buyer. This can take many different forms, for example by reciprocating services, or even through bribery. The buyer tries to please the seller not only by what he gives him, but also by what is not demanded. He is humble and submissive, so as not to annoy the seller by expressing dissatisfaction, let alone by expressing any complaint. ... (for example) in the relationship between a firm ordering the construction of a factory and the firm that contracts the work. If the investor is too demanding, the building contractor can retaliate in various way: next time he will not accept the assignment or will put it further down in the list, etc. ... (Consumers in a shortages economy feel) a kind of permanent stress ... a loss." (1986: 62-4).

The monopolies of some PEs had serious consequences for the supply of inputs to the economy.\textsuperscript{95} Foreign trade is an example.\textsuperscript{96} The branch PEs when attempting to carry

\textsuperscript{93} See note 44 (on ENSA, insurance) and 92 (on Sonangol distribution of fuels); the formal grant of monopolies to PEs was, in some cases, related to the absolute reserves.

\textsuperscript{94} See sections 5.2. and 5.3.

\textsuperscript{95} Industry, for example, had serious bottle-necks due to the inefficiency of the scheme implemented, especially in the supply of imported inputs, given the organisational framework implemented which aimed to protect monopolies granted to foreign trade PEs: e.g. m.o. no 178
out all the import operations of the country, from food to machinery, intermediates, raw-materials and technology, were often incapable of achieving the purchases or the resale to domestic customers. PEs dealing with external operations, and related ministries, may appear as the nest of present comprador strata within the state bureaucracies. Sheltered in monopolies, their behaviour contributed to reinforce the country's dependence. Also, some PEs, instead of satisfying needs, were actually watching potential competitors, including PEs, which they even prevented from supplying goods or services covered by their monopolies.

A few years after the mergers, there was a trend to divide up the huge national PEs, which had serious problems of management and accounting. The process started with

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78 (Planning) created a Permanent Commission of Coordination of Supply to Industry, on grounds that imports had neither been done in time, nor on the desirable quantities and frequency. See subsection 4.3.1.

96 The monopoly was granted to the ministry which intended to execute all the operations of foreign trade for the public sector. The Ministry of Foreign Trade argued that the PEs of other branches could not make operations, a monopoly of foreign trade PEs; later, after their lack of success in implementing the operations some PEs were allowed to import and export (e.g., in transport, Sonangol, etc); the foreign trade PEs specialised in some areas, e.g., imports of consumer goods, some machinery and licenses of marks. The Ministry of Foreign Trade also tried a monopoly of exports, an area in which it had conflicts with the branch ministries, solved by share of powers (e.g., Joint m.o. 12.5.1980, Foreign Trade and Agriculture, on exports of coffee, Joint m.o. 17.10.1980, Foreign Trade and Fisheries, on contractual relations between producers of fish meal and the exports PE, Joint Exec.Dec. no 74/83, Foreign Trade and Construction, on exports of cement). These conflicts for monopoly had a strong economic base: in 1982 Importang, the imports PE, handled USD 255 Mn of imports, 83% of food (declarations of the director of the PE quoted in AED 25.2.1983). See Table 2.

97 E.g., m.o. no 35/76 (Planning and Transports) stated that commodities imported and not withdrawn from the ports or reclaimed by importers (public and private) would revert to the state if owners or their agents did not withdraw them from the ports (art. 2); this situation was partially due to difficulties of transport and to the fact that many importers (including private and foreign) were only interested in the grant of the licence to buy abroad and be paid the sellers commission, or having an opportunity for over-invoicing hard currency payments, and not in the sale of imported goods in the country. Novembro frequently protested against mismanagement and 'fast purchase', for example, i. buying planes (USD 18 Mn each) without caring for proper repair and maintenance of airports (USD about 15 Mn), meaning that the rate of utilisation of these planes (in internal lines) was 50% what it could be with repaired airports (74 [8], Novembro, 1984, 66), ii. buying computers with no possibility of buying a vacuum cleaner against dust or buying electronic equipment of communications for the news agency, Angop, which had no typewriters (70 [7], Novembro, 1983, 66); iii. "in the 70s we had the easy imports of new machinery, increasing daily the stock of means demanding, soon or later, maintenance means. In the last years, with the decrease in the import capacity, we became a little more aware of the needs in spares and other (materials) since only in the stock of moving machines and vehicles the % of those broken was higher than those usable. However, we are already in 1984 and it is still more difficult to import a spare than a complete machine ... Spending one's time buying 'new' because one does not repair the 'used' is an example of mismanagement also consuming resources which could be allocated to increase the capacities of production. ... we are sinking a little bit more into one of the vicious circles of underdevelopment ... to spend more than the necessary to produce less than the reasonable" (73 [8], Novembro, 1984, 66).

98 For example, in the early 80s, Diamang, the diamonds mixed enterprise, bought a plane to transport materials and personnel to the mining region of Lunda Norte; on grounds of its monopoly, TAAG, the airlines PE, got an order from the Ministry of Planning to force Diamang to sell its plane, which was made against a contract on which TAAG assumed the obligation of ensuring regular transport to Lunda Norte; as TAAG could not fulfill its obligations, the transport was later made by a foreign company (see subsection 7.2.2.).
the division of some PEs in provincial enterprises. Later there was also division by product, and in some cases the reorganisation meant a division by geographical area with product concentration.

The principle of 'direction by branches' led to competition and struggles in interbranch relations. Within the 'reorganisation powers of the founder', some PEs changed from one ministry to another, as a result of political bargaining reflecting the balance of power between the different socio-political groups holding ministries, and in a situation similar to the contingencies of takeovers through the stock exchange: workers and some managers had no say in the matter.

B. Branch and functional controls

Art. 44 of LPE/77 allocated a priori and a posteriori control powers over PEs to three ministries: i. the branch, ii. Planning and, iii. Finance. These powers were wide, but conflicts within the state between the different components of the ruling coalition, led to a 'control paranoia' which reached its peak in the late 80s. Progressively, and under the rationale of the implementation of a central command economy, a significant number of

99. E.g., the national PE for forestries was divided into 5 provincial PEs (m.o. 100/85, Agriculture). From 1981 LLG (see subsection 3.4.3.) provided for the control of small-sized PEs by the provincial authorities.

100. For example, the huge PE initially aiming control the marketing of different food products (Dinapropre. Dec. no 100/78) later specialized in meat and by-products (Dec. no 19 84) and the part on vegetables was allocated to a new PE (Frescangol, Joint Exec Dec. no 69 86, Planning, Finance and Agriculture).

101. For example, provincial PEs for services to agriculture (Agriser) resulted from territorial division of the inputs PEs Dinama (Enterprise of Material Supply), Enama (Enterprise of Agricultural Mechanization), and the supplier of seeds (Ango-Sementes), and merger of provincial units for different inputs (e.g., m.o. no 64/86, Agriculture, creating Agriser Zaire, art. 3).

102. For example, the light and food industries were dependent on agriculture inputs. For years the Ministry of Industry fought to be allowed to manage plantation PEs aiming the supply of industry. Still, although agriculture PEs did not supply the inputs, nobody else was allowed to try to achieve the task. Later part of these industries were integrated into the Ministry of Agriculture (e.g, the Joint m.o. 10.9.1980, Industry and Agriculture, transferring to the latter four food industries).

103. E.g. from Internal Trade to other ministries, e.g.: the PE Angodiplo (supplies to diplomats) to the Ministry of Foreign Trade (Joint m.o. no 61 84, Foreign Trade and Internal Trade) and Internal Trade act. e.g.: the vegetables PE Ecodipipo from Agriculture (Dec. no 15 82). Local government lost the control of small electricity local units to the Ministry of Energy (at the time Industry and Energy, m.o. no 48 77, PM) but later, under LLG, began to control local enterprises directly (e.g., accounting PE Huilaconta, moved from Industry to the Huila Provincial Commissariat, Exec Dec. no 20/88, Industry).

104. LPE 77, arts 45, 46, 13 and 47, respectively. See Table 2.
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state bureaucracies were enabled to interfere in some area of PEs management. These developments meant increased difficulties for managers, who lost decision-making powers while, simultaneously, becoming accountable to a large range of controllers.

The branch minister appointed (and dismissed) directors of PEs. Under the individual direction, the collective decision-making organs lost their powers, concentrated in the director, who was dependent on the minister. The scheme reinforced the powers of ministries over PEs, the dependence of PEs on political struggles within the state and the party, and, also, the clientelism of managers who often had to act as proxies of ministers, who, on the other hand, appointed by the PR after approval by the party, were strongly dependent on the latter. PEs with bargaining power, and aware of the consequences, including uncertainty, of the appointments regime, tried to get their directors elected by the CM. Only Sonangol, the oil PE, succeeded, given its substantial bargaining power.

The pattern established in LPE/77 and 'functional legislation' meant allocation of powers over the enterprise to different bureaucracies which invaded all the management areas. Table 2 illustrates the situation in early 1987, relating decisions to state organs entitled to interfere on them, referring the legal source of power allocation and the instruments used by the state in decision-making. The footnotes at Table 2 summarise the legal regimes explaining the scheme in a more detailed way.

Many ministerial orders illustrate the exercise of these concrete powers by the branch. Given the state of disorganisation of some PEs, and even eventual reluctance of

105. LPE 77, arts 36/1 and 36/2. Under Law no 3/76 the government delegate in PEs was appointed by the CM, aiming to avoid his/her subordination to the branch minister.

106. LPE 77, art. 37.

107. Decs no 977 and Dec. no 26/80 established that Sonangol was managed by a general-director and deputy directors, appointed by the CM (art. 1).
managers to adopt organisational solutions not pleasing them,\textsuperscript{108} published orders have a great detail, for example: i. demanding the PE to perform some (non-statutory) activities,\textsuperscript{109} ii. changing their names,\textsuperscript{110} iii. creating PEs agencies in some areas of the country,\textsuperscript{111} iv. transferring workers from the enterprise to other entities,\textsuperscript{112} v. withdrawing financial participation in mixed enterprises managed by the PE,\textsuperscript{113} or vi. changing the PE objects clause.\textsuperscript{114}

Legislation also established machinery for a posteriori controls. These regulations contain claims for provision of information, demanded by different and competing entities.\textsuperscript{115} As a result of the regime of control of PEs established, the managers of PEs instead of making decisions, actually made elsewhere, became essentially producers of information required by the controllers, and negotiators with the different holders of a priori control powers. The contradictory position led many managers either to associate with foreign firms or to initiate demands for larger autonomy, which culminated with the economic reform.\textsuperscript{116}

\textsuperscript{108} For example, m.o. no 106/78 (Internal Trade) ordered PEs of the branch to have meetings of the council of direction (see subsection 3.4.4.), (art. 1) which, albeit advisory, seemed not please autocratic managers; the m.o. also stated the agenda for some meetings (art. 2) and ordered PEs to supply minutes of meetings (art. 3); also m.o. no 87/79 (Fisheries), ordered PEs to insure their assets, including vehicles, and for work accidents (art. 1). Still non-published instructions contained a substantial detail, for example in the area of ‘requisitions’, see section 5.3.

\textsuperscript{109} E.g., m.o. no 53/78 (Construction), providing that a PE, ENAS (for water) ensured the operation and maintenance of residual water devices, something that, according to the preamble, had not been established in articles of association (Dec. no 64/78).

\textsuperscript{110} Exec.Dec. no 5/79 (Internal Trade), changing the names of gross and retail PEs since the previous were “considered very complex and causing ambiguities” (preamble).

\textsuperscript{111} E.g., Exec.Dec. no 11/79 (Internal Trade), creating an agent of Edimba (trading of industrial consumer goods) in the northern provinces.

\textsuperscript{112} E.g., m.o. 2.8.79 (Health), ordering the health personnel of Diamang, a mixed enterprise under the supervision of Industry, to integrate the NHS.

\textsuperscript{113} E.g., m.o. no 40/89 (Industry), repealing m.o. no 60/87 (Industry) on the transfer of state financial participations in IFA to the PE Pang-Panga (art. 1). On financial participations and their allocation to PEs, see section 7.1.

\textsuperscript{114} E.g., Exec.Dec. no 30/80 (Industry), adding new functions to the PE Recor.

\textsuperscript{115} See section 7.3. (information).

\textsuperscript{116} See Chapter 7 and section 8.1.
4.3. Pitfalls of the planning system: resource-constraints and information dependence

Kornai dealt with the problem of shortages in socialist economies approaching them as a characteristic of these systems (1986: 6-31). Looking at the limits to increase production, he defined socialist economies as 'resource-constrained' contrary to what happens in 'demand-constrained' capitalist economies. Indeed, the socialist economy assumes as an ordinating principle the 'permanently improved satisfaction of increasing needs', which means that demand will be ever expanding, whilst changing its structure.

Although the shortages economy in Angola was the consequence of the low degree of development of the country, the allocation of resources to defence and the war itself, many aspects referred to by Kornai appeared as an outcome of the socialist option. Firstly, there were shortages of all kinds of inputs, from materials, semi-finished products, parts, spares, equipment, construction, technology (these items dependent on resources in foreign exchange), plus electricity and water arising from war destruction and sabotage, transport and roads to market products and, finally, labour. Secondly, manager had to resort to forced substitution, for example the resort to technical assistance

117. "We keep encountering shortage phenomena not only as consumers but also as producers. Hindrances are not rare in the supply of materials, semi-finished products and parts. Shortage of construction and installation capacity is conspicuous in investment processes. In addition to all this, labour shortage increasingly retards the expansion of production... The 'reproduction' of the title refers to the fact that we are not faced with temporary, provisional, occasional events but with a complex of phenomena that constantly reproduces itself under specific circumstances. It is not just a case of 'shortage-breeding-shortage' although such self-movement and self-generation can also feature. Shortage is continually reborn out of social conditions and certain characteristics of the economic mechanism... Shortage is the collection of millions of submicro level elementary shortage events: i. somewhere, some product or service is not available, when the buyer firm, non-profit institution or household wants to buy exactly that product or that service exactly at that place; ii. some input is not available at the workshop... when the firm... would need exactly that input for its activities, iii. the firm, non-profit institution or the household effectuates improvised forced adaptation in order to mitigate the consequences of temporary shortage. This may happen either in the course of the purchasing act, or in the course of utilisation." (Kornai, 1986: 6-7 and 11).

118. "Resource constraints (refer to): the use of real inputs by production activities cannot exceed the volume of available resources. These are constraints of a physical or technical nature: the stock of labour of different qualifications available momentarily for production, the quantity of materials, semi-finished products and parts in stock, the capacity of machines and equipment ready for operations in factories, the usable space in factory premises... A socialist economy is, in its classical form, a resource-constrained economy... It should be noted that if an economy is qualified as a resource-constrained system, this does not mean that in such an economy all resources are utilised at 100% at every moment." (Kornai, 1986: 8 and 10). On capitalism as a "demand-constrained" system, see op. cit. 9-10.

119. Economic units of any type, including firms and households, adjust to shortage by "forced substitution and forced spending permanently absorb the purchasing power that its holder cannot spend in accordance with his original purchasing intention" (Kornai, 1986: 11).
contracts (TACs) by PEs. Thirdly, there was a 'quantitative drive' meaning increased demand for inputs due central orders to increase production and to soft budget constraints (Kornai, 1986: 22), motivated in Angola also by the need to substitute the obsolete/destroyed 'inherited' equipment and to ensure stocks under uncertainty of procurement. The 'quantitative drive' reinforced shortage of hard currency. Fourthly, there was the 'expansion drive' and related 'investment hunger'. Lastly, soft budget constraints were reinforced by the non-compliant behaviour of firms in the area of payments. These factors combined with a constant reinforcement of the 'great dimension' and allocation of decision-making to central state bureaucracies, as well as paternalism reinforced by information constraints.

4.3.1. Resource constraints

In the resource-constrained Angolan economy the mechanism of 'shortage-breeding-shortage' played a crucial role and conditioned the availability of inputs as the main constraint to the performance of PEs. Taking industrial PEs as an example, the collapse of agricultural production had a serious impact in the food and light industries while the shortage of food undermined the availability of incentives industrial PEs could use to attract labour and thus led them to face its shortage.

120. "If economic policy wishes to extend production at a forced rate, it will usually determine ambitious investment targets with input requirements which exceed the available supply of investment goods. Investment actions keep hitting the physical resource constraints of investment ... the expansion drive does not need to be forced by central instructions ... There is an inner force which promotes expansion drive. Every firm without exception wants to grow, and their 'representative', the superior authorities, also wish their sector to grow. Investment hunger is general, and rises again and again ... the most important (motive for inner expansion drive) is identification with the firm or, in case of a superior organ, with the sector under its control" (Kornai, 1986: 23). See, e.g. the mechanisation of agriculture as a case of investment hunger (see subsection 6.1.1.).

121. The working of administrative planning demonstrated the reinforcement of centralised decision-making under the argument of complexity and knowledge involved in processes of allocation of resources while central bureaucracies did not actually cope with complex problems (see Table 2) and appropriated 'micro' decision-making powers of lower units which did not demand these levels (since not 'aggregate') of centralisation.

122. Since managers and workers had no access to relevant information, they were not able to make decisions, or they made decisions considered incorrect by the holders of information, even when related powers were allocated to them; this meant that the degree of paternalism in the relationship between enterprises and the state authorities (see note 82) was higher than in fact could be deduced from the legal framework, for example, in the draft of enterprises plans.

123. See sections 5.1., 5.2., and Chapter 6 (collapse of agriculture).
The shortages of inputs were reinforced by the import policies: planning authorities, faced with pressing needs in (productive or not) consumption goods, preferred to use scarce hard currency resources to import finished goods instead of inputs for the national industry, and buyers and users also preferred to import new instead of repairing the old, notwithstanding protests. Under the shortages economy, PEs got a reputation of inefficiency and underperformance while often they were not responsible. The plan indicators fixed under quantity drive and shortage of adequate information also contributed to the poor reputation of PEs.126

An example of the problems referred to above is the manufacturing industry and the plan in 1981. In that year the relative weight (output index) of the three branches of industry was: i. food, 30%; ii. light, 53%, and iii. heavy, 17%. In manufacturing industry the planned output by sector was: i. PEs, about 64% (as contrasted with 58% in 1980), ii. mixed enterprises 11% (as contrasted with 12% in 1980) and, iii. private firms, 25% (as contrasted with 30% in 1980). The planned labour for the three sectors was: 75% in the public sector, 8% in mixed enterprises and 17% in private firms (which, as compared with the planned output, means a higher productivity of the mixed and private sectors). Labour was divided in: i. food industry, 39%, light industry 40% and heavy industry, 21%. Industrial firms concentrated in Luanda/Bengo, Huambo and Benguela which accounted for 92% of the national manufacturing industry (Kabulu, 1982: 28).

124. For example, "in 1984 Importang imported for Internal Trade about 20.5 Mln litres of bottled wine which cost about USD 10 Mln. In 1980-84, our wine factory, Vininorte (a PE), was paralysed for about one year and a half due to shortage of wine to bottle. With the money the country spent in the purchase of mark wine, Vininorte could re-equip its plant with USD 2 Mln, keeping the other 8 Mln to buy and bottle wine: it would so bottle 60 Mln litres, three times the imported bottled wine" (3 [1] Comércio Externo, 1987, 27).

125. 79 [9] Novembro, 1984, 16. "We have to fight this resignation, (inferiority) complexes, shyness, the gratuitous and alienated acceptance that everything which comes from abroad is good. And if we lose one battle we need to have the inner certainty that we will win the war. When we do import Coca-Cola and we leave our factories paralysed (by shortage of imported inputs), when we import furniture with such wood we have in Mayombe, when we buy cars to clean the streets having so much labour underemployed, when we buy factories without taking into account raw-materials, when we damage the producer to facilitate (the work of) the middleman, we make our enemies huger. ... This is a problem of principles and cultural identity we must defend. And should not be misunderstood as an anti-Coke position." (Oxerema, JA, 15.3.1988).

126. See subsection 4.3.2.
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Industrial firms did not attain the 1981 plan targets and they had to be changed.\textsuperscript{127} The causes for non-performance were listed by the branch as: i. shortages of inputs arising from the paralysation in import licensing,\textsuperscript{128} ii. constant cuts of water and energy, iii. war and bottle-necks in the energy and transport networks, iv. poor social conditions of workers, v. absenteeism, which had a rate of about 15-20\% in the manufacturing industry, given difficulties in the supply of food, and, vi. organisational problems of enterprises with discontinued functioning of production (Kabulu, 1982: 30).

Fisheries had a similar picture in the same period: i. the national fleet only reached 58\% of the plan target,\textsuperscript{129} because "many ships are stopped due to lack of capacity of shipyards to ensure maintenance and repair ... to insufficient technical-material (inputs) supply, shortage of food and high degree of absenteeism", ii. the fish manufacturing industry had fulfilled 72\% of the plan target, due to "irregularity in the supply of raw-materials, and, in the case of canned fish, (only 60\% the target reaching only 50\% of national needs) due to these factors and also the shortage of package, and, iii. the plan of distribution of frozen and fresh fish only reached 71\% the target due to the low level of

\begin{table}
\centering
\begin{tabular}{llll}
\hline
Product & 1 & 2 & Product & 1 & 2 \\
\hline
cloth & 80 & 76 & matches & 75 & 76 \\
tsuits & 65 & 64 & tobacco & 87 & 92 \\
skirts & 69 & 66 & soap & 32 & 32 \\
trousers & 46 & 56 & wood tile & 23 & 18 \\
shoes & 68 & 68 & paints & 80 & 81 \\
cloth shoes & 51 & 62 & packaging & 33 & 46 \\
plastic shoes & 23 & 19 & plastic bags & 66 & 80 \\
blankets & 32 & 33 & plast.bottles & 30 & 57 \\
\hline
\end{tabular}
\caption{Product fulfilment: 1. \textsuperscript{1} fulfilled plan target; 2. revised plan as \% of initial target; Source: Kabulu, 1982: 36.}
\end{table}

\textsuperscript{127} 1981, 1st semester.

\textsuperscript{128} From April to October 1980, "which had as a by-product a cyclic bottle-neck of ports and the temporary paralysation of enterprises" (op.cit., 30).

\textsuperscript{129} With 73.7\% to the state sector, 24.2\% to the private sector and 2.1\% to co-operatives (Guerra, former minister of Fisheries, 52 [6] Novembro, 1982, 18).
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catch by the national fleet, delays in contractual deliveries by the foreign fleets, shortage of transport and war.130

But later the picture worsened. As industry became progressively more dependent on imports of all kinds of inputs,131 the 80s crisis on oil prices reinforced shortages: from 1985 the imports/foreign exchange budget of industry was six times lower than in the period which preceded the crisis.132 The planning system also contributed to the difficulties of industrial PEs, increasing the average time of execution of each import, due, among other things, to the "inertia in the grant of import licences", reinforced by the poor functioning of the national shipping lines and response from ports services, and by problems in access to credit lines in the country of origin.133

Later, non-performance of PEs was a justification for privatisation, while the state committed itself to build up the infrastructures necessary to a good performance of private and foreign enterprise. As to the background of strategies of development, "to reach the (colonial) 1973 levels of production", and related policy measures, notwithstanding isolated voices,134 they were not questioned when the central command economy

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131. "The majority of the managers of our enterprises ... is always fighting against all kinds of shortages which either effect the daily work or put the equipment in a more or less extended way at risk ... All these ridiculous examples (of shortages of imported inputs) demonstrate the incoherence in the supply of the market, which causes that an enterprise only had guaranteed through the imports plafond its specific equipment, but the most elementary complementary goods are never guaranteed (by the import authorities). This state of affairs, lasting for years, generates a sequence of 'schemes' (informal supply arrangements, either by firms or by consumers) between national and foreign firms ... And (foreign trade authorities) please do not forget the supply of the market in office materials whose cost is certainly smaller ... than the agricultural machines which stay in the port at the rain and sun." (70 [71, Novembro, 1983, 66).

132. Onambwe, former minister of Industry (JA, 26.1.1989); as a result there was in 1988 a choir of complaints of PEs on shortage of inputs, e.g.: i. AAA, edible oil, was 1.5 year paralysed by shortage of raw-materials and needed to secure 20 times more the quantities of raw-materials it acquired in 1987 to guarantee a profitable exploration (JA, 23.2.1988), ii. under the workers production contest in a cloth and furniture factories in Benguela the targets were not reached because there were no raw-materials (JA, 15.3.1988), iii. the PE for school equipment, Lumel, produced at 50% capacity due to shortage of wood (JA, 26.1.1988), iv. in 1987, the inputs supply plan of PE ENE (electricity) just reached 7% of needed imports (JA, 23.3.1988).

133. Onambwe, loc.cit.; according to him, in 1988 (already under the economic reform) all the industrial branches has been operating below the installed capacities and there was a strong decrease on investment, the territorial dispersion of industries, their dependence on external supplies for subsidiary and raw-materials, spares and parts, the problem of the imports bureaucratic process, difficulties of transport and withdrawal of commodities from customs were "permanent worries for managers" (JA, 26.1.89); see, e.g., Kornai, 1986: 64, on similar statements. See also section 8.1.

134. Novembro argued: "a simple but significant example are the materials for the manufacture of furniture for our offices, whether national or imported. Usually everything has synthetic (materials) from metals to cloth, which are a logic consequence of the development of industrialised countries - metallurgy and petrochemicals - but never of the development of a country as ours. ... If our towns had been
Planning system collapsed in the late 80s and even justified adhesion to IMF and the restructuring according to given patterns.\footnote{See Chapter 8.}

4.3.2. Information

"Information is the essential ingredient of choice" (MacKaay, 1982: 107), that is, an input for any decision-making process.\footnote{Thus the availability of information is a necessary condition for the achievement of democracy, economic or political. In political terms, 'glenost' and or some freedoms (of information, of press, etc) or some areas of legislation such as consumer protection or advertising, reflect demands from the citizenry on increased 'selection power'. Concerning the state, and economic law, in planning the control and flows of information are crucial for the direction of economic processes and related allocation decisions. In the assessment of the relationship between representatives and represented, owners and managers, principals and agents, information plays a crucial role as well, which is somewhat veiled by the emphasis of control powers by those entitled to them: the exercise of control powers presupposes adequate information, a need reflected in law under the obligations of information. For a definition of data, information and knowledge, see, e.g., MacKaay, 1982: 108-109.}

The wider availability and quality of information, the wider the 'selection power' information represents, in any area of decisions.\footnote{Information as a selection power is approached by Cherry, quoted in MacKaay, 1982: 117. See also, e.g., Williamson, 1983 (on opportunism in transactions) and 1981, on idiosyncratic transactions, and its impact in the choices of institutional arrangements by the parties involved in transaction; Breton, 1974, on informational constraints in the measurement of the output of bureaucracies and thus their control and Ruffolo, 1979, on the problems of democracy raised by the planning system and the control of information.}

The information environment, especially the conditions on which information is produced and acquired, may reinforce dependence of UDCs by imposing say, inadequate institutional frameworks conflicting with national interests,\footnote{For example, the quantity of obligations of information by the lower levels of the Angolan planning system was totally inadequate to an UDC capacity, although, eventually they could be adequate to countries with substantial expertise; the institutional framework set up by laws and regulations forced enterprises to allocate their few exports to the work to fulfill their obligations towards planning boards; the latter, incapable of processing the information supplied, had to resort to outside expertise to store and process accumulated information, something which meant the converse flow of data towards developed countries (an issue dealt with by, e.g., Helleiner and O'Brien, 1983: 15) and increased power of foreign advisers and their employers.} use of technologies whose implementation implies increased resort to imported goods,\footnote{Lack of information on all the consequences of use of a technology frequently means that the introduction of this technology in, say, industry, will mean additional expenses of the country in imports of raw-materials, intermediates and/or expertise, besides equipment, while use of proper information could permit the resort to other technologies without these effects.} and the creation of new forms of dependence.\footnote{For example, the so-called 'aid to development', implying the further purchase of spares, intermediates and technology supplied by the donors of initial equipment, a scheme which could be avoided if there were sufficient information on the consequences of this kind of}
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and more fair international contracting, the imperfections of the information environment are reinforced in UDCs by factors such as: i. investments in the creation and/or dissemination of knowledge are discouraged due to resource constraints,141 the obscurantist policies of some governments, or even to plain repression by dictatorships, ii. when access to information is arranged, the first factor leads to situations where there is no capacity to use information and where it exists the balance of power in the country may prevent this use, iii. systematic resort to outside expertise, besides the eventual reinforcement of dependence and risks of manipulation, may prevent, or make it difficult, the dissemination of information since the frame of references may not be adequate to the prospective users.

The importance given here to the problems of information is motivated by the extreme dependence of Angola in information produced abroad and the impact of this dependence in the performance of economic law.142 Also, as this work analyses, as a part of Angolan economic law, the planning system, a reference to the information problems is essential. Information is an essential element of planning and the planning system is, as TNCs, 'information dependent'.143 The success or failure of planning is strongly affected by the availability and quality of information. However, as referred to above, the institutional framework for rights and freedoms did not encourage the local production of information and knowledge.144 In the working of the economy, information constraints

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141. Including externalities from, say, the IMF/WB package compelling to decreases in public expenditure in the area of education and research and development.

142. If we look at economic law from an information stand-point, it is one of the branches of legislation more concerned with the issue, either providing obligations of information of all kinds to feed the needs of regulators and planners, to prevent distortions of competition or to protect consumers, minority shareholders and workers, regulating flows of information to implement given control systems within the public sector.

143. On TNC's dependence on information, see Helleiner and O'Brien, 1983: 4.

144. See subsection 3.4.5.
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prevented 'power over events', allowed the shifts of decision-making from enterprises to
bureaucracies and added uncertainty to a situation of already very incomplete information.
As uncertainty is costly, this meant responses from economic agents which may not be in
the interest of the country, say, integration into foreign firms.

The legal regimes described at the notes of Table 2 illustrate the information needs
of the Angolan planning system, the complexity of the productive process involved and the
overlapping of obligations of information from enterprises to competing bureaucracies to
feed the needs of all kinds of planners and regulators. Still, the latter seemed not capable
of using the information gathered (but not processed) in the definition of policy goals,
many suffering from 'error in goals', as the very organisation of the planning system
demonstrates. Also, in the choice of plan targets, the indicators fixed to the branches were
usually decided with quantity and expansion drives, inadequate to the actual state of the
economy and the war prevailing in the country. Adding to other aspects related to
bureaucratic power, the persistence of state bureaucracies to commit themselves to 'micro'
decisions on the management of PEs may also appear as a response to their incapability to
gather and process the information necessary to cope with aggregate decisions:

"Until now the Plan has been no more than an agglomerate of some
proposals from the sectors (branches) and whose indicator of production is
its weight in the foreign exchange plan. The rates and proportions which
should relate the macroeconomic variables and would reflect, by the end,
the quantified political options and the balance between the capacities and
human and materials possibilities of the country, are pure and simply
substituted by the foreign exchange plan. In the absence of macroeconomic
indicators making possible the direction and control of the economy and
(since) we do not foresee the effort to create systems for its calculation by
the implementation of national accounts; taking also into consideration that
the main instruments of direction of the economy such as the Budget, the
Foreign Exchange Plan, the Balance of Incomes and Expenses of the
Population, are not used in an integrated form, it is easy to conclude that
the making of fundamental decisions, especially on investment, grounds
often on subjectivism, something which certainly prevents the use of
scientific techniques in the direction of the economy."145

145. Dos Santos in 1985, when assessing the working of the planning system (PR to the MPLA National Conference, January 1985,
quoted in 81 [9] November, 1985, 29-30). See also note 5 and Table 2 (aggregate plans).
On the other hand, state bureaucracies holding information did not transfer it to managers and workers,\textsuperscript{146} who were kept in a state of ignorance on the working of similar firms, the market for inputs and outputs, the state of the branch and the national economy. This meant that the powers allocated to participatory organs such as the workers assemblies were undermined, and as for the managers of PEs their dependence on the state bureaucracies, was reinforced. Again, foreign enterprises working with some PEs under TACs, supplied Angolan managers information they needed which, if did not enable them to make decisions (since they had no substantial decision-making power), at least gave them the opportunity to make proposals.

Sparse legislation tried to ensure the supply of information to the planning authorities, illustrating the problems of information search, and processing.\textsuperscript{147} The compulsory flows of passive information from below for control by state bureaucracies seemed not work, either by eventual deliberate omission of those under obligations of information,\textsuperscript{148} or by difficulties in producing the information.\textsuperscript{149} From 1979 regulations.

\textsuperscript{146} As the secrecy of the plan law shows (see note 5); when working in an emergency programme neither I nor my colleagues had the opportunity to see the plan to which the programme related; the directives of MPLA Congresses on Guide-lines for the economy were publicised by the party (published under the name OFDES); but the annual plan laws implementing these directives were kept secret; these attitudes and behaviours are not a result of naivete with dealing with the information problems; indeed, "the form to monopolise information (as the foundation of power) ... is the authoritarian and hierarchical division of labour ... (and) the possibility to maintain the monopoly of the source of information is connected to the capacity to divide information in the hierarchical pyramid, in order that the active and syntactic roles concentrated in the apex are distinct from those executive and analytical, distributed among various levels in the base." (Ruffolo, 1979: 208).

\textsuperscript{147} E.g.: from 1976 m.o no 83/76 (Planning and Economic Coordination) ordered a survey to all 'productions units' (industry, agriculture and fisheries, art. 1) and stated that those who supplied false information, did not answer the survey or made it difficult would be "severely punished" (art. 10). Exec Dec. no 28/85 (Planning), on information technology, created a national commission (art. 1) to study the definition of a policy of information technology (art. 2).

\textsuperscript{148} For example, oil companies were from 1979 under the obligation to supply to the Ministry of Oil the maps of execution of their foreign exchange plans; still, in 1980 the ministry of Oil complained (Exec Dec. no 43/80, Oil) that firms did not send the maps, ordered the companies to deliver to the ministry the name of the employee responsible (art. 10) and provided for fines; but in 1981 Exec Dec. no 32/81 (Oil) continued to complain that the oil companies did not respect the terms for delivery of maps, and fixed new terms; later a new system was approved for oil companies (System of Information of Oil Operations), providing for fines in case of non-compliance (Joint Exec Dec. no 7/88, Finance and Oil). See section 7.1. (other obligations of information by foreign firms) and subsection 7.2.1. (oil companies).

\textsuperscript{149} For example, in Agriculture dependent enterprises should deliver statistics to the ministry every month (m.o. no 92/79, art. 1); the m.o. provided for penalties for directors of GPUs and national PEs and to heads of the planning and accounts departments of the firms (art. 3 a); if the information was not supplied. For planning organs, the difficulties to respond to the needs of higher organs were immense, due, among others, the shortage of skilled personnel at the lower levels; for example, economists working at a Plan Office in the 80s told that before engaging themselves in their tasks, aggregating plans, they had to check all the calculations of the plan forms sent by enterprises which often contained substantial mistakes.
made the managers of enterprises liable for the omission to supply reports. But shortage of information, and the decision-making 'micro' powers allocated to the planning authorities, had the consequence that they were incapable of processing the information sent from below by firms and making the statutory decisions on their plans. Omissions related to the plans of PEs meant a substantial insecurity and, eventually, strong barriers in their access to inputs. So in 1982 Dec. no 6/82 (Statute of Prioritarian Enterprises) established that selected enterprises, actually the largest PEs and mixed firms with bargaining power towards the state, had a statutory right to the inclusion of their targets in the Plan, and consequential allocation of resources by the plan law. This scheme worked also as an incentive for these enterprises to produce the reports provided for at the decree.

But the problems encountered by managers in the supply of information to higher levels of the planning system, were also faced by the economic bureaucracies, the government and the party. For example, all the plan laws, on their published part, contained obligations of ministers to supply the reports of execution of the NP for the concerned year, which were crucial to a posteriori control of the execution of different plans by the CM and the PA and to the draft of the next years plans. Still, even these reports often were not supplied and, as with the performance of PEs, scapegoats were made liable.

150. Dec. no 194 79, stating that directors of PEs, co-operatives and intervened companies were responsible for the correct management and execution of budgets (art. 1) and should supply reports (on execution) to the financial authorities (arts 4-11) and penalties in case of omission.

151. Dec. no 6 82, arts 4 1 a, 7, 8 and 10 (on penalties for omission to supply reports), respectively.

152. E.g. Law no 3'87, approving the 1987 Plan, art. 6, compelled the ministries to deliver monthly reports on the execution of the NP; also, Law no 6'89, approving the 1989-1990 Plan of Economic Recovery (PER), art. 4/2 (on monthly reports);

153. For example, m.o. no 2'85 (PR), stated that "the totality of organs of the central structure of the state apparatus and local government did not respect that established in the law (the obligations of report production established at Law no 9/84, on the 1984 Plan), a situation which prevented the production of the general report of the execution of the 1984 Plan by the Ministry of Planning" (preamble cit.m.o.); the m.o. thus considered the directors of the branches and provinces PLCs responsible for the absence of reports and ordered the ministers to punish them (art. 1).
As the power of planning authorities grounds in information, soon they had to resort to all kinds of external assistance to process information, draft the related policy measures and cooperate in the decision-making process related to the powers allocated to these authorities.\(^\text{154}\) A consequence has been the 'converse flow of information',\(^\text{155}\) while Angolan managers, researchers, and citizens, were barred access to information.

### 4.4. Changes and struggles for the control of the economy

Under agrarian rule, corruption spread, legitimated by agrarian approaches to state property as 'people's property' and as 'their property' since members of the 'people'. In the scheme of priorities of allocation of 'people's property' they assumed themselves to be entitled to priority allocation given their participation in the struggle for independence.\(^\text{156}\)

An example of agrarian management is housing in the early 80s, where bribery and nepotism\(^\text{157}\) played a significant role in house allocation. Agrarian attitudes towards public assets, and the fact they controlled a part of state apparatuses, raised substantial problems for the working of the planning system. Also, much conflict arose, because, when sacked from posts on grounds of unlawful use of public assets, agrarians did not accept it as such, took the measure as unfair 'political persecution' and reacted accordingly. As the process of takeover of management of PEs was completed, conflicts within the state were expressed by the interference of entities with arbitration powers,\(^\text{158}\) or 'reallocations' within the public administration.\(^\text{159}\)

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154. From experts from the USSR Gosplan to foreign private or public firms and to international organisations. See section 7.3.

155. See e.g. Helleiner and O'Brien, 1983: 15.

156. For example, by appropriating, through the scheme of recquisitions, the PEs output of consumer goods, see section 5.3.

157. Applicants to state housing who bribed officials of the housing authority would be granted a house very rapidly, since these officials would find out a house unlawfully occupied by squatters, expel them, and allocated the house to those with 'purchasing power', while less fortunate people would have to wait years for a house (51 [5], Novembro, 1982, 7). Those with connections got 'preferential allocation', and in some cases even lawful tenants were expelled from their state rented houses so the house could be granted to candidates with the 'right contact' (JA, 2.10.1988).

158. E.g., Pres.Dec. no 88/81, dismissing the Minister for Oil because "he did not supply valid reasons to justify his disobedience to the instructions of the PR related to the exercise of his function as Minister for Oil and taking into consideration that his behaviour is
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From the early 80s functional bureaucracies started to implement slight changes in the overall framework for financial control and planning. In planning, from 1983 intersector 'emergency programmes' aimed a less centralised and more operational approach to the execution of the plan. The programmes were initially headed by leaders of MPLA, who coordinated the activities of concerned state apparatuses and PEs. It was an element more in the control chain and reflected demands from the party for increased control over the state. Still, although the scheme did not challenge the powers of branch and functional ministries, from 1987 the supervision of emergency programmes was transferred to the state.

4.4.1. Financial cleansing

More significant were the steps made in financial control, the 'financial cleansing' which gave the name to the economic reform, aiming to rationalise the activities of PEs and public administration in the area of payments. From 1983, PEs and mixed firms had new obligations of information in order to produce accounts. In 1985 legislation on the payment of debts among enterprises, including PEs, the debts of public administration, and on administrative adjudication of conflict was enacted. However, the 'soft constraint'

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159. E.g. the Pres.Dec. no 56/86, stated that the deputy minister for Coffee should subordinate directly to the Minister of State for the Productive Sphere (instead of the Minister of Agriculture) while "the conditions which determined the creation of the Coffee Emergency Programme remain" (art. 1).

160. E.g. for: i. the recovery of heavy equipment, machinery and transports, ii. primary health care and struggle against large endemics, iii. marketing in the countryside (see section 6.1.), iv. supply of essential goods to the population (divided in subprograms such as edible oils, soaps and fats, textiles, milk and substitutes, etc), v. increase of the production of salt; vi. education; vii. recovery and maintenance of electricity equipments, viii. increase of the production of essential goods; and, ix. increase of coffee production (m.o. no 7/87, PR).

161. M.o. no 7/87 (PR) appointing ministers of state and ministers to supervise the programmes.

162. Dec. no 104/83, art. 1; accountancy PEs were created in the early 80s to support other PEs (e.g., m.o. no 14.5.1981, Internal Trade). On the financial problems of PEs in the late 70s, see subsections 4.2.1. and 5.3.2.

163. Dec. no 41/83; the decree applied to all kinds of enterprises, providing terms for declarations of credits (art. 1); a Cabinet of Financial Cleansing analysed debts and had powers to solve conflict between PEs (art. 2/3); PEs should negotiate agreements on the payment of debts (art. 4/1/a) and if they did not, the ministers of Finance and branch settled the conflict (art. 4/1/b). If, after these decisions, the debtor PE did not pay within a term, the minister of Finance could order the compulsory transfer of amounts of debts from bank accounts (art. 6/1); bank accounts of debtors who did not pay could be frozen. Related payments paid interest (art. 8/2) and the director of the PE could be under disciplinary liability (art. 8 1). Concerning debts outside the public sector, there was resort to courts, but voluntary payment after
behaviour of enterprises, whether PEs or private, local or foreign, did not change significantly. Notwithstanding these attempts, in the late 80s there were still adverts in the press urging debtors (buyers) to pay.\textsuperscript{164} Rationalisation of financial management also led to changes in former regimes of amortisation, allocation of PEs profits, and compulsory delivery to the Budget of PEs' profits from financial participation in mixed firms or joint-ventures.\textsuperscript{165} From the early 80s the prices regime changed, with the adoption of four types of different prices. The compulsory sale of enterprises' production according to plan instructions was softened for some enterprises.\textsuperscript{166}

4.4.2. Centralisation of decision-making

While functional apparatuses made the first steps towards a restructuring of the planning system, the political struggles at top level of the state reflected in administrative planning. Indeed, from the mid-80s fast changing organisational rules allocated (economic) power to newcomers. Patterns were different from the strict political area, and meant essentially the shift of branch and/or ministers powers to higher levels of the system.
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(whether collective or individual), instead of the necessary decentralisation (on provinces and enterprises) which contradictorily was decided almost simultaneously.167

In the 1986 reorganisation the state ministers coordinated the activity of members of government and subordinate administrations.168 Apparently, some state ministers saw themselves as substitutes of eventually incompetent branch and functional ministers. The most controversial document on their perceptions of the post was a short-lived m.o. where a minister of state self-appointed to manage directly the foreign exchange plan, a power of functional entities. The 'concentration' approach to the role of the ministers of state is also evident in, say, the investments regime approved from the mid-80s.169

The emergence of CDS as a substitute for the CM, led to more restricted decision-making in the areas allocated to the CM. After the creation of the Economic Commission of CDS,170 the PR, and staffs (including the CM Secretariat),171 became more directly involved in economic management.172 Indeed, from the 1988 Economic Commission got management powers previously allocated to specific economic ministries or other institutions, although at the same time the decree stated that the commission could not "exercise any functions inherent to the powers of its members as leaders of ministries or other central organs". The most important function of the commission was to supervise the implementation of the economic reform (SEF), for which it got a staff (Technical

167. Under the form approved by the 1985 MPLA Congress, see Chapter 8.

168. Dec. no 10/86, arts 1/6 and 1/j.

169. M.o. no 20 86, Minister of State for the Economic and Social Sphere, repealed two months later by the CM (Resol. no 1/86, art. 7). See Table 2.

170. Resol. no 1/86 (CM), arts. 1 and 2/a. See subsection 3.5.

171. For example, the secretary ordered the division of national PE ENAS into a Luanda PE EPAL (m.o. no 12/87, CM Secretary), against the powers of founders to determine divisions (see subsection 4...).

172. For example: i. interference in the management of the central bank (m.o. no 6/88, PR, art. 1, authorising a PE, ENANA, to keep its earnings in foreign currency, a power of the central bank), and, ii. Pres. Dec. no 62/89, ordering the management of the Ministry of Industry by a troika instead of the 'constitutional' minister (under CL under art. 61, "ministries and other central organs are led by members of the CM, according to the principles of individual direction and personal accountability").

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Commission) appointed by the PR.\textsuperscript{173} From 1989 a new staff of the Commission, the SEF Technical Secretariat, became responsible for the draft of 'restructuring measures'.\textsuperscript{174} In the late 80s the trend for centralisation meant thus the direct intervention of the PR, or his staffs, in many areas of decision-making previously allocated to functional and branch ministers.

Although these shifts demonstrate the difficulties of coordination between the branches and the functional organs, in the context of political struggles, they also reflect the fact that, by the mid-80s when the economic reform was adopted, the control over PEs instead of being simplified was worsened by the increase in hierarchical levels they had to deal when, for example, needing an imported input.

4.4.3. Management by fear

But in the mid-80s there was also the consolidation of agrarians in repressive apparatuses, especially through the ministry of Interior and SIC. The latter allowed agrarians to try incursions in the fields of economic management, especially international contracting, a much envied area. Using SIC agrarians were able to disturb PEs with a strong international component (for example, Sonangol and Endiama).\textsuperscript{175} In a framework where the system could not be challenged and an analysis of the real causes of PEs problems was a taboo, SIC, defined managers of PEs and the branch ministries as the scapegoats for the working of the economy.\textsuperscript{176}

\textsuperscript{173} Dec. no 32/88, arts 5, arts 3 c and 9-10, respectively.

\textsuperscript{174} Dec. no 39/89, arts 1-2 and 11 and 6, respectively.

\textsuperscript{175} For example, a SIC report on diamonds concessions, allegedly smuggled from the office of the state minister and published in the Portuguese press, draws a list of 29 top managers, experts and workers of the Angolan holding diamonds PE and an official of BNA, as liable for alleged losses of the country in foreign exchange, as a result of the execution of the contract with RST (Indepedante, 13.7.1990).

\textsuperscript{176} Such as the investigation against a vice-governor of the central bank in the mid-80s; actually these practices had been (re)introduced in the early 80s by the then minister of Security of State (later head of SIC) in a case in Huila, while an agrarian was the provincial commissioner, who made the provincial delegate of the Ministry of Industry to go under trial at the People's Revolutionary court under alleged economic sabotage because state entities had not been capable of distributing in time imported goods; after many months of arrest, he was acquitted by the court. When provincial commissioner in Benguela the later head of SIC also ordered the arrest of the provincial
So, from 1986 PEs, besides the set of controls referred to above, were under a new form, the 'management by fear' caused by the permanent threat of an investigation by this special police. In practice this could mean: i. the arrest or suspension of managers and workers for unlimited periods until released usually because no evidence had been produced, ii. the allocation of the scarce skilled personnel to investigation activities, iii. the uncertainty on PEs procurement and contracting, and, iv. personal damages, such as libel, social blame, prohibition of their families to travel abroad, and, in some cases, dismissal and unemployment, with no state liability or compensation.

In short, the system was not rationalised but discretion reinforced. To the already impoverished PEs SIC added, by its activities, costs of uncertainty and while allegedly fighting for better international contracting, SIC did not care that foreign partners would make Angolan firms pay for their costs arising from the permanent investigations and related uncertainty in contracting. As happened with colonial state and with the TG, the post-colonial state was not capable of making a proper analysis of the country's problems and conflicts, and when this analysis was made it was repressed by competing groups.

Indeed, the socialist option, with its development and welfare goals, generated, and the war and underdevelopment reinforced, the phenomena agrarians identified as the 'counter-revolutionary' motives of 'unfaithful' managers:

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177. SIC was linked to the State Security and created new apparatuses which extended into the branch and functional ministries, and some large PEs.

178. E.g., Dos Santos declarations on investigations on alleged corruption in public administration during 1991: "there was no material evidence to accuse anyone" (quoted in Publico, 4.6.1991).
"Such conflicts do not stem from the faults of a particular manager, from bad planning or bad style of work. The cause lies deeper than those, in the power structure of society and the form of ownership and institutional system in it. ... If reality involves contradictions, a decision-maker must inevitably face dilemmas ... In everyday economic affairs in strict sense, such as subsidies for health and housing services or the salaries and bonuses of business executives are concealed fundamental dilemmas: the conflict of demands that can be made on society and obligations towards society, between security and the stimulation of performance, and a number of other, graver political, social and ethical problems." (Kornai, 1986: 3-4)179

As for the Angolan PEs, approached as the 'sources' of inefficiency of the system, their managers, labelled as incompetent and lacking managerial knowledge, and workers, 'unskilled', so as to legitimate privatisation and neocolonialism, they suffered under the agrarian era a permanent shortage of all kinds of resources which made it impossible for them to compete with mixed firms and foreign enterprise, with access to resources, and ultimately financed by the country's indebtedness and regarded as the ultimate expression of managerial success.

4.5. Conclusion

This chapter dealt with the relations between PEs and state bureaucracies, describing the mechanisms used by the state to substitute PEs in managerial decision-making, and aimed to demonstrate how state bureaucracies empowered themselves to exercise powers of ownership over means of production. As indirect control of these means of production was neither possible nor rewarding, state bureaucracies moved to direct control through administrative orders. They transformed the economy into an immense hierarchy where decision-making instead of being decentralised was progressively concentrated in the higher levels of the system. In a resource constrained economy where resources were increasingly imported, management powers over PEs meant as well involvement in their processes of international contracting for inputs. The

179. Conflicts refer to, e.g.: full employment generating shortages of labour and unemployment on the job, guarantee of sustained growth leading in the long run to shortage of inputs, to friction in adjustment an ultimately to hindrance of growth, etc (Kornai, 1986: 3).
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crisis in oil revenues, evident from 1982, and the problem of inputs supply, legitimated the takeover of the area of international contracting by the top levels of government, while a segment of state bureaucracies became, through different mechanisms, the middlemen between foreign capital and the national state.180

The feedback by economic agents to the minor status on which the system had located them became apparent in the informal economy, whose functioning is described in the next chapter, from the stand-point of the attempts of the state to deal with provisions and shortages.

180. As an Angolan economist has put it: "From independence the state got the possession of vast means of production, and consequently the administrative sector expanded. The latter, interpenetrated as well by the growing party and union apparatuses, fastly transformed itself in an enormous network which soon controlled all the economic and social process, bureaucratizing the productive and trading machineries to such an extreme point that the adoption of any criteria of economic rationality was impossible." (Mário Nelson, 1991: 44).
## TABLE 2

### MANAGEMENT DECISIONS OF A PE

<table>
<thead>
<tr>
<th>Decision</th>
<th>Decision-power</th>
<th>Source</th>
<th>Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>volume Prod.</td>
<td>Branch</td>
<td>PL/82</td>
<td>plan</td>
</tr>
<tr>
<td>range Prod.</td>
<td>Branch</td>
<td>LPE/77</td>
<td>instruction</td>
</tr>
<tr>
<td>stocks</td>
<td>Branch</td>
<td>LPE/77</td>
<td>instruction</td>
</tr>
<tr>
<td>equipment</td>
<td>Branch</td>
<td>PL/82</td>
<td>plan</td>
</tr>
<tr>
<td>spares/mats</td>
<td>Branch</td>
<td>PL/82</td>
<td>plan</td>
</tr>
<tr>
<td>technology</td>
<td>Branch/BNA</td>
<td>misc.</td>
<td>author.</td>
</tr>
<tr>
<td>imports</td>
<td>Br/FT/Plan/Fin.</td>
<td>misc.</td>
<td>plan/licensing</td>
</tr>
<tr>
<td>recruitment</td>
<td>Labour</td>
<td>decree</td>
<td>order</td>
</tr>
<tr>
<td>training</td>
<td>Branch/Education</td>
<td>decree</td>
<td>monopoly</td>
</tr>
<tr>
<td>directors</td>
<td>Branch</td>
<td>LPE/77</td>
<td>order</td>
</tr>
<tr>
<td>heads PU</td>
<td>Branch</td>
<td>LPE/77</td>
<td>order</td>
</tr>
<tr>
<td>planners</td>
<td>dir/Branch</td>
<td>decree</td>
<td>authoris.</td>
</tr>
<tr>
<td>foreign labour</td>
<td>Branch/Plan/Coop</td>
<td>decree</td>
<td>authoris.</td>
</tr>
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<td>Br/Finance/Plan</td>
<td>misc.</td>
<td>plan</td>
</tr>
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<td>Br/Plan/Fin/Lab</td>
<td>law</td>
<td>order</td>
</tr>
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<td>Plan/Finance</td>
<td>law</td>
<td>order</td>
</tr>
<tr>
<td>prices</td>
<td>Branch/Plan/Fin</td>
<td>decree</td>
<td>ex. dec.</td>
</tr>
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<td>PL/82</td>
<td>plan/ec. cont.</td>
</tr>
<tr>
<td>profits</td>
<td>Finance</td>
<td>misc.</td>
<td>order</td>
</tr>
<tr>
<td>investment</td>
<td>misc.</td>
<td>instr.</td>
<td>plan/authoris</td>
</tr>
</tbody>
</table>

1. See Chapter 4, notes 5 and 6.
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2. LPE/77, art. 31.

3. LPE/77, art. 32/1. See Chapter 4, note 5.

4. As Angola does not produce relevant equipment, its purchase usually means international contracting; the purchase of these goods and connected services (post-sale assistance, training, etc.), was one of the heaviest areas of Angolan economic law; this item refers to decisions on purchase, without relating them to imports, which are dealt with in the next note (see also note 20, on investment); the branch ministry made decisions here under its powers to approve plan indicators, see Chapter 4, note 6 (PL/82, art. 18/1/b).

5. See Chapter 4, note 6 (PL/82 art. 18/1/i), on the plan indicator for supply of technical-material resources.

6. See subsection 7.3.1. (technology contracting).

7. All imports were subject to a 4 levels system of authorizations: i. resulting from planning (since the imports plan, IP, was a part of Plan, and its counterpart in hard currency was contained in another plan, the budget for international payments, BIP, involving the ministries of Foreign Trade, Finance and BNA); ii. licensing of importers (activity), iii. related to self-allocated powers of authorization of contracts by the ministry of Foreign Trade, and iv. licensing of operations, a new authorization for each single import. For the imports plan, Law no 3/79, Law of International Payments Budget, Dec. no 7/82 (art. 3/2/d), PL/82 (art. 26/e), m.o. 25.9.82, Foreign Trade, on plan of commercial operations, PCO (on allocation of 'imports plafonds' for semester and trimester utilization), and Exec.Dec. no 24/85 (Foreign Trade), Norms for the Execution of the Imports Plan (arts 9 and 10). During the phase of draft of plans, the PE or mixed enterprise had to apply to the branch ministry, firstly, and with its approval and that BNA, had to apply to Ministry of Foreign Trade to be authorized to become an importer, under the licensing of activity (Exec. Dec. no 9/80, Foreign Trade, Regulations for the Licensing of Importers and Exporters) even to perform a single operation, the enterprise had to go first through licensing of activity (cit. exec.dec., art. 4); this licensing referred to the enterprise capability to perform the operations, to the type of goods it might import, defined by the minister of foreign trade (cit. exec.dec., arts. 12/d, 18/1 and 19), after the presentation by the enterprise of an estimate by products, quantities and values (arts 12/e and 13/b); the licence only was valid to the types of commoditites it referred to (art. 15). Perennial contracts for the import of some types of products (discriminated in plans) were authorized by the Ministry of Foreign Trade. Each single import from Kz 2,500 (USD 83) had to be licensed by Ministry of Foreign Trade under licensing of operations (Exec. Dec. no 10 80, Import, Export and Re-export Licensing, arts 1/1, 1/2 and 2). For this licensing the enterprise had to fill 10 application forms and supply 5 pro-forma invoices (cit. exec.dec., art. 3). In some cases the application was delivered to the branch Plan Office, for a preliminary authorization, before that of the Ministry of Foreign Trade (Exec.Dec. no 24 85, art. 14). After this authorization the enterprise had to go through BNA for the licensing of hard currency. The import of equipment had to comply with these regulations and with a special regime established in 1978 (Exec. Dec. 14 78, 2nd Vice PM) and reinforced in 1992 (m.o. of 25.9.82, Foreign Trade), with a priori control of contacts by different public boards, according to the value of contracts.

8. See subsection 5.1. (recruitment legislation).


10. See subsection 4.2.2.

11. LPE 77, art. 37 2 x; the minister appointed the heads of units of production, under proposal of the director of the PE.

12. Dec. no 7 82 established that the appointment or dismissal of heads of planning organs of subordinated units will be done after compulsory favourable advice from the PC of the branch" (art. 22/2) and "experts working in the units planning organs cannot be dismissed without compulsory favourable advice of the (branch) Plan Office" (art. 22/1); the last norm actually aimed to protect the experts against unlawful dismissal by the directors of enterprises in case of conflict.

13. The recruitment of resident foreign labour should be included in a plan (Dec. no 11/86, Regulations on the Contracting of Resident Foreigners, art. 4 1) drafted by the Secretary of State for Cooperation and the Ministry of Planning (art. 1); all the contracts had needed ratification by the branch ministry of the employer and the Secretary of State (art. 5); a standard contract was enacted from 1976 (m.o. of 25.9.82, Foreign Trade) and reinforced in 1992 (m.o. of 25.9.82, Foreign Trade), with a priori control of contracts by different public boards, according to the value of contracts.

14. The budget of PEs was a part of the aggregate financial plan (and so included in the planning framework) and had connections with the Budget, since part of its revenues came from PEs (profits) and a part of expenditure related to subsidies for investment and losses; as soon above (see Chapter 4, note 6) the PE plan had compulsory financial indicators such as the volume of mercantile production, the wages fund, the global value of profits, payments to the NB and subsidies from it and volume of investments (PL/82, art. 18/1 a/b, c, e, f, g and h). Every PE had to draft annually a proposal of financial plan (Law no 20/77, arts 15/3, 20 2 and 6/3, Dec. no 181-B/80, arts 2 3/a, 4/b and 26/a and Dec. no 7/82, art. 3 3/a). The PE financial plans had the following regime of a priori controls: i. the director of the PE was responsible for the draft of this plan (LPE 77, art. 37/2 a) and had to discuss it with the Council of Direction (LPE/77, art. 41/2/a); ii. the branch ministry had to ratify the draft and sent it to the Ministry of Finance (Exec.Dec. no 20/86, Finance, art. 3/1 and Dec. no 7/82, art. 13/6/b); iii. the Ministry of Finance analysed the financial plans and the investment plans (Dec. no 181-B/80, art. 26/e); iv. Ministry of Finance made the draft Budget based on the sector budgets (which included public administration and PEs), (Law no 20/77, arts 14/1 and 14/2) and "establishes the corrections to make (in the draft plans) and proposes measures to ensure the balance between budget revenues and expenditure" (Exec.Dec. no 20/86, art. 6/2); v. the Ministry of Finance sent the draft budget and plans to Ministry of Planning (Dec. no 7/82, art. 3/2/b); vi. the draft Budget was sent to the CM (Law no 20/77, art. 14 3) and by this to the PA (CL, art. 38 4 and 3 8/c, Law no 20/77, art. 2); after its adoption by the parliament the Budget is a law. After the approval of budget by the PA, the Ministry of Finance allocated resources as estimates of profits deliveries to the PEs financial plans (Dec. no 181-B/80, art. 2 2 e and Dec. Exec. 60/80, Finance, art. 8).
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13. See section 5.2, on the Wages Laws.

16. From independence PEs were not making amortizations: Law no 2/79 allocated to ministries of Planning and Finance wide powers on the issue: established rates and criteria for the PEs amortization (art. 1) and decided on the distribution and utilization of the values allocated to the PE amortization fund (AE), under proposal of the branch minister (art. 2); under Exec.Dec. no 2/79 (Planning and Finance), 70% of amortizations were delivered to the Budget (art. 3/1) and the remaining 30% could be used only for "great repairs according to instructions of the minister of Finance" (art. 3 1/b); the branch minister had powers to 'redistribute' the values for amortization "among enterprises of the same branch" (art. 5). From 1986 (Joint Exec.Dec. no 6/86, Planning and Finance) PEs get the management of their amortization funds (arts 2 2 and 2 3), but according to the give criteria.

17. The price fixing for some products existed already during colonialism; after independence some prices were centrally fixed aiming their articulation with wages (Law no 20/77 (art. 21), allocated powers to fix prices to the ministries of Planning and Finance, shortage of goods made price-fixing irrelevant (see section 5.2) and led to heavy losses of PEs, which were sometimes forced to sell at prices inferior to the costs. From 1984 the prices system was rationalized with the regulations on the New System of Prices (NSP, Dec. no 17/84); NSP provided for 4 types of prices, in function of the type of goods or services to which they related: i. goods essential to consumption of the population (including fuels) had prices centrally fixed by the CM (it was forbidden to sell at prices inferior or superior to those established, NSP, arts 1/3, 2/1, 2/3 and List A, appendix); ii. goods or services "strategic for production and essential to consumption" were under the regime of 'controlled prices' (that is, a maximal price or a minimal price was established, and in maximal prices the sale at inferior prices was allowed, NSP, art. 1/3); in this regime might be included: "goods and services locally produced and consumed" (NSP, art. 3/3) and "agricultural production of peasants origin" (here a minimal price was fixed and all entities were forced to buy at this prices, NSP, art. 3/3); the Minister of Planning established which goods and services were included in the regime and the prices were fixed by the ministries of Planning, Finance and branch (NSP, arts 3/3 and 3 5); in this case the enterprise producing the goods or services might make proposals on prices (NSP, arts 3/2, 3/4, LPE/77, art. 372/3); iii. products marketed by wholesale or retail import enterprises had 'marketing margins' ("maximal value, established in absolute or relative terms, which might be added to the prices of purchase", NSP, art. 4/1) for commodities having no fixed prices under the two previous regimes, established by joint orders of ministry of Planning and Finance, and after favourable advice of the "concerned branches" (NSP, arts. 4/3 and 4/2); enterprises interested in changes on their marketing margins made proposals to the branch, which sent them to MPL and Ministry of Finance (NSP, art. 4/2); iv. goods and services which did not fall in the categories referred to above, ("non-strategic means of production and with a weak impact in further stages of the economic circuit" and "consumer goods not essential to the population", NSP, art. 5/2) were under the system of 'declared prices'; the ministries of Planning and Finance established by joint order which goods and services fell under the category (NSP, art. 5/3); interested enterprises proposed the prices to the branch (NSP, art. 5/1); the latter communicated to the Ministry of Planning and if this ministry did object in a 10 days delay, the price was considered ratified, and the branch minister should accept it (NSP, art. 5/1); on the late 80s new price system, see subsection 5.2.5.

18. See Chapter 4, note 6 (indicator of mercantile production), and section 5.3. (planned distribution and economic contracts).

19. PEs had to deliver all their profits to the state (Law no 20/77, art. 28 and LPE/77, art. 25/1); from 1985 the Ministry of Finance implemented a more careful approach to the issue since PEs were not pleased with the scheme. Exec.Dec. no 55/85 (Planning and Finance) provided for some guarantees of PEs in the profits allocation (although the volume of profits remained centrally fixed in the plan, see Chapter 4, note 5): i. 50% of the annual amount of the values allocated to the PE amortization fund (art. 1) and divided in trimesters (arts 3/1/a and 6/1); ii. 45% for an investment fund of the PE (arts 3/2 and 3/1/b) but which could not exceed 150% of the annual amount of amortization (art. 3/2/a); iii. the Minister of Finance could authorize, after application by the PE, a different allocation of profits to the investment fund (art. 4); iv. 25% of the Social Fund (fund of PEs to finance workers welfare schemes, see subsection 3.4.4., note 152, (art. 3/1/c) but only 30% of the amount could be used during the concerned budget period and the remaining 70% of the SF quota was to be used in the next year (art. 5); iv. the real profit was superior to the planned, the difference went: 50% to Budget, 20% to social fund and 30% to investment (Dec. no 230/79, Instruction for the Execution of the National Plan of Accounts, art. 6); on the compulsory delivery to the Budget of profits resulting from financial participations of PEs in mixed enterprises, see section 7.1.

20. Regulations on investment have been in force as 'materic law' (not published norms ruling social relations which should be regulated by law). Within its powers to "exact instructions compulsory for the ministries" (Dec. no 7/82, art. 4/1), the Ministry of Planning enacted by 1985 the 'General Bases for the Regulations of the Investment Process' (GBI), which it forced PEs to comply with in their investments; the Bases were not even known by many managers of PEs, given their secret character. However, they not only allocated extensive powers to different bureaucracies or investment, but also contained norms making the validity of investment contracts depend on complex authorizations; GBI, although very complicated and going against the documents on the economic reforms adopted in the 1985 MPLA 2nd Congress, were transformed (just with slight differences) into law by Dec. no 12/87 and were repealed by the new planning legislation of 1988 (see subsection 8.1.4.). Here is referred to Dec. no 12 87, which applied to all investments except in defense (art. 2/a), hydrocarbons, diamonds or other mineral resources (art. 2/b). The legal definition of investment was itself very wide (arts 3/1 and 3/2). The entities intervening in investment decisions were: i. the CM (that is, CDS); ii. the ministers of State, iii. the minister of state, iv. the Ministry of Planning, v. BNA, and vi. the branch minister. To achieve an investment there were 3 different processes of approval (a priori control) by these entities: i. planning (draft of control cypress for branches and indicatives, arts. 17-34), and ii. approval of 'executive projects' (sets of actions and contracts to implement the investment, after it has been included in the plan) by the minister of state and the branch minister (arts. 35-44). The regulations also provided for a posteriori controls. This legislation, in the case of a foreign investment, should apply with the related legislation (see sections 7.1. and 7.2.) and the imports regime, if it was the case.
CHAPTER 5

THE PROVIDENTIAL STATE AND THE ECONOMICS OF SHORTAGE

The post-colonial state conceived itself as providential, within the frame of promises made during the struggle for independence and the conditions of takeover of abandoned firms and institutions. The Angolan post-colonial state is 'providential' in the sense that it aimed to supply and control everything, although having no resources. The providential character of the state probably had an additional function: to reinforce legitimacy, since the image of independence in common Angolans was one of magical free provision by the state and little work. This was one of the most significant constraints the post-colonial state had to face: independence was a magic formula to solve all problems and given the promises of all movements involved in the competition for power and the permanent emphasis in the wealth of the country, individuals were expecting an welfare state grounded in oil surpluses and not on their work.

The provision of all kinds of goods and services by the state meant the emergence of the problems of growth of state bureaucracies referred to above.\(^1\) The administrative planning system implemented from 1977 to 1988 was partially motivated by these goals, especially to guarantee the access of the population to scarce consumer goods. But a common problem of poorest countries is the endurance of shortages. Added to the 'shortage-breeding-shortage' mechanism, as referred to on the supply of inputs to PEs, the reproduction of the shortages economy also played a role in the failure of the attempts at centralized distribution of scarce goods and services.\(^2\)

This chapter deals with the attempts of the post-colonial state to manage some areas of the shortages economy. Three main aspects are referred to: i. the shortages and related control

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2. See subsection 4.3.1. and section 5.2.
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of labour, ii. the system of prices and wages, and, iii. the centrally planned marketing of goods and the provision of welfare services, their failure and the responses of sellers and buyers.

5.1. Facing the shortage of labour

In the post-colonial society, the shortages of labour remained, because: i. the disruption of the economy led workers to return to their societies of origin, and, ii. the implementation of the planning system reinforced the needs for skilled personnel, whose shortage, emerging from the system itself, was more acute due to the massive flight of settlers.3

Legislation adopted in the post-colonial period on the control of waged labour applied essentially to industry and services workers, since agriculture was mainly under self-subsistence.4 The adoption of the 'work card'5 and the linkage of employment to access to rationing cards attempted to use forms of economic coercion implemented by the state to ensure the supply of labour and to avoid the massive resort to non-economic coercion. Nevertheless, job mobility was repressed by criminal legislation. Also, legislation on state control of recruitment attempted to prevent the emergence of a free market for labour. From the early 80s, new legislation, adopted under the pressure of UNTA, provided for a right to unilateral termination of the employment contract by workers, allowing thus a certain labour mobility, within the boundaries of control of recruitment by the state. But from the late 80s this control was reinforced for some categories of skilled workers. In a better situation were those self-employed or associated in co-operatives, with access to rationing cards and allowed to move from one job to another.

3 See section 2.2. and Chapter 4.

4 In 1980, the overall picture of the Angolan labour was: 74% in agriculture (as contrasted with 79% in 1965), 10% in industry (as contrasted with 8% in 1965) and 16% in services (as contrasted with 13% in 1965) and the percentage of active population was 52% (as contrasted with 54 in 1965); active population: from 15 to 64 years (World Development Report, 1988). See also subsections 3.4.4. (for UNTA figures) and 1.2.3. (for the figures during colonialism).

5 From 1976 any worker had to carry a work card (Law no 57/76) which functioned as an identity document within the work place and as a mean of access to rationing cards (these informally ruled by the ministries directives).
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Control of labour: recruitment and termination of labour contracts

Recruitment legislation demonstrates the efforts of the state to control the direction and flows of labour, especially skilled labour, in a context of non-market fixed low wages. From 1976 a decree established that all recruitment was made through the Ministry of Labour and recruitment by other means was "null and void". Employers reported needs to the Ministry (Employment Centres), where applicants for jobs applied, and the ministry allocated the employees.

Foreign firms, which devised a string of schemes to get the labour they needed, were under these duties as well. The legislation on foreign investment and oil compelled firms to recruit Angolan labour. Although some foreign firms with bargaining power got an exemption of compulsory recruitment through the state, even in 1987 regulations reminded foreign enterprises that they must recruit personnel through the employment centres while providing for penalties to firms breaking the regulations.

In fact there was a relative freedom in the application of the recruitment legislation due to the incapacity of the state to perform its control functions, from both the demand and supply sides. Also, in early years a majority of salaried employees with bargaining power never

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6 Dec no 1576, arts 1 and 4; the measures were due to "serious unemployment" and "scarcity of skilled workers ... motivating private enterprises to resort, by their own means, to the most diversified forms to find out the employees they need ... These conditions, besides speculation in wages and salaries offered by these enterprises, cause a bad distribution of existing human resources and their consequential underemployment." (preamble). The desperate situation of unemployed labourers at the time is illustrated by an article of the regulations developing the decree: "Since the Angolan People walks with dignity in its struggle for progress and welfare, notwithstanding the difficulties imposed by the colonial and imperialist wars, it is forbidden to employment candidates to stay overnight in the pavement in front of the employment centres." (art. 8), (in o. quoted in JA, 27.2.77)

7. Cit.dec., arts 2 and 3.

8. Law no 10 79, art 27, and Law no 13 88, art. 33, (both on foreign investment); also Dec. no 20 82, art. 13 3 (on the obligation of recruitment of Angolan personnel by oil companies operating in the country); later regulated by Exec.Dec. no 125 82 (Oil). See Chapter 4, Table 2 and sections 7.1. and 7.2.

9. For example, the firms involved in the Capanda project; see section 7.1.

10. Exec.Dec. no 27/87 (Labour), arts 1-2 and 4-5.
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grew through this recruitment scheme, which functioned more at the level of waged labour for
industry and services (recruitment for agriculture being out of control).  

Job mobility was repressed by criminal legislation which worked not at the level of
recruitment but on the continuation of the employment relation, whatever the wages paid and
employment conditions. The unilateral termination of the labour contract by the employee was
considered crime of 'passive resistance'. Powers related to the labour relation and employment
lay essentially either in the state or the employer, with consequential imbalance against
workers. The latter could not leave employment without agreement, but employers could sack
them if they had the approval of the union committee. From 1981 GLL established the right
to leave employers by a unilateral decision of the employee. GLL established some degree of
freedom of work, job security and a balance between employer and employee by instituting
contracts for all categories of personnel and professions. Any waged/salaried person working
permanently should have a written contract. If not, there was a presumption of the existence of
a contractual relation. Also, term contracts had the limit of three years, after which if the
employee remained working, his/her employment was under the regime of permanent contract,
meaning that he/she only could be dismissed on grounds of 'technical or organisational
restructuring', non-performance or disciplinary offences. Also, sackings needed the prior
consultation of the union.

12. Who usually strongly fought any attempt to sack employees, whatever the reasons.
13. GLL also established the following rights: i. right to work, developing CL, art 26, in two directions - non-discrimination (CL, art. 18
and GLL, art 2 1) and providing for an obligation of the state "to create the conditions needed for each citizen to occupy a post according to his/her
capacities" (cit. 3/81, Trabalho, 1981, 41); ii. right to training (arts 82-7), iii. right to promotion (arts 88-9), iv. guarantees on the annual
assessment of work (arts 90-101) by a committee composed by representatives of management, union and "a skilled worker of the department ..."
(art. 95), v. rules of the fixing of wages to the principle of distribution according to the quantity and quality of labour supplied (arts 102-16, see
section 5.2.), vi. limits to the duration of weekly working time (arts 117-25), vii. right to annual holidays (arts 124-131), viii. right to work
safety, prevention of work accidents and professional diseases, as well as insurance of workers in this area (art. 133-41), ix. welfare rights (art.
142), such as maternity leave (arts 157-58), x. right to social and cultural improvement funded by the social fund, including firm restaurants,
housing and house repairs programmes, nurseries, consumers cooperatives, holidays centres, firm transport when public transport does not work,
sports clubs, dance and music groups (arts 144-152); the law also established special rules for minors workers (arts 159-62).
14. GLL, arts 23-44.
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The freedom to leave employers was not welcome by many sectors, for example agrarians and orthodox bureaucrats, used to compulsory work guaranteed by the 'passive resistance' legislation. The opposition to the GLL regime even led the Minister of Labour to produce the so-called 'dialectic m.o.', aiming to prevent the immediate application of GLL principles and norms favouring workers for the sake of development. To reinforce discretion in recruitment and termination of labour contracts, the interpretative ministerial order was complemented with esoteric directives establishing that employers only could recruit a worker if he/she produced a 'release letter', from the previous employer and stating that the former labour contract had duly terminated.

As workers in high demand are the skilled ones, in the 80s, functional organs ('skilled labour hungry') began to control supply with the informal power to allocate all those who had finished higher and professional education degrees. Again, employers reported their needs to Ministry of Planning which allocated at discretion the personnel it had in 'portfolio'. As after this 'compulsory choice of employer and/or career' employees fled their jobs, in 1987 legislation of a dubious constitutional status, made students and trainees pay for their education with compulsory work in employers chosen by the state. The 1987 law established a system of compulsory work going from seven to one year, covering all kinds of skilled personnel, from post-graduates to waged workers who went under training. The law was enforced by a set of sanctions: i. contracts between a recent trainee or graduate and any

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15 M.o. 30.11.1981: "the matters ruled in GLL and the scope of its provisions shall be interpreted in a dialectic way, according to the economic and social conditions of PRA and related legislation" (no 2).

16 See subsection 4.3.2. (the planning system and the needs of production of information).

17 Law no 487, art 1, which conflicted with the right to education granted by CL art. 29. The ministries of Planning and Labour had powers on the issue (cit. law, arts 12 and 13).

18 Periods of compulsory work under Law no 4/87: i. graduated in the country without scholarships, 5 years for higher education (art 2 a) and 3 years for technical schools (art 2/b); ii. graduated abroad with a scholarship, 7 years for higher education (art 3/a) and 5 years for technical schools (art 3/b); iii. worker/students benefiting from a special labour regime, compulsory work as many years as the course (art. 4/1); and worker/students not benefiting from the special regime, 2/3ths of the course duration (art. 4'/2) iv. post-graduates had compulsory work 2.5 times the duration of their course if they had a scholarship and 1.5 times the duration if they had no scholarship (art. 4'/2); v. those who went under any kind of training would have compulsory work for at least one year (art. 5/2). Both categories of workers/students might be allocated to employers different from these where they worked "when the state, due to relevant reasons, is interested in their employment in another enterprise" (art. 4'/3); in this case they should work for 7 or 5 years, as if they had graduated abroad with a grant (art. 4'/4).
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employer without respecting the law were null and void, ii. the employee must sign a contract with the employer allocated by the state, and, iii. contracting recent graduates or trainees breaking the law "is considered crime of passive resistance, established and punished by Law no 11/75".19

Control of labour: 'crimes against production'

The rules on termination of labour contracts were enforced by legislation enacted from December 1975 providing for a set of negative sanctions: the law on 'crimes against production' and disciplinary offences, which in fact aimed at the resort to direct coercion in some labour matters, such as workers protest, mobility and deviant behaviour within the enterprise. Law no 11/75 aimed to prevent and repress the results of anomie prevailing in the country, such as drunkenness and use of drugs at work place. It punished absenteeism and the unilateral termination of the labour contract by the employee, considered 'passive resistance' was punished with imprisonment. Also, the law considered a crime the "paralysation or strikes not led by unions or by unions committees where they exist".20 In the 70s workers went under trial in special labour courts21 but later they were judged by common criminal courts. To prevent civil disobedience, the law considered accomplices those who did not report to the police the 'crimes against production' of which they were aware. Also, those who did not apply the penalties provided for in the law for disciplinary offences committed a disciplinary offence.22

Information on the application of this criminal legislation is scarce: the only cases reported are the strikes in a Luanda enterprise, SIGA, in 1976, where some workers were...

19. Law on the Discipline of the Productive Process; cit. law, arts 15/1, 16 and 17, respectively.
20. Cit. law, art. 1. Crimes under Law no 11/75 were usually punished with imprisonment and the investigation was made by the Ministry of Labour (art. 7) and later by the Criminal Investigation Police (integrated in the Ministry of Interior, Law no 6/82, art 1).
21. Dec. no 3 76, art. 3.
22. Law no 11/75, art. 18 (as changed by Law no 4/76) and 17, respectively; art. 18 referred to "members of union committees, unions, managers of enterprises or heads of public administration services"; penalties for managers for non-application of disciplinary legislation were then;
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sued for unlawful strike, and the sentencing and arrest of three experts who in the early 80s left their jobs in the Ministry of Construction without the employer's authorisation and so were convicted of 'passive resistance'.

The involvement of UNTA in disciplinary boards alienated many workers from the union and gave unionists a bad reputation. So, in 1981, when new labour legislation, especially the GLL, was adopted under the pressure of UNTA, the union was partially released from its direct functions of repression of workers. Nevertheless, although GLL repealed the part of Law no 11/75 on disciplinary offences, the part on 'crimes against production' remained in force during the period studied.

After GLL campaigns tried to bar the mobility of labour, considered a result of activities of firms which paid wages higher than those fixed. Incapable of controlling the supply and flows of labour, from 1987 the state promoted a campaign for the return of exiled Angolans aimed at increasing the supply of the cheap Angolan labour. Still, the basic conditions which motivated workers to flee employers, especially the public ones, remained: job dissatisfaction due to low pay, discrimination under the party leadership scheme, nepotism

23. Mo. 30.6.76 (Labour) ordered all SIGA workers (a packaging factory at the time the only producer of bags for coffee) to return immediately to work "notwithstanding criminal suit which may arise on grounds of the Law ... (Law no 11/75)", (art. 1). See also subsection 3.4.4. and on other strikes. Cahen, 1985.

24. Cahen. 1985: 19, on unionist being called 'informers' of the police. See subsection 3.4.4., on changes in UNTA strategies.

25. Law no 9 81 (on Industrial Justice) allocated the power to apply disciplinary penalties to the management, with appeal to a court of industrial relations (dealing with appeals related to disciplinary offences and also with all kinds of conflicts arising from the execution of employment contracts); this court was elected at the workers assembly, an composed by a representative of management and three representatives of workers; from these courts there was a right of appeal to the provincial commissions (composed by a representative of the Ministry of Justice, another from the ML and a provincial secretary of UNTA, Joint Exec.Dec. no 46/81, Labour and Justice, regulating art 9 of Law no 9/81) and from these to the national commission. See subsection 3.4.4.

26. "Problems (on cadres) remain, and enterprises and central organs persist on failing to satisfy their needs in labour force; the anarchic fluctuation and recruitment of workers and the induction of senior cadres by private firms, foreign companies and even PEs continues, in a clear violation of the legislation in force in PRA, as the Ministry of Labour does not exercise the authority allocated to it by law. I remind the competent entity the to need to govern and not to follow passively the events which counter the interests of the state." (Dos Santos to the 1st Methodological Meeting of the Cadres Department of MPLA-PT, quoted in 74 [8], Novembro, 1984, 27).


28. The system of fixed wages, and related criteria, plus the problems related to the actual purchasing power of workers in the context of shortages, led to strong discrimination against Angolan labour in pay. For example, for the same years of professional experience, in 1986 an expatriate graduate could earn about USD 3,500 under a TAC, while an Angolan post-graduate would earn about k2 26,000, that is, less than USD 1,000 at the official exchange rate, and less than about USD 100 at the black market exchange rates. See section 5.2.
in promotions, and food, transport and housing difficulties, etc.\textsuperscript{29} Apart from job mobility, workers responded to the economic crisis and deteriorating living standards in diversified ways, including by activities in the informal economy.

### 5.2. Wages and prices: workers responses to the economy of shortage

Higher wages have been the most important demand of Angolan workers during the period of civil liberties and even led to criminal suits against workers after independence. To prevent widespread demands for wage increases while simultaneously the country was undergoing a severe economic crisis, from 1976 the Ministry of Labour enacted regulations barring negotiations on wage increases or wages improvements through arbitrary classifications of personnel. It also established that wages were centrally fixed by the government and UNTA.\textsuperscript{30} The unions were thus co-opted to control this area of labour relations, and UNTA appeared as an essential link between the government and enterprises, and a part of a system where conflict and different interests were supposed not to exist. Initially wages were fixed by the Ministry of Labour, during the functionalist phase by the ministries of Planning, Finance and Labour and later by the ministries of Planning and Labour,\textsuperscript{31} according to detailed regulations which formally did not allow room for manoeuvre outside the state.\textsuperscript{32} Nevertheless, many employers simply ignored the wages regulations.\textsuperscript{33}

\textsuperscript{29} Workers left PEs by inexistence of social conditions, and even left their careers, moving to different professions on which they had no skills (Guerra Marques to JA, 30.10.88, on LEA, a PE for engineering consultancies). In Luanda in 1986 every 14 out of 100 workers changed employers (98, Novembro [11]. 1987) something which made it very difficult the control of rationing cards.

\textsuperscript{30} M.o. 30.6.76 (Labour).

\textsuperscript{31} E.g., m.o. 10 76, Joint Exec.Dec. no 55/84 and Joint Exec.Dec. no 26-B/89.

\textsuperscript{32} Laws no 6/79 and 8/81 (Wages Laws), developing CL, art. 26, on the principle of distribution according to the quantity and quality of labour supplied (see subsection 3.1.4.) The fixing of wages and salaries involved operations of information gathering and processing too sophisticated for the country: i. definition of occupational categories (e.g., Law no 6/79, art. 11), ii. description of jobs (e.g. cit. law, art. 6) which conditioned the integration of posts in iii. wages scales established according to "the complexity of posts and coefficients expressing quantitative relations between the group of the smaller complexity and other groups" (of a scale of 24 groups for the national economy under Law no 6 79, art. 4) and iv. tariffs, expressing the "fundamental part of income received by the labour performed in a given unit of time and which may relate to complexity or abnormal working conditions", including "extra qualificatory conditions" for some branches or economic sectors" (cit. law, art. 9); the system was complemented by prizes "aiming increases in productivity and work in special regions (cit. law, art. 10). Wages and salaries were quantified by time, production or both (e.g., Joint Exec.Dec. no 41/84, Fisheries and Labour). It seems that some enterprises were not willing to perform the calculations of wages the CM ordered the "suspension of payment of wages earned with contempt for the wages legislation" (Resol. no 4/83, CM, art. 1) and established fines for employers violating the law (art. 4).

\textsuperscript{33} 12. [6]. Novembro, 1982. 66.
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Immediately after independence there was also an attempt to reduce salaries and wages of privileged segments of labour, by cutting some rights acquired by civil servants or employees of large industries, such as the holiday allowance and any additional payments for work in the public sector, while lifting wages at lower levels. The scarcity of all kinds of resources leads to 'miserablist' approaches to production and distribution reflected in strategies aiming, for example, to promote a more egalitarian distribution by an wide downgrading of living standards to the lowest levels of income instead of upgrading the standards of these in the lowest levels of income, while simultaneously downgrading the few top groups. That is, instead of improving the living standards of the population, a minimal target of making everybody a poor seems to have been established. As a consequence, living with stringent shortages of consumer goods and services provision appeared as the outcome of any attempt of radical change of income distribution.

5.2.1. Prices

Prices were also centrally fixed aiming to ensure a given balance between the latter and wages (actually included in a plan, the balance of monetary revenues and expenses of the population). In fact, prices centrally fixed were low, as were wages, and would permit reasonable (for an UDC) living standards if goods and services were available. Essential links of this scheme were the marketing PEs aiming to fill the gap in the trade network caused by the flight of settlers and to implement a proper control of prices. Within this frame labour supply was controlled, and compulsion to work achieved, through economic mechanisms by coordinating supply of consumers goods and services by PEs and linking access to these goods.

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34 E.g. Dec. no 875, cutting holiday and Christmas allowances paid by private firms to workers earning more than kz 10,000 month (art. 1/1 a); reducing these allowances to 50% to wages between kz 10,000 and 3,500 (art. 1/1/b); and maintaining them for other lower incomes (art. 11/1) and foreign workers (art. 3). The decree ordered private firms to deliver the amounts of allowances for a special fund for national reconstruction. also, m.o. no 27/78 (PM).

35 If the 'socialist sector' worked, the low prices practiced not only in the 'people's shops' but also in housing, electricity, water, etc., added to free education and health care, it would be possible to live on the fixed wages. See Chapter 4, note 6, Table 2 and subsection 4.3.2. (Dos Santos comments on this plan).
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goods and services to rationing cards supplied by employers. Simultaneously, collective incentives linked to profits were established.36

The rationing cards control did not work well, firstly due to falsification of rationing cards by either non-workers or starving workers aiming to get an increased supply.37 But the shortage of food and all kinds of goods soon jeopardised the whole scheme. Besides war, legislation enacted by agrarians prevented links between country suppliers of farming products and the towns supplying industrial goods, acting as a disincentive to attain given levels of production. The barriers to the movements of persons and commodities reinforced shortages and the supply of consumer goods became heavily dependent on imports, a state monopoly.38

Food products, imports value, Mn USD, CIF estimates

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<td>217.6</td>
<td>277.3</td>
<td>343.9</td>
<td>268.8</td>
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Source: UNCTAD Commodities Year-book, 1988

5.2.2. African traders

From the expulsion of settlers from the towns slums and their expulsion and/or flight from the bush, African traders occupied their space, selling at prices higher than those fixed. One of the reasons of the acute statism of trade PEs was, in some degree, the response to these practices.39 These African traders needed to build links with the state and/or PEs to get an appropriate supply. These connections were actually implemented through all kinds of mechanisms, from plain theft of containers in ports to corruption of civil servants and PEs

36 See subsection 3.4.4., note 152 (social fund).
37 As referred to by the preamble of Exec.Dec. no 36/84 (Internal Trade).
38 See Chapter 6 (collapse of the food production), subsection 3.4.5. (control of movements) 4.2.2. (state monopoly of foreign trade), section 53, espec. notes 73 and 74 (food imports under austerity) and Tables on food production.
39 For example, in 1978, the ministry of Internal Trade, while creating a commission for the study of the network of industrial goods in Luanda, rated: "Luanda was one (of the provinces) more sharply affected by the practice of illegal trade after the occupation of shops abandoned by colonialist traders ... the overwhelming majority of individuals who occupied these shops aiming unfair profit, committed themselves to speculation and hoarding".

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workers, who prevented the marketing of products according to planned allocations and directed them to the informal economy.\textsuperscript{40} Progressively, while the state supplied less goods through the rationing system, the informal economy expanded until it became 'the economy': from water to OKs in international and domestic flights, to informal taxis, private nurseries, in every area where the state failed to meet demand the gap was filled by (forbidden) private competitors.\textsuperscript{41} The high prices set by the informal economy led to the collapse of the fixed wages scheme.\textsuperscript{42} Indeed, in 1986,

"It is certain that struggle against incompetence increased, but nepotism resisted with all its weapons, the purchasing power of workers decreased, but black marketing increased, the distribution of spirits decreased but alcoholism increased, construction decreased, but divorces increased, public transport decreased, but the number of private cars increased, the transfers of foreign exchange are suspended, but TAAG flights to Lisbon are overbooked ... Let's stop here."\textsuperscript{43}

5.2.3. Self-consumption, village kin and the informal economy

From the late 70s, the industrial working class, actually urbans with lowest incomes, reinstated demands for wage increases, now through the mediation of UNTA. These demands, within the frame of actual 'freezing' of wages, were solved in two ways: i. reclassification of personnel allowing upwards mobility in the scale groups,\textsuperscript{44} and, ii. the so-called 'self-consumption' scheme.

\textsuperscript{40} Cases provide a picture: i. workers of Angoy Francas, a 'dollar shop', embezzled a container of beverages, divided the content and sold the product at the parallel market, after having contracted two drivers (JA, 10.4.1988), ii. police in Kwanza Norte confiscated consumer goods smuggled from the 'official circuit' (JA, 8.9.1988), iii. court convicted workers of a sugar PE because they embezzled 25 tonnes of sugar falsifying documents in name of a client and sold the sugar in the black market at speculative prices (JA, 22.4.1988); iv. civil servants in Kwanza-Sul were convicted by embezzlement of goods and money (JA, 15.3.1988); for theft of medicines, see section 5.4., and other cases of embezzlement, subsection 4.2.1. In short, "in neighbourhoods such as Sambizanga there are rumours on the existence of genuine kings of crime some of them ex-civil servants. It is believed that these (individuals) are the bosses of the 'parallel market' who succeed in withdrawing from the Luanda port containers full of commodities (and) still sealed" (O Jornal, 12.1.1990); a funny case is a printing PE whose managers collaborated with the "Luanda gambling mafia" printing cards for underground casinos instead of planned printing (51 [5] November, 1982, 6).

\textsuperscript{41} See, e.g., South, June, 1990. See also section 5.3.

\textsuperscript{42} See notes 48 and 52.

\textsuperscript{43} 94 [10], Novembro, 1986, 50.

\textsuperscript{44} For example, Joint Exec-Dec. no 17/83 (Planning, Finance and Labour), on the salaries of technicians, provided that workers after 15 years of experience, demonstrating competence and at a post superior to their training, might be allowed to get the salary for the occupational post 'without possessing the general knowledge demanded in the respective occupational qualification'; but the power on the issue was allocated to the Ministry of Labour, under favourable advice of UNTA (art. 12/1); technicians could go upwards in the scale without the time restrictions established in the exec.dec. if, again, the Ministry of Labour, under favourable advice of UNTA, so decided (art. 12/3 by reference to art. 6). In

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Self-consumption is an unique scheme where employees of PEs had the right to buy a quota of the weekly production. An hypocrite solution, since the PE sold the production to workers at fixed prices, sometimes not meeting costs, so workers could resell the goods in the black market at speculative prices and have an income to add to their fixed wages. According to studies made in the early 80s, the highest (actual) incomes in the waged/salaried personnel were in the beverages and tobacco industries. 'Self-consumption' allowed the system of fixed wages to survive with no significant workers protest. As some industries could not sell their production in the 'parallel market' (for example oil), the system created serious differences between the different components of the working class. Top officials of the state and party devised a mechanism, 'requisition' of PEs' production, which may be approached as 'self-consumption' of the central command economy.

Employees with no access to these special schemes, could not survive on their wages. Some (re)established connections with the village kin to get supplies of farming products to trade in towns. They managed to survive if they had the possibility to travel to bring food, which meant complicated activities to get permits and transport. They also got

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45. E.g., workers in CUCA, a beer factory, under self-consumption participated in black marketing during the beer shortage by selling their quota of beer at about kz 5,000 the package (52, [6], Novembro, 1982, 6-7); see note 57, on beer trade.

46. A confidential study made by Angolan experts from the Ministry of Industry, showed that in these industries workers had a money income more than ten times higher their fixed wages. This study was 'discovered' by the WB officials working in the country in the late 80s and the data published abroad as their findings (African Business, June 1990).

47. See section 5.3.

48. There are few places in Africa where wages mean less than in Angola. Officially, the monthly minimum wage remains at kz 5,000, that is, USD 160 at the official rate (about kz 30/1 USD) or USD 1.60 at the unofficial rate. The problem, according to a WB report (see note 58, on WB discoveries), is that while higher-paid and better-connected employees can spend kz 8,000 in the state shops, the average worker gets no more than kz 300 worth of goods. The rest is presumed, has to be bought at the open-air markets ... (African Business, June 1990, 11).

49. The Highlands city of Huambo was described as the 'Beirut' of Africa where the government builds by day and the guerrillas destroy by night. ... (and) the Ovimbundu who have moved to the capital have recreated a whole new caravan network of long-distance trade similar to the great commercial systems which they pioneered in the 18th and 19th centuries. The first step in the rebuilding of the caravan networks was based on road transport. ... After independence crops, fish and beer continued to be driven long-distance until the civil war began to make ... networks unsafe. ... Quickly Ovimbundu merchants began to grasp opportunities of air transport to ferry goods to the archipelago towns ... Boeing jets fly to all parts of Angola carrying ... caravaneers and market mammas ... Air caravans which replaced the 19th century headporters and the 20th century Portuguese trucker are not confined to domestic trade. ... Angolan textile merchants ... operate within the African subcontinent and across South Atlantic. Ultra cheap soft currency air fares mean that goods can be profitably bought and sold in Brazil and Brazilians have re-established the old Portuguese specialism of producing alcoholic rotgut for the African market. Meat ... is flown from Zambia. Pharmaceuticals, on which...
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involved in the informal economy. After more than one decade of attempts at state control of trade, the (informal) market managed to integrate even those benefiting from special supply schemes as well as those who had connections with the village kin. Putting it differently the mammies selling at the towns markets proved to be better traders than the state apparatchiks, and satisfied essential needs, even under strong constraints which included police violence.51

5.2.4. Dollar shops and foreign enterprise

As the years passed, and living conditions worsened, groups with no access to 'self-consumption' and/or trading activities had their living standards strongly deteriorated with the progressive expansion of the informal economy.52 In the 80s, the responses of these groups were demands for higher pay through the machinery of the wages legislation. Some categories of workers indeed got their incomes improved through the legal mechanisms of 'complexity of work', while others incomes remained frozen.

As wages and salaries were very low, the access to state shops, where fixed prices worked, was crucial to maintain given living standards. But since 'people's shops' did not satisfy survival needs, workers began to demand access to special shops. Special shops were

51 As Novembro put it, arguing against the police practice of assaulting and burning markets and arresting traders: "repression will not solve the problems of the black market, when production is low and there is no sale organised in the traditional forms; (repression) means plain ignorance and sometimes badly hides attitudes which are typical of authoritarianism or fascism. ... Encodipa (the PE for dairies and vegetables) has already demonstrated it has no capacity to ensure the supply of a few hundreds in its Cofa shop. ... If we repress quitandeiras, who will link the producer (the farmer of the city belt) and the (urban) consumer? The way to solve the problem of the desperate walks to Cafunfo & Cia (established parallel markets in Luanda) is to set up vegetables and fruit shops, which may be private. ... To batter the quitandeira when we depend on her for the Saturday’s funge (Angolan cassava meal) is not the wisest policy" (70 [7], Novembro, 10, 1983).

52 In 1984 a family with a monthly income of Kz 8,000 needed 13,000 to survive (UNTA figures) but in 1987 there was a need for a monthly Kz 150,000 wage for a five people family to survive and the average urban wages rated at about 10-12,000 (Público, 12.11.1990).

53 Under GLL, art. 122, allowing "tariff increases due to complexity ... for posts, working centres, branch or economic sector"; e.g., Dec. no 1682, Dec. no 105/82, Dec. no 104/82, Joint Exec. Dec. no 33/83 (Planning, Finance and Labour), providing for wages increases in specific industries and professions.
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those for leaders and the shops selling in hard currency, initially for foreigners and later extended to some categories of Angolans. There a wide range of consumer durables and non-durables could be purchased. Vouchers granted by employers and related to a part of the wage/salary gave access to dollar shops (that is, a part of the salary was in fact paid in dollars). This system was implemented by oil companies, including the PE, and some foreign companies. It proved better than self-consumption, giving direct access to essential goods with no need to resort to the time-consuming 'sell-to-buy' activities of the working class. Still, people with access to dollar shops could barter some products in the informal markets at profitable conditions.

As a result of this scheme new elites arose: the employees of foreign firms, and associated national firms, and the reduced number of Angolans working in government with access to dollar shops. These shops expanded favoured by the government from the mid-80s, became the 'American dream' of Angolans, while the national currency and production

54. The majority of special shops, and people's shops as well, had a ceiling up to which employees of might buy: the ceilings in dollar shops were related to the level of wages or salaries of concerned individuals, not following thus the patterns of people's shops (where every worker, whatever the income or size of family, had the same quota). Although some special shops only supplied personnel of involved firms, some dollar shops were open to any holder of hard currency, whatever its origin, promoting the black marketing of foreign exchange.

55. Including Angolans working there, e.g., "in these (oil) companies work about 2,000 Angolans, the majority of them from the Soyo county, (and) the population of the county is estimated in 90,000 individuals. The social benefits of these 2% of Soyo population working in the oil industry are no doubt very superior to those of other workers, and thus people interested in getting a job there are quite above the figures of those who actually have the jobs" (JA, 20.4.1988); workers at Fina Petróleos (an oil company operating in the zone) even benefited from a housing programme of the company, in a 30 has area, including electricity and water infrastructures, a cultural centre, sports devices, a market and a children's park (JA, 22.4.1988).

56. From 1986 some services could only be supplied in USD, that is, only the holders of hard currency had access to them; for example Dec. no 3/86 established that residents and non-residents should pay services in the country's best hotels in foreign exchange (art. 1); dollars shops had a privileged status: Resol. no 3/86 (CDS) established that dollar shops Lojas Francas, a PE associated to Yugoslavian Brodokomer, in mixed Angoy Francas sold duty free (arts 1 and 2), had priority in customs (art. 6) and had the right to a grant of a renewable permanent loan of USD 2 Mn from the central bank (art. 7); also Exec. Dec. no 2/87 (Finance); Resol no 9/89 (CDS) ordered the ministries of Trade, Finance and Planning, and the central bank, to draft a programme of expansion and diversification of "Hard Currency Commercial Undertakings" (HCCUs), (art. 1), "promoting competition among HCCUs" (ibid.), providing shops for HCCUs by selling, after tender, the state shops to investors (art. 2); sale in HCCUs was made through credit cards, granted to those with access to the shops (art. 3).

57. "In Angola there are two with well-defined borders: that of USD, reserved to foreigners, top government officials and black marketers, and that of kwanzas, for the common population ... (as) on the other hand Lojas Francas are well supplied. There you pay in USD, or with special cards, the desired 'golden card'. This makes a fracture in this society. Foreigners, who dispose of dollars, and an Angolan elite, to which belong the top civil servants and members of the party, with living standards much higher than the majority of the population, ... what a foreigner pays for a dinner in dollars, is more than what an Angolan family of four has to feed for a whole month. ... In this society, the social status of an individual is also measured by the quantity of beer (imported) to which his/her card gives access ... (and) this beverage may become a valuable exchange good" (Caires. O Jornal Ilustrado, 21.6.1991).
Providential state became the striking image of the failure of the country and individuals with no access to USDs.58

To respond to the shortage of labour, foreign and some national private enterprises paid wages and salaries higher than those fixed and provided for other incentives. In some cases they consisted in fringe benefits such as holiday allowances abroad, or simply the payment abroad of a part of salary. This led, besides the ‘food impact’ in the ‘parallel market’, to further mobility to these enterprises. As the incentives, and actual better industrial relations, practiced by foreign enterprise, reinforced the shortage of labour in the public sector, in 1983 legislation ordered foreign enterprises to pay only the fixed wages in national currency, forbade the payment of any extra income and naively ordered workers to return to the state the amounts in hard currency paid by employers.59 These regulations, and the fact that strikes and workers demands outside UNTA were forbidden, made PRA a good host of foreign investment, with the state preventing foreign employers from paying higher wages and salaries.60

5.2.5. Changes in wages and prices

The rise in fixed wages and prices remained on the agenda since a substantial number of employees could not resort to the alternative mechanisms. The freeze of wages lasted for more than five years and never met the real increase in prices. So, under the economic reform,
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in 1988 many prices were freed\textsuperscript{61} and in 1989 fixed prices got a general increase of 44%,\textsuperscript{62} with the effect of making the economy more transparent and eventually benefiting PEs and co-operatives selling related products at fixed prices. Also, in 1989 the price-fixing system was rationalised and included the category of 'free prices'.\textsuperscript{63}

In 1989 wages and salaries in some categories got a near 100% increase\textsuperscript{64} while remaining almost constant in others (actually the lower levels).\textsuperscript{65} The 1989 regulations provided for differential wages and salaries in public administration (higher) and enterprises, "aiming to attract experts to the state",\textsuperscript{66} facing shortages of labour and the competition of foreign and/or private firms. Nevertheless, everybody, even with cosmetic increases, remained badly paid.

5.2.6. Social outcomes

After years of working with a system of fixed wages and prices, within a frame of stringent shortage of consumer goods, the relations between the different social groups were

\textsuperscript{61} Prices of 52 vegetables and similar products; the measure was naively explained as "conducing to the establishment of more fair competition rules between the different types of economic formations which should compete in the market to achieve the full working of the supply and demand law as an essential element to the regulation of consumer prices" (preamble Joint Exec.Dec. no 17 88, Planning, Finance and Agriculture, freeing prices); the measure was expected to impact "the increase of the number of people committed to production, the decrease in the agents in the marketing chain, a more fair distribution of income to producers in the countryside and the free movement of commodities" (declarations of the deputy Minister of Agriculture, O Jornal, 2.9.88). On prices in the 90s, see subsection 8.1.6.

\textsuperscript{62} Resol. no 489 (CM), justifying the measure on grounds of increases of production costs, leading to losses by enterprises, and increases of wages without the correspondent increases in productivity, which even decreased (preamble cit. resol.).

\textsuperscript{63} Dec. no 14 89, on the new prices system: prices were divided into: i. \textit{fixed prices}, maximal prices of goods and services fixed by the ministers of Planning and Finance "according to regulations to be enacted by the Economic Commission" (art. 2), ii. \textit{guaranteed prices}, minimal prices of purchase of farming/ranching products (art. 3/1/a) and maximal prices for the sale of some products to peasants (art. 3 1/b), both for goods and services established by the minister of Planning (art. 3/2), and fixed by the Ministry of Planning, after consultation of the branch and local government, and under proposal of the 'economic agents' (art. 3/3), iii. marketing margins, to add to the purchase price for gross trade and retailers (arts. 4 1 and 4/3), fixed by the minister of Planning (art 4/2), and, iv. \textit{free prices}, established by producers (art. 5); provincial commissioners might fix prices of products under fixed, guaranteed and margins regimes not centrally fixed (art. 6). On the former price system, see Chapter 5, Table 2, note 17.

\textsuperscript{64} Appendixes to Dec. no 44/89 (on minimal wages and salaries for the different categories of personnel), and Joint Exec. Dec. no 26-B/89.

\textsuperscript{65} For example, the minimal wage for workers in enterprises remained k\textcent 4,500, a misery wage; in administration and services, the 1989 tables, when compared with the 1984 tables of wages and salaries for telecom workers (Joint Exec Dec. no 55/84) or the 1982 tables for miners (Joint Exec. Dec. no 11/82), or for technicians, were maintained as well; however, the salaries for leaders and managers of the public administration increased from, e.g., k\textcent 26,100 for group XV (as fixed by Dec. no 10 87) to 44,350.

\textsuperscript{66} Preamble Joint Exec. Dec. no 26-B/89; according to the Appendixes to Dec. no 44/89, in the state: leader k\textcent 72,000, expert k\textcent 59,500; in enterprises the wages and salaries for the same categories are lower (respectively 40,000 and 35,000), including in PEs and co-ops (Joint Exec. Dec. no 26-B 89, art. 3).
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reshaped but not in the direction intended by the socialist option. Indeed, part of the working class were integrated into the speculative market in a permanent relationship, as part of state bureaucracies and employees of foreign firms and international organisations. In these activities, everybody, although eventually for survival reasons, cooperated in the extortion of the meagre incomes of less fortunate waged/salaried labour. Thus statist socialism, and the maintenance of the system of fixed prices and wages pairing with shortages, widespread corruption and lack of capability of the state to ensure minimal levels of supply, had as a by-product the emergence of a powerful trading stratum linked to the 'new elites'. This stratum made a substantial accumulation and became one of the candidates for privatised PEs, that is, to employ waged labour beyond the use of (non-paid) labour of the extended family.

In this process, PEs, either industrial or farming, forced to sell at fixed prices their marketing production, made losses since, among other reasons, they had to pay (at domestic or international pricing) some inputs or to maintain employed absent personnel. These losses, financed by the budget (which paid the losses of PEs forced to practice centrally fixed prices) meant that in practice the budget was indirectly subsidising the informal economy, to which a part of PEs production was channelled via 'self-consumption', corruption and theft. This 'differential treatment' against PEs was one of the motives of their association with foreign partners and the autonomy claims which led to the economic reform.

5.3. Control of trade: agrarians and bureaucrats images of planning

67 Traders in the informal economy, while providing an important service, do not work under fair rules of supply and demand: indeed, to keep prices high in the parallel market, they restrain quantities when supply increased, at the price of deterioration of already rare products; the same happens with small producers, such as fishermen or some farmers. So they are quite capable of extorting a rent by manipulating supply; as an example, on the eve of the change of currency (see subsection 8.1.6.) in Luanda bars the price of beer jumped from kZ 1,500 to 25,000 and in the next day products had disappeared from the parallel market (Publico, 24.9.1990).

68 Black marketers had amazing amounts of money in their hands when money was changed in 1990; the biggest deposit at the time, according to official sources, kZ 340 Mn was largely superior to the cash flow of many PEs (Espressa, 29.9.1990); these 'new rich', added to top party and government officials, are called the 'new class' created by the central command economy and the war.

69 To face the shortage of inputs to PEs some managers had to resort to the informal economy, which the state network was incapable of procuring; the dilemma of PEs managers was to choose between paralysis of the enterprise due to, say, lack of a spare sold in the informal market, or to break the law by buying in the informal market at 'market prices'. See subsection 4.3.1.

70 See Chapters 7 and 8.
Providential state

The marketing of consumer goods illustrates the working of the central command economy and explains present outcomes of economic policy. As the years passed, a permanent shortage of goods was reinforced by the dramatic increase of demand after independence and the collapse of national production.\textsuperscript{71}

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Per capita food production, % growth

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Total food production % growth

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From the mid-80s, the fall in oil prices, the almost single hard currency source\textsuperscript{72} and financing imports of food, led to further restrictions in consumption\textsuperscript{73} and to the need of external emergency food aid.\textsuperscript{74} The oil crisis and austerity measures meant that the marketing

\textsuperscript{71} For example, the consumption of sugar per capita (kg) was: 7.3 in 1975; 15.5 in 1980; 11.8 in 1983; 12.3 in 1984 and 11.4 in 1985 (Source: UN Statistical Year-book 1985-86); in the supply side, for example, total fish catch fell from 559,000 tonnes in 1972 to 191,000 in 1985 with Angolan ships catching only 62,500 tonnes (South, June 1990, 88); also "the volume of maize marketed through state channels dropped to a mere 11,935 in 1985, compared with the 227,222 marketed through colonial guind in 1973/74" (Hodges, 1987: 33). See also Chapter 6 and the table on food imports at subsection 5.2.1.

\textsuperscript{72} From 1982 oil prices began to fall (from USD 26-27 a barrel to 8 a barrel in 1986): according to Dos Santos the fall in prices cost the country USD 600 Mn in 1986 (AED, 15.3.1986 and Hodges, 1987: 68-9); in 1986 the 'policy of austerity' was adopted (see next note); still, despite increases in oil exports, the deficit of Angolan balance of payments "widened from the 1981 USD 100 Mn" and imports, mainly for defence and food, were likely to fall (AED, 25.2.83, quoting declarations of the Minister for External Trade).

\textsuperscript{73} Austerity measures included: i. suspension of travel abroad and transfers for family travel, ii. reduction of diplomatic expenditure, iii. review of re-insurance policy, iv. "rapid and significant" cut in the foreign labour, v. review of TACs, vi. "promotion of foreign exchange control for the activity of foreign firms or their agencies or subsidiaries", vii. redefinition of the investment policy to make it more 'realistic', and, viii. stress on the production for exports and import-substitution (AED, 15.3.1986); austerity also led to the maintenance of the same levels of hard currency expenditure when prices of imports rose meaning increased shortages: e.g., preamble Exec.Doc. no 36/84 (Internal Trade) stated that the rationing card did not work properly and "given the low levels of our agricultural and industrial production, and the increases on prices in the international markets, especially primary needs goods, it is necessary to adopt a new system of supply capable not only to guarantee the vital minimum to the committed and conscious workers, but also capable to finish all the manoeuvres around provision, which are a result of disorganisation"; still, imports of consumer goods were in 1986 50% these of 1985 (PR to the SEF Seminar). On the continuing austerity in the late 80s and early 90s, see subsection 8.1.6.

\textsuperscript{74} Lopo do Nascimento stated in the early 80s: "the mot-d'ordre at the world level is to tighten the belt and some UDCs are already 'eating the belt'. Significantly, our country becomes included in the list of countries with such a low level of domestic production that they need international aid in a situation on which it is politically bargained. FAO estimates that Angolan production of cereals added to its imports will have a food deficit of about 200,000 tonnes, that is, each Angolan will consume daily, in average, 220 gr. less than the minimal level for a food diet" (JA, 9.5.1982). See also Chapter 6.
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PEs had progressively less goods to sell while the parallel market increased its share in the marketing of all kinds of goods. From the late 80s, having already forgotten the 'wild capitalism' patterns of behaviour of Angolan traders, under the restructuring programme the government implemented the privatisation of all retail trade, actually just making the reality transparent.

5.3.1. Statisation and monopolisation of trade

As stated above, immediately after independence PEs began to organize to control marketing, motivated by statist approaches and also by the behaviour of the settlers traders. Besides participating in the unequal exchange, from 1974 some traders also involved themselves in at least support for terrorist groups and in sabotage activities such as the closing of existing shops in towns. The gap in gross and retail trade was formally filled by PEs, while some previous private traders remained operating in the country and a new group of traders arose in the parallel market.

Following the general trend, the state tried to perform in trade the most detailed activities, by the mediation of all kinds of public institutions. Commissions to organize the marketing of some products were ancestors of later PEs, and emergency measures were

75. Who persisted in channelling to the black market goods distributed by the state to be sold at fixed prices, e.g. "some private restaurants supplied by the beer factories, as they decided a weekly procurement to hotels and restaurants, closed restaurants saying that there is no beer supply and saved allocated beer to black marketing, so a barrel of beer reached kz 25,000; (52 [6], Novembro, 1982, 6-7).

76. For example, a decree of the High Commissioner during the transitional period (October 1975) showed the picture: "many trading enterprises, individual traders and catering undertakings are closing their businesses under the pretext of holidays or other motives. ... many of these motives are not true and they are a genuine sabotage against the economy of the country, by the enormous damages they cause to the public" (preamble of Dec. no 135 75, suspending some norms of DL no 3671, 1966, on commercial licensing); the decree forbade traders to close businesses (art 2), ordered these closed to reopen (art 4/1), and provided for penalties for law-breakers (arts 3/single par. and 4/2); see subsection 1.1.2.

77. See section 5.2.

78. E.g. m.o. no 36/76 (Planning), on a 'working group' which "disciplined and organised the marketing circuits of cattle and meat ... (and) studied the creation of a PE (Dinaprope)" and had "to implement the mechanisms allowing the control and regulation of movements, sale, purchase, import and export of cattle and meat and milk and dairies" (art. 1).
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initially taken to reopen closed shops.\(^{79}\) When the gross and retail PEs were created, they had no organisation or experience for the business and the previous PE had been extinguished.\(^{80}\) They were under an almost complete control by the branch which exercised owners rights and supplemented the PEs incapacity to perform their functions.\(^{81}\) Quite often, interministerial commissions were set up to support trading PEs.\(^{82}\)

Although trade PEs did not perform their tasks in an adequate way, from independence they (and varied entities marketing other products), began to claim for monopolies. From 1975 EMPA got the monopolies of marketing of some consumer goods, and the prohibition of their sale by producers.\(^{83}\) Other entities, for the sake of a planned distribution, also got monopolies

\(^{79}\) E.g. m.o. no 26 76 (PM), creating the 'supply brigades' for the increase of shops and marketing of products in Luanda; the brigades included members of the ministries of Construction, Transports, Trade and NPCs (art. 1); in each neighbourhood a brigade was in charge of bread shops, popular markets, butchers and retail shops (art. 2); NPCs appointed two or three individuals to work permanently in supply (art. 2); the project was financed by the budget (art. 3).

\(^{80}\) E.g. Edinba. for the distribution of food (Docs no 777 and 83-A 78). Edinbi for consumer durables (Docs no 7/77 and 83/78). the 29 retail PEs created by m.o. no 141 78 (Internal Trade). See also subsection 4.2.2.

\(^{81}\) M.o. no 15 77 (Internal Trade) established: i. national wholesales PEs should "acquire, according to contracts agreed to with external trade and national productive PEs, the consumption goods ... and market them to the gross internal trade PEs according to the National Plan for Marketing, providing for the necessary transports" (art. 1); ii. gross PEs should "acquire goods to the national wholesales PEs and to the production enterprises of their area, providing for the transports adequate to the marketing and also planning properly their activities and needs, aiming the correct fulfillment of the plan approved from above" (art. 2); iii. retail PEs should "acquire consumption goods ... and market them in shops, and direct and control the activity of these shops" (art. 3). The need to enact these norms shows how managers were unaware of their functions and the existence of eventual conflicts between PEs; in this case, the former managers of the PE which worked from the transitional period to 1977 had been arrested under false accusations (see subsection 4.2.2.); the argument of shortage of managers often worked just an alibi for upwards mobility of incompetent or for association to foreign firms.

\(^{82}\) E.g. m.o. no 36 77 (PM), creating the Commission for the Study of the Supply Network of Luanda which included also commissariat and NPCs (art. 1), to "inventory shops, minimarkets, markets, supermarkets and sales stations" (art. 2); m.o. no 42/77 (PM) creating the provinces supply commissions, which included also members of MPLA departments (arts 1 and 2); the commissions aimed the purchase of peasants production while supplying them products (preamble m.o. and art. 1) and were supposed to organise the 1st Campaign for Marketing in the Countryside (art. 9), to market agricultural surpluses (see section 6.1.) restoring the marketing circuits destroyed by the war and the flight of bush traders.

\(^{83}\) M.o. no 23 75 (Planning), arts 1 and 2; "since products are marketed in a disorganised and undisciplined way, leading to the practice of speculation and to a bad marketing at the settlement zones" (preamble), marketing by producers was forbidden. See also subsection 4.2.2.
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on sale,84 purchase85, or use of some categories of goods. In the early 80s some agencies persisted on attempting to get monopolies on non-essential goods.86

Government agencies also established restrictions on the timing of marketing87 and movement of goods, the latter strongly damaging the intensity of exchanges between towns and peasant societies.88 Other instrument to monopolise trade were the compulsory authorisations from public entities to sell or to perform pre-sale activities.89 The black market for hard currency, or just the parallel market, also justified further restrictions, especially making some transactions difficult.90

84. E.g. m.o. no 97/78 (Internal Trade and Transports): the sale of cars spares and accessories was a monopoly of the shops of the Ministry of Transport (art. 1).

85. E.g. m.o. no 116/77 (Internal Trade): all salt producers, either public, mixed or private, were "compelled to sell their total production to ... Edinba" (art. 1), the sale to enterprises using salt as a raw material was outside this scheme, but these firms should sell their surpluses to Edinba (art. 2); still, industrial enterprises using salt as a raw material needed an authorisation from the gross PEs to buy the product (art. 4); m.o. no 113/76 (Agriculture): all private office producers or exporters must sell production to ICA (a marketing board for exports), (art. 1).

86. An example is the control of craftmanship by the Secretary of State of Culture, which self-allocated the marketing of crafts and vigorously attacked private traders (m.o. no 20/78, Culture).

87. E.g. m.o. no 48/76 (Agriculture), stating that the frozen meat for the supply of Luanda only might be distributed when the related agency (the working group for meat) so decided (single art.) since "the meat will only guarantee the supply in Luanda for one or two weeks ... (and) people are trying to create conditions for the continued supply without which any distribution will be demagogic and will create in the popular masses expectations which cannot be satisfied ... (given the fact that) information on the arrival of the meat will generate strong pressures for its marketing" (preamble cit. m.o.).

88. From 1977, any truck driver carrying farming products had to exhibit an 'interprovincial travel permit' (m.o. 2.9.77, Internal Trade, art. 1/1/a), granted by the ministries of Agriculture or Internal Trade (art. 2/a) or, when there were no local delegations, by the local commissioner (art. 2 b); the missing of this permit was considered 'economic sabotage', and as such punished under Law no 57/76 (cit. m.o. art. 7); this system was reinforced by m.o. no 160/78 (Agriculture), providing for the apprehension of commodities transported without the permits and the ban of their marketing (art. 4); by 1982 regulations from the ministries of Interior, Agriculture and Internal Trade, prevented the transit of farming goods from the production areas to the consumer towns and their sale (Exec.Dec. no 34/82), m.o. 10.6.82 (Interior), and provided for the arrest and criminal suits of truck drivers not complying with the ban of transit of some products or travelling without the permit (art. 1); in 1986 the interprovincial movement of goods was restored, with the repeal of the 1982 regulations (Exec.Dec. no 35/86, Interior, Agriculture and Internal Trade). See also, subsection 3.4.5. (movement of persons).

89. E.g, m.o. no 76/76 (Planning) stated that private cattle ranchers could not sell, transport or abate cattle without the permit of the 'working group for meat' (art. 3) and provided for confiscation of cattle and/or meat in case of contempt for the m.o. (art. 3.4); m.o. no 13/77, (Construction) forbade the sale of bricks without the authorisation of the provincial delegates of the ministry (art. 1), m.o. no 16/79 (Construction) forbade producers to enter into agreements related to obligations to supply "significant quantities of building materials" without the authorization of the Ministry (art. 1).

90. E.g. m.o. no 4/76 (Finance and Communications) established that air tickets could not be sold without proof of residence (art. 1) and non-nationals had to pay them in hard currency (art. 3), "in order to avoid currency speculation" (preamble); m.o. no 36/76 (Finance) forbade the movement of tobacco from Luanda to Cabinda (art. 1) actually to prevent its smuggling to Zaire and Congo; m.o. no 37/76 (Planning), forbade the movement of medicines to Cabinda on the same grounds, and stated that only authorized agencies might transport the medicines to the province (art. 2); m.o. no 76/76 (Planning) forbade the transit of cattle from some provinces (art. 2) and established marketing points for sale and functioning of abattoirs (art. 1), to prevent the spreading of animal diseases and "anarchy in the purchase of cattle and consequential rise of prices, indiscriminate abating, precipitate decapitalisation" (preamble m.o.).
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All these regulations aiming at the supply to consumers of ever shortage goods, had the dysfunctional impact of empowering the related segments of bureaucracies committed to unlawful activities through their links to the informal economy.

5.3.2. Protocols and contracts regulating transactions within the public sector

The emergence of centralised marketing was followed by widespread financial chaos of the concerned PEs, which were not willing to pay to suppliers, an attitude shared by their clients. From 1977 interbranch agreements, the protocols, between central organs of public administration tried to regulate exchange relations of subordinated enterprises. The first is the 1977 protocol of Internal Trade and Finance, providing for credit facilities at low interest rates for trade PEs and subsidies from the Budget for their investments.

To ensure a regular procurement, from 1977 the Ministry of Internal Trade entered into agreements with its main potential suppliers, the industrial, agriculture, fisheries and external trade branches. The first protocol between the ministries of Internal Trade and Industry, on the centralised allocation of the industrial production, was then adopted. According to the protocol, the industrial PEs should deliver all their production to trade PEs, but industrial PEs managed to keep the marketing of beer, bread and soft drinks. The Protocol also stated that payments for sales of industrial PEs was made through the banking system.

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91. See subsections 4.4.1.
92. Protocol 24.2.77 (Finance and Internal Trade).
93. Protocol 21.6.77 (Internal Trade and Agriculture). The protocol divided marketing activities of the branches PEs, provided for deliveries from agriculture to internal trade PEs according to a trimester plan, and Agriculture compromised to grant travel permits for the carriers of farming products; the purchase of farming products was financed by loans granted by the central bank (nos 2, 3, 4, 7 and 11, respectively). As internal trade PEs could not reach many peasant societies, Agriculture became the agent of trade PEs, while the need for formal contracts was emphasised (nos 14 and 17); the Protocol allocated the marketing of dry products, including palm oil, to internal trade and dairies and vegetables to agriculture trading PEs (no 5); on other attempts to ensure the supply of farming products to trading PEs, see, e.g., sections 6.1. and 6.2.
94. Protocol 29.7.77 (Internal Trade and Fisheries); divided markets, where Internal Trade kept dry fish and Fisheries marketed fresh and frozen fish (no 5), provided for the grant of travel permits for interprovincial transit (no 7), the planning of deliveries (nos 2, 3 and 4) and resort to the central bank loans for the payment of Internal Trade purchases (no 10/a).
95. Protocol 1.10.77 (Internal and External Trade); subordinate PEs imported consumer goods according to a deliveries plan sent by the Ministry of Internal Trade (no 1) and within the general framework of the Imports Plan (see Chapter 4, Table 2); the protocol also ruled forms of payment and the rescheduling of debts, using soft loans granted by the central bank on financial clauses (no 6).
Providential state

The protocols continued in the following years. But as relations became more permanent, the ministries began to resort to economic contracts to regulate the supply of goods to Internal Trade PEs. In 1983 the ministries of Industry and Internal Trade enacted the first standard economic contract, whose acceptance and agreement was compulsory for the dependent enterprises. The standard contract was a planned contract, and cut the initiative of the parties in the contractual relation. Indeed, there was an obligation of sale and terms for delivery of the total production of an industrial PE according to its plan. The standard contract also ruled quality, prices, delivery, payment and compensation for non-performance. Contracts needed the authorisation of the plan cabinets of related ministries.

An innovation of this standard contract within the system of administrative planning was to provide resort to courts in case of conflict not solved by agreement. Until then, and actually only from the PEs law of 1988, conflicts between PEs, or these and public administration bodies, were settled by the administration, such as the case for debts. From the 80s trade PEs had their previous preferential access to cheap credit ruled by the common regime, given the repeal of the related protocol.

The planned distribution of goods did not work properly for many reasons, e.g., scarcity of goods and worsening of the country’s economy, the fixed prices scheme, theft,
bureaucracy and the deprivation of producers decision-making power. The unwillingness of enterprises and consumers to pay for products and especially some services, also worsened the picture.\textsuperscript{102} Also, the system did not please many bureaucrats, who saw planning as an alibi to legitimate their privileged access to scarce goods. With these goals, the requisition scheme was implemented: deviations from planned allocations could be authorised by the branch and/or local authorities. This gave some ministers a substantial political leverage, stronger than, for example, being a member of the CM. Indeed, they could provide access to goods and services supplied by the branch (or local) enterprises, especially PEs, to selected categories of consumers and they even could bargain trade-offs at other levels. So the practice of authorisation of requisitions by ministers, commissioners and/or provincial delegates spread.\textsuperscript{103} Attempts made by radicals to get rid of their 'requisition' allocation powers, were not welcomed by many of their agrarian peers.\textsuperscript{104}

Under the regimes above described, the role of producing PEs was, in marketing, to obey the orders of planning bureaucracies (which enacted the indicators of mercantile production) or the orders for sales under requisition. In some cases production of, say, industrial PEs, never reached shops.\textsuperscript{105} Simultaneously, the high demand consumer goods were available in the 'parallel market' at high prices, to which those with purchasing power resorted.

\textsuperscript{102} An example of the attitude of consumers are electricity and water bills; consumers in Luanda paid very small amounts for electricity and water (e.g., k2 50 month), causing losses to supplier PEs, which also could not calculate the bills properly (78 [8], Novembro, 1984, 14); m.o. no 784 (Finance and Energy) implemented a new scheme (of contracts) to prevent "the accumulation of debts by consumers" to the power industry (preamble cit. m.o.); on debts between enterprises, see also subsections 4.2.1. and 4.4.1.

\textsuperscript{103} E.g. m.o. no 7 79 (Internal Trade): the sale of alcoholic drinks and industrial goods under the 'requisition scheme' needed the authorisation of the Minister and was channelled to his/her Cabinet (art. 1); the m.o. also defined as a disciplinary offence the sale without the authorisation (art. 2).

\textsuperscript{104} When I worked in Industry in 1985-86, top officials of the ministry, including minister, deputy ministers and plan cabinet personnel, were trying to get rid of their 'requisition' and administrative planning powers, among other reasons to avoid the ever present claimants for requisitions, especially drinks for parties; at the time they were not successful since the system was institutionalised everywhere and some entities, benefiting from it, did not want it repealed while countering all attempts in this sense; the majority of defenders of the 'requisition' scheme were top level agrarians, who, as I noticed, have an unlimited capacity for demand (since they are responsible, under tradition, for the supply of endless extended family or sets of villages) and did not want to bargain their purchases with the managers of enterprises; so they resorted to their peers; it seems that agrarians even campaigned for the dismissal of 'anti-requisition' bureaucrats and politicians.

\textsuperscript{105} As a manager of a PE said: "we (the workers of the PE) would be very pleased if we saw our products in the shops stalls, because it would signal us the social utility of our work".
5.3.3. Regulation of private traders

The statisation of trade was complemented with commercial licensing adopted from 1982. To perform activities private traders: i. needed a licence of activity, granted for fixed periods, renewable when the legal requisites were fulfilled and technical specifications respected, ii. should comply to the branch directives on planning (sales and prices), and iii. if misapplied the branch's orders, the licences were cancelled. The integration of private traders in planning meant: i. state organs controlled their sales, when marketing goods supplied by gross trade PEs, and, ii. they should respect fixed prices and sell only to people exhibiting rationing cards. The patterns of behaviour of private traders within this framework were not those expected. Besides the cases of uncontrolled sellers, even 'entrepreneurial' traders tried to escape the trade regulations, which led to further administrative involvement in their activities.

As a response to the acute statism of the internal trade state apparatuses, together with a growing scarcity of goods, the economic reform made significant changes. There was an attempt to solve the problems of marketing and to control the informal economy by incentives to private traders. Privatisation of people's shops and other property under the control of the Internal and External Trade apparatuses, or the transfer of their exploration under lease

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106 Dec. no 28 82, arts 34 and 34 1, 8 1 and 8 2, respectively; commercial licensing existed in Angola from 1966, under the licensing policies of the colonial state; see subsections 1.1.2. and 1.1.3.

107 Uncontrolled traders often were: i. 'ambulant traders' (re-forbidden' by Law no 10/87, see subsection 3.4.5., and beaten by the police), and, ii. those who occupied abandoned shops; these traders escaped licensing and any attempts of control due to their mobility and support from the population. Still, m.o. illustrate the 70s attempts of the state, e.g. "many (abandoned) commercial undertakings are in an unlawful situation ... (since) these establishments are the property of the state and not a property of those who occupied them and are exploring (the shops) illegally ... (since) it is necessary to control the commercial network, by its listing ... avoiding the spreading of opportunists and speculators whose counter-revolutionary practice substantially conditions the consolidation of the revolutionary conquests already got." (preamble m.o. no 119/77, Internal Trade, compelling traders to exhibit licences to the Ministry within a given term); also, m.o. no 12/79 (Internal Trade), ordered all traders to renew licences "to increase the degree of combat to unlawful trade practices which led to hoard and speculation and, thus, to the increase in living costs" (preamble cit. m.o.). But the official journal cannot picture the reality: for example, private traders, owners of water tanker trucks, sold in the Luanda slums water directly extracted from the river and spreading all kinds of diseases; see also section 5.2.

108 For example, m.o. no 6/79 (Internal Trade), mentioned that "a substantial part of private importers marketed their imported commodities in an improper way, benefiting some people while damaging the majority of the population, so favouring speculation and hoard" (preamble m.o.); they should thus report to the Ministry when they withdrew imports from customs (art. 1). Also some activities were banned, such as in the diamonds producing province Lunda Norte, where, due to alleged connections of private traders to diamond smuggling, private trade was forbidden (Exec.Dec. no 34/78, Internal Trade, art. 1).
Contracts, were also decided, partially to respond to demands of the agrarian/trader strata.\(^{109}\)

The decision of the state to get rid of ineffective undertakings such as the people's shops was a wise one, since it could not manage them adequately, as the picture above described shows. Also, it adjusted legal regimes to the real organisation of the economy.

5.4. Welfare provisions

The supply of goods and services to the population was complemented by the welfare provisions related to the economic and social rights. Economic and social rights were approached in CL as positive, implying action from the state. Here education and health care are referred to. The fact is that Angola is an UDC and the war prevented a good quality of related public provision. However, in the early years of independence there were great efforts to guarantee "the access of all to education and culture" and health.\(^{110}\)

Nationalisation of education, the abolition of fees and the free provision of materials (books, etc.) in the lower levels of education were the first measures adopted after independence.\(^{111}\) Also, when students had to move to towns to further education, where possible free housing, food, cloth and pocket money were supplied. Compulsory schooling remained at four years, but in villages there were campaigns to convince parents and elders to allow students to travel to towns to continue schooling.\(^{112}\) The most important investments centred in literacy campaigns, primary and secondary education.\(^{113}\) Also, employers had to authorise workers to further their education.\(^{114}\)

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\(^{109}\) See section 8.1.

\(^{110}\) CL, arts 29 and 27.

\(^{111}\) Law no 4/75 declared education a public service and nationalised all schools and related estates; from 1982 foreign students were not entitled to free education (except for the four first years of schooling) and had to pay fees, except those belonging to liberation movements, political exiles or students under cooperation treaties (for example, those from the ex-Portuguese colonies); also, their entry to schools was conditioned by quotas (Dec. no 107/82, arts 1, 2, 3 and 6).

\(^{112}\) Made by committed teachers and higher level students during holidays.

\(^{113}\) For example, in 1984 the total expenditure with education was 5.2% of GNP and 11.5% of total government expenditure and the current expenditures with education were 5.1 of GNP and 15.6% of government expenditure; in 1982 there were 1,178 430 students at the 1st level (536,105 women), 131,918 students at the second level (124,858 in general education, 3,141 in teachers training and 3,919 in other 2nd level education). At university or equivalent institutions there were 2,674 students. Although teaching was one of the most badly paid professions,
Thus in 1985 the distribution of students, as a percentage of the age group, enrolled in the different levels of education was: 93% at primary education (as contrasted with 39% in 1965), 13% at secondary education (as contrasted with 5% in 1965), and 7% at tertiary education (as contrasted with 0% in 1965). These figures show the progress made after independence, even in the difficult war conditions.

Nevertheless provision of services could not meet demand, due among other reasons, to the working of the shortages economy. To face the shortage of teachers, from the late 70s the government adopted the movement of 'mobilisation for education'. However, it did not solve the problem of qualified teachers, especially in rural areas: in many villages the local teacher had often less than six years of schooling, influencing the quality of education at all levels.

\[\text{there were 32,004 teachers at the 1st level and 316 for the 3rd level (UN Statistics Year-book, 1985-86); official data for 1985 stated that the number of people registered for the 1984-85 academic year was 5 times the 1977-78 level and 3 times the 1974/75 level (86 [10], November, 1985, 44).}\]

?\text{Dec. no 74 76 established that civil servants and PE employees must be, when possible, authorized to go to school during the working time, up to a limit of 9 hours per week (art. 1/1) which they had to compensate (art. 1/2); m.o. no 28/77 (PM), extended the regime to private and mixed enterprises.}\n
\text{115. World Development Report, 1988.}\n
\text{116. Some sources blame Angola because there are only, according to their data, 28\% literate people (e.g., South. June 1990, 79); these figures were already stated for 1980 (Guia Do Terceiro Mundo, 1986, 25) and so their use as 1990 figures does not seem accurate. Also there has been a massive inflow of illiterate refugees (about 1 Mn refugees entered the country); population jumped from about 6 Mn in 1975 to about 11 Mn in 1990. It is estimated that from 1976 to 1986 about one million of individuals had literacy schooling (Cadernos do Terceiro Mundo, loc.cit.). UNESCO awarded PRA the international prize of literacy campaigns; literacy training took 6 months, 6 hours/week; from 1987 literacy in some regions was made in national languages; literacy teachers organised in brigades and worked in connection with the JMPLA and OMA (JA, 8.9.1988).}\n
\text{117. The gap between demand and supply in education became very serious and in 1983 Resol. no 2'83 (CM), besides decentralising the management of 1st level schools in local government (art. 1), ordered many ministries to adopt measures to protect and develop educational structures, including allocation of resources for school building by the plan (art. 7); the measures resulted from a report "Present Situation of Education and Teaching and Emergency Measures" (preamble cit. res.), which, as usual, was not published, but in 1987 the PC was still ordering the fulfilment of the 1983 measures enacted by CM (Resol. no 5 87, PC, art. 1) and compelling the CM "to prioritize the acquisition of means for education" (art. 2), to specialize a building enterprise in school construction (art. 3), to study the creation of a national industry of school materials (art. 5), etc.}\n
\text{118. Educated Angolans had, when asked, to teach, or, if these tasks were not compulsory for some categories of workers, they could be performed in voluntary work. Dec. no 44/79, on the Plan for the General Mobilization of National Teachers and Recruitment of Foreigners, stated that workers of MPLA-PT, members of FAPLA, workers of JMPLA, OMA and UNTA and professional cadres of unions, civil servants and employees of PEs or co-operatives had the duty to teach, if so ordered (art. 1); unjustified refusal might be punished with dismissal of the public sector employees (art. 6 c).}\n
\text{119. M.o. no 108 83 (Education) banned the recruitment of teachers with less than 6 years of schooling.}
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Under the planning of education, actually to deal with the shortage of high schools, an administrative system of selection was established from the late 70s, the 'drivings', where students entering technical schools or A'levels were allocated to careers and schools.\textsuperscript{120} The worsening of economic conditions and the permanent increase in demand furthered restrictions. From 1982, free provision of materials was abolished.\textsuperscript{121} From 1986, barriers related to age and marks were established. Also, students coming from professional education had to work for two years before being accepted at the university.\textsuperscript{122}

Education became thus such a scarce good that from 1987 the legislation on the compulsory allocation of graduates to jobs chosen by state organs reinforced authoritarianism, while discrimination in access to scholarships abroad was adopted.\textsuperscript{123} Also, the IMF package, and related cuts in public expenditure, and reformist elitist approach to economic and social rights, led to further restrictions on the free provision of education.\textsuperscript{124} From 1991 private education was approved, aiming to 'divide state responsibilities' with other organisations.\textsuperscript{125} As Angolan schools became worse, and although privatisation was adopted only in 1991, from the mid-80s schools for the 'dollar economy' opened, giving the holders of hard currency

\textsuperscript{120} The allocation of students was made by the Ministry of Education (and zone, pluriprovincial, commissions) and often did not respect their choices; there was not formal machinery of protest on the decisions of the administrative boards; m.o. 4.7.81 (Education) created a central commission (composed by top officials of the ministry) to approve the final allocations of candidates (art. 5 and 6).g.

\textsuperscript{121} Although exemptions of payment were possible, at discretion (m.o. 28.9.1982, Education, arts 1, 2 and 4). However, in the next years educational structures could not market books and materials properly (marketing initiated in 1981) due to shortage of transport, theft, deteriorating storage conditions (72 [8], Novembro, 1983, 24-6).

\textsuperscript{122} Dec. no 18/86 established the criteria for priority of access. Discrimination against students coming from professional education in access to the university existed from 1982 (m.o. no 77/82, Education).

\textsuperscript{123} Dec. no 5 82, Regulations on Angolans Studying Abroad with Grants (later changed by Dec. no 38/89), established a set of political restrictions on access to scholarships to study abroad. See also section 5.1.

\textsuperscript{124} In the academic year 1988-89 60% of students 'driven' to university and 43% of students registered at A levels and technological education, could not study due to shortage of infrastructures. Measures proposed then were to: i. revise the criteria of access to school from the 5th class "in order to establish a perfect harmony between professional training, technological and higher education, caring for a more correct professional pyramid", ii. integrate education as an emergency programme in PER, "in order to balance the growth of students with that of physical structures and increase of teachers numbers", iii. establish quotas for the different sectors, iv. be more selective in students evaluation, and v. institutionalise professional careers (comunicado of the 'drivings' ad hoc commission, JA, 26.10.1988).

\textsuperscript{125} Público, 21.2.1992 and declarations of the minister of Education, referring especially to the churches (quoted in O Jornal, 17.5.1991);
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access to better quality and to future professional opportunities. The restrictions on education will thus contribute to reinforce social differences and the control of students.

Concerning health, nationalisation of health care and the creation of the national health service aimed to provide free health care which included free provision of medicines at hospitals. There was a serious shortage of doctors, since only about 70 doctors remained in the country in 1977. Due to this and to populism as well, health care in the NHS came under the control of nurses and its quality progressively deteriorated. This led doctors to flee the country or move to the army, and people to try, when possible, other (better) health systems. From 1984 the government had to allow the creation of health centres in enterprises, which employed part-time professionals from NHS. From 1986 the free supply of medicines, which did not work properly due to high demand and theft, was substituted by a scheme restricting free provision to some categories of illness, which also did not work. The practice of unlawful medical profession by nurses, and even lower-level health personnel, using equipment and medicines stolen from hospitals, was widespread and usually unpunished. The worsening of living and sanitary conditions, and the withdrawal of Cuban

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126. For example, the Portuguese and French schools, paid in hard currency.

127. Law no 975, on the National Health Policy; Dec. no 876 established licensing of private health centres by the Ministry of Health (art. 1) and fixed prices for health care there (art. 9); Dec. no 2977 abolished private health care, except in multinationals, churches (art. 1), dentists and chemists (art. 1/1); all the other health personnel integrated in the National Health Service (NHS), (art. 1/2) and the recruitment of personnel by private companies for their health services was subject to agreement by the Ministry of Health (art. 3), but in 1980 the Ministry was still arguing against foreign personnel who left the NHS to work for multinationals or churches without its authorisation (m.o. 171180, Health); unlawful practice of health care was punished with fines and confiscation of materials (arts 8 and 9); health care abroad, when not possible in the country was also free (e.g., Joint Exec. Dec. no 1184, Health, External Relations and Finance); health care abroad works in a super bureaucratic scheme, inherited from the colonial practice of resort to care in Portugal.

128. M.o. no 777 (Health) reclassifying existing doctors, stated that in May 1977 there were 62 (from graduates with internal practice of one year), of whom only 2 graduate-doctors.


130. Dec. no 1686, Regulations on Medical and Medicines Assistance, arts 14, 17 and 21.

131. "When there is no penicillin at the hospital Josina Machel, the doctor sends a messenger to Roque Santeiro (an informal fair) in Luanda with the name of an hero of a Brazilian TV soap). Because he knows that, in these trays exposed to very high temperatures, incredible rates of humidity, wet dust and clouds of insects, we may find all kind of medicines. The doctor signature the prescription, the black marketer sells. Somewhere, the ill person either worsens or goes better. Full loads of medicines for the hospitals disappear by mystery from the Luanda port and appear again in the shops of this clandestine market. Aspirins, used as exchange money in times of scarcity, vitamins, almost all the pills are taken out from the package and sold by pill. ... And the prescription is given by the black marketer, by hearing, or based on the complaints, according to the good Angolan tradition. ... Various black marketers are in the trade of medicines, which, according to rumours, is one of the most profitable 'schemes' of the underground markets." (Caires, O Jornal Ilustrado, 21.6.1991).

132. According to Novembro, in 1986 medicines stolen mainly from the warehouses of the Ministry of Health (and hospitals) were sold in the black market: "how the medicines arrive to clandestine health centres we agree that it is probably through some nurse who works at some hospital
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doctors, led to further deterioration of health care and in 1991 doctors protested against the working of the NHS.133

5.5. Conclusion

This chapter dealt with the attempts of the providential state to supply everything while managing the shortages economy. In a certain way, the status of economic agents coincided with that of citizens as referred to at chapter 3. The extended functions of the providential state did not here even bold the 'great dimension', unfeasible, but had as a consequence the growth of state apparatuses, bureaucratic rule and centralisation.

This chapter showed how law faced the shortage of labour and the impact of its reliance on essentially negative sanctions, in a system where incentives for Angolan labour did not work. It also demonstrated the attempts of the state to satisfy demands of access to goods and services through the statisation of almost all areas of marketing of consumer goods. As the attempted equilibrium between wages and prices failed, workers resorted to alternative means to ensure their survival which meant a given degree of integration into the informal economy, feeding its processes of accumulation. As a result, the relative balance between the two competing sectors, the formal and the informal economy, initially favouring the state was changed with the informal economy progressively filling the spaces on which state supply failed. It may thus be concluded that the main failure of the central command economy was in the market for consumer goods and services. In this market, the agrarian/trader strata established successful links with state bureaucracies and was capable of doing an alternative

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133. Southern Africa Chronicle, 12.2.1990; for example, the situation in the mid-80s (data of 1986) was: i. life expectancy at birth, 45 years women (37 in 1965) and 43 men (34 in 1965), ii. infant mortality, per 1,000 live births, 139 (192 in 1965), but one of the highest rates in the world, iii. births attended by health staff (1984), 15%: World Development Report, 1988.
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use of the machinery of the central command economy, whose final goal was precisely satisfying the demand of consumers.
CHAPTER 6

PEASANTS: RUPTURE AND CONTINUITY

It was said that in Angola there is no land problem. Indeed, it is a large country with a low density of population and disposable lands, some of them inaccessible by road. However, there are differences of productivity of soils, due especially to differences in access to water and climatic conditions. So, there is a land problem: who will get the best lands and who will get the worst, who will be near the markets, roads and railroads and who will be so far away as to be forced to subsistence farming.

In this context, expropriation of land and the unequal exchange between peasant and urban societies has been a constant feature of colonialism. Peasants reacted with violence to the occupation of their land and changes in their forms of organisation, waging wars and rebellions against settlers and the colonial state. With the land question on the agenda, the post-colonial state made significant attempts to change social relations in peasants societies, resorting to the mechanisation of agriculture, the statisation of large plantations and the promotion of farming co-operatives. However, these attempts of rupture with the colonial 'inheritance' were not successful. Firstly, because the post-colonial state had to face a catastrophic situation in agriculture. Land expropriation and compulsory cropping for TNCs, disrupted the development of Angolan precapitalist formations and caused serious food problems. This process was reinforced by the resettlement policies of the colonial state after the emergence of the independence war. In 1975 settlers fled massively leaving not only


3. See sections 1.2. and 2.1.

4. See subsection 2.1.3. and section 2.2., note 46 (MPLA Programme).
Agriculture

agriculture paralysed, a consequent food crisis and the disruption of trade networks, but also of emptiness of organisational forms which would take years to overcome.\(^5\)

In addition, war devastated the countryside again, destroying human lives and infrastructures. Peasants were the major victims of the war waged by RSA and UNITA against the post-colonial state. As agricultural production fell, due among other reasons, to the physical impossibility to crop in war zones, peasants were reduced to starvation and had to migrate to towns,\(^6\) while the country became an international beggar.\(^7\) The severity of the shortage of food caused by the post-independence war has never been known in modern Angola, except in zones more affected by the resettlement policies. It had as a consequence the collapse of connected supply of consumers goods and industrial policies while undermining the MPLA legitimacy. War also reinforced migration to towns, putting further strains on the already severely inadequate levels of employment, housing, transport, and education infrastructures. Flight to towns undermined traditional power and tribalism, and may constitute a base for a restructuring of social structures in the countryside.\(^8\) Also, starvation caused by the disruption of agriculture and UNITA attacks to peasants, led social banditry to re-emerge in its traditional zones.\(^9\) War and the failure of the agricultural and food policies also

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\(^{5}\) Rella pictured the countryside economy in 1974-75 as divided in entrepreneurial agriculture for export, concentrated in a small number of products, small family cash crop enterprises (composed by Portuguese, Cape-Verdian and Angolan small farmers), a vast rural marketing network linking producers to consumer centres (about 28,000 bush traders), and about 1 Mn of subsistence peasant units in transition to mercantile production. "And suddenly, between July and September 1975, all this system fell apart." (1992: 231-34). See also Chapter 4, note 1, on Mario Nelson account.

\(^{6}\) Marketed production decreased about 90\% from 1975 figures and in 1990 about 800,000 Angolans were "in the limits of survival", there were tens of thousands of disabled from war "with no possibilities of social-professional reintegration and turned beggars", tens of thousands of war orphans while health conditions deteriorated (Expresso, 27.10.1990); drought victims were about 2.5 Mn, while 2 Mn cattle died (Expresso, 16.6.1990); in the province of Benguela (population about 1.5 Mn), 400,000 peasants were directly affected by war, there were about 224,000 war refugees, and until July 1990 about 11,000 died of starvation; 25,000 cattle died, 103 schools had to close and about 31,000 students (on about 70,000 registered) could not study (Público, 9.12.1990, quoting data supplied by the provincial commissariat). See sections 5.2. and 5.3.(food) and 8.2. (data on urban population);

\(^{7}\) As Cardinal Nascimento characterised it, when referring to the UN programme for the victims of drought and starvation in Angola, which would cover about 1.9 Mn people, supplying a daily ration of about 400 gr. maize, 30 gr. beans and edible oil, and also water, seeds, machinery and health support (Público, 19.10.1990).

\(^{8}\) For example, the very war waged by UNITA undermined its ethnic social base, by forcing Ovimbundu peasants to migrate around the country and establish in towns; on UNITA tribalism, see sections 2.2. and 6.3.

\(^{9}\) The 1989 and 1990 drought in the south caused the emergence of social bandits who were promoting inter ethnic theft in the despair of starvation; simultaneously, in the coffee provinces, small farmers were rejecting Soviet goods they disliked due to their poor quality (Expresso, 16.6.1990); on social bandits in southern Angola, see Clarence-Smith, 1979.
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reinforced the weight of small and medium farmers, whose impact in the 90s policies should not be underestimated.

Thus, besides having to face the task of 'decolonising' social relations in peasant societies, the post-colonial state had the immense task of 'putting in motion' the whole agricultural production of the country. It revealed itself an impossible task in the war conditions. Faced with overwhelming tasks, to transform social relations in the countryside according to its Programme, to restore and reorganise trade networks and farming production, the post-colonial state showed changing attitudes towards agricultural policies.10 Progressively, former goals related to peasant societies (improved democracy, changes in social and technical division of labour) were abandoned and the post-colonial state began to adopt the late colonialism policy measures in agriculture, while the second process of loss of their land by Angolan peasants is taking-off.

This chapter describes post-colonial agricultural policies, as an example of the connections between both societies, the barriers to change (and rupture), and the continuity of forms of social relations. Although privatisation is dealt with at Chapter 8 (on reforms), this chapter refers to it as well, to illustrate the point of continuity.

6.1. The agricultural policies

More than 75% of Angolan population lived from farming and ranching.11 As stated above, the process of development of capitalist relations in the countryside resulting from colonialism led to a strong dependence of peasants societies, which in some areas were in a process of shift from subsistence to integration in mercantile production. These societies were the first victims of the 1975 war, as they had been in the independence war. The expulsion of Ovimbundu working in coffee northern areas by FNLA in 1974, unemployment in industry and

10. The only systematic work on the Angolan post-colonial agricultural policies is Rella, 1992.

11. See subsection 1.2.3.
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services, the Mbundu tribalism in Luanda in period immediately before and after independence, forced many migrant workers to return to their regions of origin, which were no more capable of integrating them.12

6.1.1. Nationalisation and mechanisation

The generalised flight of settlers led to the abandonment of plantations and farms. To decide on the issue the leading party was caught between the agrarian nature of part of its followers, the precedents of demands concerning landed property either by ruined aristocrats, small farmers, precapitalist formations claiming their traditional territories, MPLA political indebtedness for peasants participation in the independence war, and, simultaneously, the urban demands for a socialist strategy, and related MPLA indebtedness for the urban residents role in its 1975 victory.

The 1975 version of CL reflected these influences.13 However, no policy on land ownership was defined during the period studied although a draft land law was ready by the end of 1975

aiming to respond to some questions raised by demands of some peasants on lands taken by settlers, especially in the coffee areas. (Cruz, 1985: 13)14

The draft land law provided for the nationalisation of land and its concession "under the form of free use to ... the public sector, and co-operative and private undertakings" (Cruz, 1985: 13). In 1976, the 'provincial land commissions' attempted to draft a land law and "to reactivate production in abandoned farms and inform the government on situations of potential

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12. "A number of tributary societies, structurally deformed to the point of depending heavily on the central society, had considerable difficulties when the 'unequal exchange' typical of the colonial period collapsed" (note Heimer, "practically the whole rural population was affected by the shortage of food and of essential goods such as clothing and medicine") and "at the same time they had to reabsorb greater or lesser numbers of people who had fled from the towns since 1974" (1979: 84).

13. See subsection 3.1.4.

14. In the 70s there were about 6,500 agricultural enterprises, covering about 4.5 Mn has, with an average of 770 has per enterprises. However, only about 20% were cultivated and three crops (coffee, cotton and sisal, accounted for 77% of the cultivated area (Rella, 1992: 232).
nationalisation". Solutions anticipated by the branch did not please some groups and, at the level of legislative production, state omissions persisted. The land law was announced only by the end of the 80s, while from the mid-80s sparse decrees regulating the land question in some areas began to shape a framework for future legislative developments.

The nationalisation of abandoned farms advanced according to the possibilities of the state to reach them. Some workers of abandoned plantations and farms remained there in subsistence production and others returned to their areas of origin, while an agrarian elite began to assert itself (Sarapu, 1980: 55). Still, the policy adopted in the 70s was to transform large plantations into PEs, integrating workers as waged labour. The later farming PEs began as 'groupings of production units' (GPUs), merging abandoned farms and plantations to the large number of enterprises, the shortage of labour, especially agricultural experts and managers, and the shortage of "material means". The GPUs were created by the minister as a second best solution when farming PEs could not be set up. They were composed by "reactivated production units and/or new units", and constituted an "economic entity" but had neither corporate personality nor administrative or financial autonomy. The head of the GPU was appointed by the provincial delegate of the Ministry and all GPUs were under strict supervision by a National Direction (ND). It was stated that GPUs should progressively evolve into provincial or national PEs, according to their dimension and national impact.

After the adoption of this form of organisation in agriculture to coexist with co-operatives,

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15. Mo no 52 76 (Agriculture), preamble and art. 1.

16. "Land belongs to the People and the state has the power, through its adequate organs, to grant concessions on the use and enjoyment to whom directly works on it (the land) under organised forms already defined (private entities, production co-operatives and state enterprises)", (preamble m.o. no 119 77, Agriculture).

17. See sections 4.1. and 4.2.

18. E.g., preamble m.o. no 78/77 (Agriculture), on the organisation of GPUs; no 1 provided for criteria to group farms into GPUs: i. their "socio-economic importance"; ii. location of the production units; iii. "socio-economic importance of productions, such as grains, vegetables, ranching ... aiming the satisfaction of the food needs of popular masses and the progressive improvement of their diets"; iv. "availability and rational utilization of human and material resources"; v. "affinities of the dominant activity within the production units"; vi. "relative geographical continuity of production units"; and vii. careful establishment of new production units.

19. Cfr m.o., no 3/1/2 and no 2, 3/1/1 (the GPU was an "entity for planning, management and control") and no 3/1/2, no 3/1/3 and no 1, respectively.
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GPUs were created in many provinces, some concentrating a substantial number of farms. After the enactment of LPE/77, farming PE had the organisational framework of industrial PEs. Medium and small farms were allocated, where possible, to farming co-operatives (Cruz, 1985: 13).

Mechanisation and the shortage of labour

In the management of nationalised plantations the state had to face, besides problems common to all PEs, specific problems of Angolan realities. One of them was the shortage of voluntary labour to work in nationalised plantations, in a context of very reduced incentives. The impact of the colonial labour relations in the post-colonial society was such, added to war, that the agricultural mercantile production in 1979 was 7% that of 1973. The impossibility of maintaining a given level of non economic coercion for the work in nationalised plantations, the shortage of cadres, the failure of incentives such as the 'rationing card' scheme as industrial consumer goods could not reach the countryside, the low level of wages paid, led to the collapse of entrepreneurial productions traditional in Angola which added to the poor performance of PEs.

Coffee production, based on 'contract labour' is an example. In 1973 coffee production was 280,000 tonnes, in 1975-76 it fell about three quarters and "continued to slide down although sales from stocks tended to conceal this decline". In 1981 production was about 25,000 tonnes, less than two-thirds the plan target. State plantations accounted for 12,000

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20. E.g., m.o. no 97/77 (Agriculture) merging 18 farms in the Ganda (Benguela) GPU

21. On PEs organisation under LPI/77, see subsection 4.2.2.

22. See, e.g., Chapter 4 and section 5.3., on the problems of PEs.

23. Cruz, 1985, 17; also the production of maize was 800,000 tonnes (120,000 exported) in 1973 and 59,000 expected in 1982, (53 [6] Novembro, 1982, 21); on food, see also sections 5.2. and 5.3.

24. Minimal wage in farming, Kz 4,000 in 1976 and Kz 5,000 in 1989; on wages see also section 5.2.

25. After attempts to increase food production with resort to mechanisation and the expansion of production in abandoned firms, soon it was evident that the income generated by farming PEs did not cover its costs, many in hard currency such as salaries, equipment, chemical fertilizers, etc. (Rella, 1992: 235).
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tonnes and 'co-operatives', small farmers and capitalist entrepreneurs for 9,500.26 From 1982, UN food aid was linked to the coffee production, as an incentive to labour, especially Ovimbundu.27 Still, in 1989 production fell to its lowest level since independence.28

To avoid resort to non economic coercion in agriculture the post-colonial state adopted a policy of mechanisation,29 which was a failure and raised substantial conflict. Still, the intentions were:

If we do achieve these tasks, we do not need to fear the problems expected in an industrialisation movement: man will leave the countryside, the rural areas, and will enter into industry without knowing centuries of worries and turmoil's. In the short and medium run there will be an urban sub-proletariat of peasant origin, and youth will respond to the new needs of industry. We think that the harmonious solution of this problem passes, before anything, through the development of agriculture, placing 80% of our population in the pre-industrialisation era. (MPLA leader, quoted in Sarapu, 1980: 69)

The attempts to mechanise collectivised farming, reflected a genuine 'investment hunger' motivating massive state imports of agricultural equipment. Although there was a significant demand from peasants,30 the imported equipment was soon destroyed by users,31 paralysed by lack of assistance,32 rotten in machinery parks near ports without having been

26 AED. 15.6.1985 (quoting declarations of the Angolan vice-minister for coffee) and AED, 20.8.1982; the buyers of Angolan coffee were in 1985: East Germany, 61% , West Germany, 26% and Portugal 5% (AED, 15.6.1985).

27. According to the vice-minister for coffee, "People are also encouraged to move from central Angola to the northwest to work in the plantations, where special homes were built for them. About 40,000 persons already work in the industry (coffee production) but 30,000 are needed for the rehabilitation programme of coffee to succeed" (AED, 15.6.1985 and 20.8.1982).

28. 3,156 tonnes less than half the 1985 level and provided for less than 5% of exports earnings while it was about 20% 1974 exports (declarations of the director of Cafangol, AED, 15.1.1990); Hodges states that in 1985 coffee production was 5.3% of the 1972/73 (1987: 33).

29. Sarapu quotes a leader of MPLA who declared in 1976: "The first task, prioritarian, is the development of agriculture, which means to introduce the mechanisation at the countryside, to break the vicious circle of subsistence economy, to proceed massively with the education and technical training of the agroherding base, to take man away from the plough and to supply him the tractor." (1980: 69). See also Rella, 1992: 235.

30. Mainly due to the expectations generated by independence and the promises by MPLA and co-operatives dynamisers (see section 6.2.).

31. Who did not follow the rules for the use of equipment or maintenance conditions, used machinery in ends different from their end, for example using tractors to transport people from one village to the other instead of working the fields; "The waste of our economy ... in agriculture may be illustrated with the massive import of machinery which overwhelming majority does not even reach amortization" (76 [8], Novembro, 1984, 66).

32. Poor after-sale assistance, even when it worked in towns, could not reach the machinery parks in distant places; e.g., farming PE at Lucala complained it could not fulfill the plan (emergency programme) due, among other reasons, to the lack of technical assistance to the 70 Soviet agricultural machines (77 [8], Novembro, 1984, 26).
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distributed, while PEs complained about tardy delivery. Moreover, if there was no tractor, usually peasants did not work in land identified as 'state property' (Rella, 1992: 275). In short,

Today, thousands (actually millions) of USD wasted in farming machinery turned into refuse spread around the whole country, as a result of ambitious and gigantic projects, not workable since with no links to the Angolan reality.33

But the problems of farming enterprises in supply of inputs went far beyond the destruction of machinery. Indeed, PEs and co-operatives had to face all kinds of shortages: labour,34 fuels,35 herbicides, fertilizers, seeds (and also their poor quality), food for workers, and transports to market production.36

To face the shortage of voluntary labour, besides the attempts of mechanisation, the state resorted to the harvest campaigns.37 In the campaigns the costs of labour were transferred to the employers of campaigners, many of them industrial PEs.38 Until the late 80s the system remained essentially the same, with some improvements.39

From the 80s, the importance of supply of industrial goods as an incentive for subsistence peasants to market productions and for enterprises to recruit labour motivated the

33. 91 [10], Novembro, 1986, 46.
34. For example, a GPL in Cambambe complained about the shortage of labour (77 [8] Novembro, 1986, 26-7); SEF reinforced this shortage by cutting the number of workers in farming PEs (JA, 17.3.1988, referring to the Carnovi Complex, at Benguela); see section 5.1. (shortage of labour) and subsection 4.3.1. (shortages economy).
35. For example, the director of a farming PE complained in the 80s that the Sonangol marketing division did not perform its contractual obligations (towards the Ministry of Agriculture) related to the supply of fuels (9 months delay) while supplying private fuels stations (77 [8] Novembro, 1984, 26-7).
36. Loc. cit.; on the marketing of production, the Cambambe PE argued that if its production could reach Luanda and Dondo, which the commercial network of Kwanza-Norte proved incapable of doing, the problems of supply of consumer goods in the two towns could be minimised (ibid.).
37. Organised from 1976, the harvest campaigns aimed also to channel production to trading PEs; to organise the campaigns there was a network of commissions (national, provincial and county) composed by representatives of the state (see, e.g., m.o. no 52/77, 3rd Vice PM, on the 1977 coffee harvest campaign).
38. M.o. no 27/77 (3rd Vice PM), single art: "all the workers who participate in the 2nd harvest campaign of coffee will continue to receive, during the period of participation, the total wage or salary paid by their employers", since "it is a duty of all the people to contribute to the increase on its (coffee) production".
39. E.g., m.o. no 9 87 (state minister for the Productive Sphere), on the organisation of the campaign and integrating transports and trade authorities in the commissions.
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campaigns of marketing in the countryside. They were an attempt by the state to restore the trade network, disrupted by the flight of settlers and the war and, simultaneously, to compete with a new group of bush traders, now African. Indeed, from the settlers flight, middlemen usually the former Angolan drivers or assistants of Portuguese traders ... using the links and the transport means abandoned by owners, developed a complete commercial network parallel to the state (trading) structures. (Sarapu, 1980: 61-2)

In the campaigns the state tried to exchange the crops of small farmers and co-operatives with industrial goods desired by peasants, but organisational problems at the level of coordination of action between the central and local state apparatuses, and the worsening of the military situation, especially after the RSA invasion of August 1981, did not allow to reach better results, either in the marketing of crops or in the support and consolidation of co-operative work in the countryside.41

As the campaigns had no sufficient goods,42 and/or were not capable of channelling them to peasants, from the late 80s additional incentives for agricultural production were adopted: the liberalisation of the prices of many farming products and the grant of access to the 'dollars shops' and/or import licences to farmers.43 Still, access to dollars shops and/or import licences, the ultimate expression of success, in fact targeted entrepreneurial farmers who travel to towns. The incentives covered selected products needed by the population, industry and/or to export.44 Ranchers and farmers had thus access to the shops according to quotas linked "to a percentage of value, or quantities, of exports achieved or products delivered."45

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40. Programmed from the 70s and initiated in 1981 in Uige, Malanje, Kwanza Sul and Huila (Cruz, 1985, 18). See section 5.3.
42. They were nevertheless going on during the late 80s, in some cases with EEC support for, say, supply of fertilizers, mills or even infrastructure facilities (JA, 26.2.1988, for the Kwanza Sul programme). On shortages of inputs in general, see subsection 4.3.1.
43. Resol. no 11/89 (CDS), on the Directed Programmes for Farming/Ranching Products; see Chapter 4, Table 2 and subsections 5.2.1. and 5.2.6. (prices), 5.2.4. (dollar shops).
44. Coffee, bananas, fruits, flowers and small animals exported, as well as cattle ranching, tobacco, cotton, salt and dried fish appearing as substitutes for imports (appendix cit.resol.).
45. Cit. Resol., art. 2.
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Other attempts to incentivize farmers related to the patterns of exchange in some areas, for example, coffee. From the early 80s, compulsory sale to trading PEs was lifted and farmers were free to sell their production to private middlemen, a measure which, isolated, meant the restoration of colonial trading patterns.46

State bureaucracies, the importers of equipment for the mechanization of agriculture and potential suppliers of other inputs, also turned to agribusiness by contracting equipment and services supplied by foreign firms.47 These investments had no significant returns: for example, the pineapple project in Kwanza Norte, the cotton mechanization project in Catete and Baixa de Cassanje,48 the rice project in Camabatela.49 The failure of projects led to criticisms on:

"disordered and hasty mechanization of agriculture which, attempting to solve one problem, created hundreds of others."50

The failures of PEs and co-operatives to ensure an adequate supply of food and raw materials to industry, a by-product of war and the failure of mechanization, led the state to change strategies of development and agricultural policies: i. successive reorganizations of involved PEs and apparatuses, with decentralization in lower units,51 ii. a shift on the emphasis of state support on equipment from PEs and co-operatives to private farmers, iii. attempts to

46 E.g. m.o. no 47 83 (Agriculture), changing the system of compulsory sale of coffee to the trading PE Encafe to sale to retailers, including private firms (art. 1 3), either in bush shops or in rural markets (art. 2) existing in the zone of producers (art. 1/1 and 1/2); also m.o. no 100/85 (Agriculture) freeing the sale of wood by forestry firms directly to consumers and lifting the compulsory sale to PEs. See subsection 1.1.2.

47 See Chapter 4, on PEs association with foreign firms to face shortages of inputs; an example here are the contracts (a package of USD 10 Mn) signed in 1982 with a subsidiary of Brazilian Cotia, for the reconstruction of farms destroyed by war; the package of services included technical assistance, agricultural equipment, bought in Brazil; the projects for Kwanza-Sul included the plantation of 3,500 ha of maize, 400 ha of cassava, 500 of soy beans and 4,000 of forage crops (AED, 24.9.1982).

48 90 [10] Novembro, 1986, 46; with the cotton project, for example, the state intended to compensate peasants for the colonial cottoncracy.

49 "(Projects) whose production did not reach the consumers table. All contracts benefiting the suppliers (of goods and services), but not the contractor, the Angolan state. Although the NB expenditure for investment in agriculture was about 8% and expenses in hard currency about 5% and are very low figures when compared with investment in other sectors ... the sector and subordinate enterprises were not capable of returning them (and) the majority are considered lost" (90 [10], Novembro, 1986, 46, on the declarations of the PR to the 1st National Meeting on the Perspectives of Development of the Agrarian Sector).

50 Loc. cit.

51 See subsection 4.2.2.
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implement incentives in farming PEs by supplying consumer goods, and, iv. privatisation of farms and plantations.

6.1.2. Land, state omissions and ad hoc legal regimes

The need for legislation on land ownership was emphasised as a condition for the certainty of possession of land by peasants and consequent investment of labour and other inputs in land, beyond the self-subsistence scheme. Certainty about the land regime works thus as an incentive for production while guaranteeing the rights of peasants traditionally occupying land against expropriation.52

But no land law was approved during the period studied and the 80s different regulations (not formal law) on land property show changing attitudes on the problems at stake. They demonstrate the rise of agrarian conceptions on agricultural policies, meaning a progressive abandonment of state support to poor peasants (subsistence and associated in some kind of new organisational form), towards a system aiming essentially to set up the conditions for the 'take-off' of the social strata in which the socio-political groups of agrarians are rooted (that is, the trader/small farmer strata). Indeed, in political terms, the regulations coincided with the rise of Mbundu Agrarians in the state and party, many of them involved in the farm business.53

The 1982 land regulations54 approached the allocation of land in an apparent attempt to soften statism while reinforcing socialism. The 'socialist discourse' of the regulations was, however, countered by the elitist character of procedural rules. The regulations aimed a redistribution of occupied and new land around Luanda to entrepreneurial farmers, including

52. See section 8.2., on the constitutional guarantee and Rella, 1992: 251, who discusses land concessions as incentives.
53. On farming by party officials, see, Expresso, 16.7.1990, on criticisms to the leadership by MPLA militants.
54. Resol. no 8 82 (CM); the preamble explained reallocation of land: "since the majority of farms in the Luanda Green Belt is abandoned, due to shortage of water and support structures and ... (given) the poor use of existing improvements by present users (actually mainly war refugees and state party connected individuals) who possess them just as 'weekend zones' or for the recollection of permanent crops they found there".
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'collectives' of workers in industry and services fighting with shortages of food, and farming co-operatives. The concessionaires had incentives such as access to bank loans and state grants of transport, equipment, seeds, animals, etc.

This policy, which meant a new approach to the organisation of agriculture, was furthered in 1984 by provisions reflecting the dismissal of the state as far as poor farmers are concerned. The new regulations protested against

"the indiscriminate occupation (of abandoned farms) accelerated by the pressure of demand of farming products in a frame of very limited supply ... And if for many the occupation of former farms was an attempt of family survival, diversification of activities, or even to use (the farms) as weekend houses, for other people this type of occupation was a way to get a fast, easy wealth without taking economic risks. ... a situation which must be regulated and disciplined to use the potential of private initiative to create a disciplined system effectively leading to the improvement of the living conditions of the working classes."

The regulations provided for the allocation of land, in a precarious title, to: i. "Large state (farming) property", ii. "other state property composed by farming and cattle ranching units delivered to PEs to minimize their needs in food", iii. "co-operatives, composed by collectives of workers in enterprises and public administration institutions or by a set of individuals associating to develop production in collective bases", and, iv. "precarious ownership, ... the use of a given area, by an individual or non-public institution duly entitled to the land". However, the emphasis on the collective character of prospective concessionaires

55. Land was reallocated to: "a. collectives of workers of the productive sector, b. collectives of workers of services enterprises, public administration institutions and masses organisations, c. farming co-operatives, and, d. private undertakings (individual or entrepreneurial), with capacity for exploration" (cit.resol., art. 2).

56. Cit. Resol., arts 3 and 1/d, respectively.

57. "Regulations for the Use and Exploration of the Luanda Green Belt", approved by Joint Exec.Dec. no 40/84 (Provincial Coordination, Finance and Agriculture); preamble cit. joint exec.dec., which also stated: "even recently some important economic units aiming to supply their workers food levels ensuring assiduity and a reasonable productivity, initiated, directly or by people fronting for them (they refer to foreign firms who needed people fronting) the economic exploration of farms in this zones."


59. Area allocated maximum 1 ha for each 5 potential consumers.

60. Area allocated maximum 10 has and a minimal number of member of 20.

61. Area allocated maximum 10 has for those exploring the land as a professional activity and 1 ha for those exploring it for leisure.
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of land does not veil: i. other requirements, for example "financial capacity" (which co-operatives may not have), "former experience in farming," or "availability of fixed means", ii. the discretionary powers allocated to the Luanda Provincial Commissariat to grant concessions, and iii. the omission of rights, and proceedings, of appeal from decisions of the administration.

Concessionaires had some obligations from the grant, which included the payment of a royalty established case by case, of taxes and marketing restrictions aiming to ensure the supply of trading PEs. Non-performance of these obligations and non-exploration for six months was punished with revocation of licence. Concessionaires were entitled to state aid, especially access to inputs supplied by the state if they drafted 'annual programmes', and to bank loans. The control powers over these undertakings, and these related to the allocation of inputs from state assistance, were decentralised in the Luanda Provincial Commissariat, but until the late 80s its activities were not brilliant.

Former occupants of reallocated land should register 'occupied property' in a three months term. The terms and requirements for the register were discouraging to poor peasants, eventually illiterate, mainly war refugees who had occupied land. Indeed, there was an obligation to supply information such as the location and area of their unit, with appropriate designs and topographic data, impossible to poor peasants. If peasants did not provide this information they would lose the land they occupied. Although the Regulations provided for state assistance with the registry formalities by the Luanda Commissariat, it is doubtful that the

62. Cit. regulations, arts 6 5 and 6/6, respectively.

63. Cit. regulations, arts 7 1 and 7.2. On marketing restrictions: i. collectives of workers could not market their production and surpluses should be delivered to the state (cit. regulations, art. 10/1/a), ii. co-operatives and private firms must deliver 60% of crops to PEs, and the remaining 40% might be marketed freely (arts 10/1/b and 10/1/c), but private firms only might sell their production to licensed traders (art. 10/1/d) and, iii. 'weekend producers' could not market their production (art. 10/1/e).

64. Cit.regulations, arts 11/2, 11/3, 8, 9/1 and 8/6, respectively; the process was very bureaucratic since loans needed the favourable advice of the Luanda Commissariat and the Ministry of Agriculture (art. 8/7).


66. Cit. regulations, art. 6/2, 6/2/b and 6/7, respectively.
Agriculture

institution had the capacity to perform these functions, even if interested in it. So, as with the colonial regimes, bureaucratic demands were used to bar the access to land. But, notwithstanding the regulations, land occupation continued. As for 'privileged farmers', especially these with purchasing power and connections with equipment suppliers, many had a behaviour of 'wild capitalism' not socially desirable. For example, in a situation of dramatic scarcity of water, some farmers installed water pumps forcing their neighbours to drought and to buy them water at 'neighbours prices', showing the prospects for fair business relations in a future of small farmer dominance.

The approach to land became even more restrictive in later regulations on irrigated land in the Bengo area. The 1988 regulations for land concessions within the Kikuxi project are a new shift towards favouring private and foreign firms. The regulations provided for the rent of irrigated land to "individual and corporate persons satisfying the requirements of the Commercial Code." In practice this meant that only private undertakings (partnerships, companies and individual licensed traders), mixed firms or 'hidden' PEs, had access to irrigated land. The incipient and struggling post-independence co-operatives, whose activities were ruled by informal norms and not by the Commercial Code, could thus be barred access to

67. The Luanda Commissariat is known for its shortage of capacity to cope with the town problems: for example, in the 80s it contracted a foreign firm to clean the streets of the town; see also note 82 on its performance on the supply of water.

68. See subsection 1.2.2.

69. "These who answered the appeal of land are not a few. The return to land is sometimes turbulent, with a taste of reconquest, of rush to Eldorado. The idea of possession, pairing with dreams of churrasco (barbecue), pigs toasting on Sunday mornings and the eyes lying in the good green ... The dynamics of land occupation is like that to such a point, breaking the general inventory of farms, their location, type of exploration, ownership and improvements" (90 [10], Novembro, 1986, 43, on the Luanda Green Belt).

70. In 1986, Nz 10 to 15 for 7 litres (90 [10], Novembro, 1986, 43), while in 1990 the Luanda slums consumers were paying kz 1,000 for 800 litres, to satisfy the needs of a family of 4-5 (Southern Africa Chronicle, 12.2.90).

71. Resol. no 2 88 (CDS) and Dec. no 9 88; Kikuxi is an area between the Kwanza and Bengo rivers irrigated under an enormous public works project initiated by the colonial administration covering an area of about 60/70 km large, with 3,000 has already under specific projects in 1988 (1st phase) with some investments (equipment and studies) funded by Italy, under the condition that equipment and services were supplied by this country (JA, 21.10.1988).

72. Regulations for the Use of Irrigated Perimeters, approved by Dec. no 9/88, art. 1.

73. That is, the PEs under the form of company, allowed by LPE/88, see section 8.1.4.
irrigated land. The 'collectives' entitled to land under the 1984 Green Belt Regulations, were also forgotten in the 1988 norms, while foreign firms got access to it. Still, the regulations provided for preferential rights of access to "corporate co-operatives", farming partnerships and companies with more than five members, and "enterprises whose owners undertake exclusive farming activities." Land was allocated after public tenders. Rental contracts were agreed to for a two year period, automatically renewable. Tenants were entitled to state technical assistance and equipment supplies, and could market their production freely. The Ministry of Agriculture managed the Kikuxi irrigated perimeters, including rent contracting.

In the first phase, equipment from state assistance under the project was supplied to a "paralysed co-operative" and four national private firms.

The 1984 and 1988 regulations were followed by directives to privatise either the nationalised colonial plantations or smaller undertakings. State bureaucracies were among the most enthusiastic supporters of privatisation in agriculture. The sisal plantations provide an...
example of state attitudes and behaviour. A production formerly dominated by German and Portuguese settlers which fluctuated between boom and crisis according to change of prices in the world markets, was sold to Belgium, Germany, Italy, Holland and Portugal, while supplying small factories in Benguela. After the abandonment of the majority of these plantations by settlers, reinforced by the RSA occupation of the zone in 1975, sisal farms were more or less nationalised, but PEs were not capable of recovering production due to shortage of equipment and infrastructures of all kinds and UNITA operations in the zone. They have been under a plan to re-convert production of 10,000 hectares which was a failure since only 150 ha were achieved. As in other areas, PRA began to import sisal to supply textiles factories and in 1988

"the provincial delegate of the Ministry of Agriculture considers that ... there are no perspectives of improvement of production by the state. The Budget barred any funding to the recovery of the sector which would mean some investments. ... As the state has no capacity for these investments, the sisal farms will be transferred to the private sector according to our programming. The state will keep only the factory of ropes and carpets at Cubal".83

The trend to sell plantations and farms to foreign firms was reinforced in the early 90s,84 while the privatisation of the 'coffee industry' was decided.85 Later, the state accepted the transfer of the plantations and farms back to settlers who abandoned them in 1974-75 and accepted offers of investors interested in a large number of abandoned state farmers.86 However, not only peasants associations maintained the land allocated to them, but in some cases former land allocated to PEs was distributed among former workers and poor

83. JA, 23.4.1988; prospective owners of privatised sisal plantations shall be "experienced farmers who will have the guarantee of state supplies of inputs" (ibid.); on sisal, see also, Hodges, 1987: 33.

84. For example: i. in 1990 there were negotiations with Lonbro and Tate and Lyle, who were interested in agricultural projects near Luanda (African Business, June 1990). See, also AED, 20.3.1989 and AED, 26.2.90.

85. According to the director of Cafangol, a coffee trading PE "government (had) plans to hand over large plantations to private firms ... (and) three foreign firms, two French and one from USA have shown interest", (AED, 15.1.1990 and 21.5.1990); in 1991 the government decided to privatise some coffee plantations "in a bid to regain its position as a major world producer" (declarations of the minister for coffee, Independent, 3.8.1991).

86. See subsection 8.1.6.
6.2. The co-operatives movement

The co-operatives movement, initiated immediately before independence was, notwithstanding the errors made, one of the most interesting post-colonial attempts to change social relations in agriculture. It is also a striking example of the difficulties of transforming many forms of social organisation in UDCs, especially in a poor country such as Angola which was just leaving colonialism. Simultaneously, it represents rupture which, although with setbacks, contains the seeds of future.89

Although facing many social and economic constraints the farming co-operatives movement is an area where the efforts of some of the best, at least in terms of commitment, cadres of MPLA, the post-colonial state and churches were concentrated.90 These cadres found strong opposition to their work and ideas from UNITA, local chiefs and the 'agrarian' wing of MPLA itself; besides objective constraints, such as peasants illiteracy, difficulties in acquiring inputs and selling outputs.

6.2.1. The organisation of co-operatives in the 1970s

The movement of co-operatives and association began in 1975, when political activists and religious institutions created the first peasants consumer co-operatives in the provinces of Kwanza-Norte and Malanje. In 1975 an government agency, CADCO, was set up to support

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87. For example, the former PE Complexo do Camuvi, Benguela, transferred 2,600 has to peasants, keeping only two production units, reduced its personnel while having to face shortages of inputs (machinery, spares and medicines), (JA, 17.3.1988).

88. Data of the survey on co-operatives in Huila, Huambo and Malanje refer to 16% of Huila's peasants associations arose from former PEs.

89. For an history of farming co-operatives in Angola, see Pacheco and Morais, 1991: 10-21.

90. See. e.g., Cruz, 1985: 10; some of them paid with their lives, imprisonment, exile or dismissal their commitment; for example, the Bask priests who after independance promoted the creation of co-operatives in the Malanje region, in 1976 were forbidden by the Catholic hierarchy to exercise activities in Angola and had to leave the country; or local political activists of MPLA as Fadário Mutaka who was murdered by UNITA, or Libório, shot dead by local powers under alleged involvement in the 1977 coup.
Agriculture

the creation, management and access to funding for all types of co-operatives, and subordinated directly to the MPLA PM in the TG. CADCO centred its activities in the creation of peasants consumer co-operatives in Kwanza-Norte, Malanje, Kwanza-Sul and Luanda. At the time of the extinction of CADCO (in 1976), it had created 233 first degree co-operatives and 122 second degree co-operatives. However, the co-operatives movement faced many constraints and these co-operatives did not achieve a significant participation of peasants at the level of production (Pacheco and Morais, 1991: 10-12).

Many difficulties faced by the dynamisers of post-colonial co-operatives resulted from their own perceptions of peasants as 'naturally good', as 'automatically revolutionary' (which also meant democratic) and from the shortage of information on precapitalist formations arising from colonial obscurantism. Still, the basic problems were rooted in the structure of these formations and state policies towards peasants.

Peasants perceptions were a serious problem: i. "the national liberation war had not given an actual political awareness to the rural population," ii. "peasants perceived the 'co-operative' as the means (almost the only available at the time), to get state aid (industrial consumer goods, equipment and other inputs). Often peasants even identified the 'co-operative' as a state organ where they should work if they wanted the support they needed so badly, and sometimes they 'created' the 'co-operative' or collective land with these goals (Sarapu, 1980: 56 and Rella, 1992: 275). As a consequence, 'collective land'

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91. Farming co-operatives were divided in two types: i. 1st degree co-operatives were "a kind of services and consumers co-operative", also called 'peasants association', and ii. 2nd degree co-operatives were a "form of collective exploitation of land and abandoned plantations, inspired in the Soviet kolkhoze" (Pacheco and Morais, 1991: 11).

92. In the tradition of Voice of Angola, see section 2.1.1.; all the MPLA discourse emphasised this point, given peasants participation in the war for independence.

93. Sarapu, 1980: 64, referring to the peasants praxis in associations and co-operatives.

94. MPLA promises on co-operatives played a role on peasants expectations: "It is ... necessary that we transform our economy in order to constitute ... production co-operatives. ... (private property) cannot even use the technical means we may dispose ... Today we can, for example, use tractors in agriculture. Even here the comrades of this region have been asking for tractors. How many (private) owners, how many peasants, can afford to buy a tractor? In our market a tractor costs now 600,000 escudos. If an individual earns 6,000 a month, how long does it take to pay a tractor? If he/she neither eats, buys shoes or suits ... It takes more than eight years to pay a tractor. Who can afford this? But suppose that 100 peasants associate to set up a co-operative. How long will they take to pay a tractor? Without calamities, epidemics, or parties, I think that they may pay a tractor in two years. And when I talk about tractors I mean machinery ... since to produce well it is necessary to have equipment.
"resulted from the occupation of new land\textsuperscript{95} but never from the delivery for joint-ownership of individual parcels, and (collective land) was often perceived as a mean to increase the surfaces (of individual parcels) where peasants continued to work individually". (So), "collective land" was just the overlapping on new individual plots divided among the members of co-operatives. In the latter, the production process maintained its parcelled form. As it was the case for some of the coffee and cotton 'co-operatives' created during the colonial period." (Sarapu, 1980: 56-7).

It seems that the only cases of second degree farming co-operatives were the abandoned small and medium sized undertakings granted by the state to former waged labourers, sometimes associated to members of nearby villages (Sarapu, 1980: 57), who appear as more qualified to collective organisation than subsistence and/or small farmers.

Other problem was the conflict of the new organisation (attempting democratic decision-making) and competing powers:

"enormous conflicts arose. For example, in some villages there were conflicts between the old traditional chiefs of the village and the head of the MPLA committee, usually younger, (conflicts) which extended to the co-operative" (Sarapu, 1980: 67).

Isolation of peasants societies, as a consequence of the 1975 war, until they were reached by co-operatives dynamisers, or any party/state organisation, also led these societies to adapt to the new situation (that is, the flight of settlers and the reality of abandoned farming undertakings) according to non-egalitarian patterns:

"farming workers of colonial undertakings abandoned by their owners either stayed there producing only for subsistence, or left to their villages of origin. ... The tragic events of war allowed, in some regions, the emergence of 'local elites', who tried to appropriate abandoned assets and become the 'new masters' while maintaining the other farming workers as waged labour." (Sarapu: 1980: 55)

Democratic functioning of co-operatives also faced many constraints: i. membership of women was denied: they worked in 'collective land' and in 2nd degree co-operatives but

\textsuperscript{95} Abandoned colonial farms granted by the state or newly occupied non-farmed lands.
"usually only men were considered members", ii. discrimination led women, especially widows, to protest supported by some "committed cadres", but only in a few co-operatives did women succeed in getting membership rights, iii. it was very difficult to implement collective decision-making in organs such as the assembly, to function as the co-operative decision-making centre, since people were not used to participatory democracy, even MPLA cadres, iv. illiteracy of members prevented the complete implementation of statutory organs such as the management committee, as in many co-operatives all members were illiterate and in others only some few could read, and, v. while elections should work as the form of selection of management and control boards, in many cases these organs were 'self-appointed', either by 'election' at the assembly or by literate members imposing themselves to the illiterate (Sarapu, 1980: 60-3).

As to the role of the state in this context, peasants expectations (and demands) of the providential state in the early years were not realistic, but they were nevertheless reinforced by the 'discourse' of many cadres attempting to dynamise co-operatives: many promises and later few achievements.96

**Inputs, marketing and prices**

One of the areas where the problems of peasants organisation came to surface was in prices. As seen above, the unequal exchange between town and countryside, was particularly harsh during colonialism due to the monopoly of bush traders.97 In the post-colonial society, shortage of industrial goods, difficulties of communications and marketing and price fixing for

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96. "When the first MPLA and state cadres arrived to the villages, they were welcome and, usually, received with enthusiasm by the peasant mass, since demands to make them were very numerous and prioritarian. The discourse of these cadres, to motivate peasants to organise in 'co-operatives' in order to get aid and solve their problems, was usually welcome. The enthusiasm of peasants in these first contacts often led some cadres to a false interpretation and to nourish hopes which afterwards were not realised. From these 'speeches' of first contacts peasants perceived firstly that they would have what to eat, to dress, to work with, and finally that they would be capable to sell the productions deteriorating at their households" (Sarapu, 1980: 55-6).

97. See subsection 1.1.2, on exchange relations.
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agricultural products, undermined the relationship of co-operatives with the state and had an impact in their exchanges.98

Indeed, as fixed prices were very low, 'co-operatives' where peasants associated in order to get state support while maintaining the individual forms of production and distribution, in many cases preferred to relate to the private trade network (that is, the informal economy) for the marketing of their products. Firstly, because private traders paid prices higher than marketing PEs.99 Secondly because the private network proved more capable to supply the co-operatives industrial consumer goods they needed, although a substantial part of them were imported or produced by PEs. Marketing PEs engaged then in a struggle with the competing private network, including by attempts of integration by services contracts, while at the top, state bureaucracies fought as well to control the marketing of farming products.100

The low level of prices for farming products and the difficulties of marketing conditioned by restrictions to the movement of commodities, had a wide impact on co-operatives and some practically turned into subsistence farming" (Sarapu, 1980: 60-2). Also, the preferential allocation of industrial consumer goods to farming PEs (and actually they did fight with a stringent shortage of goods) led many members of co-operatives to leave and become waged labour in farming PEs (Sarapu, 1980: 61).

The expectations of peasants in mechanisation were also frustrated due to scarce resources allocated to the co-operatives programme. Shortage of machinery, the weakness of the state itself in areas such as, say, technical assistance, supply of spares, etc., were reinforced by the ignorance of members of co-operatives to use equipment. As tractors were one of the greatest incentives of peasants to organise in collective forms of production, their destruction

98. The suppliers of the marketing PE in 1979 were: i. peasants (subsistence, family units and small farmers), 58.7%; ii. farming PEs, 26.9%; iii. co-operatives, 11.4%; and, iv. private (entrepreneurial) 3% (data supplied by the marketing PE, quoted in Cruz, 1985: 17).

99. Living in the 'actual economy', kandongueiros, the traders in the 'parallel market' could transfer the prices they had paid to consumers in the informal town economy, while keeping substantial profit rates (see sections 5.2. and 5.3.).

100. PEs had to follow purchase and resale prices centrally fixed (see Chapter 4, Table 2, and section 5.3.).
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or underemployment, the failure of mechanisation, was discouraging. Also, it seems that criteria for the use of parks of equipment favouring some PEs and second degree co-operatives even led to conflicts with neighbouring associations with no access to the parks (Sarapu, 1980: 58).

The behaviour of some bureaucracies also caused difficulties to the relationship between the state and co-operatives, as in the case of linking access to some kind of state support to impossible tasks. For example, in planning, regulations demanded co-operatives to draft a plan. As the majority of members of co-operatives or associations were illiterate and only a few co-operatives had a minimal capacity to ensure the production of simple accounts, the plans were drafted by cadres of the Ministry of Agriculture "and afterwards presented and discussed with members of co-operatives" (Sarapu, 1980: 57).

"The plans were often too ambitious and unrealistic and, so, made promises which, the majority, could not be satisfied later. Still, the 'Plan' came to awake 'modernity' and 'mechanisation' for the sake of increased production and productivity. But these changes, too abrupt, were not always understood by the members of co-operatives. The tractor, for example, was often and firstly perceived as reducing the pain of human beings and not as a factor of increased production. (Sarapu, 1980: 57-8 and 63)"

Also, when we contrast the number co-operatives and resources in 1979 the shortage of all kinds of inputs for non-privileged co-operatives programme are evident.

**State resources for the co-operatives movement**

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>rural dynamisers</td>
<td>500</td>
</tr>
<tr>
<td>skilled farming workers</td>
<td>35</td>
</tr>
<tr>
<td>skilled personnel (12 years education)</td>
<td>3</td>
</tr>
<tr>
<td>graduate farming experts</td>
<td>0</td>
</tr>
<tr>
<td>motorbikes</td>
<td>280</td>
</tr>
<tr>
<td>jeeps</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Cruz, 1985: 17, data from 1979

Pacheco and Morais argue that during the late 70s and 80s the state always approached co-operatives in a 'dirigist' and centralising way and at the level of economic
Agriculture policy the system instituted "prevented any possibility of self-development by the communities and associations" (1991: 15).

Legal omissions and informal law

Concerning the legal framework for the co-operatives movement, until 1989 no legislation had been enacted to replace Dec. no 114/75. The latter was adopted during the transitional period by pressure of CADCO. From independence the decree was no more applied, it seems on grounds that the regime for co-operatives there established was not 'sufficiently socialist'. But no new legislation was enacted, demonstrating the doubts, or even conflicts, on the issue which meant state 'non-decisions'. The omission of state legislation was filled by 'party law'.

The 1976 Declaration of the MPLA Politburo on the organisation of co-operatives included a 'Model of Articles of Association of Farming Co-operatives', which worked as 'informal law' enforced by a system of guarantees linked to the control of the state by the party. Indeed, it was adopted as a paradigm by state organs, including those with powers to supply inputs and/or funds, and so became compulsory for the organisation of co-operatives.

101 Although, under the m.o. style of legislative production, in 1987 the Ministry of Fisheries enacted a "Model for Fishermen Co-operatives" (m.o. no 58 87, Fisheries) aiming to face "the transitory inexistence of (co-operative) legislation" (preamble cit. m.o.), ruling the functioning of co-operatives in a more accurate way (for example, providing for statutory funds for amortization and reserves, art. 34) while changing the 1976 models concerning statutory organs: the assembly (arts 17-23) and the management committee (arts 17 and 24-32) were maintained, but the auditing powers of the control committee, an elected organ, were allocated to the branch ministry (art. 41). See also subsection 3.2.3.

102. M.o. 21.8.1975 (MPLA PM), arts 1, 2 and 12; CADCO made a good work in consumer and farming co-operatives and was extinguished in 1976, on grounds of the need of its division into agriculture, trade and industry branches and "notwithstanding the historical role it had performed" (preamble m.o. 26.3.1976, Planning and Economic Coordination, extinguishing CADCO).

103. Dec. no 114 75 just established the principles to which co-operatives should compel (art. 4), e.g., democratic organisation, returns according to "effective participation and not to capital apportations", etc., without providing for any special organs (for example, it said nothing on the assembly or management committee); the decree also forbade the transformation of co-operatives into a partnership or company (art. 1), while establishing the freedom of association of co-operatives into unions and the democratic organisation of the latter (art. 11); it also included an obligation of the state to support co-operatives by funding, technical assistance and "dynamisation and transformation of productive forces" (art. 13).

104. Still, a draft law on co-operatives was ready in the late 70s.

105. Here referred to as 'Model'; the Politburo Declaration also included a model for consumers co-operatives; the 1976 Model for farming co-operatives was partially changed by the 1st Seminar of Farming Co-operatives in 1978.
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Still, the problems of application of the Model are also examples of resistance of recipients to legislation not adequate either to their goals or system of values.

The Model established as principles of organisation of farming co-operatives: i. free adhesion, which found strong opposition as far as women are concerned,\textsuperscript{106} ii. democratic management, other area of difficult application,\textsuperscript{107} iii. distribution of returns according to labour,\textsuperscript{108} other area of problematic implementation due to the difficulties of calculation of labour supplied, iv. mutual assistance, education and support for members and their families, and vi. co-operatives association. The Model also established 'principles of national integration', ruling the relations of co-operatives with the state: i. integration in planning, which gave rise to substantial problems,\textsuperscript{109} ii. compliance to taxation, to prevent the traditional resistance of peasants to pay taxes,\textsuperscript{110} and iii. respect for the allocation of abandoned farms, to prevent occupation.\textsuperscript{111}

\textbf{6.2.2. The 1980s developments}

From 1977 MPLA changed its approaches to the co-operatives movement and defined a new organisational form, simpler that the previous scheme, which should precede steps towards co-operativisation. Only after associations it was consolidated peasants would move to co-operatives. However, the problems of co-operatives above described remained and from 1983 MPLA decided to concentrate efforts in a focused decentralised experience where the

\textsuperscript{106} Model, arts 19, 3 and 8.

\textsuperscript{107} Meaning the election of all co-operative organs at the assembly, according to the rule 'one person, one vote'; arts 3, 19/d and 21; the assembly also had powers to: change articles of association, approve plans, budgets and reports, and enact internal rules of organisation and functioning (art. 19); other statutory organs were the management committee (arts 26 and 27) and the control committee, an auditing organ (art. 27).

\textsuperscript{108} Arts 7/b and 35/c; the Model also provided for statutory allocation of part of surpluses to an investment fund and a social fund (arts 35/a and 35/b); on the social fund, see subsection 3.4.4., note 152.

\textsuperscript{109} Arts 7/d, 7/j and 7/h, respectively.

\textsuperscript{110} Declaration on the Model.

\textsuperscript{111} According to the nationalisation law, nationalised firms could be allocated by the CM to co-operatives (Law no 3/76, arts 7 and 8), and actually was for medium and small sized farms (see section 4.1.).

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scarce resources would concentrate. It was the Malanje project. Former failed co-operatives were transformed in associations due to the reality of non-collectivisation. The main innovation were the annual meetings at the associations, counties and provinces to analyse the results of the year, the prospects for the next year and to elect the organs of the associations. Usually younger members integrated the management committee and 'elders' and chiefs the control committee. The associations were supported by new PEs (EDAs) which supplied technical assistance and other inputs (Pacheco and Morais, 1991: 12-16).

The problems of co-operative production remained in the 80s. For example, dispersed data show that: i. the state trade network for industrial goods could not meet peasants demand, ii. although the machinery parks supported co-operatives and associations, they could not respond to peasants demand for mechanisation, and, iii. the fulfilment of plan targets situated at about 35% and 45%.112 This situation depended on whether or not there were EDAs in the province. In many associations, especially those created in the 70s, peasants continued to keep a 'collective field', usually to have access to funding and equipment (Pacheco and Morais, 1991: 19).

After some years of silence on the co-operatives movement during the 'agrarian era', the late 80s saw a revival of the issue, in more realistic terms. The goals were to promote peasants associations and not strictly co-operatives. With the increased importance peasants under unrestricted elections, and the expansion of small farmers economy around towns and in the northern provinces (coffee production), peasants were finally divided in two groups: i. medium and small farmers, and ii. co-operatives members and subsistence farmers.113 The two latter in 1988 were integrated in an association, UNACA, promoted by MPLA and resulting


from the First National Assembly of Organised Peasants. UNACA aimed at a wider participation of peasants in political and economic activities (Pacheco and Morais, 1991: 21)

The UNACA assembly in 1988 also discussed a draft law on farming co-operatives. But as no law was enacted, even the machinery for the organisation of UNACA arose from MPLA initiative again. Also from 1988 one of the laws implementing the economic reform integrated co-operatives in the category of 'enterprises', thus entrusted to state protection. The law, concretising art. 9 of CL, also provided for the obligation of the state "to promote and dynamise the creation of co-operatives committed to the exercise of economic activities, in order to enlarge socialist relations of production". Also, a law on co-operatives should be presented to the CM in a six months term. But hesitations of the state, reflected in omission at the legislative level when co-operatives are in the agenda, continued and in 1989 the PR was again ordering the draft of a law on co-operatives. The adoption of a co-operatives law was important in the context of privatisation since the state is transferring PEs to various economic agents. Without a proper legal background, co-operatives were not able to compete with small farmers, black market capital and foreign firms in the allocation of privatised undertakings. Still, they have preferential rights on the issue, they probably do not exercise in a degree which would be desirable. Also, the 90s policies of supply of inputs seem to favour private firms. However, the associations seem to benefit from a greater involvement of NGOs in the country.

115 Legitimated by the Ministry of Justice: Exec. Dec. no 889 (Justice), on the control of UNACA by party organs under the creation of CNAC and CPAC (national and provincial commissions for peasants associations).
116 Law no 10 88, LEA, arts 4 2 c and 7/1; see section 8.1.
117 Cit. law, arts 21/1 and 24/1/a, respectively.
118 Mo. no 9 89 (PR).
119 E.g. m.o. no 21 89 (Agriculture), on the liberalisation and planned allocation by the state of inputs to be sold to peasants by "private (bush) traders and carriers in their 'areas of action'".
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The cooperatives movement in the 90s

Pacheco and Morais study on the co-operatives movement in three provinces (Huila, Huambo and Malanje) shows that in the 90s the peasants associations had undergone some significant changes. The movement was expanding, with an increase in membership and new associations, except in Malanje. The membership of women increased, as well as the participation in the association's organs which integrated 44% women in Huila, 33% in Huambo and 17% in Malanje (1991: 32, 24, 63-4). Also, the years of schooling of the associations members increased, which allows them to deal with the written information needed, with no resort to civil servants. Some associations integrated war refugees in (67% in Huila, 55.6% in Huambo and 41.7% in Malanje; in Huila a significant number of associations was composed only by Ovimbundu refugees), which gave them a multi-ethnic character. There were some conflicts in Huila since members carried different forms of organisation. For example Ovimbundu are farmers and Nanyeka-Humbe are agro-herding groups, but the integration of the members of different ethnic groups in the associations was strong and no ethnic discrimination was noticed even at the level of election to the management boards (1991: 26-7, 64-5).

Peasants had in the early 90s a more clear idea of the interest of membership, which was access to land by war refugees and to inputs and consumer goods (1991: 33-4). Also, the assemblies have been meeting at least once per year, and it was in Huambo that meetings were more frequent. The main subjects of these meetings were production and supply of inputs, organisational matters and the finance of the association. The management and the control committees were renewed but many management committees kept in office for a large period,

120. % of members of co-operatives

<table>
<thead>
<tr>
<th></th>
<th>Huila</th>
<th>Huambo</th>
<th>Malanje</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>61.7</td>
<td>42.5</td>
<td>57.0</td>
</tr>
<tr>
<td>Female</td>
<td>37.3</td>
<td>57.5</td>
<td>43.0</td>
</tr>
</tbody>
</table>

Source: Pacheco and Morais, 1991: 24. The higher % of women in the Huambo associations is due to the war (ibid.).
Agriculture

"which may facilitate the control of the association by a restricted group" and the little value of assemblies for the members (1991: 34-9). Although the associations maintained organisational problems and a tendency for clientelism, their prospects for self-development seemed improved in the 90s, with the retreat of state excessive control on their creation and organisation.

TABLE 1

Peasants associations in 1989/1990

<table>
<thead>
<tr>
<th>Province</th>
<th>Associations</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bengo</td>
<td>143</td>
<td>17,178</td>
</tr>
<tr>
<td>Benguela</td>
<td>174</td>
<td>9,809</td>
</tr>
<tr>
<td>Bié</td>
<td>141</td>
<td>18,142</td>
</tr>
<tr>
<td>Cabinda</td>
<td>107</td>
<td>15,281</td>
</tr>
<tr>
<td>Cunene</td>
<td>12</td>
<td>1,541</td>
</tr>
<tr>
<td>Huambo</td>
<td>71</td>
<td>12,720</td>
</tr>
<tr>
<td>Huila</td>
<td>374</td>
<td>39,174</td>
</tr>
<tr>
<td>Kuanza Kubango</td>
<td>49</td>
<td>4,245</td>
</tr>
<tr>
<td>Kwanza Norte</td>
<td>142</td>
<td>13,126</td>
</tr>
<tr>
<td>Kwanza Sul</td>
<td>236</td>
<td>11,940</td>
</tr>
<tr>
<td>Luanda</td>
<td>9</td>
<td>1,800</td>
</tr>
<tr>
<td>Lunda Norte</td>
<td>87</td>
<td>8,879</td>
</tr>
<tr>
<td>Lunda Sul</td>
<td>88</td>
<td>8,323</td>
</tr>
<tr>
<td>Malanje</td>
<td>289</td>
<td>21,197</td>
</tr>
<tr>
<td>Moxico</td>
<td>57</td>
<td>3,069</td>
</tr>
<tr>
<td>Namibe</td>
<td>20</td>
<td>842</td>
</tr>
<tr>
<td>Uige</td>
<td>113</td>
<td>16,039</td>
</tr>
<tr>
<td>Zaire</td>
<td>31</td>
<td>2,687</td>
</tr>
<tr>
<td>Total</td>
<td>2,142</td>
<td>205,974</td>
</tr>
</tbody>
</table>


6.3. The other Angola: UNITA controlled territory

With the 'late colonial war' waged by RSA developed, the post-colonial state had to face, as did the colonial state, the problem of two Angolas, divided in different jurisdictions. Still, the other Angola of the 80s had a converse nature to that of the 60-70s liberated zones.

The 80s 'other Angola' was under UNITA rule, which created there pre-state structures. In a place near the Caprivi strip, UNITA build up a small town, a sanctuary
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protected by RSA armed forces stationed in Namibia. According to available sources, in UNITA's 'liberated zones': i. a military dictatorship headed by Savimbi was implemented, whose real organisation and working was not transparent, ii. violations of human rights had as targets captured MPLA members, war prisoners, population arrested and forced to conscription and slavery, and also UNITA members, iii. alliance with chiefs maintained their privileges, if they collaborated, and the social organisation of peasants, iv. the economy of 'liberated zones' had a 'subsistence sector', a trade area where South-African products were bartered with surpluses of peasants living under UNITA rule, and, during the occupation of Namibia, an exports sector, selling diamonds and ivory, v. as for ideology,

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121 E.g., Fernandes, 1988: 26-7; Jamba (12,000 inhabitants, according to UNITA sources) concentrated its administrative offices in a small building, while had two airports and the town was surrounded by doors controlled by soldiers; visitors were invited to stay in their neighbourhood "when they had no UNITA leader with them" (O Jomal, 20.1.87) while South-Africans staying there hid (Fernandes, 1988, 26); in the late 80s, a propaganda campaign with unknown funds transformed the place in a tourism region, where the 'Jamba tours' organisation carried political tourists from South-Africa, occupied Namibia and Zaire (e.g., O Jomal, 29.7.88).

122 UNITA dissidents, who fled Jamba, reported the practice of the 'Red Meetings' led by Savimbi where "enemies of the revolution" were accused and beaten (Expresso, 30.4.1988); some declared that "(UNITA) is Dr Savimbi, a personality who imposes himself through such a system of intelligence (security) which does not allow the open debate of national problems" (Publico, 6.3.1991); a leader of FDA (see Appendix, Chapter 8), Chicoti, declared: "We (FDA) could never have talks with them (UNITA) since they do not accept that the leader is contested and we think that all issues should be contested (Publico, 22.3.1991).

123 The reports of International Amnesty on Angola refer to execution of war prisoners by UNITA; see, e.g., JA 29.3.1988, on forced labour of Angolans with no pay in Namibia. Also, section 8.2., on the post-election crisis.

124 UNITA dissidents denounced in 1988 the killings and 'missing of the main guerrilla commanders of UNITA (e.g., Xandovava, Vakulukuta and Chimondono), some of them, according to UNITA, dead by accident or disease; the dissidents had such a terror to their former organisation that "fled Portugal, after a short period of clandestinity, by fear of 'retaliation" (Expresso, 30.4.1988); Sousa Jamba, a writer dissident of UNITA, denounced the arrest of dissidents (Chingunji and Wilson). FDA in 1991 demanded the release of "all prisoners of consciousness, either by MPLA or UNITA" (Publico, 9.3.1991).

125 UNITA claimed an alliance with chiefs, some of whom supplied soldiers to its army, while some were present at its 1991 Congress (Publico, 12.3.1991); the conditions for this alliance are not known, but it seems that in the late 80s some 'allied chiefs' thought they were still fighting against colonialism, and "almost do not know MPLA or Cubans (who did not reach the region). Just by some bombings at plots and some mines in the trails" (declarations of Tshokwe chief Samuyuleno, Fernandes, 1988: 27); in passing, as the chief declared FAPLA had not reached the region, doubts may be raised on who has put the mines in these trails, since UNITA used anti-personal mines in the bush, which victimised peasants (see, e.g., Fernandes, 1988: 30).

126 Peasants under self-management in zones occupied by UNITA exchanged their surpluses with UNITA officials, who bartered salt from Namibia and cloths; women worked as porters to carry bartered goods (Fernandes, 1988: 27. 36). In Jamba: "There is no money. Everybody depends on the movement (UNITA) to dress, have a house, a radio and necessary batteries, to smoke, drink a beverage. But UNITA is aware that this is transitory, and there are people who bet that in the future the introduction of money will be one of the problems to the Jonas Savimbi movement ... there had been attempts to introduce money, but they were abandoned due to the issues raised. So, to an war economy a family subsistence economy is added, with products going from the ground to the table and what is not produced is rationed at the central warehouses ... one has to say that at Jamba nobody smokes a cigarette, drinks a coke or a beer which is not manufactured in South-Africa" (O Jomal, 20.11.87). Through occupied Namibia and having Portuguese, many former settlers in Angola, as middlemen, UNITA had two main exports: diamonds and ivory. As the destruction of elephants and sale of recycled diamonds were net sufficient, from the mid-80s UNITA began to attack the diamond mines in Lunda Norte, an activity which lasted until 1993, when the cease-fire was already agreed to. Although UNITA officially states that it is for the creation of co-operatives, in its controlled territory there is no notice of any co-operative and, also, UNITA harshly persecuted co-operatives dynamisers.
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propaganda for peasants based on tradition (and terrors) was actually effective, but UNITA preached 'democratic socialism' while practicing 'personality cult' and discriminating against women in education, and the ethnic approach to nationality, based on the racist concept of 'genuine Angolan', remained.

UNITA's activities while exploring the resentment of peasant societies prevented the success of attempts to transform social relations in the countryside, either of a socialist or a capitalist nature. The impact of the late colonial war in post-colonial peasants societies was similar to the colonial war: forcing peasants to move backwards in time to subsistence economy and increased poverty.

6.4. Conclusion

The contradictory character of the agricultural policies during the period studied arose firstly from the enormous task the post-colonial state had to face: to put in motion the whole production and marketing networks. This problem was aggravated by the endurance of war.

127. UNITA manipulated tradition according to its interests, for example, burning peasants as witches when they refused to collaborate (see section 2.2.). On UNITA policies on the so-called witches, see Fernandes, 1988: 37.

128. UNITA has changing 'self-labelling': in 1987, for example, Savimbi was a socialist: "Do not bring us Cuban, Russian, Portuguese socialism. Even the Portuguese we want to come to reconstruct Angola, because I think that Angola only will be feasible with the Portuguese, (we) do not want to bring us Portuguese socialism. Socialism will be built by Angolans. I am even beginning to study the problem of our peasant, which cannot be made in Portugal. This opening to socialism allows us different interpretations. But it is socialism... I do not want this socialism (with a single party). So it is necessary open mind. Our socialism is freedom. And the freedom to accept an individual who thinks the contrary we do. In the moment we do think we have the talisman of socialism, it is finished - dictatorship comes." (Savimbi, O Jornal, 20.11.87). In 1991, Savimbi declared he was "centre with a trend to the left" (Savimbi on his political position, Expresso, 9.3.1991, where he also stated that "MPLA is communist, whatever it says, and FNLA was right").

129. See note 121, on the role of Savimbi within UNITA and the grounds of his power. Journalists who visited Jamba and witnessed the meetings, report the slogans: "Savimbi is the poet of the Angolan revolution", "Savimbi is our guide. The guide" (Fernandes, 1988: 32-3); in 1991 a journalist reported that "(the 1991 UNITA Congress) began with a religious service where Savimbi had the honours of prophet... Behind us were the rhythms of Kuando-Kubango as this choir of UNITA youth repeating "holy the hour on which we were born in your hour, doctor Savimbi" (Paha:), 2.3.91, on UNITA 7th Congress).

130. In Jamba there were welfare devices such as hospitals and schools; education of girls and boys was separated and women discriminated: "tradition is present, having the family as social base and the very specific place women occupy in the family, a place leading, for example, to the fact that there are boarding schools for boys but not for girls - the orphan girls are delivered to families to be educated according to tradition. And, the most striking, Latin is taught at the Jambe National School. Imagine six trunks at the floor, where students seat, a blackboard hang in a tree and a choir of 'rosa, rosae" (O Jornal, 20.11.87).

131. In 1991, UNITA continued the claims for division of Angolans into 'genuine' and 'non-genuine' and accused Dos Santos of being a S.Tomean: "we are more genuine Angolans than Eduardo dos Santos... a genuine Angolan is the one who was born, grew up and has generation (sic) in Angola. We will not insist any more in the 'S.Tomean' (calling Dos Santos) because the new president of S.Tome, Miguel Trovoada, is a very close friend of mine. When I will arrive to Jamba, I will say that's over (the S.Tomean slogan against Dos Santos). But we will go on calling him a big boss (caudillo mor)." (Savimbi, Expresso, 9.3.1991).
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But it also resulted from the sharp conflict which opposed radicals, reformists and agrarians in an area which was politically sensitive, especially for agrarians given their expectations from independence and the importance of the control of peasants for their political ambitions. A significant factor in the failures of agricultural policies during the period of central command has been the difficulty of the post-colonial state to deal with which appeared as 'transitory formations', that is, a social space which escaped statist simplifications applicable in industry. Indeed, the radical project of rupture in agriculture demanded a reappraisal of the modes of articulation between state and non-state forms of organisation of agriculture and the awareness of the mediatory role of the first periphery. Having to face this problem, the patrimonialism underlying agrarian options led to the statisation of farming production which, a target for alternative use through theft and smuggling, soon created the conditions for privatisation, as happened in trade, while simultaneously reinforcing agrarian political power.

At the level of law, the ambivalent character of agricultural policies is patent in state omissions to enact formal law on significant and necessary areas as land and co-operatives, a situation which contrasts with the detailed regulation of other economic relations.

As for the cooperatives movement, although it appears as having failed as well, 132 among other reasons due to absence of proper state support to its development, peasants perceptions on its role and excessive expectations from co-operatives dynamisers. However, the endurance of peasants associations during reformism shows that, although with setbacks, the process of change of organisational forms among poor peasants is progressing.

The continuities of the Angolan history had as a consequence that, notwithstanding the project of radical change of social relations in the countryside, the post-colonial state had to face the rebellion of sections of the second periphery, led by anti-urban and ethnic-based agrarians supported by foreign powers and fuelled by the failures of the post-colonial state to respond to the demands and expectations of peasants on independence.

132 Rella points out that one cannot argue that co-operatives in Angola failed because they were no yet co-operatives but 'collective fields' and was significant in terms of dominance of agricultural production were the PEs (1992: 275).

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CHAPTER 7

THE INTERNATIONAL ECONOMIC RELATIONS

The relationship between the state and foreign enterprise, and also between foreign enterprises operating in the country, remains shrouded in secrecy. Although legislation ruling the activities of foreign enterprises may give some information, contracts and related data usually are not available making it difficult to assess either the impact of foreign enterprise in the country's economy, and social life, or the real efficacy of adopted solutions. Nevertheless, and with these risks, a reference to the relationship between the providential state and this type of enterprises seems important. Indeed, no underdeveloped economy may ignore the international context and the more or less intensive integration of a country in the world system.

The process of transition from metropolitan dependence to the integration in the world system, and related presence in the country of non-Portuguese firms, had some consequences for the post-colonial economic policy. When enterprises were abandoned in 1975, mainly by local and Portuguese capital, many non-Portuguese firms remained in the country especially those involved in natural resources. Given their characteristic (concessionaires or mixed enterprises) operating in the export sector of the economy, they entered into negotiations with the new government and were not nationalized, even on grounds of strategic importance to the national economy. Moreover some of them, within

1. See subsection 4.1.2.

2. Law no 376, art. 1, allowed this possibility (with compensation) which was rarely used; examples of foreign firms which remained in the country are, besides oil companies (e.g., Gulf, Texaco, and FINA), Tanks (subsidiary of Société Générale de Belgique, SGB) associated to the state in the Benguela Railways CFB, paralysed due to UNITA attacks; De Beers, though MATS (mining technical assistance) at Diamang, Heineken in breweries, etc. (see, e.g., subsection 4.1.2.).
mixed enterprises such as CFB and Diamang, got access to soft loans from the central bank, which partially financed their recovery.³

The post-colonial state concentrated on the recovery and management of abandoned assets. Also the constitutional policy directives pointing to economic independence,⁴ and later the option for a socialist strategy of development, meant little interest, at the legislative level, for the production of norms regulating foreign investment and the activity of foreign firms. The active nationalism of many radicals, the belief in the possibility of achieving a self-sustained path of development, lack of experience, and also uncertainty about the future directions of international economic relations in a context of boycotts,⁵ divestment and war, also probably conditioned the legal vacuum on which foreign firms worked until 1978, when the first legislation on natural resources was enacted, followed in 1979 by the law on foreign investment.⁶

The attitudes of foreign partners also conditioned these outcomes. The MPLA reputation of 'left winger' and related media campaigns, uncertainty caused by war and government policies on nationalisation and transfer of profits, discouraged foreign direct investment. So, independence had as a consequence a retreat of capital penetration and, in a certain way, a step backwards in the country's position in the world economy: exploitation came back to trade, as Angola became heavy importer of all kinds of goods, whose range and quantity increased as the economy deteriorated. Simultaneously, the range and quantities of exports diminished until the only significant activity was oil.⁷

³ E.g., m.o. no 22 75 (Planning and Economic Coordination) ordering BNA to grant Diamang a loan of about USD 2 Mn (art. 1).
⁴ See section 3.1.4.
⁵ See, e.g., subsection 7.2.1., espec. note 72 (boycotts); also, in 1986 the US government banned the sale of Boeing planes to Angola (AED, 31.1.1987).
⁶ Law no 1378, Law on Oil Activities (LOA), Law no 5/79, Law on Geological and Mining Activities, (LGM) and Law no 10/79, on Foreign Investment (LFI/79).
⁷ On the structure of exports during colonialism see section 1.1. For example, the official data for 1982-84 show a structure of main imports in 1984: i. machinery and transport, 22%, ii. food, 23%, iii. raw materials, 17%, goods of large consumption, 14%, spares 13%; the structure of main exports was: i. crude oil, 86.5%, ii. diamonds, 3.3%, iii. coffee, 3.9% (1 [1] Comércio Externo, 1986, 5-7).
Emphasis in purchase abroad, instead of more problematic local production, led to the emergence of specialised apparatuses claiming for monopolies and in constant conflict with buyers, especially PEs in need of inputs, including raw materials previously produced in the country. The conditions of contracting in imports were unfavourable to a recently independent country and emerging from a devastating war: without access to short-term credit, at eventually unfair prices and conditions. A factor reinforcing, during the 'trade phase', the opportunism of foreign partners was the ideology of being boycotted, caused by the isolation of the country immediately after independence. Information asymmetries also contributed to the problems of quality and prices of imports and suppliers non-performance, and to a trend towards monopolisation of both sides of transactions: not only domestic buyers were significantly concentrated, in agents and volume of purchases, but also a few sellers were selected as preferential suppliers of a significant range of non idiosyncratic goods available in competition at markets worldwide. To face poor contracting, in the late 70s control of imports by a third-party was adopted.

The dominant perceptions of Angola as a socialist-oriented country acting in the 'Soviet sphere of influence' could lead to the assumption that foreign trade was diverted

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8. See Chapter 4.

9. "Most business from 1975-79 (in Angola) was done on a cash or confirmed basis. The later part of 1979 saw Angola move towards demanding short or long term credit facilities." (AED, 6.12.86).

10. E.g., difficulties of recognition by foreign governments and international organisations such as OAU; see e.g., Hodges, 1976.

11. On the impact of information asymmetries on the balance of power in contractual relations see, e.g., Williamson, 1975 (general background of the impact of uncertainty, bounded rationality, small numbers and opportunism in contractual relations), Mackasy, 1982 (sales contracts and consumer protection), Daintith, 1986 (assessment of long-term contracting in mining), Ghai and Choong, 1988 (management contracts), and Helleiner and O'Brien, 1983 (international contracting between poor and rich countries). See also subsection 4.3.2.

12. E.g., the government complained it bought food abroad, credit letters were paid and the food did not arrive to the country because it was diverted to neighbouring countries, either by the action of external agents or due to possible internal complicities involved in a network (Expresso, 8.12.1990).

13. The Swiss firm SGS, before the shipping of commodities.
from the traditional partners during colonialism. In fact, former relations were maintained with no significant changes towards, say, socialist or Southern countries.

TABLE 1

Import structure by main regions of origin (%)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Developed countries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>94.0</td>
<td>79.4</td>
<td>82.4</td>
</tr>
<tr>
<td>Europe</td>
<td>74.5</td>
<td>62.8</td>
<td>57.4</td>
</tr>
<tr>
<td>EEC</td>
<td>70.6</td>
<td>54.0</td>
<td>51.6</td>
</tr>
<tr>
<td>USA Canada</td>
<td>11.0</td>
<td>9.6</td>
<td>19.1</td>
</tr>
<tr>
<td>Japan</td>
<td>4.3</td>
<td>7.0</td>
<td>5.9</td>
</tr>
<tr>
<td>Others</td>
<td>4.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Socialist countries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Developing countries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5.8</td>
<td>15.6</td>
<td>12.9</td>
</tr>
<tr>
<td>OPEC</td>
<td>1.5</td>
<td>-</td>
<td>0.4</td>
</tr>
<tr>
<td>America</td>
<td>0.2</td>
<td>10.1</td>
<td>7.6</td>
</tr>
<tr>
<td>Africa</td>
<td>2.2</td>
<td>0.1</td>
<td>0.9</td>
</tr>
<tr>
<td>West Asia</td>
<td>1.7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>South East and SE Asia</td>
<td>1.7</td>
<td>3.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

TABLE 2

Export structure by main regions of destination (%)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed countries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>92.4</td>
<td>76.9</td>
<td>67.9</td>
</tr>
<tr>
<td>Europe</td>
<td>67.0</td>
<td>24.6</td>
<td>29.3</td>
</tr>
<tr>
<td>EEC</td>
<td>66.2</td>
<td>20.6</td>
<td>26.6</td>
</tr>
<tr>
<td>USA-Canada</td>
<td>17.6</td>
<td>51.8</td>
<td>37.2</td>
</tr>
<tr>
<td>Japan</td>
<td>6.5</td>
<td>0.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Others</td>
<td>1.2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Socialist countries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>0.4</td>
<td>5.6</td>
<td>2.0</td>
</tr>
<tr>
<td>Developing countries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6.4</td>
<td>16.3</td>
<td>28.0</td>
</tr>
<tr>
<td>OPEC</td>
<td>0.5</td>
<td>5.2</td>
<td>1.6</td>
</tr>
<tr>
<td>America</td>
<td>0.6</td>
<td>8.3</td>
<td>25.4</td>
</tr>
<tr>
<td>Africa</td>
<td>4.6</td>
<td>7.2</td>
<td>2.2</td>
</tr>
<tr>
<td>West Asia</td>
<td>0.9</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td>South East and SE Asia</td>
<td>0.2</td>
<td>-</td>
<td>0.1</td>
</tr>
</tbody>
</table>


During the late 70s, uncertainty about transfer of profits, under discretion of the central bank, led foreign firms with participations in mixed enterprises to get returns from Angolan subsidiaries by selling services, technology and materials. \(^{14}\) Contracts between

\(^{14}\) For example, a contract between an Angolan mixed enterprise and the Portuguese parent company agreed to in 1977 (renewal of an 1967 colonial contract) provided for a technical assistance contract, on the shadow of a patent license contracts for ten years with the USA holder of technology to ensure the working of the tyres mixed industry, in a moment where the transfer of profits abroad (if any at the time) was rather uncertain; when the set of contracts was renewed in 1987, an exhausted (more than 20 years old) Portuguese patent (of the US company) was under a new licence; according to business sources, the US company had also a management contract with the Angolan subsidiary.
domestic and foreign firms according to these patterns expanded in the 80s and culminated with direct investment in privatisation during the 90s, although the sale of goods and services component of contracting persisted. This trend back to a more intensive integration in the world economy paired with the progressive indebtedness of the country and the need of rescheduling and related membership of IMF network, meaning an additional pressure for an increased role of foreign firms.

7.1. The general framework for foreign investment

From 1975 the property of foreigners was guarantied by CL art. 10, with the limits of resources under public domain described in CL art. 11 and, among them, "all the natural resources existing in the soil and subsoil". Until 1979 the legislation specifically oriented to foreign firms, except in the area of natural resources, aimed the a posteriori control of ownership and management. Legislation enacted by the TG compelled foreign enterprises with subsidiaries operating in Angola to transfer headquarters to the country. In 1976 new regulations ordered foreign firms with headquarters in the country to deposit shares in local banks and supply information on entitlements. Transactions of financial participations without previous authorization of the Ministry of Finance were prohibited.

15. Debt figures in the 80s: i. total amount active debt (Mn USD) was 193 in 1975; 317 in 1980; 810 in 1982; 782 in 1983; 819 in 1984 and 1106 in 1985; ii. debt in % of GNP was 7.1 in 1975; 5.0 in 1980; 10.8 in 1982; 10.9 in 1983; 11.7 in 1984 and 15.8 in 1985; iii. the total amount of debt service (Mn USD) was 18 in 1975; 102 in 1980; 208 in 1982; 224 in 1983; 252 in 1984 and 347 in 1985; iv. the debt service as % of exports was: 1.4 in 1975; 6.4 in 1980; 11.0 in 1982; 11.1 in 1983; 10.3 in 1984 and 13.3 in 1985 (source: UNCTAD Handbook of International Trade and Development Statistics, 1987, Supplement); debt reached 5 bn in 1988, 6,300 Mn in 1989 (AED 9.10.1089) and 7 bn in 1991.

16. See section 3.1.4.

17. See section 7.2.

18. The terms for the transfer provided for in previous decrees were not respected and Dec. no 2/76, established new terms for the transfer of headquarters; in 1976 legislation on members of the companies boards referred to in the transitional decrees granted the government "the right to refuse to accept as members of boards or corporations, companies or enterprises with headquarters in Angola, those individuals who, by their strong connections with the enemy, are considered undesirable" (Dec. no 102/76, art. 1); the latter should leave the country (art. 2); according to the preamble of the decree, some foreign firms "were sending to Angola, as members of their corporate boards, individuals considered undesirable in the country by their connections with the enemy"; these norms proved later to have some grounds: it seems that trade between Angola and RSA after independence breaking the sanctions against the latter was made by some foreign firms which imported (cheaper) inputs from RSA (with falsified certificates of origin); on sanctions, see also note 91 (oil embargo).

19. Dec. no 70-A/76, arts. 2 and 3; the decree aimed to prevent the sale of financial participations susceptible of confiscation by abandon under Law no 3/76 (preamble, see subsection 4.1.2.); breaking the law was punished with the loss of shares to the state (art. 4/2/b) and inhibition of membership of corporate boards for 10 years (art. 4/2/a); in 1986 some shareholders of FINA Petróleo de Angola (see note...
The 1979 law on foreign investment reflected the initial ambitions as to control of 'commanding heights' of the economy which guided the reserves legislation. LF11 barred foreign enterprise to exercise the activities of defence, financial institutions, insurance, foreign trade, telecommunications, press and publishing, radio and television and public services, such as education, health, postal service, supply of electricity and water to the population, sanitation and drainage. Foreign investment, and related contracts, were submitted to a regime of authorizations where various state bureaucracies intervened.

The law favoured the association of PEs with direct foreign investors, establishing their compulsory association as a form of control and providing for an additional control reserve related to the participation of involved PE, at least 51%. Investment for the creation of private firms could be authorized by the CM if the new firms either "contributed to the social and economic development of PRA" and "produced goods

---

5) lost their shares for the state under this legislation (Joint Exec.Doc. no 50/86, Finance, Energy and Oil and Justice, art. 1). On unauthorised dealings of financial participations, cit.doc., art. 1.

20. The preamble of LF1/79 explained the underlying reasons for the approach to foreign firms: "During the period of colonial occupation, the colonial power resorted to foreign investments as a form to associate them in the exploitation of the national territory and, so, to engage these capitals in the defence of its interests. These investments were channelled to domains allowing the acquisition of the highest profits, underestimating the interests of the Angolan people and so creating serious distortions between the various sectors of the national economy and imbalances between the different regions of the country. By an heroic struggle, the Angolan People, guided by MPLA, conquered the political independence thus creating the bases which will permit to conquer the economic independence, to overcome underdevelopment and to move decidedly towards socialism. To reach the goals defined by our Party and taking into account the low technical capacity of the country, the scarcity of financial resources, the reduced skills of Angolan labour, there is a need to resort to capital, equipment and technology imported from abroad. However, foreign investment only will be authorized for projects included in the National Plan and, so, which contribute to an actual development of PRA and serve the superior interests of the Angolan People." On state reserved areas, section 4.1.

21. LF1/79, art. 5.

22. Foreign investment was under the CM a priori control, after a joint proposal of the ministers of Planning, Finance and branch (LF1/79, art. 20); the CM decided on "all the essential elements of the concerned investment and date of beginning of implementation" (art. 22 2); since the law required the "favourable advice" of involved bureaucracies (art. 22/1) LF1/79 fixed terms for the production of opinions (four months, art. 22/1) and to communication of decisions to the applicant (six months, art. 23/1); related contracts (of association of Angolan entities and foreign partners), needed the joint authorization of the ministers of Planning, Finance and the branch (art. 24/1).

23. LF1/79, arts 8/1 and 10/2., on the compulsory association of foreign investors to PEs through mixed firms (corporate persons) and joint-ventures (defined as long-term contracts without the creation of a corporate person).

24. Cit. law, art. 9/1; this norm had a safeguard clause empowering the CM to authorize the formation of mixed companies where the participation of the Angolan PE was less than 51% (art. 9/2); an example is Petromar; the law also established rules to ease the investment capacity of the PE, by compelling the apportionments of capital by the local PE to include "land, buildings, machinery and devices existing in the country as well as expenses in national currency" (art. 9/1).
exclusively for export", responded to needs related to "the volume of investment and/or the technological complexity" or led to "a significant decrease in imports".25

The rights and guarantees of foreign investors under LFI/79 were: i. long term contracting,26 ii. export of net profits,27 iii. right to compensation for nationalisation according to special criteria established in LFI/79,28 iv. access to domestic loans, and, v. access to external loans and guarantee of transfer abroad of interests and reimbursements owed.29 LFI/79 had as other incentives to foreign capital a single negotiated income tax and exemptions form income tax and customs duties, which seemed widespread in the country's international contracting.30 The specific provisions on duties aimed to ensure the financial accountability31 and rules for the management of local subsidiaries of foreign investors.32 In labour, there was the obligation to recruit and train Angolan personnel and to pay centrally fixed wages, while foreign personnel might have a different pay, a regime

25 Cit. law, arts 11/1, 11/2 and 11/3.
26 "A period of activity from 10 to 15 years, from the signing of the contract", which could be extended (cit. law, art. 12/a).
27 "The transfer abroad of annual profits, duly authorized by the Ministry of Finance after payment of taxes and deduction of amounts for compulsory funds, up to 25% of invested capital, according to that agreed to in contracts, in specific cases" (art. 12/c).
28 See subsection 4.2.1. (nationalisation with right to compensation); Law no 3/76 did not provide criteria to fix compensation and left the matter to the discretion of the CM; LFI/79 provided criteria for compensation to foreign investors: i. agreed to by the parties, ii. in the agreed to or invested currency, iii. never under the difference between the invested value plus interests fixed at the interest rates practiced in international markets and the part of that value already reimbursed; interests were evaluated from the date of the implementation of investment up to the date of payment of agreed compensation (cit. law, art. 12/b). In the late 80s there was nevertheless a trend to negotiate interstate agreements on this area, e.g., Germany and Angola were negotiating an agreement on the security of German investments in Angola and on compensation to German subjects for confiscation of their assets (interview Loy, minister of External Relations, quoted at JA, 15.3.1988).
29 LFI/79, arts 12/d and 14, respectively.
30 Cit. law, art. 17, on the single income tax for foreign investors; the same article established that the rate of the tax was agreed to in contracts according to: i. "the importance of investment to national economic and social development", ii. volume of production to export, iii. volume of investment necessary to the project, iv. technological level demanded, v. terms for reimbursement of invested capital, and, vi. plans for the training of Angolan personnel (art. 17/2). Exemptions or reductions of taxes could last for 5 years (art. 13/1/a); exemption or reduction of customs duties covered imports of equipment, spares, raw and other materials not existing in the country (art 13/1/b) and/or exports and "the value of non paid customs will reflect in the producer benefits" (art. 13/1/c); the Ministry of Finance had the power to concede exemptions or reductions, after favourable advice of the branch ministry (art. 13/2). On the oil and minerals regimes, see section 7.2. See also section 7.3., on the Ministry of Finance control of contracts on grounds of abuse in exemptions explained in the preamble of Exec.Dec. no 24/84 (Finance): "since some sectors have been contracting with foreign enterprises and entities the most diverse legal instruments which usually contain clauses involving the concession of customs duties benefits, especially exemptions".
31 LFI/79, arts 16 and 18/1.
32 For example, to: i. "draft annual plans, aiming a constant increase of production and productivity, according to the instructions of competent authorities" (art. 18/1/d), (see Chapter 4, note 5 and Table 2), ii. ensure the safety and protection of workers against professional diseases and work accidents (art. 18/1/f), and, iii. adopt measures against pollution and for the protection of nature (art. 18/1/e); although the norms of LFI/79 had in mind mixed companies, art. 18/2 extended these duties to contractual joint-ventures.

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different from that of oil. Conflict of the parties was settled by negotiation. Still, the CM had powers to sanction breach by foreign investors with revocation of the contract.

The law relied on contracts for the regulation of other matters, that is, on the regimes arising from negotiations and the intervention of bureaucracies with a priori control powers. LFI/79 aimed the creation of an uniform regime for foreign investment and established that its norms prevailed over the special oil and minerals regimes in case of conflict. Still, the impact of LFI/79 in the two branches restrained itself to the areas of rights and obligations of foreign investors, while meaning a reallocation of the powers of intervening bureaucracies.

7.1.1. The application of LFI/79

There is little information on the application of LFI/79 as well as on the volume and origin of foreign investment, except in the natural resources area. However, regulations on the matter, including changing approaches either to the role of PEs involved in corporate or contractual joint-ventures or to the application of the general regime for companies, signal that relations with foreign investors have been strained.

The less risky path to implement a direct investment under LFI/79 was the association with PEs. So, during the 80s new mixed companies joined those arising from nationalisation or created during colonialism. Company law applied to these firms.
usually articles of association did not follow the organisational rules of the Commercial Code and contracts regulated matters such as who appointed members of the board and directors. When we compare the articles of association of mixed companies created in the 80s, the problem apparently is the low bargaining power of involved PEs vis-a-vis the branch ministry to appoint autonomously their own representatives in mixed firms. Indeed, the company law process of selection of members of corporate boards was in some cases substituted by direct appointment of PE representatives by the branch minister.

An example are the memorandum and articles of association of Paviterra, a roads and dams construction company by shares associating PE Prefabricados (51% shareholding) and Portuguese Mota & Companhia, Ld (49% shareholding). Paviterra had a four members board of directors (called council of direction) with two directors representing the PE (the general director and the administrative director) who, instead of being elected at the general meeting (something which informally meant their appointment by Prefabricados, the holding PE), were appointed by the branch minister. The latter also appointed the chairperson and one secretary for the general meeting and the president and a secretary of the audits council. Also, although Prefabricados had a majority shareholding, in the board there was symmetrical representation, thus favouring the foreign partner.

In a context of restrictions in the powers of PEs managers, especially the strong dependence of the general director on the branch minister, the inclusion these powers for

39. There are exceptions, such as the articles of association of Petromar (approved by Dec. no 23/84), a venture of French Bouygues Offshore and Sonangol to produce equipment for the oil industry, where the appointment of Sonangol was land (10% shareholding) and Bouygues provided other inputs (90% shareholding), (articles, art. 4/b), established under the form of company by shares strictly followed the Commercial Code on compulsory organisation for this type of companies: i. general meeting (articles, arts 6/1/c and 9), board of directors (loc.cit., arts 6/1/a and 7) and audits council (loc.cit., arts 6/1/b and 10); also the election of members of the boards in the general meeting, but Bouygues appointed two directors and Sonangol one (loc.cit., art. 7/4), while Sonangol appointed 2 auditors (loc.cit., art. 10/1).

40. Approved by Dec. no 181-A/80; memorandum, arts 5 and 19, articles, arts 8/2, 17 and 18, respectively. Also, the articles of association (approved by Dec. no 23/86) of Angov Francas (managing 'dollar shops'), a company associating PE Lojas Francas (75% shareholding) and Yugoslavian Prodkomerc (25%), (art. 5/1) provided for a different framework.

41. On different composition of the board in minerals corporate joint ventures in Third World countries, see, e.g., Schanze, 1981.
mixed ventures in violation of company law reveals a certain degree of tension between PEs and the branch. It also appears as an attempt of the latter to control directly mixed enterprises with foreign partners when legislation on foreign investment, due to its own rationale, did not provide for direct control by the public administration.\textsuperscript{42}

As for the quality of the work of these state representatives, including their functions of control of the activities of foreign partners, legislation itself pictured the suspicions of the state on the role played by local managers on 'effective' decision-making. Indeed, under Exec.Dec. no 52/85 (Finance), the PE would only retain a part of their profits from financial participations "according to the effective degree of intervention of the PE in the management of the mixed enterprise or joint-venture". This norm reflects the fact that although in many joint ventures the state had competent managers representing the national PE, the appointment of many individuals due to political reasons also led to situations in which they were directors only nominally and all decision-making in fact lay in the representatives of foreign investors. This kind of managers even showed a clientelism on both the branch ministries and foreign investors which did not favour the interests of the companies they were supposed to manage.\textsuperscript{43}

LFI/79 had in the role and organisation of PEs an impact not foreseen by LPE/77: their transformation into a partially holding entity with the task to manage participations in mixed ventures resulting from foreign investment\textsuperscript{44} and their role as privileged middlemen,

\textsuperscript{42} As the majority of foreign investors to attract by LFI/79 came from capitalist systems, the law needed a frame of references understandable by them (that is, with some connection with parent legal systems of foreign investors) while, at the same time, satisfying their demands, or expectations, of the lowest possible degree of state intervention in their activities; LFI/79, and economic legislation on enterprises, did not please foreign investors who got, under contracts, exemptions of application of legislation in force (see, e.g., the case of the Capanda project).

\textsuperscript{43} Cit. Exec.Dec., arts 3/1 and 3/2.

\textsuperscript{44} LPE/77 expressly excluded from its application PEs with foreign firms as operators (see subsection 4.2.2), probably having in mind the oil and minerals sectors; however, the law did not foresee the possibility of groups under the control of a top PE, whether holding or the socialist trusts and kombinats. Some mixed firms with foreign partners remained thus autonomous, directly linked to the branch ministry but by the late 80s there was an effort to allocate the management of their financial participations to a PE. For example, Dec. no 28/88 allocated the financial participations at Cimangola, Dyrup, Decorang and Fahimor to PE Encime (see note 50) and to the Ministry of Industry, respectively (arts 2/1 and 2/2). Exec.Dec. no 45/86 (Industry) allocated state participation at breweries Nocal to PE Cerval (art. 1) and ordered Cerval to appoint a representative at the board of directors (art. 2).
at least in the operations stage, in significant international economic relations. Legislation on natural resources had the same consequences when compelling foreign investors to associate with PEs. However, although small groups led by a PE emerged in the 80s, no legislation regulated the entity 'group of enterprises' and the emergence of firms subordinated to other enterprises. As a result, and within the patterns of financial behaviour of firms, some PEs did not deliver to the NB the profits from shareholdings in mixed firms.

Used to rule the management of PEs without restraints, the branches moved to direct interference in the relations between PEs and their mixed subsidiaries. This is evident in the mid 80s published orders. In some cases competition between the branch and subordinate PEs for the management of financial participations in mixed firms and, eventually, fear that informal holding PEs became too powerful could be the rationale for measures adopted. Also, the attitudes of some branch ministries towards holding PEs may reflect the conflict between the agrarian component of government and the more enlightened managers of some holding PEs, as well as the uneasiness of agrarians to cope with international relations. An example of these attitudes of the branch is the split of the Prefabricados group. Prefabricados was a construction materials PE which progressively build up a small informal group by associating with foreign investors: it created Tecnogiron (an Angolan-Cuban mixed venture for construction), Paviterra and Ecocampo (an Angolan-French mixed firm). In 1987 the new minister for Construction changed all the PE representatives in mixed firms. In 1989, the ministry of Construction went further and promoted the liquidation of the PE and the reallocation of its assets (including

45 While LPE/77 gave a substantial control, even invasion of management powers, of PEs by state bureaucracies, LF1/79 provided for a scheme entitling PEs some room for manoeuvre while managing mixed companies, making it possible, in a certain way, demands for autonomy grounded in applicable commercial law and eventual alliances of PEs managers with foreign partners (see section 4.3.1.). Candidates to a comprador class within state apparatuses, or even the party, had thus to face this uneasy mediation.

46 See subsection 4.4.1., on the regime of Exec Dec. no 52/85 (Finance); in mineral resources, Dec. no 15/89, ordered Sonangol to deliver to the NB its incomes as national concessionaire of hydrocarbons (art. 1) and allowed the PE to keep 10% of these incomes to face the expenditure with the auditing of operators (art. 4).

47 M.o. no 13/87 (Construction).
In passing, as the national companies were extinguished under ministerial decisions, they were progressively substituted in the building market by foreign firms, which began by getting huge state contracts until they had settled and performed even simple repairs.49

In other cases apparently the conflict was with foreign partners.50 Problems also arose from lack of knowledge of the realities of companies and mixed firms, and alleged improper behaviour of involved parties.51 Also, one of the rationales for the creation of mixed firms, sharing risks, often was not accepted by foreign investors, who used mixed companies to sell services and materials. An example is the contract of association between Prefabricados and Mota and Cia establishing: i. the prices of building contracts by the mixed firm (actually resorting mainly to state contracts) "will be fixed, work by work, in order to ensure profits to the enterprise (Paviterra), according to the average productivity established and in order that the net profits on each of the first five years will be, at least, 20% of invested capital", which meant that the state would be forced to pay...
for the works an amount to guarantee the reimbursement of investment in 5 years, whatever the quality of works and management of the firm, ii. "in case of damages they constitute a burden of the Angolan firm", and, iii. the mixed firm was free to contract technical assistance, after the authorisations provided for at law.53

Another possible source of conflict was the preferential regime of mixed firms as contrasted with PEs. A striking example are planning regulations. While PEs were subject to the dictates of branch and functional bureaucracies, PL/82 implied that plans of mixed firms were negotiated and performance was linked to incentives.54 Nevertheless, functional organs tried to increase their control over mixed firms, especially in the area of international contracting. The esoteric directives on investment represent an attempt of tight a priori control over investment projects and, although applying to all kinds of enterprises, affected the relations of foreign investors, and their local partners with concerned bureaucracies.55

The response of foreign partners, and eventually involved PEs, to the discretionary powers and related struggles of state bureaucracies for the control of international economic relations, came from the energy sector. Indeed, the legal framework for the implementation of the Capanda project opened a systematic exception to the control machinery in force and created a precedent later reflected in PSAs and legislation.

The Capanda project (1986/90) is the largest post-colonial project. It aimed the construction of an 520-MW dam in the Kwanza river, the largest in the country, to supply energy to the provinces of Lunda Norte, Lunda Sul, Malanje, Mexico and Bié, doubling...
the national production of energy, providing for the country's needs and eventual exports to Namibia. The project, which included the building of roads and a village for about 6,000 inhabitants working in the site, had an estimated cost of USD 900 Mn in 1984, with a share of 700 Mn for Brazilian firms (construction works and technology transfer, about USD 600 Mn for private firm Odebrecht, and technical assistance to GAMEK by Furnas Centrais, the Brazilian state holding for electricity), 200 Mn for an USSR firm (electromechanical equipment, including generators and geological and hydrological studies). In 1989 costs were estimated at USD 1,000 - 1,230 Mn and the first stage of the project was to be operational in 1994. The project was mainly funded by Angolan oil supplies to the Brazilian oil company Braspetro, although suppliers credit accounted initially to about USD 100 Mn, later USD 100 Mn from Brazil and 247 Mn from USSR. The construction of the dam was decided by the 1st Extraordinary Congress of MPLA and raised substantial criticisms from Portuguese interests (it seems that supported by WB which considered the project unfeasible).56

The "Special Statute for the Capanda project"57 exempted involved parties from a substantial part of legislation on a priori controls in force: i. exchange control and mediation of BNA,58 ii. licensing of foreign trade,59 iii. contracting of foreign and Angolan

56. AED. 23.11.1984, 30.11.1984 and 6.1.1989, on the project, declarations of the minister of Energy to Expresso, 22.4.1989, Independente, 3.2.1989. Portuguese firms had previously been related to the project and lost in competition with Brazil (it seems because no financial support had been granted by the Portuguese authorities (Independente, 3.2.1989). In 1992 the project paralysed after UNITA invaded the site, killing Angolans, kidnapping Brazilian and Russian personnel, and destroying the equipment and facilities which had been built.

57. Approved by Dec. no 26/84, art. 3; the decree approved the agreement between PRA and USSR on the issue (art. 1) and the contract between the ministry of Energy and Oil and the Capanda Consortium (USSR Technoprormexport and Brazilian Odebrecht), for the construction of the Capanda dam (art. 2); the special statute was applicable to: i. "GAMEK, a public agency for the project (created by Joint m.o no 14/86, Energy and Oil, Planning, Finance and MFT), benefiting from the scheme for its own activities, and enterprises and personnel it contracts, and ii. the Capanda Consortium, enterprises composing it, subcontractors and their personnel" (statute, art. 1). The incentives scheme for the project provided that all activities "directly or indirectly related to the Capanda project".

58. Cit dec., arts 3/1 and 3/3. See Chapter 4, Table 2.

59. The statute granted to all involved firms a general licence to exercise import activities (art. 4/1) and a "permanent and open" (automatic) licence to "import any goods directly or indirectly related to the execution of the project" (art. 4/2/a), which under the general regime was granted case by case by the Ministry of Trade (see Chapter 4, Table 2). Also an agricultural and cattle ranching project linked to the energy project "shall have priority treatment by the Angolan concerned entities" (art. 10/2), art. 12/2 authorized importers to sell in Angola "goods, materials and equipment, used or not, acquired under the Capanda project" (art. 12/3) and provided for payment of taxes and duties by buyers (art. 12/2) or exemption of these charges if goods were classified as obsolete (art. 12/3).
labour, iv. control of movements of persons abroad and within the country, v. international and domestic transport contracts, vi. control of imports of cultural goods, vii. national health service and education. Companies involved in the project were also granted a general exemption of all taxes, national or local, and customs duties.

The impact of this 'special statute' on the effectiveness of legislation in force, the balance of relative positions of enterprises, including foreign firms operating in the country and only enjoying the 'special regimes' provided for in contracts, plus its underlying philosophy, makes it appear as the "legal programme of foreign investors" which influenced the late 80s legislation, although the Statute was enacted before any formal intention to engage in economic reforms.

Since the Capanda regime impacted on the prices of execution of projects, by decreasing transaction costs, before significant changes in legislation took place in the late 80s it was followed for other projects, such as that for the Ambriz area, PSAs and the 1988 legislation.

60. Cit. statute, arts 5 1, 5 2. Firms involved in the project could also contract Angolan labour directly (statute, art. 6 1), and define its own labour policies on holidays and work timing (arts. 6/3 and 6/2) "according to the needs of the project". See Chapter 4, Table 2, and section 5.1.

61. Statute, art. 5 4 and 5/5. See subsection 3.4.5.

62. "Free contracting, as well as priorities and facilities for eventual use of Angolan transport means" (art. 7 3); this provision related to the planned transport according to instructions of the branch.

63. "Liberalisation concerning the reception, from the countries of origin of foreign entities involved in the execution of the project, of culture materials, such as books, magazines, other published materials, recorded tapes, TV programmes, films, records and others of the same nature" (art. 8 5).

64. The statute granted a licence for the practice of health care and related activities (art. 9/1) and exempted involved foreign citizens from the control of health authorities in the domain of medical and nursing practice (art. 9/2); imports of medicines and hospital equipment got an ope legis licence (art. 9/3). See section 5.4.

65. The reserve in education (see sections 5.4., general, and 7.1., reserve for foreign investment) was withdrawn concerning education (art. 11/1).

66. Statute, art. 2.

67. A norm of the special statute summarized the image of the working of the system of control of the economy at the time: "All government organisations and entities interfering in any of the matters established in this Special Statute, (and) related to the execution of the project, are authorised to provide fast proceedings aiming the fast grant of licences, exemptions, facilities and properties referred to in this Statute." (art. 12 4).

68. E.g., the PSA for Block 8 (oil) and Law no 13 88 (LFI/88). See subsection 7.2.1. and section 8.1.
In the late 80s there was a converse movement of investment, with Angola making some investment in developed countries, for example Angolan enterprises buying financial participations in Portuguese companies. However, the efforts of investment in more developed countries may have high costs. For example, the scheme for the purchase of shares in the privatisation of Petrogal by Sonangol, the Angolan NOC and apparently entitled to exclusive rights on oil concessions, could mean the privatisation of the Angolan NOC itself, since the seller, the Portuguese state, argued for a scheme of cross participation.

7.2. The 1970s legislation on natural resources

It is not by chance that the first legislation on natural resources and foreign enterprise rules oil activities. With the collapse of agriculture, especially coffee in the area of exports and the import-substitution industries, oil revenues were crucial for earnings in hard currency and to supply the internal fuels and gas markets. Due to the importance of US companies operating in the country, with Cabinda Gulf with a major share, immediately before and after independence the companies were under pressure of the US government to abandon production and royalties payments. US boycotts lasted under new forms (credit bans) until the 90s.

69. “Allowing Angola to manufacture in Portugal products to sell in the Portuguese market made with Angolan raw materials... (using means such as) financial participations ... in the area of treatment of diamonds Diapele, Diagal, the area of furniture production, Interforma and FOC, and Petrogal (oil)”, (Loy, quoted in JA, 12.3.1988). To manage financial participations abroad a hidden PE was created, OBC (Overseas Business Company, SA), whose creation, and organisation as a holding company, was authorised by CDS (Resol. no 4/87, arts 1 and 2).


71. 71% of total output in 1985 (Hodges, 1987: 58).

72. On the 1975 boycott, see subsection 2.2., and Hodges, 1987: 53. Also, for example, in 1986 the USA Congress banned Eximbank to finance Angolan projects and the US oil companies were under pressure to divest from Angola; many projects (e.g., the Takula fields projects for the Sonangol/Cabgoc joint-venture) were then made possible EEC loans (from the UK Lloyds Merchant/ECGD, French Paribas Crédito, Credit Lyonnais and Société Générale and Dutch Middenstandsbank) with separate credit lines for Sonangol and Cabgoc (AED. 6.2.1987, JA, 1.10.1988 and Joint m.o. no 26/87, Planning and Finance).
7.2.1. Oil

The 1978 basic law on oil reinforced public ownership of hydrocarbons, nationalizing previous concessions and establishing that a PE, the national oil company (NOC) Sonangol, had exclusive concession rights.\textsuperscript{73} However, concessions were granted for each single case by the CM for an area defined by the branch minister.\textsuperscript{74} In the concession decrees the state transferred to the NOC its mining rights on hydrocarbons.\textsuperscript{75} The terms of concession are usually tied to related long-term contracts between the PE and foreign partners for the concerned blocks.\textsuperscript{76}

LOA had no provisions on the payments for the concessions and relied on contractual regulation, sometimes grounded on colonial legislation. When avoiding the definition of different payments in formal law, LOA probably aimed for flexibility according to changes of bargaining power favouring the country. However, the effect of contractual regulation in many contracts was to 'freeze' the taxation regime, protecting it from future changes of legislation. Usually the concessionaire paid a 'production tax'

\textsuperscript{73} LOA, arts 2 1 (exclusive rights) and 2 2 (nationalisation): "From the entry into force of this law, all the grants of mining rights for exploration and production of hydrocarbons to foreign companies or entities are considered with no effects since extinguished. 3. The mining rights referred to in the previous number are transmitted, without formalities, to Sonangol." On the eventual waiving of the reserve in the 90s, see section 8.1.

\textsuperscript{74} LOA, art. 3.

\textsuperscript{75} LOA, art. 2. Art. 5 of LOA defined the content of mining rights: "Mining rights granted to Sonangol include the powers of use, enjoyment and management of public property on liquid and gaseous hydrocarbons. 2. Mining rights are granted to the following ends: a. exploration and development of hydrocarbons; b. production of hydrocarbons; c. other connected ends. 3. Within the powers granted to Sonangol are included the transformation or change of the natural structure of soil and subsoil, (but) in compliance with the enactments of art. 13 2 (maintenance of reserves of hydrocarbons and protection of environment)." Art. 6 contained a safeguard clause, providing for powers of the CM to rule by decree in a different way "the content and ends of mining rights" referred to in art. 5 "for special cases". This gave the CM a substantial power of discretion when making decisions on the matter, since "special cases" are not specified in the law. Sonangol exclusive rights on oil concessions seem to have been repealed by LEA (see section 8.1.), art. 18 referred to art. 26 of the same law; however, recent decrees approving the concessions seem to assume that the 1978 legislation was still in force (e.g., the preamble of Dec. no 52/89, on Block 8) but, as in the application of other economic legislation, the ban of exclusive concession rights for national enterprises is probably 'dormant', waiting changes in power to be effective. The transfer of mining rights granted to Sonangol under LOA was forbidden (LOA, art. 4), but contracts stated that associates would "cooperate with the NOC in the exercise of these rights" (e.g., Dec. no 50 81, art. 3, approving the PSA between Sonangol and Cities Service and Marathon).

\textsuperscript{76} LOA provided for a fixed term (art. 7), divided into 2 phases (exploration and production, art. 8) established in the contracts (art. 9/1) but the concession might refer only to one period (art. 10). The branch minister had powers to lengthen these periods under application of interested parties and if contractual obligations had been fulfilled (arts 9/1 and 9/2). E.g., Dec. no 52/89 (on Block 8), art. 6/1; although PSAs are usually not published, except for the parts dealing with taxation, exemptions, foreign exchange and prices, a published PSA, Dec. no 50/81, shows a duration up to 5 years (renovable for more one year in case of commercial finding) for the exploration stage and 20 years after commercial discovery (art. 3).
(called 'concession rights' in the law), the taxes on oil income and on oil sales. The area of taxation in oil was thus very flexible because it did not follow tight post-colonial legislation, which was applied to other economic activities, subject to the general fiscal regimes. However, whether this flexibility, which is counterbalanced by a certain degree of uncertainty arising from the absence of stand legislation, is (or has been) working in the interest of the country is an open question since there are not available studies on the subject.

Other obligations of the concessionaire, shared by foreign partners in joint-ventures, were the exploration, production and recovery of fields, the production of natural gas, and the protection of oil reserves and the environment. The concessionaire and its partners in joint-ventures had also to follow technical rules for oil exploration and production and the 'good oil field practice'. Notwithstanding these norms,

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77. In taxation, contracts, either for concessions or joint-ventures with foreign firms, used colonial legislation, Decs. Law no 41,356 and 41,357, on concession royalties and oil income tax, as bases for bargaining, but in some cases this scheme was not applied. For example, Dec. no 5 84, on the "Cabinda Taxes Regime" provided for: payment of concession rights (production tax, here 20% of the quantities of hydrocarbons produced or sold, arts 3/1/a and 3, by reference to Dec. no 41,356) and taxes on oil incomes (over profits, arts 3/1/b and 6, by reference to Dec. no 41,357) and transactions (art. 7), exemption of any other taxes, except stamp taxes, a statistic customs duty and the payments for training under Dec. no 20/82 (see notes 5/3 and 90.), (art. 3/3). The 1984 legislation for the Cabinda offshore concessions (in the 90s the association Sonangol/Cabgoc-Chevron/Agip) contained a safeguard clause to the interests of foreign investors, stating that future taxes legislation "will be drafted and applied safeguarding the economic conditions now granted and with due respect for their rights and obligations ( of oil companies referred to in the decree) emerging from the present decree" (art. 8); Dec. no 29/86, approving the concession of Cabinda areas to Sonangol and association with Cabgoc repeated these provisions, including the safeguard clause (art. 15 and Appendix B). However, Dec. no 52/89, on the concession of Block 8 (Porto Amboim) and approving the association and PSA between Sonangol, Total Angola, Petrofina and BP, provided for the payment of a single income tax, 50% of profits (art. 15/2), as in the Cabinda arrangements, the concessionaire and associates were exempted of any other taxes and an article safeguarded the interests of involved parties concerning future fiscal legislation (art. 15/7). In the frame of the income tax, the definition of deductible costs, and consequently taxable income was important. Although it is not a purpose of this work to deal with oil taxation, it should be referred to that the variance on the listing of costs included in the estimates of gross income for taxes purposes, in the concession and association contracts (e.g. in art. 4, Appendix B of the Cabinda contract, and arts 3-5, Appendix C for the Block 8 contract), may relate to eventual different bargaining positions of the partners, arising from their economic power versus this of the country at the periods of negotiation and celebration. So, for example, art. 4/3-a of the Block 8 contract (Appendix C) established that donations and payments of that type will be considered 'recoverable costs' (and so included in the value of crude for the recovery of investment by foreign partner and deducted from taxable income, art. 4/1) if the concessionaire so agreed, as well as "expenses of advertisement and public relations, including the costs emerging from relations with government" (art. 4/3/b).

78. Decrees approving concessions to Sonangol usually use the language "the concessionaire and operator(s)" or "associates", when dealing with rights and duties; e.g., Dec. no 50/81 (concession of Block 9 and approbation of PSA with Angola Cities Service and Marathon Petroleum Angola, art 3 and appendix PSA), no 12/82 (concession of Block 1 and approbation of the PSA between Sonangol and Agip, arts 4 and 5; in passing a PR decree instead of a CM decree, no 5/84 (special taxation for Cabinda, arts 1-3, 4-5), no 9/86 (concession for Block 5 and approbation of PSA with Conoco Angola, arts 4/1, 10-11), no 29/86 (concession of Cabinda areas and approbation of joint-ventures with Cabgoc, arts 8-10, 14-17, Appendix B, arts 2), Dec. no 52/89 (concession for Block 8 and approbation of PSA with Total Angola, Petrofina and BP, arts 5/2 and 5/4 and 11-15).

79. LOA, arts 13 1, 13/2 and 14. Also, Sonangol and associated operator must deliver to the branch ministry a plan of utilization of natural gas of related fields and "it is expressly forbidden the burning (of gas) without the previous authorisation from the branch ministry." (art. 14). The violation of art. 13 is subject to sanctions provided for in law and regulations, even if they are not established in contract clauses" (art. 13/2); mining rights may be suspended or revoked, totally or partially, if "serious risk for the life and health of population or other force majeure cases occur" (art. 15/6). See Hodges, 1987: 61 and 69-70.
the rule has been the burning of gas. The levels of reserves, on which there is little
information, were an area of conflict among civil servants dealing with the problem and
between the latter and some foreign companies, interested in recovering investments in the
shortest period.80

Foreign enterprises, but only those with "recognized good reputation and technical
and financial capacity", had to associate with the national oil company (NOC). Association
could be set up under the forms of mixed enterprise, contractual joint-venture, production
sharing and services contracts.81 Contracting had detailed regulations: i. compulsory
clauses for contracts between Sonangol and foreign firms, ii. authorisation of contracts by
the branch minister, but the CM might at any time allocate to itself this power, and, iii. if
there was a foreign investment, it followed also the general regime of authorisations.82

LOA provisions on the content of contracts tried to enable the NOC to participate
in operations and in technical and managerial decision-making: i. any form of association,
as defined in art. 17, was jointly managed and the NOC had "the right to participate in the
direction of oil operations, according to the terms established in contracts",83 ii. the
minimal financial participation of the NOC in any type of association was 51%, and the
participations should be revised periodically, under initiative of the parties or proposal of

80. Concerning the environmental aspects, there is little control by the bureaucracies, due to shortage of information, which also
influences the attitudes of involved population, actually struggling against starvation and so not interested in environmental issues.
Nevertheless, immediately before independence, two laws on the subject were enacted: i. Dec. no 146/75, on sea waters and shores
pollution, providing for fines for water polluters such as tankers and allocating control powers in the matter to the Ministry of Transports
(Shipping Direction), and, ii. Dec. no 151/75, on the continental shelf; providing for fines for polluters and allocating control powers to the
oil administration and Ministry of Transports; there is no information on whether or not this legislation was (is) applied. But attempts in the
90s to enact legislation on prevention and repression of oil pollution faced serious opposition from foreign companies and were not enacted
up to the end of 1993.

81. LOA, arts 16 1 and 17, respectively; the association only could take place in areas under concession (art. 16/2) and art. 29 gave
powers to the CM to authorize other contractual forms "which do not counter the principles of public ownership of hydrocarbons fields and
the exclusive entitlement of related mining rights by Sonangol" (cit. art.); see Hodges, 1987: 53 (joint-ventures and PSAs), 55-6 (data) and
55 (legal regime and taxes).

82. LOA, arts 18, 20-29 and 18'2, respectively. See section 7.1., on authorisations under LFU/79 and 8.1., under LFU/88.

83. LOA, arts 18/1 and 21.
the branch minister,iii. foreign partners took the financial risks for the exploration and development stage and if there were a commercial discovery, they were entitled to the reimbursement of previous expenses and "to share the benefits from their capital applications", according to clauses of contracts, iv. all contracts should have a clause of 'independent risk', meaning that in case of conflict on the definition of a commercial discovery, one of the parties could develop the concerned field at its own risk, v. resort to funding implying the participation of third parties in the associations needed the authorisation of the CM, vi. Sonangol had a preferential right in the acquisition of crude belonging to the foreign partner "when strong reasons of national interest occur", and vii. conflict among partners in associations or other contracts was settled by a third-party.

In the 80s, as the oil sector expanded and the NOC gained experience, sparse regulations specified the obligations of foreign firms operating in the area. Besides obligations related to their involvement in foreign trade activities, legislation concentrated on: i. obligations of information towards the state, especially on foreign exchange, ii. recruitment and training of domestic personnel, with compulsory training of all categories

84 Except in off-shore over 150 ms depth (cit. law, arts 20 and 27); in the case of participation under 51% the CM fixed the share of the NOC in the association (art. 20 2). Law no 27/91 changed art 20/2 of LOA extending the powers of the CM to establish a participation of Sonangol under 51°13 in any case.

85 LOA, arts 22, 23, 25 and 29, respectively; the law also regulated the measurement of crude for the purposes of distribution among the parties sharing it (art. 26).

86 Arbitration according to the content of contracts, LOA, art. 30.

87 On the expansion of the Angolan oil industry and Sonangol, see Hodges, 1987: 52-70.

88 See Chapter 4, Table 2 (common regulations for importers and exporters) and subsection 4.3.2. (Exec. Dec. no 43/80, Oil, on information).
of local personnel by the employer,iii. guarantee of equal pay, fringe benefits and opportunities for local personnel,iv. ban of the sale of Angolan oil to RSA and the supply of water, fuels or any services, to tankers carrying oil to RSA, and compulsory clauses for oil export contracts to control the effectiveness of the ban.

In some contracts from the mid-80s Sonangol apparently linked participation in joint-ventures in oil concessions to direct investment by foreign partners in projects beyond the oil sector. Also, it seems that it tried to get opportunities to its local subsidiary ESPA (an attempt of the NOC to move into execution of operations), to work as operator in concession areas.

The regime of exclusive concessionaire of oil mining rights gave the NOC an improved status as the oil sector expanded. Sonangol was privileged among PEs given its
higher bargaining power (in relations with state/party bureaucracies) as the almost single supplier of the country on hard currency, and dealing with the simultaneous application of PEs and natural resources legislation, Sonangol was able to, say: i. have directors appointed by the CM, ii. recruit almost freely its personnel and to avoid political criteria in recruitment, iii. resort to incentives such as access to food in 'dollars shops' and so to have wider possibilities of selection on bases of skills and control absenteeism, and, iv. use its social fund and oil companies sponsoring in its own successful sports club and social and cultural initiatives, promoting the image of the NOC among workers, the government and the community. Concerning inputs, the very association to foreign firms in oil activities meant supply by foreign partners whose bargaining power, and autonomy in related decisions, could not be challenged by an UDC state bureaucracies. Also, working more as a control company (except in the distribution of fuels and domestic gas), negotiating oil exploration and production contracts and managing participations in oil joint-ventures, Sonangol also got access to all kinds of consultancies for specific activities. Struggling against functionalist organs, which attempted more to get involved in decision-making than properly to control the implementation of the oil policy, Sonangol became the most important PE, notwithstanding its cash flow constraints and conflicts with state control boards. 94

7.2.2. Minerals

When the oil legislation is contrasted with the minerals law, the former appears as more flexible in some areas, for example concerning the stage of exploration, while in some other areas, such as personnel and information, the mining legislation does not contain any regulations developing the general framework of formal law.

The 1979 law on minerals, LGM, established the state reserves of ownership and exploration of minerals and provided for the grant of concessions to PEs. As in oil, concessions were granted by the CM for a period, but tied in principle to the exhaustion of related minerals, and could not be transferred. Contrary to the oil regime, LGM allocated to public administration boards the activities related to exploration and the concessions only aimed development and production. The state could enter into agreements for exploration with national or foreign firms but only under the form of services contracts. The state had thus to finance exploration to allocate, if there were findings, the development and production to a PE which in practice associated to a foreign firm for the production stage, without benefiting from the allocation of risks to the foreign partner used in oil contracts. Also, LGM expressly dealt with reserves of natural resources, creating a commission of control with ratification powers when decisions affecting reserves were at stake.

Exploitation rights conceded to PEs included extraction, transformation and marketing of minerals. Apparently PEs had no special regime of payments for these concessions and were submitted to the general regime of delivery of profits to the Budget. PEs duties were "the protection of nature and environment" and compensation for

95. Law no 5/79, Law on Geological and Mining Activities. Ownership (public) referred to all mineral resources, excluding hydrocarbons and the soil as "living layer of the Earth ground" (cit. law, art. 2/2), exclusive production (by PEs) did not apply to some materials used in construction and to "main raw materials for national manufacturing industries" (arts 8/1 and 8/2), where mixed and private firms might compete with PEs for licenses granted by the branch minister (Industry at the time), (art. 8/2).

96. LGM, arts 8/1 (powers of the CM), 10/1 (duration of concession), 10/2 (safeguard clause on concessions for a fixed term) and 8/4 (prohibition of transfers of concessions).

97. LGM, arts 4/1, 5/1; exploration rights could also be granted to PEs if they had already production rights (art. 5/2).

98. LGM, arts 13-22 (association of concessionaire PEs to foreign firms).

99. LGM, art. 6/1 and 6/2: "the definition and evaluation of reserves, and changes on their estimates ... need the ratification of the National Commission for Minerals Reserves and later approbation by the Minister supervising geological activities"; "any plan of exploration of mineral resources may be implemented without the previous approval of the evaluation of related reserves", (art. 6/3); Exec.Dec. no 12/83 (Industry) implemented the Commission.
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damages to life or health of persons or animals and to soils, waters, vegetation or other "natural elements".100

LGM established a control reserve, providing that foreign enterprises had to associate to concessionaire PEs. Contracts of association, which included services contracts, were approved by the CM. In joint-ventures, the control reserve implied at least a 51% participation of the national PE, revised periodically by initiative of the parties or the branch ministry. Also, national PEs participated in management: mining was directed by a "joint organ" and the local PE had the right to participate in the direction of operations.101 LGM, within this broad framework, relied on contractual regulation of other aspects of relations between national and foreign enterprise, including the rates of the single income tax and the forms of return of investments.102 Conflict was settled by a third-party.103

Mining worked in the late 70s with the intervention of foreign firms, such as in Diamang104 and the iron ore industry.105 The activity was strongly affected by the war and

100. LGM, arts 9, 11 and 23, respectively. See Chapter 4, Table 2.

101. LGM, arts 13-16 and 19 1, respectively; resort to financing by third parties implying their participation in the associations also needed the approval of CM (art. 18).

102. LGM, art 14 1: "the types of services in the association will be those resulting from agreement between the interested parties"; "the nature, composition and functioning of the association, and the rights and obligations of associates must be present in the contract title" (art. 14 2); "the right of foreign company or entity to recover the costs and receive the benefits resulting from (its) capital application is recognized, according to the clauses of contract titles" (art. 17); "(but) PEs, when strong reasons of national interest occur, are granted the right to acquire the percentage of mineral resources allocated, by the contract title, to their associates" (art. 19/2), "the fiscal regime of foreign entities referred to at art. 13, will be contained in the respective contract title, notwithstanding tax obligations established in the legislation on foreign investment in PRA" (art. 20).

103. LGM, art. 22, mutual agreement as a 1st step, and arbitration if there was no agreement; the law applied for contracts and associations is the host country's if no other legislation provides otherwise (art. 21).

104. From independence and after the nationalisation of Portuguese shareholdings (see subsection 4.1.2.) Diamang was linked to the De Beers group (1981 five-years TAC with UK based MATS) and marketed its production through CSO; from 1980 earnings from diamonds fell 75%, output also went down in 1984 and prices practiced by CSO also dropped from USD 158 a carat in 1980 to 91 in 1983 and 64.24 in 1984; smuggling accounted for losses of about USD 3-4 M a month (declarations of Diamang director, AED, 8.6.1985). From 1986 Diamang was dissolved, under proposal of the state holding Endiama (77.21% equity) accepted by shareholders Societe Generale de Belgique (11.49% equity), Sibeka (5.95%), Diamond Corporation (subsidiary of De Beers, 1.67%) and Morgan Guarantee Trust Company (1.11°0). The diamonds industry was then restructured and the mining province of Lunda Norte divided into blocks contracted to foreign partners under FSAs, following the oil scheme, according to AED, the then minister of Industry, Onambwe, was avoiding to give CSO the monopoly of marketing of Angolan diamonds and foreign companies which entered into agreements were supposed to make their own marketing arrangements. RST (a subsidiary of ITM, a firm with interests in Zambian mining, and linked to financial group Menden) entered into a PSA for the Cafunfo mines and an US company, SAT, got the contract for the transport of materials for the mining zone and was later accused by Washington sources of helping the government by carrying weapons to face UNITA aggressions to the diamonds zones (AED, 10.4.1987 and 14.3.1987); Angola then in negotiations with Lonrho (AED, 14.3.1987) represented in Angola by Lusolanda. Also, in 1987
the joint-ventures were a target for RSA and UNITA attacks. In this context, an assessment of the working of LGM, with its broad flexibility, and related contracts seems impossible. Nevertheless, within the general framework of strong central intervention in the management of PEs, LGM reliance in contractual regulation of mining activities is only apparent, since it meant in fact strong discretion powers for state bureaucracies to fix the adopted regimes, within the limits of their bargaining power towards foreign firms and also their own internal balance of power.

In 1987 LGM was changed by Law no 11/87. Although repeating that exploration rights were an exclusive of a public board, the new legislation allowed the CM to concede rights on these activities to PEs or "foreign entities", but maintained the previous rule that individuals who found out mineral resources must communicate to the public administration his/her findings and "will be entitled (only) to a money reward". The previous exclusive rights of PEs on concessions for the production of mineral resources were also waived but the beneficiaries of the new regulations were only foreign firms. The 1987 legislation only demanded a contract for the performance of mining activities by

Portuguese SPE was contracted by Endiama, the diamonds PE for the operations of the Lucapa zone (AED, 2.12.1988). As a result the production of diamonds began to rise. As the monopoly of CSO ended in 1985, from 1987 Angola became "the only significant gemstone producer not to market through the organisation (CSO)" (AED, 12.6.1989): dealers were invited to a monthly or bi-monthly tender in Luanda, with the reserve price set by UK Diamond Counsellor International, working as an independent consultancy for the government; according to industry sources, Endiama got "very good prices as a result" (of tenders) and "premiums were reported to be significantly above CSO selling prices", while the most successful dealers in tenders were UK-based Industrial Diamond Corporation and Antwerp-based Steinmetz-Evans Diamonds, which got about 90% of stones and provided for training of Angolan experts (AED, 12.6.1988); still, in 1989, after the closure of the Cafundo mine (RST block) due to UNITA attacks (AED, 11.9.1989) De Beers was back, when a declaration of intent was signed by Endiama and CSO aiming also the exploration of the kimberlite mines (AED 12.6.1989); on the return of De Beers in the 90s see section 8.1. SPE associated in 1993 with Endiama, the state holding, in a mining venture for the Lucapa concession, which was the only company operating during the post-elections war.

105. Minéria do Lobito was nationalised and PE Ferrangol associated with Austria PE Austromineral to rehabilitate the iron ore production at the Kassinga mines in the south; about 1.1 Mn tonnes a year was estimated production to sell mainly to Europe and Japan; the last export of Minéria stocks was in 1981. The recovery works began in 1981 but in 1982 RSA attacked the iron ore mines seriously damaging equipment and rehabilitation was delayed; in the meanwhile Austromineral made studies for the then more secure Kassala-Knongo area (Malanje) which showed possibilities of open-cut mining (AED, 24.6.1983); still, by 1984 the Kassinga mines had not recovered from the RSA and (later) UNITA attacks (the latter to the railway) and the exports of iron ore were not significant during the period studied, although about USD 25-28 Mn were estimated to be invested in the rehabilitation of mines and 21-25 Mn in the railway (AED, 27.4.1984).

106. LGM, arts 5/1, 5/2 and 5/4, as revised by Law no 11/87.

107. LGM, art. 13, as revised by Law no 11/87: "Any foreign company or entity, with a certified probity and technical and financial capability, intending to exercise in the national territory activities of exploration, development and production of mineral resources, only may do so under a contract agreed to with the National Geology Institute or with state enterprises holding the corresponding mining rights"; previously the art. was: "only may do so in association with state enterprises holding the corresponding mining rights".
foreign firms and allowed any type of contractual relations.\textsuperscript{108} However, art. 15, while intending to permit the participation of Angolan firms below the previous ceiling of 51%, seemed to have in mind joint-ventures, PSAs and also concessions. Indeed, "participation" of the "Angolan party" (a PE or the Geology National Institute) meant, in the legal definition, "the financial participation in costs and benefits or just the participation in benefits (and) this differentiation will be a result of the concrete type of contract".\textsuperscript{109} Simultaneously, the law stated that "the activity of associates shall be led by a common organ". In joint-ventures the Angolan party had the right to participate in operations. An innovation of the 1987 legislation was the adoption of the oil regime on risk clauses related to costs of the exploration stage.\textsuperscript{110} LGM was repealed by Law no 1/92, which although resorting to a substantial amount of contractual regulation, nevertheless has a strong emphasis on the legal regulation of the most important aspects of mining activities.

\subsection{7.2.3. Fisheries}

In 1980 legislation reinforced the state "sovereign rights on the exploration, maintenance, management and disposal of biological water natural resources ... up to 200 nautical miles", forbade foreign vessels to fish there and perform connected actions.\textsuperscript{111} A regime of concessions for foreign vessels was established and the 1980 legislation allocated to the branch minister powers to regulate these activities. The decree provided for concessions under contracts and/or international agreements.\textsuperscript{112} Concessions were paid usually by a share of the catch. In 1986, the Ministry of Finance enacted regulations on the

\textsuperscript{108} LGM, art. 14, as revised by Law no 11/87: "1. Contractual forms may be, among others, joint-ventures or mere services contracts. 2. The mere services contracts will be authorized by the ministries of Planning, Finance and branch. 3. All the other contractual forms shall be approved by the CM."

\textsuperscript{109} LGM, art. 15/3, as revised by Law no 11/87.

\textsuperscript{110} LGM, arts 15/4, 16 and 17, as revised by Law no 11/87, respectively.

\textsuperscript{111} Dec. no 12-A/80, on the protection of fisheries, arts 1 and 2. In 1979 legislation on fisheries on the protection of species regulated by international boards was adopted (m.o. no 43/79, Fisheries).

\textsuperscript{112} Cit. dec., arts 5 and 5 1, respectively; the branch ministry powers included regulating "the conditions for the grant of licences", and the specifications for grants.
Forms of payment of concessions by foreign entities "given the diversity of accords and contracts ... to rationalize and unify ... payments". The new regulations established that foreign entities paid "fishing rights" in kind or money, according to percentages agreed to in contracts. PEs acted as trustees of the perceived income. The role of middlemen of PEs meant that the majority of payments were done in kind and traded by marketing PEs.

Dec. no 12-A/80 provisions were guaranteed by payment of fines and cancellation of licences of foreign entities breaking the law. The control of territorial waters by national authorities for the purposes of the fisheries legislation in a new country with so extended shores was difficult and there were complaints that foreign vessels did not respect regulations on the protection of natural resources. So, in 1989 foreign vessels were forbidden to fish within 12 nautical miles from the coast and the area up to 3 nautical miles was reserved to small boats. Concession contracts were also revised, followed by a change in the role of the sector PEs and, later, privatisation.

113. Exec. Dec. no 12 86 (Finance), preamble.

114. Cit. exec. dec., arts 2-4.

115. Besides fixing criteria for estimating prices (art. 4 a) and payments to the NB (art. 4 b), the 1986 regulation established terms and proceedings for deliveries of revenues to the budget (arts 4/c, 4/d and 5) and fines for delays on payments of fishing rights (art. 6); on fisheries, see also subsection 4.3.1.

116. Cit. dec., arts 8-12; fines are applied by the ports authority (art. 17) but in a further stage there is resort to the courts (arts 18-25).

117. Dec. no 12-A/80, art. 3; over fishing, even lawful, was such that if quotas to foreign fleets were not cut, Angola could become a fish importer in three years (AED, 14.1.1983, quoting Novembro); so, for example, in 1983 the Soviet-Angolan fisheries commission discussed the reduction of Soviet fishing quota (ibid.); the fisheries agreement with Spain also reduced this country's quota from 18,000 tons to 10,000 (AED, 11.1.1985).

118. Exec. Dec. no 42/89 (Fisheries), arts 1 and 2, which stated the intention to change fisheries legislation "aiming its nearing and adequacy to the universal principles of New Economic Order for fisheries" (preamble cit. exec. dec.).

119. In 1988 a commission to revise fisheries contracts was set up; later it was reorganised as the central commission for investment, coordinating provincial commissions, with the task to propose "the forms of association between the state and national and private firms, to identify potential partners and to select proposals, and to submit the proposals to the minister" (n.o. no 47/89, Fisheries, arts 1 and 3). Dec. no 58 89, allowed PEs to sell their damaged vessels to private firms, after authorization from the branch minister (art. 4). See section 8.1.
7.3. Regulations on foreign enterprise, contracting and information

As stated above, the contractual conditions after independence were not favourable to Angola. Nevertheless, foreign trade (imports) expanded mainly through the mediation of state bureaucracies, especially the Ministry of Foreign Trade. In natural resources, the oil sector went through a fast expansion, which motivated the inflow of a range of services companies working in the industry and sponsored by parent state and/or companies and by the NOC as well.

The relations of post-colonial PEs with foreign firms began under a relationship buyer/seller for direct purchase of inputs and recruitment of personnel, through eventual discrete transactions, except in mining, where the joint-venture form prevailed. The directives for the reconstruction of the existing industrial park and for, in general terms, the achievement of the 1973 levels of production, led to the reinforcement of the relations of the country with colonial suppliers of equipment.120 The latter, directly or through subsidiaries and/or sub-contractors, in many cases supplied technical assistance for production and acted as middlemen in the purchase of intermediates and spares. This factor conditioned the choice of contractual partners, which was also influenced by credit lines. In this framework the colonial partnerships were partially restored and the contractual conditions were also in many cases reproduced.121 Also, PEs entered into a permanent relationship with suppliers, conditioned by the shortages economy.

The directives of economic policy raised the problem of the skills of Angolan workers to substitute settlers. The policy choices operated against Angolan workers since

120 See, e.g., Bhagavan, 1980. Foreign firms seem have been confident in the outcomes of the process: "Angola cannot afford to lose West technology and management skills. They may try to isolate the US politically in the UN, a US banker said, "but they cannot afford to break economically" (AED, 11.9.1981).

121 For example, Portugal maintained its position as privileged seller: imports from Portugal were 50,420 in 1989 and 57,690 in 1990 (Mn escudos) and exports to Portugal were 8,131 in 1989 and 12,519 in 1990; Angola was in 1991 the most important buyer of Portugal in Africa (followed by Morocco and Cape Verde) and the 5th African supplier (preceded by Nigeria, Algeria, RSA and Egypt), (O Jornal, 7.6.1991).
the reproduction of the colonial economy did not call for the skills they had.\textsuperscript{122} So, in an earlier phase there were attempts of individual contracting of experts as employees of enterprises or public administration, without resorting to consultancy or recruitment firms and using a decentralised process. Still, the regulations on recruitment\textsuperscript{123} countered this tendency and soon PEs were resorting to the so-called technical assistance contracts (TACs) to face the barriers to the supply of inputs and the shortage of skilled personnel.

All kinds of services contracts expanded\textsuperscript{124} and became the formula for the implementation of new projects or the reconstruction of war destruction, far beyond the sale of equipment and materials, but still without engaging foreign firms in direct investment.\textsuperscript{125}

The progressive inflow of all kinds of foreign partners was reinforced by the aid schemes, which implied contracting firms of donor countries. This trend was visible from the 80s and multiplied foreign firms and regulations for different controls over them. Soon foreign firms had an established status, contrasting with their low profile in the 70s and appeared as competitors of PEs in some branches, for example construction. Many factors contributed to the privileged situation of foreign firms and they are referred to in this section.

\textsuperscript{122}And as for these skills, the expansion of metropolitan economic activities led to the devaluation of African skills and potential.

\textsuperscript{123}On recruitment of foreign personnel, see Chapter 4, Table 2; experts sent under cooperation agreements, in the early years mainly from socialist countries, were not subject to the recruitment legislation.

\textsuperscript{124}State bureaucracies, either having internalised propaganda on the low skills of Angolans, given plain bribery or interest in destroying the public sector, often worked against PEs in their competition with foreign firms and complaints in the press did not lead to significant changes; for example in construction Novembro denounced in 1983: "the delays in the introduction and/or dimension of TACs or in creation of mixed firms did not allow a fast response to the numerous demands, always urgent (?) at a time hard currency was easy to spend, originating the entry of various foreign firms ... capacities of national firms in construction were not increased in order to decrease, in the medium run, the presence of foreign firms ... a second mistake is to allow the continuous deterioration of working conditions of these PEs which, disposing of kwanzas (and not always) for everyday business, have no capacity - human, technical, material (since this also costs USD) - to compete with their foreign partners and are, notwithstanding all their efforts, banned from works they could build ... this incapacity to allocate resources to PEs in order to avoid the constant resort, and for the easiest construction works, to foreign firms, wastes foreign exchange where one could spend kwanzas and withdraws all the possibilities for experience to Angolans working in this field. Among various examples we have Geotecnica, whose brakes for its TAC degraded the PE, made it accumulate in portfolio non-performed works and prevented the PE to participate in works such as the reconstruction of Lomaum or the geotechnical studies for the improvement of the Cambambe dam, allocated exclusively to the Portuguese firm which should be the technical support (under TAC) of this PE. ... a third mistake appears, not to provide for priority allocation of our scarce resources to the construction PEs, so they may face contracts (and) instead we have to contrat foreign firms all the time, spending a much higher amount of foreign exchange. All this situation generates a vicious circle, always putting national constructors in complete disadvantage towards the foreign ones, and (also) damages our prestige, when even these works which may be made with a 100% national participation are allocated to foreign firms, as recently happened with works for the textiles factory in Malanje" ("Investing better", 68, Novembro, 1983, 66).

\textsuperscript{125}For example, turnkey contracts (e.g. the contract for the supply and install of a gas turbine power plant (AED, 6.12.1986), management contracts (e.g., the contract of General Tyre at Mabor, AED, 11.9.1981).
From independence state bureaucracies attempted to control international contracts, something which meant more acknowledgment of their existence and clauses than properly to control international contracting, a skill-intensive activity. From 1976 international contracts agreed by the government needed the ratification of the Ministry of Finance, which had a direct interest on the issue as supervisor of the foreign exchange plan. In 1980 the ministry reinforced its powers, getting the right "to participate in the works to prepare negotiations, and in the draft and/or revision of contracts" involving enterprises with special regimes. From the early 80s it co-operated in some cases to the Ministry of Planning in the analysis of some kinds of contracts and in the late 80s the powers of the latter constantly reinforced. Some branch ministers allocated to themselves the approval of international contracts, and the central bank had the control of international payments and hard currency licensing and thus no contract with payments in hard currency could be signed without its authorisation. From the 70s the Ministry of Foreign Trade enacted a set of regulations aiming to: i. compel foreign firms to provide information on their activities, ii. licence their activities, iii. decrease the costs of imports protecting the national insurance PE, and, iv. ban imports of some products to protect national producers.

126 M.o. no 11076 (Finance) and Doc. no 181B/80 (Organic Law of the Ministry of Finance), art. 49/1, on the powers of the Department for Enterprises with Special Regimes, a board making the financial control of: i. enterprises with special taxes regimes, ii. enterprises with participation of foreign capital, iii. mixed enterprises, and, iv. other enterprises allocated to their control; also, e.g.: Joint m.o. no 38 83 (Planning and Finance) stated that any contracts with foreign firms on "organisation, financial management, data processing and accounts of enterprises, after approval by the Ministry of Finance shall be sent to BNA for analysis of financial clauses" (art. 1); Exec. Dec. no 24 84 (Finance) established that "any contract or other instruments of similar legal nature including customs clauses granting any kind of duties privileges (beneficios pautais), especially the exemption or reduction of duties and other customs obligations, cannot be signed without previous written advice of the Ministry of Finance" (see note 43 for the preamble); also Chapter 4, Table 2.

127 See section 8.1., on reforms.

128 See subsection 4.2.2., as an example of powers of the branch minister.

129 See Chapter 4, Table 2; BNA also authorised the opening of agencies of foreign banks, which were banned to buy shares or any equity in national firms, to buy buildings, to participate in the purchase of shares and bonds of any enterprise (Exec.Dec. no 75/84, Finance, arts 1 and 2); foreign banks agencies were forbidden to perform any kind of banking operations or services reserved to national banks (see subsection 4.1.2., on the reserve).

130 Respectively, m.o. no 186/78 (Foreign Trade), on the control of agents and franchised of foreign firms; Exec.Dec. no 57/84 (Foreign Trade), on the licensing of agencies and franchised of foreign firms; m.o. no 172/79 (Foreign Trade), ordering imports to be made C&F and insurance to be held by ENSA (art. 1) and threatening that no operations licence was granted to CIF imports (art. 2); m.o. 8.3.1980 (Foreign Trade) providing that licensing of imports of pesticides and herbicides only was authorised when the applicant supplied evidence that national procurement was impossible, in order "to protect industries installed in the country whose production saves hard currency and employs national labour" (preamble cit. m.o.).
But it was in construction that most restrictive norms aiming at the protection of national firms were enacted, since there PEs were attempting to set up a national industry by associating with foreign partners. From 1982, when competition with Portuguese firms which settled in the country became sharp, regulations ordered private and foreign firms to provide information on their projects. Later, when state contracts, some of them financed by international funding, became more significant, regulations established the compulsory participation of national firms in tenders and their preferential rights in equal circumstances.

The purchase of technology and information

The impact of the costliness of information in the relative power balance in different social relations made possible its sale in packages (e.g., Helleiner and O'Brien, 1983: 7). This is a relevant aspect when we approach information as a commodity, allowing producers to extract a surplus from the possession of this product. And although legislation of many countries forbids tying different types of information in packages, in North-South relations often the behaviour of sellers is not under these constraints, due to lack of a legal framework which would appear as disincentive for foreign investors. Also, lack of knowledge in exchanged technologies, may allow opportunism (Williamson, 1981:

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131. In 1988 the construction market was, concerning foreign firms, highly concentrated, with only 6 firms operating: Portuguese Construções Técnicas (Interfima group), Soares da Costa and Teixeira Duarte, Italian Astaldi and UK Wade Adams (AED, 21.10.1988). Progressively Portuguese firms got the bulk of construction works (except for the Capanda project), where they made good profits, e.g., i. Construções Técnicas had in 1988 aggregate profits four times these of 1987 while "Angola is the African market with more guarantees" (Diário de Notícias, 3.4.1989), and ii. Soares da Costa in 1988 made about USD 54 Mn (8 bn escudos), a part in Angola, and later diversified activities there to fisheries and sales of cars and equipment, associated to Salvador Castano (Expresso, 11.3.1989 and 3.9.1988). The reconstruction business and EU funding made the prospects for constructors good in the 90s.

132. M.o. 6.1.1982 (Construction), on the compulsory delivery of plans of works and needs of inputs by foreign and private firms to the ministry.

133. Resol. 2/87 (CDS), art. 1, on the compulsory participation of national enterprises (PEs, mixed or private firms with "effective and actual headquarters in Angola", art. 2) in the tenders for allocation of government contracts: i. national firms could associate to foreign companies if they had no capacity for the works (art. 3); ii. associated foreign companies could not apply autonomously for tenders (art. 4) and, iii. there were preference rights in the allocation of contracts in the following order: 1. PEs, 2. mixed enterprises, 3. national private companies, 4. associations national/foreign companies (art. 5); the minister of State for the Productive Sphere could authorise exceptions (art. 6). It seems that the scheme was working: for example, Portuguese Soares da Costa associated in a joint-venture to a local firm had the lowest bid in a tender for an EDF supported project (USD 3.5 Mn) of reconstruction and improvements in Namibe (AED, 21.10.1988).

134. Information relates here not only to the "knowledge, techniques, symbols, models, in short forms of thought" (Ruffolo, 1979: 207). See section 4.3.
45-6 and 1983: 3, 9.) of suppliers to spread: for example, it is frequent to sell in the Third World as secret, and thus under contractual obligations of confidentiality and non-dissemination, information which is public in developed countries. The same happens, mutatis mutandis, with the problem of assessment of suitability of the information acquired. The difficulties of fixing a price for some kinds of information, and the oligopolist character of the related market, allow very costly purchase by users who are not familiar with the issues at stake. The market for information products is thus one highly imperfect, especially when we focus in international relations. The characteristics of the information market, or the idiosyncratic character information has for users from UDCs, calls for repeated transactions with the same supplier (MacKaay, 1982: 114 and Helleiner and O'Brien, 1982: 14-15), being thus a relevant strength pressing for economic integration of UDCs firms into information (mainly technology) producers (e.g., Williamson, 1983). That is, the shift from market regulation to TNC subordination and from supervision by the national state to supervision by the TNC hierarchy and/or other organisations supplying information. The Angolan developments confirm the points made above.135

There was no formal protection of industrial property since the colonial Code on Industrial Property was considered repealed under art. 85 of CL.136 In the mid-80s there were discussions on whether or not the code was in force: a part of the state bureaucracies argued it was. The problem was raised by foreign partners who were trying to get royalties on the use of (colonial) marks by PEs (nationalised industries) from

135. On imbalance in contractual relations see, e.g., Williamson, 1975 (general background of the impact of uncertainty, bounded rationality, small numbers and opportunism in contractual relations), Mackaay, 1982 (sales contracts and consumer protection), Daintith, 1986 (assessment of long-term contracting in mining), Ghai and Choong, 1988 (management contracts), and Helleiner and O'Brien, 1983 (international contracting between poor and rich countries).

136. CIP, Dec. no 30,697 (1959); CIP protected patents, (arts. 4-36), utility models and industrial designs (arts 37-73), registered trade marks (arts 74-126), awards (arts 127-140), names and labels (arts 141-164) and indication (certificate) of origin (165-171); a set of norms guaranteed rights on industrial property qualifying as unfair competition the unlawful use of industrial property, also including confidential information (arts 211-229). On CL, art. 85, see section 3.1.
independence, in a situation in which the mark was almost irrelevant. Some foreign firms put as a condition for further contracting (including of technology) the prior payment of royalties and in some cases they were paid. In general terms foreign partners, suppliers of (usually obsolete) technology the country almost does not produce, ensured their other rights to industrial property through contracts for licences of know-how on which they treated as secret information which was patented abroad or was in the public domain. TACs acted as the general legal institution within which the (some false) know-how contracts were concluded:

"the absence of regulation and the confusion between technical assistance and know-how either in the concepts, or in the forms of contracting and performance by the parties, caused an uncontrolled increase in this type of contracts which, by the easiness of their approval, became a source of easy and without risk incomes for foreign enterprises, distorting the very indirect transfer of technology among enterprises, damaging the country not only on high costs but also on scarce results obtained."

TACs also interested PEs to face the hazards of administrative planning and uncertainty on supply of essential inputs and in many cases they appear as forced substitution. TACs aim at the supply of public information and training of personnel. But in the Angolan context they had new functions. Firstly, TACs were often paid in a lump sum, which made it possible, for firms with financial capacity and/or good management of the contract, to import of all kinds of 'simple' inputs for the 'assisted' PE, without resort to the imports authorities or to face situations where imports were denied. In many cases the

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137. The problem was discussed at an Enlarged Consultation Council of the Ministry of Industry in 1985; as the nationalised industries had no foreign currency to pay royalties if they had been aware of their supposed obligations they would have changed the mark to a new (and national) one. The information value of marks, and the related construction of ownership rights and exchange legal framework may be meaningless in countries such as Angola, where the scarcity of goods is such that consumers will buy any product for sale, whatever its mark; also, consumers in regions of the country not reached by international advertising (the majority) ignore the very existence of foreign marks, by which eventually local producers will be paying royalties: buying Dior or buying no brand means the same in information terms; the tying of licences for know-how to licences for marks, quite spread in the country's international contracts, is thus a way of extorting a rent from the local producer, resulting from the imbalances of bargaining power (including those arising from unavailability of adequate information on the problem).

138. For example, the preamble of Dec. no 4/87 expressly stated that the country has been contracting "patents, marks and know-how".

139. And though subject to obligations of confidentiality and non-dissemination.

140. Preamble Dec. no 4/87, "Regulations on the Contracting of Foreign Technical Assistance" (RCFTA); RCFTA followed the Brazilian law on technology, except on allocations for the control powers.
entering into a TAC meant access to food supplied by the foreign partner, at least for senior management of the contractor.141 Secondly, TACs had a duration of usually two years, renewable, which was more secure than the annual bargaining of planned inputs and as indeed they related to packages of supplies, they saved the costs of negotiation of imported isolated items through, say, the licensing of operations schemes in foreign trade and foreign exchange. Lastly, TACs were legitimate, given the dominant perceptions of Angolans as 'unskilled' or at least incompetent.142 Also, until 1987, TACs (as such) were deregulated given the lack of interest of functionalist boards in the problems of technology.143

As TACs spread, in 1987 the government regulated their contracting, while differentiating them from know-how contracts.144 The Regulations provided for compulsory clauses in TACs,145 forbidden clauses and ruled also the content of some clauses.146 The regulations also forbade the automatic prorogation of contracts. National PEs and mixed enterprises could not contract technical assistance with their foreign partners in the joint-ventures and mixed enterprises created under the LFI/79.147 The branch minister, BNA and the ministers of Planning and Finance had powers to decide on

141. For example, foreign firms set up special food supply for the senior management of related PEs and mixed firms, and even devices such a video club.

142. See, e.g., section 8.1., on the absence of an 'Angolan entrepreneurial class' as contrasted with the problems of managers referred to at Chapter 4, espec. at section 4.3.

143. However, the first norm on TACs was enacted in 1979; Exec. Dec. no 1/79 (Industry) compelled 'recurrant' technical assistance and other services contracts to include "the training and professional improvement of Angolan workers by the foreign partner".

144. Defined as contracts "whose subject-matter is always non-patented and secret and unavailable in the open market knowledge" (cit. preamble); foreign TACs were defined as "contracts having as subject-matter the acquisition to non-resident entities of specialised technical services, necessary to maintain, improve or increase the capacity of production, either of goods or services, and to increase the level of professional training of workers." (RCFTA, art. /1).

145. RCFTA, art. 7; e.g.: i. "detailed definition of the object of the contract" (art. 7/1/b), ii. specification of expected results and the guarantee that the form of delivery and the content of services will be sufficient to obtain the predicted results" (art. 7/1/c), and, iii. "obligation of the contractor to supply all the necessary information and technical documents which it will use in the services" (art. 7/1/b).

146. RCFTA, art. 9; it was forbidden, e.g.: i. restrictions to the free use, by the national partner, of technical information (art. 9/d), ii. payments "characteristic of other types of contracts, for example royalties" (art. 9/e), iii. clauses reflecting an imbalance between the reciprocal deliveries of the parties (art. 9/c), iv. non determined, aleatory or composite prices (art. 9/b). On the other hand, some clauses should have a given structure and content, for example, the price as a lump sum (art. 10/1) divided into components as : i. price of foreign labour (art. 10 2/a), and, ii. costs and profit of supplier (art. 10/2/b).

147. RCFTA. arts 12 and 4/2, respectively; on LFI/79, see section 7.1.
the contracting of TACs, after international tenders.\textsuperscript{148} Contracts breaking the regulations were null and void and the "heads of national entities who conclude or authorize technical assistance contracts against these norms" had criminal and civil liability.\textsuperscript{149}

The 1987 regulations also established that TACs in force at the time should be revised. Special committees headed by representatives of the MPLA, were set up in 1988 to renegotiate TACs in construction, industry, energy and oil, agriculture, transport and communications and fisheries.\textsuperscript{150} The new regulations established that TACs would be transformed into: i. direct foreign investment, ii. services contracts, and iii. new TACs. The commissions also had directives to try to ensure the strict implementation of RCFTA, redesign the object of contracts avoiding clauses of non specified subject-matter, end the practice of introducing addenda to contracts and reduce the price of contracts.\textsuperscript{151}

The use of TACs to respond to the needs of inputs of PEs illustrate the point that information asymmetries, whatever their degree and including those related to the working of the very economic system, and the costliness of information allows its sale, by producers, in packages. Moreover, the characteristics of the information market, and/or the idiosyncratic character information has for users from UDCs, calls for repeated transactions with the same supplier, being thus a relevant strength pressing for integration of UDCs firms into information (mainly technology) producers, which in Angola later

\textsuperscript{148} RCFTA, arts 16/2, 16/3 and 16/4, 20, and 21; the national enterprise (buyer) and the branch ministry supervised the performance of contracts (art. 24). RCFTA provided for international tenders when the value of contracts was over USD 100,000 (kz 3 Mn) with at least 3 competitors for contracts above USD 300,000 (kz 9 Mn), respectively; gave powers to branch ministers to authorize contracting below USD 33,000 (kz 1 Mn), but on the limit of the plan allocations of the sector in the concerned year (art 3).

\textsuperscript{149} RCFTA, arts 25 and 26.

\textsuperscript{150} Cfr. reg., art. 27; Dec. no 18/88, "Directives for the Renegotiation of TACs"; the decree provides an image of the roles allocated to ministries: i. the branch supplied information on the values involved in projects to which the contracts referred to and on the degree of implementation (art. 4/1/b), ii. the Ministry of Finance and BNA supplied data on payments in national currency to foreign partners (art. 4/1/c), iii. ML supplied information on the number of workers, and their wages and salaries, covered by TACs (art. 4/1/d), and iv. Ministry of Planning made the "critical qualitative and quantitative analysis of each contract" (art. 4/1/a); also, to the information thus supplied should be added "all the subjective information (news, opinions, etc.) about each of the contracts which is possible to obtain" (art. 5); after this step the commissions drafted proposals to the ministers of Planning, Finance and branch (art. 6) and after the approval of proposals entered into negotiations with foreign partners (art. 7).

\textsuperscript{151} Cfr. dec., arts 10:1 and 9, respectively.
ational relations

appeared as candidates to the purchase of privatised PEs. This means the shift from market regulation to subordination to information sellers and from supervision by the national state to supervision by the TNC hierarchy.\(^{152}\)

As the years passed, a new form of intervention of foreign firm developed: their participation in the decision-making process through consultancy contracts for the definition of economic policy measures and appraisal of projects. Although in some branches PEs for the production of information had been created,\(^{153}\) their shortages of inputs and personnel made it impossible towards counter the trend to the establishment of foreign firms as the main sellers of information,\(^{154}\) a situation which was combined with the reinforced devaluation of the knowledge of Angolans and the constraints to the production of knowledge. Under the feasibility studies and the appraisal of projects, foreign firms establish the direction of acquisitions, the type of technology and equipment to be used, and the potential suppliers, the sources of funding and contract conditions. Very little was left to national firm or authorities, meaning additional losses of decision-making power as integration in the world economy became more intensive.\(^{155}\)

The role played by foreign firms, especially from the moment the main funding for projects came from international institutions and the EU, should not be neglected. Indeed, since in tenders, for example, proposals are often assessed by foreign consultancy firms,\(^{156}\)

\(^{152}\) On the progressive integration of Angolan firms on TNCs through permanent contracting, Coelho, 1984.

\(^{153}\) For example, GEPPI in industry (a PE for studies and engineering) or LEA in construction (a public board for engineering).

\(^{154}\) For example, UK Dar al-Handash, was contracted in the late 80s by UNDP to produce a study on a rehabilitation programme for the provinces of Huila, Namibe and Cunene (USD 450,000-500,000 projects) and also to recruit Angolan personnel for a regional planning unit; the consultancy argued for the restructuring of the agricultural pricing structure and development of social infrastructure, including health and education facilities (AED, 26.7.1986); the same firm made in 1982 the feasibility study for the expansion of Cimangola (AED 7.6.1986); left foreign partners tried to counter the marginalisation of Angolan firms from this business; for example, Energoinvest and Gosa (from Yugoslavia) were in 1988 studying the possibilities of carrying out civil engineering and plant construction studies and projects associated to local partners (AED, 29.7.1988).

\(^{155}\) In some cases the resort to foreign firms in this areas also appeared as an expensive (in hard currency) form of arbitration of conflict (among state bureaucracies and between them and PEs); while the 80s saw the shifting of decision-making powers on the economy to higher levels of the system to, among other reasons, solve conflict between state bureaucracies, the contracting of foreign firms, for example to recruit personnel (see note 177) also appeared as a mean to solve conflicts on, say, the 'kin/clients' issue.

\(^{156}\) Funding of projects under the Lomé Convention was mainly assessed by EU consultancy firms which established costs, beneficiaries, requirements for tenders, while some were involved in direct technical assistance to government programmes, e.g., Italian firms Bichara and Consulint, Portuguese IPE, UK ORT, Belgian Haecon, French Sogreah (for EDF funded projects), German Africa Asian and
by a coincidence related projects were allocated to foreign firms, in a process where Angolan firms appear as marginal since for Western firms they are not capable of competing in 'international' projects. The 'reconstruction' business, worth about USD 2 bn in 1991,157 led to a harsh competition between foreign firms, which had, as private traders, to establish links with state bureaucracies to be able to participate in projects.158

7.4. Conclusion

When we approach this period through the angle of rupture and continuity, we may conclude that the main interest of foreign investors remained, as in the past, in mining, where there was significant direct investment. In other areas, exploitation centred essentially in trade, which was diversified and included an expanding range of services.

As the country's indebtedness called for its restructuring, the role allocated to Portugal within EU led to demands of a different role of former colonial firms, which during this period had been essentially involved in trade exploitation. Reinforced

Portuguese Profabril (for assistance to government, four contracts USD 4.7 Mn, two awarded), (AED, 23.9.1988); in some cases, aid was linked to "political, legal and technical situations (related to the Benguela railway) to be clarified" (on EEC funding of the SADCC programme for the Lobito corridor, ibid.); see also section 8.1., on tenders for privatization; the choices made by consultancy firms are not exempt of suspicions of EEC firms themselves; for example, under EDF funding, the reconstruction project for the hospital Américo Bovida in Luanda was allocated to a Belgian firm, M. Delens, which, according to AED, was the 4th lowest bidder (USD 16.3 Mn) while an Italian firm (Rizzetti) had a bid of USD 15.0 M and "it is not clear why the Belgian offer was accepted" (AED, 19.6.1989); in this case, Portuguese sources argued that their construction firms were discriminated against by EU (since 2 were disqualified although with top places in the tenders with prices lower than the Belgian firm) and that the decisions on the project were the result of activities of the Italian lobby in Luanda, since the Belgian firm was expected to sub-contract Italian Astaldi; the EU argued that that Portuguese firms got about 38% of total EU aid projects in Angola and that it was a more balanced presence of EEC firms of other nationalities in tenders (O Jornal, 23.3.1989 and 31.3.1989).

157. Dos Santos (quoted in Público, 1.6.1991); a bad example of the 'reconstruction business' is the case of recovery of the Hotel Presidente in Luanda (later under a management contract by Meridien); the ministry of Internal Trade contracted a Brazilian firm, Sisal, to restore the hotel; the price paid was USD 20 Mn and competitors (Portuguese sources) argued later that this price was "the amount needed to build a new hotel of the same standard" and as such the price of the contract was denounced by the PR and the party (53, 6, Novembro, 1982, 6-7).

158. According to foreign sources to perform economic activities in Angola, investors and sellers need to have "the right contact" in the public administration (Público, 4.2.1991); the "right contact" is established in many different ways, for example: from gifts and parties to access to foreign enterprise food and hi-fi shops, paid holidays abroad for top officials or their families, access to scholarships for graduate studies of top officials and graduate studies of their relatives, 'pocket money' for business missions abroad, including the payment of expenditure such as call girls and boys, and, lastly, employment, for top officials or their relatives, at the foreign partner subsidiary or even abroad (a technique also used by WB). From my experience I noticed that firms which do not involve themselves in these kind of activities had little possibilities of getting a project approved, whatever the conditions and costs and even the opinions of members of government on the issue, unlawful "right contact" is established through the payment of commissions to civil servants who get the allocation of a government contract to a given firm or who supply information allowing a given firm to be successful in tenders or simple competition; it is from former "right contacts" in the public administration that some foreign firms got access to privatization of EEs. The "right contact" strategies also extend to prospective rulers; for example, a Portuguese health firm (Clipovoa) which entered into an agreement with UNITA to practice lower prices for the members of that party, was in the late 80s negotiating health contracts (studies, construction and management of hospitals) with ex-Portuguese colonies (Espresso, 26.1.1991).
national relations

integration of the country in the world economy, implemented through capital penetration and 'recovery' by former metropolitan capital was the outcome.\textsuperscript{159}

International economic relations per se contributed to the failure of the central command economy because, firstly, the state was not capable of achieving an effective control of the country's resources due to the country's underdevelopment. Secondly, attempts to change the patterns of these relations, through economic policy and related legislation, were usually only partially implemented. Lastly, the sets of contracts entered into by Angolan firms in international relations led to a progressive fragmentation of the state property rights, on which lay the foundations of the central command economy, since part of decision-making powers arising from property rights were in fact transferred to foreign partners under different forms of contracting.

\textsuperscript{159} 'Capital recovery' is evident in the return of abandoned firms to previous owners (see section 8.1).
PART III

EPILOGUE

It is necessary to make a second revolution.

Agostinho Neto, 1979

This is the time to abandon silence, fear, shyness and have courage to face the great battles which are forthcoming.

Rui Ramos, 1990
CHAPTER 8

THE REFORMS

The socialist project was replaced with economic and political reforms. From 1985, economic reforms were adopted and their goals changed substantially up to the 90s. Political reforms were partially induced from abroad, especially by the peace negotiations initiated in the beginning of the 1990 and the linkage of peace to extensive political reforms. The economic crisis, the centralization of decision-making reached by the end of the 80s, growing discontent and the consequent loss of the social base and legitimacy of MPLA, created the conditions for change.

8.1. The economic reform

Deteriorating war conditions, increase in debt, starvation and generalised shortages, protest from managers and the struggle of the informal economy against the exercise of economic power by in some cases distant state bureaucracies, undermined the legitimacy of those claiming the socialist option while making evident the failure of attempted strategies of development.

The awareness of many non-orthodox socialists of the need to change the overall framework for the organisation of the economy and restructure the public sector, was countered by agrarians and orthodox socialists occupying posts mainly in functionalist organs and party structures. This conflict, which was apparently situated at the economic level and concerned essentially state and party bureaucracies, coincided with the emergence of two other different forces: the reformist take-over of top level decision-making, and the entry of PRA to the IMF/WB network.¹

¹ Resol. no 20 89 (PC), ratified adhesion to IMF, WB, IDA, IFC (International Financial Corporation) and MIGA (Multilateral Investment Guarantee Agreement); Resol. no 2/87 (PC), ratified adhesion to Lome III.
Reforms

8.1.1. The 1985 economic reform

The economic reform was formally approved by MPLA in the 1985 Congress but in fact the first steps had begun in 1982, as a result of the worsening of the economy in that year due to the South African invasion and the fall in the prices of oil. It began with the 'plan of emergency' where for the first time it was openly declared that the state should concentrate in key areas of the economy and should resort to private enterprise in the other areas (Mário Nelson, 1991: 45). It was a response to the failures of the central command economy and aimed its restructuring "to liberate the productive forces" constrained by the statist system implemented in the 70-80s. Maintaining socialist goals, the reform intended essentially the restructuring of the mode of organisation of the system and not a change in the foundations of the system.

Indeed the main goals of the reform were to: i. improve the working of mercantile-monetary relations as a regulator of the economy (and a source of information), which meant, as referred to above, the progressive integration of the informal economy, ii. move from super-soft budget constraints to soft-constraints, while reducing state deficits and the printing of money, iii. enable the state to get rid of undertakings with low degree of socialisation by transferring them to other economic agents, including associations, co-operatives and 'collectives of workers', iv. respond to demands of PEs for changes of their relationship with the state, that is, satisfy claims for increased autonomy, v. decentralise and debureaucratise decision-making in the planning system, including by the adoption of pluriannual plans, the coordination of the different plans (National Plan, Budget, Foreign Exchange Plan, etc.) and changes in the role of functional and branch ministries.

2 The economic reform was called SEF (financial cleansing) and was approved by Resol. on the Economic and Social Development of PRA on the Period 1986-1990, MPLA II Congress, December 1985.
3 As one of its ideologists put it.
4 On the goals of the reform in the period 1986-90, see, e.g., PR to the SEF Seminar, August 1987, on the Resol. of the 2nd Congress. See Chapter 4.
Reforms

Soon, the economic reform appeared as a new magic formula with which to substitute 'scientific socialism' and like the latter was appropriated for alternative use by competing political groups representing conflicting interests, including those of capital generated in the informal economy as well as foreign interests.

As the reform began to be implemented only three years after its adoption, its outcomes were affected by the world restructuring under the rule of financial institutions. There is little information on the linkage between concrete economic policy measures and the intervention of IMF/WB since the government, ironically, decided to assume as its the most unpopular measures and thus the classic IMF package appeared as achievements of the economic reform. According to available information, by 1990 the package included: i. the restructuring of the state-controlled banking sector "with a view to privatisation", ii. the devaluation of national currency, to the level of black market rates, iii. restrictions on public expenditure with, for example, the dismissal of about one quarter of waged/salaried labour, iv. liberalisation of prices for many farming commodities, v. 400% increases in state supplied fuels, housing rents and electricity in the first stage of the adjustment, and vi. privatisation of small businesses.

In exchange for the implementation of this 'reform', PRA got: i. international expertise for the draft of economic policy, and, ii. its debt of about USD 6 bn, mainly to Western creditors, reschedulled by the Paris Club, which gave PRA a six-year reprieve on repayments. IMF membership gave PRA a share quota in the Fund of USD 180 Mn, as a base for future borrowing. However, this 'unequal exchange' between the country's strategies of development, whatever they would be, and IMF financial support did not mean substantial funding, as IMF funding only met a small proportion of balance of payments needs.

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5. For example, comments on the new statute of the public manager (JA, 25.1.1989).

6. South. June 1990, 83. The increase on prices was a proposal of UN agencies (ibid.). See subsection 8.1.6.

7. IMF, WB and UNDP experts were involved in the studies of the restructuring (South, ibid.). See section 7.3. (role of consultancies).

Reforms

The trends of the reforms from the 90s express the alliance of reformists with international bureaucracies, grounded in identity of approaches to economic strategies, and related policy measures, as well as their identification as members of bureaucratic organisations. Nevertheless, the economic reform had different goals and did not emerge from pressure, or know-how, of international institutions. It was initiated by functionalist organs from the early 80s in an environment of conflict. International powers became more and more demanding as the economic crisis worsened and the negotiations for the peace settlements advanced. In 1991, the formal framework of the economic reform apparently did not mean a change in the form of the system but a change in the system itself.

8.1.2. Privatisations, entrepreneurs & the consolidation of national capital

Notwithstanding the socialist option and nationalisations, private enterprise survived. Indeed, CL art. 10 guaranteed the freedom of private property and economic initiative, approached from the stand-point of the economic function of means of production. Legislation developing the constitutional norm provided for different regimes of private owners according to branches and to the association, or otherwise, to PEs. It is not by chance that the tougher regime for private firms appeared in trade. Indeed, this was one of the areas where competition between settlers and Angolans lasted for centuries, with the progressive marginalisation of African traders from the market. It was also in trade that the public sector was defeated by Angolans as private undertakings achieved the control of the market for consumer goods. The picture in, say, natural resources was different: the attempts of the state to control the activity were undermined by the possession of technical knowledge and information on the working of the world markets, as well as dominant positions in these markets, by necessary foreign partners with whom Angolan entrepreneurs could not compete.¹⁰

⁹. See subsection 3.1.4. and Coelho, 1985: 12.
¹⁰. See sections 1.1., 5.2. and 7.2.
Reforms

A. The private sector and the legal framework for privatisation

Economic legislation of the late 70s imposed a set of restrictions on the powers of private owners: i. the restrictions on private ownership centred on the state reserved ownership and/or activity, ii. the nationalisation and intervention in management regimes, iii. the eventual integration of private firms in planning, iv. workers control in private and mixed firms established by GLL, and, v. the application of the common regimes of licensing, credit, prices and payments through the banks.\textsuperscript{11}

The norms providing for absolute or control reserved areas essentially targeted foreign firms. At the time the reserved areas legislation was enacted, Angolans were not in a position, given the characteristics of Portuguese colonialism, to own firms, except for small-sized undertakings in farming, ranching, trade and, quite rarely, in the manufacturing industry and services. Nevertheless, Angolans, whose expectations for independence meant getting rid of competing and expropriating settlers, as the occupation of abandoned assets in trade and farming demonstrates, aspired to private entrepreneurship. Other aspirants to private ownership, of the entrepreneurial type, were the 'old Creole' families ruined by colonialism.\textsuperscript{12} However, surrounded by left-wingers in the 70s and later by the strata which appropriated the post-colonial state, Angolan private entrepreneurs were restricted to a grey zone between the state sector and the foreign enclave. During the 70s and 80s, working essentially in the informal economy, these entrepreneurs, especially the middlemen who got the bulk of profits, were capable of achieving a reasonable accumulation, facilitated by the 'compulsory savings' caused by shortages which prevented them of engaging in luxury consumption. After establishing links with the state/party bureaucracies and, in some cases, with foreign firms, and creating networks of smuggled goods, such as the Kinshasa/Brussels network (Birmingham, 1988: 5-6), entrepreneurs channelled

\textsuperscript{11} See Chapters 4 and 7 and section 3.4.4. For the scarce data on private enterprise, see subsection 2.2.2. and 8.1.2.; also Bhagavan, 1980; in 1985 the private sector counted for 29% of gross value of output and mixed firms 15% (Hodges, 1987: 33).

\textsuperscript{12} See sections 2.3. and 5.2.
Reforms
demands through the kin/tribe mechanisms to the party and the state.\textsuperscript{13} The reflection of the informal economy at the political level (informal as well) was thus one of the factors which led to a new approach to the role of private firms. Furthermore, IMF and other international institutions pressure for privatisation, and the linkage of aid to the promotion of small businesses, reinforced the demands of private actors.

The Law on Economic Activities (LEA) responded to demands in three main directions: i. transfer of PEs under the 'redimensioning' scheme, ii. repeal of reserved areas, and, iii. a clear definition of guarantees for all types of economic agents.\textsuperscript{14}

The most significant changes in reserved areas are in natural resources and banking. Education, health care, culture and art, sanitation and drainage, social welfare and sports were considered "activities connected to the public administration" and not covered by LEA.\textsuperscript{15} State reserved areas of activity included central banking, the military industry, distribution of water and electricity for "public consumption", basic drainage, media, telecommunications and post-office, some kinds of transports, and ports and airports. They almost coincided with activities banned to foreign investors, with no significant differences of status between them and domestic private actors.\textsuperscript{16}

In natural resources there was an important change, since any economic agent got access to them through concessions and other regimes not implying the formal transfer of ownership.\textsuperscript{17} Another significant difference in the reserved areas regime is that while under previous legislation

\textsuperscript{13} See sections 3.5. and 8.2.

\textsuperscript{14} Law no 10/88, here referred to as LEA; for the purposes of the law enterprises are PEs and mixed firms, co-operatives, private firms ruled by the Commercial Code (partnerships and companies, LEA, arts 4/1 and 4/2), 'family undertakings' (arts 4/1 and 9) and self-employed citizens (arts 4/1 and 10).

\textsuperscript{15} LEA art. 1/3; however, this does not mean that these activities are reserved to the state and from 1991 private education coexisted with the public one (see section 5.4.).

\textsuperscript{16} LEA, arts 17 1 and Law no 13/88, art. 4; the basic differences refer to education and health, banned to foreign investors. See subsection 8.1.3.

\textsuperscript{17} LEA, art. 18. Although the 1978 oil law was in force up to the end of 1993, on mining Law no 1/92, waived all the barriers, except the concessions regime, to access to mineral resources and does no make a distinction between domestic and foreign investors; but the ownership of the minerals remains vested in the state until they are extracted.
Reforms

they had to be waived by formal law, LEA allocated the CM powers to waive reserved areas either related to "public administration connected activities" or to strictly economic activities, except for the military industry and the central bank functions.\(^{18}\)

In 1988 economic agents attained a standard of rights higher than individual citizens, and this ultimately reflected an underlying philosophy of 'corporatism' and their higher bargaining power as contrasted with non-associated individuals. These rights were formulated as general incentives to performance and compliance to law while regulations up to 1990 only provided for other incentives for buyers or franchisees of privatised undertakings, concessionaires of land and foreign investors. LEA also provided for duties of economic agents, especially to submit to the licensing legislation.\(^{19}\)

LEA institutionalised privatisation under the broad formula of 'redimensioning'.\(^{20}\) The shortage of managerial skills, often stated without taking into account the problems the managers of PEs had to face, worked as a rationale for the policies later implemented. It is not by chance that 'redimensioning' appears in LEA in the section on private enterprise: in fact redimensioning appears more as the sale of PEs to private, national and foreign, enterprises, and in some cases as their transfer with no payment, than their restructuring according to the different possibilities opened by the 1989 legislation.

The 'redimensioning of the state entrepreneurial sector" covered all PEs, state shareholdings in mixed firms and companies subject to state intervention.\(^{21}\) Concerning PEs,

\(^{18}\) Art. 16 for activities referred to at art. 1/3, and 17/2 for the reserves under art. 17/1.

\(^{19}\) LEA, arts 2, 12, 13, 15 (on the "right of free association"), 3 and 19, respectively.

\(^{20}\) Preamble Dec. no 32/89; redimensioning is: i. "the process of achieving the adequacy of the state entrepreneur sector to the strategic goals of development and its effective capacity of management" (art. 1/a), ii. "the reorganisation of PEs to guarantee their efficiency and profitability" (art. 1/b), iii. "measures aiming to guarantee the use of all productive capacities within the policy of alliances, in order to improve the living standards of the population" (art. 1/c), iv. the solution of situations of state intervention under Dec. no 128/75 (art. 1/d). Also, LEA, art. 23/1, in the section on private enterprise.

\(^{21}\) Cit. dec., art. 3; including PEs which, dealing with international relations, had internally adopted the form of companies (totally-owned by the state), in a rebellion against the restrictive framework of LPE/77 (see section 4.2. and subsection 8.1.4.), on intervened companies, see section 4.1. and on mixed firms, e.g., Chapter 7.
Reforms
decision-makers\textsuperscript{22} had powers either to maintain the PE in the public sector or to opt for the following alternatives: i. restructuring according to LPE/88,\textsuperscript{23} transformation into a totally owned state company, ruled thus by company law, or mergers and/or divisions into PEs, ii. concession of exploitation, under lease or not, to "national or foreign, mixed, co-operative, associated or private entities",\textsuperscript{24} iii. extinction and liquidation and total or partial sale of PEs assets to national or foreign entities, and/or, iv. dissolution and liquidation of the PE and total or partial incorporation of its assets as capital in one or more new enterprises where national private or foreign capital participated.\textsuperscript{25} Decision-makers could maintain, increase, reduce or sell financial participations of the state or PEs in mixed firms.\textsuperscript{26} Companies under state intervention would be nationalised, declared bankrupt or delivered back to former owners, and in the latter case the state would cover all or part of their debts "to ensure its economic-financial feasibility".\textsuperscript{27}

Further regulations established that some small-sized PEs should be immediately privatised.\textsuperscript{28} Collective forms such as co-operatives and associations had preferential rights in acquisition.\textsuperscript{29} The state paid the debts of privatised firms, while the decree provided for incentives to buyers such as credit facilities, tax and custom duties exemptions, guarantees of state 'non-intervention' in their activities, and "fair treatment of their legitimate interests".\textsuperscript{30} The decree also

\textsuperscript{22} i. The CM or the organ to which it delegates powers, for stricto sensu PEs (cit. dec., art. 13/1/a); ii. the ministries of Justice, Finance and branch for state financial participations in mixed firms (ibid., art. 13/1/b), and, iii. the provincial commissioners for small undertakings (ibid., art. 13/1/c); GARE (see subsection 8.1.5.) intervened in the decision-making process giving advice (ibid., art. 13/2); from decisions related to redimensioning there was a right to appeal to the CM (cit.dec., art. 15/1).

\textsuperscript{23} Dec. no 32 89., art. 5/a; Law no 11/88, here referred to as LPE/88, ruled the new regime of PEs (see section 8.1.4).

\textsuperscript{24} Cit.dec., arts 5/b, art. 5/d and 5/b, respectively. Lease is approached as a rent contract with reserve of purchase.

\textsuperscript{25} Cit.dec., arts 5/e and 5/f, respectively.

\textsuperscript{26} Cit.dec., art. 6; on financial participations, see, e.g., subsection 7.1.

\textsuperscript{27} Cit.dec., arts 7/1 and 7/2.

\textsuperscript{28} Cit.dec., art. 16 and Dec. no 34/89, arts 1 and 2 (on the privatisation of small-sized PEs).

\textsuperscript{29} Dec. no 34/89, art. 4/2.

\textsuperscript{30} Cit.dec., arts 2 2, 13, 14/b and 14/a, respectively.
Reforms
regulated proceedings: tenders, analysis of proposals by a joint commission of the branch and Finance provincial boards and decision by the provincial commissioner. 31

B. Implementation of privatisation

There is only sparse information, and a very short period of time, to assess the privatisation process in Angola. From 1990 the patterns of privatisation changed far beyond the original goals of redimensioning. Former intentions to transfer PEs to collective forms did not seem make the agenda. Indeed, the process started with the satisfaction of demands of national capital: land and trade. By the end of 1988 the economic reform Secretariat was producing documents on new legislation for land ownership and "principles by which the unwieldy state sector is to be dismantled". 32 Also, there were decisions on the privatisation of all retail trade in Luanda and all but one wholesale PEs. 33 The measures aimed at cutting theft on state trade "which accounts for the loss of 40% of all imported goods", 34 figures showing the corruption of the state trade apparatuses and the links, or better the roots, of the informal economy.

The legislation on privatisation emphasizes that applicants should have the "necessary economic, financial and technical capacity". 35 However, as apparently no credit facilities are available to 'economically weak' groups, such as collectives of workers and emergent co-operatives, the entities with 'financial capacity' were PEs, foreign enterprises and the traders of the informal economy or individuals with links to the financial institutions and related access to credit. Also, the state did not prioritize the transfer of these undertakings to their own workers, to

31. Cit. dec., arts 7, 8 and 9.
32. AED, 16.9.1988. See subsection 6.1.2. (land ownership) and subsection 8.2.2. (NCL norm on land). Still, apart from the norms of the 1992 CL on land, no law was published until the end of 1993.
33. State retail shops should be transferred to: i. public entities or enterprises; ii. co-operatives, and iii. private individuals or firms, whether national or foreign (Exec. Dec. no 24/89, Internal Trade, 'Regulations on the Transfer of State Commercial Establishments to Other Economic Agents', art. 6/1. Nationals had preference rights (cit. exec. dec., art. 6/2), after open or restricted tenders but "those ... who intend to acquire the property or lease of the commercial undertakings ... shall demonstrate the necessary economic, financial and technical capacity to the fulfilment of the obligations they will assume." (cit. exec. dec., arts 8 and 9). See also subsection 6.1.2., on the preference rights of co-operatives.
34. Minister for Internal Trade (AED, 16.9.1988); see also sections 5.2. and 5.3.
35. See note 33. Also, art. 5/3 of Law no 1/92, which established the requirement that prospective concessionaires of mineral resources should have "financial and technical capacity".
Reforms

marketing, consumers and producers co-operatives, associations of workers or peasants or even villages or neighbourhoods. As the process of statisation of trade networks, and the undermining of the importance of the consumer co-operatives, led to strong connections between the trade bureaucracies and the private sector, including traders of the 'parallel market', both groups were ready to associate, becoming partners in entrepreneurial ventures. Further legislation established strict regulation of tenders.

Conflict on privatisation as reflected in the official journal shows the tip of the iceberg: in 1989, the Ministry of Trade cancelled leases of hotels to (not identified) entities because no tender had been made. Further legislation established strict regulation of tenders.

Privatisation of small businesses in trade was followed by: i. sale of transports, fishing equipment and factories of fish meal, withdrawal of PEs from the marks franchise business, iii. sale or free delivery of farms or plantations to settlers who came back to the country under the restructuring or to TNCs. By 1990, the process of privatisation became more intensive. Five

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36. As an example on private enterprises associates within the state apparatuses, in 1983 the minister of Internal Trade enacted a regulation ordering private franchisees of hotels and restaurants, a measure initiated by Exec.Dec. no 42/81 (Internal Trade) to pay royalties (Exec.Dec. no 8/83, Internal Trade, art. 1) since they had been exploring the (public) establishments for two years 'free of charge'. See also sections 5.2. and 5.3.

37. M.o no 42 89 (Trade).


39. Dec. no 10 89. liberalised the transport of passengers and load (art. 1) and allowed the grant of concessions of the service of public transport to licensed private firms (arts 3 and 10). Dec. no 30/89 liberalised coastal maritime transport (to national firms, art. 1) and submitted the activity to licensing (art. 1) (art. 2); Resol. no 8/89 (CDS) provided for the sale of transport means by the state (art. 1/b).

40. Resol. no 8 89 (CDS) provided for the sale of non-working ships to "co-operatives and joint, mixed and private enterprises" (art 4/b) and also the sale of factories of fish meal (art 4/c); Dec. no 58/89, regulated the sale of fishing ships, owned by PEs and considered obsolete (art. 1), after authorisation by the branch minister (art. 3), and provided for their sale to private firms (art. 4/2).

41. Formerly under (false) control of 'mail-box' foreign trade PEs; Resol. no 10/89 (CDS), approved the "New System of Technical Assistance and Policy for National Franchise", of (foreign) marks. Franchisors should rule their activities by principles, e.g.: i. linkage of sale to post-sale assistance, ii. promotion of competition, iii. barriers to the entry of new marks without the guarantee of technical assistance and related financial resources, iv. integration in the system of a franchisee of all firms with tradition in the activity, including small and medium sized workshops and promotion of creation of co-operatives, v. training of personnel at all levels, vi. guarantee of efficient management of stocks and improvement of quality of services (art. 1/b); the 'national franchise' coordinated a national network of subordinate firms through technical assistance to the mark, joint planning, auditing, supervision and coordination of trading activities (art. 1/c); the national franchisee were under the control of related branch ministry (art. 1/g). The regulations provided for a list of authorised marks promoting thus an oligopoly market for equipment under the rationale of achieving some state control.

42. See subsection 6.1.2.
Reforms
sectors were defined as a priority for privatisation: i. "all foreign trade", ii. breweries, iii. wood
industries, iv. textiles, and v. hotels. Later other activities were added: construction materials,
part of transports, mechanical metalwork industry, bakeries, the coffee industry, the food-
processing industry, wood-working, soap and cleansing products and rubber processing and
tyres.

In 1989 the relative weight of different forms of ownership in the formal economy as a result of privatisation was:

**TABLE 1**

<table>
<thead>
<tr>
<th>Enterprises by activity and ownership (1989)</th>
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<tbody>
<tr>
<td>State</td>
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</tr>
<tr>
<td>Industry</td>
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<td>Agric cattle</td>
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<td>Transport</td>
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<tr>
<td>Trade</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Not defined</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: GARE (Redimensioning Cabinet), Survey to Entrepreneurship in Angola (quoted in Faria, CS, 25.5.1992). (1) Intervened, Co-operative

Nevertheless, as argued later, although only 544 of total enterprises surveyed were PEs, they had 80% of total number of employees, 75% of volume of business and 78% of gross value added, which meant that PEs dominated the economy in terms of employment, market share and volume of goods and services produced. In 1989 the Government Action Programme changed the views on privatisation, deciding to focus on measures aiming to make PEs fully profitable so they would progressively repay their huge debts to the banks.

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43. Under the economic reform the controversial monopoly of foreign trade (see subsection 4.2.2) was defined as "all the operations need an ex ante government authorisation and all flows (in and out) of commodities are subject to registration, analysis and evaluation in order to confirm if the value of exchanged commodities corresponds to hard currency paid or received" (PR to the special session of the CM to analyse the Programme of Economic Recovery, in JA, 19.2.1989). This definition coincides with the regime of licensing of activity and operations in force during late colonialism (see subsection 1.1.3).

44. See subsection 7.1.1.


46. J. Faria, CS, 25.5.1992, on "invented managers".
Reforms

But in the 90s the picture and actual goals of privatisation became clearer. The government's declared intentions to sell firms to foreign investors and proceedings adopted favoured the sale to these entities.\(^{47}\) Potential buyers, backed by IMF and other international institutions, continued to argue for the devaluation of kwanza as a "condition for the success of the privatisation programme",\(^{48}\) since PEs became cheaper impacting the 'debt equity swap' scheme proposed by some creditors.

In 1991 a new privatisation package furthered the process of transfer of PEs to former owners and foreign and national capital. According to available sources, privatisation would be very fast,\(^{49}\) small PEs would be transferred, by open or limited tenders, to national capital and large firms (including some de facto monopolies and firms resulting from the 70s horizontal and vertical integration) to foreign investors.\(^{50}\) Simultaneously, intervened companies would be returned, by direct negotiation, to the owners who had abandoned them in 1974-75. In fact by early 1991 about 100 intervened firms were returned to Portuguese former owners.\(^{51}\) Again, the argument used was the lack of managerial skills while the intention to reconstruct the colonial economy was unveiled:

"The results (of state entrepreneurial activities) were discouraging because the state had no capacity of management to occupy such a larger entrepreneurial area. ... We are now launching the converse (to the 70s nationalisations) movement."\(^{52}\)

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\(^{47}\) E.g. declarations of the minister of Trade and Industry quoted in AED, 21.5.1990. Resol no 6/89 (CM), defined that foreign investment should be channelled to: "promotion of exports and substitution and reduction of imports especially": i. farming/ranching production and food industry, ii. mining, iii. fisheries and related industries, iv. light industry, especially the production of mass consumption goods for support to agriculture, v. industry of materials for construction aiming the construction of houses of social type for the improvement of the population living conditions" (art. 1); and "especially (these foreign investments) permitting the recovery of infrastructures and equipment already existing" (art. 2).

\(^{48}\) AED, 21.5.1990.

\(^{49}\) And thus "we cannot be very ambitious or accurate" (Minister of Finance, A. Jaime, interview to Expresso, 15.6.1991).

\(^{50}\) List of PEs to privatise in 1991 in industry, transport, agriculture, fisheries, coffee and construction, as published in Expresso, 15.6.1991. See subsection 4.2.2. (monopolies).

\(^{51}\) Minister of Finance to Público, 12.4.1991. See section 4.1.

\(^{52}\) Minister of Finance, to Público, 12.4.1991.
Reforms

The overall picture concerning entrepreneurship and firms in 1991 was: i. some hundred thousand small precapitalist farming producers committed to self-subsistence; ii. some ten thousand individual traders, many without a permanent shop, iii. less than two thousand entrepreneurs of the formal private sector (some of them foreign) concentrated in trade, farming/cattle ranching and transports (the traditional activities of the Angolan bourgeoisie and agrarian petty-bourgeoisie ruined by colonialism), "with low skills and little management experience", and, iv. some hundreds of PEs, "many led by people without the appropriate skills and with the vices acquired during the years of administrative management of the economy, with no worries of profitability." (Mário Nelson, 1991: 46-7). But encouraged by the 90s developments, national capital became more demanding, while international aid was channelled to private undertakings. Also, the state undertook the responsibility to promote the integration of national and foreign capital using the privatisation programme.

By 1991 there was as well a certain disenchantment with the overall implementation of policies and the behaviour of entrepreneurs and public institutions involved in privatisations. An assessment of the implementation of the economic policy in the late 1980s stated

The little progress made in some areas, especially on the financial and prices systems and the labour and foreign exchange policies, has as consequences that being an entrepreneur is still an adventure, given the multiple barriers which is necessary to overcome daily to maintain the firms operating, even at low levels of productivity, smashed by the weight of burdensome regulations and an all powerful bureaucracy which feels with impunity due to the lack of a judiciary machinery which guarantees the rights of economic agents. The economic distortions at the level of prices and foreign currencies ... also caused the emergence of many speculators, a group of entrepreneurs who does not dignify the class and whose activities damage the whole society. These entrepreneurs have already learned to

53 In a seminar with the PR held in 1990, national capital argued: i. "we shall not fear that Angolan entrepreneurs become rich since this wealth will never leave the country unlawfully and will always represent an important segment of the country's wealth" (a statement countered by news on the transfer abroad of even aid, Moita, Público, 28.6.1991); ii. complete liberalisation of prices (decided in 1991), iii. legislation on ownership and the promotion of leasing, iv. foreign exchange facilities, including access to international funding and credit lines, to compete with foreign enterprise, v. deregulation and, vi. changes in banking (Expresso, 24.11.1990).

54 E.g., South, June, 1990, 87.

55 "Our tragedy is to have no national entrepreneurial class, we have not a great internal saving and the state is in a situation on which it cannot support financially the emergence of this entrepreneurial class. But we intend to solve the problem in the following way: the so-called small firms will in principle be reserved to national entrepreneurs but coming large firms we are aware that we have neither internal financial capacity nor technical capacity and know-how. So we are trying to attract foreign investment and, simultaneously, to associate it to national investment, and through this symbiosis try to give birth to and to consolidate the national business." (Minister of Finance, quoted Expresso, 15.6.1991).
Reforms
live in the frontiers of legality and are only capable of developing activities where they have a fast profit. Moreover, this group of entrepreneurs has today complicit ties at the level of the structures of the (state) bureaucracy, a reason which makes it a promoter of corruption, a phenomenon which may tend to spread and involve many other entrepreneurs if in the short run measures to suppress the powers which the bureaucracy holds are not adopted and if there is not an understanding that these powers go far beyond the regulatory powers the bureaucracy should have in a market economy. (Mário Nelson, 1991: 44-6)

8.1.3. The changes in foreign investment legislation

Privatisation and the revocation of state reserved areas of activity and ownership created opportunities for foreign investment and a more intensive integration in the world economy. Legislation reflected these changes in LFI/88. The law maintained the previous reserved areas but waived the reserve on insurance and the scope of the reserve on banking restrained to "the functions of central bank". However new reserved areas were added: ports and airports administration and long distance transport by sea and air. This definition almost coincided with the absolute reserved areas at LEA. Conversely to LFI/79, where the reserved areas could only be changed by formal law, LFI/88 allocated powers to the CM to authorize foreign investment in "areas subsidiary or complementary" to these of the reserved areas.

The role of PEs in the process also changed and they were no more privileged partners of foreign investors, although allowed to associate in joint ventures. LFI/88 defined mixed enterprises and compelled in principle for a financial participation of the local PE of at least 51%. The law also waived previous norms on compulsory capital apportations of the Angolan party in mixed enterprises, which attempted to save hard currency and facilitate capital raising by the PE. Local private firms are free to associate with foreign partners and the latter are able to

56. Law no 13/88, Law on Foreign Investment, here referred to as LFI/88.
57. LFI/88, arts 4/1 and 4/2, respectively; LEA, art. 17. See subsection 4.1.2 and section 7.1.
58. LFI/88, arts 21d, 7/a, 8/2, 8/4 and 8/3. See sections 7.1. and 7.2.
59. LFI/88, art. 92: but "the CM may fix national participation at a lower percentage". See section 7.1.
Reforms

Invest with no need to associate to a national partner. Also, the form contractual joint ventures was open to any kind of enterprises and no more restricted to PEs. The law included a new form, the "joint enterprise", a company associating a "non-public" firm to a foreign investor, with no compulsory ceiling for the financial participation of the national firm, and relying in contractual regulation "according to the title of authorization". The previous requirements on technological capacities and export or import-substitution impact for foreign investment by the creation of a 'private enterprise' were waived. Financial applications, including provisions of capital and commodities "aiming to generate revenues by loans, hiring or sale and not for direct use" were also considered foreign investment.

Rights of foreign investors under LFI/79 were maintained, except for long-term contracting, with a broader scope and some qualifications. Although foreign investors became subject to the common fiscal regime, discretionary incentives, such as tax and customs duties reductions or exemptions, persisted. LFI/88 also provided that investors who reinvest exportable profits in the country, "develop significant actions of a social character ... for training and utilisation of national workers and cadres" might be granted "other benefits, incentives or privileges".

60. LFI 88, art. 21 f. See section 7.1.
61. Arts 2-1 c, 7/b and 10/3; the authorization of the CM included "the conditions and modes of investment" (art. 28/1/a).
62. LFI/88, arts. 7/d and 12/1. See section 7.1.
63. LFI 88, arts 7/e and 13.
64. i. The "rights arising from ownership" (LFI/88, art. 14/2) which include ii. the export of net profits, after authorization by the Ministry of Finance within a 60 days term (art. 14/2/a, similar to LFI/79, art. 12/c, and Exec. Dec. 30/89 [Finance], art. 3), iii. right to "fair compensation" for nationalisation, but without the previous requirements of LFI/79 (LFI/88, art. 14/2/c), iv. reexport of invested capital, after authorisation by the Ministry of Finance (LFI/88, art. 14/2/b), v. return of investment paid in products, after authorisation, and on the terms of agreements (LFI/88, art. 14/4); payments are evaluated "in the conditions of the international market", and, vi. access to internal and external loans (LFI/88, arts 14/3 and 17). See section 7.1.
65. LFI 88, arts 20/1, 15/1 and 16, respectively; exemptions or reductions are granted by the minister of Finance case by case and he/she may grant "generic exemptions by regions, sectors of activity or products" (art. 15/2).
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After a provision compelling investors, foreign and/or national, to take the risks of their activities, and eventually to provide guarantees, duties related financial accountability were narrowed but norms on reserve funds were maintained and the obligation to insure workers added. LFI/88 kept obligations of information but waived norms on the control of enterprises by planning. The law established that foreign investors should employ Angolan labour and resort to foreign personnel was conditioned. LFI/88 provided for the "necessary training and social conditions amounting to these of foreign workers" for Angolan labour and, innovating, the "progressive filling of managerial, technical and administrative posts by Angolan labour", but did not refer to equal pay. Also, the compulsory allocation of profits to the social fund was waived, affecting negatively workers access to social benefits from the firm. Violation of the law or contractual obligations might mean the loss of tax or other incentives, while in LFI/79 the CM could revoke the authorization for the investment.

LFI/88 maintained a priori controls, but established the criteria to assess investment proposals: i. increase and diversification of exports, ii. import-substitution, iii. production of raw-materials for industry or "goods or services necessary to the national economy", iv. use of local goods and services, v. "induced benefits", "foreign exchange balance" and location of investment. The law also eased the bureaucracy of the process, a demand of foreign investors.

66. Cit. law, arts 19, 27 1 and 27 2.
67. Cit. law, arts 18/i (similar to LFI/79, art. 18/d), 18/h, 18/a and 18/l.
68. To submit to audits (inspections) from the Ministry of Finance (art. 39) and "the control of Angolan authorities ... supply all the demanded informations" (art. 18/a, in fine); foreign investors also must "put at the disposal of the company or association the technology needed to the fulfillment of its object" (art. 18/c), supply statistical information (art. 18/g); to get the approval of investment projects foreign firms must supply the information demanded for at arts 23 and 25/2 (on the investment proposal). See section 7.1.
69. Foreign personnel should be "skilled in qualifications not existing in the country (and) according to legislation in force" (LFI/88, arts 33, Angolan personnel and 34, foreign personnel). See Chapter 4, Table 2, and sections 7.1. and 7.2.
70. LFI 88, arts 33 and 34 1. See sections 7.1. and 7.2., 5.2. and subsection 3.4.4.
71. LFI 88, arts 40 and 41. See section 7.1.
72. LFI 88, art. 24.
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The power to authorise the investment was vested in the CM, but the Cabinet of Foreign Investment (CFI), integrated in the Ministry of Planning, controlled the whole process. CFI had powers to propose the rejection of investment proposals which, if ratified by the Minister of Planning, would not go to the CM for analysis. This power gave CFI a high degree of discretion on the whole foreign investment process, which rose substantial conflict with the investors, national or foreign, and the branch ministries. The Ministry of Finance had supervisory powers and the central bank assessed a priori the whole financial package of the investment, especially its impact in the balance of payments. The terms for decision-making on foreign investment were shortened, but not respected.

The new legislation lifted barriers to foreign investment and meant smaller transaction costs (e.g., the costs of negotiating with different bureaucracies and these related to risks linked to dispersed decision-making in a framework of a priori controls). It also widened the range of local partners available allowing foreign investors an eventual larger room for manoeuvre, including in the 'social engineering' of a local non-state comprador bourgeoisie.

Portuguese firms and national capital appear as main beneficiaries of late 80s legislation. The former had the (persistent) problems of shortage of sufficient capital facilitated by the privatisation schemes with transfer of industries to former owners. Also, their past function of middlemen between northern capital and Angola led to related investment in Portugal. This function would also allow Portugal to face the creation of the single market, where it has

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73 LFI/88, art. 28 1, the CM approves investments and must decide on: i. conditions and forms of investment (al. a), ii. date of beginning of execution (al. b), and, iii. duration of investment (al. c). See section 7.1.

74 LFI/88, arts 26 a and 26 b.

75 Art 17 maintained the a priori control powers of the Ministry of Finance and BNA bank concerning resort to external loans. See section 7.3.

76 LFI 88, arts 25/1 and 29; 135 days were saved probably by the reduction of two intervening entities. Still, in June 1991 only 10 projects were approved (Público, 20.6.1991).

77 See also Público, 24.4.1991, on demands of nationalised banks. See chapters 1 and 7.

78 E.g.: i. Asea Brown Boveri (Público, 22.3.1991), ii. Alcatel (Sábado, 8.10.1988), iii. Israel (Expresso, 11.5.1991); and generally, Belgian chairman of International Confederation of Commerce declared that Portuguese tradings were a bridge for the marketing of European products in the ex-colonies (O Jornal, 17.2.1989).
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difficulties to compete, while preparing the restructuring of its industry with the sale of obsolete equipment to the neocolonies and the profits from trading ventures in Africa. From the 90s the demands of Portuguese capital increased proportionally to successes in the restoration of colonial links and the developments of the peace process: from 'debt equity swap' at very low exchange rates to guarantees from the government of imports of all kinds of raw materials formerly denied to PEs.

Another development in the area of international relations was the progressive involvement of South Africa. From the late 80s, and notwithstanding the fact that apartheid changes did not mean majority rule, Angola established trade relations with RSA, furthered by penetration of RSA capital through the privatisation scheme and indirect participations of firms operating in Angola. Finally, credit lines to finance imports were negotiated in 1991. The strengthened economic relations between Angola and RSA raise the problem of the impact of the

79. Portuguese firms come to Angola: either to "sell a little of everything" and/or equipment, or to work in construction and "some really want to invest", also "there are many opportunities to explore especially on industrial equipment obsolete in Portugal but not in Africa and which may be sold (there) in good conditions" (official source, quoted in Público, 24.7.1991). An important role in the design and implementation of these relations was, it seems, played by the Portuguese state group IPE, adviser of functional bureaucracies on the restructuring and simultaneously involved in a set of joint ventures with Angolan and foreign firms operating in the country (e.g., Loy, quoted at JA, 12.3.1988 and Público, 19.4.1991).

80. When demanding the debt equity swap for Angola and Mozambique debts to Portugal, Portuguese entrepreneurs wanted to follow 'secondary market rates': between 6 to 10 cents per one USD for the Mozambique debt and 40 cents per one USD for the Angolan debt; the Portuguese state would sell its credits to risk capital companies which would proceed to debt equity swap in the ex-colonies; the debtor countries could participate in risk capital joint-ventures (Público, 15.5.1991).


82. Goncalves, Público, 6.7.1991, who refers to sales of oil and to South Africans already implementing projects in Huambo in mid-1991 (Público, 25.5.1991); the reinforcement of ties with RSA capital and related settler sectors is reflected also in the return to the Angola of settlers who migrated to RSA in 1975 in support to apartheid, some to produce mass consumption goods for the 'region' (Zambia, Zaire and Namibia) with advantages such as "a discourse merging the economies of Southern Africa" (Público, 24.7.1991). Links with the Anglo-American group in the marketing and exploration of diamonds were restored. De Beers (and CSO) came back to Angola (see subsection 7.2.2., note 104) having entered into an agreement with Endiama, for an immediate investment of USD 125 Mn for exploitation and exploration of kimberlites; CSO would market 100% of the Cuango river production at a quota of USD 300 Mn/year; the contract allocating exploration risks to De Beers and a joint-venture with Endiama would be set up if kimberlites were found. De Beers would also build a centre for the selection of diamonds in Luanda under a leasing contract. It seems that CSO was trying to get the monopoly of purchase of future mines in the medium run (Expresso, 27.4.1991 and Público, 22.11.1990).

83. For example, the Angolan monopolist of tyres, a strategic industry even for the army, was bought by a Portuguese group linked to South African interests (Amorim group, Expresso, 18.2.1989, on the Angolan subsidiary, and 23.3.1991, on RSA subsidiary). Also, adviser of the Ministry of Planning for the restructuring, Portuguese state holding IPE associated in the 90s to Anglo-American in a joint-venture (Público, 11.3.1991).

Reforms restructuring in Southern Africa and the roles allocated to South-African capital and to the Frontline states in the region.85

It is, however, hazardous to conclude that the changes in the legal regime of foreign investment led to substantial increase on direct investment. Available information points to an increase on the sale of services and goods and signals an attitude of expectation of foreign investors concerning the sale of PEs, the development of the political process and the involvement of financial institutions in a structural adjustment programme.86 Conversely, in 1990 Angola had for the first time in its history "foreign negative investment", with an outflow of capital greater than the inflow, due to the fact that the amortization of foreign investment in this year was superior to the gross formation of capital with resort to foreign investment (Mário Nelson, 1991: 56). From the domestic standpoint, the changes of legislation led to the creation of strong ties between local capital (state and private) and foreign partners, notwithstanding the fact that many joint projects set up after the peace agreements did not last with the flight of foreign capital as the post-elections war worsened. War partially stopped a process which was developing and on which economists had warned: "a comprador capitalism, that is, a (national) entrepreneurial class living in the orbit of foreign firms" (Mário Nelson, 1991: 52), including by fronting for foreign firms in their relations with the public administration, in a phenomenon which mirrors the Nigerian indigenization policies and its actual implementation (e.g., Biersteker, 1987).

8.1.4. PEs demands for autonomy and the 1988 law

As the years passed, managers, already unable to make decisions on a wide range of subjects, saw the enterprises become paralysed due to problems of bureaucratic decision-making on the supply of inputs to PEs, which became more acute as the balance of payments conditions

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85 If De Klerk declarations are taken seriously, an economic community with Frontline states as peripheries could be in the agenda: message to Savimbi for the 1991 UNITA Congress raised the idea of an economic community in Southern Africa (Público, 2.3.1991).

86 For example, a Portuguese investor argued: "The basic issue in Angola is growth, a problem linked to the solution of the political situation and the establishment of a de facto peace. ... As the development of the economy means the participation of entrepreneurs, it is necessary that the government creates conditions at the political and economic level to attract investment. ... Economic stability (in Angola) only will be obtained through agreements of structural adjustment with IMF and WB ... (but these agreements) are not sufficient for the promotion of growth, and thus the government has to create conditions for the take-off of the financial sector, mainly with the creation of banks and insurance companies." (O Jornal, 24.5.1991).
Reforms worsened in the 80s. When contrasting the legal framework of PEs with that of mixed ventures, dependence, for example concerning access to the supply of inputs the country does not produce or the marketing of production in world markets, pointed to a direction, a trend, towards the association of PEs to foreign firms to overcome the transaction costs arising from the planning system and to minimize shortages (Coelho, 1984). Sonangol is an example of this kind of association and the image of success of a PE in Angola. Interpretations of the reasons of this success were diversified, but a manager of an industrial PE summarized the bulk of the problem: "if we had access to the resources allocated to Sonangol, we would be very good as well", something which is not just the problem of Angolan PEs, but that of Third World societies and the poor in general.

The high degree of paternalism of the system implemented in Angola conditioned the behaviour of PEs managers and led to their demands of autonomy. How to get access to resources, especially, inputs in a situation of widespread shortages, indebtedness and bureaucratic authoritarianism led to belief in two solutions: i. changes in the institutional framework which had made PEs just production units of competing managing ministries, and/or, ii. the association to foreign firms which, having a higher bargaining power towards some state bureaucracies and financed by parent states or institutions, could provide the solution for many problems of inputs supply.

Both solutions were actually followed. Concerning changes in the institutional framework, and besides the general common regime instituted by LEA, the 1988 legislation especially LPE/88: i. internalised part of functional and branch controls while providing for a more extended external autonomy of PEs, ii. allocated PEs some degree of contractual freedom, including powers to expand and/or reorganise in groups, a substantial change, while LEA provided for

87. See Chapter 4, espec. Table 2 and also 5.2.

88. The instructions system caused a 'military' mentality to develop: simultaneously "the most important virtue of a subordinate is obedience ... (and) the two kinds of attitudes are 'compatible' within one's personality: he will command 'downwards' and obey 'upwards"; this "process starts earlier with selection" (Kornai, op.cit., 74).
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more diversified forms of PEs, more diversified forms of PEs, iii. reinforced workers participation in top decision-making while providing for their participation in profits, iv. apparently rationalised the planning system reducing the number of indicators and institutionalising a shift from hierarchy to the use of economic leverages, v. decentralised some areas of decision-making in local government, by allocating to the provincial commissioners previous powers of the branch ministry over medium and small-sized PEs, and, vi. responded to managers demands on their status regulating the profession of 'public manager'.

LPE/88 covered totally-owned PEs while LEA provided for the organisation of PEs under the form of companies, the so-called 'hidden public sector'. LEA adopted a more substantial concept of PE by considering mixed firms as forms of 'state entrepreneurial activity', either by association to 'national capital' or to foreign investors. LEA seemed to point the restructuring of the public sector towards an Italian model, by establishing that PEs could "create enterprises, under the forms provided for in commercial law", but legislation to implement this approach was not published until the end of the period studied. Also, 1989 legislation on the restructuring

90. LPE 88, art. 24, on allocation of profits: i. 1st priority of net profits: reserves, investment fund and social fund, ii. 2nd priority: delivery to the state as owner, and distribution among workers as participation in profits; the minister of Finance decided on the allocation of profits to the 2nd priority (art. 24 3), after proposal by the board of directors; Dec. no 45/89 (see note 99) had a different approach for the PEs of large dimension; indeed profits were allocated to: i. payment of taxes (regulated by Dec. no 5/89, compelling PEs to pay taxes according to the common regime, art. 1), ii. reserve fund of at least 10%, iii. investment fund, iv. social fund, v. "distribution of individual incentives to workers, including members of management boards, as participation in profits p to ... a % fixed according to future regulations", and, vi. delivery of profits to the state "as owner of the enterprise" (cit. dec., art. 34).

91. Law no 12/88, here referred to as PL/88 established indicative planning and defined the National Plan, as "a set of amendments and directives orienting the action of the government in the implementation of the economic and social policy and objectives established for a given period." (art. 3/1). The Plan should contain: i. the main goals and proportions of economic and social development, ii. the economic policy and means to implement it, iii. measures of correction of regional imbalances, iv. measures aiming the training of workers, and, v. "the main socio-economic targets" (art. 4/1); 'instruments of economic regulation' they are listed as: i. norms for prices and wages fixing, ii. the structure and level of taxation, iii. the policy of incentives, iv. the interest rates and the credit policy, iv. the exchange rates and the foreign exchange policy, vi. the policy of formation of financial funds, after the criteria of amortization of fixed assets (art. 4/5). The periods of planning were divided into plurianual (2 to 5 years), annual and long-run programmes for specific sectors or branches (e.g., non-renewable sources of energy), (arts. 6-8). The Ministry of Planning had the power to establish indicators (art. 11/2/c), esp. related to investment, which might also need the approval of Ministry and even the CM (art. 23/2). The firms annual plan did not need the approval by Ministry of Planning, an improvement (art. 24). Non state enterprises were not under obligations of planning unless they were in a "dominant position in a branch, sector or region" (art. 20/2/a) and/or involved in investment "mobilising significant resources and whose implementation has significant social and economic impact" (art. 20/2/b). See Chapter 4, Table 2.

92. Dec. no 16/89, approving the Statute of the Public Manager, SPM.

93. LEA, arts 20/b, 20 c and 20/2, respectively.
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allocated the CM powers to create this form of PEs. The form adopted for parastatals had significant consequences: for example, workers participation in the board of directors or in profits does not apply to companies.

Concerning parastatals to which by LPE/88 applies, the area of the founders powers does not differ substantially from LPE/77, although the language changed. The set of norms on founders powers conflicted with the rules on "free association", which allocated PEs powers to "associate by its initiative, to other entities", including to form and/or integrate groups. LPE/88 included an obligation of the state to produce legislation on 'groupings', while establishing that PEs in future 'groups' kept their corporate personality and might or not be subject to the "economic or financial coordination and direction of one of the group's enterprises, according to the type of association." An innovation is the set of norms aiming to prevent previous patterns of behaviour, such as hasty creation of PEs with no conditions (for example, the guarantee of supply of raw-materials), or their late entry to projects involving them.

Internalisation of functional and branch controls included a priori and a posteriori controls. LPE/88 established, for PEs of large dimension, a new organ, the board of directors, composed representatives of ministries of the branch and Finance, the PE and workers. Medium and

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94. See subsection 8.1.2.

95. PEs were created by the CM, but it might delegate this power for medium and small-sized new PEs. The initiative to propose the creation of a new PE was widened to members of the CM and provincial commissioners (art. 33). The approval of articles of association remained essentially the same (33 3 and 35 2). Founders also kept the power to decide on dissolution and liquidation, mergers and divisions (arts 67/1, 67/3, 68 3 and 69/4). See subsection 4.2.2. (LPE/77).

96. LPE '88, art. 12. By 1989 some PEs were already using these powers (e.g., JA, 7.4.1988).

97. LPE/88, art 38/1 and 38/2. The law does refer 'groups' and 'groupings' as interchangeable.

98. Cit. law, arts 39 and 40.

99. LPE/88, art. 43-1/a. The board of directors approved plans, budgets and investments, ratified prices or submitted proposals to competent authorities, approved the internal regulations of the PE and supervised its activities, appointed the deputy directors and proposed the appointment or dismissal of the general director (arts 44, 46 and 48/2). The organisation of PEs of large dimension is ruled by 'standard articles of incorporation', approved by Dec. no 45/89.

100. The board of directors may have 3 or 5 members (art. 45). The five members board has: i. a chairman appointed by the CM or the branch minister, ii. a member appointed by the branch minister if the chairman has been appointed by the CM, iii. a member appointed by the minister of Finance, iv. a member "elected by workers ... according to criteria which will be defined", and, v. the general director, appointed by the branch minister under proposal of the board (LPE/88, arts 45/2, 45/3 and 48/1).
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small-sized PEs basically kept the organisation established in LPE/77, except for a new organ, the audits council. The latter internalised a posteriori control as a compulsory organ for all types of PEs. The members of audits councils had duties of information to the ministers of Finance or branch, on "anomalies or deviations in the enterprise's activity".

The internalisation of a priori and a posteriori controls under LPE/88 eased the relationship between PEs and state bureaucracies, now members of the PE. Still, the powers of the branch ministry under LPE/88 may counter this trend. But the ironic feature of the new regime of PEs is that as PEs got a more flexible organisation and relations with state bureaucracies the majority of them were privatised, with the 1988 legislation applying only to a restricted range of surviving parastatals. Also, many former managers of PEs who had been arguing for autonomy left the public sector to set up their own firms and benefit, in some cases, from privatisations. Still, while large PEs (Sonangol Endiama, former BPA, a state merchant bank) engaged themselves in diversification, the creation of groups, including joint subsidiaries with foreign firms, the past dependence of PEs in state bureaucracies remained due to the coincidence of two types of factors: the endurance of (now informal) interference from the branch ministries in the management of PEs and the maintenance of a set of regulations calling for a priori controls. The latter, which have particular emphasis in the areas of foreign exchange and

101 LPE/88, art. 43/2, while art. 43/3 stated that medium-sized PEs might have "all or some of the organs referred to at number 1" (these of large PEs). The PEs executive organs are: i. a director appointed by the branch minister or the provincial commissioner (arts 47/2/a and 48/3), ii. deputy directors (appointed by the branch minister or the provincial commissioner, under proposal of the director, arts 47/2/b and 48/4), iii. the council of direction (art. 52), and, iv. the audits council.

102 Composed of representatives of the ministries of the branch and Finance appointed by the ministers (LPE/88, arts 54/1/a and 54/1/b).

103 Cit. law, art. 43/1/d (large PEs) and art. 43/2/c (medium and small-sized PEs). The audits council supervised "the compliance to the norms ruling the activity", controlled accounting criteria used in the PE, advised on the annual report and accounts, and, when asked, on other matters (arts 53 a, 53 c, 53 b and 53 d, respectively).

104 Art. 56.

105 Summarising, the branch ministry (or the provincial commissariat in decentralised PEs): i. defined the policies of development of the branch, ii. regulated the exercise of the activity of the branch, iii. approved the pluriannual plans and budgets, iv. analysed performance and approved accounts and reports, v. appointed directors, and, vi. demanded information (LPE/88, art. 30/1); the ministries of the branch and Finance supervised "the implementation of the Plan directives and the policies for the branch" (art. 29/3), although the PE "is not subject to and in hierarchical subordination to the government organs which exercise these (control) powers" (art. 29/4). The CM might also intervene in some case by approving the PE pluriannual plans, budgets and investment programmes (art. 30/2).

106 It was argued, and probably right, that the potential successful entrepreneurs in the new economy could primarily be the cadres of PEs and entrepreneurs of the formal private sector - no one else seems to be prepared to manage firms and projects (Mário Nelson, 1991: 53).
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imports licensing, linked to the economic policy pursued and dealt with below persisted as a web of authorizations which did not favour competitiveness of PEs. Moreover, the behaviour of bureaucracies with powers to grant authorizations was reproduced downwards in the relations of PEs with their subsidiaries approached frequently more as divisions of the parent PE than as autonomous companies with legal personality.

8.1.5. The restructuring and new roles for state bureaucracies

The restructuring led state bureaucracies to specialise in new functions, related to licensing, privatisation, channelling state resources to competing beneficiaries, awarding state contracts and dealing with international relations.

In the legislation of the late 80s, competition among bureaucracies, problems arising from difficulties of information flows and related coordinated decision-making, were solved by concentration of powers in one of the functional bureaucracies and partial loss of branch's powers. The trend of the late 80s was also a change in the roles of functional bureaucracies which did not mean a loss of powers. The branches restructuring and loss of powers made them more modest, and during the early 90s they turned to participation in the sale of the state and to international economic relations. Simultaneously, as the scope of licensing widened to cover areas not previously regulated, the state bureaucracies got new a priori control powers, being able to control the shaping of the branches structure by using their licensing powers.

The latter are especially important in the areas of imports (ministry of Trade) and foreign exchange (central bank), which from colonialism have been under licensing. The maintenance of licensing in these two areas from the mid-60s illustrates that a given degree of regulation is

107. At a given stage the main winner was the Ministry of Planning, which got the bulk of the powers. It dealt with privatisation through the Redimensioning Cabinet (GARE) (Dec. no 36/89, art. 1), which, together with the ministries of the branch and Finance, and in some cases provincial organs, prepared and/or made the decisions on the future of PEs (Dec. no 32/89, arts 9/b, 11/2, 12/1, 11/2, 12/1, 12/2 and 16/2). Later the Ministry of Finance demanded the control of GARE and there were proposals to merge the ministries of Finance and Planning to prevent their competition (minister of Finance, quoted in Expresso, 15.6.1991). The Ministry of Planning also got powers in international relations: i. the control and management of ACP/EEC projects (PR Dec. no 29/86, art. 4), as well as WB programmes, and, ii. the Cabinet of Foreign Investment (CFI).

108. As the Organic Law of ministries show, concerning their statutory functions. See section 4.2.
Reforms necessary in an underdeveloped country which cannot afford complete liberalization of its imports and expenditures of hard currency. But at the same time, demonstrates that the characteristics of the whole legal system (including its enforcement appurtenances) and of the bureaucracies which deal with the application of the regulations also matter. Thus, as part of former civil servants left the public administration to run their own businesses or moved into companies, the state bureaucracies became, as prices soared and living conditions worsened, one of the most corrupt segments of the Angolan society, in a process of Zaïrification which is being reinforced.109

Another phenomenon related to the state bureaucracies in the late 80s-early 90s is the progressive integration of officials from different international organizations within the state. Consultants from, say the IMF or WB, set up their offices within the public administration, and play an important role on the drafting of policies or even in demands for changes in existing policies and legislation and in the effectiveness of the conditionality of aid or access to international lending.

The present developments in Angolan economic policies, and underlying strategies of development, show the hazards of the extension of the world dominant mode of production to the peripheries. Firstly, the emergence of a national skilled bourgeoisie capable of performing the functions it performs in the centre, took centuries of apprenticeship and political struggles under successive restructurings of the concerned societies. To achieve the current integration of Angola in the world system, there being no national capacity, the resort had to be made to foreign firms and states. In this social context, state bureaucracies are a necessary link for the mediation of processes between the different levels (of articulation) of the system: nobody can by-pass them (neither governments, nor foreign interests, nor even the emergent national bourgeoisie which up to now has been a client of the state), except if the strategies of development were substantially different. After expanding under statist socialism, they are to keep the bulk of their functions

109 See, e.g. Askin and Collins, 1993, on 'clericalocracy' in Zaïre. In the 90s, a relative freedom of press led to many comments on 'nepotism' and bribery within the state.
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under dependent capitalism, whatever the governments (and the political system) in the next decades.

8.1.6. Other aspects of the restructuring

Successive restructuring programmes - SEF, Government Action Programme, Programme of Economic Recovery and the Programme of Economic Stabilization - did not attain their goals, notwithstanding the deep changes in economic policy, which meant even a change in the system. The main factor of the failures of development projects and restructuring programmes from independence - of 'socialist' and 'capitalist' tones - remains war, shortly stopped during the 18 months which preceded elections. But all the programmes adopted were not implemented for reasons which go beyond the war factor. Firstly underdevelopment and secondly the political reasons described in this work and which persisted. Briefly, after the change in the original economic reform, there was no longer a strategy of development, or better, policies turned into structural problems. Economic policy became a list of policy measures aiming in the short/medium run at responding to the competing demands of national interest groups, international organizations, foreign investors, etc.

The measures of austerity, demanded by international organizations, creditors and foreign investors, reinforced in late 1990 with the change of currency and the creation of the ill-fated 'new kwanza,'110 which followed Brazilian patterns and caused serious problems to the working class.111 The exchange was followed by a rise in some taxes and prices,112 and a 100%

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110. The change of currency meant the retention by the state of 95% of money in circulation: i. in cash the state retained 95%, transformed into state hands, and the holder could keep 5%, ii. in current deposit accounts, 7/8ths were transformed into term accounts for 180 days, renewable, and 1/8th was kept in the current account (Público, 24.9.1990); the outcomes were: "by the end it did not solve anything. There was an immediate decrease in prices but shortly later, when the payment of wages/salaries was reestablished, everything came back to the former situation, since the shortage of essential goods remained" (Gonçalves, Público, 24.7.1991).

111. As an MP has put it during the discussion of the Government Programme, "in other peoples this (austerity package) would cause revolts" (quoted in Público, 24.9.1990).

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devaluation of kwanza, which did not please foreign investors and IMF. The devaluation caused an immediate increase in prices, precisely the contrary of the government goals.

The problems the population had to face with the restructuring were already serious before the monetarist measures. Indeed, from 1988 the state did not fund wages in many enterprises and employees went unpaid for 12 to 16 months. The problem of belated payments of wages originated in cuts in public expenditure under the IMF-oriented policies. Sackings are not transparent but they generated a high rate of unemployment, with related problems of poverty and criminality: in 1993, only 40% of the workers in the formal economy in 1990 had a job. Workers resorted to strikes as soon as they became tolerated. Also, shortages in the supply of inputs for PEs continued, eventually to ruin PEs and legitimate their privatisation. The austerity measures motivated UNTA protest to the PR against the

"slow and distorted way how the theoretical lines of SEF were implemented by the state apparatuses" causing "a significant imbalance in the relation between production, wages and prices, worsening the workers living standards" and "belated wages payments, arbitrary, indiscriminate and massive sackings, mismanagement of enterprises and bias and nepotism favouring small businesses." 

113 Publico, 24.9.1990; Expresso, 23.3.1991 and minister of Finance to O Jornal, 12.4.1991. According to an Angolan economist, "the expenditure of the state is conditioned by the demands of IMF and WB and those of the potential investors, who consider the 100% devaluation of kwanza as a minor measure" (quoted in ibid.); for a Portuguese manager, "investment only will be worthwhile when the kwanza devalues 500%" (quoted in ibid.).

114 "To reduce the purchasing power (of the population, already very low, not in need of monetarist measures to put it at a level lower than it is; instead, it needs measures to increase it) in order to prioritize investment, to brake inflation and reduce the money in circulation in order to establish a balance between the variance of the monetary mass and the variance of the nominal internal product." (Expresso, 23.3.1991).

115 Expresso, 15.6.1990, quoting JA.


118 In 1990 many industrial firms had to stop due the small amounts of USD for imports; from 1985 industry got every year the same amount of foreign exchange (USD 187 Mn), notwithstanding increases in prices in international markets, and in 1990 it was reduced to USD 67 Mn; shortages were reinforced by lack of electricity and water due to UNTA sabotages (minister of Trade and Industry, Expresso, 16.6.1990). See subsection 4.3.1.

119 For example, in Celulose do Alto Catumbela, workers were not paid for about 2 years and the factory was almost paralysed; the government opened and international tender for funding (Expresso, 16.6.1990) while Portuguese group Aenorim was interested in 'recovering' the paper industry at Alto Catumbela (Expresso, 18.2.1989).

120 Expresso, 15.6.1990, quoting JA.
Reforms

Still, the shift from a socialist to a capitalist oriented strategy, and the suffering of Angolans under austerity measures, did not conquer the goodwill of financial institutions for access to international funding. Creditors pressed for the adoption of a structural adjustment programme with the government negotiating with IMF a transitional adjustment programme.121

Nunes described the state of the Angolan economy in 1990 which he divided in the 'enclave economy' (the oil and diamonds sectors) and the 'other economy'. Table 2 shows the relative weight of both sectors in the GDP and the distortions due to underdevelopment. It shows as well that while the foreign enclave, especially the oil industry almost doubled its part of GDP, the other economy, notwithstanding successive reform measures towards an increased role of the market moved backwards for about 20% in the volume of wealth generated. As a result, there was a dramatic increase in the imports of consumption goods, which, allied to increases in imports of transports, reflected in a decrease of imports of capital goods and intermediate materials "indispensable to the recovery of production". The balance of payments constantly deteriorated, by the weight of imports of services, while the balance of trade had superavits. Also, the capital inflow, as stated above, decreased and the balance of payments deficits were faced with resort to medium and long term loans. The picture worsened with the high Budget deficits (loans to the public sector were about 90% of total loans), where expenditure with defence was more than 50% the total public expenditure (Nunes, 1991: 18-19).

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<td>Enclave econ.</td>
<td>42.8</td>
<td>48.8</td>
<td>56.2</td>
<td>62.0</td>
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<tr>
<td>Other economy</td>
<td>57.2</td>
<td>51.2</td>
<td>43.8</td>
<td>36.0</td>
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121 Minister of Finance, Expresso, 15.6.1991.
Reforms

By 1992, after the privatisation of many PEs, liberalization of prices, the successive devaluations of NKz, attempts to 'remonetarize' wages, and the introduction of foreign exchange over-rates: i. the budget deficit persisted (at about 18-19% of GDP), ii. the deficit of the balance of payments also persisted (although the balance of trade continued with superavits) and the country was having problems in debt servicing, iii. the 'official' inflation rate reached 175.72% in Luanda in 1991, iv. there were 200,000 former members of the army demobilized with no prospects of employment, receiving a temporary allowance from the state, and, v. the informal economy continued to prosper and resisted to integrate in the formal economy. Public expenditure was drastically reduced and about 70,000 civil servants sacked, but the economy had no capacity to absorb the new unemployment. Still, there were no improvements in the supply of consumer goods and prices soared. The magic formula of the IMF package, after four years of implementation, did not work. So did not the whole legislative package of the economic reform which, although establishing a reallocation of property rights, did not mean significant growth and improvement of living standards.

8.2. The political reforms

Discontent generated by the economic crisis and the low level of democracy, the very dynamics of the economic reform and international pressure led to political reforms which culminated with the 1992 new constitutional law (NCL). Although from 1990 MPLA had began slight changes in the system, the present political system in the country arouse basically from the pressure of international financial institutions for 'good governance' and the initiatives of UN and the states (USA, Russia and Portugal, the so-called troika) involved in the peace negotiations.

122. The 'official' rate of inflation was 1,840% in 1993 and estimates for 1994 predict a 260% rate (Financial Times, 9.3.1994).


124. Expresso, 1.6.1991; cuts in military expenditure in 1991 were about 50% (minister of Finance to O Jornal, 12.4.1991).
Reforms

Indeed, the changes, except for the case of the autonomous protest in the mid-70s repressed and almost destroyed since then, were neither the result of structured responses of Angolan social groups to the single-party rule,\textsuperscript{125} nor the outcomes of strictly national economic and social changes which made this new political order necessary. Firstly, the struggle which opposed MPLA and UNITA after independence was not, contrary to reciprocal claims, a struggle for democracy, albeit partially for different models of organising society, but essentially a struggle for independence, that is, a 'late' and veiled colonial war opposing the first and the second peripheries, the latter working in practice as a proxy of the 'new' colonial power, neighbour RSA occupying Namibia. Secondly, the needs of social groups which emerged from the informal economy and the foreign enclave to break the barriers imposed by the instituted planning system and bureaucratic dominance did not appear as claims for democracy but as struggles against part of state bureaucracies, since these groups can (and it seems need to) expand in an authoritarian capitalist-oriented regime.\textsuperscript{126} Moreover, due to insufficient accumulation, these groups will need to control the state allocative apparatuses until they are capable of autonomous expansion.

These factors condition the outcomes of the 90s political reforms. Indeed, while law advanced a given framework, as it was a constant in the post-colonial society, the way to the building of a democratic society in Angola had just began, as the post-elections war demonstrates. The 90s changes reflect the lifting of barriers to improvements in democracy but cannot be taken as 'democracy'. Indeed, "the sum of two contempts for democracy does not exactly make a democracy."\textsuperscript{127}

\textsuperscript{125} See, e.g., section 3.4.

\textsuperscript{126} See, e.g., Frank, 1991; 28-9.

\textsuperscript{127} J. Pinto de Andrade, president of ACA, Público, 1.6.1994.
Reforms

8.2.1. Anticipating political change

From 1990 MPLA anticipated the demands of foreign powers and jeopardised UNITA intentions for a 'two-single party' system, probably a single party if it won the elections, through a progressive liberalisation.¹²⁸

The new period of civil liberties initiated in 1990, when the tight control of the population began to relax in early 1990 through non-responsiveness of the state to urban initiatives such as ACA. The formal change arose from CC Plenaries during 1990. In June it approved the multiparty system and the separation of the state from the party.¹²⁹ In November, MPLA adopted 'democratic socialism' and a 'mixed economy', renounced to 'Marxism-Leninism' and changed from a workers party to a 'masses party'.¹³⁰

The changes were furthered in the 1990 III Congress, which ratified: i. 'democratic socialism' as the strategic objective of MPLA, ii. the creation of a multiparty system in order "to set up a democratic state, with rule of law, justice and social progress", and iii. economic and social development "based on methods combining planning with the utilisation of mechanisms stimulating and regulating the market". The Congress also approved changes in the constitution and the need to respect the Universal Declaration of Human Rights and the African Charter on Human and Peoples Rights.¹³¹

¹²⁸ According to Portuguese sources involved in the peace negotiations, the Angolan government "anticipated and initiated the reforms process UNITA was arguing for. If they (UNITA) radicalise their positions (eventually in a joint manoeuvre with Pretoria) they will finish surrounded" (Expresso, 10.11.1990); UNITA claimed for 'bipartidariam' as a result of the evolution of a government of national unity with MPLA, and later, presented itself as claiming for multipartidariam (Publico, 7.2.1991). See section 6.3.

¹²⁹ Expresso, 7.7.1990.


¹³¹ General Resolution of the III Congress (quoted in Palucema, Expresso, 22.12.1990); on the new programme see also Dos Santos quoted in Publico, 5.12.1990). The II Extraordinary Congress in April 1991 reinforced these choices in the new MPLA Programme (quoted in Publico, 28.4.1991); the Congress also decided: i. to continue to enlarge the social base of the party; ii. to open the CC to "new democratic sensitivities"; iii. to enlarge the spectrum of political participation in the top organs of the party" (Resol. approving the new programme and statutes, quoted in Publico, 25.4.1991 and 28.4.1991); in this Congress some former FNLA leaders entered directly to the CC (with no discussion by the MPLA bases).
Reforms

The peace agreements

The 'pacification' of peripheries initiated in Angola in 1988 with the New York Agreement, followed by the ill-fated 1989 Gbadolite Agreement, and culminated in 1991 with the Washington and Bicesse Agreements between MPLA and UNITA. Through the mediation of the UN, USA, USSR and the former colonial power, Angolans got the much needed peace and a new constitution.

The new constitutional order resulting from the agreements authorised political parties outside the 1975 'official movements' framework, 'free and fair elections', respect for human rights and international supervision of the creation of a new army merging former FAPLA and the UNITA army, FALA. A special organ, composed by representatives of the UN, the troika and MPLA and UNITA to supervise the political and military implementation of the agreements was set up.

132. Signed in 1988 on the implementation of Resol. no 435/78 (UN, Security Council), on the independence of Namibia and progressive withdrawal of Cuban troops from Angola; under a previous agreement (Geneva), RSA troops had to withdraw from Angola up to 1 September 1988. On the Angolan agreements, see, e.g., Minter, 1991.

133. The Washington Agreement, signed in January 1991, established: i. "the right of UNITA to promote and participate freely in political activities, according to the revised constitution and the laws relevant to the creation of a multiparty democracy ... (while) the parties will choose the period within which free and fair elections" (for the new government) will take place. The date of elections should be established by "consultation to all the political forces in Angola" and "supervised by international observers who will remain in Angola until they certify that the election was free and fair and that the results have been officially proclaimed", ii. the government would discuss with all political forces the changes to the constitution and work with all parties to draft the laws ruling the electoral process, iii. the cease-fire agreement would compel the parties no longer receive lethal materials. USA, USSR and all the other countries would support the application of the cease-fire and abstain themselves to supply lethal materials to any Angolan parties (the so-called 'option triple-zero'), iv. the Angolan parties were responsible for the global political control of the cease-fire process ... and the international group will be responsible for the supervision of the cease-fire, v. the process of creation of the national army would initiate with the cease-fire and be over at the date of elections; the neutrality of the army would be guaranteed by the Angolan parties (quoted in Publico, 3.5.1991).

134. The Bicesse Peace Accord (May 1991) ratified the Washington Agreement, and approved the "Fundamental Principles for the Setting up of Peace in Angola", where, among others: i. UNITA recognised the Angolan President and government until the general elections (no 1), ii. "free and fair elections" would take place within the terms fixed by the two parties at the cease-fire signing and the precise date would be established by consultation with all political forces in Angola (no 4), iii. both parties compromised to respect "human rights and fundamental freedoms, including the right to free association" (no 5), (quoted in Publico, 2.5.1991). In the Cease-Fire Accord signed at Estoril, UNITA and the Angolan government agreed, among others: i. to "cease all hostile propaganda between the government and UNITA, at the national and international levels" (no 1/5), ii. to "cease the unjustified restrictions or blockades to the free movement of persons and goods" (no II/6), iii. the creation of a supervisory body composed by representatives of the Angolan government, UNITA, (members) Portugal, USSR, USA and UN (observers), (no III/1), (quoted in ibid.).

135. On the AA 'three single party scheme', see section 2.2.

136. CCPM (the political commission), dealing with the supervision of the global implementation of the agreements, and the and CMVF (the military commission), dealing with the disarmament of the armies and violations of the cease-fire.
Reforms

8.2.2. The constitutional reforms

The political reforms were institutionalised by the 1991 constitutional revision, followed by a legislative package negotiated by the different political parties constituted in the meanwhile, and the 1992 revision. The name of the country changed to Republic of Angola which was defined as

"a democratic rule of law system having as foundations the national unity, the dignity of the human person, the pluralism of expression and political organisation and the respect and guarantee of the fundamental rights and freedoms of man, either as individual or as member of organised social groups."\(^{138}\)

The NCL: i. maintained the principle of popular sovereignty but now exercised through either "universal periodic voting to choose representatives, referendum and other democratic form of participation of citizens ...",\(^{139}\) ii. established the principle of election of the members of "representative organs" (the parliament and the PR),\(^{140}\) iii. waived the rules on the single party system and introduced multipartidism, with art. 4 ruling the role of political parties and principles for their organisation and working.\(^{141}\)

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\(^{137}\) Given the substantial changes in CL from 1991, the constitution (1992 version) is referred to as NCL (New Constitutional Law). Laws no 15/91 (on the Political Parties), 5/92 (Elections Law), 16/91 (on the Freedom of Meeting and Demonstration), 22/91 (Press Law), 6/92 (on International Observers), 7/92 (on the Media Council), 8/92 (on the Rights of Media Use by Political Parties and the Right to Reply) e 9/92 (Radio Broadcasting Law) were included in the legislative package. On the former version of the CL, see subsection 3.1.4., 3.4.2. and section 3.5.

\(^{138}\) NCL, art. 2. See subsection 3.1.4.

\(^{139}\) NCL, art. 3. See subsection 3.1.4.

\(^{140}\) NCL, art. 54/a. The parliament (National Assembly, NCL, arts 78-104, espec. 78 and 79) is directly elected for a 4 years mandate. It is composed by 223 MPs, 130 elected for a national constituency, 5 for each province and 3 for the Angolan communities abroad (NCL, art 79 and Elections Law, arts 161 ff.). The PR (NCL, arts 56-74, espec. 57/1) is elected for a 5 years mandate, in a system of two tiers if no candidate obtains more than 50% of votes in the first election (NCL, art. 57, Elections Law, arts 144 ff., espec. 147, 156-60).

\(^{141}\) The creation and functioning of parties must respect the following principles: a) national character and scope; b) free creation; c) public pursuit of ends; d) freedom of membership and single membership; e) exclusive use of peaceful means to pursue its ends and prohibition of the creation or utilisation of military, paramilitary or militarised organisation; f) democratic organisation and functioning; g) prohibition to obtain money value or economic contributions from foreign governments and foreign governmental institutions and organisations, as well as (prohibition) of subordination to them. NCL art. 4 was developed by Law no 15/91, arts 1, 2 and 4-10. Law no 15/91 forbids: i. local and regional parties, ii. those promoting "tribalism, racism, regionalism and other forms of discrimination of citizens and influence of national unity and territorial integrity", iii. as parties "aiming, through unconstitutional means, to jeopardise the democratic and multiparty regime", iv. using, or intending to use, violence to achieve their ends, "especially armed struggle as a mean to conquer power, military or paramilitary training of citizens and possession of deposits of weapons inside and outside the national territory", v. have "parallel underground structures", vi. use military, paramilitary and militarised organisations, and vii. subordinate to the "supervision of foreign governments, entities or parties". (art 5/2). The creation of political parties does not need an authorisation but they have to register at the Supreme Court which verifies the fulfilment of the legal requisites for their constitution (arts 4 and 6), which include a minimum of 3,000 signatures (art. 14/1, distributed by provinces). On the parties which run for the 1992 elections, see Appendix to this chapter.
Reforms

The 1992 NCL enlarged the bill of rights, by clearly granting freedom of expression, meeting, demonstration, association and "all other forms of expression", freedom of press, excluding any political, ideological or artistic censorship, freedom of professional organisation and creation of unions, right to strike and prohibition of lock-out. In economic and social rights, NCL maintained the right to work, while changing the principle of distribution to the "right to a fair pay" and incorporating into the constitution workers social rights granted at GLL. Also, it established the "freedom of choice and exercise of profession". Still, the NCL did not grant the rights related to industrial democracy, which were provided for at GLL and had a material constitution status. Concerning other economic and social rights, such as to education, culture and health, they were maintained and NCL waived the former state reserves. New rights included in the 1992 NCL version is the right to a healthy and non-polluted environment and the freedom of movement.

Given the (negative) experience acquired in the working of the judiciary, especially in the criminal area, NCL regulated related rights and guarantees in a more detailed way: i. maintained the principles of legality of crimes and punishment, as well as non-retroactivity of criminal law, ii. incorporated into the constitution the presumption of innocence, iii. provided for the legality of terms for lawful custody, iv. introduced habeas corpus, and v. established the right to legal aid.

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142. NCL, art. 32 1. Law no 16/91 regulated the freedom of meeting and demonstration, which are not subject to authorisation (art. 3), but must be communicated to the governor or commissioner of the area (art. 6), who may forbid the meeting or demonstration on grounds of the timing, security of the place (art. 7).

143. NCL, arts 32/1 and 35. Law no 22/91 (media law) established: i. press is not subject to any authorisation (art. 4/1), ii. "no citizen may be damaged in his/her private, social life or employment on grounds of his/her legitimate exercise of the right to freedom of expression through media" (art. 4 2), iii. limits to freedom of press may only be established by "general and military law" on grounds of "defence of national sovereignty and independence, territorial integrity ... national unity, public order, and public health and morality" (art. 5), iv. media professionals have the right of access to information, except state and military secrets, or related to suits in justice secrecy, also secret by force of law and affecting citizens privacy (art 6/1-2), v. professionals are not compelled to reveal sources of information and their "silence cannot be punished with any direct or indirect sanction" (art. 6 4), vi. any physical and legal person is entitled to the right to reply in the concerned media (art. 34/1), vii. mass media cannot be under direct or indirect monopolies or oligopolies (art. 7) and control by foreign capital (arts 12/1 and 12/5). Radio and TV broadcasts are an exclusive of the state (arts 24/1 and 30), but the state may license private radio broadcasting stations (art. 24/2).

144. NCL, arts 33-4 and 46, respectively. See section 5.1.

145. NCL, arts 49, 24 and 25, respectively.

146. NCL, arts 23 (prohibition of torture and cruel and degradating treatment) and 36-42. Art. 52 establishes the conditions for the suspension of rights and guarantees and limits for the declaration of état de siege or emergency.
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The general guarantee of the obligation of the state to "create the political, economic and cultural conditions necessary to the effective exercise of their rights and performance of their duties by citizens", was complemented with the guarantee of citizens direct access to courts in case of "all actions which offend their rights established at this Constitutional Law".¹⁴⁷

The economic constitution changed significantly as NCL received the general background of the economic reform as approached in its 90s version. The former dominance of socialist ownership and the instrumentality of private and foreign ownership and enterprise were waived.¹⁴⁸ The norms on the statute of means of production grant all forms of ownership ("public, private, mixed, co-operative and family") a status of equality and established a guarantee to foreign investment and ownership.¹⁴⁹ Art. 12, after establishing the boundaries of the public domain, contains a norm on the ownership of land:

"Land constitutes state property at origin, may be transferred to single and collective persons, aiming its rational and integral exploration ... The state respects and protects the ownership of persons, physical and legal, and the ownership and possession of land by peasants, notwithstanding the possibility of expropriation on grounds of public interest."

Art. 11 refers the definition of state reserved activities to formal law, while compelling the state to "guarantee the efficiency and profitability" of public property. The state is also under the obligation to stimulate private, mixed co-operative and family economic activities.¹⁵⁰

The principle of planning was substituted by a norm allowing state intervention in the economy:

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¹⁴⁷ NCL, arts 50 and 43, respectively.

¹⁴⁸ Nationalisations and confiscations were considered "valid and irreversible" (NCL, art. 13). See section 4.1.

¹⁴⁹ NCL, arts 10 and 11/4. See subsection 3.1.4. and 8.1.3.

¹⁵⁰ NCL, art. 11 1, 11/2 and 11/3, respectively.
Reforms
"The state regulates the development of the national economy aiming to guarantee the balanced and harmonious growth of all sectors and regions of the country, the rational and efficient use of all national productive capacities and resources, and the improvement of the welfare and quality of life of citizens."151

The constitutional norm on taxation establishes the principle of legality, now a tighter regime for the foreign investment scheme since the constitution provides that legality of taxation included the tax, taxable income, tax rates and benefits, as well as guarantees of tax-payers.152

The organisation of the state also changed, with the creation of an advisory body to the PR, the Council of the Republic, where representatives of state organs, political parties and independent personalities chosen by the PR sit. CDS was extinguished and the post of PM recreated.153 Concerning local government it is the big loser of the negotiations of the 1992 NCL, since while establishing 'decentralization and deconcentration', the constitution abolished all previous forms of assemblies and their executives. The provincial commissioners became the governors and are appointed by the PR.154

8.2.3. The 90s civil liberties and the civil society

During the 1980s and early 90s, there was in Angola a significant migration to towns, reinforced by war and which led to which is called 'de-urbanization': the inflow of peasants was such that towns lost many of their urban characteristics.155 The urban population was 37.0% of total population in 1990, as contrasted with 13.9% in 1970 and 6.0% in 1950 (Amado, Cruz and Hakkert, 1992: 28). Thus towns have a significant impact not only in originating the new movements and ideas, but in voting terms. On the other hand, the capital had about two million

151. NCL, art. 9. See subsection 3.1.4.

152. NCL, art. 14. See sections 7.1. and 7.2.

153. NCL, arts 75-77 and 109, respectively. See subsection 3.5.

154. NCL, arts 145-48. Local government elective regime was postponed in the 1992 version for further legislation (arts 146/2, 147/2) and the provincial, county and neighbourhood/village popular assemblies and 'executives' abolished since NCL does not refer to them. See subsection 3.4.2. and section 3.5.

155. See Amado, Cruz and Hakkert, 1992, who describe the desperate living conditions of the slums population, espec. in Luanda, the cultural heterogeneity of the town, and the changes the massive inflow of rural migrants cause (42-7).
Reforms

inhabitants in 1992, majority of them born outside the town, coming from all the regions of the country and "represent a synthesis" but is not socially or politically homogeneous.\footnote{\textit{Gonçalves, Público, 23.5.1991.}} The towns in coastal zones (except Luanda) had also a significant increase of population with the inflow of war refugees.\footnote{The Lobito/Benguela/Baia Farta axis had about 800,000 inhabitants, as contrasted with about 100,000 in 1970 and small towns such as Sumbe (centre) and Soyo (north) had about 100,000 inhabitants each, as contrasted with about 10,000 inhabitants each in 1970 (\textit{Gonçalves, loc.cit.}).} Another area of concentration of population, the central Highlands (about 30% total population) was the zone where the impact of war was more felt, which led Ovimbundu economy to almost complete destruction and peasants to starvation, conditioning their attitudes towards the political process. This picture gave to the movements and events in towns an impact in national politics wider than in the past.

The political liberalisation led urban residents to diversified initiatives, creating associations whose pattern differentiated from the 80s associations. The most important was ACA which came, in a certain way, retrace the tradition of extinguished Liga and Anangola,\footnote{\textit{Associação Cívica de Angola (ACA) created in 1990 (\textit{Público, 7.4.1991}); defined as "a civic association with a political angle" (J. Pinto de Andrada, Público, 1.6.1991). ACA was dynamised by former Revolta Activa and OCA members, existed informally and was authorised by the government only one year after its creation since the minister of Justice had denied the authorisation, on grounds that it was against the interests of the Angolan state (\textit{Público, 15.2.1991}), notwithstanding strong harassment of its members, including threats and dismissals and removals from jobs (Expresso, 9.6.1990). Nevertheless, many MPLA members supported the approval of ACA (e.g., Lope do Nascimento, quoted in Expresso, 2.2.1991) and it seems that the measures against ACA members "caused amazement in many sectors of the Luanda society, including the intermediate levels of MPLA" (Expresso, 9.6.1990). See subsections 2.1.2. and 3.4.5.} acting as a forum for the production of political ideas and civic projects. Borrowing in the former discussions on independence of associations, ACA maintained distanced from political parties but contributed, as did the republican clubs in the 19th century as well as Liga and Anangola in the 20th, to the emergence of new political parties.\footnote{E.g., FpD, see Appendix. On associations and political parties, see subsections 2.1.2, 2.1.3. and 3.4.5.}

During the period up to the beginning of the post-elections war, many associations and NGOs, national, regional and local, were created in urban areas. Still, their initiatives and impact in politics do not seem significant, given the trend to 'partycracy' revealed from the elections and the re-emergence of war which led to widespread sectarianism and showed the weakness of the
Reforms
civil society in the new political system. For example, environmentalist groups have difficulties to
be socially accepted and have their claims heard by political parties.

Law no 14/91 regulated NCL, art 32, on freedom of association. For the first time in the
Angolan history the creation of associations is free. Membership of associations is free as well,
and nobody may be compelled to become or to stay a member of an association.

Concerning industrial democracy and the workers movement, LPE/88 maintained the
framework of LPE/77 for medium sized PEs, and provided for workers participation in the new
board of directors of large PEs. The representative of workers in this board was elected.
However, as the law was not regulated these norms were non-operational unless there is resort to
the GLL rule on the workers assemblies. Nevertheless the board was a progress as far as LPE/77
is concerned, although it does not attain the level of industrial democracy provided for by Law no
3/76. Participation of workers in profits, although within the restrictions of its central allocation
and the lack of criteria on the distribution of profits among workers, was also a progress since it
created incentives for performance, besides its eventual distributional impact.

But changes at PEs mean very little in the context privatisation, austerity measures, cuts in
welfare expenditure, including by preventing access to education, non-payment of wages and
unemployment. This situation led to UNTA protest referred to above and its parting from the
state and the single party. Indeed, in the 90s UNTA changed its positions on partidarisation of
unions and claimed for their independence from political parties and churches. With
liberalisation workers demands became transparent: payment of belated wages, increases in

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160 See, e.g., Rui Duarte Carvalho, Público, 1.5.1991.

161 Law no 14/91, art. 7. Are excluded from the regime of associations: unions, co-operatives, religious organisations, sports clubs and political
parties (art. 6); associations aiming to promote hate, violence or the overthrow of the Republican institutions, and with ends contrary to independence,
national unity, territorial integrity and NCL are forbidden (art. 11); to guarantee the monopoly of politics by political parties, art. 8/2 forbids
associations with political ends to: i. participate in the activity of state organs, ii. contribute to the exercise of citizens political rights, iii. influence the
national policy at the parliament or government, iv. contribute to the definition of the national policy "especially by participating in elections or by
other democratic means".

162 LPE/88, arts 62, 63, 51 and 52. See subsections 3.2.2., 3.4.4. and 8.1.4.

163 TSF (Lisbon) broadcast, 25.10.1990. See subsections 8.1.6. and 3.4.4.
Reforms

wages, and improved working and living conditions.\textsuperscript{164} A special case was the doctors movement of protest, fighting for better working conditions and proper state assistance to the NHS, a protest some MPLA sections tried to bar.\textsuperscript{165} As the government did not attend workers demands, a wave of strikes followed, even before the approval of the strikes law, apparently a new autonomous movement, independent of political forces.\textsuperscript{166}

The 'social agitation' finally led the state to revise the economic policy fixed at the Plan aiming a softer application of the austerity programme. No measures were taken against strikers\textsuperscript{167} and a strikes law was adopted in the 1991 package. Only strikes with "economic, social and professional goals related to the workers employment situation" are allowed and strikes with other motives or with occupation of work places are unlawful.\textsuperscript{168}

As in 1975, the outcomes of the workers movement in towns would be impacted by the war, which led workers demands to silence, with few exceptions of strikes. The same happened with demonstrations and other kinds of protest.

8.2.4. The elections and the post elections crisis

Among the most important political changes arising from the reforms are the creation of many political parties, which run to the 1992 elections, and the first information in the country's history on the political preferences of Angolans which results from elections.

\textsuperscript{164} J. Gonçalves, Público, 3.7.1991.

\textsuperscript{165} Público, 19.4.1991; it seems that the minister of Health, whose dismissal was demanded by the movement, even threatened doctors.

\textsuperscript{166} See, e.g., Gonçalves, Público, 3.7.1991 and 24.7.1991, on strikes at oil joint ventures; there were also strikes at EDEL, ENCAL, Joint Soviet-Angolan Expedition (fisheries) and the Capanda project (Público, 21.6.1991); of journalists of the broadcasts in national languages and sound operators at the national broadcast station (Público, 12.6.1991) and teachers.

\textsuperscript{167} Público, 2.5.1991, Gonçalves, Público, 24.7.1991 and Público, 19.4.1991, respectively.

\textsuperscript{168} Law no 23/91, arts 3 and 7/a; promotion of unlawful strikes is punished with imprisonment and adhesion to these strikes with disciplinary liability (arts 27/1 and 27/2). The right to strike is not granted to the military, police, prosecutors, members of sovereignty organs (PR, PA, government and courts), workers in prisons and military establishments and firemen. Some categories of workers have to ensure minimal services (arts 6, 8 I, 20 I, 8 4 and 20,3, respectively). As in the 1975 legislation, the strike suspends the employment contract and strikers are not entitled to wages. Employers cannot sack or transfer strikers or strikes delegates for a given period, except in case of disciplinary liability (art. 21).
Reforms

The September 1992 elections have been the first with universal, direct and secret ballot in the country. They aimed the election of the PR and the parliament fulfilling a goal (and compromise) established at the Peace Agreements and NCL. During the peace negotiations the representatives of the government as the other involved parties discussed the timing of the elections and the whole peace process, including the disarmament of the armies. The government considered it was necessary a transitional period of three years to extend the public administration to all the national territory, to create the national army and the extinction of both FAPLA and FALA, as essential conditions to the universality, openness and democracy of the elections. Also, there was a need to prepare the state apparatuses and the very people for a method of selection of rulers which was different from their past experiences. UNITA argued that elections should take place within a shorter lag of time because it was convinced of its victory and wanted to seize power as soon as possible. From the negotiations a transitional period of eighteen months was agreed and implemented.

It was difficult to implement the new electoral system in such a short period due to the shortage of resources demanded by the process, the serious economic crisis the country was going through, and the fact that UNITA did not disarm and its forces occupied counties and villages intimidating the people and preventing the action of the public administration. While keeping a supervisory and peace-keeping force (UNAVEM), the UN did not allocate Angola the resources it granted to the Namibian elections and thus the Angolan state bore the majority of costs and responsibilities. The latter created a special board, the National Electoral Council (NEC), with

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169. See section 8.2.1.

170. The Elections Law provides that the elections will take place "in the space of the territory under effective jurisdiction of the public administration" (art. 9).

171. The "timing (of the peace process in Angola) is being finished by the Portugal, USA and USSR representatives" (Público, 5.3.1991, quoting Voice of America). See also Minter, 1991: 142.

172. These problems were denounced by government representatives at the Joint Military Commission of Supervision (CMVF), but were approached with a certain degree of cynicism by different parties involved (from the troika to UNAVEM) and some of their officials even made comments on the issue as 'path accidents'.

173. The UN collaborated with technical assistance, including training of personnel, and supervised the whole process, supplying international observers and materials.
Reforms
related provincial councils, composed by representatives of political parties and the public administration.\textsuperscript{174}

The polls registration was a success, if we consider the extension of the territory, the difficulties of communications and the shortage of resources. In some zones such as Jamba, UNITA prevented the extension of the public administration and the working of the multi-party system.\textsuperscript{175} However, in a country with a very young population (about 44.5\% are less than 15 years old) 4,828,468 voters among about 10 Mn total population registered, which meant a significant interest in the participation in elections.\textsuperscript{176}

\textsuperscript{174} Elections Law, arts 12 ff., espec. art. 14 (headed by a judge of the Supreme Court). The NEC was supported by a public agency, the Direction for Elections, headed by a member of the FNLA Politbureau, which promoted the voters registration, the implementation of elections and the counting of votes.

\textsuperscript{175} The conditions for an effective registration of voters were the extension of the public administration, which implied the appointment of a public authority to the site and the implementation of the structures of local government, free movement of persons and goods and the full exercise of activities of the different political parties. Still, two months after the opening of the voters registration there were zones occupied by UNITA after the cease-fire, under control by the latter, which had expelled and aggressed, in some cases, local authorities. The UN and international observers paid little attention to the situation, calling the zones under control by UNITA 'zones of difficult access' (in the words of an Angolan 'zones of access made difficult'. Onambwe, JA, 12.8.1992). RSA sent 'brigades' to help with the registration of voters under UNITA rule, but some of these places in Moxico and Kuando-Kubango were later not included in the registration, a decision ratified by the UN and CCPM. An example of the registration problems is Kuando-Kubango, a zone not attractive for migrants which still had more voters than the estimate population for 1991, while in Cabinda the number of voters registered was only 5\% of total population and in Uige, 30\% (see next note).

\textsuperscript{176} The Table shows the population estimated in 1991 and the data from the 1992 voters registration. In 1991 the Angolan population was divided in 48.8\% men and 51.2\% women.

### POPULATION AND REGISTERED VOTERS

<table>
<thead>
<tr>
<th>Province</th>
<th>Population (000)</th>
<th>Voters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cabinda</td>
<td>163</td>
<td>16,079</td>
</tr>
<tr>
<td>Zaire</td>
<td>192</td>
<td>82,166</td>
</tr>
<tr>
<td>Lunda Norte</td>
<td>292</td>
<td>318,131</td>
</tr>
<tr>
<td>Lunda Sul</td>
<td>155</td>
<td>141,545</td>
</tr>
<tr>
<td>Bengo</td>
<td>166</td>
<td>87,451</td>
</tr>
<tr>
<td>Kwanza Norte</td>
<td>378</td>
<td>137,962</td>
</tr>
<tr>
<td>Malanje</td>
<td>892</td>
<td>327,337</td>
</tr>
<tr>
<td>Luanda</td>
<td>1,529</td>
<td>354,981</td>
</tr>
<tr>
<td>Kwanza Sul</td>
<td>651</td>
<td>369,150</td>
</tr>
<tr>
<td>Moxico</td>
<td>316</td>
<td>137,798</td>
</tr>
<tr>
<td>Benguela</td>
<td>644</td>
<td>567,825</td>
</tr>
<tr>
<td>Huambo</td>
<td>1,524</td>
<td>467,811</td>
</tr>
<tr>
<td>Bié</td>
<td>1,125</td>
<td>354,517</td>
</tr>
<tr>
<td>Namibe</td>
<td>115</td>
<td>84,918</td>
</tr>
<tr>
<td>Huila</td>
<td>869</td>
<td>509,167</td>
</tr>
<tr>
<td>Cuando-Kubango</td>
<td>130</td>
<td>133,161</td>
</tr>
<tr>
<td>Cunene</td>
<td>232</td>
<td>145,528</td>
</tr>
<tr>
<td>Total</td>
<td>10,310</td>
<td>4,828,468</td>
</tr>
</tbody>
</table>

Reforms

Seventeen parties and a coalition run for the parliamentary elections. Their programmes are little differentiated, demonstrating, given their diverse and even opposed goals and practice, the degree of rhetoric characterizing the multi-party system in the country. Still, the campaign was also marked by: the delays in the disarmament of UNITA and the creation of the new national army as well as occupation of villages and counties by UNITA, with intimidation of campaigners, including the murder of FDA members. The former army was quickly extinguished in the eve of the elections and a Chief-Staff composed by equal members of UNITA and the government was appointed, while Savimbi and the government accepted to respect the results of the elections.

The elections outcomes

The results of the elections confirmed the bipolarisation predicted and feared by many. They also established PRS, an almost unknown party, as the third political force and confirmed the suspicions on FNLA decay among the Kikongo. The emergent parties, except PRS, showed a very fragile social base, notwithstanding their declarations before the elections and were criticised for prioritizing top politics, their eagerness to enter into ‘the corridors of power’ and their contempt for popular organisation.

177. During the campaign all parties had equal access to the state TV and radio stations. UNITA used as well its private radio station, Vorgan, where it refused access to other parties.
178. See Appendix to this chapter.
179. JA, 28.9.92.
Reforms

**TABLE 3**

Total parties votes for parliament and number of MPs

<table>
<thead>
<tr>
<th>Party</th>
<th>Total votes</th>
<th>% Total</th>
<th>MPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. MPLA</td>
<td>2,124,126</td>
<td>53.74</td>
<td>129</td>
</tr>
<tr>
<td>2. UNITA</td>
<td>1,347,636</td>
<td>34.10</td>
<td>70</td>
</tr>
<tr>
<td>3. PRS</td>
<td>89,875</td>
<td>2.27</td>
<td>6</td>
</tr>
<tr>
<td>4. FNLA</td>
<td>94,742</td>
<td>2.40</td>
<td>5</td>
</tr>
<tr>
<td>5. PLD</td>
<td>94,269</td>
<td>2.39</td>
<td>3</td>
</tr>
<tr>
<td>6. PRD</td>
<td>35,293</td>
<td>0.89</td>
<td>1</td>
</tr>
<tr>
<td>7. AD</td>
<td>34,166</td>
<td>0.86</td>
<td>1</td>
</tr>
<tr>
<td>8. PSD</td>
<td>33,088</td>
<td>0.84</td>
<td>1</td>
</tr>
<tr>
<td>9. PAIOCA</td>
<td>13,924</td>
<td>0.35</td>
<td>1</td>
</tr>
<tr>
<td>10. FDA</td>
<td>12,038</td>
<td>0.30</td>
<td>1</td>
</tr>
<tr>
<td>11. PDP/ANA</td>
<td>10,608</td>
<td>0.27</td>
<td>1</td>
</tr>
<tr>
<td>12. PNDA</td>
<td>10,281</td>
<td>0.26</td>
<td>1</td>
</tr>
<tr>
<td>13. CNDA</td>
<td>10,237</td>
<td>0.26</td>
<td>0</td>
</tr>
<tr>
<td>14. PSDA</td>
<td>10,217</td>
<td>0.26</td>
<td>0</td>
</tr>
<tr>
<td>15. PAI</td>
<td>9,007</td>
<td>0.23</td>
<td>0</td>
</tr>
<tr>
<td>16. PDL</td>
<td>8,025</td>
<td>0.20</td>
<td>0</td>
</tr>
<tr>
<td>17. PDA</td>
<td>8,014</td>
<td>0.20</td>
<td>0</td>
</tr>
<tr>
<td>18. PRA</td>
<td>6,719</td>
<td>0.17</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: CNE, Apuramento Definitivo.

Table 4 shows the four parties which got the higher number of votes by province. They demonstrate that while ethnic voting may have influenced a substantial number of voters in many rural areas (and to reach this kind of conclusions one has to accept the doubtful assumption that there is some connotation of political parties with ethnic groups), MPLA and UNITA appear as parties with a national base. Furthermore, in the northern provinces where MPLA won, Kikongo voted massively in parties non-Kikongo connected. The same happened with the Southern peoples (e.g., Herero, Cuanyama and Ganguela). But, conversely, in the Mbundu and Ovimbundu provinces there were significant victories of parties with a social base linked, at least in propaganda, with their respective ethnic groups. Still, in the Ovimbundu region the province of Benguela, notwithstanding the occupation of some counties by UNITA, shows already some non-ethnic voting. Luanda, as a multi-ethnic town of about 2 Mn inhabitants at the time, the significant victory of MPLA is due more to the suspicions of urban population on UNITA intimidations, aggressive discourse and obscurantism, than to ethnic choices.
### TABLE 4

<table>
<thead>
<tr>
<th>Province</th>
<th>First</th>
<th>Second</th>
<th>Third</th>
<th>Fourth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cabinda</td>
<td>MPLA</td>
<td>7,448</td>
<td>UNITA</td>
<td>1,544</td>
</tr>
<tr>
<td>Zaire</td>
<td>MPLA</td>
<td>20,240</td>
<td>FNLA</td>
<td>20,053</td>
</tr>
<tr>
<td>Uige</td>
<td>MPLA</td>
<td>136,167</td>
<td>UNITA</td>
<td>79,277</td>
</tr>
<tr>
<td>Luanda</td>
<td>MPLA</td>
<td>531,294</td>
<td>UNITA</td>
<td>140,959</td>
</tr>
<tr>
<td>Bengo</td>
<td>MPLA</td>
<td>54,586</td>
<td>UNITA</td>
<td>13,747</td>
</tr>
<tr>
<td>Kwanza-N.</td>
<td>MPLA</td>
<td>102,213</td>
<td>UNITA</td>
<td>6,658</td>
</tr>
<tr>
<td>Kwanza-S.</td>
<td>MPLA</td>
<td>220,086</td>
<td>UNITA</td>
<td>61,099</td>
</tr>
<tr>
<td>Malange</td>
<td>MPLA</td>
<td>185,935</td>
<td>UNITA</td>
<td>26,201</td>
</tr>
<tr>
<td>Lunda N.</td>
<td>MPLA</td>
<td>77,694</td>
<td>PRS</td>
<td>18,673</td>
</tr>
<tr>
<td>Benguela</td>
<td>UNITA</td>
<td>260,655</td>
<td>MPLA</td>
<td>181,730</td>
</tr>
<tr>
<td>Huambo</td>
<td>UNITA</td>
<td>289,283</td>
<td>MPLA</td>
<td>61,146</td>
</tr>
<tr>
<td>Bié</td>
<td>UNITA</td>
<td>204,930</td>
<td>MPLA</td>
<td>36,598</td>
</tr>
<tr>
<td>Lunda Sul</td>
<td>MPLA</td>
<td>37,309</td>
<td>PRS</td>
<td>22,811</td>
</tr>
<tr>
<td>Moxico</td>
<td>MPLA</td>
<td>66,344</td>
<td>UNITA</td>
<td>27,290</td>
</tr>
<tr>
<td>K.-Kubango</td>
<td>UNITA</td>
<td>87,808</td>
<td>MPLA</td>
<td>26,693</td>
</tr>
<tr>
<td>Namibe</td>
<td>MPLA</td>
<td>42,458</td>
<td>UNITA</td>
<td>15,374</td>
</tr>
<tr>
<td>Huila</td>
<td>MPLA</td>
<td>245,952</td>
<td>UNITA</td>
<td>100,219</td>
</tr>
<tr>
<td>Cunene</td>
<td>MPLA</td>
<td>90,233</td>
<td>UNITA</td>
<td>4,714</td>
</tr>
</tbody>
</table>


The candidates for the presidential elections were Dos Santos and Savimbi, an independent (Chipenda), nine other candidates for parties and one for a coalition. Dos Santos had in the first tier 49.57% votes while Savimbi had 40.07%. The other candidates had no significant number of votes and the third was H. Roberto with 2.11% corresponding to the FNLA 2.40% in the parliamentary elections.

**The post-elections crisis**

When the media began to publish their own accounts of the elections results, the new democratic system had to face serious strains. As they indicated MPLA as the winner, UNITA claimed the results were MPLA manoeuvering\(^{180}\) and prevented the publication of the results blackmailing with resort to war. The publication was suspended and there was a period of silence and uncertainty. After an increase in terrorist and military activities by UNITA, and much

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\(^{180}\) Savimbi quoted at Vorgan (Terra Angolana, 6.10.1992). UNITA e Savimbi would win in 12 of the country's 18 provinces and alleged frauds were being set up (UNITA newspaper, Terra Angolana, 6.10.1992).

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international intervention, the results of the elections were finally published. Since the government and NEC did not accept the blackmail of war threats, UNITA was forced to show its real views on representative democracy: it did not accept its defeat, demanded the revocation of the elections and new elections four months later. Notwithstanding the fact that the UN recognised the elections as 'free and fair' and considered that eventual irregularities did not substantially affect the results of the scrutiny, UNITA persisted in war and blackmail, occupying counties, towns and villages, entire provinces, from where it expelled and murdered the government representatives, while committing other political assassinations.

Thus the so-called UNITA democrats showed that they were only interested in representative democracy as a mean to seize power. Indeed, after the euphoria of elections UNITA showed what the majority of Angolans already knew but international powers denied: instead of being a champion of democracy fighting for human rights, etc., it revealed itself a fascist military organization. For its fascist activities UNITA has a powerful secret police, Brinde (trained and, it seems, supported by the RSA police and army), which apparently controls the terrorist wing of the organisation which performs operations such as bombing in civilian targets, political murder, smearing of opponents and spying. The extension of Brinde moles within the public administration and political parties is not known, but the lists of people to murder found out in UNITA offices after its defeat in the 2nd Battle of Luanda suggest a high number of spies in enterprises and neighbourhoods, who, among other activities, listed people with some connection with MPLA, FAPLA, etc., for later repression.

The problem of the national army had also a great impact in the post-elections developments. As stated above, the Peace Agreements established the creation of a non-party

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181. Referring to the Elections Law, art. 197.

182. Such as the case of the Huambo academics and other people linked to the journal Jango. By 1994 the list of political assassinations in the zones under the control of UNITA, from civil servants to judges and journalists, is endless.

183. Which had been predicted but not taken into account by international powers. E.g., on UNITA Pinto de Andrade argued in 1990: "It will not be easy for an essentially military organisation to abandon methods characterised by violence and destruction, to renounce to the path of 'dictates' to impose consensus and turn to the long road of confront of solutions, (and) civic and brotherly relations" (quoted in Expresso, 22.12.1990).
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linked army. FAPLA were effectively dismantled, with the massive demobilization of their military. The later should be integrated in training and social reintegration programmes, supported by international assistance, but mostly were in fact thrown into unemployment, in many cases with a shocking indifference for the many years they spent fighting for the country's survival. From the Peace Agreements some left back to their villages as the army no longer supplied water and food to some military camps. Concerning FAPLA's weaponry, and in the past it had been considered one of the best equipped armies in Africa, a part became useless due to shortage of spares caused by the prohibition of sales of armament to the Angolan state and UNITA. Other part of FAPLA's equipment was, it seems, rejected by advisers in charge of assisting the creation of the new joint national army (British, Portuguese and French).\textsuperscript{184}

UNITA maintained its more significant operational groups in 'camps', integrated in the new army individuals who were mostly political cadres keeping in a reserve outside the national army a part of its important military cadres, hid a significant part of the weaponry supplied by the USA and RSA and even during the transitional period (to elections) occupied counties it never succeeded in conquering during its war against the post-colonial state.

Thus the new national army (FAA) was trapped into a situation of almost complete shortage of military means to face the war moved by UNITA after its defeat in the elections. More suspicious former FAPLA soldiers and officers took home various weaponry. If they had not behaved as such the wave of death and destruction caused by the UNITA military victories until it controlled about 80\% of the national territory would be greater. In fact, in a first stage of the post-elections war UNITA was only faced by the National Police in towns and the people in towns and the countryside. Indeed, popular resistance against UNITA prepotence and the passivity of the government was similar to the 1975 self-defence schemes.

\textsuperscript{184} Who, it seems, took the opportunity to 'advice' the purchase of weapons from their countries, transforming the creation of the new army and the 'assistance' in a profitable sale of weaponry. FAPLA assets, from airplanes to heavy trucks, were as well sold at 'symbolic' prices to civilians and military of high posts.
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During one year UNITA destroyed more - human lives, infrastructures, plants, schools, hospitals, etc. - than during the 15 previous years of post-colonial war. This devastation was made possible by lack of control by the institutions in charge of the monitoring of the disarmament of FAPLA and FALA and in supporting the creation of the new national army.

Also, notwithstanding all the information on UNITA militarism and fascism acquired along the years, especially after the declarations of its dissidents from the 80s, after a period of suspicion a substantial part of the Angolan right, including sections of the MPLA, accepted UNITA as a reliable partner for a democratic system, an attitude of 'collective amnesia'. Its former history of ethnic fascism was forgotten, either by international powers or the domestic right, given its relevant role on which they believed to be the 'struggle against communism'. Thus even before UNITA demanded a share of posts in government as if it had won the elections, lobbies were active in pressing for the appointment of UNITA leaders in a future MPLA government.

As for the expectations of the people, the majority of Angolans believed in the 'new collective dream' of representative democracy and peace, and in the possibility of integration of UNITA within the Angolan society in a peaceful process. Thus, the people voted massively (the rate of abstention was 8.65% in the parliamentary and 8.85 in the president elections), hoping to finally be able to leave in peace. It proved once again a failure of hope.

The disintegration of the country

When Angolans voted massively for peace and ratified the choice for a multiparty democracy, not even the more pessimists expected the country to dive into such a tremendous catastrophe. After the elections, Angola suffered the worst economic and military crisis of its history and the hardships the population endured cannot be compared with the sacrifices it had to

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185. See section 6.3.

186. See, e.g., at the Appendix the parties which supported Savimbi for president. Also, when UNITA contested the elections on grounds of alleged frauds, it was supported by FNLA and Roberto, PDA and A. Neto, AD and S. Cacote and Chipenda.

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bear either during the war for independence or the South African invasions. The post-elections crisis also caused the economic and political institutions arising from the reforms fall apart in a process of disintegration of the country.

Concerning the economy more than one decade of the post-colonial war led to overwhelming constraints to development projects dealt with in this work. Peace also meant for Angolans prospects of increased living standards and the restructuring of the economy leading eventually to a more developed society. In fact, during the 90s peace period, there was a revival of the economy, with an increase in investment and farming, as the communications by road between the different regions of the country were restored. Although prices had soared and there were serious problems of unemployment, there was some optimism concerning the future. But with the new war, development and better living standards are postponed, becoming increasingly unpredictable. Many years of shortages and hard work will be necessary to reconstruct what UNITA destroyed in about one year of war. Inflation reached socially and economically alarming levels. Wages deteriorated in an accelerated way and no wages adjustments could reach the inflation rate. The hard currency resources to finance imports became progressively more scarce while the needs of imports increased to re-equip the army at the same time as the national production of all kinds of consumer goods was completely paralyzed. The scarce goods available were, given the impossibility of free movements of goods and persons, transported by airplane to the hinterland zones controlled by the government. In some cases, for example the towns of Menongue and Kuito besieged by UNITA, this was not possible and thousands died in the fighting and by starvation. But even in the zones where food was distributed the scheme of air transport made the goods prohibitively expensive and an increasing number of poor had no access to them. Death by starvation began to occur in towns such as Luanda where although there was famine, death by starvation was negligible.

188. See note 122.
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The restructuring of the economy led to the abandonment of the previous rationing schemes of prices subsidised by the state and related apparatuses. Thus, the means to face the post-elections shortage of food are smaller than in the past and the poor have no access to the very few essential goods formerly distributed under the rationing scheme. This is just an example of the problems the government had to face. Due to pressure from international institutions it has had to implement a programme of economic liberalization while simultaneously engulfed in a devastating war. But even the so-called free market economies when in a situation of war were forced to adopt measures of strong state intervention in the economy, including rationing of consumer goods.

Direct foreign investment, which outside the extractive industry was just beginning in the 90s, had a serious setback, with investors either giving up investments already approved by the government and initiated or avoiding to transfer to the country the capital they had agreed to under contracts, some of them for the creation of joint ventures.

As the right of the Angolan people to development is destroyed and the economic and social rights of citizens reached their lowest level of effectiveness, the prospects for a wider exercise of other rights in a context of war are not bright. In the areas under the control of UNITA the citizenry live under a regime of the most odious military dictatorship. Concerning the degree of democracy in the zones under the control of government, there was the postponement of many projects of increased democratization of society, given the dominance of the interests of defence in facing war, that is, the need of survival which means that often democracy and the respect for human rights became a second priority. Also, war provides an excuse for all kinds of authoritarian ideas, to exercise autocracy and to forget the constitutional programme and bill of rights (already of problematic effectiveness in an underdeveloped country), at the least for a part of the population.

The post elections crisis, beyond the flagrant violation of agreements and compromises entered into, also showed the fragility of rule of law established at NCL, art. 2. The NCL norms
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on rule of law were negotiated, as the whole constitution, by political parties, including UNITA. Furthermore, many parties included rule of law as a goal to attain in their programmes. But the crimes against persons, property and the state committed by UNITA members remained unpunished up to 1994, while international powers involved in the solution of the Angolan conflict do not seem aware of the impact of this impunity in the whole legal system implemented from the late 80s. Indeed, there is a systematic violation of all the legislation in force in the country - from the constitutional norms and legislation on the political process (whose application would mean that UNITA would become unlawful as a political party and its present leaders could never candidate again to an elected mandate) to the criminal law (UNITA murderers supposedly will not go under trial), to even legislation on compensation for damages. The inertia of the state, itself blocked by the troika and UN attempts at reconciliation with UNITA, the de facto existence of double standards concerning the application of law (of which UNITA members appear to be exempted) with the tacit approval by the international powers involved, led to a climate where law lost its legitimacy and any attempt at respect and application of law appear as awkward activities of lawyers generating serious problems of intimidation to judges, lawyers and even the police.

8.5. Conclusion

From the official take-off of the economic reform, a process rapidly ensued which diverted the restructuring of the economy from the direction decided by the II MPLA Congress. The process appears as the consolidation of the integration of the country in the world system, and has similarities with the 60s restructuring of the relative position of Angola in this system. The

189. See Appendix.

190. See note 141.

191. An exception to this state of 'legal apathy' is the complaint to the police, in order to sue in criminal courts later, on the murder of a member of UNITA at Jambs, by his family.

192. An example is the case of Prof. Medina, deputy chairperson of the Supreme Court, who was smeared in the press as an 'advocate of the interests of settlers' because she sued, in a private law case, an MPLA MP who, as a member of the government, had allegedly allocated her house to his wife.
Reforms

patterns of this position result from: i. the country's underdevelopment which was shadowed under the impact of the independence victories and the early 70s boom, ii. the strategies of national reconstruction aiming to "attain the 1973 levels of production" (which meant the reconstruction of the late colonial economy), iii. administrative planning (from the stand-point of social groups it generated and/or enabled to grow, as well as the authoritarian practices it reproduced), and, iv. external aggressions making it impossible any alternative path.

The needs of legitimation made the US administration, RSA and proxy UNITA to mask the late colonial war as a struggle for democracy. This factor, added to the needs to lift the state barriers which the expansion of capitalist relations demanded, had as a result that the change in the form of the economic system, brought together higher standards of rights and liberties.

But the overall economic result of the different and ultimately non co-ordinate international interventions in Angola is wild capitalism, widespread corruption and shameless amassing of wealth together with the stringent poverty of the majority of the people. Ironically, the efforts to improve the degree of democratisation of the Angolan society whose pace and framework arose from the international agreements, had as a consequence the complete denial of minimal democratic rights for the large number of Angolan citizens living under UNITA's dominance and a jeopardy of the rights and freedoms of citizens in the zones under the government control. It may be said that the continued interventions in Angola put a brake on internal developments, as reflected in the different reforms, and eventually led to setting back the steps already made by the Angolan society towards improved democracy. Indeed, the devastating post-elections war and the efforts of international powers to force the government to share power with UNITA mean more serious risks to sustainable development and democracy than the status quo which preceded the political reforms.

Reforms

The reforms period highlight continuities of the Angolan history - from war to reformism, from achievements when authoritarianism is diluted to the continued rebellions of the second peripheries against the mediatory role of the first periphery in shaping the relationships with the global system. Still, the lifting of barriers in many areas of individuals self-development and organisation means that repressed strengths of society may develop, countering the negative impact of unrestricted expansion of the obscurantism, violence, indigenous wild capitalism and lumpen bourgeoisie.
Reforms

APPENDIX

Political parties which run for the 1992 elections

1. PRD (Partido Renovador Democratico), founded in 1990 by ex-Nitistas; programme: democratic and republican state with rule of law and respect for human rights; dominance of a market economy, foreign investment and private initiative in a mixed economy of a welfare state, with neither central command economy nor wild capitalism; integrated development approached in its different economic, social, cultural, environmental and political dimensions; PR candidate, Luis dos Passos, a former FAPLA officer who participated in the 1977 attempted coup.

2. PAJOCA (Partido da Alianca da Juventude, Operarios e Camponeses de Angola), founded in 1991 by MPLA dissidents; programme: mixed economy, welfare state, with special emphasis in education and health; state monopoly of foreign trade; privatization of banks and leases of land to foreigners; supported Dos Santos as PR candidate.

3. PAI (Partido Angolano Independente), founded in 1983 in Lisbon; programme: market economy and welfare state, with emphasis in a national health service, 9 years compulsory schooling, ban of child's work, access to employment and return to the country of cadres living abroad; decentralised local government and elected members for all post in the public administration; supported Dos Santos as PR candidate.

4. PDLA (Partido Democratico Liberal de Angola); programme: no data; PR candidate, Honorato Nlando.

5. PEDA (Partido Social Democratico de Angola), founded in 1990 by migrants returned from Zaire; programme: no data; PR candidate, Kilandamoko, former civil servant in the Zairian administration, who gave up to support Savimbi.

6. FNLA, programme: separation of powers and political and administrative decentralization; welfare state, with emphasis in education and health; market economy based in private initiative with democratic planning and egalitarian distribution of wealth; PR candidate, Holden Roberto.

7. PDP-ANA (Partido Democratico para o Progresso da Alianca Nacional Angolana), founded in 1991, composed mainly by Kikongo; programme: respect for human rights and the environment; welfare state with emphasis in education; modernization of agriculture with the support of UN agencies; creation of an African common market and south-south co-operation; PR candidate, Mfulumpinga Victor, member of the FNLA Politbureau in the 70s, who gave up to support Savimbi.

8. PRA (Partido Reformador Angolano), founded in 1992; programme: no data; PR candidate, Rui Pereira, former exile in Portugal.

9. CNDP (Convenção Nacional Democratica de Angola), founded in 1991 by MPLA dissidents; programme: free market economy with economic democracy, anti-trust laws, consumer protection, reduction of social and regional inequalities, full employment, priority to national capital and incentives to foreign investment; total or partial privatization of PEs but state monopoly in mining, energy, transport and insurance; collectivization of agriculture oriented to the satisfaction of people's needs and balanced development of all the regions of the country; PR candidate, Pinto Joao, former head of MPLA department for the media, who gave up to support Savimbi.

10. PDA (Partido Democratico de Angola), founded in 1991 by MPLA dissidents; programme: no data; PR candidate, Filipe Coutinho, former civil servant in the MPLA administration.

11. PDA (Partido Democratico de Angola), founded in 1991 by MPLA dissidents; programme: democratic and rule of law state, with separation of powers; market economy with some elements of welfare state; PR candidate, Prof. Alberto Neto.

12. FDA (Forum Democratico Angolano), founded in 1990 in Canada by UNITA dissidents; programme: rule of law with respect for human rights and fundamental freedoms; market economy with some elements of welfare state; supported Dos Santos as PR candidate.

13. AD-Colligação (Aliança Democratica - Coligação), founded in 1992, composed by PpD (Fronte para a Democracia, founded in 1991 by former OCA members, with a social-democrat programme), UDA (Unionismo Democratica Angolana), PDLA (Partido Democratico Pacífico de Angola), PNEA (Partido Nacional Ecologista de Angola) e MDIA-PCN (Movimento de Defesa dos Interesses dos Angolanos - Partido da Consciencia Nacional), all small parties and some of them with a social base essentially in the far north of the country; AD assumed itself as the third road, an alternative to MPLA and UNITA, as "an equilibrium force capable of surprising the large parties"; programme: no available; PR candidate, Simão Cacete.

14. MPLA, elections programme: rule of law, democratic multiparty system, with respect for human rights and freedoms; reform of the public administration, with decentralization and deconcentration in local government elected organs, de bureaucratization of state apparatuses and improvements of services supplied to the people; reform of the judiciary, aiming the access to justice, the independence of courts and the effective performance of their functions of guarantee of citizens rights; improvement of economic, civil and criminal legislation to adequate it to the democratic and rule of law state; prevention of crime through social and civic education programmes with the participation of the civil society; in economic policy: to promote employment, develop education and health and recover infrastructures; to create incentives to the national production by the wage and defence of the incomes of the lowest income groups through agreements between employers and workers; reduction of public expenditure and increase in non-oil tax revenues, reduction of balance of payments imbalances; support to the creation and development of national entrepreneurs as "a fundamental class for the economic recovery of the country and the consolidation of the new internal economic order"; support to the informal economy in order to create a "climate favourable to investment", use of monetary policies as economic stabilizers (limits to loans, interest rates and compulsory reserves), while facilitating loans to agriculture, cattle-ranching, fisheries and housing; keep the loans to the privatization's developing the privatisation programme and prioritising Angolans in the purchase of PEs and state assets, reserving a quota for workers; to adopt...
Reforms

Incentive to private enterprise and foreign investment, promoting the association of national and foreign capital; agrarian policy: to promote food self-sufficiency and the supply of inputs to industry, to improve living conditions in the countryside to brake rural migration to towns, to defend the maintenance of land occupied by peasants and guarantee the access of demobilised soldiers, refugees, and disabled people, as well as war orphans and widows; to create incentives for the recovery of coffee plantations by Angolans and expatriates; oil and mining policy: to create reserves while simultaneously increasing the production for export; PR candidate: Dos Santos.

15. PRS (Partido de Renovação Social), with a social base mainly Lunda; programme: no data.

16. UNITA; election programme: laic state, protecting freedom of religion, human rights and equality of opportunities; 'Africanization' and 'Angolanisation' with education of the youth in the struggle against all vices contrary to the African culture and training in the West of all youngsters who studied in "communist countries"; reform of public administration with better services supply, the sacking of civil servants and the maintenance of those allying technical competence with "political consciousness"; government of "national unity" with other parties; solution of the problem of the autonomy of Cabinda, in a way different from that of the MPLA (but does not say how); disband of the 'emergency police' and refusal of a scenario similar to 1975 "when the rejection of the democratic game by MPLA, colluded with the Soviet-Cuban expansionist ambitions dived the unprotected people in the catastrophe of 16 years of war"; economic policy: market economy, support to the creation of an Angolan entrepreneurial class and guarantees to foreign investment; relations with all countries except Cuba; PR candidate: Savimbi.

17. PSD (Partido Social Democrata), founded in 1988; programme: separation of powers, respect for human rights and protection of Angolan cultural values; market economy with state intervention to fight unemployment and oligarchies, defending the less protected strata; cooperativization of agriculture, protection of fisheries and abolition of the state monopoly of foreign trade; PR candidate: disqualified by the Supreme Court due to former conviction for rape and later substituted by Bengui João.

18. PLD (Partido Liberal Democrático), founded in Lisbon 1983 by exiles; programme: democratic rule of law state with respect for fundamental freedoms; market economy with full employment, struggle against illiteracy and poverty, protection of children, single mothers, widows, orphans and war disabled; PR candidate: Anaíla Pereira, exiled in Portugal from 1975 to 1992, the first woman to run for president in Africa.

GENERAL CONCLUSIONS

This work investigated three main general problems. Firstly, what are the elements in the continuities in Angolan history which are barriers to the projects of rupture implemented by the post-colonial state. Secondly, what were the origins and functions of the socialist project adopted after independence. Lastly, what problems of functionality and effectiveness did the post-colonial economic law face.

1. Rupture: the socialist project and the central command economy

Chapters 2 and 3 described the genesis of the political elements of the socialist-oriented project of rupture adopted by the post-colonial state. It was emphasised that in economic terms the project resulted from peculiar conditions of the attainment of independence by Angola (the massive abandonment of means of production by owners) and from the fact that the expectations of the population centred on demands of and for the state.

While imperial aggressions made it extremely difficult, even impossible, to implement the declared project of autonomous socialist development, they were not the only factor. Indeed, the abandonment of the project resulted from many internal factors, including the internal dynamics of MPLA itself reflecting an acute conflict between the different social forces who had carried out the struggle for independence. The failure is also an outcome of the system institutionalised after independence. Firstly because its intended (and 'half implemented') 'statist socialism' conflicted with the relative position of the country in the world system as a supplier of non-manufactured commodities where the main exported product, oil, is produced by TNCs, and a buyer of manufactured commodities and even non-manufactured goods, with an obsolete industry importing from the West not only equipment and technology but even intermediate and raw-materials. Secondly, because 'statist socialism' generated or reinforced social groups, for example the majority of state bureaucracies, who are against socialism, understood as a more egalitarian society with improved democracy, equal opportunities, a progressively fairer distribution of wealth and the strategic goal of enabling people to run their own lives and to participate in the
Conclusion

exercise of any kind of power. Finally because the authoritarianism underlying statist socialism alienated from the very process of development the social groups without whom no country may attempt to break the vicious circle of underdevelopment.

From the analysis of the implementation of the centralised economy in Angola, we may conclude that the inadequacy of Angola's central command system to the country's social and economic realities reinforced the 'magic' character of already magic relationships. This meant that instead of the modernity, improved rationality and industrial democracy which the planning system aimed to achieve, uncertainty and alternative use in fact led to the shaping of new social groups holding economic power and achieving the most private interests. Dependency within the global framework of international economic relations, also led to failures of the statisation of means of production and thus of attempts to control the commanding heights of the economy through nationalisation and planning. Indeed, the impact of the sets of contracts entered into by Angolan firms on state property rights led to a progressive fragmentation of these rights into powers which were increasingly transferred to foreign partners, notwithstanding (the contrary aims of) the legal framework. The state's response to this failure of its attempts of effective control was progressive centralisation of decision-making as its powers as owner escaped.

The distributive goals of the system (especially through planning of fixed wages and prices) failed, as state provision could not meet, due to reasons dealt with in the course of this work, demand for the most essential goods and services. The responses of the population to this failure had important social consequences. Firstly, the emergence and stratification of a (national) trading strata holding economic power, partially grounded in its connections with the state and nationalised enterprises. This group successfully appropriated part of the oil surplus (through the mechanism of appropriation of products and services of PEs sold at fixed prices or plainly embezzled, and financed by the NB revenues), extorted the surpluses of peasants (with no access to some kinds of goods and no possibility to market their products), and also the incomes of the remaining waged/salaried labour. Thus, except for top officials and foreign enterprise, the other

1. See Introduction, section D.
Conclusion

Social groups became progressively integrated within the informal economy in a position of subordination to the emergent 'lumpen bourgeoisie' of trading capital.

Increased poverty, failure of promises, and also the attempts of transformation of economic and social relations, led not only to conflict within peasant societies but to tensions between the first and second peripheries, reflected by the adhesion of peasants to movements waging wars and/or leading protest against the first periphery. Violence has been a constant in peasants struggles against the state, encouraged by foreign support to the parties involved. The wars which opposed the first and the second peripheries generated reformism of the colonial and the post-colonial states. In this interaction between the first and second peripheries the socio-political group of agrarians, given their connections with traditional power structures, always played a mediatory role in the outcomes of the conflict. Due to this, they have been the social group whose demands the state tried to satisfy during the reformist phase, at the same time as the demands of the real centre, for example land for plantation agribusinesses were, except for the short statist period, also satisfied. Reformism meant, nevertheless, reallocations of land at the expense of poor peasants (who were expropriated of their lands) and the disruption of peasant societies leading to the creation of a reserve of labour. The main emphasis of reformism has been to reshape exchange relations, either to give incentive to farmers/herders or to lower prices of farming products in the exports economy and for consumers of the first periphery. The alliance of the state with the farmer/trader strata impacts the political process since this group, although used to populism, does not carry democratic conceptions and practices.

As happened in the strictly political area, the economy of the 80s saw the dominance of agrarians associated to state bureaucracies, while the state constituted the necessary passage for any social group aiming to move to upwards positions. In this passage, the socialist option was particularly functional, since its hierarchical organisation, concentration of resources and access to funding created the possibilities for access to resources with no need for substantial accumulation or significant transaction costs. Attempts of planning bureaucracies to apply instruments

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2. Except for the costs of illegality, which usually did not reach the largest traders, that is, these with the 'right connections'.

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borrowed from central command economies simply did not work as the informal economy progressively invaded all the spheres related to the supply to consumers and as the goods and services supplied by the state proportionally decreased, under the impact of austerity measures and widespread theft. The central command economy died a natural death when the balance of power between the two apparently competing sectors decidedly fell to the side of the informal economy, a part of which was enabled to reshape its relationship with the state in a less direct way, through the purchase of privatised state undertakings and reliance on state provisions for access to soft loans, import quotas and inputs.

The reform adopted in 1985 proposed to liberate the productive forces. Indeed, it lifted the restrictions to the expansion of national and foreign capital. Still, the privatisation implemented in the late 80s reflected more a change in the form of the relations between economic agents and the state than significant changes in the content of these relations. Indeed, the dominance of the informal economy and the widespread presence of private firms within PEs (under TACs and/or the international joint-ventures) demonstrate the privatised character of relationships which covertly operated under the central command institutional framework.

Thus the formal economic system as established by economic law (maxime the economic constitution and legislation concretising it) given its high degree of negative real efficacy, did not appear at the level of law of the actual economic system in the 80s. Progressively, law lost its connection to reality, a non-correspondence which was reinforced by the expansion of the informal economy (including the working of the foreign enclave) together with informal allocations of power and the spreading of informal law (for example, party decisions enforced by the control of repressive apparatuses). The actual economic system when the (political and economic) structural adjustment demanded the (formal) repeal of the socialist option was neither socialist nor in transition to socialism. It was in fact a form of dependent state monopoly capitalism coexisting with small mercantile and subsistence production. So the reforms and the IMF package in fact implemented a change in the form of the actual system, while at the level of law apparently this was a change in the system.
Conclusion

The initial reform tried to save the socialist option by adapting the legal model to the reality, rationalising the working of a potentially socialist system. The convergence of reformist ideology, demands from the agrarian/trader strata and international agency destroyed this possibility and promoted, at the legal level, the conditions for the reinforcement of the capitalist (and dependent) character of the system: it was thus a change in the form. Nevertheless, this change in the form impacts the relative boundaries between economic sectors and the retreat of the state may mean patterns of integration in the world economy preventing any hope for autonomous developments, or even for development itself.

2. The post-colonial state

The functions of the state\(^3\) of the first periphery as a mediator, on one hand both of the relations between the first periphery and the centre as well as the second peripheries, and on the other hand between the centre and the second peripheries caused: i. permanent interventionism, ii. policy failures, iii. organisational failures pairing with enlargement of apparatuses, and iv. violent responses from all the parties involved. These have been constants of both the colonial and the post-colonial states.

The complexity of the linkages within the global system, and the supplementary role of the state of the first periphery would make it difficult for any state to manage these linkages. But its difficulties are reinforced by the centre imposing institutions, policies and organisational solutions which do not fuse with the needs of social control of the first periphery and the second peripheries, as well as with the management of tensions within the spaces which constitute its area of action. That is, transplants of models, motivated not only by supraordinating needs of the centre but also by attempts to save in transaction costs within the global system meant a permanent inadequacy of the inputs and outputs of the state of the first periphery.\(^4\) The organisational inadequacy is reflected in the size of its apparatuses, their incapability to perform

\(^3\) Approached as a set of relations and a process of articulation.

\(^4\) On inputs and outputs of developed states, see Therborn, 1980; the costs of ruling the system (here transaction costs) are minimized by the centre when imposing uniform solutions (e.g. the IMF package) to standardize the system; the peripheries bear part of these costs; for example, costs of communication with the peripheries having to adapt themselves to the centre means (including discourses), costs of ineffectiveness of standardised solutions, etc.
Conclusion

their functions and their changing character. A concrete example is Angola: i. a transplanted model of central command economy aiming to face the hollow of the massive flight of settlers (a linkage with the centre), ii. the internalisation at the level of state apparatuses of the middlemen of the second peripheries (agrarians) to manage the relations with these peripheries, iii. the two first factors generated tensions within the state apparatuses reinforcing the state inability to perform its different functions, especially those related to administration of resources, iv. additional disjunctures arose from the impact of these factors in the linkages with the centre (the area of international economic relations), leading to progressive loss of control of these linkages (for example, the fragmentation of property rights arising from contractual regulation, etc.).

The weaknesses of the post-colonial state also derived from the fact that in the Angolan process it controlled sources of accumulation and surpluses and was thus a necessary step of non-owners to control and divert resources and become owners. The clientelism of indigenous groups on the state (and) party in power, including the informal economy, transformed the state apparatuses into a terrain of direct social struggles over resources while simultaneously this state was attempting to implement a project of rupture which meant its direct struggle with the centre. The state was acting in different levels of the linkages of the global system: i. with the centre (boycotts), destruction, ii. with neighbouring first peripheries (wars), and iii. with fractions of the domestic second peripheries (UNITA war and destruction). That is, the post-colonial state had to manage the linkages allocated to it, to face the tensions within the first and second peripheries (struggles for access to resources) and face as well the tensions created by the centre to ensure the stabilisation of the regional and global systems.

To perform these overwhelming tasks the post-colonial state has no funds, cadres and information available at the centre. Resort to the centre to supply these resources means reinforcement of inadequacy and disjunctures. For example, in the relationships with the second peripheries which keep imbalanced degrees of development the post-colonial state has to cope

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5. That is, the changing attitudes of UDCs bureaucracies towards the different components of the global system is partially motivated by their failures to cope with their own organisational problems.

6. That is not politically mediated by political parties, organs such as parliament and the government, etc.
Conclusion

simultaneously with their fragmentation (small units), the fact that they do not need and are not interested in much state interference (as Hyden points out) and the demands of the centre of subordination of peasants to create additional surpluses and increase available goods.

The accumulation of failures by the post-colonial state leads to legitimacy crisis of ruling groups (and hence the 'political instability'). But an additional outcome is the loss of self-confidence and also 'external' and internal 'reliability' of the first periphery either to promote and manage change or to perform its functions within the global system. This legitimates the transfer of decision-making to apparatuses of the centre specialised in the subordination of the first periphery (e.g., the IMF/WB network), with progressive centralisation within the global system.

The overall conclusions on the project of change from above of the post-colonial state are: i. given its functions within the global system, the post-colonial state will always be caught between contradictory functions, "contending formations" and inadequacies, ii. the assumption of models and even referential frameworks from the centre, necessary in the relations with the centre, will reinforce the tensions the post-colonial state has to face and also dysfunctionalities and negative functions, and are a trap pushing towards increased subordinated roles of the first peripheries and centralisation within the global system, iii. attempts of radical change either related to the locations within the system and/or to a reshaping of relationships within the space of the first and second peripheries contrary to the centre's interests, that is 'non conforming behaviour', are punished by resort to direct coercion (war, civil or regional), iv. the outcomes of the latter are always ruinous for UDCs (economically, by the impact in the project of change and by the reinforcement of the centre's authority).

Thus the project of autonomous change, which is autonomous within pre-established boundaries, has to move into at least two assumed contradictory directions: i. managing the relations with the centre and demanded by the centre, ii. centering in the logic, and strengths, and

7. On the autonomy of peasants formations, their resistance to loss of their economic independence and changes in their environment, as well as these societies as a 'contending mode of production', see Hyden, 1987.
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actual relationships, internal to the peripheries. This calls for different organisational forms, technologies of transformation and also different apparatuses of the state.

3. The efficacy of law

This work aimed to inquire into the functions performed by economic law in the post-colonial period in Angola. An ambitious project of social change was supposed to be implemented by the promotional state which relied on legal regulation of the nationalised sector to achieve the control of economic and social processes leading to socialist development. The assessment of the real efficacy of Angolan economic law, especially the set of norms implementing the central command economy raises a number of issues which are discussed below.

Social feedback and negative efficacy

It seems clear that the post-colonial economic law resulted from the incorporation into law of the demands of the 1974-75 social movements which reinforced the 'socialist' component of the ruling party generated in the independence war and related experiences in liberated zones. In addition, the mode of articulation of the formal relationships within the socialist model followed narrowly the outcomes of the political process and related progressive defeat and marginalisation of the popular components: as grassroots forms of organisation and participation were progressively repressed or emptied of content, centralised and individual decision-making substituted for the collective and decentralised schemes adopted in the early years of independence. This meant in fact that real efficacy became progressively more problematic until a point was reached where dysfunctions transformed into negative functions (that is, for example, the planning system itself generated and reproduced the forces against the socialist option).

The negative functions of economic law related prima facie to the social feedback to legal regimes. As the socialist goals of more egalitarian distribution, coupled with the centralised goals of achieving this distribution through the state, barred the expectations and the satisfaction of needs of social groups such as the trader/agrarian strata, these groups successfully appropriated the promotional state and were able to control processes of reproduction in the sense more
adequate to their interests than the socialist option. In a central command economy, the control of the state is crucial to the control of resource allocation and flows. Playing with the failures of the providential state to satisfy demands and locating themselves at the level of bureaucracies and the informal economy, the agrarian/trader strata made an alternative use of administrative planning and negatively conditioned the performance of the law's allocative function and the direct allocations made through the instructions mechanism. Also, emphasising state's omissions, the agrarian trade/strata enabled some social groups to satisfy their needs in the consumer goods/services area at the expense of others, to which a specific role was allocated by law within the socialist option. This is the case, for example, of the cooperatives v. small farmers competition.

The social feedback from other social groups acting outside the state was also important. The working class guise underlying the socialist option, either through declared goals, working class elites participation in decision-making or even the very control of management at enterprises, acted as a negative limit for the control of the state, and its outcomes, by the agrarian/trader strata. This negative limit, from a given point of expansion of the informal economy, became a barrier to the development of this social group, and to the transformation of its most advanced components from small mercantile production into capitalist production. When this point was reached, the agrarian/trader strata moved from alternative use to demanding reforms which coincided in may points with the goals of the structural adjustment demanded by the centre.

The intentions of law-makers, widely propagated under the legitimation functions of economic law reinforced by the need to satisfy demands as revealed by the different components of the MPLA coalition, created expectations which actually could not be met. The social feedback to deception from the poorest segments of society also contributed to the negative functions of law: these social groups self-organised to survive and integrated themselves into the informal economy, feeding the process of accumulation reproduced there.
Conclusion

Interrelations within the legal order and negative functions

The changes in existing (at independence) social relations demanded by the socialist model had, from the stand-point of the legal system, an error in premises. Social change induced by the promotional state demands a careful balance between repression and encouragement, between commands *de fare* and commands *de non fare*, and between the related positive and negative sanctions. Moreover, the transformation of social relations by law is the area precisely calling for an emphasis in enabling and encouraging commands guaranteed by positive sanctions (Bobbio, 1977). When we look to the areas of the Angolan legal system dealing with social change, the emphasis goes to commands of *non fare* and negative sanctions. Furthermore, as the economic situation deteriorated, conflict soared, and MPLA lost part of its social base, the repressive character of the legal order increased, commands of *non fare* spread and even informal negative sanctions were applied. This reflected: i. the defensive character of apparently offensive processes, eventually offensive in a given initial stage and defensive from a given point of external aggression and internal constraints, ii. the impact of the Portuguese legal system which, under different background and circumstances, was not capable of achieving its promotional functions and relied on repressive commands and negative sanctions to condition the behaviour of Angolans, while reserving the positive sanctions to settlers and foreign capital, iii. the agrarian approaches to the relationship between rulers and ruled, and, iv. the transplant of legal solutions arising from experiences of statist socialism. So, in the promotional Angolan legal system, aiming to regulate processes of change and development, the structure of norms was in contradiction with the functions: instead of encouraging initiative and desired behaviour, the mobilisation of resources was discouraged, instead of making performance easy it made it difficult and even impossible. This contradiction within the legal system and within a given branch of law had an impact on the degree of efficacy. Contrasting different legal regimes, the emphasis in negative or positive sanctions is also important to the attainment of efficacy concerning the definition of the different recipients of legal commands as privileged, or as favoured under positive discrimination. For

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8. Commands of *fare* demand an action, refer to doing something. They have a special importance in economic law, relating, e.g., to obligations to draft plans and produce reports, take measures to implement projects and programmes, to invest in selected areas, etc. See, e.g. Bobbio, 1977, and Giannini, 1977.
example, the commands of fare to Angolan PEs, managers and workers were mainly guaranteed by negative sanctions, not to speak on the informal scape-goating schemes. The commands of fare to foreign firms were guaranteed by positive sanctions, for example different incentives. Faced with the same or similar command, foreign firms would be in a better position (encouraged) to performance which would bring about rewards than PEs to whom performance, whatever its costs would not bring any positive consequence.

The socialist option implied also empowering privileged economic agents to perform their social tasks. When we look at the different legal regimes for economic agents, it is evident that law did not allocate them powers to regulate freely micro relations through all kinds of agreements, to which they actually were more able to enter since this regulation related to their more direct interests and acting in the 'field', they possessed better information on the issues at stake. Instead, legislation on administrative planning withdrew powers from PEs to regulate relations involving them while, simultaneously, allocating these powers to, in some cases, distant bureaucracies which, given information constraints, were not capable of regulating those relations in a more adequate way. Conversely, once again, in foreign enterprise legislation a strong emphasis was put in contractual regulation which meant the allocation of powers to involved parties to choose the solutions more adequate to their interests. These differential regimes, which added to the non-regulated informal economy, led to a lower status of PEs and to dysfunctions of legislation regulating the boundaries and related balance of power of the different economic sectors, reflected in the progressive expansion of international contracting, even when local resources were available.

As referred to above, PEs and co-operatives were privileged economic agents under the socialist option. When their legal regimes are contrasted with those of private and foreign firms, the immense hierarchy established by the system of administrative planning, of which PEs were at the bottom, has significant consequences for the real efficacy of constitutional directives: i. their transactions, given the complicated authorisations regime, became too costly, especially in the area of purchase of inputs, ii. their sales became non-rewarding, since they had the burden to apply the fixed prices legislation which they could not discuss, iii. in competition with the
private/foreign sectors, and supposed to become the dominant sector in the economy, they were instead barred access to decision-making and contractual regulation, which meant shortage of all kinds of inputs, including relevant information for managerial and technical decision-making. This implied that the privileged sectors could not satisfy needs, while their competitors have been capable of performing their social functions. As a consequence the boundaries between the economic sectors in fact changed but with the progressive retreat of PEs and co-operatives from the market and the related expansion of the other sectors.

One of the areas where this expansion was significant was the association of PEs to foreign firms to ensure the supply of inputs. Foreign firms made an alternative use of the planned system, by using the shortages economy and lower bargaining power of PEs towards state bureaucracies and foreign partners as a mean of selling goods and services and choose the contractual forms (governance structure for relations) more adequate to the host country conditions. Thus, formerly deregulated TACs were the form usually adopted, except in the area of natural resources and related activities where joint-ventures linked to foreign investment provided for long-term contracting, aiming at the maintenance of related activities, necessary to the regular supply of raw materials to industries of developed countries or NICs, to save in the transaction costs of negotiating contracts under the complicated system of authorisations, and to bargain, grounded on superiority of resources, financial and information, the more adequate contractual relationships. These differential regimes impacted thus the efficacy of the promotional norms as they led to the reinforcement of dependence instead of the progressive development of the country.

Also, as stated above, these developments had as a consequence the progressive fragmentation of property rights of the state in its entrepreneurial ventures, which mainly resulted from two factors. Firstly, its progressive loss of control over the input (the essential international) side of the activities of Angolan firms, given the increasing dependence of Angolan firms on the supply of all kinds of imported goods and services. Secondly, the simultaneous loss of control over the output (internationalised or otherwise) side since if the external marketing was not properly supervised in exports, in firms selling to the internal market the production was deviated
from the plan allocation by smuggling to the informal economy. In fact, PEs and mixed enterprises had a more or less intensive degree of privatisation arising from the contractual arrangements reached in response to the problems of financing and supply of material or non-material inputs within a given legal framework. The contractual arrangements resulted not only from all the factors preventing effective control in an UDC\(^9\) but also from the legal framework which conditioned the institutional arrangements adopted by the involved parties, including PEs, and the working of these arrangements (such as in the case of the ‘technical assistance’ contracts). Law was thus influenced in its content either by the feedback of contractual design impacting new legal solutions (e.g., the Capanda regime) or in its efficacy, as contracts provided for an institutional frame regulating significant relations and establishing borders to property rights (of the state, say in natural resources).

The conclusions arising from the impact of international relations in economic legislation regarding supposed internal relations are: i. there are no strict boundaries, in dependent countries at least, between the national and the international economies which means that the regulation of strictly domestic relations will be impacted by the mode of organisation of relations at a world level, ii. consequently, the design of institutional alternatives needs a scope larger than the narrow allocations of economic power which take into consideration only the interests of national groups or national linkages, iii. the integration of an UDC in the world economy continues under changing forms and according to the strategies of the centre, whatever the attempts of domestic governments to put a brake on it, iv. thus the problem is how each country integrates in the world economy, in what conditions and at what costs, and not whether or not it will integrate in a more or less remote future, v. still, strategies of development, including adaptative institutional design, may contribute to improve the conditions on which this integration is processed and to increase the bargaining power of involved domestic economic agents.\(^10\)

\(^9\) See, e.g., Asante and Stockmayer, 1982, referring to minerals contracts.

\(^10\) See, e.g., Ghai and Choong on management contracts by the UDCs PEs (1988: 22-3).
Conclusion

In the interrelations within the legal order, the standards of rights enjoyed by citizens and firms also impacted on the real efficacy of the economic law promotional norms. An evident area is the production of information and knowledge, from which both were estranged given the related legal regimes. This meant that the production by the country of an essential input for all productive processes was prevented and meant the allocation of scarce foreign exchange resources for purchase abroad, reinforcing shortages and dependence. Also, at the institutional level, this had as a consequence the progressive expansion of all kinds of foreign consultancies aiming at social engineering which, among other aspects, contributed to achieve non-national goals of 'standardisation' of societies aiming at savings in costs of information and negotiation for the centre's capital penetration in UDCs, together with high social and information costs to the host country.

When we look at the real efficacy of the post-colonial economic law as widely negative, it does not mean that law did not perform alternative functions of a positive nature to the objectives of some social groups. Indeed, as referred to above, some groups (e.g., agrarians and reformists) saw their historic expectations satisfied under administrative planning and the socialist option.

Law and change

From what has been said above, we may conclude that the promotion of change through legal solutions regulating relations in a given prospective direction faces a set of limits. Firstly, those which arise from the class structure of society. Colonialism, and the counter ideologies it produced, veiled this class structure as the overwhelming majority of Angolans appeared at independence as non-owners of means of production. However, some of them owned knowledge (a productive force) which enabled them to control political and military apparatuses, pre-state structures and some had also free access to land, within the boundaries of traditional territories. The owners of these resources had interests which can be found in their past and in the historical processes which led to their non-ownership. The control of the state, and through it, the control of natural resources and nationalised firms, was a necessary path to enable access to means of production. This access meant the attainment of (past) goals which were conditioned by
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education/experience acquired ideology (that is, the system of ideas-social representations and attitudes and behaviours), where non-ownership meant radicalism in relation to means (the armed struggle, the socialist option) but not in contents (democratisation of society). When in power, a substantial part of non-owners had as a reference their former social class (e.g., landowners) and not their actual social class (e.g., Leninist party bureaucrats). This 'disjuncture' led to the fact that the very law makers were against the laws they enacted, and through a system of successive links penetrated into the civil society by informal modes of coordination which contributed to the failure of the adopted model of change.

Secondly, the relative position of the country in the world system and the attitudes of the world elites towards the peripheries attempts of change. The wars waged against PRA are an evident example that it is possible to play on poverty and dependence to condition the direction of change in a given peripheral country by reducing the people of a potentially rich country to starvation. In the Angolan case, the possibilities of manipulation by foreign powers were reinforced by the physical proximity of RSA sub-imperialism. In addition, the centralised and authoritarian model of socialism adopted, wasted the full use of the country's resources, especially the knowledge and energy of its men and women. Also, the centralised model was not adequate to the country's class structure, dimension, societal diversity and possibility to cope with hierarchical and centralised management and processes from above.

Thirdly, the relationship between the allocation of resources by law, which includes the definition of preferential sectors, and the application of law, from the holder of the resource to the beneficiary, is a path which implies in economic law different mediations by various bureaucracies, depending on the way the relationships between different social groups are shaped. The importance of kin loyalties, for example, in the behaviour of state bureaucracies when applying law and/or executing directives, plays a significant role in the effectiveness and thus in efficacy.

Lastly, the internal relationships of the legal system condition the effectiveness of law across branches, including its negative functions.
4. Overall conclusion: the world system, continuity and rupture

The development of the Angolan society, and the different projects it produced, has been conditioned, in a more or less direct mode, by factors related to international restructurings and new functions within the system. The international changes forced Angolan societies to go through successive restructurings. Examples are the abolition of the Atlantic slave trade (restructuring), changes in markets for export commodities (e.g., rubber trade, restructuring international markets forcing restructuring of peripheries), lower prices of export commodities (e.g., coffee and oil, leading to slight changes in the instituted system), wars and financing of wars, change of system (independence) and new international division of labour and regional roles. The impact of developments in the world system led to economic crisis which had constant patterns: revolts of the second peripheries (linked or otherwise to the first periphery), wars, slight changes in the system but always in conjunction with external variables which create the conditions for failure in the next stage. Wars, usually a response of the second periphery to the economic crisis and forced restructuring, promoted and manipulated by the international powers in the post-colonial period, caused statisation, increased role of state bureaucracies and military apparatuses, combined with allocation of resources to defence and simultaneous maintenance of extortion of surplus under unequal exchange.

As a conclusion we may say that the formation of present Angolan social groups (as broadly defined and roughly described in this work) proceeded under the determination of the development and changes of the global system, but with a relative autonomy conditioned by the specificities of components (e.g., Portuguese colonial power), related specific modes of articulation (e.g., systematic resort to direct coercion in the impossibility to ensure social control by other forms) and as well by the specific responses given by Angolan formations along their history to the problems they had to face as a result of their insertion in the global system. The relative autonomy of peripheries means a feedback action which conditions the developments at the centre, especially the modes of articulation within the hierarchy of the global system. Also, as the peripheries defend a way of life conflicting with centre's interests (especially the second
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peripheries and excluding comprador and co-opted social strata), the relative autonomy of the formations in the bottom of the global system creates a space for 'people' to be (or to become) a source of dysfunctionalities (in the working of the system) and tensions pressing towards change either in relative locations in the hierarchy or in the modes of articulation. The outcomes of the process will depend on the internal struggles and dynamics within the peripheries and 'mediators' in the different linkages (e.g., bureaucracies) will play a significant role in these outcomes.

The changing forms of the process of integration in the global system, leads to connected transformations in the roles of the state, converting it to a mediator of the shaping of the relationships demanded by the centre's expansion. In the course of this work there was an attempt to demonstrate that these processes meant a reshaping of social relationships in the concerned societies with an increasingly more complex hierarchy (more linkages and more mediations). The more complex hierarchy meant the progressive estrangement of the initial basic components of colonised societies (the independent kingdoms subjects of the first contacts) from the centre to the bottom of a system (the present subsistence economy). In Angola the tensions generated within the system and in the processes were resolved after violent responses of the bottom to changes in its location within the system and roles in the processes.

One of the roles of the first periphery is to manage and face the tensions with and the responses from the bottom of the system. Given the characteristics of Portuguese colonialism, the state (of the first periphery) always had to assume an active role in this management, and hence the constant of interventionism. Also, as the society of the first periphery is not homogeneous and has the peripheral quality, the very first periphery identified and associated with the second peripheries in responses and struggles. This created fractures within the first periphery and seriously damaged the performance of its functions of stabilisation within the global system. When the confrontation between the first and second peripheries reached a given degree, reinforced by the overlapping of alliances between components of both levels, endangering the balance of power within the system, the colonial state of the first periphery resorted to the centre to act directly as a

stabiliser of the tensions in the bottom of the system, for example by capital inflow and supply of
weaponry. The direct intervention of the centre always meant, at the economic level, a
restructuring of the peripheries, a reformism which, still, reached essentially the very first
periphery.

Independence and the MPLA socialist project meant the withdrawal from its location
within the system of both the first and the tributary second peripheries, with whom this first
periphery also tried a re-articulation of relations, and attempts to create spaces (alternatives)
within the system.12 Given the specific location of this first periphery and its proximity and
linkages with the centre (e.g., as supplier of strategic mineral resources), added to the dangers of
spreading of tensions along the region and thus to the reinforcement of tensions within the global
system, the centre intervened directly (e.g., mercenaries and supply of weapons to conflicting and
manageable second peripheries) or indirectly, using RSA to act as a substitute of the former
colonial state in its role of stabiliser of the tensions. That is, within the system, the rebellion of the
first periphery is more dangerous to the system as a whole than that of second peripheries, due to:
i. the role of the first peripheries in managing the tensions and controlling multiple second
peripheries, and, ii. the proximity (given its mediatory role) of the first periphery to the centre.
The entry of a regional first periphery as a substitute for the former colonial power had,
nevertheless, a destabilising impact not only within the Angolan components of the system but on
the regional components (e.g., Namibia, and the very RSA). However, it had a global stabilising
impact, after a restructuring which would correct the (new) tensions generated by the involvement
of two regional first peripheries in an armed conflict where second peripheries re-aligned in a
transborder association with related first peripheries.

But the late colonial war meant also the reinforcement of fractures between the first and
second Angolan peripheries which led the post-colonial state to a progressive retraction towards
its pre-defined location within the hierarchy of the global system. The direct intervention of the

12. The 'location' and 'spaces' struggles refer to the distribution and redistribution of surpluses within the world system, appropriated by the centre
(Wallerstein, e.g., 1991: 18-19) and to attempts of peripheries to guarantee their own expansion within the system, braked by the centre's hegemony
(some NICs, for example, try create spaces for their own expansion in the world system, generating and/or reinforcing tensions within the system).
centre in the process (actually due to dangers in the regional balance of power the late colonial war and realignment of peripheries caused) meant the restructuring of involved first peripheries, meaning reformism and capital inflow, pairing with the reintegration of the second peripheries in their previous location. In the Angolan case, direct intervention in the 90s not only used financial institutions and economic machinery, but also resorted to direct engineering of political institutions (such as a part of the 1990s reforms), which aimed, among other things, to impose representatives of sections of the second periphery (UNITA) to share power in the first periphery. These developments, signal attempts of the centre to delegitimate the state of the first periphery, especially nationalist governments, and simultaneously to build links with the second peripheries by imposing their self-appointed representatives in central government.

The process of change in peripheral societies, either promoted by the state or by indigenous social groups, moves thus along global as well as domestic boundaries which may be called objective limits. The presence of global objective limits challenges the conceptions of change, which usually take into account only the internal boundaries of a given class structured national society. The global objective limits have a double-edged impact in change: they are barriers to the development of autonomous change but simultaneously their very existence acts as a propelling force to change (e.g., poverty as a structural element and conjunctural factors such as the fall of coffee and cotton prices in 1960 reinforced the discontent which led to the 1961 rebellions).

Putting it differently, underdeveloped countries, given their dependent economic structure, have very little room for manoeuvre to make their own strategic choices. The country's capacity to respond effectively to imperialist dicta lies in its people but also in the hegemonic political forces at a given moment, which do not last forever. When the process of radical social change is undertaken by liberation movements which have been fighting for political independence, the achievement of programmes of radical change becomes more problematic since these movements


14. On the approaches to nationalist governments of the Third World in the new international order, see, e.g., Chomsky, 1991.
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carry within themselves part of the indigenous social forces favourable of neocolonial solutions. It seems that we may say now that, with extremely high social costs in the process of learning, African peoples are entering into a clearer and more defined phase of political development where international intervention and post-colonial rhetoric is no more an alibi for authoritarian and neocolonial rule by the country’s traditional elites who had led the struggle for independence. This is, nevertheless, an outcome of independence itself.
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