

A REVIEW OF THE BOOK
*SALAZAR: THE DICTATOR WHO
REFUSED TO DIE* BY TOM GALLAGHER
(London: Hurst & Company,
2020, 350 pages)

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I was a small child when I first heard Salazar, the Portuguese dictator, spoken of. This was in the early 1960s, when I began to accompany my father on car trips he took with our family once or twice a year to Lisbon to visit and monitor the operation of the Portuguese branch office of our family life-insurance business. I will never forget the fascination these trips held for my young mind: the sense of adventure that came over me as I traveled halfway across Spain with my parents and siblings on poor roads, and we stayed at the parador in Mérida, one of the first in Spain (1933); the cumbersome and bureaucracy-laden crossing of the border with Portugal between Badajoz and Elvas; and finally, the arrival in a different country with freeways and infrastructure that clearly surpassed those of Spain at the time, when (contrary to the way things are now), from the border to Lisbon, Cascais, and Estoril (where we usually stayed), Portugal seemed a wealthier, cleaner, and more prosperous country than our own. Looking back now, perhaps I could attribute these reminiscences to an idealized image in the mind of the child I was then, but my father took pains to explain to us that a little over twenty years earlier, Spain had suffered a bloody and destructive civil war, followed by years of militaristic autarky and economic interventionism which could hardly be compared with anything that had happened in Portugal. In short, to help us understand, he told us that in Portugal, a professor named Salazar was in charge and was “better and not as bad” as General Franco, who had won the war and was in charge in Spain. And even if, at

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the time, I was unable to fully grasp what my father wanted to communicate to us, it became almost inevitable for my siblings and me, as the naive children that we were, to associate the ideas of Salazar, prosperity, and Portugal. The fascination we felt for the country is even easier to understand in light of two considerations: first, my father's explanation to us that during the civil war, my family had been able to survive in France thanks to the loyalty those in the Portuguese branch office of our company had shown toward its founder, my grandfather, Jesús Huerta Peña; and second, the fact that Don Juan de Borbón lived in exile in Estoril, and my father, who supported him, had, from the time of his youth, been a great "Don Juan monarchist" liberal (and, at the age of only eighteen, had been jailed for several days and fined by Franco for that very reason). The fascination my siblings and I shared combined with the delight with which we each received, as a gift from our father and grandfather, a small gold coin. At the time, unlike in Spain, where it was utterly prohibited, such coins could be freely purchased in the precious metal shops that abounded in many Portuguese streets, particularly in the "Rua d'Ouro" and the "Rua da Prata" in the "Baixa" [downtown area] of Lisbon.

The years passed, and later, as a young adult, I was able to closely follow the evolution of our neighboring country, particularly beginning in the 1970s, with the "Carnation Revolution" of April 25, 1974, which established democracy in Portugal and brought about the definitive collapse of four decades of Salazarism. Over the years, and even decades, that followed the revolution – frenetic years of economic and social instability in which Portugal flirted with socialism/communism, harassed its entrepreneurial class, and consumed the capital accumulated during the former stage – the situation was radically reversed, and Portugal became a bleaker, more impoverished country that contrasted more and more with neighboring Spain, which was becoming increasingly strong and prosperous. During those years, a blurry and ambivalent picture was forming in my libertarian mind concerning the Portuguese dictator Salazar: On the one hand, I rejected the corporative, paternalistic "Estado Novo" he had created; but on the other hand, I never forgot the words my father, a true lover of liberty, had spoken about the dictator Salazar.

This image remained in my mind until very recently, when, upon reading an intriguing review in the American magazine *Reason*, I ordered and received from Amazon a book – a biography and assessment of the life of António de Oliveira Salazar – written by the Scottish professor Tom Gallagher, who specializes in the political history of the Iberian Peninsula. I found this book such a thrilling read that, most likely spurred on by my childhood memories, subsequent experience, and the genuine affection I have increasingly felt over the years for Portugal and its people, I read the book straight through in ten days in an almost-feverish state of intellectual excitement. Tom Gallagher has managed to fill an intellectual void I had felt deep inside for quite some time. Almost without realizing it, I longed to undertake the arduous task of researching in depth the history of Portugal and its major figures, who, starting with Salazar, explain what this great brother country has become over the course of the last near-century. In this sense, I will always be grateful to Tom Gallagher for saving me this effort with his thorough historical research and analysis and thoughtful assessment of the events he covers in his excellent book. In fact, everyone – including those without a particular interest in Portugal – will find the book captivating and greatly benefit from reading it.

Naturally, the purpose of a review is not to summarize the content of a book, but essentially to identify its virtues and potential weaknesses and, above all, where appropriate, to encourage people to read it. Nevertheless, I am going to touch on a couple of points I find important. First, I will note that Tom Gallagher fully confirms that my father was absolutely right (and in what ways) whenever he compared Salazar favorably to the other Iberian dictator, General Franco. Second, I will mention the connections or points of contact that can be found between Salazar and the Austrian School of economics. Though Tom Gallagher does not mention this topic, it will undoubtedly be of interest to the readers of this Review.

I will begin by comparing Salazar to Franco, and the dissimilarity could not be more striking. Franco was a career serviceman with the rank of general, and he was toughened in both the Rif War and the Spanish Civil War. In contrast, Salazar was never a

soldier, but a prestigious professor of economics and public finance at the University of Coimbra. In 1928, at the age of thirty-nine, he first entered the Portuguese government as finance minister (and, in fact, was the one who, in 1929, authorized our life-insurance company to operate in Portugal). The military junta had desperately turned to Salazar with the challenge of putting the public accounts in order, which he fully achieved. This success gave him immense political prestige, to the point that he became prime minister (and acquired absolute power) in 1933. Thus, in contrast to Franco, Salazar came to power by peaceful means, at a younger age (though he was three years older than Franco), and with a well-earned reputation as an academic and a manager. Thanks to my friend Pedro Almeida Jorge, I have been able to peruse Salazar's economic works published by the Bank of Portugal and verify his (for the time) high level of academic training and theoretical convictions. Though eclectic in many respects, these led him to be, throughout his life, a staunch defender (again, in sharp contrast to Franco) of a balanced budget, a strong escudo (the Portuguese currency, which was always much stronger than the peseta prior to the Revolution of 1974), and the gold standard. (In fact, Salazar accumulated 385 tons of gold in the reserves of the Bank of Portugal, thus placing his country among the first in the world in terms of gold per capita. Despite all of the political vicissitudes, Portugal has managed to maintain this position up to the present. In this respect, it surpasses also neighboring Spain, which, though it has a population and economy four times the size of Portugal's, it has much smaller gold reserves.)

Unlike Franco, Salazar was very critical of Hitler and Mussolini, never sought to create a totalitarian state, and was very reluctant to be the object of a cult of personality. He always led a very simple and austere life and resisted honors, monuments, distinctions, and special treatment, even in his own home parish (Vimieiro), where he had a small vineyard and liked to withdraw to tend it on vacation days. Salazar possessed great personal charm, he knew how to listen, and his capacity for work and attention to detail were admirable. It is true that he always criticized and distrusted democracy and that he encouraged the creation of a corporatist guild state, the "*Estado Novo*," which was heavily influenced

by the social doctrine the Catholic Church was defending at the time. However, the key points of Salazar's economic management were quite orthodox – even if only (as he liked to joke) so that his students in Coimbra could not say he failed to practice what he preached. Thus, it is easy to understand the great friendliness and support Salazar always received from the German leaders Adenauer and Erhard, as well as from General de Gaulle. In the case of de Gaulle, this cordiality was increased even further by Salazar's systematic opposition to the inflationary foreign policy of the English-speaking world in general, and of the United States in particular. Therefore, we can conclude (as Tom Gallagher points out on page 271 of his book, paraphrasing former US Secretary of State Madeleine Albright) that Salazar was not a fascist dictator, but a paternalistic, authoritarian leader who always viewed Nazism as intrinsically immoral.

If we consider the degree of repression inflicted on political opponents, Salazar again stands in marked contrast to Franco. In Salazar's Portugal, the death penalty had been abolished. In fact, those who attempted to assassinate him in 1937 returned to normal life after serving their sentences. And though a dreadful concentration camp for dissidents was maintained in Cape Verde, the leader of the illegal Portuguese Communist Party, Álvaro Cunhal, was permitted, following his arrest and sentencing to prison, to defend his thesis and receive his doctorate from the University of Coimbra before being imprisoned. Moreover, the PIDE – a political police force Salazar created – has been called "terrible," but perhaps this description has been influenced by the very Portuguese tendency toward exaggeration ("*A boca do inferno*," "*O terror dos mares*," etc.). This appears particularly likely when the intention is to compare the PIDE to other, far more terrible agencies from the past, such as the Stasi, the Gestapo, or the KGB. The PIDE was very different from these, in terms not only of victims, tortures, and atrocities, but also of efficiency. Evidence of this lies in the sloppy murder of General Humberto Delgado and his secretary and lover in Spanish territory by agents of the PIDE in 1965. This crime gave rise to a mere eight-year jail sentence for the main perpetrator. The sentence was handed down after the Carnation Revolution and the establishment of democracy, and the Portuguese supreme court

itself later set the sentence aside. As a result, the assassin was able to return from exile and die peacefully in Portugal. And the only involvement of Salazar which could ever be proven in the entire affair was the attempt to cover up for the perpetrators by hindering in all sorts of ways the judges and prosecutors of Franco – with whom, incidentally, and despite appearances, Salazar never maintained truly smooth and cordial relations.

Nevertheless, in two areas, Franco was perhaps a more astute politician than Salazar. First, I could mention the policy of alliances and the opening-up of Franco's Spain toward the United States during the Cold War. These changes gave Spain international support and a major economic boost which, beginning with the Stabilization Plan of 1959, put Spain on the path of intense economic development. As a result, in just two decades, Spain far surpassed Portugal in level of economic development. At the time, Salazar's Portugal, determined to hold onto its African colonies at any cost, began to deplete its resources in colonial wars in Angola and Mozambique (wars which – incredible as it may seem today – were, in fact, largely stoked by the United States). Second, Franco surpassed Salazar in the key area of preparing his successor as head of state. In doing so, Franco made possible a transition to democracy under a monarch he, himself, had appointed – a transition which has been praised throughout the world for his peaceful, exemplary nature. In contrast, Salazar did not bother to draw a road map for a successor and for the peaceful arrival of democracy in Portugal. This explains the turbulent, revolutionary atmosphere which, for many years, and unlike in Spain, pervaded the re-establishment of democracy in neighboring Portugal. It would not have been difficult for Salazar to plan a transition to democracy along the lines described, for instance, by Hayek in volume 3 of *Law, Legislation, and Liberty*, and doing so would have permitted Salazar to crown his historical and political contribution to Portugal.

And now, to conclude, I cannot fail to mention the exhilarating account of the weeks Ludwig von Mises spent in Lisbon in the summer of 1940 following his journey in flight from Hitler and on his way to exile in the United States. We can read all the details in the book *My Years with Ludwig von Mises*, published by his wife, Margit, in 1976. Margit tells us that during those days, Mises met

several times with Finance Minister Amzalak and even gave a seminar at his ministry and had a personal interview with Salazar himself. What might they have spoken about? We will never know. But Mises quite likely seized the opportunity to remind the always patient and courteous Salazar of his criticism of economic interventionism in general and, in particular, of the price controls which, starting in those years, were established by Salazar (on the pretext of the hardships caused by World War II) and produced the negative effects such measures invariably do. This would explain the appearance just a few years later, in 1944, of a Portuguese translation (from the German) by the then young and later chameleon-like Professor José Joaquim Teixeira Ribeiro of the only article of Mises's published in Portugal (by the University of Coimbra, Salazar's alma mater): the classic critical essay on interventionism he wrote in 1926 and published that same year in the *Archiv für Sozialwissenschaft und Sozialpolitik*. With respect to Hayek's dealings with Salazar, they are even more interesting. To begin with, Hayek sent Salazar a letter in 1962 along with a copy of his recently published book *The Constitution of Liberty* and the wish that Salazar find the book useful in designing a democratic constitution for Portugal, one which avoided the worst abuses of democracy: "This preliminary sketch of new constitutional principles may assist [Salazar] in his endeavour to design a constitution which is proof against the abuses of democracy" (letter contained in box 47, folder 29 of Hayek's papers archived at the Hoover Institution, Stanford University, California). There is also the letter Hayek published in the *Times* of London on August 3, 1978 titled "Freedom of Choice," in which he expressly states that there have been "many instances of authoritarian governments under which personal liberty was safer than under many democracies. I have never heard anything to the contrary of the early years of Dr. Salazar's early government in Portugal, and I doubt whether there is today in any democracy in Eastern Europe or on the continents of Africa, South America, or Asia (with the exception of Israel, Singapore, and Hong Kong), personal liberty as well secured as it was then in Portugal" (p. 15). This may explain why Portugal, under the leadership of Salazar, became the island of peace and liberty in Europe during the dark years of World War II and its aftermath and why, for instance,

Calouste Gulbenkian decided to leave his fortune to the Portuguese people and state, in gratitude for his years spent in exile and asylum in Lisbon. It may also explain why, as Tom Gallagher indicates (p. 270), as recently as 2007, with democracy long well established in Portugal, Salazar was chosen (with 41 percent of hundreds of thousands of votes) as the greatest Portuguese figure in history by the multitudinous followers of a hugely popular national-television series devoted to major Portuguese historical figures...

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