

Assignment 4- Guide lines to grade exercises

1-The answer could rest on the following quotation: “ In view of a general consensus in Portuguese historiography, which argues that the relatively underdeveloped agricultural sector hindered development in the industrial sector, this article seeks to answer the following question: how can the dynamic productivity and exports of the paper pulp industry during the 1950s and 1960s be explained” . The article demonstrates that whatever the hindrances before the Estado Novo to industrial development, the primary sector is more than agriculture, so the debate was not focusing the main issue.

2- The answer should refer externalities in forested areas. The justification is found in table 5 showing forest expansion and the growing share of a nonnative species like eucalyptus.

3-The answer should address two general topics

Fist topic: the state’s intervention (3 points)

- a) legislation, both in industrial sectors and in forest (occasional technical assistance allowed by the Marshall Plan).
- b) Strong regulation of the industrial sector – (Industrial licensing) which selected the strategic sectors, meaning these sectors supported an import-substitution policy. Under this status, industries got privileged assistance of the state , which created barriers or constrained the entry of new enterprises and enabled the incumbents to enjoy a quasi -oligopoly position in the market.
- c) Financial support as an incentive to private landlords to cope with afforestation.

Second topic: demonstration of a well-succeeded intervention (3 points)

- a) evidence on increasing output – table with the number of new pulp mills (for instance)
- b) The increasing exports (p. 76 was enough)

4-The question considers entrepreneurs' choices, both in agriculture and industry, which were not a direct consequence of the state's means to intervene in forested areas or in the industry.

- a) The technical innovations in the industry, which pushed the demand for a different sort of wood not foreseen in state's legislation – giving room for eucalyptus to expand (3 points)
- b) The pulp industry developed new strategies: some enterprises integrate the whole chain of the sector by buying land, still importation of wood played a part in the output growth (1 points)
- c) Pulp factories set up a large whole sale buyer enterprise creating a monopsony. (3 points)