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**THE WAR NEXT DOOR AND THE REDS  
ARE COMING: THE SPANISH CIVIL WAR  
AND THE PORTUGUESE STOCK  
MARKET**

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**ECONOMIC HISTORY**



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## Abstract

The Spanish Civil War (July 1936 to April 1939) was a key event that paved the way for World War II, unfolding with unprecedented violence and uncertainty over the its outcome. In this paper, we analyze the impact of the events of the Spanish Civil War on the Portuguese stock returns. Portugal is a particularly interesting case for analysis given its geographical exposure and historical ties to Spain as well as its political ties to the Nationalist side. Unlike previous studies of stock market responses to World War II outcomes, in our period of analysis the world at large was at peace, allowing for a clearer attribution of causation. We examine investors' reactions to news from the Spanish War using a panel of weekly returns for firms listed on the Lisbon Stock market, after classifying a series of important developments of the Spanish Civil War, classified according to its nature – military or political, and which contender emerged as favored – the Republicans, on the left, or the Nationalists, on the right. We run dynamic specifications with firm and month fixed effects, controlling for the reference interest rate in London, and events in Portugal. Our results reveal that Spanish Civil War events affect returns negatively, especially events that are military in nature. When we break down our sample into overseas firms – those whose most significant assets were located in Africa – and non-overseas firms, the latter present more significant effects from the event variables, especially from the Pro-Republican military events. Our findings are robust to the different specifications and suggest that both general uncertainty and partisan preferences affect Portuguese returns.

JEL Classification: C12, C58, G12, N43, N83

Keywords: economic history, Spanish Civil War, stock price, financial markets, uncertainty

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# The War Next Door and the Reds are Coming: The Spanish Civil War and the Portuguese Stock Market<sup>1</sup>

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## Abstract

The Spanish Civil War (July 1936 to April 1939) was a key event that paved the way for World War II, unfolding with unprecedented violence and uncertainty over the its outcome. In this paper, we analyze the impact of the events of the Spanish Civil War on the Portuguese stock returns. Portugal is a particularly interesting case for analysis given its geographical exposure and historical ties to Spain as well as its political ties to the Nationalist side. Unlike previous studies of stock market responses to World War II outcomes, in our period of analysis the world at large was at peace, allowing for a clearer attribution of causation. We examine investors' reactions to news from the Spanish War using a panel of weekly returns for firms listed on the Lisbon Stock market, after classifying a series of important developments of the Spanish Civil War, classified according to its nature – military or political, and which contender emerged as favored – the Republicans, on the left, or the Nationalists, on the right. We run dynamic specifications with firm and month fixed effects, controlling for the reference interest rate in London, and events in Portugal. Our results reveal that Spanish Civil War events affect returns negatively, especially events that are military in nature. When we break down our sample into overseas firms – those whose most significant assets were located in Africa – and non-overseas firms, the latter present more significant effects from the event variables, especially from the Pro-Republican military events. Our findings are robust to the different specifications and suggest that both general uncertainty and partisan preferences affect Portuguese returns.

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## 1. Motivation

The Spanish Civil War, which raged between the years 1936 and 1939, was unprecedentedly bloody and unpredictable. It pitted Spanish against Spanish, enthused with contending ideologies leading to violent fratricide and the use of new weapons, paving the way to the Second World War and indiscriminate warfare. The world paid attention, got involved, and took sides. Portugal, whose only land frontier is with Spain, was particularly vulnerable to the outcome of the war. The fear of violence spreading over the border, the flow of refugees, and the possibility of the victor invading Portugal, were present. The War Next Door was a close reality. On the other hand, the right-wing regime in Portugal was consolidating its grip, and it was no secret that it favored a Nationalist victory in Spain, since the opposite would represent a spread of left-wing influence in the Iberian Peninsula. The fear that “The Reds Are Coming” was also palpable.

In this paper we create a new dataset of all major events in the Spanish Civil War, classified according to nature (military or political) and according to whose side was favored (Republicans or Nationalists) to estimate their impact on the weekly returns of all Portuguese companies listed in the Lisbon Stock Market. Our empirical contribution is important for four reasons:

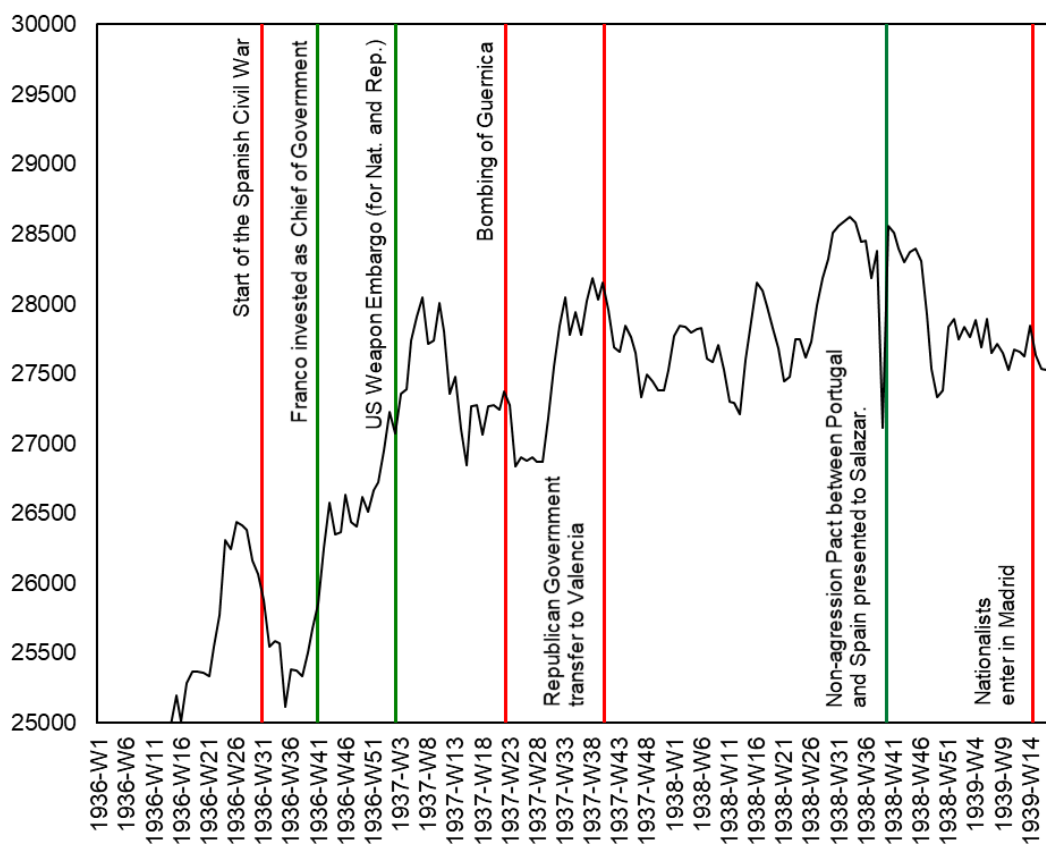
- first, exogeneity: the war’s events are clearly exogenous to the firms listed on the Lisbon Stock Exchange (LSE), and at the time of the Spanish Civil War the world at large was still at peace, which allows us to more clearly interpret coefficient estimates as evidence of causality. This brings added clarity to the discussion to the literature of how bond and stock returns react to war events. Using this property, we conclude that this paper is different from the existing literature as we measure the spillover impact of a conflict to another country’s market, instead of measuring the impact on the market of the country suffering the conflict.
- second, sensibility to the conflict: Portugal was geographically close to Spain, its only neighbor, and thus particularly sensitive to the outcome of the war. At the same time, Spain was not an important trade destination for the products of these firms.
- third, partisanship: the Portuguese government was rightly perceived as favoring the Nationalist side, and for that reason vulnerable to the outcome of war.
- fourth: the presence of listed companies whose assets were not physically present in mainland Portugal, the so-called overseas firms. These firms did not have to fear the

possible physical destruction of their assets, while they remained vulnerable to the political outcomes of the war.<sup>2</sup> They are a heretofore unexplored empirical testing ground.

We take advantage of a panel dataset of weekly stock prices for a set of business firms listed in the Lisbon stock market in the second half of the 1930's. This is important as we are thus able to produce inference that goes beyond the analysis of summary market indices and needs to accommodate the variety of idiosyncratic fluctuations in individual firm prices.

Figure 1 presents the time series of the Lisbon stock market index for the period of the Spanish Civil War, with some of the major events in the war highlighted. It is easy to see the relative volatility during this period. Moreover, events such as the start of the war, the bombing of Guernica, and the signing of a non-aggression pact between the government of Portugal and the Spanish Nationalists do coincide with significant fluctuations in stock prices.

**Figure 1**  
**Lisbon Stock Exchange (LSE) Index, 1936 – 1939**  
**Spanish Civil War, Main Events**



<sup>2</sup> Grossman (2014), using data on domestic and overseas equities listed on the London Stock Exchange during 1869–1929, shows that returns and volatility were typically highest in emerging regions.

Our paper is organized as follows. Section two provides the historical context and discusses the existing literature on returns in times of war. Section three presents the data set and the methodology, and Section four discusses the results and robustness. Section five provides the conclusions.

## 2. Literature Review and Institutional Background

### 2.1. Literature Review

Over the years several authors have used financial asset price returns to measure the impact of an armed conflict on a society. The main consensus reported in the literature is that financial asset price returns can correctly reflect the consequences of historical events. According to Frey and Kucher (2000 a, b), there are three main advantages in using stock price returns to determine the impact of an event on the economy and society. First, the capital market captures expectations of the investors, which are based only on the information that is available at a given time. These expectations may change over time, as more information is gathered, but new developments are not deliberated *a priori*. Second, investors have incentives to be rigorous, as any error is costly in monetary terms. Third, capital markets tend to be able to predict events accurately due to the existence of marginal traders, i.e., investors who decide to invest when expectations regarding the future improve, and desist from investing when they worsen.

Voth (2002) establishes a strong link between the volatility of stock price returns and the fear of social unrest and violence. This link allows for the resolution of the “volatility puzzle” (i.e. a change in the volatility of stock price returns that the economic agents cannot explain using standard financial theory).<sup>3</sup> Intuitively, the fear of a conflict or a revolution that overturns the established order of society leads investors to be cautious with their investments, with implications for stock market returns.

This has been applied in several cases related to war. For example, Arnold (2013) discusses the effect of an armed conflict in the financial asset prices using bond price data

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<sup>3</sup> This is corroborated by Barro (2006), who argues that the likelihood of a rare economic disaster has the potential to explain risk-premium puzzles. Berkman et al. (2011) create a crisis index using a database of 447 international political crises during the period 1918–2006 and show that this proxy for changes in perceived disaster probability, has a considerable impact on both the mean and volatility of world stock market returns.



for the United States to determine the effect of events of the American Civil War. The results showed, on average, a partiality toward the Union caused by the change(s) of war-related uncertainty. In addition, Verdickt (2019) highlights the importance of proximity to military conflicts with two search-based measures on war news on the Brussels Stock Exchange in the Pre-World War I era.

The use of financial data can also be used to determine the effect of several types of events other than war-related ones. A seminal contribution by Fisman (2001) estimates the degree to which firms in Indonesia rely on political connections with the Suharto regime for their profitability.<sup>4</sup> Ferguson and Voth (2008) investigate the effect of the alignment of business managers to the Nazi movement in the stock pricing of businesses in the 1930s, while Huber et al. (2019) determined the impact of the association of Jewish managers in certain businesses on their stock prices. Moreover, Acemoglu et al. (2014) established a negative relationship between the number of protesters in Egypt and the stock returns of firms associated with the Egyptian regime during the Arab Spring protests.

It is common sense that an internal armed conflict generates negative effects on the economy. For instance, Abadie and Gardeazabal (2003) measured the effect of the terrorist campaign launched by ETA in the early 1970s on the local economy of the Basque Country. The consequences of this conflict were tremendous, with the GDP per capita of that region dropping by 10 percentage points. Schneider and Troeger (2006) conclude that the effect of a conflict is directly dependent on the severity of the conflict and the degree of anticipation of the events of the conflict by investors. This paper also raises the possibility of a positive impact on the stock market due to an event of a war, which contrasts with the commercial liberalism theory (which is routinely used in analyzes such as this one). It states that international stock markets are susceptible to international events, leading the investors to adapt their investments, since they fear a possible loss from situations that compromise their “mutually profitable exchanges”. This positive effect might also come from the perception that a violent event in the present can result in the prevention of future crisis. Choudhry (2010) builds on this idea, stating that events in a conflict might decrease uncertainty about the future, which results in a positive return from the stock price.

Guidolin and La Ferrara (2007) explore these effects for the case of the Angolan Civil War. According to the authors the end of the conflict meant that the business environment would be more favorable to the entry of new firms, which would increase the competition

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<sup>4</sup> Similar results were found for Malaysia (Johnson and Mitton, 2003) and Pakistan (Khwaja and Mian, 2005).

level in that sector, thereby leading to a negative effect on the returns of Angolan diamond firms. Thus, the end of a conflict can also have a negative effect. Another way that an armed conflict may lead to a positive impact in the international stock market is if this conflict leads to the development of other areas outside the conflict zone. For instance, Clarence-Smith (1985) studied the impact of the Spanish Civil War and the Second World War on the Portuguese and Spanish African colonies, and concluded that these conflicts changed their economic and political realities.

Gennaioli and Voth (2015) use a two-country model to explore the economic determinants of the decision to declare war and how the risk of war influences state centralization. According to these authors, a certain country has to make the decision to either remain at peace and receive its own revenue with certainty, or declare war and enter a lottery in which it might receive a share (i.e. the part that was not destroyed during the conflict) of the sum of both its own revenue and the other country's revenue. The probability of victory was intrinsically dependent on the money invested in the military. Filson and Werner (2002) similarly explore the decisions to start, continue, and end a war. Concretely, the authors present the possibility that the conflict may be resolved through a negotiated settlement, rather than last until total victory/defeat. This model also considers that the probability of victory depends on the resources available to invest in the conflict. However, in the case of the Spanish Civil War, the faction with fewer resources (the Nationalists), ended up achieving victory. According to Martín-Aceña, et al. (2012), not only does the economy affect the result of an armed conflict, but the armed conflict also affects the economy. Although the Republicans started with more territory and the main industrial and financial areas, their initial losses, the lack of international financing sources, the destruction of their tax collection institutions, and the increasingly abrupt inflation, led to the demoralization and, utterly, the defeat of the Republican side.

## **2.2. Portugal and the Spanish Civil War**

Portugal's nearly nine-hundred-year-old history is heavily influenced by its only neighbor: Spain. Due to its land-route isolation by Spain, Portugal established a very close geopolitical relationship with its fellow Iberian nation. However, this association has been disrupted from time to time by crisis and conflicts.

Due to its greater size, Portuguese rulers have always seen Spain as a potential threat to national security and independence. For instance, from 1580 to 1640 Portugal was briefly

annexed by Spain, in a period that became known as the Iberian Union. Even after the restoration of Portuguese independence, the risk of a genuine military invasion was constant, and remained so well into the 20<sup>th</sup> Century, with an invasion planned for 1975, following the Carnation Revolution. This incursion failed to go forward due only to the death of the Spanish dictator, Francisco Franco, in that same year (Delfin, 2008).

Portugal has also managed, throughout its history, to get involved in and heavily influence events in Spain. We find multiple examples including the Wars of Castilian and Spanish Succession, in which the Portuguese rulers sought through military means to influence geopolitical events to their advantage, and the Spanish Civil War, in which the Portuguese government's support was financial and logistical (de las Heras, 1992). In this paper we focus on this last event.

In 1926, following 16 years of instability during the turbulent First Republic, a military coup led to the fall of government and the establishment of a military dictatorship. It is during this period that António de Oliveira Salazar steps into the spotlight, first as Minister of Finance. After six years of strict rule over Portugal's finances, Salazar established a right-wing dictatorial regime, named *Estado Novo* (New State), with himself as dictator. Salazar's vision for Portugal was of a Roman Catholic, conservative, and capitalist bastion against democracy and, especially, against communism (Plummer, 1988).

In terms of economic policy, the *Estado Novo* regime proved to be very interventionist. The Portuguese business sector was heavily regulated and characterized as promoting infrastructural and industrial expansion, and although the State was restricted by the Constitution from owning firms outright, it was nonetheless the largest shareholder in Portugal. In fact, Salazar seems to have created a special relationship with Ricardo Espírito Santo, the president of the business group Espírito Santo, which was known for having created firms in sectors with "exclusive concessions and funding" from the regime (Silva, et al., 2015). In the meantime, the Bank of Portugal also underwent reforms that would transform it from a commercial bank with some central bank functions, as in the early 1930s, into an institution that acted as "an extension of the Ministry of Finance" (Amaral, 2018).

Furthermore, Salazar implemented protectionist trade policies leading the Portuguese trade flows to drift away from countries like Spain (which also set up its own protectionist policies), in favor of the Portuguese African colonies. In fact, while Spain accounted for around 15% of Portuguese exports in 1910, this had fallen to around 4% by 1930 (Afonso and Aguiar, 2004). This decreased even further in 1936, on one hand, due to the outbreak of

the Spanish Civil War, and on the other hand, because Spain stopped paying for its Portuguese imports in 1935 (Madureira, 2017).

Meanwhile, in Spain, following the end of the Monarchy and the establishment of the Second Republic in 1931, and the victory of left-wing forces in the municipal elections, there arose a period of violence against the clergy, monarchists, and the landowners. This was a politically unstable and violent period in which power alternated between left-wing Republicans and right-wing Nationalists (Dalio et al., 2017). In 1936 the left-wing coalition, the Popular Front, won a highly contested General election, leading to the outbreak of the Spanish Civil war, which lasted from July of that year until April 1939, and ended with a victory for the right-wing Nationalists and the rise of Franco as dictator of Spain.

Salazar saw the Spanish Republic as a threat due to its proximity to left-wing ideologies. Some have claimed that Portugal was instrumental in the conspiracy to overthrow the Second Spanish Republic and install a Nationalist regime (Plummer, 1988; Sanchez Asiain, 2012). For instance, several high-ranking conspirators were operating from Lisbon, such as General Sanjurjo and Franco's brother, Nicolas (Plummer, 1988). With the outbreak of the war, Salazar immediately started to work with the rebel forces. The Portuguese media were instructed to assist the Nationalists, the Portuguese National Bank established a relationship with El Banco de Espiritu Santo (the bank used by Franco), and Salazar met with several bankers and businessmen (including Ricardo Espirito Santo) to ensure their support for the rebels (Cadenas, 2014).<sup>5</sup> However, the Portuguese support was not merely propagandist and financial. Salazar also provided logistical support to Franco's troops. For instance, a telephone line connected Burgos (the Nationalist Headquarters of the Northern front) to Seville (the Nationalist Headquarters of the Southern front) through Lisbon, thus connecting the two separated rebel forces (Plummer, 1988). Moreover, Portugal supplied the rebels with machineguns, ammunition, and fuel, and allowed German aircraft sent by Hitler to aid Franco to freely use Portuguese airfields (Plummer, 1988). There was also a Portuguese para-military force, *Os Viriatos*, named after the Portuguese ancestral hero, whose composition varied between 6,000 and 20,000 soldiers fighting alongside the rebels (Plummer, 1988).

However, despite the help of the Portuguese government to the Nationalist rebels, there were still fears that a Nationalistic Spain, under Franco, could aspire to the reunification of the old Iberian Empire of King Felipe II of Spain. These fears were not unfounded, as

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<sup>5</sup> Several historians point out that Salazar asked the most important Portuguese businessman to help the Nationalist side (Pinto, 2007). Some of the companies that supported them in the early days of the rebellion were Sociedade Geral, Banco Totta, Caixa Geral de Depósitos, Banco Comercial, Casa Viana e Fonseca, Banco Nacional Ultramarino, and Banco Espirito Santo (Sanchez Asiain, 2012, p. 238).

Franco prepared for a pre-emptive invasion of Portugal, during the Second World War, in case of a declaration of war between Spain and the United Kingdom (Agudo, 2008).

Thus, Salazar feared both sides that fought in the Civil war. On one hand, the left-wing Republicans could spread the communist ideology. On the other hand, a strong right-wing Nationalist Spain could threaten the independence of Portugal. Therefore, the Portuguese dictator tried to mitigate both threats by supporting the Francoist regime from early on and use this as political leverage to promote a diplomatic alliance between the two countries. There is evidence of this, as the official recognition of Franco's Regime led to an official Spanish guarantee of Portuguese independence and sovereignty, and to the signing of a non-aggression pact between the two Iberian countries (Madureira, 2017).

In this paper we analyze the impact of events of the Spanish Civil War on the stock price returns of the Portuguese Stock Market, in order to observe how Portugal reacted to various events in the war. To do this we use a compilation of events grouped into categories, such as Republican and Nationalist events, Political and Military events, and International and Portuguese event.<sup>6</sup>

### 3. Methodology and Data

#### 3.1. Data

Our outcome variable is constructed from weekly stock valuations of the business firms listed on the Lisbon Stock Exchange in 1936-1939, having been extracted from Costa, et al. (2017).<sup>7</sup> The authors collected data on stock prices directly from the *Boletins de Cotações* (official price records) of the Lisbon Stock Exchange.<sup>8</sup> Quotes were individually collected for each Wednesday or the closest trading day for which data are available. In the case of selected securities which are sparsely traded, the average of the bid-ask prices is considered. The authors complemented this stock-price information with dividends and market values for each firm. After accounting for dividends and capital increases, the new variable was used

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<sup>6</sup> For an example of inferring political positioning from asset yields see Schaltegger and Schmid (2019), who examine how bond prices respond to perceived sustainability of Switzerland's neutrality during World War I.

<sup>7</sup> For complementary information see Costa et al. (2012), and Costa and Mata (2016).

<sup>8</sup> Companies for which the trading frequency is too low, i.e., information is missing for more than 50% of the year, are excluded. Despite the existence of a second Stock Exchange at Porto, the Lisbon Stock Exchange was the prominent institution throughout this period. See Justino (1994).

to determine the logarithmic individual firm's stock return. Complementary information was collected from a number of sources, including firms' annual reports to shareholders and reports in the official *Diário de Governo* (Government's Diary).

To assess the impact of the Spanish Civil War, we have constructed a list of pivotal episodes in the conflict relying on contemporaneous and historical sources<sup>9</sup>. An indicator variable *Event* was generated from the events considered, equal to 1 at week  $t$  if and only if an event happened in that same week. As the financial data were collected for each Wednesday, and assuming that the dissemination of the information regarding each event would not be instantaneous, we consider that each week goes from Thursday until the next Wednesday. Therefore, an event that occurred on a Wednesday would be considered only for the following week. In a second phase we classified each event according to its nature – *Military* or *Political*, and according to which contender came out favored – the *Republican*, on the left, or the *Nationalist*, on the right. Each event classifier (*Military*, *Political*, *Republican*, and *Nationalist*) was constructed as an indicator variable, equal to 1 if and only if an event considered in our sample falls into one of these categories. Moreover, we create the cross variables *Repmil*, *Natmil*, *Reppol*, and *Natpol*, which correspond to the crossing of both the nature of the event and the favored faction. This means that, for example, the variable *Repmil* corresponds to military events that were Pro-Republican. In addition, we constructed a list of Portuguese events not necessarily associated with the flow of the war, to be taken into account due to their impact on the Portuguese institutional framework. Table A1 in the Appendix details the events that are considered, as well as their classification.

We control for additional financial covariates, including: (i) the administrative interest rate - *Interest\_PT*, fixed by the central bank, the *Banco de Portugal*, which is used to control for a major investment determinant for the Portuguese firms and (ii) the return of the London Stock Exchange - *Return\_UK*<sup>10</sup>, thus controlling for the performance of another European economy with very close ties with Portugal. Table 1 reports descriptive statistics for the variables of our sample.

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<sup>9</sup> The Portuguese events were collected from the website of Fundação Mário Soares (<http://www.fmsoares.pt/>). The other events were gathered mainly from the website of the University of Warwick (<https://warwick.ac.uk/services/library/mrc/explorefurther/digital/scw/more/timeline2/>), from Rancer's website (<https://www.ranker.com/list/a-list-of-all-spanish-civil-war-battles/reference>), and from Wikipedia ([https://en.wikipedia.org/wiki/Spanish\\_Civil\\_War](https://en.wikipedia.org/wiki/Spanish_Civil_War)).

<sup>10</sup> The data were kindly provided by Mike Staunton.

**Table 1**  
**Descriptive Statistics**

<b>Variable</b>	<b>Obs</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>
<i>Return</i>	7,863	0.0011	0.0527	-0.5108	0.4738
<i>Interest_PT</i>	7,863	4.2969	0.3371	4	5
<i>Return_UK</i>	7,863	-0.0004	0.0206	-0.0940	0.0945
<i>Colonial</i>	7,863	0.2252	0.4178	0	1
<i>Event</i>	7,863	0.4873	0.4999	0	1
<i>Nationalists</i>	7,863	0.2977	0.4573	0	1
<i>Republicans</i>	7,863	0.1896	0.3920	0	1
<i>Military</i>	7,863	0.1871	0.3900	0	1
<i>Political</i>	7,863	0.3073	0.4614	0	1
<i>Portuguese</i>	7,863	0.0627	0.2424	0	1
<i>Natmil</i>	7,863	0.1337	0.3403	0	1
<i>Repmil</i>	7,863	0.0773	0.2671	0	1
<i>Natpol</i>	7,863	0.1641	0.3704	0	1
<i>Reppol</i>	7,863	0.1306	0.3370	0	1

### 3.2. Econometric Specifications

We consider the impact of the events in the Spanish Civil War on firm  $i$ , in week  $t$ , and month  $m$ , using the following specification:

$$Return_{it} = \alpha_i + \lambda_m + \gamma Event_{it} + \beta X_{it} + \varepsilon_{itm} \quad (1)$$

where *Return* is measured in logarithms,  $\alpha_i$  are the firm fixed effects, and  $\lambda_m$  are the month fixed effects. Firm fixed effects are assumed in order to control for idiosyncratic factors capable of affecting firms' valuation (e.g. heterogeneous connections with regime officials, between-firms). Month fixed effects are incorporated to control for macro factors capable of affecting the Lisbon Stock Exchange's value (e.g. military conflicts in Spain spurring capital flows onto LSE). Our regressions use a Fixed effects estimation clustered around each firm, thus generating within or fixed effect estimators that measure the deviation over time from the mean, within each individual firm.

Our coefficients of interest are reported in vector  $\gamma$ . Each element within vector  $\gamma$  should be interpreted as the impact of a particular type of event (*Events, Military and Political, Republican and Nationalist*) on the Lisbon Stock Exchange firms' valuation. As *Return* is expressed in logarithms, the impact is measured in percentage terms.

$X$  is a vector of control variables including *Interest\_PT*, *Return\_UK*, and a *Portuguese* binary indicator that takes value 1 if there are important events taking place in Portugal.

Our most demanding specification is a dynamic version of the model above in which we include  $Return_{it-1}$ , the lagged return of the Lisbon Stock Exchange. As we include firm fixed effects, this could lead to what is known in the literature as the Nickell bias (Nickell, 1981; Anderson and Hsiao, 1982). However, if the number of time periods is large enough, as here, the estimator is consistent. Standard errors are clustered at the firm level and are robust to heteroskedasticity.

## 4. Results

In this section all specifications are estimated assuming firm fixed effects and including month fixed effects. Unless otherwise stated, the dependent variable is the *Return* on the LSE. Standard errors are clustered at the firm-level and are robust to heteroskedasticity.

### 4.1. Baseline Results

Table 2 reports the results of Equation (1) for the full sample, using the indicators for *Events* first, and then *Military* and *Political*. The first three columns show that weeks when there is a major event associated with the Spanish Civil War lead to a drop in Portuguese stock returns of between 0.4 and 0.6%. The last three columns show that military events drive the first result, whereas political occurrences do not have a significant impact. This table suggests that a War Next Door effect is present, suggesting the mere uncertainty related to war events is detrimental to the returns of Portuguese firms.



**Table 2**  
**Baseline Results: *Political* vs. *Military***

	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>
<i>Event</i>	-0.0055*** (0.0016)	-0.0038*** (0.0013)	-0.0035*** (0.0012)			
<i>Military</i>				-0.0034** (0.0016)		-0.0039** (0.0016)
<i>Political</i>					-0.0005 (0.0015)	-0.0015 (0.0015)
<i>Portuguese</i>			-0.0027 (0.0021)	-0.0046** (0.0022)	-0.0035 (0.0023)	-0.0039 (0.0023)
<i>Interest_PT</i>			0.0033 (0.0114)	0.0035 (0.0114)	0.0057 (0.0113)	0.0031 (0.0114)
<i>L.Return_UK</i>		0.0074 (0.0252)	0.008 (0.0252)	0.0054 (0.0259)	0.0149 (0.0243)	0.0054 (0.0259)
<i>L.Return</i>		-0.259*** (0.0301)	-0.259*** (0.0301)	-0.259*** (0.0300)	-0.259*** (0.0300)	-0.259*** (0.0301)
Month FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	7,863	7,563	7,563	7,563	7,563	7,563
Adjusted R-squared	0.007	0.074	0.074	0.074	0.074	0.074
Number of firms	62	62	62	62	62	62

Note: Standard errors (depicted in parentheses) are clustered at the firm level. Asterisks indicate significance levels of 10% (\*), 5% (\*\*), and 1% (\*\*\*).

In Table 3 we separate events that have favored the Nationalists from events favoring the Republican side of the contenders. We find that while both type of events lead to declines in returns, events favoring the Republicans lead to a greater decrease, about twice that for Nationalists, as seen in column (3). Interestingly, when we cross the partisan nature of events with their military or political nature, only military events favoring the Republicans come out negative and significant. Though close to significance, political events favoring the Republicans are not significant.

**Table 3**  
**Baseline Results: *Republican* vs. *Nationalist***

	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>
<i>Nationalists</i>	-0.0044*** (0.0019)	-0.0027 (0.0017)	-0.0024 (0.0017)			
<i>Republicans</i>	-0.006*** (0.0017)	-0.0051*** (0.0015)	-0.0049*** (0.0015)			
<i>Natmil</i>				-0.0019 (0.0017)		-0.0025 (0.0018)
<i>Repmil</i>				-0.0048** (0.0021)		-0.0047** (0.0021)
<i>Natpol</i>					-0.0003 (0.002)	-0.0007 (0.0021)
<i>Reppol</i>					-0.0027 (0.0019)	-0.0030 (0.0019)
<i>Portuguese</i>			-0.0031 (0.002)	-0.0046** (0.0023)	-0.0037 (0.0023)	-0.0044* (0.0024)
<i>Interest_PT</i>			0.0049 (0.0113)	0.0035 (0.0112)	0.0072 (0.0114)	0.0048 (0.0114)
<i>L.Return_UK</i>		0.0066 (0.025)	0.0072 (0.0249)	0.0079 (0.026)	0.0135 (0.0241)	0.0063 (0.0252)
<i>L.Return</i>		-0.259*** (0.0301)	-0.259*** (0.0301)	-0.259*** (0.0301)	-0.259*** (0.0300)	-0.259*** (0.0301)
Month FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	7,863	7,563	7,563	7,563	7,563	7,563
Adjusted R-squared	0.007	0.075	0.074	0.074	0.074	0.074
Number of firms	62	62	62	62	62	62

Note: Standard errors (depicted in parentheses) are clustered at the firm level. Asterisks indicate significance levels of 10% (\*), 5% (\*\*), and 1% (\*\*\*).

Our findings are robust to the different specifications and suggest that both general war-related uncertainty and partisan preferences affect Portuguese returns.

## 4.2. Robustness Tests

Several exercises were designed to test the robustness of the baseline results. These exercises included: (1) using a balanced dataset (i.e. using only firms for which there were data regarding their stock returns for all of the sample period); (2) separating the month dummy variables into month dummy variables for the colonial and domestic firms subset;

(3) using data from 1936 to 1938 (thus excluding the data from January to April of 1939); (4) dropping the events that occurred on a Wednesday; (5) repeating the regressions using cumulative indicator variables for the events; and (6) relying on a more conservative set of events.

As a first test, we dropped all firms that did not have data for their returns for all periods, thus using a balanced panel.<sup>11</sup> Our intent was to determine that the results obtained in section 4.1 are not a product of inaccuracies derived from an imbalanced panel. Table 4, columns 1 to 3, present the results for a balanced dataset. Our baseline conclusions remain intact: Republican events, both general and military, tend to have a negative and significant impact on firms' valuation. Nationalist events seem to have no significant effect on the Portuguese stock market.

Furthermore, we repeated this exercise using a broader pool of firms. Thus, for columns 4 to 6 we used all the firms that have data for the Stock Price Returns for at least 80% of the time.<sup>12</sup> Again, the results are consistent with the baseline results.

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<sup>11</sup> The firms considered for this exercise were: Cervejas Estrela; Crédito Predial Geral (Ordinárias); Gaz e Electricidade – Cupão; Industrial Portugal e Colónias – Portador; Navegação (Nacional de) - T. peq. (Colonial); Portuguesa de Pesca - T. peq.; Tabacos (Companhia Portuguesa de) – Cupão; Tabacos de Portugal - Cupão; Agrícola das Neves; Agricultura Colonial (Sociedade); Açúcar de Angola; Boror; Cabinda; Colonial do Buzi (from 1 to 150000 – 1st issue); Ilha do Príncipe.

<sup>12</sup> The firms used include those from the previous exercise plus the following: Águas de Lisboa - Portador 1934; Banco Alentejo; Banco Lisboa e Açores – Portador; Banco Nacional Ultramarino - Cupão T.1; Banco de Portugal – Portador; Banco Português de Continente e Ilhas – Portador; Caminhos de Ferro Portugueses – privilegiadas; Cimento Tejo; Cimentos de Leiria - Portador (Títulos pequenos); Hidro Eléctrica Alto Alentejo – 1st and 2nd issues; Hidro Eléctrica Alto Alentejo – 3rd and 4th issues; Industrial Aliança (Sociedade); Nacional Viação e Electricidade; Prestamista Portuguesa; Seguros Mundial; Seguros Nacional; Seguros Sagres; Seguros União dos Proprietários; Sociedade Industrial Farmacêutica; União Eléctrica Portuguesa – cupão; Vidago, Melgaço e Pedras Salgadas; ; Zambézia (T. 25).

**Table 4**  
**Robustness Test: *Balanced Dataset***

	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>
<i>Military</i>	0.0032** (0.0013)			-0.0027* (0.0014)		
<i>Political</i>	0.0026 (0.0018)			0.0007 (0.0012)		
<i>Nationalists</i>		0.0010 (0.0016)			0.0006 (0.0011)	
<i>Republicans</i>		-0.0049** (0.0018)			-0.0047*** (0.0013)	
<i>Natmil</i>			-0.0005 (0.0013)			-0.0008 (0.0016)
<i>Repmil</i>			-0.0076*** (0.0024)			-0.0054*** (0.0019)
<i>Natpol</i>			0.0054* (0.0029)			0.0038** (0.0016)
<i>Reppol</i>			-0.0002 (0.002)			-0.0019 (0.0016)
<i>Portuguese</i>	-0.0056 (0.0035)	-0.0028 (0.0027)	-0.006 (0.0037)	-0.0021 (0.0023)	-0.0005 (0.0017)	-0.003 (0.0024)
<i>Interest_PT</i>	-0.0034 (0.0117)	0.0014 (0.0108)	-0.0003 (0.0110)	0.003 (0.0117)	0.0069 (0.012)	0.0066 (0.0122)
<i>L.Return_UK</i>	-0.0408 (0.0270)	-0.0345 (0.0275)	-0.0425 (0.0273)	-0.0041 (0.0262)	-0.001 (0.0251)	-0.0068 (0.0259)
<i>L.Return</i>	-0.123*** (0.0333)	-0.121*** (0.0332)	-0.124*** (0.0337)	-0.187*** (0.0379)	-0.187*** (0.0376)	-0.187*** (0.0377)
Month FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Balanced	Yes	Yes	Yes	No	No	No
Has observations for at least 80% of the time periods?	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,562	2,562	2,562	5,847	5,847	5,847
Adjusted R-squared	0.053	0.054	0.054	0.043	0.044	0.044
Number of firms	15	15	15	37	37	37

Note: Standard errors (depicted in parentheses) are clustered at the firm level. Asterisks indicate significance levels of 10% (\*), 5% (\*\*), and 1% (\*\*\*).

Second, we separated the time-variable monthly dummies to account for possible different time patterns for colonial and domestic firms. The results are presented in Table 5.

These uphold the Baseline results, as the Military and Pro-Republican events are the only event variables that have a significant impact on the output variable.

**Table 5**  
**Robustness Test: *Baseline Results with***  
***month-type-of-firm Fixed Effects***

	(1)	(2)	(3)
	<i>Return</i>	<i>Return</i>	<i>Return</i>
<i>Military</i>	-0.00337** (0.00165)		
<i>Political</i>	-0.00152 (0.00153)		
<i>Nationalists</i>		-0.00232 (0.00165)	
<i>Republicans</i>		-0.00479*** (0.00147)	
<i>Natmil</i>			-0.00245 (0.00179)
<i>Repmil</i>			-0.00459** (0.00214)
<i>Natpol</i>			-0.000635 (0.00208)
<i>Reppol</i>			-0.00299 (0.00195)
<i>Portuguese</i>	-0.00404* (0.00242)	-0.00311 (0.00206)	-0.00444* (0.00241)
<i>Interest_PT</i>	0.00299 (0.0114)	0.00442 (0.0115)	0.00437 (0.0115)
<i>L_Return_UK</i>	0.00956 (0.0258)	0.0101 (0.0251)	0.00917 (0.0254)
<i>L_Return</i>	-0.274*** (0.0292)	-0.274*** (0.0292)	-0.274*** (0.0292)
Month_Colonial FE	Yes	Yes	Yes
Month_Domestic FE	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Observations	7,563	7,563	7,563
Adjusted R-squared	0.089	0.089	0.089
Number of firms	62	62	62

Note: Standard errors (depicted in parentheses) are clustered at the firm level. Asterisks indicate significance levels of 10% (\*), 5% (\*\*), and 1% (\*\*\*).

In addition, we eliminate observations referring to 1939 to mitigate possible bias due to structural changes on war-related uncertainty. During 1939 uncertainty about the potential victors decreased significantly (it became certain that the Nationalists would end the Spanish conflict as victors). Results are presented in Table 6. Baseline conclusions remain unchanged

as events favoring the Republicans significantly decrease returns and events favoring the Nationalists have no significant impact on Portuguese returns.

**Table 6**  
**Robustness Test: *Baseline Results 1936-1938***

	(1)	(2)	(3)
	<i>Return</i>	<i>Return</i>	<i>Return</i>
<i>Military</i>	-0.0032* (0.0017)		
<i>Political</i>	-0.0026 (0.0016)		
<i>Nationalists</i>		-0.0027 (0.0017)	
<i>Republicans</i>		-0.0056*** (0.0016)	
<i>Natmil</i>			-0.0018 (0.0018)
<i>Repmil</i>			-0.0046** (0.0021)
<i>Natpol</i>			-0.0019 (0.0021)
<i>Reppol</i>			-0.0038* (0.0021)
<i>Portuguese</i>	-0.0025 (0.0026)	-0.0020 (0.0023)	-0.0028 (0.0025)
<i>Interest_PT</i>	0.0037 (0.0113)	0.0049 (0.0114)	0.0049 (0.0115)
<i>L.Return_UK</i>	-0.0162 (0.0273)	-0.0217 (0.0260)	-0.0028 (0.0025)
<i>L.Return</i>	-0.261*** (0.0316)	-0.261*** (0.0317)	-0.261*** (0.0316)
Month FE	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Observations	6,899	6,899	6,899
Adjusted R-squared	0.076	0.077	0.076
Number of firms	61	61	61

Note: Standard errors (depicted in parentheses) are clustered at the firm level. Asterisks indicate significance levels of 10% (\*), 5% (\*\*), and 1% (\*\*\*).

Next, in Table 7 we (i) exclude events that took place on Wednesdays and (ii) proceed with cumulative indicator variables to signal war events. Regarding (i), recall that our outcome variable refers to firms' valuation on Wednesdays. As such, we eliminate events that take place on that same day as these events will impact the Portuguese stock exchange in an

unclear time period. About (ii), we attempt to control for the intensity of war-related events in each week. Baseline results are again not refuted: Republican events, general and military, have negative and significant impact on the Lisbon Stock Exchange. Nationalist events are not significant.

**Table 7**  
**Robustness Test: *Dropping Wednesdays and Cumulative Events***

	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>
<i>Military</i>	-0.0034** (0.0017)			-0.0016* (0.001)		
<i>Political</i>	-0.0022 (0.0016)			0.0013 (0.001)		
<i>Nationalists</i>		-0.002 (0.0015)			0.0011 (0.0008)	
<i>Republicans</i>		-0.0056*** (0.0018)			-0.0019** (0.0009)	
<i>Natmil</i>			-0.0025 (0.0018)			-0.0016 (0.0014)
<i>Repmil</i>			-0.0047** (0.0021)			-0.0048** (0.002)
<i>Natpol</i>			-0.0007 (0.0021)			0.0028** (0.0013)
<i>Reppol</i>			-0.003 (0.0019)			-0.0009 (0.0017)
<i>Portuguese</i>	-0.0041* (0.0023)	-0.0038* (0.0021)	-0.0044* (0.0024)	0.0049** (0.0022)	0.0053** (0.0022)	-0.0061*** (0.0022)
<i>Interest_PT</i>	0.0041 (0.0112)	0.0061 (0.0114)	0.0048 (0.0114)	0.0047 (0.0114)	0.0081 (0.0113)	0.0059 (0.0113)
<i>L.Return_UK</i>	0.0106 (0.0249)	0.0079 (0.0241)	0.0063 (0.0252)	0.0103 (0.0248)	0.0146 (0.0247)	0.0078 (0.0254)
<i>L.Return</i>	-0.258*** (0.0302)	-0.258*** (0.0301)	-0.259*** (0.0301)	-0.259*** (0.0300)	-0.259*** (0.0299)	-0.259*** (0.0301)
Month FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Excluding events on Wednesdays	Yes	Yes	Yes	No	No	No
Cumulative Events	No	No	No	Yes	Yes	Yes
Observations	7,563	7,563	7,563	7,563	7,563	7,563
Adjusted R-squared	0.074	0.075	0.074	0.074	0.075	0.075
Number of firms	62	62	62	62	62	62

Note: Standard errors (depicted in parentheses) are clustered at the firm level. Asterisks indicate significance levels of 10% (\*), 5% (\*\*), and 1% (\*\*\*).

Finally, we test the robustness of our baseline results using a more conservative set of just 54 instead of the 139 *Events* considered earlier. Our findings are shown in Table 8.

Even considering the lower statistical power, the coefficient associated with the Republican military victories remains negative and significant at a 10% level.

**Table 8**  
**Robustness Test: *Reduced list of events***

	(1)	(2)	(3)
	<i>Return</i>	<i>Return</i>	<i>Return</i>
<i>Military</i>	-0.0007 (0.0016)		
<i>Political</i>	-0.0014 (0.0025)		
<i>Nationalists</i>		0.0012 (0.0017)	
<i>Republicans</i>		-0.0015 (0.0017)	
<i>Natmil</i>			0.0013 (0.0008)
<i>Repmil</i>			-0.0045* (0.0023)
<i>Natpol</i>			0.0002 (0.0039)
<i>Reppol</i>			-0.0011 (0.0025)
<i>Portuguese</i>	-0.0027 (0.004)	-0.0027 (0.0036)	-0.0029 (0.0041)
<i>Interest_PT</i>	0.005 (0.0115)	0.0057 (0.0114)	0.0059 (0.0116)
<i>L_Return_UK</i>	0.0126 (0.0244)	0.0123 (0.0241)	0.0123 (0.0247)
<i>L_Return</i>	-0.259*** (0.0301)	-0.259*** (0.0300)	-0.259*** (0.0300)
Month FE	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Observations	7,563	7,563	7,563
Adjusted R-squared	0.079	0.079	0.079
Number of firms	62	62	62

Note: Standard errors (depicted in parentheses) are clustered at the firm level. Asterisks indicate significance levels of 10% (\*), 5% (\*\*), and 1% (\*\*\*).

### 4.3. Heterogeneous Results

An important margin to explore is the difference between domestic and overseas firms listed on the Lisbon Stock Exchange. While domestic firms own assets that are



physically vulnerable to the outcome of the war, overseas firms, though listed in the same exchange, have most of their assets in African territories, and are thus immune to physical destruction as a possible outcome of a generalization of the war.<sup>13</sup> In this latter case, investors did not need to fear physical destruction of their assets, but remained vulnerable to the political outcomes of the war. We present interesting heterogeneous results in Table 9. When we break down our sample, domestic firms appear to have been more affected by the war than colonial firms. For instance, both military events in general, or pro-Republican military events have a significant and negative effect on the Stock Price Return of domestic firms, while having no statistically significant effect on colonial firms. However, the results also show that pro-Republican events have a stronger (and more significant) effect on colonial firms. We interpret these results as confirming part of both stories, the War Next Door, and the possible impact of violence and military uncertainty, and the Reds Are Coming, whereby a victory by the Republicans was also perceived as costly.

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<sup>13</sup> Mata et al. (2017) illustrate the tremendous management challenges faced by Portuguese overseas firms in the early 20<sup>th</sup> century.

**Table 9**  
**Heterogeneous Results: *Domestic vs. Overseas***

	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>
<i>Military</i>	-0.0028* (0.0015)	-0.0055 (0.0054)				
<i>Political</i>	-0.00054 (0.0013)	-0.0050 (0.0051)				
<i>Nationalists</i>			-0.0017 (0.0014)	-0.0048 (0.0056)		
<i>Republicans</i>			-0.0027* (0.0015)	-0.0119*** (0.0038)		
<i>Natmil</i>					-0.0021 (0.0018)	-0.004 (0.0049)
<i>Repmil</i>					-0.0041* (0.0022)	-0.0056 (0.0057)
<i>Natpol</i>					-0.0002 (0.0017)	-0.0024 (0.0071)
<i>Reppol</i>					-0.0011 (0.0019)	-0.0097 (0.0056)
<i>Portuguese</i>	-0.0013 (0.0019)	-0.0130 (0.0082)	-0.0002 (0.0019)	-0.0124* (0.0063)	-0.0014 (0.0020)	-0.0143* (0.0077)
<i>Interest_PT</i>	0.0063 (0.0120)	-0.0079 (0.0288)	0.0074 (0.0123)	-0.0056 (0.0278)	0.0067 (0.0124)	-0.0030 (0.0282)
<i>L.Return_UK</i>	0.0139 (0.0284)	-0.0071 (0.0589)	0.0168 (0.0277)	-0.0150 (0.0564)	0.0142 (0.0287)	-0.0104 (0.0548)
<i>L.Return</i>	-0.283*** (0.0382)	-0.257*** (0.0438)	-0.283*** (0.0382)	-0.256*** (0.0436)	-0.283*** (0.0382)	-0.256*** (0.0433)
Month FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Type of Firm	Domestic	Colonial	Domestic	Colonial	Domestic	Colonial
Observations	5,815	1,748	5,815	1,748	5,815	1,748
Adjusted R-squared	0.079	0.1	0.079	0.103	0.079	0.1
Number of firms	49	13	49	13	49	13

Note: Standard errors (depicted in parentheses) are clustered at the firm level. Asterisks indicate significance levels of 10% (\*), 5% (\*\*), and 1% (\*\*\*).

In Table 10 we repeat the previous exercise, but instead of differentiating according to Domestic or Colonial, we separate according to Exporting and Non-Exporting sectors. This distinction is based on the final product commercialized by each firm and the capability to produce it. As such, the Non-Exporter firms comprise all the banks, insurance companies, and firms that produce natural gas and electricity. Thus, the Exporters correspond to the remaining firms. The results yield results that are relatively similar to those of the previous exercise, with Exporter firms having very few significant event variables. This can be the

result of having all of the colonial firms in this category. A major difference from the previous exercise is the fact that the variable Nationalists is significant for the Non-Exporter firms. However, this negative effect is still less than the one from the variable Republican, meaning that a Pro-Republican event was still considered worse than a Pro-Nationalist event.

**Table 10**  
**Heterogeneous Results: *Exporting vs. Non-exporting sectors***

	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>	<i>Return</i>
<i>Military</i>	-0.004** (0.0017)	-0.0028 (0.0034)				
<i>Political</i>	-0.0014 (0.0014)	-0.0018 (0.0033)				
<i>Nationalists</i>			-0.0031** (0.0015)	-0.0013 (0.0036)		
<i>Republicans</i>			-0.0036** (0.0017)	-0.0071** (0.0028)		
<i>Natmil</i>					-0.0031 (0.0022)	-0.002 (0.0031)
<i>Repmil</i>					-0.0056** (0.0027)	-0.0031 (0.0037)
<i>Natpol</i>					-0.0018 (0.0019)	0.001 (0.0045)
<i>Reppol</i>					-0.0013 (0.0023)	-0.0061 (0.0036)
<i>Portuguese</i>	-0.001 (0.0023)	-0.0087* (0.005)	0.0002 (0.0022)	-0.0081** (0.0039)	-0.0008 (0.0024)	-0.0101** (0.0048)
<i>Interest_PT</i>	0.0094 (0.0145)	-0.0085 (0.0184)	0.0101 (0.0148)	-0.0061 (0.018)	0.0089 (0.0149)	-0.0041 (0.018)
<i>L_Return_UK</i>	0.009 (0.0331)	0.0055 (0.0414)	0.0121 (0.0323)	0.0022 (0.04)	0.0109 (0.0338)	0.0012 (0.0385)
<i>L_Return</i>	-0.283*** (0.0450)	-0.247*** (0.0342)	-0.284*** (0.0450)	-0.247*** (0.0340)	-0.284*** (0.0451)	-0.247*** (0.0338)
Month FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Type of Firm	Non-Exporting	Exporting	Non-Exporting	Exporting	Non-Exporting	Exporting
Observations	4,677	2,886	4,677	2,886	4,677	2,886
Adjusted R-squared	0.077	0.0837	0.0771	0.0851	0.0769	0.0841
Number of firms	40	22	40	22	40	22

Note: Standard errors (depicted in parentheses) are clustered at the firm level. Asterisks indicate significance levels of 10% (\*), 5% (\*\*), and 1% (\*\*\*).

#### 4.4. Falsification Results

Table 11 provides further evidence that the effects captured in earlier subsections are associated with the effects of the Spanish Civil War by performing a placebo test. We reclassify all events as if they had happened two weeks before they actually did, and find that the point estimates associated with these episodes are now not statistically significantly different from zero. This is strong evidence that, indeed, a causal link runs from events in the war in Spain to firm stock returns in Portugal.

**Table 11**  
**Falsification Results (lagged two weeks)**

	(1)	(2)	(3)
	<i>Return</i>	<i>Return</i>	<i>Return</i>
<i>L2.Military</i>	0.0001 (0.0016)		
<i>L2.Political</i>	0.0014 (0.0015)		
<i>L2.Nationalists</i>		0.0019 (0.0018)	
<i>L2.Republicans</i>		0.0004 (0.0012)	
<i>L2.Natmil</i>			0.0002 (0.0021)
<i>L2.Natpol</i>			0.0035 (0.0021)
<i>L2.Repmil</i>			-0.0008 (0.0024)
<i>L2.Reppol</i>			0.0002 (0.0018)
<i>L.Return_UK</i>	0.0112 (0.0237)	0.0087 (0.0269)	0.0061 (0.0264)
<i>L.Return</i>	-0.2593*** (0.0301)	-0.2593*** (0.0300)	-0.2592*** (0.0300)
<i>Portuguese</i>	-0.0043* (0.0022)	-0.0042* (0.0022)	-0.0047** (0.0022)
<i>Interest_PT</i>	0.0052 (0.0112)	0.0063 (0.0113)	0.0058 (0.0112)
Month FE	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Observations	7,563	7,563	7,563
Adjusted R-squared	0.074	0.074	0.074
Number of firm	62	62	62

Note: Standard errors (depicted in parentheses) are clustered at the firm level. Asterisks indicate significance levels of 10% (\*), 5% (\*\*), and 1% (\*\*\*).

## 5. Concluding remarks

We examine the impact of developments in the Spanish Civil War on the stock returns of Portuguese firms listed on the Lisbon Stock Exchange. Both events, their military or political nature, and the favored contender, Nationalist or Republican, are considered. We uncover a significant, robust, and negative impact on returns, both as events *per se*, and of partisan developments in the war. Pro-Republican events, especially those that are military-related events, are associated with a negative significant effect on the Stock Price Returns, particularly for the domestic firms. Meanwhile, the Pro-Nationalist events have been consistent in our results, showing no statistically significant effect on the Stock Price Returns. The robustness of our results suggests there was an important economic impact of the Spanish Civil War on the returns of companies listed on the Lisbon Stock Exchange, that the impact was causal, and that it was differentiated across types of companies.

Our conclusions passed the demanding test of accommodating individual firm stock price fluctuations, as we relied on a novel, detailed, firm-level panel data set of firms listed in the Lisbon stock market, in the period 1936 to 1939. To our knowledge, this is the first use of firm level weekly stock prices to the period in question, as similar datasets are heretofore unavailable for other countries.

We consider these results to have the potential to serve as the basis for further research. One example could be the expansion of this model to other time periods, such as the Second World War, and all the way until the mid-1970s, when both Portugal and Spain overturned their dictatorial regimes.

We are confident that the results are able to accurately portray the reality faced by the Lisbon Stock Market from 1936 until mid-1939. We uncover evidence of connections between the domestic Portuguese economy and its performance, and foreign (yet geographically close) military and political events, showing once again the importance of political and ideological alignment to the economy.

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## Appendix A

### Classification of Events

Date	Week	Event	Republican vs Nationalist	Political vs Military	International vs Portuguese
15/01/1936	1936- W4	Center-left and left political parties agree to jointly contest parliamentary elections as the 'Popular Front'.	Republican	Political	Neither
16/02/1936	1936- W8	Elections held. The 'Popular Front' win a majority in the Cortes (parliament).	Republican	Political	Neither
19/02/1936	1936- W9	Republican 'Popular Front' government formed, with Manuel Azaña as Prime Minister.	Republican	Political	Neither
21/02/1936	1936- W9	Salazar, in a speech in the National Assembly, shows his disapproval about the situation in Spain	Nationalist	Political	Portuguese
22/02/1936	1936- W9	General Francisco Franco removed from his position as Chief of the General Staff in Madrid, and made military commander of the Canary Islands.	Republican	Political	Neither
26/02/1936	1936- W10	Generalitat of Catalonia re-established, with Lluís Companys as President.	Republican	Political	Neither
28/02/1936	1936- W10	General Emilio Mola relieved of his command in charge of the Army of Africa, and posted to the provincial garrison at Pamplona.	Republican	Political	Neither
8/03/1936	1936- W11	Meeting of officers in Madrid (including General Mola and General Franco) to discuss military coup to be headed by General Sanjurjo.	Nationalist	Political	Neither
15/03/1936	1936- W12	The fascist organization, Falange, is outlawed by the government, following attempts by its members to assassinate Socialists and Trade Union leaders. Its leader, José Antonio Primo de Rivera, is arrested for illegal possession of weapons.	Republican	Military	Neither
7/04/1936	1936- W16	Niceto Alcalá Zamora removed as President of the Spanish Republic.	Republican	Political	Neither
3/05/1936	1936- W19	French general election won by the Popular Front - a coalition of socialist, radical, and communist parties.	Republican	Political	International
10/05/1936	1936- W20	Manuel Azaña becomes President of the Spanish Republic.	Republican	Political	Neither
13/05/1936	1936- W21	Santiago Casares Quiroga becomes Prime Minister, after the post was refused by Indalecio Prieto.	Nationalist	Political	Neither
25/05/1936	1936- W22	'Instrucción reservada no.1' sent by General Emilio Mola, regarding need to unite military and political groups behind a planned military coup.	Nationalist	Political	Neither
4/06/1936	1936- W24	Léon Blum, leader of the Socialist Party, becomes Prime Minister of France. He forms a government composed of socialist and radical politicians.	Republican	Political	International

17/07/1936	1936-W30	Start of military rebellion against government in North Africa.	Nationalist	Military	Neither
19/07/1936	1936-W30	The military uprising is defeated in Madrid, and Barcelona. Morocco, Galicia, Navarre, Old Castile, and Seville soon come under the control of the rebels.	Nationalist	Military	Neither
19/07/1936	1936-W30	José Giral Pereira becomes Prime Minister, following the collapse of the government of Santiago Casares Quiroga. Giral dissolves the army by decree and orders arms to be handed out to workers' organizations.	Republicans	Political	Neither
20/07/1936	1936-W30	Death of General Sanjurjo, the intended figurehead of the military coup, in an airplane crash in Portugal.	Republicans	Political	Neither
21/07/1936	1936-W31	Members of the Civil Guard and military cadets are besieged in the Alcazar citadel, Toledo, by pro-government forces.	Republicans	Military	Neither
22/07/1936	1936-W31	Intended dates of the Barcelona Peoples' Olympiad, organized as a socialist counterpoint to the Berlin Olympic games. It was cancelled due to the outbreak of war.	Nationalist	Political	Neither
23/07/1936	1936-W31	Alternative military government - Junta de Defensa Nacional - established by the rebels at Burgos.	Nationalist	Political	Neither
24/07/1936	1936-W31	Battle of Guadarrama (Republican victory)	Republican	Military	Neither
1/08/1936	1936-W32	The French Cabinet appeals to the British and Italian Governments for "the rapid adoption and rigid observance of an agreed arrangement for non-intervention in Spain". During August, key governments (including Portugal, Germany, Italy, the USSR, and Britain) state that "in principle" they will accept such an agreement.	Republican	Political	International
6/08/1936	1936-W33	Arrival in Spain of General Francisco Franco from North Africa.	Nationalist	Political	Neither
8/08/1936	1936-W33	The French Government suspends arms sales and closes the border with Spain.	Nationalist	Political	International
14/08/1936	1936-W34	Capture of Badajoz, Extremadura, by Nationalist forces commanded by Lieutenant Colonel Juan Yagüe. The systematic massacre of an estimated 2,000 - 4,000 civilians followed.	Nationalist	Military	Neither
19/08/1936	1936-W35	British government ban on arms exports (including civil aircraft) to Spain comes into force.	Nationalist	Political	International
19/08/1936	1936-W35	First Moscow Show Trial: 16 defendants sentenced to death for supposedly plotting to kill the Soviet leader Joseph Stalin. Subsequent show trials of leading Bolsheviks take place in January 1937 and March 1938.	Republican	Political	International
21/08/1936	1936-W35	Portugal announces that it will not intervene in the Spanish conflict	Nationalist	Political	Portuguese
1/09/1936	1936-W37	The Portuguese government refuses to take part in a commission of the "non-intervention" agreement	Nationalist	Political	Portuguese

4/09/1936	1936-W37	Francisco Largo Caballero replaces José Giral Pereira as Prime Minister. He heads a coalition of socialists, communists, and Left Republicans.	Republican	Political	Neither
5/09/1936	1936-W37	Irun is taken by the Nationalists.	Nationalist	Military	Neither
8/09/1936	1936-W38	Revolta dos Marinheiros, also known as Motim dos Barcos do Tejo	Republican	Military	Portuguese
9/09/1936	1936-W38	First meeting of international supervisory committee on Non-Intervention in London. 26 countries are represented.	Non-partisan	Political	International
10/09/1936	1936-W38	Public servants forced to sign a document that considers communism a dangerous idea: "Declaro por minha honra que estou integrado na ordem social estabelecida pela Constituição Política de 1933, com activo repúdio do comunismo e de todas as ideias subversivas"	Nationalist	Political	Portuguese
13/09/1936	1936-W38	The Nationalists take San Sebastian.	Nationalist	Military	Neither
13/09/1936	1936-W38	The Republican Council of Ministers authorizes the transfer of gold and silver to Moscow to obtain military aid from the Soviet Union.	Republican	Political	Neither
21/09/1936	1936-W39	Rebel leaders agree that General Franco should be appointed supreme commander of the Nationalist forces (Generalissimo).	Nationalist	Political	Neither
27/09/1936	1936-W40	The siege of Toledo raised by Nationalist troops commanded by General Franco.	Nationalist	Military	Neither
28/09/1936	1936-W40	General Franco announced as 'Head of the Spanish State'.	Nationalist	Political	Neither
30/09/1936	1936-W41	Pastoral letter praising the Nationalist 'crusade' published by the Bishop of Salamanca, Plá y Daniel.	Nationalist	Political	Neither
1/10/1936	1936-W41	General Franco formally invested as Caudillo (leader) in throne room at Burgos.	Nationalist	Political	Neither
1/10/1936	1936-W41	Formal establishment of Republic of Euzkadi (Basque Country), under President José Antonio Aguirre. Confirmed at Guernica on 7 October.	Republican	Political	Neither
6/10/1936	1936-W42	Representatives of the Soviet Union state that they will be no more bound by non-intervention than Germany, Italy, and Portugal have been. Within a month tanks and fighter planes from the U.S.S.R. are in action on the Republican side.	Republican	Political	International
18/10/1936	1936-W43	Republican government decree announces the creation of 'mixed brigades', combining members of regular army units and militia groups into a 'Popular Army'.	Republican	Political	Neither
25/10/1936	1936-W44	Treaty of friendship signed between Italy and Germany, laying the foundations for the Rome-Berlin Axis.	Nationalist	Political	International

<b>2/11/1936</b>	1936- W45	Nationalist troops capture Brunete.	Nationalist	Military	Neither
<b>4/11/1936</b>	1936- W46	Representatives of the anarchist Confederación Nacional del Trabajo (CNT) - Federación Anarquista Ibérica (FAI) join the Popular Front government.	Republican	Political	Neither
<b>6/11/1936</b>	1936- W46	Evacuation of Republican government from Madrid to Valencia. A Junta de Defensa, under General José Miaja, is left in charge of the capital's defense.	Nationalist	Political	Neither
<b>7/11/1936</b>	1936- W46	Start of Nationalist ground assault on Madrid.	Nationalist	Military	Neither
<b>18/11/1936</b>	1936- W48	Germany and Italy recognize the government of General Franco as the legitimate government of Spain.	Nationalist	Political	International
<b>19/11/1936</b>	1936- W48	Death of the anarchist Buenaventura Durruti at Madrid. Three days later, nearly half a million people were estimated to have taken part in his funeral procession at Barcelona.	Republican	Political	Neither
<b>20/11/1936</b>	1936- W48	Execution of José Antonio Primo de Rivera, leader of the Falange, by Republicans at Alicante.	Republican	Political	Neither
<b>23/11/1936</b>	1936- W48	Nationalists fail to take the Ciudad Universitaria; Franco abandons plans to conquer Madrid by a direct assault	Republican	Military	Neither
<b>28/11/1936</b>	1936- W49	General Franco signs pact with representatives of Mussolini, agreeing to Italian control of the Mediterranean in return for military aid.	Nationalist	Political	Neither
<b>5/12/1936</b>	1936- W50	The British government asks Portugal to sign the non-intervention agreement.	Republican	Political	International
<b>6/12/1936</b>	1936- W50	Mussolini agrees to send an expeditionary force - the Italian Corpo di Truppe Volontarie (CVT) - to assist Nationalist troops in Spain. They arrive in Spain later in December.	Nationalist	Political	International
<b>13/12/1936</b>	1936- W51	Start of the Aceituna offensive (Nationalist)	Nationalist	Military	Neither
<b>16/12/1936</b>	1936- W52	Portugal refuses to sign the agreement.	Nationalist	Political	Portuguese
<b>31/12/1936</b>	1937- W1	End of the Aceituna offensive (Nationalist victory)	Nationalist	Military	Neither
<b>20/01/1937</b>	1937- W4	9 bombs explode in several places in Lisbon including the Ministry of Education, the House of Spain, Emissora Nacional, Rádio Clube Português	Republican	Political	Portuguese
<b>6/02/1937</b>	1937- W6	Start of the Battle of Jarama - a Nationalist offensive to cross the river Jarama, to the east of Madrid. It continued for most of February.	Nationalist	Military	Neither
<b>7/02/1937</b>	1937- W6	The southern port of Malaga is taken by Nationalist forces.	Nationalist	Military	Neither
<b>20/02/1937</b>	1937- W8	The Portuguese government forbids volunteers to join the Spanish Civil War.	Nationalist	Political	Portuguese

27/02/1937	1937-W9	End of the Battle of Jarama (Nationalist Victory)	Nationalist	Military	Neither
8/03/1937	1937-W10	Battle of Guadalajara (Nationalist offensive). The city of Guadalajara is 34 miles northeast of Madrid.	Nationalist	Military	Neither
9/03/1937	1937-W11	British observers are in Portugal to patrol the borders.	Non-partisan	Political	Both
23/03/1937	1937-W13	End of the Battle of Guadalajara (Republican Victory)	Republican	Military	Neither
30/03/1937	1937-W14	Start of Nationalist offensive on the northern front, commanded by General Mola.	Nationalist	Military	Neither
31/03/1937	1937-W14	Bombing of the Basque town of Durango by German and Italian aircraft.	Nationalist	Military	Neither
6/04/1937	1937-W15	Nationalists announce blockade of Republican ports on the north (Cantabrian) coast.	Nationalist	Military	Neither
19/04/1937	1937-W16	Franco orders the amalgamation of political groups, including the Falange, Carlists, and Renovación Española, into one party (Falange Española Tradicionalista y de las Juntas de Ofensiva Nacional Sindicalista), with himself as leader.	Nationalist	Political	Neither
19/04/1937	1937-W16	Non-Intervention Committee scheme to patrol ports and frontiers comes into effect.	Non-partisan	Political	International
26/04/1937	1937-W17	Destruction of the Basque capital of Guernica by aerial attack from German planes.	Nationalist	Military	Neither
3/05/1937	1937-W18	'Events of May' in Barcelona: Divisions between different Republican groups (Communists, socialists, and anarchists) result in street fighting.	Nationalist	Political	Neither
17/05/1937	1937-W20	Juan Negrín López becomes Republican Prime Minister, replacing Francisco Largo Caballero. His new government contains more Communists.	Republican	Political	Neither
28/05/1937	1937-W22	Neville Chamberlain replaces Stanley Baldwin as Prime Minister of the 'National' Government in the UK, a Conservative dominated administration.	Nationalist	Political	International
30/05/1937	1937-W22	Germany and Italy withdraw from Non-Intervention Committee.	Nationalist	Military	International
3/06/1937	1937-W23	Death of the Nationalist commander General Emilio Mola in an airplane crash.	Republican	Political	Neither
12/06/1937	1937-W24	Start of Republican offensive against Huesca.	Republican	Military	Neither
16/06/1937	1937-W25	Partido Obrero de Unificación Marxista (POUM) declared illegal by the Republican government. Its leaders are arrested.	Nationalist	Political	Neither
19/06/1937	1937-W25	Entry of Nationalist forces into the Basque city of Bilbao.	Nationalist	Military	Neither
19/06/1937	1937-W25	Republican offensive against Huesca is abandoned on 19 June. The commander of the operation, General Lukács, is killed.	Nationalist	Military	Neither

<b>22/06/1937</b>	1937- W25	Blum is replaced as Prime Minister of the Popular Front government by the Radical politician Camille Chautemps.	Republican	Political	International
<b>30/06/1937</b>	1937- W27	Portugal suspends border inspections.	Non-partisan	Political	Portuguese
<b>1/07/1937</b>	1937- W27	Spanish Bishops collectively endorse Franco as legitimate ruler of Spain.	Nationalist	Political	Neither
<b>4/07/1937</b>	1937- W27	Bomb attempt to kill Salazar.	Republican	Political	Portuguese
<b>6/07/1937</b>	1937- W28	Battle of Brunete - Republican offensive against Nationalist forces to the west of Madrid.	Republican	Military	Neither
<b>07/1937</b>	1937- W29	First exhibition of Picasso's painting 'Guernica' in the Spanish Pavilion at the Paris International Exposition.	Republican	Political	International
<b>26/07/1937</b>	1937- W30	End of the Battle of Brunete (Nationalist Victory)	Nationalist	Military	Neither
<b>14/08/1937</b>	1937- W33	Start of Nationalist offensive toward Santander and Asturias.	Nationalist	Military	Neither
<b>24/08/1937</b>	1937- W35	Start of Republican offensive in Aragon (Battle of Belchite).	Republican	Military	Neither
<b>26/08/1937</b>	1937- W35	Capture of Santander by Nationalist forces.	Nationalist	Military	Neither
<b>28/08/1937</b>	1937- W35	The Vatican recognizes Franco as ruler of Spain.	Nationalist	Political	International
<b>7/09/1937</b>	1937- W37	Republicans win Battle of Belchite	Republican	Military	Neither
<b>10/09/1937</b>	1937- W37	Start of Nyon Conference in Switzerland to discuss Italian submarine attacks on international shipping.	Republican	Political	International
<b>21/10/1937</b>	1937- W43	Capture of Gijon (and Asturias) by Nationalist forces. All of the Cantabrian (north) coast is now under Nationalist control.	Nationalist	Military	Neither
<b>12/11/1937</b>	1937- W46	The anarchist Confederación Nacional del Trabajo (CNT) withdraws from the Popular Front government.	Nationalist	Political	Neither
<b>14/12/1937</b>	1937- W51	Battle of Teruel. Republican forces capture Teruel, before being forced to retreat by a Nationalist counter-attack.	Republican	Military	Neither
<b>21/12/1937</b>	1937- W52	Teruel falls to the Republicans; Franco is forced to diverge forces to counter-attack	Republican	Military	Neither
<b>30/01/1938</b>	1938- W5	Franco appoints his first cabinet of ministers.	Nationalist	Political	Neither
<b>20/02/1938</b>	1938- W8	Anthony Eden resigns as British Foreign Secretary in protest over the government's policy of appeasement. Replaced by Lord Halifax.	Republican	Political	International
<b>22/02/1938</b>	1938- W9	Republican forces are forced to retreat from Teruel by a Nationalist counter-attack.	Nationalist	Military	Neither

<b>6/03/1938</b>	1938-W10	Battle of Cape Palos (Republican Victory)	Republican	Military	Neither
<b>9/03/1938</b>	1938-W11	Start of Nationalist offensive in Aragon.	Nationalist	Military	Neither
<b>12/03/1938</b>	1938-W11	Germany invades Austria.	Nationalist	Military	International
<b>13/03/1938</b>	1938-W11	Camille Chautemps is replaced by Leon Blum as Prime Minister of the Popular Front government.	Republican	Political	International
<b>16/03/1938</b>	1938-W12	Major bombardment of Barcelona by Italian aircraft.	Nationalist	Military	Neither
<b>10/04/1938</b>	1938-W15	In France the Radical politician Edouard Daladier replaces Leon Blum, a Socialist, as Prime Minister.	Republican	Political	International
<b>15/04/1938</b>	1938-W16	Catalonia cut off from the rest of Republican Spain, as Nationalist troops take the Mediterranean coastal town of Vinaroz.	Nationalist	Military	Neither
<b>16/04/1938</b>	1938-W16	Signing of Anglo-Italian agreement, including provision that Italian troops should be entitled to stay in Spain until the end of the war.	Nationalist	Political	International
<b>25/04/1938</b>	1938-W17	Start of Nationalist offensive toward Valencia.	Nationalist	Military	Neither
<b>1/05/1938</b>	1938-W18	Issuing of Negrín's 13 point declaration of the war aims of the Republican government, intended as a formula for peace negotiations.	Republican	Political	Neither
<b>14/05/1938</b>	1938-W20	The Portuguese government recognizes the Franco government, <i>de jure</i> .	Nationalist	Political	Portuguese
<b>24/07/1938</b>	1938-W30	End of the Levante Offensive (Republican victory);	Republican	Military	Neither
<b>25/07/1938</b>	1938-W30	Battle of the Ebro. Republican troops launch an offensive across the River Ebro.	Republican	Military	Neither
<b>21/09/1938</b>	1938-W39	Negrín announces unconditional withdrawal of the International Brigade in speech at the League of Nations.	Nationalist	Political	International
<b>28/09/1938</b>	1938-W40	Non-aggression Pact between Portugal and Spain is presented to Salazar.	Nationalist	Political	Portuguese
<b>30/09/1938</b>	1938-W40	Munich Agreement, transferring the Sudetenland from Czechoslovakia to Germany, signed by the leaders of Germany, Britain, France, and Italy.	Nationalist	Political	International
<b>4/10/1938</b>	1938-W40	Withdrawal of International Brigade from the front.	Nationalist	Political	International
<b>11/10/1938</b>	1938-W42	Start of trial of POUM leaders before Tribunal of Espionage and High Treason.	Nationalist	Political	Neither
<b>30/10/1938</b>	1938-W44	Portuguese elections (lists exclusively from União Nacional)	Nationalist	Political	Portuguese
<b>16/11/1938</b>	1938-W47	Despite initial success, the Republican army is eventually forced back across the river Ebro by Nationalist counter-attacks.	Nationalist	Military	Neither

<b>23/12/1938</b>	1938- W52	Start of Nationalist offensive in Catalonia.	Nationalist	Military	Neither
<b>26/01/1939</b>	1939- W5	Nationalist forces enter Barcelona. The Republican government had transferred from Barcelona to Figueras.	Nationalist	Military	Neither
<b>1/02/1939</b>	1939- W6	Last meeting of Republican Parliament (Cortes) in Spain (held at Figueras). It approves Negrin's three points for the establishment of peace. Nationalist forces occupy Figueras seven days later.	Republican	Political	Neither
<b>8/02/1939</b>	1939- W7	Nationalist forces occupy Figueras.	Nationalist	Military	Neither
<b>9/02/1939</b>	1939- W7	Law of Political Responsibilities introduced by Franco. It allows penalties (including imprisonment and confiscation of property) to be imposed on any supporters of the Republic, present or past.	Nationalist	Political	Neither
<b>10/02/1939</b>	1939- W7	Fall of Catalonia. In the preceding week thousands of refugees flee to France, including the President of the Republic, Manuel Azaña.	Nationalist	Military	Neither
<b>27/02/1939</b>	1939- W9	Britain and France recognize Franco's government.	Nationalist	Political	International
<b>27/02/1939</b>	1939- W9	Azaña resigns as President of the Republic, succeeded by Diego Martinez Barrio, leader of the Cortes.	Republican	Political	Neither
<b>5/03/1939</b>	1939- W10	Successful coup d'etat in Madrid against the government of Juan Negrin. A Junta de Defensa is formed under the leadership of Colonel Segismundo Casado, supported by Julian Besteiro and General Miaja. Fighting within the Republican ranks (between rival supporters of the Junta and Negrin) follows.	Nationalist	Political	Neither
<b>15/03/1939</b>	1939- W12	Germany invades Czechoslovakia.	Nationalist	Military	International
<b>17/03/1939</b>	1939- W12	Iberian non-aggression Pact signed between Portugal and Spain.	Nationalist	Political	Portuguese
<b>28/03/1939</b>	1939- W14	Madrid taken by Nationalist forces.	Nationalist	Military	Neither
<b>29/03/1939</b>	1939- W14	The Nationalist victory is celebrated in Lisbon.	Nationalist	Political	Portuguese
<b>1/04/1939</b>	1939- W14	Republican armies surrender. Franco declares that the war is ended.	Nationalist	Political	Neither



## Appendix B

### Firms from LSE

Firm Name	Colonial or Domestic
Águas da Curia	Domestic
Águas de Lisboa – Portador 1934	Domestic
Banco Alentejo	Domestic
Banco Comercial de Lisboa – Portador	Domestic
Banco Espírito Santo – Cupão	Domestic
Banco Espírito Santo e Comercial de Lisboa	Domestic
Banco Lisboa e Açores - Portador	Domestic
Banco Nacional Ultramarino – Cupão T1	Domestic
Banco de Portugal – Portador	Domestic
Banco Português de Continente e Ilhas - Portador	Domestic
Caminhos de Ferro Nacional	Domestic
Caminhos de Ferro Norte de Portugal	Domestic
Caminhos de Ferro Portugueses - Ordinárias	Domestic
Caminhos de Ferro Portugueses – Privilegiadas	Domestic
Cerâmica de Lisboa	Domestic
Cervejas Estrela	Domestic
Cimento Tejo	Domestic
Cimentos de Leiria – Portador (Títulos Pequenos)	Domestic
Crédito Predial (Geral) - Ordinárias	Domestic
Gaz e Electricidade – Cupão	Domestic
Hidro Eléctrica Alto Alentejo – 1 <sup>st</sup> and 2 <sup>nd</sup> issues	Domestic
Hidro Eléctrica Alto Alentejo – 3 <sup>rd</sup> and 4 <sup>th</sup> issues	Domestic
Industrial Aliança (Sociedade)	Domestic
Industrial Portugal e Colónias – Portador	Domestic
Lezírias do Tejo e Sado	Domestic
Moagem Lisbonense	Domestic
Navegação (Nacional de) - T. peq. (Colonial)	Domestic
Nacional Viação e Electricidade	Domestic
Navegação (Colonial de)	Domestic
Portuguesa de Pesca - T. peq.	Domestic
Prestamista Portuguesa	Domestic
Seguros Bonança	Domestic
Seguros Comércio e Indústria	Domestic

Seguros Fidelidade	Domestic
Seguros Garantia	Domestic
Seguros Mundial	Domestic
Seguros Nacional	Domestic
Seguros Pátria	Domestic
Portuguesa de Seguros	Domestic
Portugal Previdente	Domestic
Seguros Sagres	Domestic
Seguros Tagus	Domestic
Seguros Marítimos Ultramarina	Domestic
Seguros União dos Proprietários	Domestic
Sociedade Industrial Farmacêutica	Domestic
Tabacos (Companhia Portuguesa de) - Cupão	Domestic
Tabacos de Portugal - Cupão	Domestic
Tabaqueira (A) - Cupão	Domestic
União Eléctrica Portuguesa - Cupão	Domestic
Vidago, Melgaço e Pedras Salgadas	Domestic
Agrícola de Cassequel	Colonial
Agrícola das Neves	Colonial
Agrícola Ultramarina	Colonial
Agricultura Colonial (Sociedade)	Colonial
Açúcar de Angola	Colonial
Açúcar de Moçambique	Colonial
Boror	Colonial
Cabinda	Colonial
Colonial do Buzi (from 1 to 150000 – 1 <sup>st</sup> issue)	Colonial
Comercial de Moçambique	Colonial
Colonial de Navegação	Colonial
Ilha do Príncipe	Colonial
Sul de Angola	Colonial
Roça Vista Alegre	Colonial
Zambézia (T. 25)	Colonial