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THE PORTUGUESE GOVERNMENT SOLUTION



Ana Rita
FERREIRA

Ernst
STETTER

Maria João
RODRIGUES

Pedro
SILVA PEREIRA

Ana Catarina
MENDES

Pedro Nuno
SANTOS

João
ALBUQUERQUE

Mafalda
DÂMASO

Maria
FREITAS

*THE "FOURTH WAY"
TO SOCIAL-DEMOCRATIC POLITICS?*

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<http://www.fundacaorespublica.pt/>



Author:

Dr. Ana Rita FERREIRA

Ana Rita Ferreira has a Ph.D. degree in Political Science by the Institute of Political Studies of the Portuguese Catholic University and a BA in Communication Sciences (Journalism stream), by the Social and Human Sciences Faculty of the New University of Lisbon. She is advisor to the Secretary of State to the Prime Minister of Portugal (XXI Government), assistant professor of Political Science at the University of Beira Interior and researcher at *Labcom* in the same institution.

Responsible editors:

Dr. Ernst STETTER, Dr. Ania SKRZYPEK, Maria FREITAS

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*THE "FOURTH WAY"
TO SOCIAL-DEMOCRATIC POLITICS?*

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INTRODUCTION

This report aims to describe the XXI and current Portuguese government solution. Since November 2015, Portugal has been governed by a “left-wing coalition”. In fact, the Socialist Party, the Portuguese centre-left party, runs the government with the parliamentary support of the three other left-wing parties in Parliament: the Left Bloc, the Portuguese Communist Party and the Ecologist Party-The Greens. It is the first time that this kind of political alliance has been formed in Portugal and the main measures that have been taken (and are being taken) by the socialist government assume a clear progressive line in a time when there is still a liberal-conservative ideological hegemony in place.

The Socialist Party government has been able to turn the page on austerity, reconstituting the incomes and social rights that had been cut by the previous right-wing executive. But it has done so by fulfilling, at the same time, the European rules for public finances – without adopting a radical discourse about the euro, the public debt or the role of the European Union (EU), but assuming a strong will to negotiate policies and targets within European institutions as equal partners with a critical spirit. The Portuguese experience could thus be inspiring for other socialist, social-democratic and labour parties in Europe, since it is proving that there is a way for these parties to reaffirm a left-wing agenda within the EU. In fact, the Portuguese experience is an inspiring story of progressivism for other countries because it shows that there is an alternative to the politics of austerity that have set out the country in a path of growth and stability in the last two years.

Before describing the core politics of the current socialist government, we should explain how the government solution came to be and how the previous right-wing government measures and results influenced all left-wing parties to agree on carrying out a common agenda, despite all the ideological diver-

gences that still divide them. The social and economic situation in 2015 was so dramatic that other left-wing parties were brought around to supporting a centre-left government, since the Socialist Party demonstrated that it wanted to put an end to austerity and impoverishment.

The explanation of the agreements celebrated by the left-wing parties, the path followed until now, the measures that we can expect to be taken in the near future and the adherence of the electorate to the government's conduct will allow us to understand how current politics, far from being radical, are moderate, following the traditional social-democratic ideology. However, without having a clear majority in Parliament, this political line could only be executed with a left-wing parliamentary coalition, namely because of the radicalization of the right in recent decades.

The Portuguese case – that we examine in this report – should be taken into consideration in the realisation of social-democratic politics in present times. In fact, the examination of the Portuguese government solution can help progressives at the European level to find new ways of pursuing the ideological route of the centre-left parties and their and thus, enabling them to strengthen their traditional electoral position.

FORWARD

The Portuguese Government Solution: an inspiration for the European Left?

Ernst STETTER
FEPS Secretary General

Since November 2015, Portugal has embodied an historic experiment of a left-wing government led by Prime Minister António Costa from the Socialist Party (PS) with the parliamentary support of the Left Bloc (Bloco de Esquerda), the Portuguese Communist Party (PCP) and the Greens (PEV). Almost two years in power, Portugal's government attests that the political alternative is possible and delivers concrete and positive results. Hence, progressive parties can become strategic partners against austerity by clearly breaking the prevailing 'grand-coalition' style of governance.

In Europe, Portugal's historical pact on the left is often perceived as an exceptional story of progressivism and a real inspiration for the social democratic movement. This success story prompted the Foundation for European Progressive Studies (FEPS) and Fundação ResPublica to launch a research project that aimed to answer the following questions: Can the Portuguese government example be a catalyst for a deeper transformation at the European level and inspire a new strategy and a new agenda for Europe's Left? And can the radical left and the centre left find more points of unity than of division in other European countries too?

For over a decade now, a recurring narrative is being repeated: Social Democracy is in decline in Europe – and to the extreme, some even say that it is bound to disappear. This perception seems to be further reinforced by recent electoral results in some member states in Europe, such as France or Greece. Turnout figures show that citizens’ support for progressive or socialist parties is very low. Adding to this seemingly worrying trend is the current surge in support for populist or Eurosceptic parties. Such statements, facts and figures are contributing to a generalised perception that the prophecy of a demise of social democracy could become a reality and that populism will assault the European project. The scenario seems to be of gloom and doom for both Progressives and for our European Union as a positive political project.

The overall question remains: How can Europe’s left address the challenge of re-gaining trust and the electoral support of their voter base, galvanise new voters beyond their usual supporters and, most importantly, convey the message that Europe’s core aims and vision are a progressive project that should be defended and fought for?

For FEPS - as the only progressive think tank at the European level that is at the crossroads of social democracy and the European project – there was, at first, a deep curiosity to analyse how Portugal succeeded in embodying an unprecedented left-wing governing arch and secondly to address head on the usual and somewhat prevailing narrative that social democracy is withering in Europe – a story that is perhaps being unfairly voiced too often, even within the progressive family. Furthermore, for the partners of the initiative “The Portuguese Government Solution: an inspiration for the European Left” there was a common willingness to reflect on possible alliances and discuss how the Portuguese case could inspire social democrats in other countries to think and look left when forming a majority that would allow them to govern.

The important findings of the research undertaken by Dr. Ana Rita Ferreira, Professor of the University of Beira Interior, contained in this publication confirm this idea. We therefore see this research as an important and useful tool for progressive politics in the world of today: in addition to demystifying the idea that social democracy is disappearing in Europe, this fact-based research clearly shows a positive way forward for Europe's Left by looking attentively to António Costa's left coalition formula.

Portugal's leadership shows - through thick and thin – that there is hope for a stronger progressive Europe.

CONSIDERATIONS ABOUT PORTUGAL'S PROGRESSIVE GOVERNMENT SOLUTION

Maria João RODRIGUES

FEPS President

*The Portuguese Government Solution:
an inspiration for European Socialism?*

It is with great pleasure that I am attending my first conference as President of FEPS in Lisbon, Portugal, and in the Lisbon University Institute, where I originally studied and later became a full professor, before entering into politics. It is in fact a pleasure to be here and to recognise my colleagues, which makes it a very special and emotional moment.

I want to talk to you about what happened on this panel and interact with you.

I want to tell you how I consider this question of the possible decline or re-launch of a Socialist and Social Democrat movement in Europe, also by making reference to the significance of the Portuguese case. I want to refer to the Portuguese case using other criteria beyond those which were already used in this very

interesting report because I would like to link the Portuguese case with the more general European debate.

We can start by asking why we have at the same time the so-called success cases of Socialism and Social Democracy, and on the other hand we are having cases of so-called recent failure, as was the Greek case, or the Dutch case or, more recently, the French case. I depart from the following principle: there are indeed problems to address and it is better to identify them clearly so that we can then develop possible solutions.

The first problem that I see is that, in many situations, there is a gap between the Socialist/Social Democratic agenda, as we traditionally know it, and the current social re-composition of its core electorate. As regards the so-called 'failures' of Social Democracy, Socialist parties are losing their predominance because the traditional supporters of our parties, such as the traditional working class, feel that globalisation and technological changes are undermining their living conditions. This perception is felt as a threat to our traditional electorate and Socialism must showcase the ambition to provide a response to this.

But this is not the only problem. The problem is that we are also facing an emergence of other groups of the population, especially young people, who are faced with completely different trends in the labour market. If we think today about the proportion of young people (and this trend is going to increase) working for so-called 'online platforms', without a labour contract, without access to social protection, we realise that there is a much more fundamental destabilisation in our welfare state. Either Socialist and Social Democrat parties manage to respond to this or we have no right to a political future. I think that this response needs to be developed and the European level is exactly the place to discuss this: the European Union has to equip itself with a Social Pillar that also targets these new challenges and that it is translated into very concrete measures such as ensuring to these young people

that, whatever types of jobs they have, certain guarantees: first, a clear work contract, with decent working conditions and, second, an effective coverage by the social protection systems to benefit them but also to contribute to their funding.

These issues needs to be tackled urgently. I am satisfied to see that, at the level of the European institutions, a European Pillar of social rights is being launched precisely with this aim. We will see if it is going to be duly translated into social measures by the European Union. But this also requires an ambitious updating of the Socialist agenda!

If we look at the Portuguese case, it is very interesting to note that one of the secrets of the positive result that the government is obtaining comes from its political sensibility to find specific answers for social measures and professional retraining for each kind of social group. On the one hand, it develops an interesting answer for young people who are increasingly working for the so-called 'online platforms' and on the other it is dealing with the case of the precarious workers in the public sector, whilst at the same time it is looking for the reallocation of that part of the population that was severely penalised by the reduction of jobs in civil construction and that have to be moved to other occupations that are more future-oriented. Therefore, in the Portuguese case, also because it is a highly polarised society, the Government is having the political sensibility to respond with solutions that are tailored to each specific problem of social inequality. This lesson can be transferable to many other European Socialist parties.

There is another possible lesson that I would like to draw, which is this: it is the whole question of the efficiency of political action in democratic and progressive terms. We are reaching a point in which it is not enough to organise public action at the local and national level. We are reaching a point at which, if we want to carry forward a Socialist/Social Democratic agenda in our countries, we also have to change the European context/the European

framework in which we are operating. Hence, we have to build the political instruments that allow us to reshape it. At the same time, the European political has to deepen, let's say, its democratic functioning and and develop new instruments, still too embryonic, such as the European political parties or the European political foundations that cooperate with them.

We have to build forms of organisation of political action that are not only about international cooperation but are about supranational cooperation. There is a gap between the organisation of European party system on the one hand and the European political system on the other that that relies on a much more organised set of institutions. The European political parties still do not have the necessary level of organisation at the European level. They are however developing their organisation, and I can say that political life today in Brussels bears no relation to what we had ten years ago; today, before every Council of Ministers there are preparatory meetings to organise political cooperation for each policy agenda. And I think that this is a healthy evolution because by working together we can deliver clear alternatives before we go to meetings that in general force a European consensus and that dilute the political alternatives. Today, if the Socialists and Social Democrats want to make their agenda viable at the national level, they have to do it at the European level too.

This is an issue where the Portuguese Socialist government is again a very interesting example. Because during this period of the political reorientation of the country after the "Troika period", a very articulated action towards new economic solutions took place at both the national level and at the European level. This started with the agenda of reforms when the Socialist Government presented here the national reform programme with a completely different concept from the so-called structural reforms with a neoliberal drive, putting the focus on the reform of the system of education, innovation and of public administration.

Whilst the Socialist Government made progress along these lines, there was, I can tell you, a kind of equivalent action within the European Parliament to amend the dominant concept of reforms, with the S&D Group in close coordination with the responsible Commissioner who also belongs to this political family.

Another step that followed was to achieve a large room of manoeuvre to implement a new macroeconomic policy, to become more pro-growth and pro-investment and jobs creation and driven not only by exports but also also by domestic demand - putting an end to wage and pensions cuts and internal devaluation. We could ensure a very close coordination between the action of the Government at the national level, the action of the Government to defend the interest of the country in the European front (by contrast with what was happening before) and, at the same time, and the action of our political players in the European institutions (Parliament, Commission, Council) to pave the way for this new national direction. These are good examples of how political action has to be articulated at the local, national and European level in order to be effective today. We need to make much more multilevel politics to achieve a progressive shift.

This coordinated action is now going to move into another very important phase to widen the room of manoeuvre of the Portuguese Socialist government by addressing the reform of the Economic and Monetary Union. We are going to move into a key phase in this discussion and it is crucial that the government is able to have a better fiscal room to invest, a better way to combine investment and fiscal consolidation.

But there is another lesson that I think can be learnt from this experience that is the whole question of how to respond to an evolving spectrum of political parties, because we are witnessing a profound change in the party political landscape of Europe. A conclusion that can be drawn is that there are two central issues that have to be distinguished: political identity and political alliances.

The first one is the definition of our political identity. At the heart of Socialist/Social Democratic political identity there are clearly identified values. It begs the question: should these values be challenged? I don't think that that is the case. Although there can always be various political interpretations of these reference values such as equality, freedom and social justice, they remain central values in Social and Social Democratic identity and especially in the way in which they are articulated. The Socialist/Social Democratic approach is basically saying something as simple as this: in order to have freedom, we need to have equality and, in order to have equality, we need to have social fairness. This articulation is very much at the heart of Socialist and Social Democrat thinking. This basic statement remains entirely valid today and this identity has to be fully affirmed in a distinctive way.

On this basis, there is a second level issue, which is the one of the political alliances, and this depends a lot on the political context. The need to change political alliances was obvious in the Portuguese case: after the painful period Portugal experienced, after the conduct of the Troika's programme by a government that clearly manifested itself as a neoliberal government, the only way to change the direction of the country was for the Socialist Party to led a alternative majority in the parliament to support its government.

Other countries that are faced against a more complex spectrum of parties because they continue to cope with the dominant alliance in Europe, oriented by a conservative-neoliberal agenda, but they are also faced with a new kind of political actors. Countries such as the Netherlands, France, Germany and some Nordic countries, we have new actors that are emerging as counterweight to the neoliberal agenda by arguing that 'they' are coming to protect people, but bringing back the logic of protection to a merely national sphere. These parties are not only populist, they are also nationalist and they require Social Democrats and Socialists to face a very clear challenge, which is this: we have to show that we are the ones who

have the conditions to, *de facto*, protect people and prepare them for the future. These populist and nationalist parties are spreading a mere illusion and a reactionary agenda. But, to be credible, Socialist and Social Democrats must build up citizens's protection at levels that this is effective, not only at the national level (which continues to be fundamental) but also at the European level, in order to deal with global pressure and to influence global governance. And this is now at stake in many fronts: the social dimension, trade, climate, migration management and security.

This is the crossroads we are at, and I can say this precisely because, in the other role that I have, of being Vice President of the Group of Socialists and Democrats in the European Parliament, we are developing a new synthesis now: faced with a neoliberal agenda that is maintaining its dominance, and faced with another actor with a nationalist message, Socialists and Social Democrats are going to reach that point where their future as a family will mainly depend on their capacity to create another type of Europe. The future of Socialism is closely intertwined with the capacity that they can have - or not - to invent another kind of Europe.

What I can tell you is that there is a lot of in-depth work underway along these lines. We are going to have here in Lisbon a high gathering of forces with the Council of the Party of European Socialists. It is a key moment after the German elections and between two European Councils (of October and of December). Big decisions on Europe's Roadmap ahead are expected over the next months. After multiple crisis in the recent years, we are reaching a point where, once and for all, we have to recognise that the European project is not merely a project to build a single market or a monetary zone. What is at stake is to build a new geo-political entity with a strong democratic base and with a political, economic, social and cultural dimensions. And this gives a new purpose for the European project. This means that if we depart from this new concept of what is the European Union as an entity, in order to re-invent it.

Starting with the growth strategy, which has to be fully revised, based on the sustainable development goals, including the social dimension – and updated to face the emerging digital revolution – this will be the first challenge.

The second one is to equip Europe with the capacity to act in the world as a whole in line with its values. In the era of Trump and Putin, Europe is, in spite of everything, the most important pillar of the multilateral system. We need to renew in Europe all those policies of external action in trade, defence, and cooperation for development without which Europe cannot have a positive presence in the world.

If we want to turn the tide and lead progressive forces in Europe, we need to update our political agenda and our instruments for political action. One part of the Socialists is well aware of the scale of these challenges; others are, in a certain way, organising their own ideas but this is exactly why we need debates and joint work such as this conference; FEPS is, we say, a umbrella / platform for joint work with over 40 national foundations and it is with great pleasure that we are now having this debate in Portugal and Fundação ResPublica, who has brought forward very topical debates in the Portuguese case and is working with us to advance the European progressive debate.

Pedro SILVA PEREIRA

**Vice-Chair of the Constitutional Affairs Committee
of the European Parliament and
President of the Res Publica Foundation**

*Thoughts on the Portuguese
Government Solution*

This is a very decisive moment for the future of democratic socialism and social democracy in Europe. If we look at the results of socialist parties all over Europe, particularly in countries such as France, the Netherlands or Austria - not to mention what happened earlier with PASOK, in Greece - the global picture can only be considered very worrying. However, it is also true that Socialists are in government in Portugal and in some other European countries. Moreover, Socialists still hold significant positions in a number of other countries, such as the United Kingdom, Spain or Germany. Therefore, the real picture is much more complex and diverse than certain superficial readings intend us to believe.

In any case, it is only natural that the European social democratic family looks with increasing interest and admiration at the governmental solution in Portugal: a Socialist Government, faithful to its progressive principles and European commitments and based on the parliamentary support of all left-wing parties (Socialist Party, Left Block, Portuguese Communist Party and Ecological Party “The Greens”). The reason for the enormous interest gen-

erated by this Portuguese experience is quite understandable: this governmental solution is working.

If in Portugal the recognition of the success of the current government solution is due first of all to the fact that it managed to ensure an enduring political stability that many considered unlikely, in Europe the success is measured in the first place by the results that the Portuguese Government can show for itself. Indeed, it is a fact that the Socialist government, under the leadership of António Costa, has shown that there is an alternative to the politics of austerity within the context of European commitments. The facts are well known: Portugal has “*turned the page on austerity*”, restored the income of workers and families and put the economy back on a clear course of growth and job creation, while substantially reducing the deficit - to the point of having achieved, amidst surprised compliments, an exit from the Excessive Deficit Procedure. Such incontrovertible success could not fail to be a source of attention and debate.

It is important to grasp that the political agreement established by the left parties in Portugal did not overcome nor disguise the differences between the various political forces, which persist and are, in fact, substantial. This political agreement became possible because it was based on two fundamental pillars: on the one hand, a clear commitment to an agenda against austerity, impoverishment and inequalities; on the other hand, the guarantee that the Government of the Socialist Party would be able to reconcile this agenda with the political commitments of Portugal as a member of the Eurozone. This balance between a left-wing government agenda and the loyalty of the Socialist Government to the European project was what made the Portuguese government solution politically viable.

For the European left, the Portuguese experience, more than an inspiration for national political alliances - which always depend on the political circumstances of each country - should be seen

as a prove that there is room in the European Union for left-wing governments after all. In sum, the Socialist parties are not obliged to choose between Europe and their values. This is the fundamental lesson of the Portuguese governmental experience and that is why it has become so important for the future of the European social democracy.

Ana Catarina MENDES

**Portugal's First Vice-President
of the Socialist Party Parliamentary Group
and Deputy Secretary-General
of the Socialist Party**

*Portugal's left wing coalition government
is delivering stability and growth*

Portugal currently has a Socialist government that is underpinned by an agreement between all political forces on the left of the country's political spectrum. The agreement has made it possible to achieve a political union of all the left wing parties. In government, these parties have delivered stability and growth. This left-wing alternative has broken with austerity policies whilst meeting the country's international financial obligations.

This political context is based on the commitment and sharing of responsibility for government action on the issues set out in the agreements reached with the various political parties and their political union for governance, social stability and policy-making.

This governing solution is more than a mere agreement between left-wing parties. It represents an alternative and an end to austerity policy and shows that this left-wing alternative is not incompatible with all international obligations that can be met even with the neo-liberal narratives that are currently dominating Europe. The country's left-wing governing solution can also be seen as a positive example for progressive forces to counter the nationalist divisions and the populist discourses that are spreading across Europe.

What is notable about this agreement between the left political parties is that it is enabling Portugal to have a form of governance committed to the permanent defence of the Welfare State based on the dignity of all, guaranteeing levels of well-being and the protection of individuals while reorganising the economy. This governing solution guarantees not only a focus on fair distribution of income, the promotion of equality, the protection of public schools, but also the defence of universal access to healthcare, the creation of jobs and enhancement of employment conditions and of wealth.

This unprecedented dialogue between left-wing political parties has had many visible results that can be confirmed by the Portuguese: higher earnings, a lower tax burden, a fall in unemployment, an increase in the national minimum wage, the stabilisation of public debt, deficit reduction, a positive primary balance and a more balanced trade deficit. In short, this shows a clear improvement of living conditions. Moreover, these results have been accomplished in full compliance with our political commitments to the European Union and the Eurozone.

Contrary to what many had anticipated, this political agreement is currently sustaining a politically stable and competent government with well-defined political goals, which is appreciated by most Portuguese people. The Portuguese governing solution is being increasingly referred to by our European partners as an example of stability and growth.

This is a clear victory of Portugal's political alternative over the dominant negative outlook in the European Union and over the threat posed by extreme right-wing forces in Europe.

Pedro Nuno SANTOS

**Secretary of State for Parliamentary Affairs
in the Portuguese government**

Portugal's left wing success story

Following Portugal's parliamentary elections on 4 October 2015, the Socialist Party (PS) was forced to take a decision: either to join the right-wing parties (PSD and CDS) in a 'grand coalition' or to find an alternative solution that would allow a left-wing majority in Portugal's Parliament.

Given the country's post-austerity context, which has placed so many Portuguese people under socio-economic strain, and given the political programme which the PS had committed to during the campaign for the legislative elections to definitively put an end to austerity, the first solution was simply out of the question.

But to find such a leftist solution was anything but easy. Never – in Portugal's 40 years of democracy – had there been a left-wing governing coalition. Over time, disagreements and miscommunication between left wing parties had become the rule, if not even a tradition. For the PS it was therefore a historical and communication challenge that had to be surpassed in order to build bridges between all the left wing parties and achieve a united left in Portugal. So when the Left Bloc (BE), the Portuguese Communist Party (PCP) and the Ecological Party called 'The Greens' decided to support the PS and form a left-wing government, there were not many who believed in the viability of this

solution. In fact, three major criticisms were made of the cross-party agreements: the first was that the left-wing coalition would not be stable and would collapse, to the detriment of the country's political stability, as soon as it came up against its first problem. The second criticism was that the country's economy would fail and, in particular, that private investors would flee the country due to the unprecedented nature of such a coalition. The third criticism was that this majority would not allow the government to respect its domestic commitments (its campaign pledges and thus the promises made to Portuguese citizens) and its external ones (to the European Union), given that the government programme "promised everything to everyone" and thus was not realistic.

Two years on, we can say that this left-wing government has passed all the tests. Today, no one doubts that this solution underpins a stable political system - a solution that guarantees a better, richer and more mature and pluralistic democracy for the country.

On another positive note, a year after 2016, when Portugal's economic performance was relatively hampered by the slowdown in international trade and by the problems concerning the delay in transfer of Portugal's 2020 European structural funds, in 2017 the economy finally accelerated and there are now several estimates that growth will be between 2% and 3% in 2017, the highest rate of growth since the accession of Portugal to the euro in 1999.

To conclude, with regard to the PS's domestic commitments, the government programme has been rigorously respected and coherently implemented – and even in some areas of public policy the left-wing parties agreed to go beyond the left-wing governing coalition agreement by securing some significant advances such as an increase in the country's pension schemes. In terms of external commitments, 2016 was the year when Portugal achieved the lowest public deficit (2% of GDP) in its history as a democracy, thereby allowing the country to move out of the European Excessive Deficit Procedure to which it had been subject since 2009.

We can say that, starting from a situation in which few believed in its success, this government and its left-wing coalition have won the battle of credibility and confidence, thereby benefiting Portugal's democracy and economy. In some cases, Portugal's progressive success story is still viewed with scepticism by international partners and many still inquire how it is possible to work with political forces that have different ideas of and towards Europe. But our vision goes beyond this scepticism: working with these parties - in permanent negotiation and dialogue to which all make a contribution and have a say - is a way for the electorate to be represented at the national level, which in turn supports the current government in its European integration efforts.

João ALBUQUERQUE

President of YES – Young European Socialist

*The Portuguese Socialist case
– circumstance or paradigm?*

In recent times, Portugal and the Socialist Party (PS) became the target of all attentions in our social democratic family. This is a very recent phenomenon and partially it is still odd to the majority of our members. Don't get it wrong: everybody seems to be very proud of the recent achievements of the Socialist Government in Portugal; it's just the unexpected attention that was unexpected. To understand the phenomenon, it might need to offer some context.

Portugal had one of the longest lasting dictatorships in Europe in the 20th Century. 48 years of a very conservative, nationalistic, racist and imperialist dictatorship – which also meant 13 consecutive years of colonial war – that perpetuated itself by keeping the vast majority of its population in extreme poverty, left a huge toll in the country's collective memory. After '74, in the post-revolution period, Portugal had a very clear shift to the left in the political spectre, leading the main parties to further themselves away from any right-wing connotation.

The Socialist Party, which had been founded just a year before the Revolution, came out as the major transformative force of the initial democratic period, wrestling down the Communist Party (PCP), which had a longer history – and an important one in fighting the fascist regime – but also a larger territorial implementation.

As a key issue of divide between the two parties was the Trade Unions. Mário Soares, historical leader of PS, managed to prevent the intentions of centralizing all the Trade Unions and introduced the liberalization in the sector, allowing for total freedom of association. The wounds from that period – where the opposition between communists and socialists were at its peak – lasted all throughout the democratic regime and more specifically until two years ago.

When in October 2015, the right-wing coalition lost its majority, despite remaining as the most voted parties, PS and all of the left immediately saw the long-desired opportunity of putting an end to the years of austerity. Thus, a month after the elections, the three major parties in the left – PS, PCP and Left Bloc (BE) – joined forces and signed the first-ever left-wing parliamentary coalition, allowing the Socialists to form Government.

The context is important as it helps to understand the story of this historical moment and how unlikely it might have seemed ahead of the elections. However, the period before the elections also has its importance. The first important moment was the “Congress of the Alternatives”, an informal congress that gathered in the same space hundreds of activists but also prominent figures of the main parties in the left, expressing the same common goal of cooperating closer together. The second was in the frame of the internal elections of the Socialist Party, which led to António Costa’s victory. In fact, Costa was chosen as candidate to prime minister in opposition to the Secretary-General at the time, in the first open primaries of the party, which allowed for members and people close to it to vote. More than a choice for who would be the candidate in the October elections, voters were given the opportunity to define whether they wanted to maintain a more “central” approach – followed by the previous leadership of the party – or if they wanted a shift to the left – a project embodied by Costa.

The agreement on the left was the next natural step and since

then, the “Contraption” Government (Geringonça, in Portuguese, or Aggeggio, in Italian) as it became known, has been sailing the waters quite smoothly. On top of the agenda, ending austerity. This meant the end of the extraordinary tax on salaries and pensions – including the lowest ones –, key investments in the economy – in particular with strong support to renewable energies, entrepreneurship and tourism –, a steep reduction of unemployment, the reinforcement of the public sectors of education and healthcare and an increase in the minimum wage. All of this while still cutting the budget deficit and more recently also public debt. In particular, this last month of September, unemployment went down to levels of 2008, prior to the crisis. The challenges remain tremendous, especially as it is of special relevance the European obligations to which Portugal is subject to. Nonetheless, the path followed by the Portuguese government seems, up until now, to be fruitful and to contribute for an increase of the country’s quality of life. And the electorate seem to agree with the selected course: in the recent local elections, held in the beginning of October, PS achieved its biggest victory ever, gaining 159 out of 308 municipalities in the country and the party is polling consistently over 40% for more than a year and a half now.

In Portugal, everybody is sure that there are no miraculous solutions and that there are no one-size-fits-all solutions. It’s important to understand the context and the circumstances under which this government was formed and why it has prevailed until now. For now, the focus is on continuing to solve the country’s numerous problems and maintain the strong commitment in the EU front, hopefully providing useful arguments to the fact that there can be an alternative, also at a European level.

Mafalda DÂMASO

Member of the FEPS Young Academics Network

*The Portuguese government solution –
reconnecting Millennials with the left*

The collapse of the vote for centre-left parties is evident throughout the European continent. One of the reasons that explain it is the increasing disconnect and diminished sense of loyalty between the left and its traditional voters. In addressing the concerns of Millennials, the model of the Portuguese government solution may contribute to reviving the link between the left and its youngest supporters.

This is clear when one considers the ‘geringonça’ model in light of the report ‘The Future Starts Now! 10 Cornerstones for a Dialogue Between the Progressive Family and the Millennials Generation’, which summarises the findings of FEPS’ Millennial Dialogue survey (a project that aims to understand the political views of individuals aged 15-35 around the world). Doing so makes evident that such a government solution addresses the concerns of Millennials in five ways: it reinforces the idea that politics is transformative, it stresses the closeness between the left’s priorities and those of Millennials, it acknowledges the demand of Millennials for a profound transformation of the socio-economic system, it demonstrates that the project of the left is one in which individual freedom is increased and, finally, it may nurture new thinking and, as Dr. Ana Rita Ferreira suggests in the report ‘The Portuguese Government Solution: The Fourth Way to Social-Democratic Politics?’, lay the foundations for a ‘fourth way’.

First, by opposing austerity and fulfilling its promises to strengthen employment and to develop policies aimed at increasing equality, the ‘geringonça’ has demonstrated the transformative character of politics. This joins the results of the Millennial Dialogue survey, which reveal that Millennials reject the narrative according to which There Is No Alternative. Indeed, as Secretary of State for Parliamentary Affairs Pedro Nuno Santos stated at the event that took place at FEPS in early May, the Portuguese government solution reminds voters that politics is a battle of ideas. Second, the ‘geringonça’ highlights the fact that it is the left who defends the policy areas that are of key concern for Millennials: education, jobs, healthcare and social justice, to name a few. Additionally, by rejecting the model of the grand coalition, the left becomes able to support an active welfare state, echoing Millennials’ beliefs. This is important because, as the report also demonstrates, while Millennials may be unengaged in politics, they are not unaware of it. To be clearer, ‘it is not lack of interest or insufficient information that drives’ them away but rather, and namely, the idea that their priorities aren’t recognised by politicians. This point can be seen as resonating with the first set of criteria of delivery identified in the report as central in the evaluation by Millennials of the programmatic priorities of politicians: in this case, matters-related. Third, this government solution acknowledges the demand for transformation of the socio-economic system that characterises the vote of Millennials (which has been evident in their support for Jeremy Corbyn, Bernie Sanders and Jean-Luc Mélenchon, for example) but transforms it into a positive drive for change from within. In doing so, such a solution may also pre-empt an increase in the vote share of populist forces – as a matter of fact, the polls show that support for the Portuguese radical parties has been mostly stable since the last election. Additionally, this resonates with the second type of criteria with which Millennials evaluate the priorities of politicians: ‘intention-related ones (here are i.e. readiness to listen and work for the younger generation’s agenda)’. Fourth, in building a fairer society while also supporting a market econ-

omy, the Portuguese government solution has demonstrated the limits of a core tenet of the right. Indeed, the report suggests that ‘politics should incorporate a new narrative of freedoms [...] of choice, of options, of access’. Joining this conclusion, the positive results of the ‘geringonça’ model demonstrate that a more equal society is one in which individual freedom – to have a family independently of one’s sexual orientation, for example – is increased. This is also crucial to overcoming the disconnect between the cultural assumptions of Millennials, who cherish individualised experiences, and mainstream political culture, which addresses voters according to their socio-economic categories. Fifth, and more broadly, the ‘geringonça’ model may nurture new thinking and lay the foundations for a ‘fourth way’, echoing the third set of criteria used by Millennials to evaluate politicians: issues around legitimacy, which are evident in ‘their sense of mission’. Working with the radical left forces centre-left parties to listen to the former’s criticisms of the institutions that the latter have built, such as the welfare system, the European Union or global trade. This instigates an acknowledgement, even if involuntary, of the weaknesses of such systems and may lead to new proposals to reinforce them in order to respond to ongoing technological, demographic, environmental and other changes. Paradoxically, the disaggregation that characterises the ‘geringonça’ model may speed up the renewal of the left in a time of profound transformation.

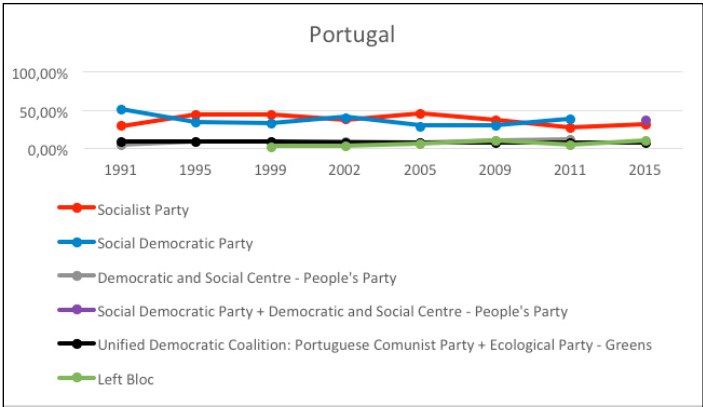
THE PORTUGUESE GOVERNMENT SOLUTION

The 2015 Electoral Results and the Formation of a New Government

The Socialist Party has been able to maintain a high percentage of the vote share over time, winning elections or keeping the second place, without huge ups and downs, not only since the fall of Berlin Wall, but since the birth of the Portuguese democratic regime, after the Carnation Revolution of 1974. The Socialist Party won four of the eight national elections since 1991 (in 1995, 1999, 2005 and 2009), while losing three others (in 1991, 2002 and 2011) and has been in power 15 years out of the last 26 (see Figure 1 and Appendix I). Being in power now, in a single-party government that has the support of left-wing parties in Parliament, is the government solution that we will analyse here.

In addition, it should be noted, Portugal has experienced the growth of radical left-wing parties in recent years. One cannot detect a substantial fall in support for the historically important parties, but since the beginning of the century the Left Bloc has emerged and conquered a relevant percentage of the vote share, while the Communist Party has had the capacity to maintain its traditional electorate. If the left-wing parties that are positioned to the left of the Socialist Party had less than 10% in the beginning of the 90s, they got around 10% in the beginning of the 2000s and they even managed to obtain more than 18% in 2015.

Figure 1



Source: ParGov Database (<http://www.parl.gov.org/>)

The graphic above allows us to understand that the Socialist Party has been able to keep its fundamental position in the Portuguese party system, while the parties on the left have increased their electoral weight. This context is important when we analyse the last Portuguese parliamentary election that took place on 4th October 2015 and the current government solution.

The incumbent government of the day was composed by the two right-wing parties with representation in Parliament: the Social Democratic Party (PSD) – one of the two major Portuguese political forces – and the Social and Democratic Centre-People’s Party (CDS-PP), both members of the European People’s Party (EPP). For this election, they ran united in a coalition – under the name “Portugal at the Forefront” – and, in spite of the social protests during their mandate, the coalition ended up being the political force with the most votes in the election, with 36.86% of the votes (see Figure 2 and Appendix II). Contrary to what was predicted on

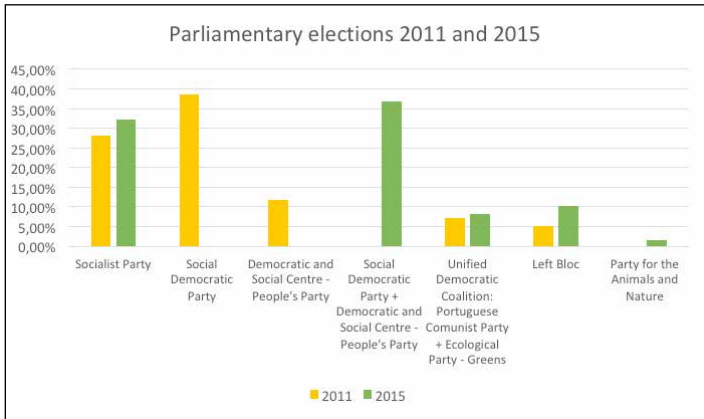
the basis of polling taken a few months before the election, the Socialist Party ended up in second place, with 32.31% of the votes, and was not that night's electoral winner (<http://www.eleicoes.mai.gov.pt/legislativas2015/>).

However, although the two right-wing parties had more votes combined, they were not able to renew the absolute majority that they had achieved in the previous election. In 2011, the PSD obtained 38.65% of the votes and the CDS 11.70% (see Figure 2 and Appendix II), which allowed them to have more than a half of the deputies in the Parliament altogether. The PSD had 108 deputies and the CDS 24, so when combined they achieved a sum of 132 deputies out of a total of 230. They could therefore build a government that had strong support in Parliament. Nevertheless, in 2015, only 107 right-wing deputies were elected (89 of the PSD and 18 of the CDS-PP), far from the required “half + one” threshold of representatives in Parliament (which should be at least 116 deputies) that would have allowed them to rebuild the same government solution (www.parlamento.pt). This meant that the PSD and the CDS could not govern in the long term without another party's support – or, at least, without another party's abstention on fundamental laws, like the national budget. But this also meant that the left-wing parties, all together, had an absolute majority in Parliament.

In fact, if the Socialist Party got 32.31% of the votes in 2015 – growing from 28.01% in 2011 –, the coalition that traditionally reunites the Portuguese Communist Party and the Ecologist Party-The Greens also had a slight rise to 8.25% from the 7.91% they had achieved in 2011 – and particularly the Left Bloc almost doubled its previous result, obtaining 10.19% in 2015, while it had only been able of keeping 5.17% in 2011 (see Figure 2 and Appendix II). These results translate the following Parliamentary representation for each left party: the PS has 86 deputies, the Left Bloc 19, the Communist Party 15 and The Greens 2, totalling

122 (www.parlamento.pt)¹. The left-wing parties were then able to make up an absolute majority in Parliament, even though the Socialist Party had not been the political party with the most votes.

Figure 2



Source: Ministry of Internal Administration (<http://www.eleicoes.mai.gov.pt/legislativas2015/>)

There were, however, two apparent problems that almost all analysts and political agents considered unsurpassable at that time. First, during 40 years of democracy, the Portuguese left had never governed in a coalition. It was not the first time that the left, all together, had achieved more than 50% of the deputies, but on all those previous occasions the Socialist Party had governed alone, mostly counting on right-wing parties support or abstention in major legislative acts when needed. There was still a barrier to

1 The Party for the Nature and Animals was able to elect his first deputy, obtaining 1,39% of the votes, although it presents itself neither at the left or right of the political spectrum.

be overcome in Portugal in order to have the centre-left and the radical left negotiating a government solution, since there was a historical cleavage formed immediately after the democratic revolution that opposed the socialists and the communists – who defended the implementation of different types of political regimes at that time – and this lasted for more than 40 years. Somehow it was taken as a given fact that the Communist Party, the Left Bloc and the Greens were excluded – if not excluded themselves – from executive power. So, a government solution that could reunite the Socialist Party and those on its left was seen as unachievable. The second aspect that was generally seen as an obstacle was the fact that the Socialist Party had “lost” that election – not only having fewer votes than the right-wing coalition but also being only the second most voted-for party in Parliament, since it had less representatives than the PSD alone. In Portuguese democratic life, a party that had not won the election had never been previously invited to form government.

Indeed, at first, conveying this political “tradition”, but also arguing that the so called radical left parties could never constitute a stable base for a government, the President of the Republic at that time (himself a former leader of the PSD) designated the PSD leader, as the most voted-for party, to present a government solution. Of course, Pedro Passos Coelho, who was still the prime minister, presented the same solution that had been used in the previous legislature and that had been proposed in the joint ticket for the election: a coalition government composed by the two right-wing parties. The president appointed this government, although he knew that this coalition had lost the majority of the seats in Parliament and all left-wing parties, including the socialists, strongly opposed the formation of such government and the policies that had been carried out in the preceding four years – and that were still proposed for the new legislature. It is true that on the night of the election, the leader of the Socialist Party, António Costa, had said that the socialists would not vote to overthrow the right-wing government if they didn’t have an alternative government solution to present. But, at the time the new govern-

ment was appointed, it was clear that the negotiations between the Socialist Party, the Communists, the Left Bloc and the Greens could effectively lead to that alternative solution. So, the unthinkable happened: after being appointed by the President, the new right-wing government presented its programme to the Parliament and all the left-wing parties voted against it; the government automatically fell, just a few days after starting its mandate. The left was then ready to present its own government solution, after almost two months of intensive conversations.

This government solution had never been tested before: a government led by the Socialist Party with the parliamentary support of the other three left-wing parties. Nevertheless, it was a minority government, since it was a single party executive with no absolute majority on its own in the Parliament. The parliamentary majority, where the potential stability (and durability) of this government resided, came from the joining of forces by the socialists, communists, “bloquists” and greens². This solution – and this support from the left – was based on formal agreements that the Socialist Party signed with each party on its left. These documents (whose content will be seen below) do not give a “blank cheque” to a future socialist government, but provided a solid foundation upon which to form a government. Despite the strong opposition of the former President of the Republic, as the Parliament was in its first six months of mandate, he could not dissolve it and call for new elections. He was forced to appoint the new socialist government on the 26th November 2015.

This new government solution put an end to an historical gridlock in Portuguese politics, and thus left-wing parties finally proved they were capable of a constructive dialogue. Of course, left coalitions

2 This government solution has been called “Geringonça” (“Contraption”) in the beginning, by right-wing chronicle writers and politicians, in a pejorative way. However, the name has been more or less generalized and is now used even by its supporters. The name tried to demonstrate how this union could never work properly, but, as the prime minister once said, answering to a question from the right in Parliament, “É geringonça, mas funciona!” (“It is a contraption, but it works!”)

have already been tried in some European countries since the fall of the Berlin Wall – Cyprus, Denmark, Finland, France, Greece, Italy, Spain and Sweden (Freire, 2017: 68-69) – and, more than that, several empirical studies had proved that, in Portugal, the electorates of left-wing parties had a positive view of the idea of a left coalition. A 2012 survey, for instance, showed that 86.7% of the Left Bloc voters, 83.4% of the Communist and the Greens voters and 76.3% of Socialist Party voters agreed with the idea that “similarly to what happens with right-wing parties in Portugal, left-wing parties should make agreements in order to generate stable government alternatives” (Freire, 1917: 99). However, a “left-wing coalition government” – in practice, a socialist government with the parliamentary support of other left-wing parties – has only been made possible in Portugal under the particular political circumstances which presented themselves in 2015. One should then ask what happened in 2015 that made all these parties understand that they should put aside their differences and instead concentrate on what unites them. To answer this question we should look at the context that involved the right-wing government since 2011.

The Previous Context: The Right-Wing Government (2011-2015)

As we have seen above, in 2011, the Portuguese parliamentary elections ended with the victory of the PSD, which formed a coalition government with the other right-wing party in the Portuguese political system, the CDS-PP, both members of the EPP.

These parties’ electoral manifestos showed a gradual ideological approximation in recent years, since the PSD moved from centre-right further to the right in social and economic issues (Ferreira,

2016). They both take a liberal position, believing that the state should have a minimal intervention in the economic field (namely with regard to maintaining strategic sectors in public hands and promoting economic growth through public financing and stimulus on the demand side) and in social services (considering that social security and health must be individually ensured by private insurances, limiting the State's role to granting a safety net for the worst-off). The CDS-PP however takes a more conservative point of view on the so-called moral issues, such as – abortion, gay marriage, and drug liberalization – since it strongly opposed these advances.

When the two parties formed the government coalition in 2011, the country was already undergoing an assistance programme, negotiated with the European Commission, the European Central Bank and the International Monetary Fund – the *troika* – by the former socialist government, but also signed by the PSD and the CDS. However, unlike the Socialist Party, the Social Democratic Party (PSD) and the People's Party (CDS) were deeply in tune with the *troika*'s general view and policies. In fact, their four years in government were marked by a will to “*go beyond the troika*” (in the words of the former prime minister, Pedro Passos Coelho), trying to do even more than the international institutions had required. The government adopted a blame narrative, repeating that the Portuguese people “*had lived beyond their means*” and had to pass through a generalized impoverishment process. The path they pursued can be easily summed up as follows: cuts in public servants salaries, current pensions and social benefits; divestment in social services; tax rises over private consumption and incomes (a “*huge tax increase*” in 2012, as the Finance Minister at the time described it); deregulation of labour market laws; privatization of some of the most important public enterprises (the national electricity company, postal mail service and national airline company, etc.). Of course, the main objectives were the reduction of public deficit – returning to a level under 3% of GDP, following the European rule on public debt.

Nevertheless, this political line did not solve those problems in the public finances. Whilst it may be the case that the public deficit was reduced between 2010 and 2015, it is also true that the government was incapable of achieving the 3% deficit goal or any other of the initial targets set by the troika. In 2015, the deficit was still 4.4% of GDP, in spite of all the cuts in public expenditure and all the measures implemented to increase revenues during those years. Consequently, Portugal was under an Excessive Deficit Procedure at that time and, because of it, in 2016 it was still at risk of suffering sanctions by the European institutions. The state of the public debt was even worse: instead of declining as planned, the deficit did not stop rising throughout these years, reaching 12.9% in 2015.

However, if the right-wing government's macro numbers were not good, the economic and social situation became tragic during the *troika* years. On the one hand, the economic growth declined for three successive years: after a 1.9% GDP, in 2010, Portugal registered -1.8% in 2011, -4% in 2012 and -1.1% in 2013. There was a slight recovery in subsequent years, but still far from the pre-crisis years, since we are only talking about a growth of 0.9% and 1.6% in 2014 and 2015 respectively (www.ine.pt). Naturally, one can notice the exact same tendency in the job market: unemployment increased exponentially during the right-wing government's mandate and the slight decline in its last year did not compensate the preceding rise. The unemployment rate was 11.9% in 2010 and it grew to 16.5% in 2013, a rate that had never been reached in Portugal before (after climbing to 12.8% in 2011 and 15.8% in 2012). The situation only got worse from here, even if high levels continued: the unemployment rate was 14.1% in 2014 and 12.5% in 2015, still above the 2010 level (www.ine.pt).

On the other hand, the social situation was also tragic. Inequality and poverty grew between 2011 and 2015, after several years of gradual reduction. The S90/S10 and the S95/S5 Indexes show how the gap between the best-off and the worst-off deep-

ened during those years: the S90/S10 was 9.4 in 2010, but 10.6 in 2014; the S95/S5 was 15 in 2010, but 18.7 in 2014 (Rodrigues, Figueira and Junqueira, 2016: 36). The poverty risk rate also augmented during these years – from 18% in 2010 to 19.5% in 2014, meaning that the number of poor people increased – and, what is more, the concentration of poverty also rose – from 23.2% in 2010 to 26% in 2014, meaning that poor people became poorer following this period (www.pordata.pt). One statistic that is particularly worrying is that of child poverty, because, in 2014, a quarter of people under 18 years old (24.9%) were in poverty risk (when the rate was 21.8% in 2011). Another indicator that is of most importance to understand the social and economic situation in Portugal during the right-wing government is related with emigration: between 2011 and 2015, more than 100,000 people left the country every year, i.e., almost 600,000 people emigrated in these five years (www.pordata.pt).

The right-wing government's austerity policies did not solve Portuguese imbalances and inequalities and, on the contrary, only deepened existing problems and created new ones. The ideological radicalism of the executive had profound consequences, both in economic and social terms. And even though the coalition of both right-wing parties was the most voted-for political force in 2015, the majority of the electorate clearly voted for other parties, therefore voting for a political change. Knowing that the country was dealing with such a dramatic situation, the four left-wing parties represented in Parliament became more pragmatic than ever and understood that, this time, they had to negotiate with each other in order to respond to the will of the majority (expressed in the electoral terms) and change the political path that had been pursued in the past.

The Agreements between the Socialist Party and the other Left-Wing Parties

After the severe austerity measures taken by the right between 2011 and 2015 and the devastating consequences on the Portuguese economy and society, it would be impossible for the Socialist Party to support a government whose programme was to continue implementing exactly the same policies. The socialists had strongly opposed that political line and in 2015 their electoral manifesto presented an alternative way to get out of the crises. The main idea was to “*turn the page on austerity*”, resetting incomes (that had been cut), re-launching labour and social rights (that had been retrenched), downgrading taxes that hit particularly the middle class and the poor (that had been risen), stimulating private economic initiative through the execution of European funds (that had been stopped) and to reverse the (unfinished) privatizations of public transport companies, whilst observing the European commitments. These politics correspond to the traditional social-democratic ideology, far from representing a break in the Socialist Party’s historic line. On the contrary, the diagnosis about the country’s situation and the recipe to restore better living standards was absolutely in accordance with what centre-left parties defended in the last century. This ideological positioning could only be considered as “*radical left*” after such a period of radicalization of the right. Of course, in this particular historical moment, these policies could only be taken with support from other left-wing parties, often seen as ideologically distant from the Socialist Party – not only because they are more collectivist in economic issues, but also because they are critics of the European integration process, defenders of a debt renegotiation and opponents to the participation of Portugal in NATO. Despite these differences, all parties understood the need of a (kind of) coalition. This was the reason why, after almost two months of negotiation, they agreed to the current government solution.

The socialist government with the parliamentary support of the Left Bloc, the Communist Party and the Ecologist Party the Greens, was based on three agreements (or “joint positions”), which the Socialist Party signed with each one of the other parties. Although these documents have their own particularities, they all have a common ground that we should focus on. They all attest that the electoral results mean a loss for the right and show a will for political change from the electorate; they all indicate that the left considered that they had the duty to interrupt that trajectory and build a stable and lasting majority in Parliament in order to sustain a new government. In fact, for the Socialist Party, it was vital that the agreements stated clearly that the other parties would refuse any initiative undertaken by the right to block the new socialist government (that was to say, they would counteract the attempt by the right to vote down the new Programme of Government or any motion of no-confidence), but, what is more, that they were committed to this solution in “*the perspective of a legislature*”, i.e., for four years (PS-BE 2015; PS-PEV 2015; PS-PCP 2015).

The three agreements, wherein these guidelines were enunciated, recognized the existence of programmatic differences between the Socialist Party and each party that signed the respective documents. However, they also affirmed that, despite all divergences, the parties knew that there were several points of convergence in terms of their shared commitment to give a quick answer to people’s aspirations. As the joint positions say, people wanted income recovery, the restitution of rights, improvement in social services, better living standards, more growth and more jobs – the four parties agreed to these aims and agreed upon a set of pragmatic and immediate solutions (PS-BE 2015; PS-PEV 2015; PS-PCP 2015).

As we said above, this “*stable and lasting solution*” did not provide the government with a “blank cheque”. The three joint positions enumerated several measures that the new executive should take in order for this support to last. The main ones were:

- the reconstitution of public servants' integral salaries in 2016;
- the rise of the minimum salary to 600€ until 2019;
- the thawing of pensions (that had been frozen for the last few years);
- the return to the 35 hour working week for public servants (that had been replaced by a 40 hour regime by the right-wing government without any salary increase);
- the reinstatement of the four holidays (that the previous government had removed);
- the unlocking of the promotions in public administration careers (that had also been frozen for the last few years);
- the fight against precarious jobs (whose several mechanisms have been disseminated in recent years, undermining labour security and rights), in the private sector, but also in the public one;
- the end of the “mobility/requalification” regime in public administration (since it was an instrument designed to make public servants redundant in the long run);
- the elimination of the surcharge on income tax (created by the previous government);
- the reduction of restaurants' VAT to 13% (the previous government had increased it to 23%, with huge consequences for employment and tourism, which is an important economic sector in Portugal);

- the introduction of a clause that prevents the real estate tax to rise above 75€ from one year to the next;
- the protection of family homes in the case of fiscal debts or bank credit payment difficulties (during the troika years, many families lost their houses because of the income breaks they suffered that did not allow them to keep up with their taxes and credit payments);
- the increase of the progressivity of income tax (the “*enormous taxes rises*” of the previous government were based mostly on the reduction of IRS steps, which made this tax much more regressive, harming the middle class);
- the enlargement of access to social benefits and the increase of the amounts given (that had been reduced, because of the hardening of the “means tests”);
- the automation of what is known as the social energy tariff, that allows the unemployed and people who receive other social benefits to have access to a discount on electricity and gas bills (the automation – which was made possible by the transmission of Social Security information to the energy companies with the compulsory order to enforce the discount – had never been put into practice by the previous government, barring many potential beneficiaries from this social benefit);
- the gradual introduction of free text books for students until the end of high school;
- the universalization, until 2019, of kindergarten for children over three years old;

- the reinforcement of National Health Service (NHS) capacity, namely assuring a primary care doctor for every citizen;
- the elimination of some NHS moderation payments;
- the reversal of the privatization of urban transport companies (that had been started by the right-wing government, but were not finished yet) and the guarantee of non-privatization to any other public company (PS-BE 2015; PS-PEV 2015; PS-PCP 2015).

Of course, these agreements do not cover any anti-euro, anti-EU or anti-NATO proposals, since they could never have been accepted by the Socialist Party. There are no direct criticisms of the capitalist system – typical from radical left parties –, because the socialists continue to defend the market economy, with public intervention mitigating capitalism’s failures – as their political family has done since the 19th century. One cannot even find proclamations about the debt renegotiation or the non-compliance with the EU’s requirement to keep a low public deficit, as the other left-wing parties would probably be keen to introduce. On the contrary, there were several measures that aimed to deepen the Beveridgean State model that the socialists have always strongly defended, being its greatest historical success. In fact, none of these measures were imposed on the Socialist Party: they already featured prominently in the socialist manifesto, preceding these agreements, and they are included in Government’s Programme. One of the biggest differences that we can notice, when we compare the parties’ electoral proposals and the measures found in the ‘joint positions’, is more related to the speed stipulated for the implementation of the measures, than to the measures themselves³.

3 For instance, Socialist Party wanted the restitution of public servants’ salaries to be gradual, for two years (2016 and 2017), as the other parties wanted it to be immediate. So, the latter consented on a progressive devolution, while the former accepted to reset the integral salaries’ amounts only in one year.

However, these have been the socialist party's main proposals in the past and they would be put into practice with left-wing support in the present. And they all concur with fulfilling the triple commitment of the Socialist Party, both during the in electoral campaign and in government: to achieve bigger growth, better employment and more equality.

Putting the Agreements into Practice

After the signing of the joint positions and the new socialist government's assumption of power, the four parties started learning how to deal with each other in this new scenario of cooperation. There were a few symbolic measures, approved in Parliament in the first days of this new political solution – the reconstitution of four public holidays, the approval of adoption by gay couples and artificial insemination by all women (and not only heterosexual and married ones) or the abolition of school exams for 10 and 12 year old children (that the previous government had introduced), for example – that were important in signalling the union of the left. Also the first rise in the minimum salary, the elimination of some NHS payments, the reversal of the privatization of public transport companies (including TAP, the country's main airline company), and the enlargement of access to social benefits, were decided by the government in the beginning of its mandate and were important to reinforce the political will for change with respect to the recent political past.

Nevertheless, the biggest set of actions was taken in the 2016 Budget. In fact, the reconstitution of public servants' salaries, the reduction of restaurants' VAT, the preventive clause on patrimony tax, the elimination of the surcharge on income for the lowest incomes, the automation of the social energy tariff, the introduction of free text books for students in the first year of school, for example, have been some of the joint positions' measures that have been taken within this Budget. Also during 2016, we saw the return to the 35-hour working week for public servants, the end of the "requalification" system in public administration, the

enlargement of kindergarten and the highest number of medical doctors entering the NHS. This means that a huge proportion of the agreements between the Socialist Party and its new partners were fulfilled by the end of the first year.

Even so, there was still a lot to do and that is why the 2017 Budget was another important piece in this policy. For instance, pensions have been raised (the lowest one above inflation), the minimum salary saw a new increase, the strategy against job insecurity in public sector is now being designed, the surcharge over income is going to be eliminated throughout the year (for those taxpayers that are still paying it), school books will be free for the first four years, primary care doctors will cover 500,000 citizens more, which in turn means that 97% of the population will be covered by the end of the year. The 2017 Budget also allowed the concretization of several policies that were not shaped in the joint positions, but were part of the Government's Programme and meant the deepening of this path on turning the page on austerity. For example, it has reintroduced the child allowance for poor families that were not covered in the last few years (this social benefit had been cut for all families but those in the first income bracket; now, the two next income brackets have become covered again) and the biggest payment, which was being paid to children up to 1 year old, has been extended to cover children up to 3 years old. Another example: this year the single handicap benefit is going to be created, to ensure better living standards and autonomy for disabled people. Another case of an important measure taken in the 2017 Budget, that was in the socialist manifesto and in the Government's Programme, although it was not in the parties' agreements, was the additional tax to the real estate tax for patrimony above 600,000 €. This is a strong step towards fiscal justice and it has been negotiated "outside the agreements".

In the beginning of 2017, we also saw, for instance, the reopening of 20 local courts (that had been closed by the previous government), the launch of a new adult education programme (to

guarantee equality of opportunity for all and to fight against the qualification deficit that is one of the biggest social and economic problems in Portugal), the presentation of new plans to incentivize the cooperation between research centres and enterprises and to promote the digitalization of traditional companies. All these actions, taken by the socialist government, fit into the objectives of economic growth, employment and equality – three goals that could be defended and have been defended for a long time by all social democrats.

Of course, despite all the convergences, this government solution has had its moments of tension between the Socialist Party government and its partners. The most important criticism from the Left Bloc and the Communist Party is related to these parties' belief that Portuguese debt levels prevent the pursuit of a real strategy to promote growth – and consequently jobs and better living standards. To these parties, public investment to accelerate the economy is still insufficient and is due to the considerable amounts that the State has to spend paying off debt and interest rates. In their opinion, the renegotiation of the debt could not be avoided and should be taken as a priority. Of course, that is not the Socialist Party's opinion, since it has always said that the country could never enter unilaterally into such a process. Therefore, the issue still generates some divergence among the partners. In the same way, "bloquists" and communists think that investment should take priority over the compliance with a 3% deficit – that is to say, the European rule should not be fulfilled if it is preventing governments from acting with respect to their economy. Once again, the Socialist Party accepts the European deficit rule and has affirmed, since the electoral campaign, its commitment to attaining a public deficit under that limit. This also remains a point of divergence between the parties, but it did not affect executive action.

There were also other disputes on specific issues. For example, in terms of labour legislation, the parties to the socialists' left want

to go further and, although the government could agree on several points, the Socialist Party (and the right) have already stopped the increase of holidays in Parliament proposed by the left. On the contrary, for instance, the Government wanted to implement “means tests” on non-contributory pensions, but the partners did not agree with that change and kept the universal scheme on those low pensions. There was also some Government legislation whose evaluation in Parliament has been required by the left-wing parties when trying to introduce some changes. The most famous case has been the decree that instituted a transitory benefit over social security tax for employees that pay the minimum wage, as a compensation for the increase in that salary. This benefit had been negotiated with employers’ associations and trade unions (only the union that is close to the Communist Party did not agree with it). “Bloquists” and communists asked for parliamentary evaluation and voted against it. It would not be problematic at all, since that is their historic position and all political agents knew that would happen. In 2017, the PSD, however, decided to vote with the “radical left”, against their own values and previous proposals, to try to sow division among the government solution’s partners. All together, they stopped that decree and the social security benefit was not implemented. The Government did not see it as a difficulty and on the very same day presented another benefit – an anticipated payment of the tax over profits, which has been reduced for all companies, independently of whether or not they pay the minimum wage - and divisions did not emerge.

Another important case was the one of Lisbon’s and Oporto’s bus companies, whose privatizations were stopped. The four parties agreed on that, but the communists opposed the solution found by the Government for those companies: to give them back to city councils, instead of keeping them in the central state’s hands. They asked for an evaluation in Parliament, but hearing the contestation from those companies’ unions to their solution, they stepped back and decided not to ask for the reversal of this municipalisation of the transport companies. In normal times, they could have

kept the proposal, knowing that it would not be approved. But with the centre-right party affirming that it would vote against any Government proposal, even if they agreed with it, the left-wing parties understood they could not take that risk – they certainly became more pragmatic.

Naturally, all parties want to keep their own identities – and their traditional electorates – in this new political equilibrium. This means that sometimes they have to underline their differences and the issues they disagree on. However, at the same time, they know they cannot go too far in bringing their disagreements to light, since it would weaken the government solution in the eyes of public opinion. In practice, the issues that are not included in the joint positions are discussed between the Government and each of the support parties. Every day, there are several meetings taking place in the office of the Secretary of State for Parliamentary Affairs, the member of government who assumes this pivotal role of transmitting information and conducting the majority of negotiations. When more problematic themes are to be discussed, the appropriate minister is present at those meetings, usually to present the government's proposal. This means that, even when there are some public disagreements, the parties have already expressed them in private. It is rare for the government to be confronted with unexpected opposition from the partners to a particular measure, just as it is rare for the left-wing parties that support the government to be taken by surprise about a government proposal that they did not know about beforehand. Of course, this permanent dialogue between parties is one of the keys to the stability that this government solution demonstrates.

What About Now?

This negotiation culture has to be kept in order to maintain the viability of this “left government”. As we saw, most of the agreements’ measures have already been approved. Many analysts consider that, because of that, the several parties involved in this alliance will no longer be interested in making this government last. It is speculated that they would prefer to break with each other while they can still claim the credit for playing a fundamental role in implementing good decisions, without having to become involved in more difficult ones further down the line. However, the four parties do not seem to be following this path. On the one hand, the agreements they signed are still far from being fulfilled in their entirety. On the other hand, the results of the new policy that has been carried out are very positive, so it would be difficult to understand an end of this government solution for merely tactical or electoral motives.

In fact, the joint positions are not finalised yet and all parties recently agreed that there is still a lot to do. The plan for fighting precarious jobs, for instance, is going to be realised – and workers will have permanent contracts – by the end of 2018. There are also several measures that are assumed to be gradual: the increase in the minimum wage, the universalization of kindergarten, the provision of free text books for all students, the guarantee of primary care doctors for all citizens, etc., have been started, but they will be implemented over the four years. Moreover – and probably most significantly – there are some important measures that have not been started yet. They integrate the Budget for 2018 that is now – in November of 2017 – being discussed in Parliament. There are two measures in this third budget that we should emphasize: the resumption of the promotions in public administration careers that were frozen for seven years and the reintroduction of more progressivity on income tax through the creation of two new degrees for the lower incomes of the taxation scale. As we said above, these two

measures will have a huge impact in terms of families' incomes that will certainly increase, particularly those of middle class and those of public servants that have been particularly affected during the crisis. But, more than that, these measures will signify another reconstitution of fiscal and social justice. It would be difficult thus to break this government solution before seeing such important measures being taken. All the parties agree that there is still a lot to do within the joint positions and they also stress that there is much that could be done, even if it is not written in these documents, as it has been done so far. In fact, once again, new measures have been negotiated and included in the Budget for 2018: the end of the cut of 10% over unemployment benefit after the first six months; the guarantee of better retirement conditions for workers that already have long careers (and, consequently, long contribution periods for the social security system); the creation of an additional tax (of two percentage points) on companies' profits over 35 million euros which will reinforce social security sustainability; and public investment will now grow 40% (after a growth of 18% in 2017). A few months ago, the political signs indicated that this government solution could prove to be more stable than everybody expects, approving its third Budget – and that was exactly what happened in November of 2017, when all the four left-wing parties voted in favour of it.

This stability is also a result of the good results that were achieved in 2016 and in 2017. We should notice that the biggest criticism that the socialist government faced through its first year was related to the typical right-wing idea – that was generalized in the media and in most European institutions – that this strategy could only lead Portugal to a catastrophic situation. There could be no growth, no deficit under 3% of GDP, no job creation, no private investment, with this alternative politics. But the results proved that this new political path leads to better results than the previous strategy, which was based on impoverishment, on economic deregulation and low salaries, on social rights reductions and a vision of a smaller role for the State. Opposing all these ideas – that were taken as self-evident before – and taking the kind of measures that we described

above, the socialist government achieved good economic results. Portuguese GDP was set at 1.4% in 2016 and it was already growing 3% by the second term of 2017, showing an acceleration of the economy, which is growing more than the Eurozone average – 2.2%. In the same way, the unemployment rate was set at 11.1% in 2016, but the monthly rate was already at 10.2% in December and at 8.8% in the August of 2017, presenting a sustainable and progressive reduction over time and reaching the lowest rate since 2008. There were more than 221,000 new jobs created since the end of 2015. Consumer confidence also grew gradually, reaching its highest level of the last 20 years in July of 2017. The positive prospects with regard to employment, the country's economic situation and family finances contributed to that. The economic environment index also rose in all economic sectors – the manufacturing industry, construction, trade and services – reaching the best rate since 2002. Consequently, investment is also recovering since 2016 and in the second term of 2017 it also overcame the numbers of the last 18 years. And last (but certainly not least), the Socialist Party government was capable of obtaining a 2.0% deficit in 2016 (and it is expected to be set at 1.5% in 2017) and is now reducing the public debt that will be set in 126.5% of the GDP by the end of the year. Therefore, Portugal was allowed to leave the Excessive Deficit Procedure in June of 2017, after being eight years under its supervision. That is to say that the government fulfilled the European rule, which is something that the right-wing government never accomplished and all analysts considered impossible to be done. And, more than that, this government achieved the lowest public deficit in Portuguese democratic history, at the same time that it was taking those measures that gave incomes back to families and invested in public services. As promised, the government did “*turn the page of austerity*”, whilst observing the European budget commitments.

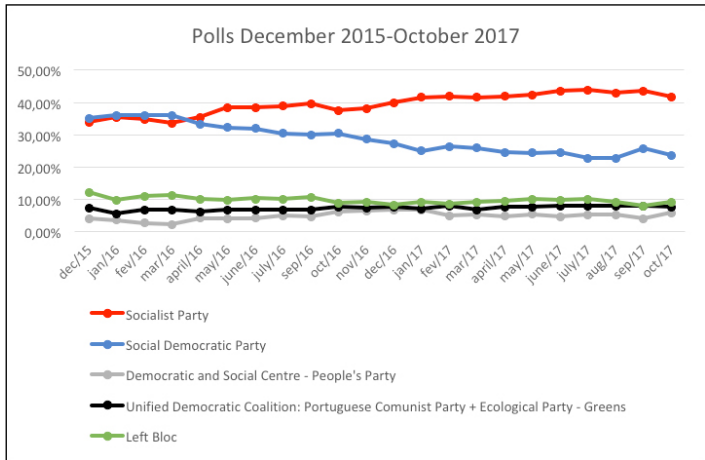
With such measures being taken and such good results being achieved, it would be difficult for any party to think about breaking the agreement. It became clear recently, when the CDS presented a motion of censorship in Parliament against the socialist

government. This motion was based on the idea, defended by the right-wing parties, that there was a failure of the state, which has been visible, according to those parties, during the two tragic fires that occurred in mid-June and mid-October of 2017. The CDS and the PSD voted for this motion, trying to explore these tragedies for their own political goals, but all the left-wing parties voted against it, preventing the fall of the government. Although they criticised the way some public services reacted during these events, they understood that the political path that is still being pursued could not be threatened by a calculated movement of the right. The politics of restitution of rights and income had to be continued and that was why, after reproofing this motion of censorship in the end of October, the left-wing parties approved the first proposal of the Budget for 2018 in its first general voting, in the beginning of November.

Even in electoral terms, the potential losses for those coalition partners that break the left alliance are having a deterrent effect and will probably stop any potential intention to do so. The polls are unanimous in reflecting the support of the electorate for the government solution. Since the beginning of the mandate, the voting intentions for the Socialist Party show a gradual, but unequivocal, growth (see Appendix III and Figure 3). If in December of 2015, the party got 34% of voting intentions in the poll we selected, one year later, in last December of 2016, it got 40.1% and in July of 2017 they reached 44% of voting intentions. On the contrary, the main right-wing opponent, the Social-Democratic Party, is obtaining fewer and fewer voting intentions: they started with 35.3% in December of 2015, 27.4% one year later and 22.9% in July this year⁴. These results reinforce how more and more people are adhering to the governments' measures.

4 One can notice that there was a slight decrease in Socialist Party's voting intentions in the summer and particularly in October. That is probably most due to the dramatic consequences of the two fires. However, it is not clear if that small margin that has been lost is irrecoverable or not. On the other hand, we can also notice that the right-wing parties did not improve their voting intentions because of it.

Figure 3



Source: Aximage

We can see that the Left Bloc lost a small part of their voting intentions, but the coalition that unites the Communist Party and the Greens maintains its voter base in the polls (see Appendix III and Figure 3) – which probably can be accounted for having a more loyal electorate and a more predictable performance. It is possible to say that, among the several parties that compose this government solution, the Socialist Party, which is alone in government, is the one that is improving its own particular position more. However, the other parties do not seem to be threatened by the support they decided to give to the government. On the contrary, the moments when the Left Bloc had those small losses in the polls were those when tensions among the parties emerged.

The levels of confidence in the leader of the Socialist Party and current prime minister, António Costa, and in the former prime minister and current leader of opposition, Pedro Passos Coelho to

lead the executive, also show how there is a growing positive evaluation of the government (see Appendix III and Figure 4). In fact, in December of 2015, immediately after the beginning of the new government, António Costa got 43.2% and Passos Coelho still got a little bit more – 44.3% - in confidence evaluation as prime minister. However, as time went by, the current socialist prime minister rose exponentially (and we should not forget that Passos Coelho has been in this role before, so the comparison is fair because voters are able to make a verifiable comparison based on their lived experience). In June of 2016, Costa had 55.2% and Passos Coelho 35.2% - a difference of 20 percentage points. In December of 2016, they already got 61.6% and 26.5% respectively. In last June, António Costa reached 69.1% and Passos Coelho fell to 22.2% in terms of confidence that he could fulfil the role of prime minister – they thus have a difference of more than 30 percentage points separating them.

The Expectation in Government Index reinforces this idea that there are gradually more people supporting the socialist government (see Appendix III and Figure 5). In December of 2015, the expectation was only 9% (it used to be negative during the right-wing government), in June of 2016 it was already 41%, in last December it increased to 47% and in June of 2017 it reached 70%⁵.

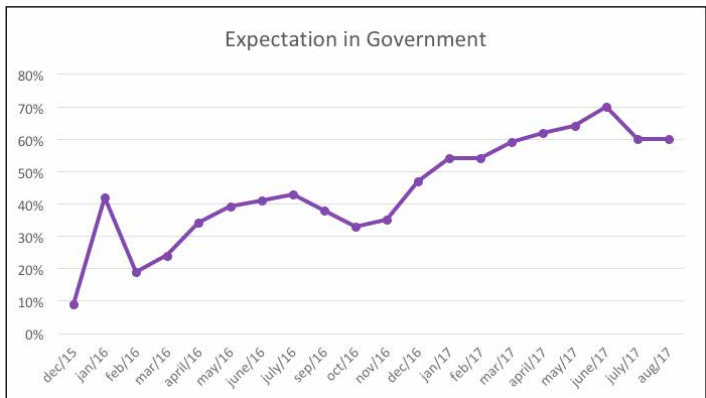
5 As in the voting intention polls, we can detect in these two indicators the effect of the fire's tragedy in the image of the government among voters, but we can also verify that the major opponent is not capitalizing it. On the contrary, the prime minister seems to be already recovering.

Figure 4



Source: Aximage

Figure 5



Source: Aximage

The recent local elections that took place on 1st October of 2017 confirmed this general perception. The socialists won the majority of the municipalities (conquering 159 in a total of 308 and obtaining an absolute majority in 142) and reached 37.8% of the votes (www.autarquicas2017.mai.gov.pt). The two parties of the right ran separately in the most important circles, but were running together in several others: together, the PSD and the CDS summed up to 34.4%, i.e., fewer votes than the PS alone. The Communist Party and the Greens reached 9.45%, even if they lost some municipal presidencies. The Left Bloc obtained 3.29%, but this result cannot be seen as a defeat, since it is a party with a low local implementation (in 2013, for instance, it got 2.42%). It would be impossible not to look at these aggregated results in the local elections as a majoritarian support for the current political line. In case of discontent, the four left-wing parties wouldn't have been able to get more than 50% of the votes, all together, at the mid-term of the legislature⁶.

All this tells us that, if the new government solution is demonstrating an “internal” stability, it also has the “external” approval of the majority of the electorate – and a growing majority of the electorate. If Portugal were to have new parliamentary elections today, the Socialist Party would probably improve its result of 2015. The left-parties, considered all together, would obtain an even stronger political base, but the polls show that the socialists would be close to an absolute majority. In the beginning of this government, some analysts thought that the Socialist Party would suffer a loss of votes in the future because of entering into this new political solution. One can now see that that does not correspond to the reality. People approve of the socialist government and party in the context of this solution.

6 The reinforcement of the government's support has become so clear that the leader of the PSD, Pedro Passos Coelho, resigned a few days after this election.

CONCLUSION

The Portuguese Government Solution: The “Fourth Way” to Social-Democratic Politics?

The first conclusion that we should point out is that the current Portuguese political experience shows that a political path focused on economic growth, employment and on the fight against inequalities is compatible with European budgetary rules. Despite some constraints, it is thus possible to take a social-democratic way in the EU nowadays.

The Portuguese government solution – a government led by the Socialist Party with the parliamentary support of the Portuguese Communist Party, the Left Bloc and the Ecologist Party the Greens – has been a way of implementing this social-democratic policy. In a time when the so perceived “death” of social democracy is proclaimed by several analysts, it is important to analyse this narrative on a case by case basis, and especially when such cases as the Portuguese one clearly proves that there are exceptions to be considered. And as we have seen above, the measures that have been taken by this government and approved by its supporters correspond to what the moderate centre-left has defended for a century – at least until the advent of the Third Way. If they are classified as radical (sometimes and by some) that is only because of the existence of an ideological hegemony that makes people believe there is only a single political path.

In fact, the liberal-conservative political forces have been strong enough to disseminate their political views and even to colonize some socialist, social democrats and labour parties. The need for a minimal Welfare State, for less public intervention and even economic deregulation, for a labour market with more flexibility and

less security have been accepted as self-evident truths by many. Traditional social democracy opposed these ideas, and all that the current socialist government in Portugal is doing is to combat them, in keeping with its historic heritage, with no ideological ruptures.

As we pointed out, some of the actions of this left-wing majority simply consist in reversing the right-wing government's measures. The dismantling (as far as the Constitution allowed) of the Welfare State, the lack of social concern for the worst-off, the impoverishment of the middle-class, the generalized privatization of public companies – all brought about by the right-wing government – had social and political consequences. The 2015 electoral results showed that the majority of the electorate did not support those policies. In that context, the choice for alternative politics could only be led by the Socialist Party. And, of course, a change of politics was impossible with the parties that had taken the country down that path and were still advocating the continuation of those policies. This means that, when we have a radicalized right in social and economic terms, it is impossible for centre-left party, not only to support their policies, but also to carry out a change against them. In this situation, the cleavage between left and right becomes so deep that centrist coalitions become unimaginable. And, in the same way, the different lefts can converge and find common ground. That is what happened in Portugal: the several left-wing parties understood that, in this moment, there were more things uniting them than separating them.

The Portuguese experience shows that social-democratic politics is possible to execute. And we know that sometimes socialist, social democrats and labour parties have to search for new means to achieve their political ends. In times like this, coalitions with other left parties – which are not common in most EU countries yet – are more likely to permit the implementation of social-democratic politics. With the electorate having moved away from the

Third Way – the one that was located between “old social-democracy” and “neoliberalism” (Giddens, 1998) –, maybe this is a kind of “fourth way” to social-democratic politics, assuming that it is closer to the traditional ideological line. Of course, the Portuguese government solution is not “exportable” to all national political contexts. But it can be seen as an option (that can be chosen among other options) to be considered by centre-left parties, particularly nowadays, since other left-wing parties are winning electoral ground as we saw above.

This kind of left-wing coalition can have another important consequence for political systems: to make radical left-wing parties more pragmatic and more accountable about their proposals and positions in the countries where they have never contributed to government solutions and assumed a protest role. In Portugal, the Communist Party, the Left Bloc and the Greens were excluded from decision-making processes for 40 years. That fact impoverished Portuguese democracy, since it meant keeping more than 10% of the electorate (sometimes close to 20%) apart from governance. Only the right or the Socialist Party (alone or in short-term coalitions with the right) have occupied power since the first parliamentary elections. Now, democracy has been enlarged with the other left-wing parties contributing with solutions for the country’s problems. That has a huge importance for the future of the political system – and that would be valid for any country where radical left parties have always been outside of government.

In the same way, the Portuguese experience is also a good example of how the centre-left and the radical left can start negotiating with each other – despite a political history that kept them apart for years – and how that new culture of dialogue can be translated into a stable political situation – despite all the prognoses saying the opposite in the beginning of the mandate. In fact, the current Portuguese government solution also proves that it is possible to have new coalitions with new political allies, even if historically they never converged until a recent past.

Of course, the Portuguese government solution, which permits the implementation of social-democratic politics, has thus far obtained very good results. The reconstitution of incomes to families, the revalorization and deepening of the universal Welfare State, the measures to dignify work and those to give an economic stimulus to the country, at the same time that European rules on public finances were abided by, proved that another political path was possible. Portuguese growth, employment and deficit numbers in 2016 prove that the TINA (*“there is no alternative”*) narrative was false and that social democracy is still a very good way of solving social and economic problems. Socialist, social democrats and labour parties should thus try to find the best conditions to propose their agenda to the electorate and the best partners to execute it.

What next for Portugal's 'contraption'?

Maria FREITAS
FEPS Policy Advisor

Portugal's progressive government solution shows that a political alternative to the so-called 'grand coalition' is possible. Uniting left wing parties into a strategic partnership also demonstrates that breaking away from austerity is feasible and that progressive policies are conducive to economic growth.

Two years ago, few people would have imagined that Socialist leader António Costa's left-wing alliance would have been a viable and enduring government solution to address Portugal's brain drain, social inequalities and sluggish economic growth. The economic and financial crisis and the austerity-driven interventions by the Troika (European Commission, European Central Bank and the International Monetary Fund) had left some deep marks and a socio-economic and political situation that is difficult to manage.

After four years of rigid austerity imposed by a combination of the Troika and the previous 2011 to 2015 conservative government, Portugal experienced a decline in economic growth (for three successive years, after a 1.9% GDP in 2010, Portugal recorded growth of -1.8% in 2011, -4% in 2012 and -1.1% in 2013), an increase in unemployment (from 11.9% in 2010 to 16.5% in 2013), with more than 100,000 Portuguese citizens leaving the country annually.

The deregulation of labour laws, the privatisation of transport companies, the increase in taxes on private consumption and incomes and the cuts in public servants' salaries, social benefits and pensions laid out a socio-economic context that enabled a

Socialist-led alliance with the far-left and thus a left-wing convergence to find common grounds to reverse this scenario and to come forward as a politically stable solution for the country.

What was perceived as a bizarre 'experiment' in November 2015 has by now proven its ability to remain united on the main aspects of economic policy and has shown coherence and results in terms of its socio-economic strategy. Portugal's left has become today's success story for progressive governance in Europe against the backdrop of a recurring narrative that Social Democracy is in decline on the continent and that there is no alternative to austerity.

The 'contraption' - the nickname given to this unprecedented and historical parliamentary alliance between all of Portugal's left-wing parties - is living proof that a strong united left can oust pro-austerity conservative forces and launch the country back on a path aimed at ensuring growth and employment and at tackling inequalities.

The unambiguous drive by Costa's left-wing coalition to 'turn the page on austerity' in reversing the former right-wing government's measures by relaunching labour and social rights, cutting taxes and, most importantly, by fulfilling and honouring his campaign pledge to achieve more growth, better employment and more equality for the Portuguese people is beyond any doubt gaining citizens' support. The double dividend of such a progressive platform is rather clear: better socio-economic fundamentals and higher support from the polls, as proved by the recent local elections.

Progressive policies in support of education, social inclusion and low incomes are already bearing fruit and are showing the sceptics that the 'contraption' is a viable governmental solution. Costa's Socialist government has led to tangible results by showcasing sustained economic growth at an annualised rate of 2%; a

substantial drop in the unemployment rate from a peak of 16.5% in 2013 to 8.9% in the second quarter 2017 and last but not least the lowest public deficit - under 2.1% of Gross Domestic Product (GDP) - since Portugal's transition to democracy in 1974, whilst fully complying with EU fiscal commitments.

The positive outcomes of Portugal's progressive policies are not limited to the economic sphere. Recent opinion polls reflect a more favourable public opinion towards public institutions and abstention rates in the last local elections have declined. These are concrete signs that such policies have also contributed to fighting those sentiments of disaffection for the democratic institutions that fuel populism.

Given these results, Costa's decision not to join a grand coalition with the country's centre-right and, instead, to push on with a markedly progressive agenda should give encouragement and inspiration to progressives everywhere in Europe.

Last October's local election results reinforce the argument that a left-wing coalition delivering on a progressive agenda can effectively be a means to uphold Social Democratic values with considerable electoral support. Portugal's Socialist Party not only secured a landslide victory but also achieved its best ever result. Socialists secured 159 out of 308 municipalities and will govern the capital, Lisbon, plus 10 out of the 17 most densely populated cities.

This unambiguous drive of Costa's party to build bridges and foster an open dialogue within the Portuguese parties of the left shows that by working together it was possible to dismantle the entrenched TINA 'there is no alternative' myth.

Still, there is work to be done in the next two years. The Socialist victory in Portugal's local elections reinforced Costa's decision but it comes with considerable responsibility in terms of balancing the interests of its leftist coalition partners, who did not achieve

such impressive results. The next two years will see people focus on the question about the sustainability of the ‘contraption’ as a political project of the left ahead of the next legislative elections in two years’ time. Even though the local election results stirred the political pot and changed the balance of the left-wing alliance, tensions still exist and will continue to exist in any form of coalition. What is more, Costa’s leadership and pragmatism coupled with his consistent commitment to cooperation and dialogue with the political spectrum on the left has kept his far-left coalition partners in check. At least for now, Portugal has not seen the rise of extremist parties, as happened with austerity-hit countries like Spain, Italy or Greece.

To sum up, the unity of the left underpins the strength of Portugal’s government solution, which certainly inspires – and will continue to inspire - progressives at the European level and is a promising example of how Social Democracy can regenerate itself across the continent and how perhaps in the near future the ‘contraption’ government solution will still be a positive and credible government solution for its people.

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ONLINE RESOURCES

Assembleia da República
(Portuguese Parliament):
www.parlamento.pt

Instituto Nacional de Estatística
(National Statistics Institute):
www.ine.pt

Jornal de Negócios:
www.jornaldenegocios.pt

Ministério da Administração Interna
(Ministry of Interior Administration):
<http://www.eleicoes.mai.gov.pt/legislativas2015/>

Parliaments and Governments Database:
<http://www.parlgov.org/>

Party of European Socialists:
<https://www.pes.eu/oc/en/>

Pordata: www.pordata.pt

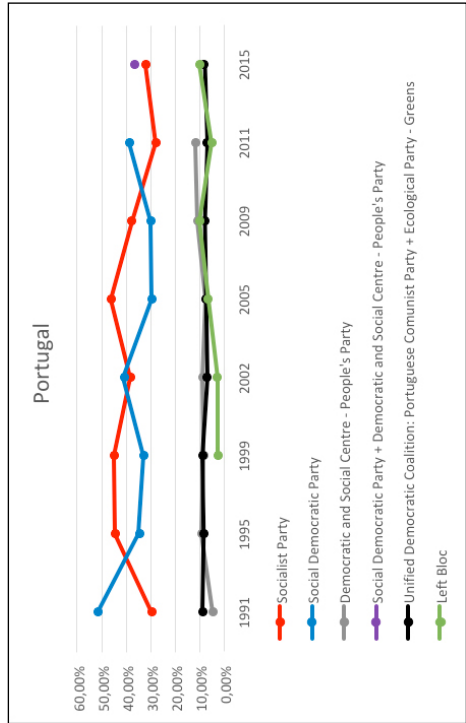
APPENDIXES

APPENDIX I

PARLIAMENTARY ELECTIONS IN PORTUGAL SINCE 1990*

* The results are part of the “ParlGov” database, an academic research on Parliaments Governments that gathers all the data of national and European parliament elections in 37 countries (all the EU countries and most OCDE democracies), and can be checked at <http://parlgov.org/>.

Portugal		1991	1995	1999	2002	2005	2009	2011	2015
Socialist Party		29,70%	44,61%	44,96%	38,55%	46,40%	37,73%	28,06%	32,31%
Social Democratic Party		51,60%	34,78%	32,98%	41,01%	29,64%	30,04%	38,65%	
Democratic and Social Centre - People's Party		4,52%	9,23%	8,51%	8,90%	7,46%	10,77%	11,70%	
Social Democratic Party + Democratic and Social Centre - People's Party									36,86%
Unified Democratic Coalition: Portuguese Communist Party + Ecological Party - Greens		8,80%	8,57%	8,99%	6,94%	7,54%	8,15%	7,21%	8,25%
Left Bloc				2,49%	2,79%	6,54%	10,12%	5,17%	10,19%

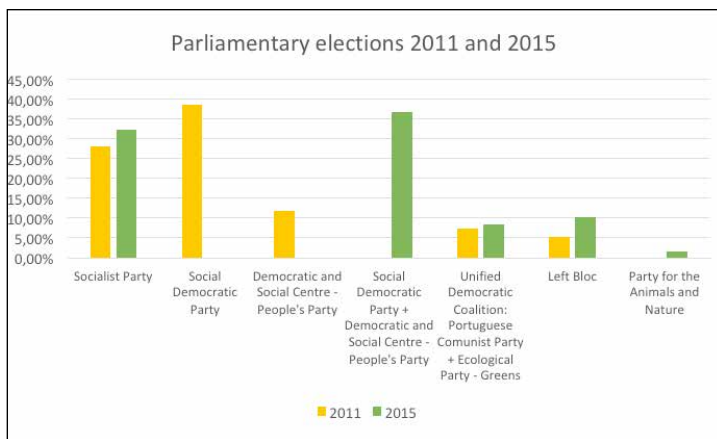


APPENDIX II

PORTUGUESE PARLIAMENTARY ELECTIONS IN 2011 AND 2015**

** Besides the “ParlGov” Database, the results presented here have also been checked in the Ministry of Internal Administration official website: <http://www.eleicoes.mai.gov.pt/legislativas2015/>.

Portugal	2011	2015
Socialist Party	28,06%	32,31%
Social Democratic Party	38,65%	
Democratic and Social Centre - People's Party	11,70%	
Social Democratic Party + Democratic and Social Centre - People's Party		36,86%
Unified Democratic Coalition: Portuguese Communist Party + Ecological Party - Greens	7,21%	8,25%
Left Bloc	5,17%	10,19%
Party for the Animals and Nature		1,39%



APPENDIX III

PORTUGUESE POLLS FROM DECEMBER 2015 UNTIL FEBRUARY 2017***

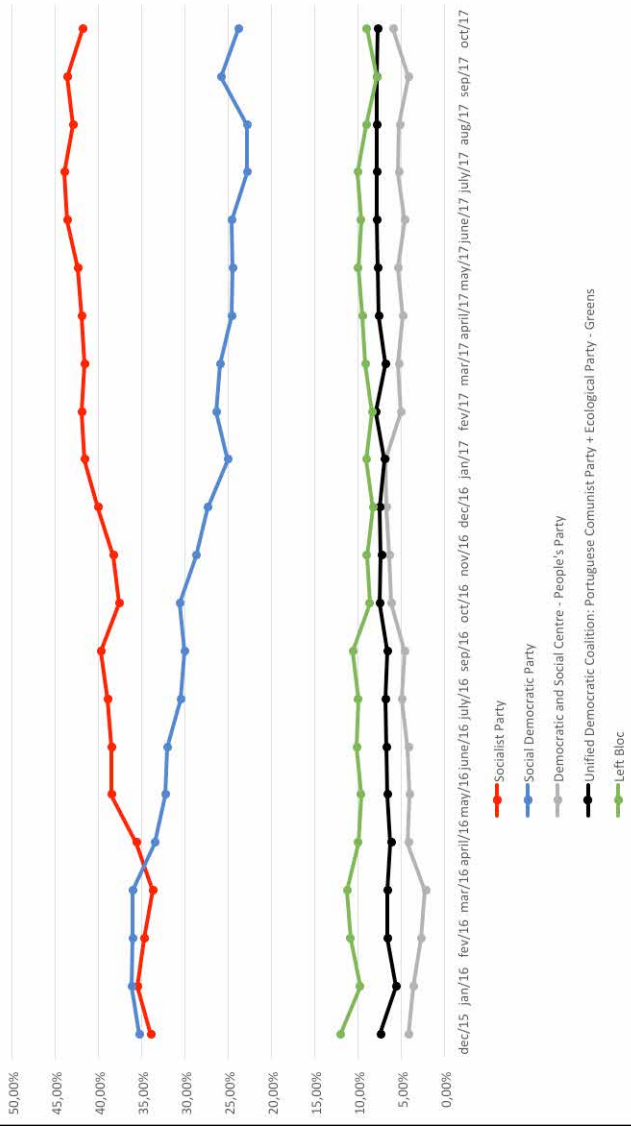
*** The polls presented were done by Aximage for several media. They can be accessed, for instance, in Jornal de Negócios (an economic daily newspaper) website: <http://jornaldenegocios.pt/>

	dec/15	jan/16	feb/16	mar/16	april/16	may/16
Socialist Party	34,00%	35,50%	34,80%	33,80%	35,60%	38,50%
Social Democratic Party	35,30%	36,20%	36,10%	36,10%	33,50%	32,30%
Democratic and Social Centre - People's Party	4,10%	3,60%	2,70%	2,20%	4,20%	4,00%
Unified Democratic Coalition: Portuguese Communist Party + Ecological Party - Greens	7,40%	5,60%	6,60%	6,60%	6,20%	6,60%
Left Bloc	12,10%	9,80%	10,90%	11,30%	10,00%	9,70%

	nov/16	dec/16	jan/17	feb/17
june/16	38,30%	40,10%	41,70%	42,00%
july/16	37,70%	27,40%	25,10%	26,40%
aug/16	30,60%	6,70%	6,80%	5,00%
sep/16	30,10%	6,40%	6,90%	7,90%
oct/16	4,60%	7,50%	9,10%	8,40%
nov/16	6,60%	8,30%		
dec/16	10,60%			

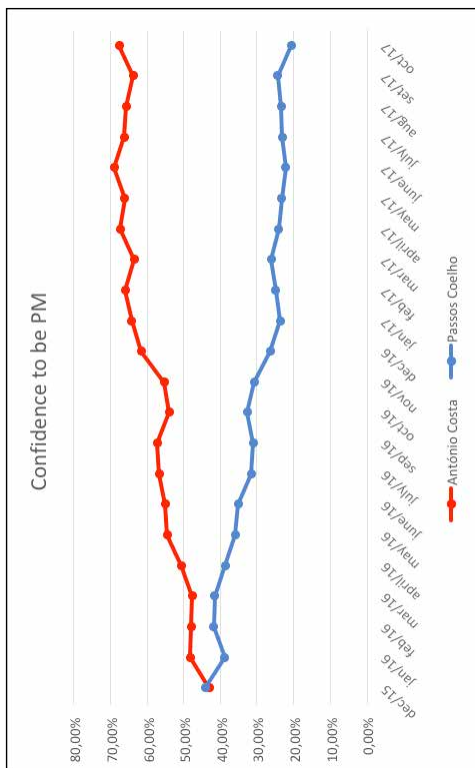
	jan/17	feb/17	mar/17	apr/17	may/17	june/17	july/17	aug/17	sep/17	oct/17
nov/17	41,70%	43,70%	44,00%	43,00%	43,70%	41,90%	41,90%	41,90%	41,90%	41,90%
dec/17	25,10%	25,80%	22,90%	22,90%	25,80%	23,80%	23,80%	23,80%	23,80%	23,80%
jan/18	6,80%	4,10%	5,20%	5,20%	4,10%	5,90%	5,90%	5,90%	5,90%	5,90%
feb/18	6,90%	7,80%	7,80%	7,80%	7,80%	7,70%	7,70%	7,70%	7,70%	7,70%
mar/18	9,10%	7,80%	9,10%	9,10%	7,80%	9,00%	9,00%	9,00%	9,00%	9,00%
apr/18		7,80%	9,10%	9,10%	7,80%	9,00%	9,00%	9,00%	9,00%	9,00%
may/18		7,80%	9,10%	9,10%	7,80%	9,00%	9,00%	9,00%	9,00%	9,00%
june/18		7,80%	9,10%	9,10%	7,80%	9,00%	9,00%	9,00%	9,00%	9,00%
july/18		7,80%	9,10%	9,10%	7,80%	9,00%	9,00%	9,00%	9,00%	9,00%
aug/18		7,80%	9,10%	9,10%	7,80%	9,00%	9,00%	9,00%	9,00%	9,00%
sep/18		7,80%	9,10%	9,10%	7,80%	9,00%	9,00%	9,00%	9,00%	9,00%
oct/18		7,80%	9,10%	9,10%	7,80%	9,00%	9,00%	9,00%	9,00%	9,00%

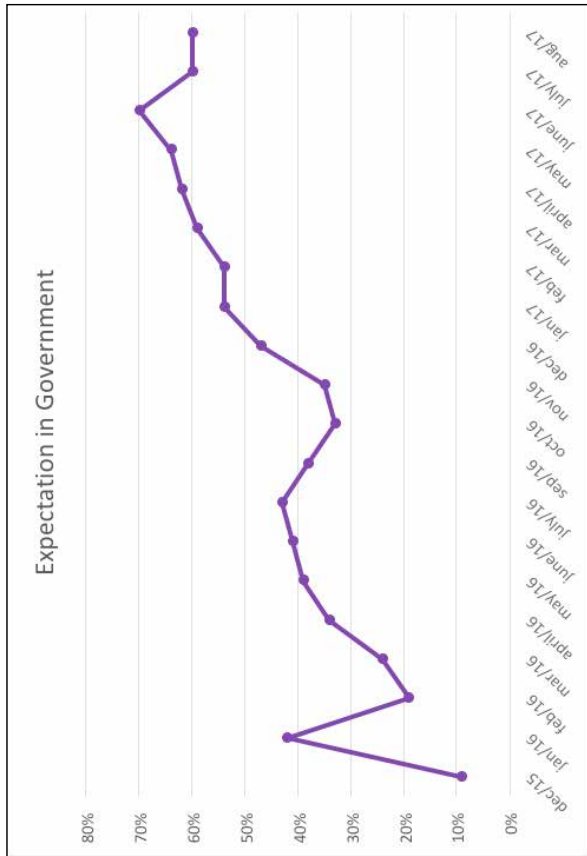
Polls December 2015 - October 2017



Confidence to be PM

	António Costa	Passos Coelho
dec/15	43,20%	44,30%
jan/16	48,30%	38,90%
feb/16	48,10%	41,90%
mar/16	47,80%	41,60%
april/16	50,80%	38,80%
may/16	54,50%	36,10%
june/16	55,20%	35,20%
july/16	56,80%	31,60%
sep/16	57,30%	31,20%
oct/16	54,00%	32,80%
nov/16	55,40%	30,80%
dec/16	61,60%	26,50%
jan/17	64,30%	23,70%
feb/17	66,10%	25,00%
mar/17	63,60%	26,20%
april/17	67,50%	24,10%
may/17	66,20%	23,30%
june/17	69,10%	22,20%
july/17	66,30%	23,20%
aug/17	65,80%	23,40%
set/17	64,00%	24,40%
oct/17	67,60%	20,80%





	Expectation in Government Index
dec/15	9%
jan/16	42%
feb/16	19%
mar/16	24%
apr/16	34%
may/16	39%
june/16	41%
july/16	43%
sep/16	38%
oct/16	33%
nov/16	35%
dec/16	47%
jan/17	54%
feb/17	54%
mar/17	59%
apr/17	62%
may/17	64%
june/17	70%
july/17	60%
aug/17	60%



The Foundation for European Progressive Studies (FEPS) and ResPublica Foundation in this booklet present an analysis on how Portugal succeeded in breaking the prevailing ‘grand style of governance’ by embodying an unprecedented left-wing governing arch, the so called “contraption” (in Portuguese “geringonça”).

Since November 2015 Portugal is embodying an historic experiment of a left-wing Government led by Prime Minister António Costa, from the Socialist Party (PS) with the parliamentary support of the Left Bloc (Bloco de Esquerda), the Portuguese Communist Party (PCP) and the Greens (PEV).

Almost two years in power, Portugal’s government solution attests that a political alternative is possible in Europe and that left parties can become strategic partners against austerity by finding strength in the points and aspects of what unites them than on what divides them.

- This book is edited by FEPS and ResPublica with the financial support of the European Parliament
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