Politics in Contemporary Portugal: Democracy Evolving

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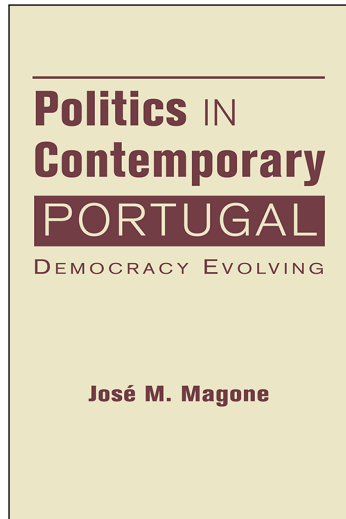
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IN AN INCREASINGLY GLOBALIZED WORLD IN WHICH BLURRED NA-tional sovereignty and borders daily challenge the traditional meaning of the Westphalian state, it is difficult to study a country in isolation. Such research becomes even more difficult when one takes into account a particular country's engagement in regional integration within the European Union (EU). This global and European context has become important for all EU member states, and Portuguese democracy is no exception to the rule. Since 2008, the financial and euro crises have negatively affected the economy of the country, such that on 6 April 2011, Portugal was forced to ask for a financial bailout from the European Union (*Wall Street Journal,* 7 April 2011). On 23 May 2011, Portugal signed a detailed memorandum of understanding with the so-called troika (consisting of representatives from the European Commission, the European Central Bank, and the International Monetary Fund) in which a strict timetable for economic, social, and administrative reforms with clear targets was agreed upon. Before Portugal's request, Greece and Ireland were similarly compelled to ask for bailouts and to sign memorandums of understanding. Greece was even the beneficiary of a second bailout and further debt relieving measures in 2012.

Four decades after Portugal's Carnation Revolution of 25 April 1974, the Portuguese population is enduring a rather demanding austerity program that the country's government agreed upon together with the troika. Any international or European bailout leads to considerable constraints on the sovereignty of the country, particularly in the case of a relatively small country like Portugal. However, integration in the EU has softened this situation in many ways, as member states already share and pool sovereignty in order to increase their protection against the volatility of global markets. Although Portuguese political leaders portray this aspect in a different light, Portugal's individual sovereignty no longer exists; rather, Portugal shares its sovereignty with the other member states in the European Union. Portugal is no longer an independent country: it is an interdependent one. This means that Portuguese affairs are intertwined

with what occurs in other European states and at the supranational level, and vice versa. Portugal is part of a new collective governance regime in Europe (Wallace, 2005: 491–494). For example, the agreement on the EU bailout for Portugal had to be ratified by all eurozone national governments; however, in Finland, the True Finns party opposed any Finnish participation in the bailout. Despite considerable opposition, the more moderate parties were eventually able to get enough votes to approve Portugal's bailout (*Bloomberg,* 12 May 2011; *Reuters,* 11 May 2011). The financial crisis and the euro crisis have clearly shown that the member states of the European Union can today act only in consultation and in solidarity with the other member states. This is even more relevant for members of the eurozone, who clearly must react dynamically to the markets.

After four decades of democracy, Portugal now shares and pools its sovereignty within the European Union, a circumstance that has major repercussions for how the country operates. Portuguese democracy is exposed not only to the scrutiny of domestic civil society, but also to that of the other member states. The open method of coordination used to mutually peer-review a number of the policies of member states (such as in the areas of employment, economic policies, and public administrative reform) subjects Portugal to permanent pressure in terms of delivering on accountability, transparency, and its targets as defined collectively by the member states at the supranational level (Borrás and Greve, 2004; Borrás and Jacobsson, 2004).

The implications for democracy are clear. Portugal is a democratic country in which the minimalist procedural democratic structures have successfully been consolidated and institutionalized; however, in comparison to other small democracies in the European Union (such as Sweden, Denmark, Austria, and the Netherlands), the country still lags behind in terms of the quality of its democracy. The necessity of the bailout of Portugal by the European Union has exposed the fact that the country suffers from both a weak political economy and also a weak state that is unable to control its expenditures. The Portuguese political economy is semi-peripheral: it features elements similar to those of the core member states of the European Union (in particular, consumption patterns), but also elements reminiscent of developing countries, such as a low level of investment in research and development and a labor-intensive industrial sector (Santos, 2011; Magone, 1996a). Portugal has had poor performance in terms of public policy, particularly in the education sector, as Program of International Student Assessment (PISA) surveys have demonstrated. This is rather disappointing, because Portugal has invested considerably in education, only to see mediocre results year after year. In 2009, nearly one-third of secondary-school pupils (31.2 percent) left school without a diploma—a figure that was an improvement compared to previous years. Education has become an important dividing line in Portuguese society (Justino, 2010; European Commission,

2011b:4). In a detailed article, the *Wall Street Journal* called Portugal a "nation of dropouts" (25 March 2012). Portugal has one of the highest inequality rates in the European Union, exceeded only by Romania and Bulgaria (European Commission, 2010:299–300; for more detail, see Chapter 10). Portugal exhibits levels of socioeconomic development closer to those of central and eastern Europe than to those of the developed economies of the western part of the continent.

Portugal can be considered a stalled democracy, as its social mobility has not changed significantly since at least the 1990s—and scarcely at all in comparison to 1974. This means that in four decades of democratic rule, Portuguese society has reproduced the same class divisions that existed before the Carnation Revolution. As Manuel Villaverde Cabral asserts, Portugal has the inequality levels of the United States, but without the social mobility. This means that Portuguese society has not evolved very much in the past four decades. All this has had an impact on the country's civil society, which remains one of the weakest in the European Union; this presents problems in terms of improvements in the quality of democracy (Cabral, 1998; *Diário de Notícias,* 30 August 2006; Mendes and Estanque, 1998; Estanque and Mendes, 1999; see also Estanque, 2009, 2011). This assessment of Portuguese democracy has been confirmed by several Portuguese scholars (Santos, 1993, 2011; Cabral, 1998, 2000, 2004; Aguiar, 1983, 1986, 2005).

In this book, I analyze different aspects of this so-called stalled democracy in an attempt to delineate the reasons underlying Portugal's inability to move from a formal procedural democracy to a substantive democracy. My primary interest is not in the democratization process through democratic transition, consolidation, and institutionalization, although references will certainly be made to these periods in Portugal's history. My main focus is on the quality of democracy in Portugal in the context of the country's membership in the European Union. Therefore, the main research question is: What are the primary obstacles to Portugal's transformation from a procedural minimalist democracy to a substantive democracy? The memorandum of understanding agreed upon by the Portuguese government and the troika is used as a structuring element in this analysis of the condition of Portugal's democracy. Special emphasis will be placed on the political and economic constraints on Portugal's attempts to move toward a more sustainable substantive democracy. Thus far, Portugal has failed to build a strong social market economy that would contribute to the development of a fairer and more equal society. It is particularly the inequality of opportunities for different social groups that tends to perpetuate the country's class structure; only certain minor improvements have taken place in this area since the fall of the authoritarian regime. In sum, Portugal is a stalled society, and the package of reforms set out by the memorandum of understanding may be important in encouraging reflection upon what must change in order for

Portugal to fulfill the provisions of its constitution and the original aspirations of its Carnation Revolution.

From Formal Procedural to Substantive Qualitative Democracy

A good starting point for developing an understanding of the current state of Portuguese democracy is the Treaty of Lisbon, which features a comprehensive description of democratic politics as conceived by the European Union. This treaty is clearly compatible with the Portuguese constitution, which includes similar concepts (Articles 1 and 2). All member states of the European Union seek to achieve the highest possible quality of life for their citizens. This entails ensuring access to high-quality public goods. Articles 1 and 2 of the Treaty of Lisbon clearly define the values and the type of democracy that should prevail in each member state. Article 2 states that "the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail." Moreover, Article 3, in its third paragraph, clearly defines the internal market as a "social market economy": "The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a *highly competitive social market economy,* aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance." This is a quite advanced definition of democracy; democratic order in the European Union stands in stark contrast to the mere procedural understanding of democracy.

The minimalist procedural approach to democracy dates back to Austro-American sociologist Joseph Schumpeter. According to Schumpeter, "the democratic method is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote" (1947:269). Schumpeter refers to Britain as the perfect example of this kind of elite democracy. This minimalist procedural definition is also compatible with the definition of a polyarchy, which, according to Robert Dahl (1989:233), includes the following features:

1. Control over governmental decisions about policy is constitutionally vested in elected officials.
2. Elected officials are chosen and peacefully removed in relatively frequent, fair, and free elections in which coercion is quite limited.
3. Practically all adults have the right to vote in these elections.
4. Most adults also have the right to run for the public offices for which candidates run in these elections.

5. Citizens have an effectively enforced right to freedom of expression, particularly political expression, including criticism of the officials, the conduct of the government, the prevailing political, economic, and social system, and the dominant ideology.
6. They also have access to alternative sources of information that are not monopolized by the government or any other single group.
7. Finally, they have an effectively enforced right to form and join autonomous associations, including political associations, such as political parties and interest groups, that attempt to influence the government by competing in elections and by other peaceful means.

Since the onset of the third wave of democratization in the 1970s, a great deal of research has been conducted on the process of moving toward such a minimalist conception of democracy. Generally speaking, most authors have focused on the genetic aspects of democracy, in particular on the role that political actors have played in "crafting" such democratization processes. I do not present a review of this literature here, as it may be found elsewhere (Huntington, 1991; Pridham, 2000; Grugel, 2002; Di Palma, 1990; for the Portuguese case, see Maxwell, 1995; Magone, 1997: chap. 1).

Suffice it to state that democratization is achieved over several phases: transition, consolidation, and institutionalization:

- *Transition* (1974–1975). Marked by inconclusive struggles between political actors in order to define the new regime; the struggle between the Movement of Armed Forces (MFA) and political elites; and an alliance between moderate forces in the MFA and moderate political leaders.
- *Consolidation* (1976–1985). Marked by asymmetrical consolidation of different politico-institutional regimes (party system, system of interest intermediation, interinstitutional framework, and industrial relations). This was a period of political and economic instability with ten governments in office from 1976 to 1985, and the impact of two austerity programs of the International Monetary Fund.
- *Europeanization* (1986–). After consolidation, European integration was an important vincolo esterno (external link), helping the country to overcome negative path-dependency forms of institutional behavior inherited from the previous authoritarian regime. From 1986 to 1993, up to the adoption of the Treaty of Maastricht, Portugal saw government autonomy, particularly in economic and monetary policy. Since 1993, there has been a reduction in government autonomy in economic and monetary policy, due to the conditions of the Treaty of Maastricht.

It takes at least one or two generations to fully institutionalize the political system (Converse, 1969:141–142). This means that at the end of the first generation or at the beginning of the second, democracy becomes taken for granted as a reality and is no longer questioned either by the established political elites or

by the general population. At this point, it clearly frames the modes of thought and behavior of the country's citizens.

Portugal must be regarded as one of the most successful democracies in terms of its institutionalized democratic procedures. Portugal is certainly more than a formal procedural democracy as defined by Schumpeter and Dahl. However, Portuguese democracy remains flawed, as it is still too weak in terms of the population's participation in the political process, and above all due to its weak civil society that is unable to significantly control the state institutions. Institutionally, Portugal has yet to reform its judicial sector, which is still characterized by a low level of human and material resources, by its slow-moving pace, and by unequal access for citizens. Portugal still features what Benjamin Barber would refer to as a "thin" democracy with a low-intensity citizenship (1984:4). The country has not yet made the transition to a more substantive qualitative democracy.

I understand substantive democracy also in terms of the equality of opportunities provided by a strong and efficient state with an output performance that improves over time. In this sense, I very much follow Jean Grugel's idea that state capacity is an important factor in the development of a democratic society. For such development to occur, the state institutions must be able to quickly respond to and resolve any problems that may emerge in implementation of public policy. Globalization also requires the state to set out the correct conditions and policies to prepare citizens for the labor market and the knowledge society. A substantive democracy means that the state provides a framework that equalizes the life-chances for all its citizens. Although democratic order does not preclude a complete eradication of inequality, an excessive gap between the haves and the have-nots will shape democratic politics according to the dominant interests. The role of the asymmetrical power exhibited by some groups over others will therefore become more salient. Substantive democracy can only be achieved over a period of time spanning more than two generations (see Grugel, 2002:5; see also Table 1.1).

In the context of the European Union, Portugal must be committed to the construction of a social market economy such as that found in the Nordic countries, Germany, the Netherlands, Belgium, Luxembourg, and Austria. The central issue is not the amount of social benefits that the Portuguese population receives, but rather their fair redistribution, also in terms of the promotion of life-chances. Thus far, the Portuguese state has failed to redress the current imbalance between its social classes.

In substantive democracy, it is expected that civil society will become an important factor in transforming and sustaining the state, the political economy, and the political culture of the country. Civil society is broadly defined as those associations that are independent from political parties and intermediate between the population and the state institutions. They are important watchdogs of political, economic, social, and cultural development (see Keane, 2010). In

Table 1.1 Phases of Democratization in Portugal

	Transition 1974–1976	Consolidation 1976–1985	Institutionalization 1985–	Not Yet Achieved
Political framework	Constitutional settlement	Establishment of institutional framework and habituation	Internalization of democratic institutional framework by political elites and population; political framework not questioned	Reality of political framework taken for granted
Political economy	Unstable economic situation	Stabilization of political macroeconomy	Stable macroeconomy; economic reform in order to create a globally competitive economy	Stable macroeconomy; strong social market economy able to compete in the global economy
State	State embedded in authoritarian culture	Democratization of state; authoritarian culture and structure dominate; democratic culture and structure expand	Democratization of state; authoritarian culture and structure recede; democratic structure dominates; many mixed regimes with two cultures and structures	Democratic state; decentralized, accountable, and transparent citizen-oriented state
Public policy performance	Poor public policy performance: not universal, but selective in terms of constituencies	Poor public policy performance: new strategic aims are defined and implemented; quality of public services is poor	Improving public policy performance: better access to public goods for citizens; quality of public services improving	Excellent public policy performance: universal access to public goods for citizens; quality of public services is excellent
Civil society	Thin civil society consisting of small middle classes; however, popular movements also exist	Thin civil society consisting of the more highly educated	Growing civil society; however, quite asymmetric in different areas in terms of density	Strong civil society that is able to challenge government policies
Political culture	Parochial or subject political culture	Different subcultures; tiny civic culture	Different subcultures; minority civic culture	Strong civic culture

the case of Portugal, one can cite the large number of environmental associations that are also linked to European and international networks. A good example is the Portuguese branch of Transparency International, which makes a significant contribution by highlighting cases of corruption in Portugal. Transparency International's reporting on national integrity is an important ongoing assessment of the quality of democracy in Portugal (Transparency International, 2013). For Benjamin Barber (1984) and Carole Pateman (1970), civil society is of the utmost importance for their models of "strong" and "participatory" democracies, respectively.

In addition, some excellent contributions have been made with regard to measuring the quality of democracy. Probably the best-known framework is that developed by David Beetham, which has been adopted by the International Institute for Democracy and Electoral Assistance (International IDEA) in Stockholm (Beetham et al., 2002).

Beetham has been developing a framework for assessing quality of democracy (see Table 1.2). Four main categories are of crucial importance in this framework: (1) citizenship, law, and rights; (2) representative and accountable government; (3) civil society and popular participation; and (4) democracy beyond the nation-state.

These categories of assessment contain subcategories. In Beetham's model, there is also a clear division between procedural democracy (which would include parts of the first and second categories) and more substantive democracy (with elements from the second and third categories). Accountability and transparency are important elements in the Beetham framework. Quite important for our purposes is the fact that civil society and the participation of citizens are assigned significant roles in the assessment of a particular democracy as "strong" or "substantive" (Beetham et al., 2002:16).

Beetham's approach was certainly a source of inspiration for Larry Diamond and Leonardo Morlino (2005) as they developed their sophisticated multidimensional framework for assessing quality of democracy. They emphasize the difference between the procedural aspects of democracy related to the rule of law and accountability and those aspects that are more substantive, such as freedom and equality. Like Beetham, they also highlight the results-oriented dimension, focusing particularly on responsiveness. Each aspect alone could provide an idea of the quality of a certain democracy; however, Diamond and Morlino are keen to view the various dimensions in their interactive totality. Morlino has further developed this framework in order to describe the contrast between qualitative and nonqualitative democracies. It is difficult for a democracy to be qualitative in all its dimensions—responsiveness, rule of law, accountability, freedom, and equality; nevertheless, Morlino labels a democracy that is qualitative in all five dimensions a "full-fledged democracy," and stresses the role of civil society in the functioning of such a democracy (2004:12, 26–29).

Table 1.2 Assessing the Quality of Democracy

Categories of Assessment	Subcategories	Criteria
Citizenship, law, and rights	Nationhood and citizenship	Inclusiveness of state citizenship; protection of ethnic groups
	Rule of law and access to justice	Universal coverage by rule of law; equal access to justice; proper conduct in legal cases
	Civil and political rights	Protection of human and civil rights; protection from physical violence
	Economic and social rights	Access to public goods, education, health, infrastructure
Representative and accountable government	Free and fair elections	Civilian control of the government
	Democratic role of political parties	Ability of parties to act freely; internal democracy among parties
	Government effectiveness and accountability	Executive-legislative relations; auditing institutions
	Civilian control of the military and police	Freedom from criminal gangs, warlordism, and organized crime
	Minimization of corruption	Ability to hold civil servants and politicians accountable
Civil society and popular participation	Role of the media	Media support of democracy; media are independent of government
	Political participation	Equality of access; gender equality; civil society
	Government responsiveness	Responsiveness to the concerns of citizens
	Decentralization	Appropriateness of decisionmaking; inclusion of social partners; relationship between center and periphery
Democracy beyond the nation-state	International dimensions of democracy	Consistency of foreign policy in relation to democracy; support of the UN Charter and international norms

Source: Beetham et al., 2002:16.

In the dimension of the rule of law, the country still has major problems in terms of the efficiency of its judiciary and the enforcement of law in crucial areas related to political corruption (Santos et al., 1996; Santos and Gomes, 2008, 2010, 2011). In the dimension of accountability, the country still demonstrates problems with regard to the continuous horizontal accountability exercised by parliament and other auditing institutions in relation to the government. Although there have been considerable improvements, including increases in the professionalization of parliament and the auditing institutions over the past few decades, these actors are still too timid in their attempts to control the government. In particular, the responsiveness of the Portuguese government to demands from civil society and the population in general has been poor. Joaquim Aguiar even speaks of the autonomization of the political discourse of the political class from the needs of the population (2005:34). The assessment of the country's Sustainable Governance Indicators conducted by Thomas Bruneau, Carlos Jalali, and César Colino (2011) has been quite negative; Portugal's responsiveness has been poor and patchy. Although Portugal is a relatively free society in terms of the existence of both formal and substantive civil and political rights, it has thus far failed to create a socially level playing field for all of its citizens. Social citizenship remains an unfulfilled promise for a large part of the population.

In sum, Portuguese democratization is still incomplete. The country remains far removed from a full-fledged democracy. As has been mentioned, the highly unequal social-class system compromises any policies related to the equality of opportunity.

Europeanization and Democratization

I will not delineate here a detailed history of how Europeanization became an integral part of the European integration process. In brief, the Europeanization of national polity, politics, and policy became a truly important phenomenon after Jacques Delors assumed the presidency of the European Commission in 1985. Before that point, the attempts of coordination coming from the supranational level were quite timid. Through the so-called Luxembourg compromise of 1966, intergovernmentalism (meaning the dominance of the member states in shaping the European Community [EC]) had become central to any attempts by the European Commission to expand European policymaking. The two terms of the Jacques Delors presidency changed all that. His strategic vision based on the "Russian dolls" approach led to the creation of the Single European Market, the establishment of the Economic and Monetary Union, and the upgrading of cooperation in political affairs to cooperation in foreign and security policy and then finally to cooperation in justice and internal affairs (Ross, 1995:39). The Single European Act, ratified in 1987, and the Treaty of Maastricht (Treaty

on European Union), ratified in 1993, effectively created enough pressure on member states to allow the implementation of a large number of directives in a very short period of time. For the implementation of the directives related to the Single European Act, the deadline was 31 December 1992. The establishment of the third and final phase of the Economic and Monetary Union was accomplished in 1998. In parallel with these extensive projects, several new or revamped policies were developed in order to facilitate and accelerate the Single European Market and the Economic and Monetary Union. Mark Pollack (1994, 2000) referred to this as "creeping incrementalism," a process that peaked in the early 1990s and finished with the end of Jacques Delors's second term as president of the European Commission. A fairly good measure of the growing importance of the concept of Europeanization is the number of scientific articles that have been published on the subject. Through an analysis of the database of the Social Sciences Citation Index, Kevin Featherstone (2003:5) found that five articles on the subject were published between 1981 and 1989, while between 1990 and 1999 the number of such articles grew to sixty-five; in 2000–2001, a further forty-six research contributions appeared in top indexed journals.

This highlights the fact that Portugal (along with the other southern European countries) accessed the European Community during a period of transition from its previous low-intensity "intergovernmentalist" model of European integration to the current long-term, high-intensity, supranationally and strategically defined European Union. The new southern EU member states thus accessed the European Union at a time when the visionary president of the European Commission, Jacques Delors, was introducing a number of dynamic changes in a project referred to as "Eurosclerosis," meaning primarily that the European integration process was stagnating.

As noted, there is a burgeoning literature focusing on Europeanization (e.g., Ladrech, 2010; Falkner et al., 2005; Bulmer and Lequesne, 2005; Knill, 2001). Among these numerous studies and theories, Claudio Radaelli's definition of the process of Europeanization seems to be the most complete and is therefore important to reproduce here. Radaelli defines "Europeanization" as follows: "Processes of (a) construction, (b) diffusion and (c) institutionalisation of formal and informal procedures, policy paradigms, styles, 'ways of doing things' and shared beliefs and norms that are first defined and consolidated in the making of EU public policy and politics and then incorporated in the logic of domestic discourse, identities, political structures, and public policies" (2003:30).

Europeanization is a top-down asymmetrical process in which the member state must incorporate directives, policy guidelines, and other aspects of public policy into its national politics. This has inevitable consequences for the polity and the politics of the country. In parallel with this top-down process, one can also identify horizontal transnational Europeanization processes that are specifically aimed at achieving the convergence of policymaking in certain areas, such as administrative reform, education, employment, and economic policy.

To this end, an open method of coordination is used, based on an ongoing peer review by the other member states, which sometimes entails punitive financial action when a country has not complied with the recommendations issued by the respective forum. At present, the budgetary supervision of member states, the so-called European semester, is conducted at the beginning of each year. This type of horizontal Europeanization is no longer merely intergovernmental, but rather transgovernmental, meaning that national interests are slowly being replaced by a common strategy and interests, albeit over a long period of time.

While the Europeanization of national politics has been at the forefront of studies on European integration in recent years, there is also another side to the coin, which I would call the domestication of European politics. Further integration has led to the emergence of a multilevel domestic space in which national public spaces are more and more completely integrated into a larger European whole (Magone, 2011a:165–166). This domestication of European politics can be observed in the euro crisis and the sovereign bond crisis. Since 2009, the debt crisis in Greece has become a domestic European issue because it has negatively affected the prospects of the eurozone, but also those of Ireland, Portugal, Spain, Italy and Cyprus. Another example of domestication can be seen during the Portuguese EU presidency in 2000, when Austria's conservative People's Party (Österreichische Volkspartei [ÖVP]) and its Eurosceptic, anti-immigration Freedom Party (Freiheitliche Partei Österreichische [FPÖ]) formed a coalition government, leading to protests by the governments of France and Belgium; these nations were afraid that this action could set a precedent for the large extreme-right-wing parties in their own countries (the National Front and the Flemish Interest, respectively). Following the recommendations of the "Three Wise Men Report" in monitoring the situation in Austria, the European Commission now has a commissioner responsible for human rights in the EU who can intervene whenever a member state does not comply with the democratic values enshrined in the Treaty of Lisbon and the Charter of Fundamental Rights (Kopeinig and Kotanko, 2000; Pernthaler and Hilpold, 2000; Merlingen, Mudde, and Sedelmeier, 2001). In the course of the European Commission under the presidency of José Manuel Durão Barroso, Commissioner Vivian Reding of Ireland took on this role and had occasion to intervene in Hungary (due to the changes to the national constitution proposed by Prime Minister Viktor Orban in 2012) and in Romania (after Viktor Ponta approved legislation by emergency decree, suspended the mandate of President Traian B sescu through a parliamentary vote, and ignored a ruling by the Constitutional Court to reinstate President B sescu, declaring it to be nonbinding). B sescu was replaced in the interim by Crin Antonescu, who was the president of the Senate and a member of Viktor Ponta's party (*Euractiv,* 6 July 2012). In addition, governments can also promote new policy areas that will then become part of the domestic European agenda. The best examples of this have been the efforts of former French prime minister Lionel Jospin in 1997 and former Portuguese
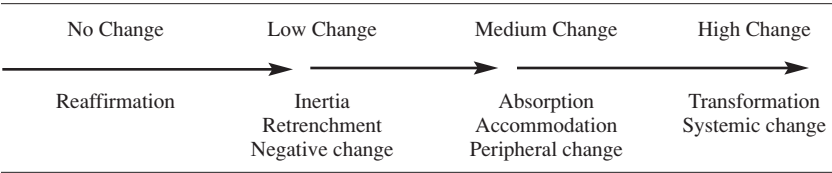
prime minister António Guterres to achieve more employment coordination at the European level (Cole, 2001; Magone, 2004:202–204).

In this book, I am only partially interested in the domestication of European politics. My focus is primarily at the national level, centering on how Europeanization is contributing to improvements in the quality of Portuguese democracy. Portugal resembles all other southern European countries in its approach toward the European Union. The country regards the European Union as an important external link with respect to modernizing and improving the quality of its democracy (Dyson and Featherstone, 1996). In many ways, this external-link approach has been pursued by political elites without any real reflection about its implications for the country. Many policies decided at the EU level have been implemented without proper consideration of how they will affect the quality of life of the population. The European cohesion policy is probably the best example. Portugal has been receiving structural funds for more than twenty-five years, however, the structure of the economy and the social stratification of society have not changed at all. This indicates that the Portuguese government has been able to absorb the funding provided by the European Union, but has failed to create a more sustainable economy or a more qualified work force. One of the reasons underlying this failure is that public policy in Portugal is still conducted in a top-down centralized fashion, in which policymakers maintain their patronizing and paternalist attitude toward the population. This means that the population is generally not asked about new projects in their community; when they are asked, it is merely a pro forma consultation intended to satisfy the requirements set out in Brussels. Policymaking is conducted in Lisbon and then discussed perfunctorily with local authorities. In the end, this centralized mode of policymaking is not responsive to the needs of the local population; policymakers prefer to invest in infrastructure because such projects are concrete and visible, while investment in people is "invisible" and can therefore be neglected.[1] Europeanization through a European public policy more directly related to the structural funds in a way that would have allowed the local population to have greater input and ownership in the projects could have been an important factor in enhancing the quality of democracy. Instead, however, a top-down, heavily bureaucratic decisionmaking process was carried out by paternalist policymakers who were unfamiliar with the local authorities and circumstances as they planned projects.[2]

Tanja Börzel (2005) developed a spectrum of possible outcomes for Europeanization attempts in various countries. In some countries, one can observe a complete transformation in the sense of Radaelli's definition; in other countries, one sees only inertia (see Figure 1.1).

The Portuguese institutional and policymaking framework is well adapted and is a good fit (more or less) with the supranational decisionmaking process, but this adaptation has been achieved at the cost of democracy—namely, the almost complete exclusion of civil society and other actors from the process.

Figure 1.1 Impact of Europeanization on EU Member States

No Change	Low Change	Medium Change	High Change
Reaffirmation	Inertia Retrenchment Negative change	Absorption Accommodation Peripheral change	Transformation Systemic change

Source: Börzel, 2005:59.

In this sense, the paternalist and patronizing administrative and political elites have absorbed and accommodated the demands of the European policymaking process. This indicates that the Portuguese administrative machinery is well suited to the supranational level, as there are no other relevant players that delay decisionmaking processes, but the subsequent implementation process is quite dull and technocratic, permitting the population no voice or ownership in the system. The institutional and policymaking "good fit" has had high costs in terms of democratic quality (for more, see Chapter 10).

In the case of Portugal, democratic institutionalization has been conflated with Europeanization, such that the further democratization process has been hidden by the pressures of the European integration process. However, Europeanization requires a highly advanced governance model that includes features that Portugal still lacks, such as strong public institutions, a strong civil society, and a strong private economic sector. The problems of this mismatch between the supranational and national levels in terms of accountability, transparency, and responsiveness have become quite evident.

Europeanization by Stealth:
Implementing the Memorandum of Understanding

Before I turn to the other chapters, it is essential that I give an overview of the implementation process of the troika's 2011 memorandum of understanding. Since then, the Portuguese government has been engaged in fulfilling the targets set out in the memorandum; as a result, policymaking has been centered around the memorandum and the comprehensive strategy specified therein. Despite the Portuguese government's fulfillment of most of these targets, the outcome has been the deterioration of the national economy and social situation, even worse than had been expected. At the end of 2012, Portugal's budget deficit was 6.4 percent of its gross domestic product (GDP), well above the revised target of 5 percent agreed upon with the troika, and public debt was 123.6 percent of GDP well above the 60 percent allowed by the European Commission (Eurostat, 2013).

Portugal has had to implement measures and reforms from the memorandum in a very short period of time. Here, I give a brief overview of the measures and the problems associated with them; more in-depth analyses of the measures and reforms are presented in the respective chapters. Among these measures and reforms are some that may be politically and socially costly at the present but that could pay off in decades to come. The time factor is also an important category for grouping the various measures: there are short-term, medium-term, and long-term measures and reforms.

Short-term measures and reforms are generally related to Portugal's economic governance. These measures seek to facilitate a considerable improvement in budgetary streamlining in order to reduce the country's budget deficit. Moreover, significant actions have been undertaken to assess the global debt owed to providers within the country. This is a major problem in Portugal that has been exacerbated by the bad example set by state institutions in terms of timely payments: many construction enterprises in the country have had to file for bankruptcy, because the national and local public authorities have not paid their bills. According to estimates made by the Portuguese Association of Civil Construction and Public Works (Associação Portuguesa de Construção Civil e Obras Públicas [APCCOP]), the state owed €1.55 billion to construction enterprises in mid-2012, with most of the debt owed by local governments (*Diário de Notícias,* 24 July 2012). Today, most websites of Portuguese authorities feature a file dedicated to unpaid debts to providers.

Other short-term measures and reforms are connected to the financial sector. The banking sector is now under considerable scrutiny from government authorities, in part because a portion of the country's €78 billion bailout is dedicated to the recapitalization of the banks in Portugal. The banks form an important and powerful interest group, which had lobbied the former government of José Sócrates to ask for a bailout. In the package, an amount of €12 billion is reserved for the recapitalization of the banking sector. Further reforms include the liberalization of markets for goods and services in Portugal.

Medium-term measures are generally associated with the overhaul of present and future public-private partnerships. Thus far, such partnerships have overwhelmingly resulted in negative experiences for the state. In most cases, the state has incurred losses in the partnerships that must be paid by the taxpayers. Overall, the state has thus far been a bad negotiator in these partnerships (Moreno, 2010).

Further medium-term measures to reduce the budget deficit and public debt situation have involved the rapid privatization of Portuguese public enterprises, particularly those that were incurring large debts. Among these negative examples are the Portuguese national airline, the nationalized bank, and the freight branch of the national railways. An attempt to privatize the national airline in December 2012 failed because no serious buyer emerged at the end of the competition. One major problem is the airline's high level of debt and the archaic

industrial relations still prevalent in the company. In contrast, the national electric company was able to attract investment from the Chinese Three Gorges Investment Corporation, which holds a share of 24.5 percent as of 2011; in addition, Portugal's national airports were sold to the French consortium Vinci for €3 billion. However, on the one hand, the Vinci consortium negotiated a highly favorable contract, ensuring €3.7 billion for the construction of the new airport in Lisbon and the exclusive rights to run it. As a result, the French company will earn sizable profits, confirming the reputation of the Portuguese state as a bad negotiator. On the other hand, the Vinci Consortium has to work closely with the Portuguese government in terms of a strategic partnership in the development of airports across Portugal. Government sources made aware that between year 11 and 50, the Portuguese government is entitled to between 1 and 10 percent of the profit made by the company. It is estimated that a further €2.2 billion in state revenue will be disbursed to the public purse (*Expresso*, 27 December 2012; *Semanário Económico,* 22 February 2013; *Expresso*, 17 September 2013). A detailed discussion of economic governance can be found in Chapter 10.

The health sector is also under considerable pressure to cut back its pharmaceutical expenses. There has been a general shift toward buying pharmaceuticals online to reduce costs. The national health service still owes a significant amount of money to pharmaceutical companies, with its debt rising to €1.1 billion in December 2012. The pharmaceutical company La Roche suspended delivery of pharmaceuticals to twenty-six hospital units due to nonpayment of bills at the end of February 2012 (*Público,* 27 February 2012; *Público,* 5 March 2012).

The long-term reforms included in the troika's 2011 memorandum of understanding are more complicated. I discuss all these reforms in the respective chapters; however, a general overview here illustrates how much pressure the Portuguese government is under to achieve positive results from the implementation. These long-term reforms also have important implications for changes in management in the shift from a procedural to a substantive democracy. The reform of the public administration has been in progress with mixed results; the memorandum now sets out additional measures intended to make the state smaller and more efficient. This is an area that will be addressed in greater detail in Chapter 4. One major problem is the lack of a strategic agreement between the two main parties to move in the same direction and emphasize the continuity of reform. Another important long-term reform is found in the decentralization agenda of the memorandum, which envisages changes in local governance. However, this reform has been organized in a rush, leading to protests by functionaries in local governments (see Chapter 9).

Another important reform that began before the troika's intervention involves the judicial sector. The Portuguese courts are quite inefficient, slow, and archaic in their organization. Judicial reforms started during the Sócrates

governments and were continued by the government of Pedro Passos Coelho. A general assessment is presented in Chapter 7.

Methodological Notes and Structure of the Book

This book is based on my research on Portugal over the past twenty-five years. Thus far, this research has led to the publication of two books just on the Portuguese case (after twenty and thirty years of democracy, respectively). Moreover, I have written several journal articles and book chapters on the subject over the years. A considerable number of these studies are included in the references to permit more intensive research. All of these studies are based on extensive field research over the years, including interviews with members of parliament, ministers, policymakers, and the general population. In this book, my accumulated research is at times presented in a simplified form, but this overview can be complemented by the examination of more specific research laid out in other books, chapters, and articles.

For this book, I conducted new interviews, which were undertaken to allow a better understanding of the implementation of the structural funds; these interviews provide new information that cannot be found elsewhere and were primarily conducted for the book. A general overview of the quality of democracy in Portugal is a difficult undertaking, and I am completely responsible for any mistakes, gaps, or shortcomings.

I have utilized most of the primary and secondary resources relevant to the various topics. Portugal now boasts one of the best electronic government policies in the European Union, with a huge amount of information provided on most government websites. The digitalization of many of these primary documents has created an excellent resource for researchers.

In addition to intensive field research over the past decade in specialized libraries in the ministries and public institutions in Lisbon, I have also made the effort to read all of the secondary literature produced by Portuguese and foreign political scientists. This was a much easier task some twenty-five years ago; nowadays, it has become nearly impossible due to the substantial growth of the discipline in Portugal. A number of young Portuguese political scientists are now well integrated in the international circuits of research and are publishing extensively. It has become quite difficult for me to keep track of every publication; however, I have made an effort to obtain all the relevant studies.

The most important Portuguese newspapers and their online archives are also a valuable source of information. I have extensively referenced *Diário de Notícias, Público, Jornal de Notícias,* and the weekly newspapers *Expresso* and *Semanário Económico.* A valuable source of more critical information is the weekly magazine *Visão*. In order to avoid biased information, I have used a certain amount of "triangulation" by researching topics in more than one newspaper.

I begin my analysis, in Chapter 2, with a discussion of Portugal's historical legacy and the socioeconomic path-dependent aspects of the political development of the country. This is followed by discussions of the core institutions of the political system (the presidency, government, and parliament), and the reform of the public administration, in Chapters 3 and 4 respectively. A review of the party system and elections can be found in Chapter 5, followed by a discussion of interest groups in Chapter 6. Next, Chapter 7 addresses the judicial sector, an area that will require radical reform in order to restore trust in Portuguese justice. A crucial study of civil society and political culture is found in Chapter 8, while local government and the autonomous regions of Madeira and the Azores are the main topics of Chapter 9. The next two chapters are devoted to European and international dimensions, with Chapter 10 outlining the growing impact of the European Union on national public policies, and Chapter 11 dealing with foreign and defense policy. In Chapter 12, the book closes with some thoughts on the future development of Portugal.

Conclusion

Although Portugal is a part of the European Union, its quality of democracy lags considerably behind that of other member states. There are several reasons underlying the country's underdevelopment in this area.

First, although Portugal has achieved great success in terms of procedural democracy, its political system remains deficient in its substantive dimension. The result has been that its democracy has not greatly evolved over the past four decades. The system remains as unequal today as it was during the authoritarian regime preceding the 1974 revolution.

Second, although a great deal of funding has been spent to improve education, the health sector, and other policy areas, the results have been mediocre, reinforcing the assessment of the country as a stalled democracy.

Third, politicians and policymakers have adopted models of governance from the European Union and the Organization for Economic Cooperation and Development (OECD) that only partially correspond to reality on the ground in Portugal. These models of governance have created even more problems and have been quite expensive for the state. The ill-considered adoption of such models without a strategic outlook has further reinforced the general atmosphere of crisis and lack of orientation.

Fourth, Portugal is far removed from the model of a social market economy represented in the Treaty of Lisbon. The political economy of the country is semi-peripheral, meaning that it has the superficial features of a modern advanced economy; however, when one examines the country's business enterprises more closely, a picture emerges of low productivity due both to the low level of worker qualifications and to poor human-resource management.

Notes

1. Interview with a senior official of QREN, 9 June 2010, Lisbon; interview with a senior official of the Ministry of Territorial Restructuring, 9 June 2010, Lisbon.

2. Ibid.