

## Portugal: Political Developments and Data in 2020

JOSÉ M. MAGONE

*Berlin School of Economics and Law, Berlin, Germany*

### Introduction

The worldwide Covid-19 pandemic crisis virus dominated Portuguese politics in 2020. Emergency politics and executive crisis management characterized the whole year, sidelining Parliament and the opposition parties. In October, elections in the autonomous region of the archipelago of the Azores took place and the campaign began for the presidential election of 24 January of the following year.

### Election report

*Elections of the autonomous region of the Azores, 25 October 2020*

Portugal is a unitary, highly centralized state; however, it conceded autonomy to two island archipelagos in the mid-Atlantic, namely Madeira and Azores. The autonomous region of the Azores consists of nine islands and has a population of about 242,000 inhabitants. Their ultra-peripheral location and fragmentation of the territory are two significant factors for the archipelago's continuing underdevelopment.

Throughout October, politicians from the continent descended upon the Azores, particularly on the weekends, to help their local colleagues in the election taking place on 25 October 2020. The campaign took place under quite restricted sanitary conditions due to the Covid-19 pandemic. Therefore, the election was a significant rehearsal for the forthcoming national presidential elections on 24 January 2021.

The autonomous region of the Azores was ruled by the Socialist Party/*Partido Socialista* (PS) under Vasco Cordeiro's presidency, with an absolute majority for two decades. The opposition's main aim was to break the Socialist's absolute majority and eventually replace it with an alternative government. Although regional issues dominated the election, it also represented the first test for the October 2019 re-elected socialist Antonio Costa government at the national level and its crisis management of the pandemic.

The main challenger to Vasco Cordeiro was the regional leader of the Social Democratic Party/*Partido Social-Democrata* (PSD) José Manuel Bolieiro, former mayor of the main city of Ponta Delgada. He particularly targeted the discriminatory way in which the Socialist government tended to distribute social handouts among municipalities. It characterized the government of Vasco Cordeiro as arrogant. All the other parties were relatively small

---

[Correction added on 2 November 2021, after first online publication: Copyright line has been updated in this version.]

but potentially able to play a decisive role as kingmakers. Therefore, this was also a test of the new minor parties representing the October 2019 legislative elections. Traditionally, the Center Democratic Social party/*Centro Democrático Social-Partido Popular* (CDS-PP) was well-rooted in the Azores, so it was expected that it would gain parliamentary representation. Moreover, the Monarchic People's Party/*Partido Popular Monárquico* (PPM) tried to keep its one seat from the 2016 elections. However, on the right, the new right-populist Chega! (Enough) was predicted to challenge the CDS-PP and the Communist Party/*Partido Comunista Português* (PCP) and gain representation in the regional legislative assembly. Other smaller parties on the left and right had a chance to get MPs elected, namely the Block of the Left/*Bloco da Esquerda* (BE), the Party of People, Animals and Nature/*Partido das Pessoas, Animais e Natureza* (PAN), and the Liberal Initiative/*Iniciativa Liberal* (IL).

On election day, the absolute majority of Vasco Cordeiro's socialist government collapsed due to heavy losses. While in 2016 the PS had 49 per cent and 30 seats out of 57, the figures had decreased to 39 per cent and 25 seats. The big winner was the PSD, increasing its share of the vote and seats respectively from 30.89 per cent and 19 seats to 33.74 per cent and 21 seats. Moreover, other smaller parties were able to gain representation. On the right, both the CDS and PPM were able to hold on to their seats, three and one, respectively, and gain an additional seat in a constituency where both parties run as an electoral alliance. On the left, the BE was able to keep its representation at 3.81 per cent and two seats, while PAN gained one seat. The big winner was André Ventura's new right-populist party Chega!, which won 5.06 per cent and two seats, apart from the PSD. Moreover, LI also got one seat. However, one negative aspect of the regional elections is that the largest group of voters remained those who abstained. In 2020, 54.58 per cent did not vote, but this was slightly better than in 2016, when abstention had reached 59.16 per cent (Governo dos Açores, 2021).

The results led to a very divided and fragmented regional assembly and complex negotiations to form a new government. Finally, on 20 November 2020, a new right-centre coalition government consisting of the PSD, CDS-PP and PPM took over as the 13th Executive of the Azores. Together they had 26 seats out of 57 in the regional assembly, still short of an absolute majority. However, the new executive signed parliamentary pacts with Chega! and LI so reaching the absolute majority of 29 seats.

Nationally, this was a significant defeat for the ruling Socialists of Antonio Costa, and the first signs of significant discontentment with the government's crisis management. A major issue in national politics was that the right-centre coalition government in the Azores relied on the parliamentary support of the new right-populist Chega! leading to a further polarization of the party system between left and right. In many ways, the new constellation of forces on the Azores' right was just a copycat of what the Socialists had done on the left with the radical left-wing parties BE and Communists in 2015 at the national level.

## **Cabinet report**

### *Reshuffle on 15 June 2020: New Finance Minister João Leão*

On 15 June 2020, Finance Minister Mário Centeno resigned and passed on his job to his state secretary João Leão. The main reason for Centeno's resignation was that Costa's

government wanted to nominate him as governor of the Bank of Portugal. In fact, a month later, on 16 July, the council of ministers confirmed him as the new governor despite opposition and reservations from all political parties in Parliament. Centeno became governor of the Bank of Portugal on 20 July.

His successor Leão is an economist with excellent credentials. He possesses a doctorate in economics from the Massachusetts Institute of Technology (MIT). He is a university professor at the prestigious Institute of Labour Sciences and Enterprise (ISCTE) in Lisbon. Between 2010 and 2014, he worked as director of the Research Unit for Economic Sciences in the Ministry of Finances and became the State Secretary for Budget Matters in the first Costa government, and then in the second until Centeno resigned (See Table 1).

## **Parliament report**

### *Negotiations for a belated budget 2020*

Due to the 2019 October elections, there was a considerable delay in approving the budget for 2020. Negotiations between the minority Socialist government under Antonio Costa and the two radical left-wing parties, BE and the Communists, were only completed in February. While the first Costa government was entirely dependent on these two parties, the arrival of new parties, particularly the Ecologist Party's rise, allowed for more flexibility. Originally, Prime Minister Costa aimed to repeat the cooperation between the two left-wing parties, the Communists (PCP-Partido Ecologista "Os Verdes" (PEV)) and the BE, in Parliament based on a written agreement. However, the Communists were not very keen to give a *carte blanche* to Costa's government, so that the Socialist government had to look for support and variable majorities for each different issue. After inconclusive negotiations, the budget 2020 was approved just with the Socialists' votes (108), while the right-wing parties PSD, CDS-PP, Chega! and IL (in total 86) voted against it. The other parties BE, the Communists, PAN and Livre (in total 36) abstained. This negative majority was not a good result for the Costa government.

### *Negotiations for the supplementary budget 2020 in June and July*

By the end of February, Portugal was beginning to suffer under the Covid-19 pandemic. Therefore, the executive had to develop a package of measures to soften the pandemic's impact on the population. One of the most important measures was introducing a simplified layoff measure, which was very similar to short work used in Germany, Austria and other countries during the economic crisis. Most funding of this measure came from cheap credits of the Support to mitigate Unemployment Risks in an Emergency (SURE) programme set up by the European Commission. Portugal requested about €5.9 billion for three years. Other measures included moratoria on paying back credits, tax reductions and other business-friendly measures. Due to the increased expenditure, the Costa government had to ask for a supplementary budget to cover it. This budget was negotiated in Parliament. However, the opposition had a difficult time making their voice heard due to the crisis's urgency. On 3 July 2020, the supplementary budget was approved again just with the votes

Table 1. Cabinet composition of Antonio Costa II in Portugal in 2020

Duration of Cabinet	Inception	26 October 2019	Dissolution	Still in office
Period covered by table	From	1 January 2020	Until	31 December 2020
Type of Cabinet	Single Party Minority			
A.				
Party/gender composition on 1 January 2020		Seats in Cabinet	Seats held by women	Seats in Parliament
		N	% of party	N
Socialist Party	<i>Partido Socialista</i> (PS)	13	72.2%	108
Independents		5	27.8%	0
Totals		18	100.0%	108
B.				
*Composition of Antonio Costa Cabinet on 1 January 2020				
See previous editions of the <i>Political Data Yearbook</i> for Portugal or <a href="http://politicaldatayearbook.com">http://politicaldatayearbook.com</a>				



of the Socialist parliamentary group (108) and the abstention of the PSD, BE, PAN and an independent MP (in total 103); the Communists, CDS, Chega! and IL voted against (19).

### *Budget negotiations for the budget 2021 in October and November*

Negotiations for the 2021 budget started in the summer and intensified in the autumn. The preference of Prime Minister Costa was to have a long-term commitment over the period of a legislature. However, none of the parties was willing to support such a proposal. Therefore, Costa had again to win over the parties on the left to get the budget approved. Early in the process, he had discarded the possibility of negotiating with the main opposition party PSD because this would mean the end of his government. However, during the negotiations, the left-wing parties wanted too many concessions that the dire economic situation did not allow. Despite this fact, the Socialist government conceded considerable amendments to the budget bill from the Communists. Out of the 73 Communist amendment proposals, 56 were approved and a further 17 partially. The Communists could get more €600 million added to the budget, a large part to be invested in the ailing National Health Service. Due to the input of the Communists, more social expenditure, notably to support the unemployed and laid-off workers, was included (Expresso, 28 November 2020).

On 26 November, the budget 2021 was approved with a negative majority, again for the third time in the year. Just the socialists voted for the bill (108) supported by the abstention of the Communists–Greens, PAN and two independent MPs (in total 18), while BE, PSD, CDS-PP, Chega! and IL voted against (105).

### *Reform of the Standing Orders of Parliament by the Constitutional Matters Committee*

In 2020, the Committee for Constitutional Matters reviewed and updated the Standing Orders of Parliament. Despite the difficulty of the Socialist minority government, Costa managed to get the main opposition party, PSD, to approve the budgetary bills, and there was quite considerable cooperation and agreement in this area.

Probably a pretty controversial agreement was to abolish the fortnightly debates with the Prime Minister (similar to question time). However, PSD leader Rui Rio suggested abolishing this rule and reducing it to once a month. The final draft stipulated that the Prime Minister should be in Parliament for question time, at least once a month. In reality, due to other official appearances of the Prime Minister in Parliament, such as reporting on developments in the European Union (EU), the budget debate and the state of the nation speech, question time was reduced to every two months. Many MPs of the Socialist and Social Democratic group dissented from the official position. PSD leader Rui Rio was criticized for proposing and supporting such a move, and gladly accepted by the government party. In the final vote on 24 July 2020, seven PSD and 28 PS MPs voted against the revised version of the Standing Orders. A further five MPs of the PS abstained (overall one-third of PS MPs dissented). Overall, the final vote was 152 for the revision and 78 against. This bipartisan agreement represented a major blow to democratic accountability of government to Parliament, and an impoverishment of the democratic debate. Opposition leader Rio was criticized for not discussing the revised

version within the PSD parliamentary group and not informing properly about the desired vote of the parliamentary group, exposing a lack of transparency and democracy within the party.

*Pseudo-regionalization: The indirect election of the presidents of the regional coordinating commissions*

Despite Madeira and Azores being autonomous regions in the mid-Atlantic, Portugal is one of the most centralized member states of the EU. In continental Portugal, the government devolved its policy management and implementation to five so-called regional coordinating development commissions (*Comissões de Coordenação de Desenvolvimento Regional – CCDR*) in the North, Center, Lisbon and Tagus Valley (based in Lisbon), Alentejo (based in Beja) and Algarve. As reported last year, the Socialist government was very keen to push the regionalization onto the governmental agenda. A Commission on Regionalization under the leadership of Socialist eminence grise João Cravinho was set up with a report advocating direct elections of the region's president (Magone, 2020). However, the government decided to implement a lighter version by introducing indirectly elected presidents of the CCDRs without additional powers. The elected representatives would elect the regional presidents at the local level in the region. Again here, the PSD gave its support to the new form of electing these regional commissions' presidents. However, the agreement turned out to be an opaque charade because the candidates for the individual CCDRs had been already agreed and allocated between the two parties before the elections. The PSD would get the North and Center's presidency, and PS those of Lisbon and Tagus Valley, Alentejo, and Algarve. Parliament approved new legislation on 23 July with PS and PSD votes; all the other parties were against it.

*MP defections among the minor parties*

In 2020, there were two defections of MPs in the PAN and in the Livre. In the former Cristina Rodrigues left the party and became an independent MP due to the growing centralization and betrayal of principles by leader André Silva. PAN also lost its only MEP for the same reasons. Livre withdrew its confidence in MP Joacine Katar-Moreira due to her votes against the party's directions. She became an independent MP with Rodrigues (Table 2).

## **Political party report**

After the legislative election of October 2019, there were leadership elections in the two moderate right-centre parties: the PSD and CDS-PP.

*Leadership contest in the PSD in January*

The leadership contest of the PSD took place in January. Rui Rio was challenged by Luis Montenegro, former chair of the parliamentary group, and Miguel Pinto Luz. In the first round on 11 January, Rui Rio got 48.5 per cent of the 32,082 votes (participation of 79 per cent), Luis Montenegro 40.9 per cent and Miguel Pinto Luz 9.4 per cent. With the candidates

Table 2. Party and gender composition of the Assembleia da República (Assembly of the Republic) in Portugal in 2020

Party	1 January 2020				31 December 2020			
	All		Women		All		Women	
	N	%	N	%	N	%	N	%
Socialist Party	108	47.0%	45	41.6%	108	47.0%	52	48.1%
Social Democratic Party	79	34.3%	26	33.0%	79	34.3%	27	34.2%
Block of the Left	19	8.3%	9	47.4%	19	8.3%	9	47.4%
Communist Party	10	4.3%	4	40.0%	10	4.3%	4	40.0%
Democratic Social Center–People’s Party	5	2.1%	3	60.0%	5	2.1%	2	40.0%
Party of the People, Animals and Nature <sup>a</sup>	4	1.7%	3	75.0%	3	1.3%	2 <sup>b</sup>	66.6%
Liberal Initiative	1	0.4%	0	0.0%	1	0.4%	0	0.0%
Enough!	1	0.4%	0	0.0%	1	0.4%	0	0.0%
Free	1	0.4%	1	100%	0	0.0%	0	0.0%
Independents	0	0.0%	0	0.0%	2	0.8%	2	100.0%
Totals	228	98.9%	91	39.9%	228	98.9%	98	43.0%

Notes: <sup>a</sup> Due to a disagreement, one of the female MPs, Cristina Rodrigues, became independent on 25 June 2020.

<sup>b</sup> Due to a disagreement, only female MPs became independent on 3 February 2020.

Sources: Assembleia da República (2020: 3; 2021).



failing to achieve more than 50 per cent of the vote, a second round took place a week later. Rio won 52.7 per cent out of 32,582 votes (participation of 80.2 per cent), beating Luis Montenegro with 46.3 per cent. On 7 February, Rio was re-confirmed as the party president in the 38th party conference in Viana do Castelo (PSD, 2021).

### *New leader in the CDS-PP in January*

After the resignation of party leader Assunção Cristas due to a disastrous electoral result on the night of the legislative election in October 2019, the Christian Democratic CDS-PP had to find a new president. On the 28th party conference of 24–26 January, which took place in Aveiro, Francisco Rodrigues dos Santos (also known under his nickname ‘Chicão’), a former leader of the party’s youth organization, was elected as president. There were three candidates, but Rodrigues dos Santos prevailed with his motion ‘To Believe Again’ (*Voltar a Acreditar*). He got 46 per cent of votes from the 1449 delegates. Rodrigues dos Santos is known for his controversial conservative positions such as his opposition to gay marriage (O Público, 26 January 2020; Table 3).

## **Issues in national politics**

### *Crisis management of Covid-19*

Although 2020 had started well, by the end of February Covid-19 began to dominate Portuguese life. The containment of the spread of Covid-19 became the government’s main priority like in most governments around the world. Periods of lockdown were followed by re-openings throughout the year. The government approved several packages of measures to support the population during lockdown periods. A simplified lay-off measure, similar to the short-work measures adopted in Germany, Austria and other EU countries, was used to help enterprises and their employees. The problem for the minority Socialist government was that there was no funding available in the coffers of the state due to the relatively high public debt of over 115 per cent at the end of 2019. A pretty considerable amount of funding for the measures came from cheap credits of the EU. Mainly, the European Commission’s SURE programme for employment measures was used to pay for the additional costs. In total, the Portuguese government requested €5.9 billion for a three-year period, which was then included in the respective supplementary budget for 2020, and the one of 2021. It had received the first instalment of €3 billion (Publico, 25 August 2020; 1 December 2020). The layoff covered an estimated 900,000–1 million people through the programme, which was extended until the end of the year, and the following year 2021. This measure was upgraded in the budget 2021 due to the insistence of the Communists.

Covid-19 led also to the collapse of many small and medium-sized enterprises as well as large ones. The government had particularly to deal with the national airline TAP’s continuing problems because it had still a share of 51 per cent in it. Covid-19 reduced air traffic considerably, and this put most European aviation companies under pressure. However, TAP was a particular case because it was already in bad shape before the pandemic, so that it did not qualify for provisional state aid to deal with the crisis.

Table 3. Changes in political parties in Portugal in 2020

A. Party institutional changes in 2020						
Democratic and Social Centre–People’s Party	<i>Centro Democrático Social–Partido Popular</i>	(CDS-PP)	New leadership under the new leadership of Francisco Rodrigues dos Santos	1988	Male	CDS-PP
						Replaces Assunção Cristas after her resignation and defeat in the legislative elections 2019

Instead, it could only claim state aid for a radical, painful restructuring of the airline. The Costa government decided to force the principal private investor, the US investor David Neeleman, out of the company by buying him out with a much-reduced amount, keeping just the Portuguese leading partner Humberto Pedrosa. Despite resistance by Neeleman, in the end he left the company. This led to the almost nationalization of the airline because the Portuguese government had increased its share from 51 to 73 per cent. In return, the government gave a credit of €1.9 billion for the restructuring process.

The second major problem was Novo Banco, the former Banco Espírito Santo, that collapsed in summer 2014. Despite its privatization to a US investor Lone Star in 2014, Novo Banco continued receiving yearly funding from the state and the banking resolution fund. In June 2020, Novo Banco received €750 million from the government, although a precondition for any funding was for it to conduct a proper bank audit. However, Finance Minister Centeno transferred the sum before the audit was finished. This precipitated transfer led to major criticisms of the opposition parties in Parliament. Further funding was expected for Novo Banco until the end of the year, however the calls of the opposition for the audit increased even further.

#### *Negotiating and awaiting new EU funding: The EU budget 2021–27*

The Portuguese government was also very keen to get substantial funding from the next budget of the EU for the period 2021–27. At the beginning of the year, the situation was quite pessimistic, with possible cuts in funding and increasing the necessary contribution from 15 per cent to 30 per cent. After considerable pressure from Italy and Spain, which had suffered most from the pandemic crisis in the first half of the year, everything changed so that apart from the typical multiannual financial framework (MFF) of about €1 trillion, a provisional Next Generation funding of €750 billion was negotiated and added to the budget. Portugal was allocated €30 billion from the MFF and €15.5 billion from Next Generation, funding a large part as non-repayable grants. In total, over €45 billion was allocated to Portugal.

Prime Minister Antonio Costa hired a consultant António Costa Silva (a similar name) to develop a recovery plan for Portugal in May 2020. His main task was to create a strategic plan to use the incoming funding strategically. The overall plan should be for a decade until 2030. Costa Silva spoke with many ministers, some representatives of the interest groups, and a plan was drafted at the end of the process. After a short period of online consultation of 14 days with very few contributions, the Prime Minister unveiled the plan. The so-called Plan for Recovery and Resilience 2021–2026 was then sent to the European Commission on 15 October 2020. The plan was designed to absorb the forthcoming funding as much as possible. Therefore, much emphasis was put on infrastructure, the environment and digitalization (República Portuguesa, 2020).

In November and December, the candidates for the presidential elections of 24 January 2021 started their campaigns. Opinion polls predicted a comfortable victory for incumbent president Marcelo Rebelo de Sousa with more than 60 per cent of the vote in the first round.

## Sources

- Assembleia da República (2020). *Balanço da Actividade Parlamentar. 1 Sessão Legislativa*. Lisboa: *Assembleia da República*. Versão provisória de 24 Julho 2020 posted at Available online at: [https://www.parlamento.pt/Documents/2020/julho/Balanco\\_Atividade\\_Parlamentar\\_CS\\_XIV\\_1\\_1.pdf](https://www.parlamento.pt/Documents/2020/julho/Balanco_Atividade_Parlamentar_CS_XIV_1_1.pdf) accessed on 2 April 2021
- Assembleia da República (2021). Deputados e Grupos Parlamentares. Database posted on the website Available online at: [https://www.parlamento.pt/DeputadoGP/Paginas/deputados\\_ef.aspx](https://www.parlamento.pt/DeputadoGP/Paginas/deputados_ef.aspx) Accessed on 31 March 2021
- Governo dos Açores (2021). Eleições Assembleia Legislativa Regionais. Posted at Available online at: <http://www.resultadoseleitorais.azores.gov.pt/Resultados.aspx> accessed on 29 March 2020
- Governo de Portugal (2020). 'Composição do Governo posted Available online at: <https://www.portugal.gov.pt/pt/gc21/governo/composicao> accessed on 30 March 2020
- Expresso (28 November 2020). As conquistas do PCP no Orçamento custam €600 milhões (e a somar) posted at Available online at: <https://expresso.pt/politica/2020-11-28-As-conquistas-do-PCP-no-Orcamento-custam-600-milhoes-e-a-somar-> accessed on 29 March 2020
- Partido Social Democrata (2021). Congressos e Eleições Diretas. Posted at Available online at: <https://www.psd.pt/pt/congressos-e-eleicoes-diretas> accessed on 31 March 2021
- Público (2020). Francisco Rodrigues dos Santos é o novo líder do CDS. Moção teve 46% dos votos. Posted at Available online at: <https://www.publico.pt/2020/01/26/politica/noticia/mocao-francisco-rodrigues-santos-votada-congresso-cds-1901737> accessed on 31 March 2021
- República Portuguesa (2020). Recuperar Portugal 2021–2026. Plano de Recuperação e Resiliência. Plano Preliminar 15 October 2020. Posted at Available online at: <https://www.portugal.gov.pt/download-ficheiros/ficheiro.aspx?v=%3d%3dBQAAAB%2bLCAAAAAAABAAzNDAzNgMAAfd%2fsQUAAA%3d> Accessed on 31 May 2020