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What a spectacle!

Portugal's government has collapsed over a scandal, new elections are due — will the country shift to the right or can the Socialists return to power?

After the parliamentary elections in March 2024, hardly anyone would have bet that Luís Montenegro would be Portugal's prime minister for a full 11 months! At the time, many political observers expected his conservative minority government to collapse by autumn 2024 at the latest — when it would fail to secure a parliamentary majority for the national budget. After all, Pedro Nuno Santos, Secretary General of the largest opposition party, the *Partido Socialista* (PS), had promised to make life difficult for the government.

But things turned out differently. Santos had a keen sense of the mood prevailing in the country. The people did not want political polarisation, but simply a functioning government. So instead of withdrawing support from the conservative minority government, he negotiated with Prime Minister Montenegro. The result: the PS abstained from voting on the national budget and thus managed to push through socialist programme points in the conservative government programme for 2025, including a tax cut for low incomes, an increase in the minimum wage and a slight reduction in corporation tax. Portugal now had a 'grand coalition' budget — without a grand coalition.

Santos thereby managed to create a stable political situation and at the same time keep the two camps in the PS together: the centre-left faction, which favours a rapprochement with the conservatives, and the left wing, which strives for cooperation with the smaller left-wing parties. He successfully performed a balancing act between rejecting an official grand coalition, pragmatic cooperation with the conservatives and simultaneously opening up to the left. All he had to do now was wait for Montenegro to shoot himself in the foot. This is exactly what happened last week.

An election marathon

The liberal-conservative weekly *Expresso* got the scandal rolling. It revealed that Montenegro founded a consultancy firm called Spinumviva in 2021 — before he was prime minister or party leader of the conservative PSD. Later, when he became party leader, he transferred the company to his wife. Once he was prime minister, his sons (who were still minors at the time) also joined the business. To this day, the company is based in his private home in Espinho. What the trained lawyer apparently didn't realise was that the income from the consultancy firm founded after the wedding is still considered joint income for the married couple. Montenegro thus earned money – albeit indirectly – from a family business that advised companies on the implementation of laws that he himself initiated as head of government. He now faces accusations of a conflict of interest. Particularly explosive: Spinumviva received €4 500 a month from a casino and hotel chain whose concession rights the Montenegro government had to decide on this year.

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The communists in parliament saw their chance to show up the conservative government. But the government survived the vote of no confidence they had requested — partly because Santos did not want to topple the prime minister for the time being, but rather support him. His condition: Montenegro had to authorise a committee of enquiry to investigate the Spinumviva affair. However, Montenegro took the plunge. In the very same parliamentary session, he began to negotiate his political future as if at a bazaar. He first announced that he would call a vote of confidence — and at the same time rejected the committee of enquiry. Once he realised that the PS was sticking to its demands, however, he tried a deal: he offered to withdraw the vote of confidence if the committee of enquiry was shortened to just 15 days instead of the usual 80. Montenegro even wanted to interrupt the parliamentary session to negotiate behind closed doors with PS Secretary General Santos about the duration of the committee of enquiry. But Santos refused. A spectacle!

In order not to be completely embarrassed by his zigzagging course, Montenegro finally called a vote of confidence — and lost big time. He

was supported only by the Liberals. That same evening, Montenegro submitted his resignation to the conservative President Marcelo Rebelo de Sousa.

Just a few days later, the president dissolved parliament and scheduled new elections for 18 May 2025. In his speech, he emphasised that the assessment of Montenegro's work was not just a legal or political question, but, above all, an ethical and moral judgement about a person and their trustworthiness. With this decision, the Portuguese are facing their third parliamentary election in just three years. Prior to this, Prime Minister António Costa had resigned in November 2024 after the Public Prosecutor General's Office announced an investigation into the granting of benefits. Costa himself has not been found guilty of any offences to date. Portugal is now facing a real election marathon: the regional elections in Madeira in March, followed by the early parliamentary elections on 18 May, national local elections at the end of September and the election of the new president in January 2026. It can't get much busier than that.

Who will come out on top?

Despite the loss of confidence, Montenegro wants to run for prime minister again. Many now fear that this could play into the hands of the right-wing populist Chega party. Apart from the loss of confidence, Montenegro's government record also leaves a lot to be desired: the healthcare system is still ailing, rents and purchase prices continue to rise, and the major infrastructure projects that have kept Portugal busy for two decades now – including the construction of a new airport for Lisbon and the high-speed railway line to Madrid – have made no progress whatsoever. The only ray of hope is a land reform carried out jointly with the PS, which simplifies the conversion of derelict land into urban building land. The main issues of the upcoming election campaign are therefore clear: housing, health, infrastructure and education. It will be a classic camp election campaign. Chega will try to put the issue of internal security on the agenda, even though it is *de facto* irrelevant.

So far, however, it is not Chega but the PS that seems to be benefitting from the early elections. According to a recent poll, the PS has overtaken the conservative Democratic Alliance (*Aliança Democratica*, AD) for the first time. This alliance was forged by the conservative PSD, whose party leader is Montenegro. The PS leads the polls significantly with 30 per cent versus 25 per cent (AD). But the road to power is bumpy for Santos, as a left-of-centre government majority is not possible as things stand. The right-wing populist Chega is still too strong, with a stable 18 per cent, followed by the Liberals with seven per cent. The four small left-

wing parties – Left Bloc, Communists, LIVRE and PAN – are losing ground slightly and are at 2.5-3.5 per cent each.

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Even if the PS wins the elections, there could still be a majority to the right of centre. The conservatives under Montenegro are still credibly ruling out cooperation with the right-wing populist Chega. However, there are enough party supporters who are waiting for Montenegro's resignation after a potentially botched election — and are not quite so serious about a 'firewall'. The grand coalition model is unusual in Portugal. There is also a lot at stake for Santos. Following the withdrawal of Costa, the PS has still not been completely reorganised. Losing elections could bring renewed unrest to the party.

Despite the repeated holding of new elections, it would be a misinterpretation to speak of political instability. Portugal's democracy is solid, the institutions are stable, and the electoral processes are running smoothly. There is broad agreement between the democratic forces on the most important political challenges: strengthening the healthcare system, combatting the housing shortage, the challenges of climate change, access to education and a pro-European foreign policy. The differences lie less in the goals than in the ways to achieve them. If, as seems likely, one of the two popular parties leads the next government, there will be no radical changes, of course. Portugal will remain a reliable partner. And the PS will remain an important driving force for European social democracy.



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