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Will the Portuguese Social Democrats remain in power?

Without a clear majority on Sunday's snap elections, the Socialist Democrats will have to prepare for long negotiations to form a government

On 30 January, Portugal will hold early elections. Triggered by the Socialist minority government failure to get the state budget for 2022 through the parliament. Prime Minister António Costa wants to stay in power, but his *Partido Socialista* (PS) are predicted to fall short of an absolute majority. A few days before the elections, the liberal-conservative People's Party *Partido Social Democrata* (PSD) is catching up and is only a few percentage points behind the ruling Socialists. Can Costa succeed in staying in office?

A surprisingly well-oiled machine

In 2015, with great euphoria, the left parties had managed to form a minority Socialist government and elected Costa as prime minister. At the time, the left stood together to prevent the re-election of Pedro Passos Coelho of the PSD. The PSD, which calls itself a 'social democratic' party, is in fact, in contrast to its name, the big liberal-conservative people's party in Portugal. Political observers at the time distrusted the cooperation of Socialists, Communists, Left Bloc and Greens. The left-wing alliance is known in Portugal as *geringonça* - an expression for technical equipment which somehow is still running but is in need of maintenance.

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The *geringonça* was initially viewed with scepticism by some Portuguese. In particular, the more radical factions of the leftist *Bloco Esquerdo* (BE) and the *Communist Party* (PCP) were not expected to be long term supporters of Costa's socialist minority government. Against all expectations the cooperation worked almost seamlessly and was good for the Portuguese: up until the pandemic, the country recorded stable

growth rates and unemployment was cut by half between 2015 and 2019. Under the left-wing government, salaries and social security benefits increased while state finances developed positively. In terms of foreign policy, under Portugal's EU presidency in the first half of 2021 Costa proved to be a dependable and committed partner through the enforcement of the digital Corona vaccination passport. And during state visits to Warsaw or Budapest, Costa was not afraid to publicly criticise the restructuring of the judiciary or the restriction of LGBTIQ+ rights.

Even during the pandemic, Costa, and his left-wing alliance hardly lost popularity despite long-lasting and drastic measures such as curfews. The fear of Corona among the Portuguese was eased through free rapid tests, a vaccination rate of over 90 per cent for second vaccinations and a relatively low hospitalisation rate. Hence, the pandemic played a negligible role in the election campaign.

Reputation over function

If Costa would have his way, the cooperation with the Left Bloc and the Communists that was initiated in 2015 could have continued at least until the end of the current legislature in 2023. Especially since the draft budget for this year contained funds for numerous important plans of the left-wing government, including more money for the state health system SNS, particularly for improving medical care in rural areas, a gradual increase in the guaranteed monthly minimum wage to 900 euros by 2026, and an increase in the number of teachers in public schools. And yet the Communists and the Left Bloc did not support Costa's draft budget.

Their statements on this could be interpreted to mean that their 'não' was not primarily due to their dissatisfaction over individual budget items. But rather, the two coalition partners feared that long-term cooperation with the socialists would weaken their profile as protest parties. They, therefore, pursued their familiar line of argument: ‘Things are not going far enough for us and we will not make common cause with the Socialist Party in the long run’. President Marcelo Rebelo de Sousa, therefore, had no choice but to dissolve the parliament and announce new elections.

Up to nine parties could

Forming a government after the election will be difficult. According to opinion polls, the PS will

enter the Assembleia da República, the parliament.

most likely be the strongest party again and may even gain a slight lead over the 2019 parliamentary elections. But how a possible socialist government could achieve a majority in parliament is still up in the air. After last autumn's budget disaster, leading to unnecessary new elections, any form of renewed cooperation between the Socialists, the Left Bloc and the Communists could shake the already dwindling credibility of the Portuguese left.

The early elections are playing into the hands of the smallest market-radical party, *Initiativa Liberal* (IL), and the right-wing nationalist *CHEGA* (meaning 'Enough'), which would be only too happy to offer their support to the liberal-conservative PSD to form a government.

Looking into the Portuguese crystal ball is difficult at the moment. Up to nine parties could enter the Assembleia da República, the parliament. Every seat will count in the formation of the government.

What are the most likely scenarios?

In the first scenario - and the most likely in purely mathematical terms - the mandates of the PS and two possible alliance partners could be enough. Since there are also small progressive parties that could help Costa's PS achieve a majority capable of governing. The eco-party *PAN* which did not vote against the budget last autumn, unlike the *Portuguese Greens* (PEV), who are running on a joint list with the Communist party. *PAN* is currently polling at two to four seats and could tip the scales to the left. Further support could come from the left-wing party *LIVRE*, which, since its foundation, has advocated an alliance of the entire left and expects to win a parliamentary seat.

A second scenario is a minority government of the conservatives with a coalition of PSD and other right-wing conservative and economic liberal parties. In particular, the market-radical IL and the value-conservative *Democratic Centre Party* (CDS) do not stray far from the PSD in terms of content: tax cuts for companies to activate the economy, restructuring of the privatised airline TAP without state aid if possible, more private initiatives in the health and education system, lower broadcasting fees, no increase in the minimum wage to €900. Moreover, the right-wing nationalist *CHEGA* would be only too happy to serve as a stool holder for a conservative government and thus gain in importance. In percentage terms, *CHEGA* could benefit the most from the early elections, increasing its number of seats from one to 12. *CHEGA* already

helped the PSD to seize power from the PS in the Azores in 2020.

And finally, under a third scenario, there could be cooperation between the two large popular parties, the PSD and the PS. The Liberal-conservatives and socialists have been able to count on each other several times, among other things on questions of constitutional changes or the introduction of the euro. Together they already formed a government of the so-called 'Bloco central' several times. However, it is questionable whether the new PSD party leader Rui Rio would help the Socialist Costa form a minority government, let alone negotiate with him at the coalition table. Rio has only been in office for a few weeks, is still highly controversial within his own party and would hardly convince his party-internal opponents by moving closer to the Socialists.

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And if the election results do not allow for any of these options? Then it could come to a rapprochement between the PS, the Left Bloc and the communists and a new edition of the *geringonça*.

Costa himself is not communicating his personal coalition preferences clearly in public and his credibility is sinking. At times he is aiming for an absolute majority, on other occasions he expressed hope in the small eco party *PAN*, or he claims to want to go back to the communists and the Left Bloc. He is also keeping open the possibility of cooperation with the liberal-conservative People's Party (PSD). In doing so, however, he would only expand the PSD's scope for power and, in the long term, make it more difficult for it to find alternative governments to the left of the centre.

If the Socialists and the *PAN* fail to achieve a majority on 30 January, the Portuguese will probably have to prepare themselves for long negotiations to form a government. But there is still a chance that the popular prime minister can win back the Portuguese people's lost trust in left-wing alliances.



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