

Portugal's history since 1974

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AN IMPERIAL LEGACY

The Carnation Revolution (*Revolução dos Cravos*) that broke out on the morning of 25 April 1974 has had a profound effect on Portuguese society, one that still has its echoes today, almost 30 years later, and which colours many of the political decisions that have been, and which continue to be made.

During the authoritarian regime of António de Oliveira Salazar (1932-68) and his successor, Marcello Caetano (1968-74), Portugal had existed in a world of its own construction. Its vast African empire (Angola, Mozambique, Guinea-Bissau, São Tomé e Príncipe, and Cape Verde) was consistently used to define Portugal's self-perceived identity as being 'in, but not of Europe'. Within Lisbon's corridors of power, the dissolution of the other European empires was viewed with horror, and despite international opprobrium and increasing isolation, the Portuguese dictatorship was in no way prepared to follow the path of decolonisation. As Salazar was to defiantly declare, Portugal would stand 'proudly alone', indeed, for a regime that had consciously legitimated itself by 'turning its back on Europe', there could be no alternative course of action.

Throughout the 1960s and early-1970s, the Portuguese people were to pay a high price for the regime's determination to remain in Africa. From 1961 onwards, while the world's attention was focused on events in south-east Asia, Portugal was fighting its own wars. By the end of the decade, the Portuguese government was spending almost half of its GNP on sustaining a military presence of over 150,000 troops in Africa.

The political, social and economic pressures of sustaining the war effort were significant. Between the outbreak of the wars in 1961 and the fall of the dictatorship in 1974, a total of 1.3 million Portuguese emigrated. Most of these emigrants were from the rural agricultural areas, and left behind them a residual elderly population incapable of working the land efficiently.

Military demands for manpower and mass emigration created labour shortages in every sector of the economy, increasing the nation's need to import even the staples.

The hardships of war provided opposition leaders with the tools that they could begin to use to undermine the regime domestically, while the regime's often

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clumsy attempts to resolve the manpower shortages in the armed forces created openings for the expression of corporate grievances.

Salazar's successor initially embarked on a policy of limited political liberalisation. However, Caetano's proposal for 'continuity in change' did not signal a change in the regime's attitude toward Africa. Encouraged by covert US support for its actions, Portugal continued its resistance to decolonisation.

For a variety of reasons, Caetano's promised liberalisation came to very little, prompting one observer to comment that he had 'signalled left, then turned right'.

The small opposition group of parliamentary deputies resigned when it became apparent that Caetano had neither the will nor the desire to oppose the salazarist bunker, led by the President, Américo Tomás. Under pressure from the salazarist right, Caetano was forced further into their camp.

Despite the spectre of immanent defeat in Guinea-Bissau and the prospect of long-term stalemates in Angola and Mozambique, the instruction from Lisbon was to fight on.

Consequently, emigration accelerated and military grievances exacerbated - taking on a new and more political shape. Having lost the opportunity to end the wars and gain the trust of the liberal opposition, Caetano's regime retreated further and further into the arms of the salazarists. In the meantime, opposition to the regime became more open. The economic situation was deteriorating rapidly and strikes were becoming commonplace.

In February 1974, António de Spínola, the army's second-in-command and former commander of Portuguese forces in Guinea-Bissau, published *Portugal and the Future*, a book that criticised the government's African policy. The publication of this book, which was quickly banned, was public proof that the regime could no longer rely on the unquestioning loyalty of the army.

Caetano's attempt to enforce military discipline seriously backfired when the army's two most senior generals refused to publicly support the regime's colonial policy. Spínola and his immediate superior, General Costa Gomes, were both dismissed, but by then it was too late. Less than one month later, Caetano's government was overthrown by the army, and Spínola had been installed as President, charged with overseeing the end of the Colonial Wars.

The importance that the dictatorship had placed on Portugal's African possessions cannot be over-stressed. Although Salazar had never been slow to take advantage of international rivalries as a means to protect his own government, he was also aware of the threat that the western democracies posed to his vision of what type of society Portugal should be.

Unwilling to embrace a western outlook, the regime looked to the empire as a means of ensuring Portugal's continued independence and isolation. The idea that the empire was the only real guarantor of Portugal's independence was so ingrained into the national psyche that even in 1978, three years after the end of

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the Colonial Wars, 20 per cent of the population continued to believe that the country could not survive without it.

For the dictatorship, the political importance of the colonies far outweighed the economic costs involved in retaining them, even when it was apparent that the social and military costs were far higher than many people were prepared to accept.

A RADICAL EXPERIMENT: THE REVOLUTION IN PROGRESS: 1974-1975

Divisions within Portugal's military institutions emerged almost immediately following the collapse of the dictatorship in April 1974. The Armed Forces Movement (MFA—*Movimento das Forças Armadas*) had prepared a political programme calling for the creation of a Provisional Government that would prepare the way for elections to a Constituent Assembly also insisted that the new system guarantee freedom within an economic policy designed 'to defend the interests of the working class', and that immediate steps should be redefined Portugal's role in Africa. Yet, the document was deliberately ambiguous, and did not offer any instrumental suggestions as to how post-revolutionary Portugal could get to the desired point.

With MFA troops and thousands of ordinary citizens surrounding his refuge demanding his resignation, Caetano remained resolute in his refusal to hand power over to the MFA. In order to prevent the government from 'falling into the hands of the mob', General Spínola was asked to assume power. The MFA's leadership may have had their reservations concerning Spínola's credentials, but the lack of an alternative meant that they were not in any position to oppose his appointment. In any event, his recent attacks on the outgoing regime's African had, in the minds of many Portuguese, propelled the General into the opposition camp.

Disputes between the new President and the MFA were not slow in surfacing. One of Spínola's first actions was to form the National Salvation Council (JSN—*Junta da Salvação Nacional*) that had been proposed in the MFA Political Programme. However, Spínola's JSN was entirely composed of senior officers and contained no MFA representation. The main objective of the JSN appeared to be to undermine the position of the MFA amongst the public and to propose an alternative African policy based more closely on the ideas presented in Spínola's book, *Portugal and the Future*.

A Provisional Government with a strong military presence was appointed. Its main task was to prepare the ground for the election of a Constituent Assembly. The MFA used this body as a forum through which it could monitor Spínola's JSN and consolidate its own position now that it had been prevented from exercising executive power. By mid-July, matters between the MFA and Spínola came to a head over the lack of progress on a resolution of the African problem.

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The MFA demanded Spínola's loyalty to their programme. Aware that the MFA was strong in the armed forces and popular with the people of Lisbon, Spínola, with very little grace, submitted to this demand and broadcast a statement to this effect on 27 July.

Anxious to prevent 'its' revolution from being drowned in a morass of procedural debate, the MFA was quick to champion the cause of the people and lead the calls for a complete break from the past. Domestically it encouraged and promoted civil groups that sought to take direct control of their surroundings: it sent soldiers around the country in an attempt to educate and empower the ordinary people and, if necessary, to protect them from the 'reactionaries' and 'counter-revolutionaries' they believed had gained control of important sections of the state apparatus.

This promotion of internal direct democracy had important repercussions on the MFA's African policy. The liberation movements in Africa were now embraced as 'brother revolutionaries'. The Portuguese, they argued, had a moral duty towards the African people to ensure that they were truly liberated.

The radicalisation of the MFA was a cause of great concern for both Spínola and the democratic politicians who had recently returned from exile. The MFA's 'non-aligned third-world' outlook was also viewed with alarm in the corridors of western capitals, not least in Washington, which feared its NATO ally falling into the Soviet camp. In response to this, General Spínola and his supporters planned a mass demonstration to take place in Lisbon on 28 September 1974. Spínola believed that the radicals were a minority, and that while they may have been strong in the capital city, their views were not shared by most Portuguese. While Spínola's assessment may have been generally true, the decision to hold this so-called 'March of the Silent Majority' in Lisbon proved to be a gross miscalculation as the MFA was able to blockade the city and prevent the rally from taking place. The MFA presented this aborted demonstration as an attempted coup, and immediately arrested the President and exiled him to Franco's Spain.

Spínola's replacement was General Costa Gomes, the most senior officer in the army, and former Commander of the Armed Forces. Costa Gomes had few, if any political ambitions, and was chosen mainly because of his rank. A new left-wing Provisional Government with a strong MFA presence was appointed. The Movement was taking no chances, and steps were immediately taken to strengthen its parallel institutions, the Council of the Revolution and the MFA Assembly, which now became a 'hidden government' that would supervise all political activity.

Relations between moderates and radicals continued to deteriorate within this tutelary system. While the nascent democratic parties continued to conform publicly with the MFA's radical agenda, they were also setting down their roots within civil society, making their preparations for the Constituent Assembly

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elections that had been scheduled to take place on 25 April 1975. Taming the revolution was not their immediate priority, for they were acutely aware that they were in a subordinate position in a system which, at least for the time-being, was dominated by the radicals.

The MFA's policy was to accelerate the revolution, and to bring it out of Lisbon and into the provinces, where most of Spínola's 'silent majority' came from. Intervening everywhere in defence of the ordinary citizen against the 'reactionaries' – a term that was now expanded to include all those who displayed even the slightest hesitation in their support for the revolution – MFA 'missionaries' encouraged the rural poor to take control of traditional power structures. Fearing a complete breakdown in order, the political parties viewed these attempts to expand the revolution with horror.

In March 1975 the political balance was upset further when paratroops loyal to General Spínola took control of Lisbon's Portela airport. While the MFA was quick to quell this attempted coup, it took it as a sign that the revolution was proceeding too slowly. Now, within a few weeks of the elections to the Constituent Assembly, the democratic parties were obliged to pledge their allegiance to the MFA's revolutionary zeal in the First MFA/Political Party Constitutional Pact. This included, amongst other things, accepting the MFA's undisputed leadership and agreeing that the future constitutional document would recognise the armed forces as the vanguard in a revolutionary process towards a socialist state. Refusal by any of the parties to sign this pact would result in their prohibition, and place the forthcoming elections in jeopardy. Rather than risk this outcome, all of the main parties accepted these terms.

The Portuguese Communist Party (PCP–*Partido Comunista Português*), which had courted and infiltrated the MFA from the very first days of the revolution, decided that the time was now right for it to seize the initiative. Much of the radical fervour that was unleashed following Spínola's coup attempt was encouraged by the PCP as part of their own agenda to infiltrate the MFA and steer the revolution in their direction.

At the height of the election campaign, Portugal experienced a wave of strikes, factory occupations and land seizures as the Portuguese people took the logic of popular control to a level that had not been anticipated even by the radicals. Fearing that the revolution was gaining a momentum of its own, and that its vanguard role was being washed away, the MFA and its PCP ally was forced, very often against its own judgement, to be drawn along with events in the hope that it could regain control of the forces they had unleashed. While the democratic parties looked on aghast at what was occurring, they were not blind to the advantages this new turn of events could offer.

As the popular revolution raged, the elections for the Constituent Assembly took place. The result of this poll – the first truly democratic elections in Portugal's history – came as a surprise to many, with the Socialist Party obtaining

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37.9 per cent of the vote and 116 of the 245 seats against the Communist Party's 12.5 per cent and 30 seats.

TAMING THE RADICALS AND PURSUING EUROPE: 1975-1986

The democratic political parties, the Socialists and the Social Democrats, were buoyed by their electoral success, which they believed was a sign that the people were tiring of the revolution. The result also highlighted the differences that had been emerging within the MFA, by giving those who were opposed to the continuation of the revolution, as well as those who were opposed to the direction the revolution appeared to be moving in, by showing them that they were not alone.

The MFA had fragmented into three distinct factions: the moderates, the communists, and the 'New Left'. The moderates wanted to call a halt to all revolutionary activity and argued for a *rapprochement* with the political parties, and for the establishment of a democratic system in which the armed forces could play an important role.

The 'New Left', which under Otelo Saraiva do Carvalho controlled a virtually independent army, COPCON, restated their demand for a military-led, third-world popular democracy. The revolution was going their way, and they did not see any reason to allow the politicians to re-create a 'bourgeois republic' in which the working classes would once more be subjected to the demands of either international capitalism or Soviet communism.

The final faction was made up of those whose sympathies lay with Soviet-style communism. This group were unhappy at the direction the revolution had taken, and wanted to bring the popular organisations to heel in order to establish their control over the process. This last faction had the support of the Prime Minister, Vasco Gonçalves.

Events during Portugal's 'Hot Summer' of 1975 were a direct response to the fragmentation of these forces. Determined to consolidate the popular revolution, and to enhance its status in the urban centres and the rural south, neither the 'New Left' nor the communists were prepared to accept the result of the election. Otelo's faction believed that the people were being misled by a demagogic bourgeoisie that had exaggerated the perils of a popular revolution in order to maintain their own position at the expense of the working class. Regarding the political parties as little more than an unholy alliance of lawyers, accountants, journalists, landowners, *rentiers* and 'fascist administrators' – the traditional Portuguese ruling class – the 'New Left' began an assault on the citadels of bourgeois power by closing down newspapers and encouraging the people to take direct control of their communities and workplaces.

The communists' opposed both the popular revolution and any future democratisation. Their attitude was affected as much by their poor performance in

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the elections as by the radicalisation of the revolution. Tactically aligning themselves with the New Left, the communists led calls for the continuation of the revolution in an attempt to buy time for their tactics of infiltration to bear fruit. By siding with Otelo, they hoped to be able to gain control of the popular movements, enabling them to bypass and ignore the elected chamber.

The moderates, led by the Socialist Party, used their newly confirmed political legitimacy to oppose both of these alternatives. The PCP and the Provisional Government were condemned for betraying the revolution, and for leading the country to the verge of civil war and economic ruin. The New Left were also attacked, with the PS capitalising on such events as COPCON's (Operational Command for the Continent – a military unit commanded by Otelo) closure of the Lisbon newspaper, *República*, as little more than restrictions on free-speech, and accusing Otelo and his supporters of seeking to install a military dictatorship that would be every bit as authoritarian as Salazar's had been.

In the more conservative north of the country, opposition to the revolution was being directed by the PS, Social Democratic Party (PSD–*Partido Social Democrata*), and the Catholic clergy. Several violent confrontations took place, with PCP offices being destroyed and communist supporters, and even members of the armed forces, being attacked. In Lisbon, the PS led the opposition to communist proposals for a single trade union federation, Inter-Sindical, leading to a wave of strikes and demonstrations in the capital, particularly following the communists' attempt to prevent deputies entering the Constituent Assembly.

The often violent confrontations that occurred throughout the country during the summer, and the government's apparent unwillingness to intervene to stop the lawlessness damaged the Provisional Government. The PCP's very public dismissal of the election result, and its attempts to control the popular revolution from above left it increasingly isolated, and ever more reliant on opportunistic alliances with the small groups that existed on the extreme left. The weakening of the communist's position continued apace until in the middle of August 1975 it could no longer provide Gonçalves with the support he required to retain control of the Provisional Government. Gonçalves was forced to resign, and a new Provisional Government, this time with a clear PS dominance, was formed.

With the PCP project apparently dead in the water, the moderates now turned their attention to the New Left. Led by Melo Antunes, who had been responsible for the MFA's programme in 1974, moderates within the MFA issued a manifesto, which came to be known as the 'Document of the Group of Nine'. This called on the MFA to support the politicians' demands for an end to the revolution and for the adoption of a more democratic and pro-European policy. It was only by heeding this call, they argued, that the military would be able to retain a political presence in the new constitutional set-up.

The response of the 'New Left' was uncompromising – the rhetoric used was that of the Cuban Revolution – and so out of touch with the mood of the

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Portuguese people who now longed for a return to political and economic stability. However, with the debate now taking place in the Assembly, where the 'New Left' had very little support, the discussions on the new constitution were leading to a document that would ensure the creation of a pluralist liberal democracy, and whilst the constitution's preamble stated that the final aim was the creation of a socialist state, and included several articles guaranteeing the military an important political role – including recognition of the Council of the Revolution –, taken as a whole it was apparent that the future masters of the state were to be the civilian politicians, and not the armed forces. The 'New Left's' challenge appeared to simply run out of steam once it became apparent that the nation's mood had changed, leaving it with little option but to make its peace with the moderates within the MFA.

Whilst the moderates and the politicians were able to agree in order to overcome the communists and the 'New Left', several important differences remained which were to lead to a new political conflict. With the revolution finally over, the task now was to decide on the structure of Portuguese democracy, and on this the armed forces and the politicians shared very little common ground.

The parliamentary elections of 1976 were a major victory for the democratic centre, with the Socialists and Social Democrats between them obtaining a majority, and the Socialists emerging strong enough to form a minority administration. The PCP's defeat was reinforced by the electorate, and emphasised their status as little more than a regional force centred in the Alentejo. In the absence of any real programmatic differences between the two main parties of the centre, the geographical polarisation of the Portuguese electorate was significant, with the PS doing particularly well in the urban areas of the centre and south and the PSD proving more popular in the north and interior.

The presidential election was a competition between General Ramalho Eanes, an MFA moderate and signatory of the 'Document of the Group of Nine', and Otelo Saraiva do Carvalho, who was making a last gasp assault on the corridors of power. Eanes, with support from all of the democratic parties, was elected with 61.5 per cent of the vote, and immediately stated his opinion that the armed forces should retain a central role in the political system. Mário Soares, leader of the minority PS government, hoped to resolve the socio-economic situation and clear the way for Portugal's eventual membership of the European Economic Community – something that could only be achieved with the military out of politics.

After 13 years of colonial wars and two years of revolutionary turmoil, the Portuguese exchequer was empty and its economy was on the verge of collapse. However, the government's proposals to resolve these problems were often contradictory and its actions often hesitant, a failure that led the government to

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seek assistance from the International Monetary Fund (IMF). However, the PS was unwilling to accept sole responsibility for the austerity measures imposed by the IMF's conditions, and called for a parliamentary vote of confidence which it lost. Soares' project for a coalition with the right-wing Social Democratic Centre (CDS–*Centro Democrático Social*) (following the no-confidence vote was based on the double premise that the President would be unable to impose a coalition that did not include the PS as the major partner, and that he would be unwilling to call early elections out of fear that his own position as arbitrator between the parties would be undermined, jeopardising the armed forces' position in the political system.

The fact that the PS and the CDS were at opposite ends of the political spectrum meant that the coalition was almost inevitably destined to fail. Unable to agree on anything of substance, the CDS denounced the union after less than a year, and Eanes refused Soares permission to form a new minority government. The consequent crises served to further highlight the rift that was growing between Soares' PS and President Eanes. The President attempted to appoint his own governments, independent of the party leaderships, only to see them opposed by a PS and PSD dominated parliament that had united against Presidential interference.

Unable to dominate Parliament in the way he had hoped, Eanes now sought to circumvent it by proposing the creation of a French style Presidential system with periodic referendums to gauge public opinion. The support that he had gained from the conservative right as a result of his stance against Soares' PS now evaporated as they noted the similarities between this and the New Left's proposals. Eanes' own Prime Minister, Mota Pinto, a leading member of the PSD, distanced himself from the President, paving the way for a future electoral alliance between his own party and the CDS.

Eanes' continuing attempts to secure the support of the centre right was opposed by both the PS and the PCP, who united to bring about Mota Pinto's downfall. Rather than risk turning the government over to the PS, however, Eanes decided to call for early elections, to prepare the ground for which he appointed a left leaning government headed by Maria Pintasilgo – a tactic that only succeeded in further uniting the right without persuading the left to support him.

The PS was bitter at Eanes' refusal to allow them to form a new government. The President's hope was that none of the parties would be able to gain a majority in the new interim parliament. This was dashed with the victory of the Democratic Alliance (*AD–Aliança Democrática*), a coalition of the PSD and CDS. This new conservative government immediately set about consolidating its support under its charismatic leader, Francisco Sá Carneiro, and managed to increase its majority in the 1980 parliamentary elections.

For the PS, the 1979 election result came as a shock. Punished for two years of bickering between themselves and with the President, and blamed for the

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deteriorating economic situation, the party decided upon ideological renewal and a programme of modernisation, entitled 'Ten years to change Portugal'. This document outlined a more clearly defined European social democratic path, and was championed by a new group of technocratic leaders. Its passage was far from peaceful, however, as new internal schisms emerged within the party between the young generation of modernisers, and the so-called *históricos* who had been involved at the party's foundation in 1973.

Further divisions were to emerge as a result of Soares' refusal to endorse Eanes' 1981 re-election campaign, a decision that ran counter to the PS's desire to weaken the AD at all costs. Tired of Soares' autocratic leadership style, and his use of the party to achieve personal goals, Eanes supporters within the PS aligned with Soares' enemies in an attempt to weaken his grip on the party and introduce a more collegiate style of leadership. However, exploiting the fact that there were no obvious alternative leaders, Soares emerged from this plot in an even stronger position.

The governing AD decided to put its weight behind Soares Carneiro's bid for the presidency. Eanes, they felt, had become an obstacle to their hopes of removing the military from the political. A Eanes victory would be troublesome for the government, as the President still had the authority to veto legislation and to dismiss the government, and his presence at the head of the political system would have damaged Portugal's chances of securing early admission to the European Economic Community (EEC). Calamity was to fall upon the government, however, when the leaders of the two coalition partners were killed in an air crash in December 1980.

Sá Carneiro's replacement as Prime Minister was Pinto Balsemão. Lacking Sá Carneiro's charismatic qualities, Balsemão's governments were unable to overcome the sharp economic downturn caused by the recession of 1981-82 when all of the gains of the previous three years were wiped out. Unable to resolve the situation, the fragile coalition began to unravel, until it collapsed altogether in 1983, leading the President to call for fresh elections.

With no party winning a majority at the 1983 election, Eanes was once again in his favoured position as arbitrator. The PS, which emerged as the largest single party was authorised to form a minority government. Soares, however, refused, arguing that the economic situation and need for austerity measures demanded a coalition of political forces. With no alternative other than another election, Eanes was forced to concede a coalition of the two largest parliamentary parties, the PS and the PSD, in what became known as the Centre Bloc.

The task of resolving Portugal's economic problems forced the government once again to the IMF's table. The terms of this second package were every bit as onerous as the previous one – calling for the enforced stabilisation of the currency and severe cuts in government expenditure and large increases in taxation and in interest rates – in an attempt to reduce consumption and the national deficit.

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The brunt of the Centre Bloc's austerity measures were borne by the working and lower-middle classes, arguably the PS's core supporters, yet Soares was now in a position to absolve himself of blame for the suffering his policies were causing. Transferring the guilt on to his coalition partners and the President, he claimed that there was little he could do, given that he lacked a parliamentary majority. Obviously this message was not popular within the PSD, and Mota Pinto, the leader who had taken the party into this unpopular alliance, was replaced by Aníbal Cavaco Silva.

An economics professor on the right of the PSD, Cavaco Silva had been Minister of Finance in Sá Carneiro's 1979 government. A charismatic figure, he had always opposed his party's involvement in the Centre Bloc, and he lost little time in provoking a rupture within the coalition by proposing a series of policies he knew the PS's parliamentary deputies could not accept.

Once again the President refused Soares permission to form a minority government that would be able to benefit from the economic improvements resulting from Portugal's immanent membership of the European Community. Instead, he felt the time was ripe for fresh elections.

By now in the final months of his Presidency, Eanes used the elections as a vehicle to launch his own political party, the Democratic Renewal Party (PRD—*Partido Renovador Democrático*), through which he hoped to remain the arbitrator of the political system by preventing either of the main parties winning a parliamentary majority.

The 1985 elections proved inconclusive. The PRD made substantial gains, achieving 18 per cent of the vote and 45 deputies, almost all at the expense of the PS, which lost 44 of the 101 seats it had in the previous parliament. The PSD emerged as the largest parliamentary party with 88 deputies. Given that the PS and the PRD would not work together, Eanes allowed the PSD to form a minority government – quite possibly in the hope that they would fail, and later rely on PRD support.

Soares seemed unconcerned with the result: he had resigned his position as party leader prior to the election, saving himself for the forthcoming Presidential election – an attitude that did not endear him to his own party.

The PSD made a half-hearted attempt to govern, and did all it could to increase the rivalry between the PRD and PS in parliament. Preparations for Portugal's integration into the EC were well under way by now and the austerity of the early-1980s seemed to be receding into the distance. The morale boost that was provided by Portugal's acceptance into the EC was accompanied by large injections of European development funds, the disbursement of which were the government's responsibility.

Soares' elevation to the Presidency following his narrow defeat of the PSD's candidate was exploited by Cavaco. He courted Soares, whom he knew was smarting from the narrowness of his victory. Soares, with his eyes fixed on his re-

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election in 1991, would not order a dissolution of parliament. This worked in Cavaco's favour, as it enabled him to hold out the promise of economic growth and political stability, whilst playing the two main opposition parties against each other in such a way as to prevent this promise being realised. It was a case of Cavaco as Tantalus, and while the PS and the PRD were aware of what was going on, the depth of rivalry between them was such that they were unable to present a united front, and while the PS may have looked for assistance from the President, none was forthcoming – Soares preferred to remain aloof from party politics, even if his own party had to pay the price.

When the moment was most propitious for the PSD, Cavaco provoked the PRD into calling a vote of no-confidence in the government. Much to the Socialist Party's despair, Soares was left with little alternative but to call for fresh elections at a moment when the PS was in no position to mount a serious challenge.

EUROPEAN INTEGRATION AND POLITICAL STABILITY, 1986 TO THE PRESENT

The results of the 1987 elections were a foregone conclusion. The PSD's tactics had been a major success as they became the first party to win an outright majority in parliament, polling 50.2 per cent of the vote and winning 148 of the 256 seats. Cavaco could now preside over a uniquely promising period, as the country's economic prospects had vastly improved with the sudden influx of European fund transfers (\$320m in 1986, rising to \$23.5bn in 1996) – all of which was to be used to help Portugal catch up with the rest of the European Community member states.

Cavaco immediately set about removing the final relics of the revolution by introducing changes in employment laws that were designed to increase competitiveness and foreign investment. Portuguese economic growth during the first PSD government was second only to Ireland's, and well above the EC average. With production costs at a level sufficient to overcome increased distribution costs due to the country's peripheral location, Portugal was relatively successful in attracting inward investment.

The dismantling of trade barriers within the EC left Portugal extremely well placed to expand trade with its neighbour, and between 1985 and 1990 exports to Spain grew at 10.8 per cent annually.

European funds were used to improve Portugal's long neglected economic infrastructure, and new offices, factories, shopping centres and sprang up almost everywhere, while the rail network and port facilities were upgraded to modern standards. Portugal overflowed with a new sense of prosperity and optimism in the future, and Cavaco was taking the credit.

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The PS emerged from the 1987 elections in a much better condition than one would expect. Whilst it had been well and truly beaten, it was to use the time in opposition to resolve its internal disputes – a task made all the easier now that Soares was out of the way. A new broom swept through the party as the old leaders were replaced by a new generation. With the electorate's rejection of the PRD, which obtained less than 5 per cent and only seven deputies, and freed from Soares' autocratic leadership, the PS began to reinvent itself. The underlying image was that of a party that had reached rock-bottom, and which was in the process of bouncing back.

Whilst there was little doubt that Cavaco would win the 1991 elections, although his party lost 13 seats in the process. The PS were to see their vote increase from 22.3 per cent and 60 deputies in 1987 to 29.3 per cent and 72 deputies in 1991. Moreover, what had worked against the PS during the previous parliament was now about to work in their favour as the boom of the late-1980s came to an abrupt halt and Europe began sliding into recession.

The growth rate began to decline, reaching a low of 0.3 per cent in 1993, while inflation began to increase with wages failing to keep pace. Foreign investment also declined as companies contracted, leading to a small but sharp increase in unemployment. Industrial disputes were becoming commonplace, particularly in the public sector, as wage freezes and redundancies were pushed through in order to keep the books balanced. Tourism, an important source of revenue, was also affected, for although tourist numbers continued to increase, visitors were spending less money when they arrived.

Worse was to befall the government with the revelation that European funds had been misappropriated and that the public health system was failing. Several leading members of the government were forced to resign amidst accusations of corruption. Strikes, scandals and allegations of corruption continued well into 1994, and affected every level of Portuguese politics.

By the beginning of 1995 the PSD had become synonymous with incompetence and corruption. Aware that the scandals had seriously undermined the PSD's chances of winning a third majority, Cavaco resigned as leader of the party, although to stay in the public view he remained Prime Minister. Believing that no party would win a majority, it was obvious that the President would once again become the arbitrator, and he was determined that he would be the President. However, his actions only served to further divide a party that was already in chaos.

A newly united PS was able to take full advantage of the government's troubles, and found an able and willing ally in the President, Mário Soares – now in his final year of office, who took every opportunity to make life difficult for his Prime Minister. The new PS leader, António Guterres, proved to be an able and determined campaigner. He had succeeded where so many of his predecessors had failed, and had managed to modernise his party without causing serious

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divisions. After so long in the political wilderness, the PS had finally learned patience and discipline.

In October 1995, after a very personalist and almost presidential campaign in which Guterres consistently alluded to PSD corruption and nepotism under the slogan 'No jobs for the boys', the PS emerged as the largest party, just six short of an outright majority.

Confident of their ability to govern, the PS formed their first non-coalition government since 1976. The government was given a further boost when Jorge Sampaio, Guterres' predecessor as party leader, defeated Cavaco in the 1996 presidential election. For the first time in Portugal's history, both the President and the Government were from the same party, and many viewed this as a hopeful sign of future co-operation between the Head of State and his Ministers.

The PS government survived some early scares, with corruption allegations forcing the dismissal of a cabinet minister, as well as the criticisms levelled at its apparent unwillingness to challenge some of the entrenched economic groups. However, the government was able to benefit from the wind of change that had resulted in the revival of socialist and social democratic parties throughout Europe. Now at the centre of a European movement, the PS government was keen to be seen as a major player in the European project: as a leader rather than a follower. The previous government's infrastructural programme was re-branded, and the new government forged ahead with several major projects designed as much to boost Portuguese morale as they were to tempt foreign investors.

During the late 1990s, Lisbon was transformed practically out of all recognition, and for a long time the capital city resembled little more than a vast construction site. Expo '98 was promoted as the icon of Portugal's new confidence and new Metro lines were opening. A new railway was built across the River Tagus, finally giving direct rail access to the south of the country. The crowning achievement of the country's infrastructural development, however, was the completion of the new Vasco de Gama bridge linking Lisbon with the south. Yet even this paled into the background when it was announced that Portugal had met the stringent criteria laid down for participation in the single European currency.

Portugal's inclusion into the European mainstream during the late-1990s has also enabled it to re-evaluate its relationship with the wider world. The creation of the Community of Portuguese Speaking Nations (CPLP—*Comunidade de Países da Língua Portuguesa*) in 1996 allowed it to begin mending fences with its former colonies. That the organisation has got off to a hesitant start should come as no surprise: Portugal has to convince its partners, wary of possible Portuguese neo-colonial desires, that it has no ulterior motives in this respect. The timidity with which this organisation has acted so far should not blind us to the boldness of vision in creating it, however, nor to the potential that it possesses for fostering closer co-operation between the countries of the Lusophone world.

Portugal's history since 1974

No longer with its back to Europe, Portugal is now a modern European democracy. It has abandoned its previous isolationism and has re-established good relations with its neighbours and former colonies.

Economically, the country is stable and provided with a modern infrastructure with a qualified workforce. Socially, the development of the economy since accession to the European Union has led to the emergence of an educated middle class. There is almost universal commitment to Portugal's involvement in Europe.

The political turmoil of the revolutionary 1970s and 1980s is now a thing of the past. Both of the main political parties occupy the centre ground, and while that may leave openings for small parties to their left and right, as long as the two major parties remain able to manage the economy without risking the gains of the past two decades, and stay committed to a European future, there is little possibility of this bipolar system being upset. Portugal's prospects, be they political, economic, or social, are brighter now than they have been at any time in the recent past.

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