

**SGI** Sustainable Governance  
Indicators 2009

## Portugal report



## Executive summary

Portugal is a fully consolidated democracy with free and fair elections in which political rights and freedoms are well protected both in the writ of law and in practice. The restrictions on both the right to vote and eligibility for public office are few, reasonable and subject to oversight by independent bodies and, ultimately, by an independent judiciary whose rules of appointment and tenure permit a degree of insulation from various governments over time. The degree of access citizens have to diverse sources of information is assured by a relatively high degree of pluralism in media ownership. In general, the media landscape is characterized by media outlets that avoid the appearance of being partisan, and it fosters coverage of political news that is balanced and of relatively high quality. Although small parties are harmed by the fact that they receive little media coverage, the fact that all parties enjoy electoral campaigns sponsored by the public as well as free access to television and radio time during their campaigns helps mitigate such discrimination.

Advanced legislation and an independent judiciary contribute to a relatively high level of protection for civil rights. However, there are persistent problems, particularly when it comes to the level of police violence, excessively lengthy pre-trial detention and difficulties in prosecuting and trying cases involving domestic violence and several forms of discrimination.

Due to the complexity of legislation, a lack of resources, deficient organization and a lack of incentives to enhance performance, the judicial system remains extremely inefficient and unable to respond adequately to rising levels of litigation. Indeed, despite numerous efforts to address these problems (including some after 2005), huge case backlogs continue to accumulate and the response time remains slow. Another result is that the level of public trust in the judicial system is very low. Corruption, on the other hand, is thought to be rampant at the local – but not the central – level of government, and the perception remains that such behavior is neither legally sanctioned nor entirely frowned upon by local electoral constituencies.

Over the past two years (or in a period more or less corresponding to the first half of the term of the incumbent government, which was elected in March 2005), public discourse has emphasized the notion that, following a period of

stagnation and crisis lasting at least 10 years, Portugal is undergoing a period of extensive political, social and economic reform. To a significant extent, this perception seems justified. Pressured by the budget deficit and economic crisis, supported by a stable and disciplined majority in the Assembly of the Republic, and facing a president who (despite being supported by a different party) is generally sympathetic to the reformist goals of the government, the incumbent government has successfully tackled a variety of issues that had previously seemed intractable. These issues include:

- redressing the balance between supporting the unemployed and providing incentives for them to seek jobs
- improving the efficiency of the public administration, particularly in terms of “business-friendly” practices
- increasing the efficiency of tax collection
- fighting tax evasion and fraud
- eliminating tax benefits that produced inequities
- reducing the traditional general public feeling that impunity prevails in tax evasion and fraud (a task in which the merits have to be shared with the previous government)
- reducing the budget deficit, first by increasing revenues and (since 2006) also by decreasing expenditures
- laying the foundation for a reform of the public administration
- reconciling the legal conditions of employment and pension systems in the public administration with those in the private sector
- creating conditions for the medium- to long-term sustainability of social security.

Furthermore, having set R&D and educational reforms as its main priorities (after reducing the budget deficit), the government delivered on its promises. Investment in science has risen considerably, and a number of important measures concerning education policy have been adopted, including increasing the job stability of faculty members in primary and secondary schools, enhancing teachers’ accountability vis-à-vis school boards, and reformulating the network of schools throughout the country by closing down those with a very small number of students and concentrating resources on the others. Immigration and integration policies have been mostly successful.

To a significant degree, the structure of the Portuguese government relies on its respective ministries for policy initiatives, and the Prime Minister’s Office performs a function more akin to strategic planning and coordination. A single-

party parliamentary majority results in most of the government's initiatives being approved. The effective implementation of policies is supervised by service-specific national and supranational bodies of a technical and judicial nature as well as by the Assembly of the Republic, Portugal's unicameral legislative body, which is itself open to civil society and has the power to summon and question the government about its policies. Civil society is involved in most decisions via formal and informal structures and associations, and society as a whole is for the most part adequately informed of the nature and aims of policy decisions. Nevertheless, a more structured and systematic framework for the evaluation of the impact of policies can and should be developed.

Despite these gains, there remain a number of areas in which reform efforts have been only modest. During the period under review, for example, there were no visible improvements in the performance of the judicial system. This is a problem that affects Portuguese society at various levels, including in its ability to provide substantive equality in terms of civil rights, to prosecute and punish corruption, and to foster a business-friendly environment. In addition, although considerable effort has been devoted to reforming the social security system, the fact that its allowances for early retirement are still some of the most generous in the OECD creates lower incentives for people to remain employed. In terms of environmental policy, in spite of advancements in waste management, Portugal has performed dismally at reducing its CO<sub>2</sub> emissions. As relates to the health system, there has yet to be any crucial reform that might contribute to long-term fiscal sustainability. In fact, despite a few important measures (e.g., attempts to reduce the costs of drugs and rationalizing the health care network), there have been no decisive actions aimed at guaranteeing the long-term sustainability of the National Health System (SNS). Furthermore, regarding employment, it is unlikely that unemployment and the structural inequity between older and less-qualified workers under permanent contracts and younger and more qualified workers with highly precarious labor relations can be addressed while Portugal retains its present levels of labor market rigidity. Finally, it is unclear whether social-cohesion policies (e.g., those regarding so-called "social income for inclusion" and the "solidarity complement for old age") are both wide-ranging enough and targeted enough to address the social costs of the important reforms adopted thus far, particularly in a country where the levels of poverty and social inequality are among the highest in all of Western Europe.

## Strategic Outlook

The main medium-term challenges that Portugal must face can be listed under the following headings:

- Assuring long-term economic development

This is arguably the most significant challenge Portugal faces given that the country not only has the lowest per-capita income among the members of the old EU-15, but also that it is now even lower than those in some of those countries that joined the European Union as part of the 2004 and 2007 enlargements. After its GDP converged with the EU average during most of the 1990s, during the 2000s, this process has not only stopped but has even reversed. Although costly in the short term, the policies adopted by the current government, which include both short- and long-term measures (e.g., fiscal reforms, labor market measures, changes in the social security and health and pension reforms), are necessary and will ultimately benefit the country.

The most significant reforms for the long run are those designed to increase Portugal's attractiveness as a place to invest as well as those that diversify the economy and by improving human capital and innovation. Since the European Union has policy frameworks for some of these areas (e.g., the Lisbon Strategy and the Stability and Growth Pact), and given the fact that Portugal is not only a member of the European Union but also of the euro zone, the country's economic policies should take full advantage of the opportunities that accompany membership in these multinational frameworks and make its policies more consistent with them.

- Assuring that immigrants are adequately integrated into society

Given the long-term aging and shrinking of the Portuguese population, immigration will play a growing role in Portuguese life. This is a complete reversal of Portugal's historical experience, as it has traditionally been a country of emigration. Despite its predominantly positive record in terms of integrating minorities (which is aided by the inclusive outlook characteristic of Portuguese society), increases in immigration will be a long-term trend. For this reason, there must be policies and institutions in place to assure that this positive record is maintained. Moreover, since Portugal is not only an EU member state but also a member of Europe's passport-free Schengen zone, there is a case to be made for the coordination of some elements of the immigration and integration policies at the EU level.

- Developing systematic frameworks for policy evaluation

For example, a more consistent use of regulatory impact assessments (RIAs) for the evaluation of policies is inherently desirable. Moreover, it should also include the analysis of the underlying desirability of the measures as well as of potential alternatives to them.

- Assuring ecological sustainability

Global climate change and some sub-optimal agricultural practices have exacerbated the weakness of what are naturally ecologically vulnerable areas in the Portuguese countryside. Reports produced by agencies within the Portuguese government itself have clearly indicated which policy areas require more government attention and action in order to assure a truly sustainable environment. These include launching more initiatives aimed at reducing pollution and energy-intensity (Portugal has a relatively energy-intensive economy with high levels of CO<sub>2</sub> production) as well as changing the ways in which some territory is occupied and utilized (e.g., the growing of water-hungry crops). Global warming is a global threat, and Portugal is a small country with most of its ecosystems and water sources being effectively shared with a neighboring country. For these reasons, national solutions would only partially address these issues, which require multilateral and global policies.

Little more than two years after its election by an absolute majority, the current socialist government already has a lot to show for itself in terms of reformist legislation and measures. Benefiting from favorable conditions (e.g., the support of a disciplined parliamentary majority and the prospect of enjoying a long – almost five-years-long – legislative term in a relatively veto-safe environment), the government has rapidly undertaken a series of measures whose potential for generating discontent has been huge (e.g., increasing taxes, changing conditions of employment and pensions for civil servants, and reducing future pensions) but whose costs in terms of popularity have been, in reality, much lower than was expected.

Unlike these areas, however, there are still a number of policy areas in which further reforms are likely to be more seriously contested despite the fact that they might be necessary. In fact, public goodwill toward the incumbent government has already declined somewhat, and social and public tolerance for further painful reforms are lower today than it was two years ago. With elections approaching in 2009, it is unclear whether the current government will move as swiftly and decisively as it has done so far.

The degree to which further reforms might be contested and unpopular is particularly relevant in the areas of labor market legislation and the sustainability of the National Health Service. Regarding the former, although a political argument for equity, growth and employment could be advanced as a justification for instituting some degree of flexibility in the labor contracts of permanent workers, there would be great resistance to it from the trade unions and important segments of the socialist electorate. Such resistance is understandable, when put in historical perspective. For example, in public opinion studies, even when unemployment was at a much lower level than it is today, it was already perceived as the most important problem by far in Portuguese society. Given the very low level (in absolute terms) of unemployment benefits, the dependence of a very large number of households on dual wages, the over-indebtedness of many households and the Portuguese labor force's low level of academic qualifications (particularly among older workers), the prospect of unemployment – and even temporary unemployment – is viewed as a terrifying possibility.

For these reasons, large parts of the public are likely to view any so-called “flexibilization” of the labor market in terms of its short-term negative consequences (i.e., increased job insecurity and what it implies) and not in terms of its medium- or long-term positive consequences. Recently, the government even “probed” public opinion by promoting discussion of “flexicurity” in the labor market. The strongly negative response (and the overall skepticism concerning the “security” aspect of “flexicurity”) provides an indication of the difficulties that lie ahead.

Similarly, regarding the National Health System (SNS), although efficiency gains have been (and can be further) achieved, existing scenarios suggest that changes in the financing model may be necessary so as to assure the long-term sustainability of the system. At the same time, however, public opinion data suggests two things. On the one hand, the levels of awareness of the system's actual costs are very low. On the other hand, there is a high level of public resistance to virtually all changes that might involve any kind of additional financial cost on the part of citizens. As a result, the incumbent government enjoys only a very small amount of leeway in the second half of the electoral cycle in terms of implementing reforms that go beyond efficiency gains. The health sector also helps illustrate an additional obstacle for reform: the resistance of small but highly organized and crucially located interest groups (in this case, the medical professions). Similar problems exist when it comes to reforms that might affect, for example, the judicial, military and educational systems.

Generally speaking, several favorable conditions are likely to remain in place, mostly at the political and institutional levels. These include a disciplined absolute parliamentary majority, general presidential goodwill and a weak opposition in the right of the party system. The ability of the parties to the left of the Socialist Party (PS) to capitalize on further discontent is also limited by the fact that one of those parties remains an un-reformed communist party (i.e., the Portuguese Communist Party, or PCP) and the other is a left-libertarian party whose potential for growth seems to have been exhausted by this point. Nevertheless, the importance of securing an absolute majority in 2009 (when two other elections will take place: both local elections and those for the European Parliament) could potentially inhibit the reformist thrust of the government from now on.

Under these circumstances, the ability to proceed with important reforms in the second half of the term is most likely contingent upon two factors. On the one hand, it depends on whether the government manages to rhetorically and substantively frame the necessary reforms with strong equity concerns in mind as well as create mechanisms that visibly and effectively address the short-term social costs of reforms and assure the public that such costs are fairly distributed. On the other hand, it depends on whether the government succeeds in forging alliances with parts of organized civil society that are in favor of reform.

Thus far, reforms have had somewhat of a populist flavor in terms of how they are politically construed and defended. That is, they have been characterized as a succession of “battles” between “privileged” organized groups and the government, society or the public at large. However, the second half of the term now calls for a more nuanced approach, perhaps requiring compromises and watered-down versions of the initial versions of projects, but also versions that are more likely to be supported by reformist coalitions of interests and, thus, more likely to end up being implemented.

These two goals – on the one hand, targeting reforms and their consequences better and forming coalitions within organized civil society, on the other – are mutually enhancing. One aspect that is clearly visible in governmental action is a general lack of expertise in policy design, policy evaluation and cost-benefit analyses that go beyond the mere fiscal aspects. Such expertise is available in civil society and can be provided at all stages of policy design and implementation. The government would do better by mobilizing this expertise. At the same time, it would enhance legitimization and the implementation of policies.

## Status Index

### I. Status of democracy

#### Electoral process

*Fair electoral process*

*Score: 9*

Portugal has a mixed presidential/parliamentary system. Its legal framework provides for fair registration procedures for both parties and candidates. There are, however, a limited number of restrictions aimed at protecting and upholding democratic institutions. Article 8 of the Law of Political Parties, for example, restricts parties by prohibiting the registration of “racist, fascist, military or paramilitary parties.” Regarding candidates, electoral laws prohibits acting members of the military, diplomatic, judicial and electoral powers from being elected.

Except in the case of minors and individuals deemed mentally incompetent following a judicial or medical review, restrictions on eligibility are limited to normal citizenship requirements. A 2001 treaty between Portugal and Brazil also extends political rights to Brazilian citizens equal to those enjoyed by Portuguese citizens. Regarding presidential candidates, a special rule requires candidates to be at least 35 years old. In terms of democracy, however, none of these restrictions can be seen as unreasonable, and there is no political and public controversy surrounding them. Also deemed reasonable – though not free of political debate – is the system whereby only political parties, and not non-partisan groups of electors, can present candidates for legislative elections. This is only possible for local and presidential elections.

*Fair electoral campaign*

*Score: 8*

During electoral campaigns, all registered presidential candidates and parties presenting lists in legislative or local elections are entitled to access to the main television and radio channels so as to present their platforms. In addition to the main national public networks (i.e., RTP for television; RDP-Antena1 for radio), this also pertains to the two main, privately owned national networks. A

broadcast entitled “Tempo de Antena” is aired each day of the official campaign, which allows candidates or parties to present their platforms free of charge. The amount of time allotted for these presentations is proportional to the number of electoral districts or municipalities in which each party is presenting candidates. However, the networks have a certain degree of discretion regarding the timing of this broadcast and have tended to choose slots where losses in advertising revenues are expected to be smallest.

News coverage is a somewhat different matter. Networks (and particularly the public ones) are required to provide all candidates and parties with equal and fair coverage. The Entidade Reguladora para a Comunicação Social (ERC) is the media regulatory and supervisory body that upholds the constitutional principles of freedom of the press, right to information and to a plurality of views, and independence from the political and economic powers. It is charged with determining whether this requirement has been met.

Overall, the Portuguese media cannot be described as particularly partisan, at least when compared with other Western democracies. Nevertheless, smaller parties and candidates tend to enjoy much less media coverage and exposure, despite the fact that the public networks must invite all candidates and parties to their pre-election debates.

*Inclusive  
electoral process*

*Score: 9*

In practice, it is safe to say that no active discrimination exists against particular classes of citizens in terms of their right to vote. The right to vote is extended to all adults 18 years or older who are Portuguese citizens. There are no restrictions based on educational qualifications, income, ethnicity or gender. A 2001 treaty between Portugal and Brazil also extends political rights to Brazilian citizens equal to those enjoyed by Portuguese citizens, although the regulations allowing this have been only slowly implemented. In elections for the European Parliament, EU citizens residing in Portugal also enjoy voting rights. In local elections, citizens of EU member countries can vote under conditions of reciprocity.

The same holds true for all citizens of Portuguese-speaking countries and other countries, as long as there are reciprocity agreements between the respective nations and the individuals have resided legally in Portugal for two and three years, respectively. The only adult individuals prevented from voting are those who have been deemed mentally incompetent following a judicial or medical review or who have lost political rights as a result of a judicial decision. Appeals from decisions concerning exclusion from the lists of citizens entitled to vote can be made to district courts, while appeals from decisions by those courts are handled by the Constitutional Court.

## Access to information

### *Media freedom*

*Score: 9*

Portugal's 1976 constitution stipulates that public and private media should be independent from governmental influence. Decree Law 34/97 of January 31, 1997 created the Public Institute for Social Communication (Instituto Publico de Comunicacao Social, or ICS), which regulated and oversaw the general policies regarding freedom of information consistent with the constitution until it was superseded by the Office for Social Communication (Gabinete para os Meios de Comunicacao Social, or GMCS) on June 1, 2007. The GMCS's creation is part of the larger project to reform the state that has been gradually implemented in late 2006 and 2007. A new law (27/2007) from July 30, 2007 deals with access to television and stresses the importance of media independence.

The government appoints the board of the publicly owned media company, Rádio and Televisão de Portugal (RTP). One positive sign that the government does not have undue influence on publicly owned media, however, is the fact that, although the incumbent government changed in 2005, the previously appointed board was kept in place. Furthermore, all appointments must be examined by the ERC, the media's regulatory body. The ERC is itself appointed by a qualified parliamentary majority, which also assures some degree of partisan plurality in its composition. Overall, some controversy about the independence of the publicly owned media, but it has significantly decreased since the 1980s and 1990s.

### *Media pluralism*

*Score: 9*

The media market in Portugal is characterized by a diversified ownership structure. An open public media guarantees a plurality of opinions. There is both public and private ownership of television and radio networks in Portugal. However, with the exception of a very few regional newspapers, the printed media are almost exclusively private. Although there has been increased ownership concentration, no single party, social interest or even media group has succeeded in dominating the media landscape.

There are four main media groups in addition to the public TV and radio networks (which had roughly 30 percent of the television market in 2007) and one independent newspaper. Although the major national newspapers (e.g., the right-of-center "Diario de Noticias" and the left-of-center "O Publico") expound roughly identifiable political views, they still provide predominantly fair and balanced coverage of the different political positions. As far as private ownership is concerned, one of the three national networks is controlled by Impresa, a group that also owns both the largest weekly newspaper and

magazine. The other private national television network is owned by Prisa, a Spanish group that also owns one of the main radio stations. A third group, Controlinveste, owns three of the main daily newspapers and a radio network. Finally, a fourth group (Cofina) controls the other main daily newspaper and the second-largest weekly magazine. All these groups are also taking positions in the increasingly large market of freely distributed daily newspapers.

On the other hand, it is difficult to objectively detect and document the political-partisan orientations assumed by each of these groups' publications. As far as the press is concerned, the relatively small newspaper readership has prevented the press from blatantly catering to partisan audiences. With television and radio, increasing concern about the balanced coverage of the public networks has led the private networks to maintain relatively balanced coverage themselves. This does not mean that it is impossible to detect pro- or anti-governmental biases in each publication or network, but the situation is quite different from that found, for example, in the Italian, British or even Spanish markets. In those markets, partisan political biases (or even open endorsements) are quite obvious in particular media outlets, sometimes in the press and at other times on television.

*Access to  
government  
information*

*Score: 8*

Legislation ensuring access to information in Portugal is very advanced. Such access is defined as a constitutional right, and legislation allows all individuals access to a large range of administrative documents and guarantees them a quick response by the state. The 1993 Law of Access to Administrative Documents (LADA) allows any individual to demand, by means of a written request, access to administrative documents held by state authorities, public institutions and local authorities in any form. Government bodies are required to respond in no more than 10 days after receipt of a request. However, the law does not apply to documents not drawn up for an administrative activity, such as those relating to meetings of the Council of Ministers (Portugal's cabinet) and secretaries of state, or personal notes and sketches.

There is some difference between the law as written and the law in action, particularly when it comes to delays in the provision of documents. However, such delays – and even downright refusals – can be appealed to the Commission of Access to Administrative Documents. The commission handles several hundred such appeals each year. Its rulings are issued relatively quickly (e.g., there were 310 decisions issued in 2006) and complied with.

At a more general level, significant efforts have been made to make information about all levels and dimensions of state activity available by electronic means. In Brown University's e-government ranking, Portugal moved from 41st to seventh place in the list of best practices at this level in the

world from 2006 to 2007. Efforts made by the tax authorities have been particularly successful, as they have managed to transfer many of the services previously provided only in person to an Internet Web site.

### Civil rights

*Civil rights  
protection  
Score: 7*

Portugal held first place in Freedom House's 2007 civil liberties index, which is the highest score in terms of ranking the protection of civil liberties. Compared with other countries, Portugal's constitutional and legal protection of civil liberties are very advanced and, in practice, there are no reports of egregious violations (e.g., arbitrary arrests, unlawful, politically motivated killings or torture), nor of restrictions on the freedoms of religion, expression, movement, property or association.

Nevertheless, several problems persist, particularly when it comes to the disproportionate use of force by police officers and prison guards. Some related cases have been taken to trial, but the prosecution of such cases tends to be less than systematic and extremely slow. Over the last decade, however, the situation has significantly improved, particularly after the creation of the Inspectorate General of Home Affairs (IGAI), the agency in charge of auditing all state services under the Ministry of Internal Affairs, which has investigated complaints on such abuse of force.

Despite these improvements, the IGAI has still faced some criticism regarding its ability to respond to the large number of cases and its lack of independence vis-à-vis the government. Reports from Amnesty International (2005 and 2006) document some cases of the police – specifically, the PSP (the urban police force) and the Republican National Guard (GNR, the gendarmerie) – shooting and killing suspects as well as beating foreigners.

The second main problematic area relates to excessively lengthy pre-trial detention resulting from serious deficiencies in resources and organizational capacities at the police, prosecutorial and judiciary levels. About one-fourth of the prison population is composed of individuals in preventive detention. Nevertheless, in recent years, average pre-trial detention periods have been decreasing. As far as the prisons themselves are concerned, they remain overcrowded and understaffed, and many have very poor living and health conditions.

*Non-  
discrimination  
Score: 8*

The Portuguese constitution guarantees freedom of religion. The 2001 Religious Freedom Act provides religious organizations with a number of benefits formerly reserved for the Catholic Church (e.g., tax exemptions and legal recognition of marriage and other rites), provided that they have been

established in the country for at least 30 years or recognized internationally for at least 60 years. There have been no recent reports of religious discrimination. Likewise, academic freedom is fully respected, and there is freedom of assembly and association. National and international NGOs operate in the country without government interference. Workers have the right to organize, bargain collectively and strike for any reason, including political ones.

The constitution also guarantees equal treatment. The government has taken a number of steps to combat racism, for example, by passing anti-discrimination laws and launching initiatives to promote the integration of immigrants and Roma into Portuguese society. In 2007, the Migrant Integration Policy Index (MIPEX), which measures policies to integrate migrants in 25 EU member states and 3 non-EU countries using over 100 indicators in six policy areas, ranked Portugal second – behind Sweden – as the most-effective country. On the other hand, there have been few prosecutions in cases involving racial discrimination or the use of excessive force by the police toward immigrants and Roma.

The Portuguese constitution also forbids discrimination based on sexual orientation. This right does not yet extend to same-sex marriage, as became evident in February 2006, when the courts rejected a homosexual couple's attempt to get married on the grounds that Portuguese law only recognizes marriage between a man and a woman. There is also an active policy for gender equality. Nevertheless, domestic violence against women remains a problem in Portugal, and there were 39 reported cases of women dying as a result of domestic violence between November 2005 and November 2006. Nevertheless, few such cases are ever brought to trial. Proposed reforms to the penal code aim to broaden the definition of domestic violence to include unmarried, same-sex and former couples, as well as abuse between parents and children. Discrimination against pregnant women in the workplace also seems to persist in some cases, particularly in low-paid, precarious jobs.

Although the constitution provides for an independent and comprehensive court system, there is a considerable backlog of pending trials. Furthermore, human rights groups have accused the system of certain abuses, including some unlawful police shootings (six in 2006) and poor prison conditions. Such conditions include overcrowding in an estimated 70 percent of the country's prisons, poor sanitary conditions and high rates of HIV/AIDS among prisoners. For example, of the 91 deaths in prison in 2006, 82 percent were due to illness or poor sanitary conditions.

## Rule of law

### *Legal certainty*

*Score: 7*

Overall, the government and administration in Portugal can be said to act in accordance with legislation and in a predictable fashion. However, although a large part of Portuguese legislation emulates the standards of European democracies, its administrative authorities lack the resources and capabilities to implement it. These deficiencies exist in a vast number of areas, particularly when it comes to providing all sorts of public services, access to information, environmental regulation, protection of individuals with disabilities and policy evaluation. As a result, very advanced legislation is approved, but specific regulation of how such legislation is to be enacted is frequently postponed, thereby rendering it obsolete in practice.

Legislation in the fields of both criminal and civil law also tends to be extremely detailed and complex, which renders it opaque to the general public. As a result, it fosters inequalities in terms of de facto access to justice and allows administrative authorities to evade accountability vis-à-vis their principals. Most damaging of all is the poor performance of the judicial system. As a result of being understaffed and poorly organized as well as lacking in resources at all levels, the courts are very inefficient, respond too slowly to demands for justice, and accumulate huge case backlogs. The fact that judges are effectively not accountable for their performance and are evaluated by their peers admittedly allows for some degree of independence vis-à-vis political authorities and contributes to the judicial system's inefficiency. Consequently, there is a general perception that "law in books" and "law in action" are two different things. This perception undermines the degree of public trust in the Portuguese judicial system, which Eurobarometer surveys already rank among the lowest in Europe.

### *Judicial review*

*Score: 8*

The judicial system is totally independent and is extremely active in ensuring that government actions conform with the law. Portuguese courts are largely insulated from potential interference by incumbent parties. Most relevant professional aspects of the activity of judges (e.g., evaluation, promotion and detachment) are managed by judicial councils composed of both judges elected by their peers and political appointees (including members elected by a qualified parliamentary majority), although the judges exert de facto dominance. Judges do not feel that political parties in general or the government in particular can reward their behavior, and they are organized in a more-or-less traditional, hierarchical structure predominantly free of the possibility of political control.

Owing to the fact that the Assembly of the Republic, Portugal's unicameral parliament, elects most of the justices of the nine-member Constitutional Court, politicization is far more prevalent in that judicial body. However, the practice of using qualified majority rule to appoint these members has led to negotiations between parties that have resulted in preventing a single party from appointing the majority of the court's justices. Moreover, although some individual justices tend to behave in a more politicized manner, which leads some cases to fall predictably along party lines, the overall balanced composition of the court has rendered the majority of its decisions unpredictable from a political-partisan point of view. This fact has contributed to the court's being viewed as independent and legitimate.

*Corruption  
prevention*

*Score: 6*

During the period under consideration, the only area in which the fight against corruption seems to have made significant improvements is that regarding the financing of political parties. The creation of the Entity for Political Accounts and Financing and the Constitutional Court's ongoing examinations of campaign finances have led to the public disclosure of several irregularities in party accounts and some cases of blatant violations of existing legislation on campaign support limits and indirect party financing. The Court of Accounts has also displayed a high level of independence in terms of its reporting and sanctioning of irregular and wasteful spending by the public administration. At the same time, no cases of corruption in the executive or legislative branches have emerged.

Despite these generally positive indicators, the 2007 Transparency International Corruption Perceptions Index ranked Portugal 28th out of 179 countries, which places it below the average position for EU member states and indicates a relative degree of deterioration compared with its 2006 ranking. Incentives for corruption at different levels remain in place. Low wages for most civil servants, inefficient bureaucracies and excessively complex legislation and regulations fuel most of the everyday cases of small-time corruption. Although its effectiveness is uncertain, the government has organized a campaign aimed at encouraging citizens and civil servants to denounce such cases.

On a slightly larger scale, there is a widespread suspicion among the Portuguese public and the media that corruption is rampant at the level of local government, particularly when it comes to the relationship between mayors, real estate developers and football clubs. Although several such cases have been investigated and brought to trial, the slowness of the procedures and the fact that few of those cases have resulted in actual sentences has increased a general feeling of impotence.

## II. Economic and policy-specific performance

| <i>Basic socioeconomic parameters</i> | <i>score</i> | <i>value</i> | <i>year</i> |
|---------------------------------------|--------------|--------------|-------------|
| GDP p.c.                              | 2.75         | 19889 \$     | 2005        |
| Potential growth                      | 1.43         | 1.5 %        | 2008        |
| Unemployment rate                     | 6.08         | 7.7 %        | 2006        |
| Labor force growth                    | 3.64         | 0.7 %        | 2007-2008   |
| Gini coefficient                      | 5.57         | 0.356        | 2000        |
| Foreign trade                         | 1.78         | -35.78       | 2005        |
| Inflation rate                        | 7.32         | 2.4 %        | 2007        |
| Real interest rates                   | 8.96         | 1.9 %        | 2007        |

### A Economy and employment

#### Labor market policy

*Score: 5*

At 7.6 percent, unemployment in Portugal is a serious matter. That is a significant increase over the 1999 level of 4.1 percent. The high figure is at least partially caused by a long history of very rigid labor market policies. The unions support the laws that regulate labor relations (and thereby result in the system's rigidity), and governments have been unwilling to force the issue. The current governmental policies aimed at diminishing the deficit have resulted in a lack of public and private investment, which – in the short term, at least – does not help reduce unemployment. Moreover, as labor relations and the opening of the East to the European Union lead foreign investors to leave Portugal, the prospects for improved employment levels only grow dimmer.

OECD studies suggest that Portugal ranks among the Western industrial democracies with the most rigid employment protection legislation in terms of individual labor contracts for permanent workers. The same does not hold true when it comes to flexibility in collective agreements and the provision of

temporary jobs, which was increased in 2003. As a result, Portugal deviates less from European and OECD averages when it comes to collective dismissals and temporary contracts. At the same time, however, the effects of these changes appear to have been only limited.

### Enterprise policy

*Score: 5*

Innovation has traditionally been one of the Portuguese economy's weak points. In fact, it has had a relatively large share of what one could classify as "low-technology" industries (e.g., textiles, clothing, shoes, paper and what the OECD classifies as "primary products"). Since the mid-1990s, a shift has been observed to what one might call "medium-high/medium-low technology industries." This shift has been led by the expansion of the Portuguese automobile sector following some large investment by world-class auto firms, and it also found expression in the significant reorientation of Portuguese exports toward those higher-end areas. The post-2000 economic slowdown seems to have decelerated this process somewhat. In 2006, however, export diversification – by sector and destination – picked up again as their share in non-EU markets increased.

This pickup was supported by a significant rebound in private sector investment and FDI, which benefited from initiatives to improve the business environment. An example of these initiative is the SIMPLEX program, which, among other things, significantly reduced the amount of time needed to open a business in Portugal. In fact, the World Bank's 2007 Doing Business Report ranks Portugal as the top reformer in business entry during 2005/2006. Nevertheless, a further simplification of the tax system is still needed and possible, as is more stability in this system (i.e., not having new reforms and changes every year). Also needed are additional measures to support innovation as well as time to allow measures to take effect.

Very large players dominate the crucial energy and telecommunications sectors in which competition is still insufficient. The overall sense of progress in these areas is small. In 2005 and 2006, for example, Portugal maintained its rank (28th) in the World Economic Forum's Business Competitiveness Index.

The government's second major priority in this area relates to R&D policies aimed at fostering innovation and competitiveness. The so-called Technological Plan has encompassed a large number of measures, including increasing investment in science, providing all levels of public administration with networking facilities, supporting projects of technological re-conversion in small and medium-sized businesses (e.g., with tax incentives), and supporting

partnerships between Portuguese and international research centers and universities. Part of the plan is also aimed at fostering the development of human capital by providing technologically based training to adults with a widely attended program called New Opportunities.

### Tax policy

*Score: 5*

Portugal's current tax policy does not realize the goals of equity and competitiveness, and only realizes the goal of generating sufficient public revenues. Indeed, the government's main theme over the past two years has been to increase taxes enough to decrease the unacceptably high public sector deficit, which reached 6.0 percent in 2005. In general, taxes in this period have increased some 30 percent. Tax policy is not successful when it comes to guaranteeing equity. Those who are self-employed, for example, such as doctors and lawyers, are able to avoid taxation on their full incomes, which is not possible for those employed in the public sector or by private companies. Moreover, it is also unsuccessful in terms of competitiveness, as high taxes discourage investment.

Tax administration and collection have recently seen significant improvements as a result of updated registers, better use of electronic services, more reliable databases and a better use of cross-checking (all of which are mostly linked to reforms of the SIMPLEX program). The improved collection of existing taxes is one of the main reasons behind the increase in fiscal revenue. Nevertheless, there is still room for improvements in the tax framework, for example, by promoting a fairer and simpler business and tax environment (including measures such as further broadening the tax base, increasing the system's simplicity and predictability, reducing administrative and compliance costs, and upgrading Portuguese tax services).

### Budgetary policy

*Score: 6*

Portugal has faced a rather worrying fiscal situation during most of the 2000s. The country was placed under the "excessive deficit procedure" of the European Commission's Stability and Growth Pact (SGP) twice. In the time period under review, sustainable fiscal policies have been a top priority for the government, and several politically costly reforms it introduced have signaled its serious commitment. Fiscal consolidation was achieved by means of a combination of raising revenues and reducing expenditures as well as by a mix of one-off and emergency measures (e.g., an increase in the VAT and the

freezing of wage increases and hiring in the public sector) and longer-term measures (e.g., the ongoing changes in the health sector and reforms of the pension system, the rationalization of the public education system, and the approval of a new budgetary stability law that also redefines relations between central and local administrations).

The SGP was reformed in 2005/2006 and further increases the framework's economic rationale, the flexibility and the medium-term sustainability focus. Complying with its SGP obligations would help Portugal assure the solvency and sustainability of its budgetary policy. Furthermore, implementing a true medium-term expenditure framework (MTEF) would also benefit the country. Although a MTEF was announced in 2001, it has yet to be implemented. Likewise, measures focused more decisively on long-term consolidation and spending cuts have recently been adopted.

The revised consolidation program, which Portugal and the European Commission agreed to in April 2007, already foresees a deficit below 3 percent of GDP in 2008, owing to a better-than-expected performance in 2006 and early 2007.

## **B Social affairs**

### **Health policy**

*Score: 6*

The overall quality of health services in Portugal is relatively satisfactory, but its efficiency could be improved. The main problem in the public and political agenda concerns the extent to which the system's financial sustainability can be achieved while at the same time avoiding inequity in coverage and obtaining efficiency gains. Over the last two decades, public health spending in Portugal has risen very rapidly, and it is already above the OECD average as a percentage of GDP.

Portugal has a National Health System (Serviço Nacional de Saúde, or SNS) that provides universal coverage and is primarily financed by taxes. Indicators for the population's health and health provision have seen massive improvements in the decades following the creation of the SNS, particularly as relates to infant mortality. In general, although it is not as good as it is in other EU countries, the health care enjoyed by the Portuguese population is relatively good.

Health care delivery is based on both public and private providers. Approximately a quarter of the population enjoys private supplemental health

insurance coverage through health subsystems and voluntary health insurance. Public provision concentrates on primary care and hospital care. Medications, diagnostic technologies and private practice by physicians constitute the bulk of private health care provision. Satisfaction rates with the SNS are rather high, despite recurrent complaints about the conditions of hospitals and health centers and delays in consultations and surgeries. Moreover, there is broad public and political consensus about preserving a SNS with universal coverage. Despite the steady growth of public health expenditures, the SNS has not undergone any major financing changes since the early 1990s. On the other hand, many measures have been adopted so as to improve its efficiency (e.g., public–private partnerships (PPPs) for new hospitals, a change in SNS hospital management, the use of generic pharmaceuticals, liberalizing prices, and reducing administrative prices for pharmaceutical products).

Annotation: Barros, P. and Simões, J., “Portugal: Health System Review,” in *Health Systems in Transition*. (European Observatory on Health Systems and Policies, 2007);1–140.

### Social cohesion

*Score: 4*

Portuguese social policy effectively prevents poverty but does not limit socioeconomic disparities. Several government policies have effective anti-poverty components (as evidenced by the significant increase of social transfers in terms of GDP since the 1990s), including above-inflation increases in the minimum wage, relatively generous unemployment benefits and a preferential taxation regime for pensions (e.g., even low-income pensions saw above-inflation increases). This commitment to fighting poverty is also reflected in the share of the population’s “at-risk-of-poverty rate after social transfers.” Even after the very significant increase in unemployment since the early 2000s, this rate has remained stable. In 2005, it stood at 20 percent, which is admittedly higher than the EU-25 average of 16 percent.

At the same time, however, there have been increases in social disparities in Portugal as measured by the share of income received by the top two deciles of the population (which reaches 8.2 percent, considerably above the EU-25 average of 4.9 percent, having increased by 30 percent since 2000,). Thus, Portugal remains one of the EU countries with a higher level of social and economic inequality. Measures taken in the period under review aimed at increasing social cohesion include a revision of the “guaranteed minimum income” (now called “social income for inclusion”) introduced in the late

1990s to improve coverage and fight abuses as well as the creation of a “solidarity complement for old-age,” which is aimed at people over 65 with very low pensions. At this point in time, it is too early to assess the impact of these measures.

### Family policy

*Score: 5*

There has been little innovation in Portugal’s family policy since 2005. The two main measures that have contributed to family support are extensions of social-cohesion and educational policies. On the one hand, revising the “guaranteed minimum income” (now called “social income for inclusion”) has entailed the establishment of partnerships between the state and third-sector providers aimed at supporting families in need. On the other hand, investment in primary education has increased, and the opening times of public schools have been lengthened so as to help working families. However, although levels of employment for women in Portugal are quite high in comparative terms (particularly when compared with their counterparts in the other countries in Portugal’s geo-cultural area, e.g., Spain, Italy or Greece), it comes as a result of low wages and strong social networks rather than of social policies favoring the employment of women. Indeed, such policies are significantly underdeveloped in Portugal.

The realities of the economy and the labor market prevent women from combining parenting with successful participation in the labor market. Due to the rigidity of the labor market, potential employers are unwilling to hire women who are likely to become pregnant. If and when potential employers do hire women, they do so with only short-term contracts so that they can let them go in the event of pregnancy. Officially, however, there is a policy of six months’ maternity leave. Moreover, despite the fact that their levels of educational attainment have been increasing, women still suffer higher rates of unemployment, especially when they have children.

### Pension policy

*Score: 5*

Portugal faces a very significant fiscal deficit, which is partially due to an increase in social expenditures, including pensions. Increased pension expenses and the long-term challenge presented by Portugal’s aging population will require its pension system to undergo very significant reforms in order to assure its long-term fiscal sustainability and inter-generational equity.

The most important measures of the 2005/2006 social security reforms are:

- a transition to a so-called “pension formula” for calculating pensions that considers contributions over the entire course of one’s working life, while at the same time increasing the accrual rate for lower wages;
- a new method for updating pensions that takes into consideration inflation, GDP growth and the pension’s value;
- a bigger financial penalty for early retirement (although one should note that the average effective retirement age in Portugal is almost 64, which is the second highest in the European Union and just below the official retirement age of 65);
- several reforms of the civil service pensions system (including the 2005 closure of the separate public sector pension system, the Caixa Geral de Aposentações, or CGA, the enrolling of all new public employees after 2006 into the common system, and the progressive transformation of the CGA itself so as to make it more similar to the common system);
- the introduction of a “sustainability factor” that will peg the calculation of new pensions to the evolution of life expectancy at age 65.

Despite these changes, the incentives to remain at work continue to be insufficient. For example, retirement on an old-age pension is possible before the age of 60 after 30 years of contributions, which makes Portugal’s system the most favorable one in the OECD. Moreover, cuts in benefits resulting from early retirement are also smaller in Portugal than in other OECD economies. At the same time, however, any cuts in benefits must also consider that, since a large percentage of less-qualified and older segments of the population already receive low wages, the prospects for increases in rates of old-age poverty are more likely to increase. The extent to which measures such as the “solidarity complement for old-age” (see “Social cohesion”) can help address this problem remains uncertain.

## C Security and integration policy

### Security policy

#### *External security*

*Score: 8*

Defense policy must be analyzed in the context of EU goals and policies and active involvement in NATO. Portugal’s relationship with the United States, which is characterized by security assistance and a very close bilateral relationship, must also be viewed in terms of how it relates to security policy. Portuguese defense policy regarding likely security risks (e.g., organized crime and terrorism) is, in fact, a Europe-wide defense policy, and it is viewed by the

public as such. At the same time, it must be stressed that the Portuguese do not perceive their country as having internal security problems. According to the general public view, everyone is integrated, and if there are terrorist cells in the country, they will not attack targets within Portugal but only outside.

Portugal hedges its bets very consistently when it comes to its relationships within the European Security and Defense Policy (ESDP) and with the United States, which is commonly referred to as the “Atlantic relationship.” In addition, Portugal is suffering from very serious economic problems and lacks the funds to purchase all the equipment it had been planning to. Moreover, beyond the financial, technological and NATO-related problems, it has been argued that the politico-diplomatic leadership’s mindset regarding the so-called “European project” has curtailed Portugal’s input to the development of the ESDP. For example, Portugal has always opposed a federalist model – or “federal bond” – as a corollary to the integration process. This opposition is made clear by the country’s rejection of the so-called “communitarization” of security and defense pillars. It also completely rejects the dilution of states’ sovereign rights to make independent decisions when it comes to defining and implementing their foreign, security and defense policies.

#### *Internal security*

*Score: 8*

Throughout the period under consideration, the primary concern in terms of security policy was the restructuring of the various security forces. An “Integrated System of Internal Security” capable of coordinating the functions and jurisdictions of the various security forces was created, and new legislation was passed that regulates the roles and organization of the Republican National Guard (GNR, with jurisdiction outside cities) and the Public Security Police (PSP, with jurisdiction within cities). Nevertheless, this process is not complete. For example, although they acquired bulletproof vests and new weapons in 2006, the police forces are still clearly understaffed, underpaid and lacking in sufficient training when it comes to the use of their firearms and performing other duties. Budgetary concerns have also had an additional impact on the resources available to the police and particularly to the segment of the police forces combating violent and white-collar crime.

In general, most of the related measures envisaged by the government (e.g., the new model of coordination between the different security forces, the reform of police training, the renovation of police stations and the diffusion of special programs aimed at protecting women, children and the elderly throughout the country) are awaiting implementation in 2008. Nevertheless, delays in the implementation of these reforms have not engendered serious social and political problems because Portugal is a country with comparatively low levels of crime. At the same time, however, the public’s level of concern related to

crime has a tendency to shift widely depending on current events and the media agenda of the day.

*New security  
policy*

*Score: 8*

Despite its limited military capabilities (i.e., its small armed forces with restricted or non-existing autonomous capabilities), Portugal's security policy framework has been updated and reformed so as to reflect new internal and external security risks. Moreover, the country is a long-standing and active member of several international, multilateral and regional organizations. Security and defense issues are viewed with the whole of Europe in mind, and coordination is made with European partners and NATO. The government has invested in, organized and trained special intervention units in its police and intelligence forces. In short, the government is pursuing a sound set of policies in the security area and one that is part and parcel of a wider European policy.

### **Integration policy**

*Score: 9*

Generally speaking, Portugal's integration policy is quite advanced. The 2006 Migrant Integration Policy Index published by the Brussels-based Migrant Policy Group rated Portugal as the second-best country in the European Union when it comes to integration-policy best practices and particularly as relates to access to the labor market, anti-discrimination policies and family regrouping. Furthermore, in comparison with many other EU countries, migratory pressures in Portugal are low. In fact, these pressures have become lower in recent years as the country's economic crisis has made it less attractiveness to potential immigrants. Integration is also facilitated by the fact that a large proportion of the immigrants come from countries with shared linguistic and cultural aspects (e.g., Brazil). Lastly, the segment of the job market in which nonpermanent contracts prevail has – so far – been large and agile enough to absorb supply.

In the period between 2005 and 2007, social support for children, which was previously limited to Portuguese nationals, was extended to the children of legal immigrants. In addition, new local centers of support and resident cards have been created for immigrants, and legislation transposing EC directives concerning family regrouping has been approved. Several ministries have yet to fully implement a larger group of measures encompassed in the National Plan for Immigrant Integration, which was approved in March 2007.

Annotation: Migration Policy Group, Migrant Integration Policy Index. (Brussels: MPG, 2006), [http://www.integrationindex.eu /about/](http://www.integrationindex.eu/about/) (accessed December 8, 2007).

## D Sustainability

### Environmental policy

*Score: 5*

During the period under review, environmental policy in Portugal has mainly consisted of the transposition of EU directives, new legislation on noise reduction and the elaboration of various plans and projects (related to, e.g., the improvement of air quality, water provision and management, agricultural residues, conservation and CO<sub>2</sub> licenses). However, many of these plans and projects have yet to be implemented, and the effectiveness of the new regulations has yet to be assessed.

In more practical terms, there has been some noticeable action in the field of managing and treating industrial residues, for example, with the establishment of co-incineration plant in two locations following years of controversy and local protests. In addition, new legislation concerning recycling and landfills was also approved, and considerable progress seems to have been made in waste management. Portugal has rapidly progressed in terms of the share of its waste that is not placed in landfills, and it has even surpassed countries such as Italy, the United Kingdom and Greece.

Nevertheless, energy production remains heavily dependent on fossil fuels. While Portugal's investments in wind energy made it one of the EU countries with the highest increases in the use of this form of energy production in 2005 and 2006, hydroelectric energy production has progressed sluggishly. As regards CO<sub>2</sub> emissions, it is highly unlikely that Portugal will meet the standards set by the Kyoto agreement, and some experts even predict that Portugal will have some of the greatest increases in CO<sub>2</sub> emissions among the EU countries by 2012.

On the other hand, December 2005 saw the approval of the Water Framework Law, which finally set the framework for the sustainable use of what is a very scarce resource in Portugal, and 2006 saw the preparation of the second national strategic plan for the treatment of urban waste.

### Research and innovation policy

*Score: 5*

R&D in Portugal stands at one of the lowest levels in the European Union and reflects the economy's relatively low productivity level. This underperformance results in large part from the level of private R&D, which is one of the lowest in the European Union. Public R&D spending, on the other

hand, does not lag far behind the EU average. Furthermore, the country's ongoing fiscal consolidation makes it more difficult to maintain a high level of growth in public funding for research. As a result, Portuguese firms do not introduce radical innovations, and the number of original patents is low.

At the same time, however, Portuguese businesses have demonstrated a relatively strong innovative performance in some areas related to the implementation of innovation (also known as "innovation diffusion"). To some extent, this reflects the very structure of the Portuguese economy, which is characterized by many low-technology and therefore low-skill small and medium-sized enterprises (SMEs). At the same time, however, it at least partially results from a policy framework characterized by relatively strong public R&D and relatively limited incentives for private R&D, as well as from the relative scarcity of quality human capital (i.e., a lowly qualified workforce).

The European Innovation Scoreboard's classifying of Portugal as "catching up" to an EU benchmark in technological terms clearly confirms the relative effectiveness of publicly funded R&D, a strength that should be built upon. Moreover, technological development has an EU dimension in Portugal via the Lisbon Strategy.

In general, the Ministry of Science is the only one that has not been hurt by budget cuts in the last two years, and continued investment is expected. Funding increases have been funneled to scientific research and not to the university system as a whole. However, there has been a significant increase in the financial resources directed, in particular, to the number of scholarships for graduate education, the employment of people holding doctoral degrees, R&D projects (with external evaluation by panels of foreign researchers), new laboratories and research facilities, consortia with foreign universities and support to technology-based business projects.

Nevertheless, there is still a great gap to be overcome. In 2005, Portugal only spent 0.81 percent of GDP on R&D, or less than half the EU-25 average. Moreover, about 60 percent of that expenditure was government-financed, which is 25 percentage points above the EU-25 average.

### Education policy

*Score: 5*

The population of Portugal has one of the lowest proportions of individuals with higher education attainment levels in the European Union. To a significant degree, this results from the country's economic structure, although this structure is changing. The economy used to concentrate on low technology sectors that only demanded workers with a secondary-level education, as was

expressed by the relatively limited financial returns to education above the secondary level (as measured by salary differentials). However, competition from low-cost producers from within and outside the European Union has resulted in a reduction in the importance of those sectors. At the same time, this changing picture has exposed persisting deficiencies in the professional and tertiary educational systems (despite a very significant increase in the tertiary education attendance rates in the country).

Low qualifications and a lack of human capital continue to be cited as the main obstacles to economic and social development in Portugal. In the period under consideration, a large number of measures and actions were taken to improve this situation, including the introduction of English language instruction at the primary school level, the provision of meals at school and national plans for increasing literacy and numeracy.

Furthermore, changes in the organization of public schools have included measures aimed at increasing the job stability of faculty members in each school as well as the amount of time students spend in classes and other curricular enrichment activities. The career advancement requirements and the statute of teachers have been reformulated, allowing for greater teacher accountability vis-à-vis school boards and the Ministry of Education. Likewise, important efforts have been made in terms of providing training to young people who have already entered the job market before completing secondary school. Lastly, the network of schools has been reformulated. Schools with a very small number of students have been closed down, and resources have been concentrated on the remaining schools.

All in all, reform in education policy has been visible and courageous. Nevertheless, less progress has been made when it comes to modernizing school facilities, which in many cases suffer from visible decrepitude, and to restructuring the governance of schools. Furthermore, the fact that several of these reforms have taken place in an environment characterized by acute conflict with teachers and teachers' unions might hamper their full implementation.

## Management Index

### I. Executive Capacity

*Cabinet composition*

| <i>Prime minister</i> | <i>Parties in government</i>   | <i>Type</i>               | <i>Mode of termination *</i> | <i>Duration</i> |
|-----------------------|--|---------------------------|------------------------------|-----------------|
| Pedro Santana Lopes   | Social Democratic Party (PSD), Democratic and Social Center/Popular Party (CDS/PP) | Minimal winning coalition | 6                            | 07/04-03/05     |
| José Sócrates         | Socialist Party (PS)   | Single party government   | -                            | 03/05-          |

*\* The following modes of termination should be distinguished: elections = 1; voluntary resignation of the prime minister = 2; resignation of prime minister due to health reasons = 3; dissension within cabinet (coalition breaks up) = 4; lack of parliamentary support = 5; intervention by head of state = 6; broadening of the coalition = 7.*

#### A Steering capability: preparing and formulating policies

##### Strategic capacity

*Strategic planning*

*Score: 7*

In a broad sense, strategic planning has a considerable degree of influence on the way the Portuguese government operates, due to both domestic and international frameworks. Domestically, one of the government's constitutional obligations is to prepare the Major Options of National Plans (Grandes Opções do Plano, or GOP), which map out the government's priorities over a five-year period (The government program, on the other hand, corresponds to the government's term in office – normally four years – and is usually based on the electoral program of the party or parties forming the government).

These documents are submitted to the Assembly of the Republic and are revised annually. Internationally, EU membership plays an important role in

strategic planning. First, EU membership allows Portugal to apply for regional and structural funds, including the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Pre-Accession Structural Instrument (ISPA), after submitting medium-term plans outlining how the resources will be utilized.

Given the significant importance that EU funds have had (and continue to have) when it comes to building public infrastructure in Portugal and their “co-financing” conditionalities (which imply a participation of matching public funds during the planned disbursement horizon), medium-term strategic planning is a necessary element in significant portions of the domestic policy process. Second, EU membership also affects strategic planning as it relates to the implementation of other EU frameworks of both a systemic and a sectoral nature. For example, regarding the former, there are the Broad Economic Policy Guidelines (BEPG), the Lisbon Strategy, the associated National Reform Programs and the SGP Convergence Programs. Regarding the later, for example, there are the Environment Action Programs.

The language of strategic planning also plays a role in the current government’s discourse and activity to a larger extent than it has in probably any government in Portugal’s democratic history. The number of “plans” and “programs” (with a myriad of acronyms) presented by the government in all policy areas is very large. The most prominent of these is the so-called Technological Plan (see “Enterprise policy”), which is the backbone of the government’s human capital development, R&D and active employment policies. There is no doubt that, to some extent, this effort is partly rhetorical, as evidenced by the abandonment of some of these programs only a few months after their much-publicized presentation. However, with plans such as the Technological Plan, they convey a sense that a set of practices and mindsets favorable to strategic planning does, in fact, permeate government activity.

*Scientific advice*

*Score: 6*

The advice of academic experts from outside the government is a significant part of the policy-formulation process in several of Portugal’s reform areas. A concrete example is the use of academic analysis as a basis for reform proposals concerning the sustainability of the National Health System (SNS). Nevertheless, meetings between government representatives and academic experts are rare. Instead, the practice has been to set up committees, “coordination units” and “mission units,” that are semi-permanent and tasked with producing reports and preparing policies in several areas of governmental activity. In other words, contact between government and

academic experts exists, but such contact takes place in a setting that mitigates the independence and autonomy of such experts vis-à-vis the Council of Ministers.

### Inter-ministerial coordination

#### *GO expertise*

*Score: 5*

The Prime Minister's Private Office (PMO), the so called cabinet has access to only limited policy expertise. The Presidency of the Council of Ministers formed by the Finance and Foreign Affairs ministers, the Minister of the Presidency and the Minister of Parliamentary Affairs can rely on committees formed on an ad hoc basis for particular purposes or on information provided by the ministries. Any evaluation of draft bills is performed by the "PM Cabinet" and by the Presidency of the Council of Ministers in addition to the state secretaries. (Any "cabinet" is a temporary organization, existing only for as long as the relevant member of government is in office. This means that if that member of government ceases his or her activity, all of the cabinet staff members are in principle replaced and their accumulated knowledge of policies under development may be lost).

In practical terms, whenever a draft bill reaches the Council of Ministers for a formal round of comments, it has already been discussed internally by the responsible ministries, by the Ministry of Finance and the Ministry of Foreign Affairs (in cases involving budgetary or foreign-policy aspects) and, in some cases, with so-called "social partners." At this stage, only limited evaluation work is necessary at the level of the Prime Minister/Presidency of the Council of Ministers.

#### *GO gatekeeping*

*Score: 8*

The PMO's greatest expertise and ability to serve as a gatekeeper in policy terms is at the level of legal and juridical matters. In addition, the PMO exerts strong control over the agenda of the Council of Ministers on the basis of political considerations (rather than policy considerations, in the technical sense of the term). When a draft bill reaches the Council of Ministers for its first formal round of comments after negotiations and consultations with the various concerned parties (e.g., ministries and social partners) have been completed, it can still be sent back for revisions on policy (or formal) grounds.

#### *Line ministries*

*Score: 8*

The situation regarding consultation between the line ministries and the PMO during the preparation of policy proposals seems to vary considerably according to policy area. However, the PMO seems to be involved in most cases in conferring with line ministries and in conceiving the most important policy proposals, both in terms of content and evaluations of political

opportunity. An additional function performed by the PMO consists of monitoring whether the policy proposals produced by the ministries are consistent with the government's platform and plan and of stimulating such production.

*Cabinet committees*

*Score: 7*

There is substantial de facto preparation before meetings of the Council of Ministers. On Mondays, there are meetings between PMO officials, the prime minister and a group of core political ministers (i.e., those with greater political weight in the incumbent party) at which the government's agenda and considerations of political opportunity are debated. Then, on Tuesdays, meetings are held between the junior ministers (known as secretaries of state) and PMO officials in order to prepare the agenda.

*Senior ministry officials*

*Score: 6*

The degree to which ministerial committees effectively prepare meetings of the Council of Ministers seems to depend on the particular policy area. In areas such as foreign affairs and defense, for example, senior ministry officials (i.e., leading civil servants) have considerable autonomy and expertise. As a result, a great number of issues are settled and decided within the ministry, and the meetings of the Council of Ministers merely serve a final decision-making role. In the so-called low policy areas (i.e., those for which the public's differences of opinion and ideology differences are clearly marked), there is greater involvement by junior ministers, ministers and the PMO.

*Line ministry civil servants*

*Score: 5*

Ministers act on their own to develop the sector policies they are responsible for. This competence includes the right and responsibility to draft legislation as well as shepherding the draft proposal through the entire legislative process until the Council of Ministers places it on its agenda for approval. In doing so, the particular ministry initiates internal negotiations with other ministries as well as external negotiations with social partners, either via the Economic and Social Council or other interest groups. In the process, ministers must work closely with their respective secretaries of state, asking their own cabinets and the functionaries of the ministry to prepare the initial drafts.

Ministers occasionally set up working groups to prepare the drafts related to more complex matters. These groups include members of their cabinets and staff members from the public administration services under their coordination, and, with the agreement of the respective minister, they can also include staff members and public administrators from other ministries. These working groups may be headed by the minister, a secretary of state, a member of the minister's cabinet or a high civil servant. Nevertheless, policy coordination is still ultimately in the hands of the minister.

## Regulatory impact assessments

### *RIA application*

*Score: 2*

Regulatory impact assessments (RIAs) are not required by law in Portugal but result from policy directives. RIAs are typically limited to fiscal analysis and focus on budget costs. The analysis of benefits and the impact on competition are limited to only certain cases of regulation, and public disclosure likewise takes place only in selected cases, such as when new or major legislation or policies are introduced. In these cases, the new law specifies the need for RIA as a means of obtaining the relevant information that will allow the appropriate minister to review the new law or policy.

For the purpose of monitoring and evaluation, some ministries have special services or units (e.g., the Environment Institute) whose main task is to provide prospective and evaluation studies. As a complement or alternative to these units, ministers may use studies or data from research centers, whether academic (e.g., Statistics Portugal, or INE) or non-academic (e.g., the National Health Service, or SNS). Ministers may also employ private consultants to carry out specific evaluations. This is an area in Portugal, however, that still requires considerable improvement and the formalization of practices. In any case, provisions linked to the SIMPLEX program and introduced in 2006 aim to partially correct this situation .

Annotation: For more on the related provisions of the SIMPLEX programs, see Resolution of the Council of Ministers 63/2006.

### *Needs analysis*

*Score: 2*

There is no real systematized process for the use of RIAs in Portugal.

Annotation: For this reason, and for the sake of adequate inter-regional comparison, the score given here, 2, deviates from those provided by the experts who interpreted the question from a slightly different perspective.

### *Alternative options*

*Score: 3*

Although there is no real systematized process for the use of RIAs in Portugal, in some cases, alternative options may be considered. For example, alternative financing models were examined in a study to verify the financial sustainability of the Portuguese National Health Service (SNS).

Annotation: For the sake of adequate inter-regional comparison, the score

given here, 2, deviates from those provided by the experts who interpreted the question from a slightly different perspective.

### Societal consultation

*Mobilizing  
public support  
Score: 5*

The government consults with associations very regularly in order to secure their support for individual policies. In general, socioeconomic policies (e.g., those regarding pensions, wages and labor regulations) are heavily influenced by corporatist arrangements in which the government, trade unions and employers' associations formally negotiate such matters. In this regard, a government supported by a parliamentary majority retains a considerable degree of autonomy. Moreover, over the last two years, these negotiations have been generally successful, and their outcomes can be said to have resulted from genuine compromises, to have engendered feasible policies, and to have resulted from genuine compromises (although they have sometimes excluded the largest trade union, which is linked to the Portuguese Communist Party, or PCP).

Historically speaking, one could argue that the influence of interest associations has been greater in the policy domains in which the successful implementation of measures is highly dependent on the consent of highly specialized professionals (e.g., health, justice, defense, security and education). Members of these associations are always represented on the committees set up for reform-related legislation and policies. In general, such individuals tend to inhibit general reform measures by strenuously championing the particular interests of the group they represent.

During the period under examination, one of the government's touchstones has been changing its relationship with organized interests. Consultation has continued to take place, but the government has often refused to allow the results of such consultation to influence policy. In fact, the government has even been willing to engage in open confrontation with these organized interests and, so far, the general public seems to have approved of the government's new policy of confrontation rather than accommodation. However, the acrimony engendered by this approach may have unforeseeable consequences on the government's relationship with several organized interest groups as well as on its ability to implement policies.

### Policy communication

*Coherent communication*

*Score: 9*

The government that has been in power since March 2005 has been extremely effective at coordinating communication with the ministries. In fact, the success of this coordination has led the media to criticize the government, claiming that there is excessive “centralization” of authority in the PMO and that the ministers are too much under the control of and influence by the PMO. There were a few ministers who stood out in their willingness to vocalize dissent, but this could be attributed more generally to their public persona in the media.

### B Resource efficiency: implementing policies

*Legislative efficiency*

*Veto players*

|  | <i>Total</i> | <i>Share</i> |
|--|--------------|--------------|
| Bills envisaged in the government’s work program | 67           |              |
| Government-sponsored bills adopted               | 65           | 97.01 %      |
| Second chamber vetos                             | -            | - %          |
| Head of state vetos                              | 2            | 3.08 %       |
| Court vetos                                      | 2            | 3.08 %       |

### Effective implementation

*Government efficiency*

*Score: 7*

Overall, the government has been successful at implementing a large part of its platform. This success derives from the support of a disciplined majority in the Assembly of the Republic, the strategic autonomy of the incumbent party’s leader, a favorable public mood and a collaborative president. In the first two years of the current government (2005 – 2007), several difficult measures have been passed, most of which related to budget deficit reduction, both from the revenue and expenditure sides (the latter somewhat less successfully).

A more difficult issue regards whether, in other policy sectors, regulatory change and investment decisions have had their intended effects. For example, there is a large number of areas (e.g., health, immigration and environment) in which the effects of regulatory activity have yet to be assessed or in which a frenzy of “plans,” “strategies” and “programs” have yet to reach the implementation stage (see “Strategic planning”). An

important warning sign is provided by reforms in the housing rental market that aimed at addressing the problems caused by rent control. The shortcomings in this case can be used as an example of an area in which the effects of reform fell far short of expectations.

*Ministerial compliance*

*Score: 9*

The prime minister exerts strong authority over the Council of Ministers and his or her party, and he or she enjoys considerable strategic autonomy. The PMO is highly involved in the policy-conception stage, in monitoring the ministries' implementation of the government's platform, and in preparing the agendas of meetings of the Council of Ministers. Furthermore, the prime minister promotes so-called "political coordination" meetings with those members of the Council of Minister who have greater political weight within the party. The remaining ministers, on the other hand, have more technical profiles and lack constituencies within the party, thereby ensuring their alignment with the prime minister.

Since 2005, all ministers in the Council of Ministers whose profiles differed somewhat from that of the prime minister's have been replaced. For the most part, the majority's parliamentary group is left out of this process, but there are incentives in place regarding eligible places in party lists for elections that are strong enough to ensure compliance with its program.

*Monitoring line ministries*

*Score: 9*

One of the PMO's main tasks is monitoring the activity of the line ministries, monitoring the extent to which their policy proposals implement the government's platform, and stimulating such activity. Decisions on the right moment to publicly present such proposals are also highly centralized and reserved for the PMO in coordination with the "core executive" of political ministers. Such control is reinforced by the need to negotiate several of these proposals with the president so as to avoid public confrontations and vetoes. Finally, in cooperating closely with the prime minister, the Ministry of Finances exerts another form of control in that it is allowed to veto proposals that violate basic budget constraints and priorities.

*Monitoring agencies*

*Score: 7*

The most important executive agencies are those that promote tourism (Instituto do Turismo de Portugal, ITP), investment (the Invest in Portugal Agency, or API), and exports (the Portuguese Foreign Trade Institute, or ICEP). Because these agencies enjoy some degree of autonomy, they require government monitoring, which is performed by the Ministry of Economy. Other executive agencies are monitored by internal audit units within the various ministries.

*Task funding*

*Score: 5*

As Portugal lacks regional governments, only local governments (i.e., those at the municipal level) can be examined regarding this issue. The fact that budgets of municipalities represent little more than 10 percent of the national

government's budget indicates the high level of centralization in the country in terms of responsibilities assigned to the different levels of government. On average, grants from the central government represent 40 percent of all municipal revenues, and the remainder is obtained via local taxes and a share of VAT collected on tourism activities. In some municipalities, however, central government grants amount to 95 percent of revenues. This may change somewhat, however, since a new legal framework was approved in January 2007 that also allows municipalities to receive a portion of the income taxes collected in their territory as well as to levy local taxes as part of associations of different municipalities. This will, however, also result in a reduction in central government grants.

In general, the central government underfunds local government tasks. As part of the fiscal consolidation undertaken to address the high fiscal deficit of 2005, transfers to municipalities were frozen at the same level for 2005 and 2006, and increases were capped at 5 percent in 2007. As a result, many municipalities have complained of not having resources sufficient to fulfill their tasks.

Specific grants tend to be limited to investments in infrastructure. More recently, there has been a growing trend in the establishment of so-called "protocols" or "contracts" between central and local governments for the provision of services in the education, culture and health sectors. However, grants destined for those services tend to be insufficient and, in many cases, their transfer was already overdue. At the same time, though, the reluctance of the central government to allocate larger amounts of resources to the municipalities is understandable given the fact that systematic slippages in budget execution, wasteful expenditure and a largely electoralist allocation of resources have been widespread at the municipal level.

*Constitutional  
discretion*

*Score: 6*

Speaking broadly and comparatively, the constitutional and legal framework of local government in Portugal is already highly centralist. As a result, the amount of discretion that could be curtailed is already limited. Recent changes have tried to redress the balance between the aspects of local governance that are centrally determined and the ones for which there exists a certain degree of discretion. So far, local governments have enjoyed very little discretion when it comes to the fiscal incentives they can provide for investment and internal migration.

At the same time, however, they have been granted large leeway in terms of incurring debts, having slippages in budget execution, and using central government grants for nonessential services and investments. Recent (2007) legislative changes have addressed both aspects by increasing the former and

decreasing the latter. One problematic aspect remains in that there is some doubt whether the central government will effectively fulfill its commitments to transfer the grants meant to fund the increase in local government competencies in health, social services, culture and education. In fact, there are already signs that the funding increases may be insufficient and, in many cases, already overdue.

*National standards*  
*Score: 5*

In the early 1990s, the passage of the Public Service Quality Charter launched an attempt to create and implement a system for monitoring the quality of public services. The charter did not, however, include any system of measuring compulsory performance. At the same time, most of the national and international initiatives aimed at monitoring the quality of public services (as well as the awards given out for high quality standards) related to services provided by the central rather than local governments.

For the most part, services provided by local governments still consist of those related to urban planning, basic infrastructure provision and maintenance services. Moreover, the tendency to augment the provision of local services by means of public-private partnerships or through municipal corporations has had contradictory consequences. On the one hand, competition between providers has increased, as have the benefits resulting from such competition in terms of quality of services. On the other hand, however, there has been a decrease in terms of accountability in cases of failure.

## C International cooperation: incorporating reform impulses

### Domestic adaptability

*Domestic adaptability*  
*Score: 8*

Portugal's membership in the European Union has been the decisive factor in forcing it to adapt its domestic government structures to international and supranational developments. In particular, this adaptation occurs in all ministries and departments for which external relations play an increasingly important role. Of course, incumbent governments have already seized upon the need for such adaptation, arguing that it provides an opportunity to increase their autonomy vis-à-vis national parliaments, political parties and domestic interests.

### External adaptability

#### *International coordination activities*

*Score: 7*

Portugal's modest size, resources and strategic importance limit its government's active participation in international reform efforts.. At the same time, however, Portugal has seized the opportunity to participate in as many inter-governmental organizations as possible and even to try to place Portuguese officials in leading positions, and its efforts have meet with a relative degree of success. One must also point to the regular involvement of Portuguese government officials in a wide range of EU initiatives, the country's active role in organizations of Portuguese-speaking countries, and its attempt to involve itself in UN peace missions and democratic monitoring activities all over the world, despite its limited size and resources.

As an EU member state (and one that recently held the organization's rotating presidency), Portugal necessarily participates in all reform initiatives within the EU framework. In addition, as a small nation, Portugal is keenly aware that the only way to maximize the effect of its international actions is by collaborating with other actors in the international community in a concerted fashion.

#### *Exporting reforms*

*Score: 5*

The incumbent government has adopted measures in some areas that can be viewed as internationally innovative as well as influential among specialized policy circles. In the area of e-government – and particularly the provision of public services online – Portugal has dramatically risen in the EU and international rankings, having innovative initiatives regarding taxation, administrative procedures and the overall availability of online information relevant to citizens. Some Portuguese initiatives aimed at reducing the levels of bureaucracy between citizens and the state, and particularly those facilitating the business environment, have also been at the forefront of practices across Europe.

Nevertheless, in all remaining areas, it is difficult to find cases in which Portugal's policies and good practices have been pioneering and internationally influential. In fact, generally speaking, the country is a follower in terms of international policies, although its relatively open outlook and EU membership usually make it an early follower.

## D Institutional learning: structures of self-monitoring and -reform

### Organizational reform capacity

#### *Self-monitoring*

*Score: 6*

One possible indication that suggests that monitoring and adaptation have taken place is the fact that the rules of procedure for the Council of Ministers, which functions as a monitoring mechanism, were changed twice in little more than two years. At the same time, there is apparently no specific institution explicitly tasked with executing this monitoring or reform function. The mechanisms envisioned in Decree Law 202 of October 27, 2006, however, seem to be oriented toward increasing reform capacity.

#### *Institutional reform*

*Score: 6*

EU membership effectively acts as an “institutional shock” that forces policies and institutions to adaptation. In the case of Portugal, membership and periodic revisions of the constitution have led to significant changes and improvements in its institutional arrangements.

Furthermore, internal coordination of the government has been enhanced by two changes. First, a number of changes were made in the rules of procedure in the Council of Ministers. Second, there were changes in the government composition, whereby ministers with more “public” and “outspoken” profiles were replaced by individuals more likely to comply with the high level of centralized coordination typical of the incumbent government. Moreover, some areas have witnessed increased strategic planning and communication between different ministries to an unprecedented level in Portugal’s democratic history.

Nevertheless, the low frequency with which the impact and implementation of policies is evaluated remains a significant problem. There are assessments of fiscal impacts, and ministers and the government as a whole are formally allowed to evaluate issues in terms of the levels of resistance and technical obstacles to policy implementation as well as their economic and social consequences. However, the infrequency of such evaluations undermines the government’s strategic capacity.

## II. Executive accountability

### E Citizens: evaluative and participatory competencies

#### Knowledge of government policy and political attitudes

*Policy  
knowledge  
Score: 5*

Surveys conducted in Portugal on social and political attitudes yield findings that tend to indicate a low level of awareness or information for a substantially higher percentage of the population than the European average. In addition, surveys dealing with self-perceptions of knowledge and information about politics and policies tend to show that the Portuguese consider themselves particularly uninformed about such topics. Moreover, although research shows that they are declining, feelings of political inefficacy are strong and permeate the population.

At the same time, however, general measurements of political knowledge show that the Portuguese public is not only more informed than it thinks it is, but also that it is more informed than the citizens in several older and more developed European democracies are. In fact, the levels of attention to political information and political interest have been rising and, at least comparatively speaking, the content of media information – and even that of television – is rich in information. Thus, although the level of information Portuguese citizens have about economic, wage and labor policies is low in absolute terms, it cannot be said to be particularly low from a comparative point of view.

The situation regarding other policies, however, is quite different. For example, a recent survey showed that the overwhelming majority of the population had no knowledge of the amount of public spending on health, measured in both per-capita terms and as a percentage of GDP. Moreover, those who ventured a guess about the amount missed by a long shot (and, of course, seriously underestimated it). The same is also likely to be the case when it comes to other policies, such as education and social security.

## F Parliament: information and control resources

### Structures and resources of parliament, committees, parliamentary parties and deputies

|  |     |
|--|-----|
| Number of deputies                             | 230 |
| Number of parliamentary committees             | 12  |
| Average number of committee members            | 27  |
| Average number of subcommittee members         | 9   |
| Pro-government committee chairs appointed      | 8   |
| Deputy expert staff size                       |     |
| Total parliamentary group expert support staff | 33  |
| Total parliamentary expert support staff       | 70  |

*Obtaining documents*  
Score: 8

Committees have broad rights to request government documents. These rights are only limited by legislation regulating state secrets and other privileged matters. In practice, however, the government can invoke practical considerations to delay or even prevent the delivery of such documents. Such cases are not egregious, but neither are they unheard of.

*Summoning ministers*  
Score: 9

If they vote to do so, committees can summon representatives of associations or individuals to hearings. Each year, each minister must appear at least four times before the relevant committee. The governing party can use its majority status in a committee to prevent hearings in particular circumstances; but parliamentary groups nevertheless enjoy the right to summon ministers without a vote.

*Summoning experts*  
Score: 9

Committees can summon any citizen, including experts. In practice, this happens very rarely. When it does, however, it often takes place with reduced participation on the part of committee members, unless the issue is high on the media agenda or the summoned person is particularly prominent.

*Task area coincidence*  
Score: 7

There are 15 ministries and 12 permanent committees. A single committee monitors the separate ministries of education, culture and science (three different ministries), and another committee monitors the separate ministries of agriculture and the economy. All other ministries have their own

committees.

*Audit office*

*Score: 6*

The president of the Court of Auditors (Tribunal de Contas) is nominated by the government and appointed by the president of the republic. The court is not accountable to the Assembly of the Republic but must report to it regularly. It is seen as a true court in the sense that it is accountable to neither the government nor the Assembly of the Republic and enjoys a high degree of independence from the government.

The court's judges are selected by means of a public examination before a jury, and ultimately appointed by the court's president. The fact that partisan cohabitation has been the norm in the relationship between the president and the government (with the exception of the period between 1996 and 2002) has allowed the court significant independence vis-à-vis both the executive and parliamentary majorities.

*Ombuds office*

*Score: 5*

Portugal has an ombudsman who is elected by a qualified majority of the Assembly of the Republic. The ombudsman's powers are not inconsiderable and include the right to inspect any sector of public administration, to conduct inquiries and to summon any civil servant. Moreover, the ombudsman is allowed to be a litigant before the Constitutional Court, meaning that he or she can refer legislation to the court for judicial review.

There has been much variation from one ombudsman to the next in terms of his or her level of activity and visibility as an advocate. Henrique Nascimento Rodrigues, who has been the ombudsman since 2000, has had a lower profile than his predecessor did. For example, his office has released no reports about the penal system since 2003.

## **G Intermediary organizations: professional and advisory capacities**

### **Media, parties and interest associations**

*Media reporting*

*Score: 8*

The functions of Portugal's public broadcaster (RTP), which still has the largest share of viewers among the country's TV stations, include providing an adequate amount of information about governmental policies. The Council of Ministers also has its own television channel. Public television and the two specialized news channels (available via cable) provide good quality political information, including debates and interviews of not only professional politicians but also of experts and commentators. The public TV channel has three such programs weekly during prime-time hours and

regularly schedules special programs.

There are three national radio stations dedicated mostly to news, debates and interviews, and they also provide heavy coverage of political information. Furthermore, at least comparatively speaking, television and radio stations in Portugal give a noteworthy amount of attention to “non-conventional” or “non-institutional” politics (e.g., demonstrations, civil society activities and representatives).

#### *Fragmentation*

##### Parliamentary election results as of 2/20/2005

| <i>Name of party</i>                       | <i>Acronym</i> | <i>% of votes</i> | <i>% of mandates</i> |
|--|----------------|-------------------|----------------------|
| Socialist Party                            | PS             | 45.1              | 52.60                |
| Social Democratic Party                    | PSD            | 28.7              | 32.61                |
| Portuguese Communist Party                 | PCP            | 7.6               | 6.09                 |
| Democratic and Social Center/Popular Party | CDS/PP         | 7.3               | 5.22                 |
| The Left Bloc                              | BE             | 6.4               | 3.48                 |
| Others                                     |                | 4.9               | 0                    |

#### *Party competence* *Score: 8*

The two parties in Portugal that are supported by more than 10 percent of the electorate generally propose moderate policies and incremental policy changes. However, most policy areas are treated as valence issues: Consensual goals and generic means to reach them are proposed, but considerations about their compatibility and plausibility are omitted. From this point of view, the platforms of both major, centrist parties are very hard to distinguish.

The level of analytical detail devoted to problems, the proposed solutions and their plausibility also vary according to policy area, depending on the level of expertise each party musters in the process of drafting their platforms. Heavy emphasis is typically put on legislation rather than on other policy instruments.

#### *Association competence* *Score: 6*

Few associations can openly and publicly present broad and coherent policy platforms. In practice, the government in Portugal exerts heavy control over the political agenda of the day, and associations tend to assume a more reactive than proactive stance in this regard, criticizing or praising governmental action and only then offering (often blatantly self-serving)

alternatives.

Most proposals made by trade unions, employers' associations and business associations are made in the framework of negotiations conducted in corporatist arrangements. As a result, they are typically unrealistic and basically serve as bargaining chips presented to the public before or during the negotiations proper. The same holds true when it comes to most professional organizations, whose behavior tends to fall into a pattern of protecting corporatist privileges. Whether true or not, this is how the situation is increasingly being seen by the public or portrayed by the government.

Important exceptions to this generalization concern environmental policy and consumer rights. In recent years, several related associations and think tanks with high levels of expertise have emerged into prominence. Something similar is also starting to occur in the health sector, particularly with the pharmaceutical and retailing industries.

*Association  
relevance*

*Score: 7*

Interest associations play an extremely relevant role in policy-making, albeit this is not mainly due to the quality of public communication they organize (see "Association competence" and "Mobilizing public support"). Exceptions concern environmental associations and, first and foremost, consumer rights' organizations, which have compensated for their lack of institutional weight with a very well-organized public communications strategy. While the government does consider interest associations to be relevant, in the case of Portugal, public communication cannot be seen as the explanation for this relevance.

This country report is part of the Sustainable Governance Indicators 2009 project, which assesses and compares the reform capacities of the OECD member states.

More on the SGI 2009 at [www.sgi-network.org](http://www.sgi-network.org)

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