

# Incumbents, Opposition and International Lenders: Governing Portugal in Times of Crisis

ELISABETTA DE GIORGI\*, CATHERINE MOURY  
and JOÃO PEDRO RUIVO

*The Portuguese case provides a unique opportunity to study the opposition's behaviour in a variety of political conditions. It offers an insight into the impact of the financial crisis on the opposition's behaviour in both majority and minority political settings. It allows the comparison of the opposition's relationship with a minority government, during which non-collaboration could have dramatic consequences, and also with a majority government, when such a choice does not have major political or policy implications. Moreover, it enables us to study the effect of an additional veto player (the so-called troika composed of the European Commission, the European Central Bank and the International Monetary Fund), which not only constrains both majority and opposition parties, but also gives political entrepreneurs a unique opportunity to push ahead with liberal measures – in this case, clearly in disagreement with the moderate and radical left programmes. Relying on quantitative data on the legislative behaviour of the parliamentary party groups in the period 1995–2012, and on qualitative process-tracking of the opposition's positions on key economic issues – such as the decision to vote against Prime Minister Sócrates' last austerity package after a series of approvals – this article aims to determine whether, and if yes how, the financial crisis has affected the behaviour of the Portuguese opposition parties in parliament, by examining and comparing their behaviour in hard and in normal times.*

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Keywords: *parliamentary opposition; government; consensus; economic crisis.*

## Introduction

Following the banking collapse in the US and shortly after the beginning of the Greek sovereign debt crisis in the first quarter of 2010, Portugal was pinpointed as a high-risk investment: demands for bonds issued by government shrank and the interest rate shot up. The Prime Minister (PM) José Sócrates kept insisting that the country would not have to be bailed out on the grounds that the minority Socialist government was successfully approving austerity packages with the help of the main opposition party – the Social Democratic Party (PSD). However, in March 2011 the government proposed an additional fourth package that was rejected by all the opposition parties. This led to Sócrates' resignation and, shortly after, the international lenders were called in. In the election of June 2011, a centre-right coalition composed of the PSD and the CDS-PP<sup>1</sup> obtained an absolute majority and started to implement a series of painful

austerity measures, most of which were conditioned by the international lenders, leading to recession and social unrest. Despite the very liberal and, for many, unfair repercussions of these measures, the Socialist Party (PS) in opposition voted in favour or abstained from voting on the most important packages during the first 15 months of the current legislature, finally shifting strategy and voting against the 2013 budget in November 2012.

This sequence of events implies several puzzles for researchers of Portuguese politics. Why have first the PSD and then the PS supported unpopular and liberal measures for so long? What made them shift from support to opposition? More broadly, what impact has the crisis had on the Portuguese opposition's behaviour? Is there any difference among the opposition parties? How is their behaviour affected by the presence of a majority or minority government?

The Portuguese case provides a unique opportunity to address these questions. It offers an insight into the impact of the financial crisis on the opposition's behaviour with both a minority government, during which non-collaboration could have dramatic consequences, and a majority one, when such a choice rarely has major political or policy implications. It also enables us to study the effect of additional external actors – that is, the European Commission (EC) and later the European Central Bank (ECB) and the International Monetary Fund (IMF) – on the opposition's conduct. These actors not only constrain the majority and opposition, but also represent a precious ally of political entrepreneurs who would like to push ahead with liberal measures – in this case, clearly in disagreement with both the moderate and radical left parties' programmes.

Our main argument is that economic crises, which jeopardise national interest but also trigger extremely radical socio-economic measures, have an important effect on the opposition's behaviour. We observe that consensus in parliament decreased with the onset of the current crisis mainly because more salient and divisive socio-economic policies had to be approved. However, we also expect and observe variations among parties; on the one hand the mainstream opposition parties are more consensual than they would be if the same policies were presented in normal times (as long as they do not see a golden opportunity to get into power themselves), and on the other hand, the radical parties are even more adversarial than usual. In order to demonstrate these claims, we rely on qualitative process-tracking of the Portuguese opposition's positions on key economic issues (including interviews with key political players) and on quantitative data on the voting behaviour of the parliamentary party groups before and after the crisis (in the period 1995–2012).

### **Theoretical Argument and Hypotheses**

As specified in the introduction, opposition parties are always exposed to two contrasting pressures: one towards conflict, which comes from the need to mark their position as different from that of the government in office, and one

towards cooperation, which comes from the will to take part in decision-making and influence the policy outcome. With the financial crisis, this dilemma between conflict and cooperation has become even more crucial. Austerity measures are unpopular and, in bad economic times, voters are more likely to withdraw their support for the government in office (Lewis-Beck, 1988). Thus, the opposition parties have a choice between the need to cooperate with the majority for the nation's sake and the opportunity to weaken a fragile government even further and possibly get into power at the subsequent election.

Little is said in the existing literature about the possible behaviour of the opposition parties in such a critical situation. Previous research suggests that the opposition's behaviour is likely to be more adversarial on economic and social policies (De Giorgi, 2011; Rose, 1984) and on more salient issues (Carammia & De Giorgi, 2011; Mújica & Sánchez-Cuenca, 2006; Stecker, 2011). As the legislation presented by the governments to tackle the crisis is mainly related to socio-economic issues and innately salient policies, our first hypothesis is:

*H1: Since the beginning of the crisis, the level of consensus between the government and opposition parties in Portugal has decreased as the number of socio-economic and salient policies discussed in parliament has increased.*

However, the nature of parties and the type of party competition constitute another crucial variable affecting the behaviour of the opposition in parliament (Duverger, 1954; Flanagan, 2001; Sartori, 1966). In particular, the mainstream (and more moderate) parties that alternate in government are more inclined to act responsibly than the more radical ones, which are usually permanently in opposition (Sartori, 1966, p. 35).

This difference between permanent and alternative opposition has implications for our research question, namely the impact of the crisis on the opposition behaviour: because the legislation presented by the governments to save their country from the economic crisis is of the highest national interest, we expect mainstream parties to feel 'responsible' and cooperate with the government even though they would have opposed these policies under normal circumstances. On the other hand, radical opposition parties are expected to take advantage of the crisis and emphasise their dissimilarity with the government even further. Thus, although we expect a general decrease in the level of consensus after the onset of the crisis in Portugal (due to the rising number of salient and socio-economic policy decisions), we expect the net impact of the crisis on the opposition behaviour to vary from one party to another. Since the onset of the crisis, the mainstream parties that usually alternate in government in Portugal, namely the PS, the PSD and the CDS-PP, have been expected to behave more consensually than in normal times. We expect the contrary to be true for the radical left parties (the PCP, PEV and BE).<sup>2</sup> Therefore, our second hypothesis states that:

*H2: Controlling for saliency and type of policies, since the onset of the crisis the mainstream opposition parties have been more consensual than the radical parties.*

In this turbulent period, there is one further intervening variable that cannot be ignored, namely the increasing influence of international actors on the economic policy issue. Indeed, the bailout meant that the conditions set by the EC, the ECB and the IMF forced the Portuguese government to make radical changes in their policies. However, even before the bailout the EC had pressed for public debt and deficit to be reduced as quickly as possible. According to previous research, Euro-scepticism – and conversely pro-Europeanism – has a significant impact on the government–opposition dynamics and party competition (Hooghe, Marks, & Wilson, 2004; Sitter, 2001, 2002; Szczerbiak & Taggart, 2003). We expect the traditionally pro-European parties in opposition to be more likely to cooperate with the government when the socio-economic measures follow the EU recommendations/orders (with or without the intervention of the IMF). Alternatively, we expect the more Eurosceptic parties in opposition to have fewer incentives to collaborate when the EU is influencing legislation.

*H3: Pro-European parties in opposition are more likely to cooperate with the government on policies recommended by the European Union than Eurosceptic parties.*

Obviously, this third hypothesis is related to the former as parties that are permanently out of government tend to be more Eurosceptic (Sitter, 2001; Taggart, 1998), while Eurosceptic parties that want to become credible coalition partners frequently moderate their hostility to Europe (Conti & De Giorgi, 2011; Costa Lobo & Magalhães, 2011). Two different kinds of analysis – one based on interviews with Portuguese MPs conducted at the beginning of the crisis in 2008 (Moury & De Sousa, 2011), and the other based on the study of party manifestos in the period from 1995 to 2005 (Costa Lobo & Magalhães, 2011) – indeed converge to show that the two major parties, the PS and PSD, have a very strong pro-European attitude. However, these studies also show a difference within both mainstream and opposition parties. While the manifestos of the three radical left parties (Leftist Bloc BE, the Communist PCP and the Greens PEV), which have never been in government, present strong anti-European stances, Moury and De Sousa (2011) observed that a large majority of BE deputies believes that EU membership is a good thing (66.7 per cent), in contrast to the small minority (29 per cent) of the CDU (PCP-PEV) deputies who agree with this statement. Similarly, the CDS-PP is less pro-Europe than its centre-right partner; this difference can be observed both in the manifestos and in interviews, with a lower proportion of deputies from CDS-PP welcoming EU membership than of PSD deputies (87 per cent versus 97 per cent). Thus, if *H3* is correct, after the crisis we should observe a variation in the voting behaviour between the CDS-PP and the two other mainstream parties on the one hand and between the BE and the CDU on the other.

Our final hypothesis is related to the variation in time during the period of crisis. As stated above, austerity measures are unpopular and so it is the government that is constrained to implement them. As a consequence, the main opposition parties have a better chance during the financial crisis of replacing the incumbents if new elections occur. So the more the government is in jeopardy (because it is a minority government or because there is intra-coalitional dissension) and the better the prospect of the opposition parties winning office in the case of election, the greater the opposition's incentives to challenge – rather than to support – the executive.<sup>3</sup> Hence, our last research hypothesis is the following:

*H4: After the onset of the crisis, the opposition parties will be more adversarial when their possibilities to replace the government in office increase.*

In the next two sections, we test these four hypotheses, first in light of process-tracking of the main events and bills approved in parliament since the start of the crisis, and second through a quantitative data analysis of the legislation passed before and after the crisis, in the period from 1995 to 2012.

## **A Political Overview of the Crisis**

### *Opposition's Behaviour and Narratives (2008–12)*

After the fall of Lehman Brothers in September 2008, there was a dramatic slowdown in the Portuguese economy. As exchange devaluation was not an option – unlike in the previous debt crises in the 1970s and 1980s – the initial measure taken by the first Sócrates government (a single-party majority government) was fiscal expansion. These counter-cyclical fiscal policies were taken in coordination with the EU's initial neo-Keynesian approach to the crisis (European Commission, 2008). These proposals received different responses in parliament, with all opposition parties voting against the 2009 budget, but in favour of its first amendment (with the exception of the PSD, which voted against). Nonetheless, the reasons behind the negative votes of the various parties were very different: while the radical left parties criticised the PS for not going far enough, the PSD and CDS-PP considered the expansionary budget to be irresponsible.

During the second half of 2009, the Portuguese government had reported an estimated 2.6 per cent slump in gross domestic product and a public deficit of 9.3 per cent in 2009. The European Council urged the country to engage rapidly in policies aimed at medium-term fiscal consolidation (European Council, 2009), thus putting an end to the short cycle of fiscal expansion. In April 2010, the Greek government asked for financial assistance from the EU to avoid bankruptcy, while the Portuguese government's interest rates soared to their highest level since entry into the eurozone. As the incumbent PS had lost the absolute majority in parliament when a general election was called in September 2009, the new Socialist minority government urged the parliamentary opposition to help approve the budget for 2010. According to Portuguese economists, this

budget was not a real austerity plan. Nevertheless, the freezing of public sector salaries and the plan to reduce state personnel carried the message that needed to be heard by the markets and the EU leaders. The left-wing parties accused international financial speculators of robbing the country with the acquiescence of the government and rejected the bill. While blaming the previous Socialist governments (of both Guterres and Sócrates) for getting the country into trouble, the PSD and the CDS abstained from voting and let the budget pass.

Just three days after the budget's approval, on 12 March, the government went back to parliament to ask for support for the Stability and Growth Programme (SGP) 2010–13, before delivering it to the EU. Unlike the budget, the SGP was undoubtedly an austerity package composed of a wide set of hard fiscal measures. Both the CDS and the radical left parties soon announced they would vote against it. For the parliamentary left, the Portuguese governments had mistakenly followed the path of recessionary budget policies that would not only fail to solve the debt crisis but also destroy the national economy, dismantle the welfare state and increase social inequalities. The CDS, for its part, blamed the Socialist government for targeting the poor and most vulnerable and lacking a strategy to lead the country back to growth. Despite sharing a similar discourse, the PSD (just before the election of its new leader Pedro Passos Coelho) decided to negotiate the first austerity package and abstained from voting: political stability was of greater national interest, especially after Fitch's downgrading of the Portuguese credit rating.

By the end of the first quarter of 2010, Portugal was boarding the Greek ship and starting to muddle through the storm of recessionary austerity packages, reports of negative growth, rising unemployment and poor fiscal behaviour, downgrading credit rates, and spiking yields. Despite an ever critical stance towards the government, the PSD negotiated two additional austerity packages with the PS and abstained from voting on them once in parliament. Whenever talks with the government broke down, the president of the Republic (PR), Aníbal Cavaco Silva, pushed the PSD – the party he had led in the 1980s and 1990s – back to the negotiating table.

Such a cycle would eventually come to an end in early 2011, when the government lost support from all sides of the political spectrum, in particular from the PR. While the three initial packages of the Sócrates government had been sustained by the president, Cavaco Silva's re-election in January 2011 marked a turning point. In February, the president vetoed a decree law for the first time in five years of cohabitation with the PS in government. His inauguration speech soon afterwards, on 9 March 2011, was regarded by many politicians and observers as a 'declaration of war' to the government. The scene was set for an institutional conflict between the PR and the government.

In the meantime, the government was forced to negotiate a fourth austerity package with the EU, which basically consisted of an amended version of the SGP (Stability and Growth Pact) 2011–14. According to the PSD, the negotiations were conducted behind the backs of the parliamentary opposition and

the PR. Although there was no formal need to approve this new version of the SGP in parliament, the PM declared he would resign if the opposition proposed a resolution against the programme which received a majority vote in parliament. Rejecting the government package would therefore trigger a political crisis in the middle of a financial storm, and the opposition should be blamed accordingly. This behaviour made many observers conclude that the PM was keen to make the government fail before the bailout by also blaming the opposition parties for their lack of responsibility.

Despite the pressure of new rating downgrades, the PR did not take action to rescue the plan from rejection on the grounds that the presidency had been prevented from using its influence owing to the lack of information given by the government on the new austerity package. The PSD voted against it and the PM immediately resigned. The main arguments used by the PSD to explain its shift in voting behaviour and the rejection of the fourth and last austerity package of the PS executive were the eroded authority and credibility of the socialists in managing the crisis, as well as the alleged negotiations of the fourth austerity package with the European authorities behind the backs of parliament, the president and the social partners. In the aftermath of these events, the caretaker government had no choice but to ask for the bailout on 6 April, at the beginning of the electoral campaign.

The negotiating process was conducted by the government on behalf of the Portuguese Republic and a memorandum of understanding was signed in May by the lenders – the so-called *troika*, composed of the EC, the ECB and the IMF – and the three mainstream parties: the PS, PSD and CDS. This was a signal that, no matter which party was going to win the election, the new government would inevitably be constrained by the commitments to its international lenders. By contrast, the radical parties (PCP, PEV and BE) claimed that the bailout was undemocratic and unnecessary and refused to participate in discussions with the *troika*.

At the general election held in June 2011, the centre-right coalition (PSD and CDS-PP) obtained an absolute majority and the head of the PSD, Pedro Passos Coelho, became the new PM. As the agent of the *troika*, Coelho's government had to implement a series of painful austerity measures, triggering recession and social unrest. Once in opposition, the PS started to blame the government for the ever worsening crisis, thus aligning its discourse with the more radical parties on the left. Despite this common discourse and the actual 'irrelevance' of its voting choice in the current majority setting, the PS had been quite cooperative on the major policy packages proposed by the government until November 2012 (and arguably more painful and inconsistent with its ideological background). While the three radical left parties constantly voted against the government packages, the PS abstained from voting on both the 2012 budget, which included tax increases and public sector wage cuts, and the new labour legislation, which introduced cuts in pay and holidays and the easing of restrictions on lay-offs and workers' dismissals. In addition, the socialists voted in favour

of amending the legal regimes on the recapitalisation and consolidation of the banking sector with the help of the state and the privatisations of state-owned enterprises. Finally, the PS also approved the ratification of the EU Fiscal Compact in April 2012 (with Portugal being the first member state to ratify the treaty). The need to act responsibly vis-à-vis the 2011 bailout agreement that all were prepared to sign was again the main reason behind their choices (according to the socialist deputies interviewed).<sup>4</sup> However, a shift was observed in November 2012 when the PS voted against both a second amendment to the 2012 budget and the 2013 budget – blaming the government for its incompetence and stubborn insistence on austerity, and failure to take action to foster economic growth. From then on, the socialists tended to align their legislative behaviour with the parties on the left, voting against some critical and highly politicised bills, all framed by the crisis: the merging of local government constituencies, the regulation of labour relations in the private sector (cuts in compensations for dismissals) and in the public sector (reducing the security of the work contract, and increasing the weekly working hours), and a new austerity budget for 2014. In addition, the PS also started to request a review of the constitutionality of austerity laws approved by the centre-right majority. In key issues the Court has ruled in favour of the socialists, thus pushing the government to find alternative measures under the oversight and pressure of the *troika*. On some occasions, though, the PS kept a distance from the leftist opposition parties, especially when the recapitalisation of the banking sector or fostering private investments (through tax credits) was at stake.

### *Understanding the Opposition's Choices*

As stated already, the above narratives offer several puzzles. What can explain first the PSD and then the PS support of unpopular government measures? What can justify a shift in the conduct of those parties at one given moment in time? And what reasons can be found for the variation among parties?

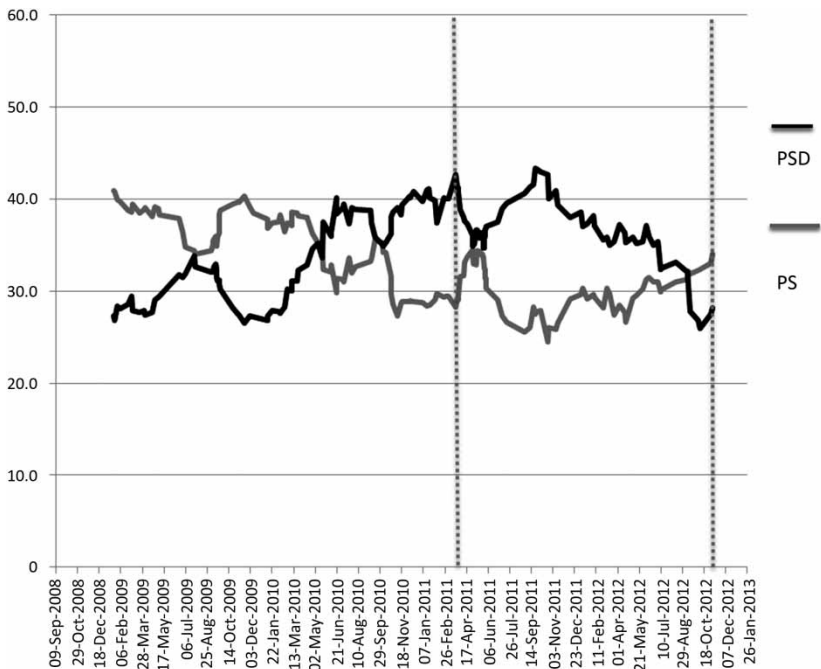
The answer to the first question lies in the risk involved in the crisis, namely default and bankruptcy – a matter of great national interest – for which the two major parties, the PS and the PSD, felt responsible even from the opposition benches (*H2*). Although it is true that the socialists and the centre-right parties had been ideologically close for decades,<sup>5</sup> few of the bills just mentioned would have got the support of the major opposition parties in normal times. It seems that the PSD and PS had felt constrained by a sense of responsibility and, for the latter, by the commitment to fulfil the agreement signed with the international lenders.

This sense of obligation was not shared by the radical left parties or the CDS-PP. As has been said, the permanent exclusion of the former from government might help to explain their adversarial conduct even in hard times (*H2*), but this does not help us to understand the CDS-PP's controversial behaviour. Here the pro- or anti-European attitudes could contribute to our investigation (*H3*). As noted above, the PS and PSD are as unequivocally pro-European as

the CDU is Eurosceptic; however, the CDS-PP and the BE are more ambiguous about Europe. This ambiguity might help explain why the CDS-PP was less inclined to consensus than its social democratic ally, despite its ambition to govern. Similarly, the pro-European stance of the PS and PSD (together with their centrality in the political spectrum) might contribute to explaining their collaboration with the government on relevant socio-economic legislation. On the other hand, the Euroscepticism of the radical left parties sheds additional light on why they have systematically opposed the government's measures in times of crisis.

One last puzzle tabled by the Portuguese story has to do with the reason why, after three crucial abstentions, the PSD finally decided to vote for a resolution against the fourth austerity package proposed by the Socialist government and why a similar shift was observed in the PS behaviour from November 2012. We hypothesise that these decisions were taken because the main opposition parties' possibilities to gain office in the case of an election had increased significantly immediately prior to these specific moments. The intentions of vote in the 2010–12 period (Figure 1) in fact show that both the PSD and the PS changed their voting behaviour from cooperative to conflictual when the electorate's

**Figure 1: Evolution of Vote Intention for the PS and PSD (March 2010–January 2013)**



Source: <http://margensdeerro.blogspot.pt> by Pedro Magalhães.

voting intentions moved in their favour. As shown in [Figure 1](#), the voting intentions were in favour of the PS when the first two packages were voted upon and were almost even between the PS and PSD when the third one was approved; but the PSD had a clear edge when the fourth package was presented to parliament. Supported by voting intention polls and probably under significant internal pressure from its party and the PR himself (Magalhães, 2012), Passos Coelho chose to join the rest of the opposition parties in rejecting the additional package proposed by the PS. This move led to a significant decrease in its support so that the election results were actually quite vague.

A similar dynamic could be observed for the PS in opposition. After abstaining from voting for the major socio-economic measures proposed by the centre-right government during the first 15 months of the current legislature, the PS decided to vote against the government's proposal in November 2012 – a time when polls on voting intentions gave it an edge over the PSD (and the governing coalition was showing clear signs of internal conflict).

Therefore, while a sense of responsibility and pro-European attitudes pushed the two larger parties to cooperate with the government even from the opposition benches, this support had a limit: when a party could make the government fall and/or had a good chance of winning if there were an election, self-interest prevailed.

Interviews with key players at the time of the crisis support this explanation. As a former PSD minister said when asked about what explained the decision to vote against the fourth austerity package in March 2011: 'If the opposition sees that the life expectancy of the government is long, then it will let the measures pass; if, on the contrary . . . the opposition party sees an opportunity to get in power itself, obviously it will start to oppose the government measures'. A similar reasoning was made by a former junior minister from the PS: 'In Portugal, no one accepts that the opposition is against everything at the beginning of its mandate. There is the feeling that a party that aspires to govern should adopt a responsible behaviour. But there are also some political strategies at stake: now [January 2013] the opinion polls give the edge to the PS. As the crisis always brings governmental instability, the PS knows that it is just a matter of time before it will be back in government'.

### **Comparing Opposition in Normal and Hard Times: Quantitative Data Analysis**

Although the qualitative data analysed so far tell an interesting story, the focus on the most important socio-economic measures might create a distorted view of the overall reality. We therefore decided to rely also on more quantitative data and analyse the opposition's voting behaviour on the final approval of the laws in parliament from 1995 onwards. We focused on: two Socialist minority governments, one during Portugal's 'golden years' of economic growth (Guterres I, 1995–99) and the other in the period just after the onset of the financial crisis (Sócrates II,

2009–11); two majority coalition governments (PSD and CDS-PP), the first in relatively good economic times (Barroso II, 2002–4) and the second just after the bailout (the current Passos Coelho, 2011–); and one single-party majority government, which was in charge before and after the beginning of the crisis (Sócrates I, 2005–9). This broad scope allows us to compare the opposition’s voting behaviour in normal and hard times and test the influence of further variables mentioned in our hypotheses.<sup>6</sup>

### *The Dependent Variable*

As we have said, we investigated the voting behaviour of the Portuguese parliamentary parties and chose the consensual voting of the opposition party groups in parliament as our dependent variable. In order to measure the level of *consensus* shown by the Portuguese opposition during the five selected governments, we shall refer to the favourable voting behaviour during the final stage of the law-making process. The information refers to the parliamentary party groups’ voting choice on all the approved laws other than those dealing with administrative reorganisation. As the online archive also enables us to identify how many MPs voted against their own group, we were able to employ Capó’s index of consensus in parliament, used by Mújica and Sánchez-Cuenca (2006):

$$\text{Consensus in parliament} = \frac{vf}{(n*v)/N}$$

where  $vf$  stands for the number of votes for the law,  $n$  for the number of MPs belonging to the main party,  $v$  for the total number of cast votes, and  $N$  for the size of the Assembly. If the index has value ‘1’, the incumbent party does not obtain support from any other parliamentary group. If the index has a value over ‘1’, the incumbent gets support from other groups: the more the support, the higher the number.

### *The Operationalisation of the Independent and Controlling Variables*

As noted above, our main assumption is that the crisis has had an impact on the level of consensus in parliament. So a dummy variable has been created to identify the beginning of the crisis, even though there is no straightforward definition of when the crisis really started. The fall of Lehman Brothers on 15 September 2008 is considered by many observers as the official ‘beginning’ of the world crisis. Hence, we built one dummy variable taking the value ‘1’ after 15 September and ‘0’ before. But in order to capture the effect of the Portuguese bailout on the opposition’s behaviour, we created another dummy taking value ‘1’ after 6 April 2011 and ‘0’ before. We expect both these variables to be negatively related to the level of consensus in parliament.

In order to test the net effect of the crisis, we decided to control for four variables that are likely to influence opposition voting behaviour. First, the policy area: socio-economic policies are expected to be more conflictual because

parties are expected to represent different socio-economic interests. Thus, we classified each law following the 21 categories of the Comparative Agendas Policy Project<sup>7</sup> and then created a dummy variable to distinguish the laws dealing with the socio-economic policy sector – which is the sum of four different policy areas, respectively called macroeconomic issues, general labour and employment, general social welfare, general banking and finance – from all the others. We called this variable *Socio-economic sector* and we expect it to be negatively associated with the opposition's propensity to vote yes or to abstain rather than to vote no.

Second, the type of government: Portugal has experienced alternating types of government – coalition and single-party, majority and minority. The concentration of the executive power in a strong single-party majority cabinet gives the opposition very different political opportunities in parliament, compared with those given by the concentration of the executive in either a minority government or a coalition government. In the first case, the parliamentary opposition has neither space for nor interest in intervening or negotiating with the government in office, which is already supported by a strong and usually disciplined single-party majority. At the same time, this situation obliges the official parliamentary opposition to propose itself as constructive and alternative, in order to compete for power at the following election. In the second case, the life of parliamentary opposition seems to be more advantageous, particularly for smaller parties, which are the government's crucial allies so as to obtain the majority in parliament (essential in the case of minority government, and sometimes necessary when intra-coalition divergence occurs). As the opposition parties might behave differently depending on the type of government in office, we decide to control this variable (*Majority government*).

It is also believed that the author of the bill affects the level of cooperation between majority and opposition (De Giorgi & Marangoni, 2009; Mújica & Sánchez-Cuenca, 2006). This is so because by definition the parliamentary opposition opposes the government (Dahl, 1966). We therefore assume that the opposition will be more adversarial when a government bill is at stake. As a control variable, we thus created a dichotomous variable (*Initiative*), which assumes value '1' when the law in question is proposed by the government or any majority party member and value '0' otherwise.

Finally, some scholars emphasise that the characteristics of the legislative acts are likely to have a substantive effect on the patterns of voting behaviour. Giuseppe Di Palma (1977) showed how the high degree of consensualism found in the lawmaking process in the first four legislatures of the Italian Republic was largely due to the poor quality of the laws enacted. In a widely polarised and fragmented party system, an impressive number of *leggine* (small laws) limited in both scope and policy comprehensiveness helped parliamentary actors to find the necessary compromise and agreement. Speculating a little on these acknowledgements, we expect the opposition to be more consensual on legislation that is limited in policy comprehensiveness

(and hence, less relevant). As a result, we use the number of committees involved in the lawmaking process as a proxy for the political relevance of each bill and it is also controlled.

### Opposition in Normal and Hard Times: A Description

Do we observe any difference after the crisis in terms of types of law approved and the consequent level of conflict created in parliament? Our first hypothesis is based on the assumption that a larger number of relevant bills dealing with socio-economic issues has been approved since the start of the crisis in Portugal and that both the relevance and the issue area of a given bill have an impact on the opposition's voting behaviour. By examining the content of the laws approved during the five governments under analysis, we can actually observe a clear increase in the amount of legislation dealing with relevant and socio-economic policies in the years of the financial crisis (Table 1).

Whereas socio-economic laws are never more than 24 per cent of the total in the first three governments under analysis, they reach 34.5 per cent of the total legislation during both the second Sócrates government and the current Passos Coelho government. Furthermore, in Table 1 we can see a clear increase in the average number of committees involved in the approval process of these bills. Thus, owing to the rise of both the number of socio-economic bills and their level of comprehensiveness (given by the increasing number of committees involved in their approval), we would expect the level of conflict in parliament to increase as well.

Table 2 presents the average index of consensus per legislature. In the last row we can see that, on average, the Portuguese parliament is quite consensual: the index is well above unity for each legislature and on average more than one-third of the bills are passed with a positive vote from every parliamentary group

**Table 1: Average Percentage of Socio-economic Laws, Number of Words and Committees per Legislature**

	Percentage of Laws Approved Dealing with Socio-economic Issues	Average Number of Committees Involved
Guterres I (1995–99)	23.7	1.3
Barroso (2002–4)	17.7	1.2
Sócrates I (2005–9)	22.2	1.4
Sócrates II (2009–11)	34.5	2.5
Passos Coelho (2011–)	34.5	2.9

**Table 2: Index of Consensus per Legislature and Percentage of Votes for which every Parliamentary Group Votes in Favour, All Legislation (and Important Legislation Only)**

Legislature	Capo's Index	Number of Unanimous Laws (%)	<i>N</i>
Guterres I (PS, minority)	1.66 (1.69)	42.6 (44.2)	357 (95)
Barroso (PSD/CDS-PP, majority)	1.55 (1.38)	34.1 (25.8)	167 (31)
Sócrates I (PS, majority)	1.52 (1.54)	30.5 (35.0)	344 (40)
Sócrates II (PS, minority)	1.62 (1.67)	27.3 (42.9)	88 (7)
Passos Coelho (PSD/CDS-PP, majority)	1.31 (1.23)	11.1 (10.5)	54 (19)
Average:	1.61 (1.58)	34.1 (35.9)	1010 (192)

in parliament. But a look at [Table 3](#) also grants some support to our hypothesis concerning the negative impact of the crisis on the voting behaviour of the opposition in parliament: if we compare the two Socialist minority governments led by Guterres and Sócrates or the two PSD/CDS coalition governments led by Barroso and Passos Coelho – thus keeping both the variable type of government and party in office constant – we observe a decrease in the level of consensus after the crisis in both cases (especially if we compare the two centre-right governments). Our first hypothesis seems to be confirmed. As it might be argued that the above numbers mix very important and more trivial legislation, [Table 2](#) also presents the main index of consensus for pieces of legislation that went through at least two committees (one-fifth of the total of all bills) – thus more inclusive and probably more relevant in terms of policy comprehensiveness. If we look at the percentage of laws that are passed unanimously, we observe the same downward trends – which are particularly clear for the centre-right governments.

[Table 3](#) presents some descriptive statistics about the voting behaviour of each opposition party during the five governments under analysis. As we can see, the opposition parties vote together with the government much more often than they abstain or vote against. Crossing the average per party with the average per legislature, we can see that the Portuguese opposition parties voted in favour of legislation almost half of the time, while they abstained 20 per cent and voted against only 30 per cent of the time. The figures are broadly the same when we look at important legislation only (with a slightly higher percentage of positive votes). However, we do observe variation across time and parties. Most importantly, [Table 3](#) shows how the proportion of negative votes is lower during minority governments (Guterres I and Sócrates II) and how radical left parties are significantly less inclined to consensus than mainstream parties (see the last column on the right). These findings hold for both the entire legislation and the subset of relevant legislation only.

**Table 3: Percentage of No, Yes and Abstention Votes per Opposition Party and per Government**

		Guterres I	Barroso	Sócrates I	Sócrates II	Passos Coelho	Average
PS	No		24 (36)			20 (16)	23 (28)
	Yes		62 (46)			51 (47)	59 (46)
	Abst.		14 (18)			29 (37)	18 (26)
PSD	No	12 (10)		22 (24)	9.0 (0.0)		17 (15)
	Yes	61 (64)		60 (60)	64 (40)		61 (61)
	Abst.	27 (26)		19 (17)	27 (60)		23 (24)
CDS-PP	No	12 (15)		25 (26)	17 (20)		19 (15)
	Yes	64 (68)		49 (50)	60 (40)		56 (61)
	Abst.	24 (17)		26 (23)	27 (40)		25 (24)
CDU*	No	16 (16)	39 (50)	45 (34)	34 (60)	59 (42)	35 (31)
	Yes	64 (60)	47 (39)	37 (49)	48 (40)	14 (26)	47 (48)
	Abst.	21 (25)	14 (11)	18 (17)	19 (0.0)	28 (32)	19 (21)
BE	No		43 (61)	32 (32)	55 (60)	44 (42)	44 (31)
	Yes		43 (29)	53 (54)	24 (40)	40 (26)	40 (48)
	Abst.		14 (11)	15 (15)	22 (0.0)	16 (32)	17 (21)
Total:	No	14 (14)	37 (49)	34 (29)	29 (35)	45 (33)	31 (24)
	Yes	63 (64)	50 (38)	47 (53)	48 (45)	31 (33)	48 (53)
	Abst.	23 (24)	14 (13)	19 (18)	22 (25)	25 (33)	21 (23)

*Note:* We excluded the bills presented exclusively by the opposition party groups from the analysis. In parentheses important bills only ( $N = 1009$  and  $116$ ).

\*We initially codified the two groups PCP and PEV separately, but we present them together for the sake of clarity, as their voting behaviour is almost identical.

Comparing minority and coalition governments before and after the crisis, [Table 3](#) also indicates that the impact of the crisis on the PS and PSD, which vote less frequently against the government after the crisis (and abstain more often), is very different from the impact on the CDS-PP and on the PCP and PEV, for which the opposite is true. As for the BE, no significant difference is observable across time during the two governments. If we look at the most important legislation only, the difference in time is even more marked for the PS and PSD (in the decrease in ‘nays’ and the increase in ‘abstentions’) and for

the CDS-PP (in the decrease in ‘ayes’). As far as the PCP and PEV are concerned, we see a huge increase in ‘nays’ from Guterres to Sócrates II, but a decrease from Barroso to Passos Coelho. Finally, the BE clearly voted ‘no’ on the most important legislation more often before the crisis than after.

### The Analysis

In order to isolate the effect of the crisis on opposition voting behaviour from other possible intervening variables, we computed a multinomial logistic regression. In Table 4, we evaluate the impact of a series of variables on each party’s propensity to vote yes or abstain rather than to vote no. Together with the controlling variables specified above, we insert – as our main independent variable – a dummy for the start of the crisis (the fall of Lehman Brothers on 15 September 2008) and for the date of the Portuguese bailout (7 April 2011).<sup>8</sup> We observe a significant independent effect of the crisis on the opposition parties’ behaviour but, as expected, the direction of the change varies from one party to another according to its governing aspirations and European attitudes.

Table 4 shows that the two most pro-European parties, the PS and the PSD, which have always alternated in government, tend to act more consensually after the beginning of the crisis than they did before, *ceteris paribus*. The PS, for example, is almost twice as likely to abstain – rather than to vote no – since the bailout and international intervention. Similarly, the PSD, which came into power just after the bailout, was actually 50 per cent more likely to abstain rather than to vote no after the fall of Lehman Brothers. By contrast, everything being constant, remarkably the PCP and PEV appear to be less likely to vote yes rather than no after the start of the crisis and the bailout.<sup>9</sup> No independent effect of the crisis could be found for the CDS-PP, whereas for the BE the start of the crisis increased (rather than decreased, as we would expect) the odds of abstaining rather than voting no by 66 per cent.

Three groups of parties can thus be distinguished according to the impact the crisis has had so far on their behaviour: the PS and PSD, which appear to have been, *ceteris paribus*, less adversarial since the crisis began; the PCP and PEV, for which the contrary is true; and the CDS-PP and BE, for which no significant influence could be identified. This corresponds with our expectations in *H2* and *H3*: from the mainstream and very pro-EU PS and PSD, to the radical and Euro-sceptic PCP and PEV, the CDS-PP and the BE being subject to contradictory forces (governmental ambition but ambiguity on the EU for the CDS-PP, and permanency of opposition but moderate Euroscepticism for the BE). These findings thus support *H2* and *H3* that the crisis would have contradictory effects according to whether the parties are permanently in opposition (or not) on the one hand and their pro- or anti-European stances on the other.

Also in line with our expectations, most of the controlling variables proved to have a significant impact on the opposition’s voting behaviour in parliament. First, we see that when we have a minority government, all opposition parties

**Table 4: Factors Affecting the Decision of Opposition Parties to Vote Yes or to Abstain rather than Vote No (Opposition)**

	PS		PSD		CDS-PP		PCP	
	Yes B (Sig.)	Abst. (B) (Sig.)	Yes B (Sig.)	Abst. (B) (Sig.)	Yes B (Sig.)	Abst. (B) (Sig.)	Yes B (Sig.)	Abst. (B) (Sig.)
Intercept	0.42 (0.341)	-0.40 (0.437)	0.93** (0.003)	-0.20 (0.586)	0.79** (0.008)	0.01 (0.974)	-0.11 (0.622)	-0.7 (0.0)
Majority government	-	-	0.71*** (0.001)	1.19*** (0.000)	0.95*** (0.000)	0.80*** (0.001)	1.42*** (0.000)	1.0 (0.0)
Simple bills (less than one committee)	0.60 (0.173)	0.00 (1.000)	-0.03 (0.907)	-0.15 (0.655)	-0.00 (0.993)	0.05 (0.881)	-0.09 (0.682)	-0.1 (0.5)
Socio-economic bill	-2.03*** (0.000)	-0.65 (0.199)	-0.91 (0.000)***	0.03 (0.901)	-0.89*** (0.000)	-0.13 (0.625)	-1.00*** (0.000)	-0.9 (0.0)
Multiparty bills	1.16* (0.016)	0.18 (0.774)	0.90*** (0.000)	-0.40 (0.198)	0.58** (0.010)	-0.69* (0.016)	1.34*** (0.000)	0.3 (0.2)
Crisis	-	-	0.31 (0.218)	0.54* (0.06)	-0.49 (0.831)	0.31 (0.23)	-0.23 (0.266)	0.2 (0.3)
IMF	0.72 (0.130)	1.04* (0.046)	-	-	-	-	-0.85* (0.032)	-0.0 (0.8)
<i>N</i>	214		799		799		994	
Nagelkerke <i>R</i>	0.21		0.138		0.127		0.227	

*Note:* Reference category: \* $p < 0.1$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ . B = Unstandardised regression coefficients

are significantly more likely to vote yes or abstain than to vote no. These governments had probably involved the opposition much more in the lawmaking process than they would have done if supported by a parliamentary majority, thus leading to a more consensual decision-making process. Socio-economic policies, for their part, are significantly less likely to trigger a yes than a no (and often an abstention than a no) from the opposition parties – thus supporting the claim that these types of law are more divisive than the others. Finally, we observe that bipartisan or multiparty bills are far more likely to trigger a yes than a no (for almost all parties), but their effect on abstention is not conclusive. On the other hand, we find no support for the effect of the number of committees on voting behaviour, suggesting that more complex laws (at least according to our measure of complexity) do not trigger different votes from simple laws.

### Conclusions

The opposition's voting behaviour is always pulled between a tendency towards conflict and one towards cooperation. Since the beginning of the crisis, making a choice between these two options has become even more difficult for the opposition because it implies choosing between the need to cooperate with the majority for the nation's sake and the opportunity to weaken an already fragile government. This contribution has explored how Portuguese opposition parties responded to this dilemma.

Our first conclusion is that, due to the financial crisis, the level of consensus between the government and opposition parties has decreased. The main reason for this decline is the rising number of socio-economic and salient policies – usually more controversial – discussed in parliament. However, both qualitative and quantitative analyses demonstrate a strong variation in the effect of the crisis on the opposition's behaviour across parties. Whereas mainstream and traditionally pro-European parties (first the PSD and then the PS) are less adversarial than they would be in normal times, the exact opposite is true for the PCP and PEV, two more radical and Eurosceptic parties. Results are more mixed for the CDS-PP and the BE, which are less extreme in their positive and negative European stances (respectively). These findings thus illustrate the importance of both the exclusion from power and the role external actors play in conditioning the opposition's behaviour in parliament: the European Commission, the European Council, and, since the bailout, the so-called *troika* (EC, ECB and IMF) have played a large role – both positively and negatively – in the current government–opposition relationship. Finally, we observe a variation across time in the sense that, after the onset, the mainstream opposition parties are more adversarial when the possibility of their replacing the government in office increases. Commitment and cooperation do not always prevail over an opposition party's ambition to rule.

The drift towards conflict, however, is not just a prerogative of the opposition. Self-calculation might have been crucial to Sócrates' decision to present a fourth

austerity package to parliament without involving opposition parties in the drafting. A similar dynamic seems to have happened with the new PSD/CDS majority government, when a package of austerity measures to be implemented from 2013 onwards was negotiated with the *troika* without consulting the PS (which, in response, felt free to vote against the budget for 2013). Again, by the end of the bailout in 2014, the same government was accused of negotiating fiscal policies with the EU and the IMF behind the scenes. The alleged lack of dialogue with the opposition by both Portuguese prime ministers illustrates that the decision of the opposition parties to vote against or in favour of governmental initiatives may not depend exclusively on their own preferences. It is also contingent on the governing parties' willingness to collaborate.

### Note on Authors

**Elisabetta De Giorgi\*** is a Postdoctoral Fellow at the FCSH-NOVA University of Lisbon, Portugal, email: [degiorgi2@unisi.it](mailto:degiorgi2@unisi.it); **Catherine Moury** is Assistant Professor at the FCSH-NOVA University of Lisbon, Portugal, email: [mourycatherine@gmail.com](mailto:mourycatherine@gmail.com); **João Pedro Ruivo** is currently a Researcher and PhD candidate in Political Science at the Faculty of Social Sciences and Humanities, FCSH-NOVA University of Lisbon, Portugal, email: [ruivojp@fcs.unl.pt](mailto:ruivojp@fcs.unl.pt)  
\*Corresponding author

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### Notes

1. The PSD (Social Democratic Party) and the CDS-PP (Democratic and Social Centre – People's Party) are centre-right parties belonging to the European Popular Party. Despite its brief drift to a populist Eurosceptic stance in the 1990s, the CDS has been ideologically closer to European Christian democracy.
2. The parliamentary left in Portugal is composed of three parties: the PCP (the Portuguese Communist Party), the PEV (the left Ecologist Party), and the BE (the Left Bloc, a libertarian left party). The PCP and the PEV usually join together in a pre-electoral coalition (CDU), but split up again in parliament.
3. This argument is clearly supported in Portugal, which had already experienced two financial crises that pushed the country into asking for international financial assistance from the IMF in 1978–79 and in 1983–85. Those interventions, like the current one, triggered political instability and early elections. In two of the three cases, the parliamentary opposition played a crucial role in the government's fall, while in 1983 the government resigned after controversies both within the PSD and with its coalition partner, the CDS. Interestingly, majority coalition governments represented the solution after each fall in order to ensure the legitimacy of the hard policy packages to be implemented under the IMF terms.
4. Face-to-face interviews with 25 former ministers and deputies, January 2013.

5. The Socialists' policy positions, as measured by the policy proposals contained in party manifestos (Volkens et al., 2011), have become closer to those of the parties on their right than on their left.
6. Here we are following Leston-Bandeira (2004).
7. For further details, see the category list of the Comparative Policy Agendas Project at <http://www.comparativeagendas.org>
8. The analysis was also run with a dummy measuring the effect of the dramatic increase in interest rates (January 2010), which did not have any additional impact on opposition behaviour.
9. For the PCP: after the crisis, the odds of voting yes rather than no decreased by 15 per cent (1–0.85). For the PEV, these odds decreased by 62 per cent (1–0.38).

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