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Corruption and Parties in Portugal

LUÍS MANUEL MACEDO DE SOUSA

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ROBERT SCHUMAN CENTRE

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European University Institute
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PART 1*

The increasing concern about what has been perceived as growing levels of corruption in the late 1980s and early 1990s across different European countries, through the widening of normative expectations from office and/or the weakening of existing regulatory frameworks, can not be detached from the nature and activity of parties in political society.

When assessing to what extent parties have been central to the expansion of corruption in Portugal during the last decade, one certainly can not rely on criminal statistics, by the simple fact that these do not show parties, and their activities, as objects of penal sanction. Nor does it suffice to look at mediatized cases, without considering whether these are expressive of a rise in public condemnation, or a by-product of political competition. Corruption resulting from the financing of political parties and electoral campaigns, for example, did not have a scandalization impact upon Portuguese public opinion as it did elsewhere in Europe. Yet, by the late 1980s, the issue had entered the political debate and agenda, part of successive waves of political reform.

It is important that one understands the way social, cultural, economic and political challenges have raised opportunity structures for corruption, and how parties, and their leaders, have been more vulnerable or impervious to these temptations. One must disentangle the nature and intensity of resulting corrupt manifestations through time: why certain party activities that were regarded as normal, or even necessary, became less tolerable in time? Conversely, why, after periods of intense public condemnation, standards shade into oblivion? For example, electoral fraud and coercive tactics of voting¹ were common features of *caciquismo* practiced during the second-half of the 19th century. Today, these have become minor transgressions, and not always criminal, by a few party barons in rural or depressed metropolitan areas.² Illegal party financing, party patronage over the administration and gerrymandering, on the other hand, have increasingly become worrying opportunity structures for corruption. Yet, these have not moved the public opinion nor ruling elites to act consciously against what has become a *modus vivendi* in Portuguese party politics.

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¹ art. 341 *Fraude e corrupção de eleitor*, Título V, Capítulo I, Section II; art. 382 *Abuso de poder*, Título V, Capítulo IV, Section III do Código Penal.

² The *cacique* practices registered during electoral periods range from serving free public feasts to threatening voters with political retaliation.

It is equally useful to say what this work is not about. Parties and their activities are not a causal explanation of corruption in Portugal. Perhaps redundant to say that not all forms of corruption (public/political or strictly private), which incurred during the last decade, have resulted directly or indirectly from party life. The purpose of this paper is that of classifying what were those manifestations which, in different periods of party life, deviated from clearly established legal and social standards in public order.

Conceptualizing Corruption

If one defines corruption as *a behaviour or practice deviant from clearly identifiable legal and moral standards in public life*, the first question arises: What criteria establish those standards? The qualities of the phenomenon - i.e. *standards of corruption* - vary in different temporal legal and social contexts, and are not detached from political connotations. The waves of anti-corruption enterprise are evidence of those manifest political interests, motives and tensions. An assessment of the politicization involved in the process of control - from the revelation of collusive arrangements, the scandalization of public opinion, and the breakdown of political *omertà*, to the ensuing public debate on measures of control and the effects of their actual implementation - is crucial to the understanding of corruption in space and time.

Far from being an end in itself, these *standards are continually being challenged and redefined through a corruption control process involving different actors at the various levels of decision-making*. Elite/mass, or legal/social, value discrepancy is the engine of that process. As Sorokin once wrote,

"There always is some discrepancy between the situation as it is depicted in the "official law" and in the psychosocial mentality of members of the society. And the discrepancy is the greater, the quicker the socioethical life of the society changes" (1991, 430).

In this context, Heidenheimer's study on corruption departs from traditional legalistic approaches and suggests a typology based upon three intertwined stages of public condemnation: *white*, *grey* and *black* corruption. In highlighting the variation of elite- and public-based standards of corruption it illustrates the existence of a certain gradation regarding the concept (1989, 160-163), thus allowing the political pathologist to assess differences of *kind*, rather than falling into a paradoxical legal dichotomizing (i.e. legal=non-corrupt versus illegal=corrupt) (Gardiner 1992, 115-116).

According to this typology, some practices/behaviours, (often) collusive and subject to penal condemnation, do not attract the sympathy of political elites, nor the complacency of the population at large (*black corruption*). In this case,

existing standards (mostly legal-based) will be *reinstated* by competent authorities when infringement takes place. When these legal standards are deeply imbedded in society, it is unlikely that infractors go unpunished once their deviant behaviour/practice is brought to light. But the problem of condemnation also exists in the identification of violation. Corruption, like other political pathologies, occurs and develops in obscurity. The likelihood that a certain illicit practice or behaviour will be exposed, or better, the determination and efficiency of competing authorities to combat it has to measure strength against the ability and motivation of wrongdoers to avoid being exposed. The difficult battle of transparency, then, comes face-to-face with its worst enemy: public tolerance, indifference, or even complicity, in a context where illicit behaviour has expanded pervasively at all levels of decision-making and sectors of society. When infringement is widely tolerated (*white corruption*), legal condemnation loses its meaning. In other words, legal norms will not be observed, because the social response has declared those practices/behaviours “a way of life”; thus standards *degenerate*.

Neither of these two situations will necessarily trigger a process of control where standards are revised. It is rather the “greyness” of corruption that promotes the *demand for reform* in the system, because existing *standards are no longer seen as operational*, either by political elites themselves or sectors of the population. The waves of reform that took place in Portugal by the late 1980s and early 1990s can only be understood in the light of a significant value discrepancy between ruling elites and masses (*grey corruption*). The way that different spheres of control have reacted, and the norms/values upheld by measures implemented, form the *output* of a process where standards are challenged and revised. Subsequently, control measures and reactions are subject to further environmental response (*feedback loop*). *Revision* will still occur where there is still a discrepancy between elite (legal/formal) and public (social/cultural) standards in relation to existing structures of opportunity for corruption.

Parties play a central role in that qualification process. Together with other control actors, they can foster or retrieve that revision of standards. They can be both the mechanism through which public perceptions on corruption enter the parliamentary debate or, vice-versa, the mechanisms through which general attitudes of tolerance and indifference are purposely kept distant from a party-dominated political process. Moreover, parties will not only use corruption as an electoral weapon against its adversaries, but they will also ensure rigid party discipline against external allegations, and converge opinions within their own apparatus. But that may not be enough to help to sustain a cohesive party image, nor muffle internal discontent. After all, exit and voice outside the party structure are always an option. Parties are also central to the politicization that ensues anti-corruption legislative initiatives. Not surprisingly they will react

differently to the various manifestations of corruption and the control solutions presented.

PART 2

Three major factors are considered central to the understanding of what forms of corruption, or opportunity structures, have developed closely together with party activities: the nature of parties, both in terms of their organisational structure and the recruitment of its elites, their growing financial difficulties, and the way parties operate within the State apparatus.³

What Kind of Parties?- Organisational Aspects

The nature of parties, i.e. the way these are internally organized and institutionalized, determined greatly the way corruption has incurred related to the financing of their political activities.

Despite some historical links with previous political movements and associations, the majority of Portuguese parties are essentially post-1974 creations. The PCP was created in 1921, and forced to go underground five years later with the revolution of 28 May 1926 and remain clandestine for as long as authoritarianism lasted in Portugal (48 years). The party's centrality in the Revolutionary process of 1974 helped it to move from clandestinity to become a key player of the present Portuguese party system. The PCP displays a territorially extensive structure under a centralized decision-making (*comité central*). During the installation of democracy in Portugal, the PCP was able to build an extensive and solid organization, which was, both in terms of material structures and human resources, superior to that of its adversaries. For that reason, it would also become the first target of the financial difficulties parties faced in years ahead. The PCP has at his disposal a singular propaganda/information machine⁴, besides its vast real estate, comprising both well equipped party branches and "labour centres" (*Centros de Trabalho*), which rely on its direct supervision. The running of such a colossal party structure, the payment of wages to permanent militants and supplies, the maintenance of equipment and party branches, and the intensity of its

³ The analysis draws its premises from a series of unconnected works on corruption, parties and other related political issues, relating to the Portuguese case specifically and other European experiences that serve as a comparative reference to the former.

⁴ This comprises two major newspapers, *Avante!* and *O Diário* (the latter is now closed due to financial difficulties), two publishing houses (*Avante!* and *Caminho*), several local newspapers, magazines, radio stations and printing structures.

campaigns, proved unsustainable financial effort for a party facing a decreasing membership.

The Socialist party has never had a mass organisational structure and affiliation similar to its European social democrat partners. The central apparatus is controlled by a few liberal-left, bourgeois and well-educated middle-class notables. The party operates under a decentralized structure that shows little co-ordination or control between its national headquarters and the district/local branches. In that sense, the Socialists do not differ much from the way centre-right counterparts. Its electoral support is mainly concentrated in large, industrial and secularized towns on the coast. Partly for that reason, the party is in relative disadvantage to control and exploit an important source of political financing: local clientelistic networks in the rural periphery. However, that has not prevented the Socialists from developing other subtle means to meet their mounting electoral financial compromises.

The willingness to maintain the acquired reputation of "party able to govern" required programmatic shifts towards the centre as an attempt to compete for the 20% electoral volatility at the centre. This helped, in its turn, to strengthen the party's image as the alternative to a PSD dominated party system. Attempts at becoming the "*alternativa de poder*" meant an adjustment in the way it operated internally. This was particularly true in what concerned its mechanisms and sources of financing. The Socialists had enjoyed the pleasures of central government at a time of important economic, institutional changes in the State apparatus, i.e. the re-birth of corporatist models of economic consultation and concertation (1983-85), thus permitting the PS elites to rub shoulders with national (and European) economic elites that cherished the party's acquired reputation and leverage in central government.

Although the Socialists had only been in government for brief periods prior to the short-lived experience of the *Bloco Central* and had not returned in office for as long as a decade, they were able to maintain important strongholds in the central administration through the role played by some of its well-positioned party leaders and sympathizers. The overseas government of Macau, a major Socialist stronghold, proved to be an important mechanism for illicit political financing, even though the relationship between the exposed corrupt practices and the financial activity of the Socialist party have never been properly unveiled to public opinion.

Primarily aiming to be the centre-right popular party (PPD), under the charismatic leadership of Sá Carneiro, the PSD soon became a technocratic catch-all party, including a wide range of social representations from the moderate left to the liberal-conservative right. Since 1983, the Social-democrat electorate is represented by a rural and an upcoming urban middle-class

(*nouveau riche*), which is catholic (but not “praticant”) and often hostile to the State and its administration (but not of its protectionism and benefits!). This element has been determinant to the degree of tolerance party followers showed in relation to the rapacious behaviour of some of its leaders and their “populist” style of governance during the two consecutive majorities (1987 and 1991). The party has a territorially extensive representation, yet, its organisational structure is similar to that of traditional “party of notables”, displaying several oligarchies at the top who continuously dispute leadership. Like the Socialists, its weak and flexible structure allowed local branches greater autonomy, and this has been used as a defensive argument by the national leaders, who have often censured local commissions for “behaving badly” (or at least, for being too obvious in doing so!).

The CDS is essentially a party of notables that has never been able to transform itself into a catch-all project of the right, as it vigorously sought to do in its earlier years. The party has always been embroiled in leadership quarrels. In the words of the ex-party leader Basílio Horta, the CDS is a “group of friends that mutually hate each other” (cited in Robinson 1996, 968). This internal competition has been difficult to reconcile before an already small electoral base of support. The Centrists electoral appeal has swung from popular, to liberal-conservative, and sometimes “populist”, depending upon the standing leadership.

The continuous rejection of “any type of socialism” prevented the CDS from taking part in the provisional governments from 1974 to 1975 and, hence, profiting from the disturbances which took place in the State apparatus (Lopes 1997, 30). Partly for that reason, its organizational structure, material and human means, are also less extensive than those of its adversaries. Its firm ideological stand, however, did not preclude from celebrating tactical coalitions with the two major parties (PS and PSD). The party’s small electoral weight (not sufficient to play the role of *pivot*) would always compromise its presence in government. Its participation in the AD, together with the small PPM and the Social-democrats (1979-83), proved counterproductive, both in electoral and financial terms. The programmatic convergence between the PS and the PSD during the Constitutional Revision of 1982 reduced the CDS to the necessary scapegoat of AD’s collapse. The AD experience required a great financial effort from the Centrists, whose costs proved difficult to surmount in the following years.

What Kind of Leaders? - Recruitment of Party Leaderships

The Communist Party (PCP) has traditionally recruited its *cadres* from dedicated militants of organizations persecuted during Salazar’s regime and

from sympathetic trade unions,⁵ cooperatives and other collectivities. “The long-standing career of its leaders as top party officials”, says Pacheco Pereira, “who have traversed the country in clandestinity, and their ground knowledge on the different militant organizations that constitute the party, conferred the Communists considerable organizational expertise” (1987, 12; *translation by the author*). With the exception of the Communists, Portuguese parties are essentially “parties of notables” weakly organized and generally not representative of their electoral bases (Lopes 1997, 30). The Socialist Party (PS) was born out of a mix between old republican, mason and liberal notables (Pereira 1987, 6). The Social-Democrat (PSD) leadership is also recruited from top liberal professions, especially those with market expertise. Its gradual association with big business, while in government, distanced the party from its traditional electorate and that proved damaging during the 1995 elections. The Populars (CDS-PP) have traditionally recruited their elites from wealthy, conservative/catholic and influential families.⁶

During the 1980s, two important politico-administrative developments took place affecting the kind of leaders/officials recruited by parties: (1) parties gradually felt the need to recruit elements known for their “technical expertise”,⁷ given the increasingly technical nature of legislative/regulatory processes demanded; (2) the “rolling back of the State” and the adoption of market instruments and principles to public administration went hand-in-hand with the enrolment of elements commendable for their “entrepreneurial capacity”.

The proliferation of new party technocrats appointed to senior positions and cabinets, with very weak rules of incompatibilities applied, inflicted considerably damage to an administration facing the difficult road of modernization and the challenges of European integration. Besides furthering patronage over the administration and reducing its credibility as a balancer to governmental predominance in the decision-making process, these elements have provided ruling parties practical knowledge and close contact with those private entities willing “to do business” with the Ministry in question. The new technocrats became important inside mediators between party and client

⁵ *Confederação Geral dos Trabalhadores Portugueses - Intersindical Nacional* (CGTP-IN) and the pro-active *Comissões de Trabalhadores* (CTs).

⁶ Only during the brief leadership of Adriano Moreira, the party sought unsuccessfully to attract to its organizational structure the “poor, uneducated and rural” affiliated members.

⁷ The two major parties, PSD and PS, have continuously recruited elements from traditional professional institutions - doctors from the Medical Order (*Ordem dos Médicos*) were recruited to the Ministry of Health, academics to the Ministry of Education and layers from the Order of Advocates (*Ordem dos Advogados*) as Ministers of Justice, highlighting the persistence of corporatist traditions in Portugal (Portas & Valente 1990, 336).

interests, public office being no less than *la place idéal des affaires*.⁸ Moreover, party leaderships endured a continuous association with top officials from the corporatist regime, who have been able to preserve and further their political careers in different parties, with the exception of the Communists. These “backbenchers” were central to the re-emergence of the clientelistic networks that proliferated during Caetano’s interlude. But they were also exemplary in accommodating the new technocrats to an attitude of laxity towards conflicts of interest which predominates in the Portuguese politico-administrative culture.

Conflicts of interest mounted and so the opportunities for personal and party enrichment. The growing reliance on candidates without a partisan career, recruited by party commissions and their managers, helped parties to interiorize market behaviour. Parties acted more and more like electoral enterprises reducing democracy to an equation of finances/votes: electoral competition and success at all costs became their major guiding principle. Parties built around them the reputation of mechanisms used by rapacious politicians (*arrivistes*) to accede office as a means of enriching fast (Ferreira & Baptista 1992, 83). As Rogow and Lasswell put it, “If the membership of an institution does not collectively enforce rectitude standards, the tendency toward individual corruption is increased. (1977, 58-59).

In conclusion, all parties with the exception of the Communists (and to a much lesser extent the Socialists) seem to exist only during electoral periods. Parties have also emerged as “different arrangements of personalities” (Lopes 1997, 30), attracting a multitude of interests and clientele important to electoral success and central to party corruption in Portugal. The way parties operate, the nature of their leaderships and the modes of financing sought by them show variations in kind. Both the Socialists and Social Democrats, who held longer in office and were able to place strategically their members in the central administration, profited considerably from the State financial instruments and its mechanisms of economic concertation (the *luogo* where political and economic elites rubbed shoulders and public/private interests mingled promiscuously). All parties, on the other hand, continuously relied on local *caciques* and clientelistic networks as their financial net.

⁸ This was particularly the case with those elements recruited from the banking and insurance sectors for top positions in the cabinets of the Ministry of Finance, Economy and Industry or to take part in the various evaluation commissions during the privatization process.

The Increased Political Costs

The problem of party financing can not be taken lightly when analyzing the expansion of corruption throughout the 1980s. It questions the nature and role of parties in political life and the equality of opportunities across different sectors of society, in terms of influence in the decision-making process and the possibility of these representative mechanisms to accede (or not) governmental positions. Modes of party financing can affect competition in pluralist democracy by considerably reducing the ability of some parties in running for office and helping others to crystallize their predominance in the party system. In a few words, regimes of party financing may be incompatible with the affirmation of new tendencies, new ideas and projects in political life.

By the early 1990s, the issue of party financing - a problem which had surfaced most Western democracies and had inflicted considerable damage to some of them - was finally brought into the political agenda. On 22 June 1993, the Report on the Financial Regime of Political Parties issued by the Commission of Constitutional Matters, Rights, Liberties and Guarantees raised the problem: "If expenses are high, where does revenue come from?"

The financial difficulties parties faced in recent years had largely to do with an increase in political costs. These resulted from a series of party activities, i.e. the maintenance of party offices, paid militants, information/propaganda mechanisms, but had incurred mainly from electoral expenses. Although parties enjoyed free access to public TV and radio channels during elections, the increased American-style campaigning with a ferocious and extensive use of private media, the resort to (or creation of) firms specialized in political marketing and campaigning and the cumulative relevance and party protagonism in local and European elections, explain the indebted finances of parties by the early 1990s.

Conversely, party revenues were decreasing, or better, shading into illicit and occult transactions. Party affiliation and membership quotas, the core legal mechanism of financing, were decreasing, even though parties tended to hide the exact figures, fearing a possible disclosure of their illicit practices. In the absence of internal auditing of accounts, parties tended to inflate membership revenue, but as the 1993 Commission proceedings came to reveal, a large part of declared party fees regarded militants that never existed. The PCP internal accounts, for example, revealed that its total financial revenue (that officially

declared) was growing wider from the weight of party fees.⁹ Certainly, fund-raising activities, such as, the annual *Festa do Avante*, could not cover the increased electoral costs, nor soothe the financial difficulties resulting from its editorial activities and party apparatus.

Financial despair was felt by all parties. These have sought different illicit mechanisms to finance their political activities. The PCP relied mainly on levying party members and office holders: MPs (national and European) and local politicians, but also public managers and other senior officials were "obliged" to yield their wages to the central party headquarters. Part was cashed in to the party's coffers and the remainder restituted to its bearer. Local government proved a crucial and successful mechanism of illicit financing for the Communists. No other party had developed a similar system of collection at the periphery. PCP municipalities were able to develop joint fund-raising enterprises in a contiguous geographical area (*Alentejo*). Their effective system of local government co-operation and the tight control exercised upon local elected officials, helped the party to survive and expand amidst its isolation from the central State apparatus and spoils.

One issue that triggered accusations across the benches in parliament was the predictable revelation that the Communist party had received funding from the USSR, the GDR and other Soviet bloc sympathizers during the 1980s. Even though the party leadership has persistently denied it, there was documented proof revealing those links to foreign sources of funding (Cunha 1996, 1028). In an unfavourable post-Cold War climate, it was foreseeable that Western European communist parties became an easy target of public condemnation concerning contributions received from the Eastern bloc. But donations by foreign governments had been equally received by centre-right parties, even though such practices were muffled.¹⁰ The political debate around Cold-War foreign political financing was overall misleading: it focused on an obvious violation of the regime of political financing, but avoided unveiling the link between the mechanisms of illicit financing and corruption. The parties' financial offices were becoming closely associated with a variety of institutes,

⁹ In 1976, the party presented a total revenue of 103 000 (thousands PTE*) compared to 23 000* by membership fees, but six years later the PCP was cashing-in 386 000* against a mere 67 000*!

¹⁰ The CDS-PP was indirectly financing by the *Instituto Democracia e Liberdade* (IDL), which in turn was funded by the Konrad-Adenauer-Stiftung, the *Instituto Fontes Pereira de Melo* and, during the new-right leadership of Lucas Pires, it received a lump contribution of US\$100.000 by the U.S. National Endowment for Democracy via the *Instituto Nacional Republicano para os Assuntos Internacionais* for the electoral campaign of 1985 (Robinson 1996, 961/964).

centres of studies, lobbying companies, political marketing entities that escaped governmental supervision.¹¹

The better of were, not surprisingly, the Social-democrats. Their privileged position in office offered a platform for contributions from a variety of economic agents willing to do business with the State or to participate in the privatization process in operation during the two consecutive PSD majorities. Beyond the clientelism, influence trafficking, favouritism in public tendering, investments, urbanization, selective subventions to small- and medium-size firms (*PMEs*), and benefits to sympathetic associations and interest groups, there was also a well-founded suspicion of embezzlement of public money for party purposes. The 1993 Report on the Financial Regime of Political Parties referred to well-established practices by certain ministerial departments of secretly constituting "dark funds", whose purpose may have been unknown to the public servants in question, but not to their politically appointed principal. Moreover, quasi-non-governmental organisations (*quangos*) performing specific public tasks controlled large sums of public money and these had for long been ignored by administrative and fiscal inspections. The practices of maladministration and financial impropriety recently unveiled at the J.A.E. (*Junta Autónoma das Estradas*), a quango dealing with road works and bridges, did not trigger a deeper inquiry into the likelihood of collusion between appointed senior officials to those public spending bodies and their paymaster, i.e. the party in government.

The problem of party financing seems to resume into paradox: whereas party finances were in dire straits throughout the 1980s, electoral costs continued to rise. It becomes difficult to understand why parties had preferred illegality to self-restraint on electoral expenses. Several explanations can be made, but it seems to me essential to notice three major transformations in the ethical environment where parties operate:

- the penal and moral costs of engaging into illegal party financing were minimal, given the vagueness of laws on financing, on the one hand, and the overall indifference of public opinion, on the other;
- parties and their leaders are overall unrepresentative of and/or have distanced themselves from their bases of support, thus raising miscalculation on voting intentions and making campaigning costs to escalate;¹²

¹¹ see Rui Mateus (1996) on the "Fax of Macau" affair.

¹² Although party affiliation is no longer a relevant source of financing, the number of votes, rather than a lump sum cheque, places parties in power. In a country where party identification is still high, and electoral volatility counts only for 20% of the votes (mainly at the centre), maintaining the traditional voters from one election to another should be a relatively easy task for Portuguese parties. Yet, party leaders seem unable to anticipate their voting intentions:

- last, but not least, the role parties played in the consolidation of democracy in Portugal have conferred to them the reputation of creators and guardians of that process, well credited in the people's mind. Yet, parties have often behaved as if they were both the means and end of democracy: the view that campaigning is part of a continuous celebration and revival of change to democracy muffles the more ostentatious aspects of electoral competition.

Parties and the Patrimonial State

Portugal has only experienced brief interludes of democracy before the (re)establishment of democratic government in 1974. The democratic institutions and rules of pluralist expression/competition now in place were essentially a new Constitutional creation and have been subject to different revisions during the last 25 years. From the outset, constitutional provisions were very protective of the revolution-born political creatures - parties. They were left untouched by any kind of regulation, as it was feared that would impeach their primary role as permanent mechanisms of "*formation and expression of the people's political will*".¹³ This attitude contrasted greatly with the corporatist model of "*organic democracy*", that basically meant the suppression of these elementary pillars of democracy: popular expression through vote and party pluralism.

Parties were central to the transition to democracy in Portugal and that conferred them great legitimacy to occupy the State apparatus once denied to them. Given the dimension of the State in Portuguese society in the production, redistribution and regulation of public goods and services,¹⁴ the weakly organized parties have always looked at the State apparatus as their protective

growing discontent on party politics means that successful campaigning has to be made in order to regain the vote of confidence of their traditional electorate. Miscalculation is, perhaps, higher for those in office: uncertainty on the voting intentions of their traditional electorate is cumulatively to the fear of not being re-elected by losing the votes at the centre. Since, those 20% of votes are often caste based on retrospective evaluations, the incumbent seeks to clear negative assessments on its governmental performance by promoting a prospective imaged through a successful and massive campaign. This, in its turn, places the stakes higher and instigates the opposition to increase their electoral efforts.

¹³ Later changed into "...popular will" (art. 10 C.R.P.).

¹⁴ See Annex 1 - Public and Nationalized Companies in Portugal (December 1984). The figures exclude a series of other enterprises in which the State was the first shareholder (Cf. SILVA, M. (ed.) (1984) *Portugal Contemporâneo - problemas e perspectivas*, Oeiras: INA - Instituto Nacional de Administração).

patron during, and after, their installation in political society.¹⁵ The extension of the State apparatus, its transformation into milder forms of organization, such as, agencies and *quangos* (public/private hybrids trusted with public spending functions) and the looseness of controls, created an environment propitious for party patronage and clientelism to persist as key features of Portuguese political life (Magone 1994, 754).

If the patrimonial State had offered generous conditions for parties to invade the administration and to attract their clienteles, opening the door to a series of illicit practices - ranging from misappropriation of public goods to favouritism), the "rolling back of the State" proved to be equally juicy for party and personal enrichment at the cost of the public good. The preponderance of the State in Portuguese society ought to be seen in terms of the way parties and their clienteles relate to its apparatus in the light of public/private exchanges.

PART 3

The conjunction of these three factors varies in time, thus showing different opportunity structures and manifestations of corruption. The analysis of an historical context is necessary to assess what party activities have prevailed in which periods of party life. The periods proposed highlight the degree of cohesiveness and stability in the Portuguese party system. The hypotheses raised is that the volume party-related corruption is not dependent upon the level of consolidation of party systems, i.e. levels of fragmentation and competition drives (centrifugal/centripetal), but the kind of manifestations incurred will vary across these periods. The modernisation/consolidation argument - that party-related corruption decreases conversely to the level of modernisation of the State apparatus and the degree of democratic consolidation - can only hold true if these processes are not seen as an absolute stage, but a continuous improvement of the rules and principles of the democratic game. This process passes equally through a betterment of controls and a change in attitudes towards corruption.

The first period analyzed refers to the transition to pluralism following the breakdown of the revolutionary military government (MFA) and the promulgation of the new democratic Constitution in 1976 until its revision in 1982; secondly, the move from a fragmented party system and idiosyncratic

¹⁵ As Lopes noticed, 'emergent parties affected by notorious structural weaknesses were to consider political power as the indispensable support which would assist them to survive and expand... allowing them to directly influence the definition of the new rules of the political game as well as to have privileged access to the nucleus of the diffusion of both *indivisible* and *divisible* benefits - that is, of collective benefits and selective "favours"' (1997, 31).

competition into a pragmatic PS-PSD centre-coalition, *Bloco Central* ("Centre Block");¹⁶ and finally, the rise and fall of the *Estado Laranja* ("Orange State").¹⁷

Act I. The Transition Period: Fragmentation, Weak Alliances and the State Spoils System (1976-1982)

During their installation in democracy, parties were regarded as mechanisms to accede to privileged public positions and the country's wealth (then concentrated under public and nationalized economic groups). Parties experienced a fast growing adhesion and support. From local administrative clerks, to directors of public companies, party membership was essential to accede to privileged positions in the administration¹⁸ or the new enlarged public sector.¹⁹ Since parties were regarded as mechanisms for "the improvement of democratic life and to the promotion of citizens' participation in the political process", corruption showed similar features to that practiced in traditional societies with a new variable added: proximity was not primarily defined by kinship and family relations, but party affinity and/or affiliation. The resort to traditional forms of exchange corruption (*cunha*=inside influence or *luvas*=speed money) did not necessarily required "dirty money" in order to guarantee party sympathizers certain favourable decisions or advantages (Ferreira & Baptista 1992, 81).

¹⁶ "*Bloco Central*" is the expression used to designate the centre-coalition between the Social-democrats and the Socialists in government (1983-1985). The process of convergence started with the Constitutional revision of 1982.

¹⁷ This media-created jargon is often used to express PSD predominance over the State apparatus and their persistence in government, with two consecutive absolute majorities, from 1987 until 1995; "orange" being the party's colour. Yet, their landslide victory in 1987 could have only become a reality with the political, institutional and economic developments that took place during its short-stay as a minority government (1985-87). For that reason, the period in question starts with the breakdown of the centre-alliance in November 1985 until the Social-democrat defeat at the general elections of 1995.

¹⁸ Their centrality in the allocation of sinecures was such that when, for example, the executive announced a change in cabinet officials and top officials in the public administration, the ministers and Prime-Minister were placed under pressure by either party national commissions or their local branches (*Comissão Distrital*) to appoint members of the party's confidence (Portas & Valente 1990, 338).

¹⁹ The managerial positions in public companies (EPs), the Board of Directors (*Conselho de Gerência*) and the Auditing Commission (*Comissão de Fiscalização*) were filled through political appointment. Despite the decisional power granted to workers over the nomination made by the Minister with political responsibility over that sector (*Ministro da Tutela*), with the Court of Accounts' approval for the latter administrative body, the bases tended to bandwagon with the incumbent's decision, rather than seek conflict, once the advantages of doing so became visible, for example, through discretionary promotions.

The peculiarity of this period is that party patronage and clientelism did not depend on governmental majorities, stability, nor persistence of the same party in power. Party system fragmentation and idiosyncratic competition led to the formation of weak electoral coalitions and unstable short-lived governments.²⁰ Continuous political change, however, strengthened the State apparatus' image as a spoils system in which only parties could participate and compete for its resources. The ballot-box determined "who gets what, when and how much?". A party's leverage upon the State apparatus varied accordingly to its electoral weight and position in government. The rise of one party or coalition into government generally coincided with a complete re-shuffling of senior positions in public administration. Thus, the initial wave of "gongçalvist" and PCP officials was followed by successive waves of Socialist, "eanist" and "Democratic Alliance" officials (Portas & Valente 1990, 342).

Parties behaved like barbarians entering the city of Rome: they were thirsty to claim the spoils and benefits of a vast emporium so long denied to them, but the reformist impulse soon yield to their "greed for power". This party behaviour was counterproductive to the modernization of public administration in Portugal, thus allowing party patronage and political clienteles to persist as core features of the Portuguese political system. Parties in office have systematically refused to work with an administration led by members of another "defeated tribe", as the latter could never be trusted to pursue the incumbent's interests. This has greatly diminished the role of the administration to counteract against executive predominance and undue party inference in the management of public resources.

The Banalization of Illegal Financing

The Decree-Law 595/74 (*Lei dos Partidos Políticos*) gave life to the new democratic features - political parties - establishing some basic rules concerning their financing. In a transition period to democracy, regulating political financing was certainly not on the legislator's priorities. This was evidence by the fact that party and electoral financing were regarded as two detached features of democratic life, the latter being regulated five years later (Law 14/79, *Lei Eleitoral para a Assembleia da República*).

The Decree-Law 595/74 introduced stringent and unrealistic rules on political financing and that meant, in the long term, the banalization of illicit party and electoral financing:

²⁰ Nine governments in the period of nine years with the record of eighteen days during Nobre da Costa swift passage through cabinet in 1978.

- Parties were required to publish annually their accounts all their activities, declaring the provenance and use of revenues (art.8.2.c). As it was later revealed by the 1993 Report, parties have never kept their accounting books updated or operational. The Constitutional Court has continuously complained that parties fail to fully comply with this requirement, especially in what concerns the accounts of their local branches.
- In theory, the financial regime of parties (art. 20) provided only for financing through party membership and affiliation. All other pecuniary contributions to parties by public entities, private firms, and singular or collective foreign entities were banned. In practice, however, this regime on sources and amounts of financing invited parties to illegality;
- In addition, the State provided a series of royalties and fiscal benefits, in a way, legitimizing the misuse and misappropriation of public resources by political parties. Since party patrimony was exempted of any fiscal obligation (art. 9), the majority of illegal appropriation of State resources, which incurred during this period, passed unnoticed before fiscal authorities;²¹
- Moreover, there were no provisions on internal auditing of accounts and publicity relied only on self-declaration. Party accounts had to be scrutinized by three auditing officials (two elected by the *Chamber of Official Auditors of Accounts* and one nominated by the party itself) and then submitted for final approval by "the competing authority" (not clearly ascertained as a means of avoiding external interference with party affairs!). The degree of consensus amongst parties in relation to external supervision of party finances, welcomed this vague system of auditing a mere formality to legitimize widespread illegality.

After a series of contested electoral results and failed *military coups* following the dissolution of the provisional government, it became a necessity to regulate the most basic form of political competition - elections. The 1979 Electoral Law finally set the rules of the game. Its feeble financial provisions, adopted during those times of passionate political dispute, persisted throughout the 1980s. Title VI, Chapter III dealt specifically with electoral finances:

- Parties were required to keep accounting books for revenues and expenses incurred during electoral campaigns. These were the solely bearers of

²¹ The earlier transition period proved particularly successful to the Communists, which were able to acquire an enormous material structure proportional to their extensive organisational structure.

electoral financing (art. 75), yet, the sources of financing laid outside party budgets;

- Pecuniary contributions from national firms, singular and collective foreign entities were banned (art. 76). Yet, there were no restrictions regarding the contributions by managers in public companies, elected and public officials (both at local and national levels), and other office holders in public funded institutions! The funds raised by public entities seemed a licit practice. Non-pecuniary contributions to parties, candidates or mandatory officials were equally acceptable;
- The maximum ceiling set in art. 77 (15 times the minimal national wage for each candidate on the list) represented that legitimate amount of costs parties ought to publicized, rather than a serious measure of self-restraint on electoral expenses;
- After the elections, accounts were published in a daily newspaper and scrutinized by the *National Elections Commission*, which then decide upon their "regularity". The Commission's role subsumed to check whether parties had kept expenses within the unrealistic ceilings set by law. The issue of illicit financing was never raised regarding the provenance of electoral contributions and funds.

The management of public companies and other public spending bodies, offered major opportunity structures for illegal financing. The advantages incurred to parties were not necessarily pecuniary, as the 1983 anti-corruption reforms would reveal, and resources were not always extracted at the national level. Instead, the sacred interests of parties were defended locally, where financial mechanisms remained untouched by law.

Local Government as the Financial Foundation of National Party Headquarters

During this transition period, local government expenditure represented an insignificant amount of total public expenditure, at least until Portugal's adhesion to the EEC in 1986. The financial relevance of local government to parties was not easily measurable in the short-term, that is, greater availability of public money. The fast process of decentralization, which took place in the aftermath of the Revolution of 1974, brought greater financial and administrative autonomy to local authorities - until then, semantic political institutions - without an equal strengthening of fiscal and administrative controls.

Local government was gradually transformed into a privileged *luogo* of influence trafficking between elected officials and their party clientele. The patrimonial nature of the Portuguese State, the feebleness of recruitment rules in public administration, the unclear rules on tendering and contracting out, created an environment propitious for corruption (Magone 1994, 754). Party corruption in local government was primarily about the redistribution of public sinecures and other non-patrimonial advantages amongst local party members: public jobs, influence upon the outcome of a public decision and favours were granted to party clienteles and sympathizers, who, in turn, rendered gratefully their services to the party (while in office) during and between electoral periods.

Local clientelistic networks constituted, in the long-term, a financial guarantee to all parties. This relation - party finance for political favours/influence - became more salient as local government saw its public spending capability grow. Centre-periphery patronage over redistributive mechanisms secured that crucial mechanism of financing: while national party finances rested upon the protagonism of local barons and their ability to raise money. Conversely, the leverage of local barons to "retribute" local clienteles, depended on the selective allocation of public money and sinecures to local government.

These mechanisms did not operate equally to all parties. The isolation of the Communists from the central State apparatus forced them to take advantage of the patrimonial nature of the Portuguese State in local government. The PCP-ruled municipalities had assumed a direct administration of local economic activities - such as housing and public works - that other municipalities were gradually contracting out. For the Communists, local authorities constituted a major employer of party militants and sympathizers, whose wages were later levied to the party coffers. But this system of levying did not stop on "individual contributions"; sometimes, it shaded into racketeering between PCP-ruled municipalities and local economic agents.²²

²² The granting of public contracts, the passing of housing/habitational permits, were sectors where the Communist municipalities constrained private entities to negotiate with the party in office. Clandestine housing, a major urbanization problem in Portugal, was fought against vividly by Communist municipalities. Yet, beyond this image of efficacy and respect for legality in local government, which contrasted greatly with the practices of its adversaries, repressive action was often selective to those building firms unwilling to collaborate with the incumbent.

ACT II. Duopolism and Neocorporatism: “Bloco Central” (1983-85)

By the early 1980s, citizens were experiencing negative economic effects - partly due to strong and uncontrolled trade union influence, excessive State intervention - and political instability reflected in ephemeral party coalitions and weak minority governments. Discontent rose amongst those social groups whose welfare was directly affected by inflation, i.e. pensioners, public servants and middle-class entrepreneurs. Undue party inference in public affairs had caused considerable harm to the administration - wastefulness of human and technical resources, maladministration - to the public purse - inflated costs of public works and supplies - and it was partly responsible to an escalation of public debt.

In a context where economic despair and governmental instability were closely associated with party politics, voters' dissatisfaction was expressed by a move away from idiosyncratic to pragmatic vote. The 1983 PS/PSD victory, the safer majority ever, had been essentially a vote for government stability and a distaste for the excessive number of parties. The party system was gradually changing from a polarized pluralism into duopolism in a multi-party structure.²³ Electoral results, both in general and local elections, were concentrating around two major parties (PSD and PS), which in 1983 counted for more than 60% of votes (Aguiar 1985, 10).

The *Bloco Central* had inherited adverse conditions and it was expected to succeed in driving the country out of its economic and financial crisis. This was made possible with the introduction of the second IMF “austerity programme”. However, the financial efforts demanded on the part of citizens, “the tightening of the belt” as it was ironically called, required a prompt governmental response to the visible mismanagement of public companies and the administration in general. In a climate of collective impoverishment, with high unemployment, low wages, payments in arrears, it was unlikely that the levels of party patronage and corruption developed during the transition period could persist unchallenged.

The answer by the new governmental majority was paradigmatic: they sought to resolve a systemic problem by legalistic (hence restrictive) means, that is, through a revision of the penal denominations of corrupt practices/behaviours. The Decree-Law 371/83 introduced soon after the *Bloco*

²³ The tendency towards duopolism became evident with the 1982 Constitutional Revision: the PS and PSD were now occupying closer positions to one another within the political spectrum. This programmatic convergence furthered the move away from partisan-idiosyncratic electoral dispute.

Central acceded to power was a *post-facto* attempt to deal with the kind of corruption that proliferated during the transition period. It was targeting the effects, rather than the opportunity structures conducive to those deviant practices. The penal concept of corruption was enlarged in two fronts: (1) elected and public officials of local authorities (municipal or regional), appointed officials to public spending institutions, members of auditing bodies and institutions, managers and workers of public or semi-public companies had assumed a penal status equitable to that of public officials; (2) the acceptance or demand of non-patrimonial advantages for personal benefit or that of relatives were equally punishable (only that no mention was made to the undue and indiscriminate use of State property and other non-pecuniary resources by parties themselves!).

The government's determination to combat the pervasive practices by political parties in the administration was such that it led to the creation of an High Authority Against Corruption. As it was stated in the preamble of its constitutive document (Decree-Law 369/83):

"The Government has strongly manifested its commitment in the prevention and repression of potential acts of corruption practiced in State services, in public funded institutions and public companies, with the aim of rising Public Administration's performance to levels of morality and transparency which can impose recognition and respect by its citizens" (*translation by the author*).

Ironically, the A.A.C.C. investigative powers were not initially extended to cover "sovereign entities", inclusive parties themselves.

From Black to White Corruption: the 1983 Clean-up Act

The anti-corruption initiatives of 1983 changed little in regard to party patronage and clientelistic manipulation inside the State apparatus. *Parties continued to get closer and closer to State structures and resources despite growing discontent over party life*. This process, recently termed the *cartelization of European party systems* (Katz & Mair 1995), helped to create a climate of connivance amongst major political parties in relation to the abuse of public office and money. The ballot-box had been crucial in determining the "electorally essential" from the "expendable", by reducing the number of key players and transforming the party system into a *quadrangular cartel* (PCP, PS, PSD, CDS-PP).

In what party financing is concerned, cartelization meant that the rules of the game would not change in so far all major parties benefited, in a way or another. Not surprisingly, the feeble and vague regimes of party and electoral financing were left untouched throughout the 1980s. In parliament, the

"gentlemen's agreement" meant a continuous disregard and muffling of public debate on questions, which could threaten their collective interest of survival. Beyond some rhetorical attacks during electoral campaigns, there was a widespread climate of *omertà* in what regarded illicit party financing. The *règle d'or* was that parties should not condemn on others what they would not like to be exposed on themselves.

The activity developed by the A.A.C.C. was a proof of that political pact of silence. In its first years of existence, the anti-corruption mechanism had investigated several alleged cases in public companies, ministries, public credit and financial agencies, nationalized banks, which were then communicated to the government for appropriate legislative action. The A.A.C.C. had equally detected, helped by the reports of financial and administrative inspections (*tutela*), indications of "conditions propitious for illicit acts susceptible of disciplinary and penal action" in local authorities (*Report 1984-86*, 137). While the revealed "systemic deficiencies" were closely related to an undesirable and extensive party patronage over the State apparatus, but no explicit link was established between the party-related manifestations of corruption and their financial needs and deeds.

The crude reality was that the A.A.C.C. had been conceived as part of a political clean-up act aiming to minimize public discontent with party politics, without opening the pandora's box on party corruption. Its action was constrained by non-interference and non-intervention into party affairs. Consequently, the results of its investigations were limited and fell into oblivion. When the A.A.C.C. started its incursions into local government, parties and elected officials, it discovered more than it ought to know and that would decree its end.

Duopolism and Neocorporatism: Concertation, Clientelism and Centre-periphery Patronage

The process of liberalization initiated in the early 1980s was, to great extent, a response to the growing pressure of external economic changes: foreign direct investment required stable and organized work force/patron relationships; the likelihood of entering a highly competitive European community meant a serious rethinking of the economic viability of the country's productive sectors; and stringent economic re-habilitation guidelines had been set by international financial creditors. On the other hand, there was a great expectation by the population at large to exit the economic difficulties in which the country was submerged. Only after the implementation of two IMF austerity programmes in 1978-9 and 1983-4, the Portuguese economy experienced recovery (Magone 1997, 113).

With the re-emergence of important private economic actors, the notion of interest groups and their influence upon the political system started to become visible.²⁴ Unlike elsewhere in Europe, where organized interest groups are external to the State apparatus, in Portugal, there was a clear tendency, supported by the two major parties, to internalize the participation of interest groups in the decision-making process: through the creation of consultation and concertation mechanisms (e.g. *Conselho Nacional do Plano*, later *Conselho Económico e Social*); by assisting and organizing those interests (e.g. *Associação Nacional de Municípios*); or even, by mingle party interest with those of interest groups (for example, by recruiting candidates from interest groups). Instead of substituting the centrality of parties in the state apparatus, interest groups and associations came to strengthen clientelism and party patronage at different tiers of government and to consolidate party duopolism.

The clientelistic relations with large economic groups, industrial confederations, cooperatives, and local interest groups took place in a context where public decisions on market and labour regulation were considerably relevant due to Portugal's accession to the EEC. Government and politics had become increasingly technical, requiring consulting and negotiation with economic and local political actors. The intense relationship between interest groups and parties was central to the kind of favouritism which incurred during this period.

Party patronage and clientelism persisted in this climate of concertation and consensualism at the centre of the political spectrum. The appointment of managers and directors to public companies and public spending bodies - termed by the media as "the managers' dance" - continued to be based on political purges, filling of vacancies on the basis of a representative quota, "constituted an important source of conflict between and within the PSD and the PS" (Lopes 1997, 34-35). The PS-PSD *directorate* over the distribution of State spoils was not contested, in so far, those parties left outside central government were compensated by considerable discretion in their local government affairs.

²⁴ The reviving of these economic groups proved to be more successful than the making of political parties in the post-revolutionary period. After the purges of 1974-5 (*saneamentos*), which led large entrepreneurs to fled abroad in fear accused of being "fascist", we witnessed, in a short period of time, the mushrooming of the old economic groups and the same promiscuous relationships between political and economic elites that took place within the State apparatus. The irony of history was that political and public officials of the old regime now figured in the major parties and the pre-revolutionary clientelistic network, so typical of Caetano's technocrat interlude, was strengthened and institutionalized into the form of social and economic concertation, a revised form of corporatism against which the revolutionaries had strongly battled.

By 1985, the personal tension between Prime-Minister Soares and President Eanes was mounting. At the same time, Cavaco (Social-democrat leader) stroke a deal with Eanes. He agreed to withdraw from the centre coalition if the latter decreed the dissolution of parliament and called for new elections. A new party, the PRD (*Partido Renovador Democrático*) was created, as an opportunist attempt by General Eanes to harm the Socialists and challenge the cartel. Although the PRD inflicted considerable damage on the Socialists during the 1985 general elections, it did not prevent Soares from winning the presidency in 1986. Portugal's long awaited accession to the EEC demanded joint efforts by both the Socialist President and the Social-democrat Prime-Minister in order to ensure government stability and drive the economy into an enlarged European market.

The *Bloco Central* had brought two important changes to the Portuguese political system: the PS-PSD programmatic convergence would resume during the discussion and adoption of future Constitutional changes and State reforms; it would set the path for a bipolar party system (evident today!), while, at the same time, permitting the Social-democrats to remain in office throughout the 1980s.

ACT III. Party Strength and Permanence in Power: the “Orange” State (1985-1995)

The 1985 elections were seen as a personal victory of Prof. Cavaco Silva, who was able to overcome internal strife within its party. His academic background, professor of economics, would have some influence in the technocratic, non-idiosyncratic and apolitical image built around the new Social-democrat government.

The emphasis put on the need for “governmental stability” and “economic growth” during the elections of 1985, and reinstated in 1987 and 1991, paced the degeneration of ethical standards during the Social-democrat permanence in office. The PSD landslide victory in July 1987 - the first absolute majority by a single party - was an expression of popular demands for safe and enduring government: “More than a parliamentary election, it was a governmental election. This was the rudimentary way of solving the problem of stability” (Aguar 1987, 33). The quest for stability and growth that the PSD majority was now able to offer, in the context of European integration and a peaceful cohabitation with the Socialist President, set the path for a reign of economicism in Portuguese society. This feeling of prosperity and *happy life* lasted until the European recession of the early 1990s started to be felt.

The absolute majority gave the PSD considerable discretion to begin an unprecedented process of privatization following the initial adjustment guidelines set previously by the second IMF austerity programme. The PSD's determination to overturn the country's political economy appealed to an upcoming middle-class that regarded the "less State more market" approach a path to an age of individual fulfilment, of opportunities and wealth, and of less tax burden. But if the nationalization process, which took place during the transition period, had provided an extensive domain for party patronage and clientelism, the process of selling out State assets offered considerable financial and clientelistic opportunities to the ruling PSD. The blurring of State and private interests during privatization was eased by the model of social and economic concertation introduced during the *Bloco Central* and re-instated with the constitutional revision of 1989. There was room for corruption rising from conflict of interests.²⁵

By the early 1990s, the loop of party change in government had widened: PSD "persistence with no change" had become a major feature of the Portuguese party system. Despite the bad results at the 1989 local elections,²⁶ where the PSD had lost largely to its rival PS due to the break of several media scandals involving members of government and top officials, the electorate reinstated the dominant values of stability and growth during the 1991 general elections.

PSD strength and persistence in office were a condition to the creation of "vicious circles of corruption" (Della Porta 1995). On the one hand, the strong executive culture had legitimated Social-democrat predominance, which in turn had eased corruptive transactions between market and political elites. As LaPalombara put it, "...where alternations in government cannot or do not occur or do not bring the opposition effectively to power, we will encounter the most pernicious instances of market corruption" (1994, 340). On the other hand, local and national economies were booming since 1986 and that had created a climate of toleration and indifference propitious for corruption. While opportunity structures were rising, the "moral costs" (Della Porta & Pizzorno 1996) had been substantially reduced:

²⁵ Commissions of evaluation were a clear example of the promiscuity between public and private interests, often at the former's expense.

²⁶ Although, local elections are a multi-selection process of representatives to different chambers (i.e. the assembly, parish assemblies and the executive), the way local government operates and the continuous influence of *caciques* in rural areas of the country, have centred local elections in the figure of top list candidates (i.e. the Mayor). From a landslide victory in the 1985 local elections (149 PSD Mayors against 79 PS), the social-democrats had been losing to the socialists since 1989 (1989 = 113 PSD Mayors against 116 PS; 1993 = 116 PSD Mayors against 126 PS).

"The development of clientelistic networks occurred in a context in which the partial deregulation of the economic system and high geographical and social mobility combined with the longevity and solidity of the PSD government, high economic growth rates (generally higher than those obtained by the EC partners between 1986 and 1990), and an effective increase in the economic resources available to political authorities. The most obvious advantages of European integration and of the so-called "democracy of success" came in the fields of subsidies, public works, and consumption" (Lopes 1997, 36).

PSD Patronage in Centre-periphery Relations: the Strategy of Bandwagoning in Local Government

The re-structuring of the ministries between 1992 and 1994 and the de-concentration of powers, through the creation of a series of *quangos* mediating between central government and local authorities, were a sublime expression of PSD's predominance in the State apparatus. The manipulation of central redistributive mechanisms meant that those willing to accede to public money had to jump into the wagon. Bandwagoning with the PSD in local government, became a strategy of survival and success in a State apparatus more and more identified with the party in power.

Local interest groups were also an important instrument of that centre-periphery patronage network. The confederation of Portuguese farmers (CAP), for example, was deeply enmeshed with a *quango* responsible for the allocation of funds from the Ministry of Agriculture (IFADAP). Subsidies were selectively allocated to member enterprises, obviously, clients to the party in power. Whereas for local mayors, party defection became a rule of survival and protagonism in political life. Several Centrist and Socialist candidates had shifted their allegiance to the ruling party. The PSD-Mayor relationship was identified by the opposition as the foundation of the *Estado Laranja*.

The Inability to Produce Opposition Alternatives and the Undermining of Parliament

The inability to produce credible power alternatives by the opposition favoured the development of political corruption. The ability for opposition parties to control the government's activities, a crucial mechanism of *voice* in pluralist democracies, was not politically feasible (Alberti 1996, 277). The Socialists strategy was to continue to be perceived as "the alternative" to PSD predominance. In reality, however, they fell-short of establishing themselves as a meaningful alternative, at least until 1993.

The popularity enjoyed by the PSD and, by its Prime-Minister Cavaco Silva in particular, permitted the governmental majority to off-set any challenge from the opposition, the President and or any other institutional entities. The *watch-dog* function of the parliament was gradually shadowed under two consecutive

absolute majorities. But the opposition was not without blaming for that degeneration of democratic life. In 1988, the parliament's Organic Law had introduced a minor system of public subventions to parties and parliamentary groups to make for their expenses. At that time, very few voices were raised in parliament concerning the problem party financing and the need to regulate and control private donations and contributions to political parties. Later in 1992, all major parties, with the exception of the Communists, punished the A.A.C.C. for its intrusion into party affairs without an elucidating debate on the results produced by this anti-corruption agency. The result of its investigations - all documents and pending processes - were sent to the National Archives and public consultation is forbidden for a period of 20 years.²⁷

The development of corruption during this period had a lot to do with PSD predominance over the State apparatus. Patronage and clientelism were certainly not a creation of the PSD majorities, however, it had reached proportions until then unseen. By the end of its second term in office, the extent of the *Estado Laranja* was such that it was too visible to be kept hidden from a disillusioned public opinion and the Socialists knew it too well. In its press conference in June 1993, the Socialist Party presented a document showing that, out of 302 top administrative officials and public managers, 275 (91%) were PSD affiliated or sympathizers. The revolving door system had also been object of criticism: the presidents of ten of the largest companies were PSD ex-Ministers or ex-Secretaries of State.

PART 4

Too often, parties behaved badly within the *res publica*, believing that they could always get away with it. The general elections of 1 October 1995, however, showed how central corruption can be to the collapse of a party in power (Frain 1996, 115). But this was not peculiar to the Portuguese case. Elsewhere in Europe - the Tories in Britain, the PSF in France, the PSOE in Spain and the DC/PSI in Italy - parties were being voted out of government due to their involvement in corruption scandals or sleaze. They all shared similar conditions: ruling parties or coalitions had been too long and secure in power; members of government were involved in corruption (and exposed while in office); there was a growing disillusion and mistrust about party politics, which then culminated with the incumbent's defeat at the ballot box.

²⁷ The 1986 reform placed the A.A.C.C. under parliamentary supervision and empowered it with special investigate powers over sovereign entities, including parties. Gradually this ad-hoc agency asserted an independent initiative and started to produce some results. At that precise moment, the A.A.C.C. became expandable, because it had bothered too many people and too many interests. Its dissolution was inevitable: the A.A.C.C. was extinguished in 1992 with the votes of all parties except the Communists.

Conditions to Electoral Punishment

There are some major socio-psychological conditions that must be taken into account when looking at the electoral climate in the early 1990s: (1) the “*desencanto*” for democratic politics; (2) “persistence without change”, the strength and longevity of the same party in power; (3) the decreasing “feel good” factor; and (4) the “greed for power”.

The “Desencanto” for Party Politics

By 1993, the electorate showed signs of disillusionment towards democracy, product of a collective symbiosis of pejorative evaluations - “the way things are degenerating”. European polls showed a cross-national trend to which Portugal was not stranger: growing dissatisfaction with democracy was parallel to a widespread disinterest on the country’s political life (see *Table 2*). There was a widespread perception that parties, and the ruling PSD in particular, feared to tell the truth to the electorate. Party leaders were distancing from their representative bases and getting closer to particular interests.

Disillusionment was also product of the ongoing anti-corruption campaign, striking public opinion in different fronts. After a series of media allegations on cases of financial impropriety and maladministration involving members of government, and the increased protagonism of some magistrates and ad-hoc control agencies, the electoral climate was favourable to change. While voters had twice backed the PSD’s “strong executive culture”, with a widespread belief in “governmental stability” and “economic growth” at whatever costs, they were now predisposed to condemn what seemed more and more a remembrance of the “evils” of 50 years of authoritarianism.

“Persistence without Change”

The strength and longevity of the PSD government - ten years in office with two consecutive absolute majorities) was a crucial element to the voters’ assessment [see *diagram 1*]. There was a widespread feeling that the same party had been too long in power, to the extent that the incumbent had become identified with the State itself. Moreover, the incumbents had become too confident of their position in power, and that gave them a false sense of security. This led the incumbent to undermine its bad scoring on a series of unrelated policies directly affecting the citizens’ wellbeing, and to raise miscalculation on how much the voters’ were prepared to tolerate as an exchange of the “stability” and “growth” enhanced.

The Decreasing "Feel Good" Factor

The PSD's economic performance was an important factor to the electorate climate in 1995, but it does not stand as an explanatory factor of retrospective voting on its own.²⁸ It can only be considered together with other political, institutional and social determinants. Moreover, the link between economic performance and support for the incumbent is not here seen in terms of the voters' understanding of macro economic indicators, but on the daily economic decisions they face (Monardi 1994, 89). The oft-termed "feel good" factor is measured through daily personal experiences that make people believe, *ceteris paribus*, they are going to feel better or worst in forthcoming times (Sanders 1995). Of course, the two are intertwined, "if the economy is faltering people are more likely to think that it is" (Cowley 1997, 40).

During its second term in office, the PSD was decreasing in popularity, a main factor in this being the negative impact of several economic and social policies. Government relations with trade unions had also deteriorated. Discontent with its economic performance was mainly a product of the discrepancy between shifts in the political economy and the perception of its short-term negative effects. When the economy was booming during the first Social-democrat majority, and the public sought benefits from economic policies adopted, electoral support for the incumbent tended to rise or stabilize, but the inverse did not happen during the European economic recession of the early 1990s. It became difficult to ascertain prospectively how far a sign of recovery could make up for the social tensions and disparities caused by shifts in political economy.

In a context where the government's ability to deliver *public satisfaction* had been systematically reduced ("rolling back the Welfare State") and subdued to political economicism (the need to keep within macro-economic targets at all costs), the negative perception of reduced public provisions was greater than any prospective benefits of being better served under a regime of "greater individual choice" and "private initiative". Voters resented giving away public commodities for a new concept of political economy. Their decreasing "feel good" factor made them envious and more attentive to the comfortable welfare of their leaders.

²⁸ 'The incumbent party is not automatically punished or rewarded for levels of economic performance' (Happy 1989, 377; Monardi 1994).

The "Greed for Power"

Voters were also willing to punish the arrogance and greed of party leaders, in particular those of the ruling Social-democrats. Members of parliament and government, entrusted by popular consultation to authoritatively allocate values to political society were perceived as the major defiers of probity. Their representative function did not justify the continuous involvement in grey areas of public business and holding office ought not to be interpreted as a vehicle for personal enrichment. The salary rates of politicians, the passage of ex-ministers to the boards of newly privatized companies (or any firm to that effect), the abuse of public royalties, were the focus of public condemnation in the early 1990s. These practices/behaviours contrasted with the decreasing "feel good" factor of the population at large. Outright greed should be tempered by discretion and prudence, especially at times of large-scale redundancies. Yet, the opposite was a rule for the Social-democrat majority: promiscuous exchanges between members of government and national economic elites were continuously reported in the "society" section of daily newspapers or "high life" magazines. Not surprisingly, public condemnation focused essentially on visible aspects of personal ostentation and enrichment, by those occupying governmental positions, with little or not interest on illegal party/electoral financing.

Retrospective Voting as Electoral Punishment: the "Decline and Fall" of the Social-democrats

The "decline and fall" of the Social-democrat majority was closely related with the politicization of corruption exposure and its control during the second consecutive government. For a society traditionally distant from the political process and incredulous on justice, the extensive media coverage of corruption cases, in which senior member of government had been involved, the independent intervention of some magistrates, the activity of ad-hoc mechanisms until then unnoticed, had contributed to raise public awareness about the phenomenon. The more and more corruption became visible and parties reacted, debated and legislated against its manifestations, public discontent and scepticism grew over the outcome of measures adopted. The electorate seemed trapped in a climate of disillusion and cynicism, product of the perceived systemic nature of corruption and the banalization of the anti-corruption enterprise by political parties themselves. When the political responsibility of parties and their leaders is not called upon, nor easily sanctioned by justice, the electorate will show great propensity to assert justice by other means. Voters sought the electoral act as the ultimate instance to sanction the *sleazy* behaviour of ruling elites, primarily those holding office.

Retrospective evaluations did not entail blaming the governing party on single policy issues, such as, pension schemes, de-regulation of certain market sectors, privatizations, the management of unemployment figures, university fees, administrative reforms, but on cumulative negative experiences, opinions and feelings. A variety of interconnected behaviours/practices publicly exposed, such as, favouritism, insider trading, traffic of influence, illegal party financing, accumulation of public positions, conflict of interests, became classified under a single title of public condemnation - political corruption. These issues were held seriously in assessing the incumbent's past governmental performance and punishment was sought by voting for the "*alternativa de poder*" (the Socialists) or by abstaining. Retrospective voting as a tool of electoral punishment took place under an environment of systemic pessimism and decay: what would later be translated into a landslide victory for the Socialists (its first majority since 1976), it represented, in reality, the downfall of the PSD majority.

By 1993, the government was yielding to rising demands from the opposition, the President, the Constitutional Court, fiscal and control institutions and the "independent" press. The PSD government attempted, unsuccessfully, a last appeal on its popular legitimation, by promoting a campaign to discredit these actors, their allegations and demands for reform, by calling them the "blockading forces" (*forças de bloqueio*). Finally, the PSD yield to pressure and attempted desperately to save its image through a series of *moralizing* scenarios:

- *by bringing the issue of corruption into its agenda*; the initiative of doing so came from the future PSD leader, Fernando Nogueira, who announced the introduction of a "transparency package" (*pacote de transparência*)²⁹;
- *by finding selective scapegoats in its cabinet*; the dismissal from office of Miguel Cadilhe (ex-Finance Minister) and Leonor Beleza (ex-Health

²⁹ Broadly speaking, the legislative reform started in 1993 with a new regime on incompatibilities (Law 64/93), a new regime on party and electoral financing (Law 72/93), a new regime on parliamentary inquiries (Law 5/93), regulated access to administrative documents (Law 65/93), a new ordinance for MPs (Law 7/93), a new ordinance for Administrative and Auditing Courts (Law 11/93) and, finally, an anti-corruption law (Law 36/94), whose dispositions to empower the investigative powers of the Judicial Police had to be slightly reformulated. It would then resume in 1995, with the constitution of a parliamentary commission on *Ethics and Transparency* in public life (Res.A.R. 27/95) and the adoption of a package of laws replacing previous regimes, the so-called *Pacote de Transparência*: Law 24/95, on the ordinance of MPs; Law 25/95, on the public control of office holders' wealth; Law 26/95, on the remuneration *plafond* of MPs; Law 27/95, on the financing of political parties and electoral campaigns; Law 28/95 on the regime of incompatibilities; Law 32/95, provides the government with legislative capability to implement measures on money laundering and other goods derived from criminal activities.

Minister) following media allegations of financial impropriety, favouritism and maladministration, led the government to introduce a major cabinet reshuffle. Later, the Finance Minister Braga de Macedo would resign following media allegations on fraud of European agricultural funds.

Before the elections of 1995, the government was eroding internally and making visible to the opposition its internal weakness. Factions reappeared to dispute leadership, despite the party's desperate attempt to maintain a cohesive image to the electorate. In the aftermath of the PSD Congress in April 1995, old party figures let transparent their dislike for the way in which the Social-democrat governments had been so closely associated with an image of clientelism, patronage and sleaze. The last sign of desperation came just before the elections, when PSD rampant members and sympathizers started their final gold run to public sinecures and favours before the party's awaited collapse (*Expresso*, 2 September 1995).

Betrayal and Unfulfilled Expectations

Traditional Social-democrat voters felt gradually betrayed by the party they had helped bringing into power and consolidating its governing majority. Their deposited trust had not been matched with the fulfilment of expectations raised: their belief on the PSD's ability to drive the country's economy in the wider Common Market was discredited by the European recession of the early 1990s. Adjusting to Europe proved fatal in some sectors of Portuguese economy: the bad scoring of Portuguese agriculture and fisheries within the common European policy frameworks targeted the party's rural electoral support; small and medium size enterprises (PMEs) perished in the face of the aggression of European competitors; shopkeepers saw their businesses endangered by the so-called Law of Hypermarkets;³⁰ pensioners, and those with fixed revenues, were affected by the Government's attempt to reduce the budget deficit in the light of the Maastricht convergence criteria.

Before the general elections of 1995, traditional PSD voters were facing a dilemma: on the one hand, they felt betrayed by their own party, which proved unable to fulfil the promises made; on the other, there was a low expectation that things could improve prospectively by voting for the Socialists. Abstention was preferred by some as a way of expressing discontent.

³⁰ In February 1992, the government bowed to pressure by large economic groups (some of whom keen campaign supporters) and changed the opening time of the large market surfaces (*hipermercados*). This created grievance amongst small shopkeepers, one of its major electoral bases, especially in peripheral areas of the country.

Throughout the consecutive PSD majorities, voters had become too relaxed in relation to ethical standards expected from their leaders and, by the same token, the incumbent felt less and less obliged to be responsive to their electoral bases. Party representation under governmental majorities relied more on voters' tacit consent, and less on participation: blind faith in party leaders and unheard voices inside party structures allowed for a great deal of complacency towards corruption during this period. Driven by a false sense of security, PSD leaders thought they could ignore discontent mounting inside party structures, since, voters - their legitimating force - had permitted them to rule autonomously for ten years.

"The Judgement Day"

By October 1995, the electorate panorama was concentrated, not surprisingly, amongst the two major parties: the PSD in office and the PS as a power alternative. The tendency towards duopolism verified since the Constitutional Revision of 1982 was concomitant with "the formation of an enormous mass of voters who are shifting their vote according to the circumstances. This bipolarisation is explained by the decreasing of votes in the parties situated in the extremes, the CDU and the CDS-PP... This kind of voter made up about 20 percent of the electorate, which tend to abstain, to vote for the PS or for the PSD." (Stock & Magone 1996, 451-452). These voters, oft-termed "switchers" (Uslaner 1989, 509), appeared more motivated to vote retrospectively and felt no moral constraints in changing their voting preferences. For party identified voters, the decision to cast their vote for the opposition rivals as a form of punishment against their party - for which they always voted - was qualitatively greater. Their change in vote preference expressed both discontent for unfulfilled expectations, but also disillusionment with their party as a political project to be realized in society.

Paradoxically, for an electoral act that was strongly influenced by the politicization of corruption, the 1995 general elections scored the lowest turnout ever since 1976 [see table 1]. This can be explained as a last minute withdrawal from the electoral pool product of an overall discontent with party politics. The early 1990s were dominated by the moralisation of politics, which had become the point of order in parliamentary debates and legislative reforms. In the public eye, it all looked as if parties were desperately asking voters for absolution of sins committed throughout their political life. By the time the "judgement day" arrived, voters were feeling "unhappy with the performance of government, or perceiving no relevance of government on their daily lives, withdraw from the electoral process" (Flickinger & Donley 1992, 8). A fair number of traditional PSD voters felt alienated and believed electoral punishment would not improve their condition either. First time voters, were simply disappointed with party politics to even sustain their support for any of the projects of reform.

Despite declining levels of trust on politicians and disillusionment on the way democracy works, electoral punishment did not clearly assume the form of protest voting. During the 1995 elections, the young leader of CDS-PP, Manuel Monteiro, sought the protest vote by targeting "the segments of the population who were discontent with the two main parties" (Stock & Magone 1996, 451). However, its impact was below the expectations raised by the media during the electoral campaign: the CDS-PP was only able to attract 4.7% of the Social-democrat vote out of the 8.2% that had lost mainly to that party during the 1985 elections.

The Fallacy of Electoral Punishment or Prospective Control by Deterrence?

The widespread willingness to move from the *status quo* created, without necessarily having to assess the implications of overturn, depicted a sort of collective feeling decreeing "time for a change". This reveals the strength and weakness of public condemnation at the ballot box. Electoral punishment was directed towards a chameleon in the public's mind, i.e. corruption as a bundle of practices/behaviours not equally identifiable or condemnable amongst different sectors of the electorate. Consequently, the need for political change was sought by providing the opposition party with a safe majority. The fallacy of electoral punishment is that it substitutes political participation and vigilance over party activities, with a margin of tolerance/expectation in relation to the new incumbent. The Socialist slogan "For a New Majority", after the fervent attacks by its leader against the level of clientelism, patronage and political corruption, which occurred during the Social-democrat reign, did not show a hint of modesty. The Socialists had soon forgotten that persistence of the same party in power and unchecked majorities had been a vehicle for corruption during the past ten years.

Corruption exposure and condemnation may have helped to confront and bring down the party in office, yet, some deterrence effect was also exerted over the newcomers. When electoral punishment is no solely directed to the declining ruling party, but to the way things have degenerate, voters set an agenda of reform to the new incumbent by means of threat. Casting the vote as punishment may serve as a warning for future misdemeanour in office, thus exercising a form of prospective control. The undermining of this deterrent effect may prove electorally costly to the new incumbent. Three months after their electoral victory, the Socialists were facing a scandal in their newly constituted government. The proposed Minister of Public Works and Social Equipment, Murteira Nabo renounced office after a media allegation on tax evasion (Frain 1996, 119).

PART 5

Finally, one ought to ask why it took so long for parties to be publicly condemned for their misbehaviour throughout the 1980s? Why so little transparency of their activities (hitherto)? Why legal action only becomes seriously effective in a context of social unrest? Why democratic legality was sought by electoral punishment and what are the limitations and fears of that "popular upheaval for justice"? Unfortunately, the questions to be raised are longer and more complex than the answers addressed in this paper. However, it seems important to conclude with an hypothesis to be corroborated with empirical evidence: the persistence of party corruption in Portugal is primarily an attitudinal quest, before being a legislative or penal problem. The lack of clear regulations constraining the behaviour of parties and a few rapacious leaders was a favourable condition to the systemic expansion of their deviant practices/behaviours, but it is not sufficient to explain why parties have opted illegality to the revision of those legal standards. The degeneration of the ethical environment where parties operate has been eased by a climate of *omertà*, tolerance and impunity.

Political parties as core actors in the (re)definition of standards of corruption in political society have kept silent,³¹ and imposed silence (for example, by extinguishing the A.A.C.C.), over practices that concerned their survival and electoral success. Party leaderships muffled voice within their internal party structure. Condemnation of corrupt practices was substantiated by a few crusaders, who were soon discredited as fools and invited to exit the party. Not surprisingly, the best evaluations on the extent and nature of party corruption have been provided by alienated party leaders, who have opted journalism as a prosaic mode of exposing *la corruption de la République*. Opposition parties have mobilised opinion against corruption, but only to the extent that its politicisation could inflict electoral damage on their rival(s). Overall, they have shown a great contempt towards corruption, especially those manifestations closely related to their political activity.

The propensity of the electorate to tolerate party corruption in Portugal grew parallel to the appraisal of individual or affinity group success (i.e. the family, the party). The glorification of those who managed to do things by circumventing the law and without being caught (*o esperto*), created a climate propitious for the degeneration of ethical standards (Cardoso 1990, 66-67). The development of party corruption is not detached from a widespread conviction that legal and moral standards governing public office are to be circumvented or

³¹ A minor statistical illustration: parties have only contributed to 0,61% of a total of 2963 processes of corruption opened by the A.A.C.C. during its almost 10 years of existence.

subdued, whenever party interests stand higher (Ferreira & Baptista 1992, 82-84).

The high levels of toleration and indifference towards party-related corruption explain, to an extent, the insufficiencies of political or judicial action in so far these relied on public exposure. The A.A.C.C. figures illustrate this hypothesis. Designed as an ad-hoc body to fight corruption in public administration, the A.A.C.C. was essentially based upon a system of whistleblowing. Public denounces contributing to the A.A.C.C.'s activity varied between 56,53% to approximately 71% of all processes initiated. Hence, the total amount of processes opened came closer to the intensity of public condemnation. During the early days of the *Bloco Central*, the number of denounces made by single individuals to the A.A.C.C. for investigation was considerable. A total of 385 processes were brought forward, but only a mere 64 were corroborated by evidence and required further action. By the mid-1980s, however, tolerance and indifference towards corruption grew while people were feeling more comfortable with their improved standards of living. Denouncing deviant behaviours/practices became an expandable activity, yet, the likelihood that the cases brought forward were imputable of criminal or disciplinary punishment was higher than in the early 1980s. Out of 237 processes initiated in 1990, more than half (138) were serious offenses and required further action (*Final Report*, 18 March 1993).

Tolerance was undoubtedly higher in what regards party corruption. The majority of the population never envisaged party activities, such as, patronage over the administration or illicit financing, as practices morally wrong, least to say, susceptible of legal punishment. Public condemnation focused mainly on a few "rotten apples", rather than on political parties themselves, which in most cases permitted, or even instigated, that deviant behaviour. The legislative reforms of the 1990s were representative of that tendency to view corruption as personal enrichment. During the 1993 legislative reforms (*transparency package*), the remuneration statutes of elected officials and public control over their personal wealth stood as a priority to the regimes on party/electoral financing and incompatibilities. The former were more elucidative of social disparities in the political system, thus susceptible to public condemnation by envy. In a opinion survey realized in 1990 ("Sondagem DL/Euroteste", *Diário de Lisboa*, 26 Janeiro) more than 60% of the inquired answered that "envy" was their prime motivation in denouncing corruption.

Portuguese magistrates maintained faithful to their conservatism and condoned illicit party behaviour. Their action was guided by a principle of non-interference and non-intervention in the political sphere, thus justifying their unwillingness to open the pandora's box. In a context of systemic occurrence of these illicit practices, the legal/penal definition of corruption, which magistrates

proudly defended, had lost its touch with reality. The concept proved no longer literally distinct from other deviant behaviours/practices incurred during the exercise of public office, such as, illegal lobbying, traffic of influence, illicit party financing. The distinction between financial advantages demanded by, or offered to, a public servant, who acted for personal benefit, and those incurred in favour of parties themselves was purely semantic. The *pseudonuances* of criminal prosecution only meant that political parties were not legally imputable of corruption as a penal act.

In conclusion, the way corruption developed closely related to party activities is concomitant with a widespread indifference and/or tolerance towards the phenomenon. Disinterest about politics and disillusion on the way democracy works resumed into *immobilism*: citizens perceived fundamental flaws in the system, but were unwilling to participate and act politically. Political elites were distancing themselves from the public. Voters either feel powerless and opt out of the system, or give priority to more materialistic and individualist values in society. The community tolerated corrupt individuals and organizations, allowing them to survive and flourish, which in turn resulted in a lowering of moral standards (Deysine 1980, 455-456). This vicious circle permitted the expansion of corruption to other domains of public life.

Luís Manuel Macedo Pinto de Sousa

Ph.D. Researcher
Department of Social and Political Sciences
European University Institute
Badia Fiesolana, via dei Roccettini, 9
50016 S. Domenico di Fiesole
Firenze - Italy

e-mail: ldesousa@datacomm.iue.it

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Annex 1 - Public and Nationalized Companies in Portugal (December 1984)

(Source: *Portugal Contemporâneo* (1984), pp. 456-9)

1. *Agriculture and Fisheries*
Companhia das Lezírias
Complexo Agro-Industrial do Cachão (CAICA)
Pescul
2. *Mining*
Empresa Nacional do Urânio - ENU
Empresa Mineira do Alentejo - EMMA
Empresa Mineira do Alentejo - EMMA
Ferrominas
3. *Industry*
Centralcer
Unicer
A Tabaqueira
Fábrica de Tabacos Michelense
Portucel
Petroquímica e Gaz de Portugal - PGP
Companhia Nacional de Petroquímica - CNP
Quimigal
Petrogal
Fábrica - Escola Irmãos Stephens - FEIS
Cimpor
Setenave
Estaleiros Navais de Viana do Castelo - ENVC
Indústrias de Defesa Portuguesas - INDEP
Siderurgia Nacional
4. *Energy*
Electricidade de Portugal - EDP
Empresa de Electricidade da Madeira
Empresa de Electricidade dos Açores
5. *Construction*
Empresa Pública de Urbanizações de Lisboa - EPUL
6. *Mass Media*
Empresa Pública Notícias/Capital - EPNC
Empresa Pública do Diário Popular - EPDP
ANOP - Agência Noticiosa Portuguesa
RTP - Radiotelevisão Portuguesa
RDP - Radiodifusão Portuguesa
7. *Trade*
Administração Geral do Açúcar e do Alcool - AGA
Empresa Pública de Abastecimento de Cereais - EPAC
8. *Various*
Enatur
Imprensa Nacional - Casa da Moeda
Empresa Pública dos Parques Industriais - EPPI
8. *Transport Companies*
Rodoviária Nacional
CP - Companhia dos Caminhos de Ferro Portugueses
Serviço de Transportes Colectivos do Porto - STCP
Metropolitano de Lisboa
TAP - Transportes Aéreos Portugueses
Companhia Nacional de Navegação - CNN (extint)
Companhia de Transportes Marítimos - CTM (extint)
Transtejo
Socarmar
Dragapor
Carris - Companhia Carris de Ferro de Lisboa
9. *Post and Telecommunications*
CTT - Correios e Telecomunicações de Portugal
TLP - Telefones de Lisboa e Porto
10. *Services*
EPAL - Empresa Pública das Águas de Lisboa
ANA - Aeroportos e Navegação Aérea
12. *Insurance Companies*
Companhia de Seguros Império
Companhia de Seguros Tranquilidade
Companhia de Seguros Mundial-Confiança
Companhia de Seguros Fidelidade
Companhia de Seguros Aliança
Seguradora
COSE - Companhia de Seguro de Créditos
13. *Banks*
Caixa-Geral de Depósitos
Banco Espírito Santo e Comercial de Lisboa
Banco Português do Atlântico
Banco Pinto & Sotto Mayor
Banco Totta Açores
Banco Borges & Irmão
Banco Nacional Ultramarino
Banco Fonsecas & Burnay
União de Bancos Portugueses
Banco do Crédito Predial Português
Banco do Fomento Nacional
Sociedade Financeira Portuguesa
Banco de Portugal

Table 1 - Electoral Turnout and Results at the General Elections, 1975-1995

(Source: Robinson, 1996: p. 952; Flickinger & Studlar, 1992: p. 3; *EJPR*)

Years	Turnout %	Cartel Parties					Some minority parties and alliances (extinct)				
		PCP (and allies)	PS (and allies)	PSD* (and allies)	CDS*	MDP	PRD	AD**	PDC***		
1975	91,7	711 935 [12,5%]	2 162 972 [37,9%]	1 507 282 [26,4%]	434 879 [7,6%]	236 318 [4,1%]	-	-	forbidden		
1976	85,6	786 701 [14,4%]	1 911 769 [34,9%]	1 336 697 [24,4%]	877 494 [16,0%]	-	-	-	29 873 [0,5%]		
1979	87,5	1 129 322 [18,8%]	1 642 136 [27,3%]	141 227 [2,4%]	23 523 [0,4%]	-	-	2 554 458 [42,5%]	72 514 [1,2%]		
1980	85,4	1 009 505 [16,8%]	1 673 279 [27,8%]	147 644 [2,5%]	13 765 [0,2%]	-	-	2 706 667 [44,9%]	23 819 [0,4%]		
1983	78,6	1 031 609 [18,1%]	2 061 309 [36,1%]	1 554 804 [27,2%]	716 705 [12,6%]	-	-	-	39 180 [0,7%]		
1985	75,4	898 281 [15,5%]	1 204 311 [20,8%]	1 752 288 [29,9%]	577 580 [10,0%]	-	1 038 893 [17,9%]	-	41 831 [0,7%]		
1987	72,6	689 137 [12,1%]	1 262 506 [22,2%]	2 850 784 [50,2%]	251 987 [4,4%]	-	278 561 [4,9%]	-	31 667 [0,6%]		
1991	68,2	501 840 [8,8%]	1 659 881 [29,3%]	2 861 430 [50,4%]	248 784 [4,4%]	-	34 683 [0,6%]	-	-		
1995	66,3	506 157 [8,6%]	2 583 755 [43,8%]	2 014 589 [34,18%]	534 470 [9,1%]	-	-	-	-		

* PSD = former PPD/PSD (*Partido Popular Democrático/Partido Social Democrático*); CDS = CDS-PP (*Centro Democrático e Social - Partido Popular*) since 1995.

** AD (*Aliança Democrática*) = former right-of-centre alliance between PSD, CDS and PPM (*Partido Popular Monárquico*); the results by the PSD and CDS during the elections of 1979 and 1980 relate to those attained at the regional government of Azores and Madeira, where there was no AD coalition.

*** At the 1980 general elections, the PDC had a coalition with MIRN/PDP and FN (mainly minority extreme right-wing parties that later became extinguished or underground movements).

Table 2 - Interest in Politics (1988-1994) and the Feeling of Satisfaction with the Way Democracy Works in Portugal (1985-1994)

(Source: Eurobarometer)

Interest in Politics (%)	1988 X-XI	1989 III-IV	1989 VII	1989 X-XI	1990 III-IV	1990 X-XI	1994 VI	1994 XII
A great deal	2	5	2	4	4	4	3	4
To some extent	5	7	6	11	6	13	26	22
Not much	41	44	45	39	43	41	30	28
Not at all	51	42	45	44	43	41	41	45
No reply	1	2	2	2	4	1	1	1
Total	100	100	100	100	100	100	99	100
N	1000	1000	1000	1000	1000	1000	-	-

Satisf. with Democracy (%)	1985 X-XI	1986 III-IV	1986 X-XI	1987 IV	1987 X-XI	1988 III-IV	1988 X-XI	1989 III-IV	1989 VII	1989 X-XI
Very satisfied	-	3	3	2	8	2	9	2	8	3
Fairly satisfied	34	49	56	54	62	51	37	55	45	52
Not very satisfied	34	26	23	24	19	27	42	27	23	24
Not at all satisfied	19	9	9	9	4	9	9	8	10	7
No reply	13	13	9	11	7	11	3	8	14	8
Total	100	100	100	100	100	100	100	100	100	100
N	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000

Satisf. with Democracy (%)	1990 III-IV	1990 X-XI	1991 III	1991 X-XI	1992 III-IV	1992 IX-X	1993 III-IV	1993 X-XI	1994 VI	1994 XII
Very satisfied	5	6	6	5	5	2	3	3	2	1
Fairly satisfied	62	65	64	70	67	63	51	48	53	46
Not very satisfied	19	14	18	17	19	24	30	34	31	39
Not at all satisfied	8	6	6	4	6	6	12	11	9	10
No reply	6	9	6	4	3	5	4	4	4	3
Total	100	100	100	100	100	100	100	100	99	99
N	1000	1000	1000	1000	1000	1000	1000	1000	-	-

Table 3 - The Evolution of Standards of Corruption Related to Party Life in Portugal

Periods of party life		Shifts in political economy	Dominant political panorama	Anti-corruption reforms
Act I Party System Fragmentation	Left minority coalitions (1974-76)	Economic recession caused by inadequate response to First Oil Crisis; escalation of public debt; and nationalization of productive forces.	Transition to democracy; military protagonism and left-wing ideological influence over constitutional process and governmental politics; creation of parties and filling of public offices.	1974-75 purges of economic and political elites from the old regime (<i>saneamentos</i>) (Decree-Law 595/74 on <i>Political Parties</i>)
	Left coalitions centred on the PS (1976-79)	Stabilizing effects of the 1st IMF austerity programme are hampered by political crisis; greater influence from shifts in the international political economy; growing social disparities and redistributive demands.	Centrifugal party polarization; weak coalitions; governmental instability (4 governments in 2 years).	None
	AD - centre-right coalition (1979-1983)	Political conflict over economic and social problems; Second Oil Crisis; no economic adjustment to its effects; deepening of economic recession and social rupture.	Programmatic and ideological convergence of PS and PSD during the Constitutional Revision of 1982; duopolistic tendency; public discontent over partitocracy.	None (Law 147/9 on General Elections)
Act II <i>Duopolism</i>	<i>Bloco Central</i> (1983-85) - PS-PSD centre coalition	2nd FMI austerity programme; control of economic crisis; neocorporatist model of economic and social concertation; EEC adhesion negotiated and concluded.	Bilateral opposition from the two minority parties left outside governmental politics (PCP and CDS); conflict relationship between Prime-Minister Soares and the PR, General Eanes; creation of PRD to electorally harm the Socialists; Cavaco Silva breaks leadership disputes within PSD and holds the party together.	Modernization of the administration; A.A.C.C. created; revision of penal code (enlarged concept of public official, to include managers from nationalized companies, and of corruption, to include non-patrimonial advantages).
Act III Single party persistence in power	PSD minority government (1985-87)	Positive economic effects from the previous government start being felt; management of first wave of EC structural funds; standards of living improve considerably; <i>happy life</i> .	Promises of institutional equilibrium (cohabitation) and governmental and political stability.	None.
	<i>Estado Laranja</i> - PSD absolute majorities (1987-95)	Steady economic growth; boom in investment; massive privatization process; adjusting to Europe: openness to wider market, harmonization of economic policies and convergence of macro indicators. Increased social and economic tensions; European recession of the early 1990s; increased unemployment and decreased "feel good" factor.	Strong executive culture; extensive patronage through administrative reforms; erosion of constitutional and political checks and balances to single party-dominated government.	1st wave (1993): Law 64/93 on <i>Party and Electoral Financing</i> 2nd wave (1995): commission on <i>Ethics and Transparency</i> ; adoption of a <i>Transparency Package</i> ; Law 27/95 on <i>Party and Electoral Financing</i> . Revision of penal code: criminalization of influence trafficking (art. 335), but only when illicit decisions incur.

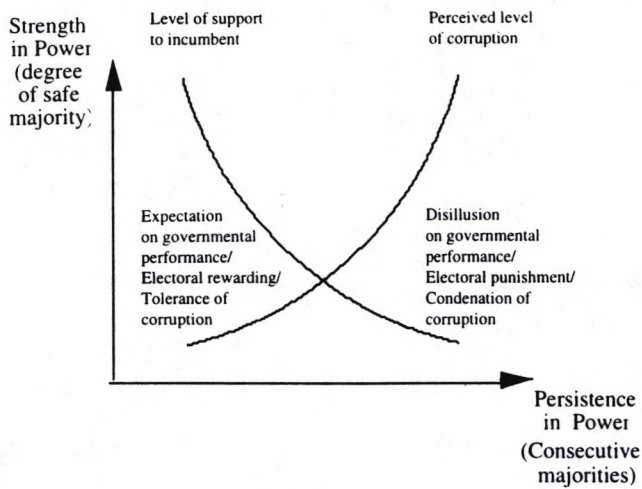
Table 4 - Parties and Corruption in Portugal

Parties	Organizational Structure	Financial Structure	Context of Illegality	Corrupt Practices
PCP*	Rigid and centralized control over local branches; extensive structure; closed oligarchic leadership; exit substitute for voice at the top level; militant party (strong identification).	Membership, fund raising; levies to party members and sympathizers; collection system at the periphery tightly co-ordinated by the central apparatus.	Transition period from 1976 until 1982, mainly, during the revolutionary months between April 1974 and the elections of 1975.	Patronage; racketeering at the local level; commercial activities; foreign financing (Cold-War).
PS*	Modernizing and extensive structure; good co-ordination between local and national apparatuses; leadership: reliance on local barons; party of electors (some militancy)- catch-all.	Collection system partly at the periphery (with no tight control from the centre), partly by the central apparatus activities; some co-ordination between local and national levels of financing.	Transition period important to appoint sympathizers to strategic positions in the administration; but, Central Bloc proved essential to its future financial foundations.	Patronage: rent and commercial activities; urbanization investment; institutes for studies & culture; political management firms; illegal lobbying.
PSD*	Extensive structure; low co-ordination between local and national apparatuses; conflicting leadership. MP's not responsive to party structures; party of electors - catch-all.	Local branches operate autonomously (or with little support or control from the central apparatus); central-local collection systems.	AD** helped to rise as the major centre-right political formation; Central Bloc proved essential for clientele formation at the centre; its golden age was 1987-95.	Patronage; clientelism; influence trafficking; conflict of interests.
CDS*	Weak structure; not so extensive; conflicting leadership; party of electors, but with strong party identification.	The choice of candidates depends largely on their personal ability to mobilize finance.	AD permitted to appoint some sympathizers into top administration; financial foundations crippled throughout the 1980s.	Clientelism in local government; institutes for studies; illegal lobbying; foreign financing (Cold-War).

* PCP - Partido Comunista Português; PS - Partido Socialista; PSD - Partido Social-Democrata; CDS - Centro Democrático e Social.

** AD - Aliança Democrática (PSD/CDS/PPM)

Diagram 1 - “Persistence without Change” and the “Strong Executive Culture”





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