

The Europeanization of Portugal (1986-2006). A Critical View

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Resumo

A Europeização de Portugal (1986-2006). Uma Visão Crítica

Este artigo tem por objectivo fazer uma análise crítica do impacto da integração Europeia na política portuguesa. Para isso, primeiro, faremos uma abordagem genérica da situação político-social, para depois debater o conceito de Europeização. Este ensaio examina quatro aspectos da Europeização no contexto português: a reacção do Parlamento nacional; o impacto dos fundos estruturais na administração pública e na economia portuguesa; o papel das presidências portuguesas da União Europeia em 1992 e 2000 e a Europeização da política externa portuguesa.

A Comissão Parlamentar dos Assuntos Europeus tem ganho reputação nas últimas duas décadas. Apesar do Parlamento ter um peso limitado no sistema político português, a Comissão Parlamentar tornou-se uma importante fonte de informação alternativa para a sociedade civil e para a população em geral, no que respeita a assuntos europeus. Os fundos estruturais da UE deram um importante contributo para o melhoramento significativo das infraestruturas nacionais, mas agora é necessário canalizá-los para a reestruturação da economia portuguesa, sobretudo nas áreas de investigação e desenvolvimento. As presidências de 1992 e 2000 projectaram a posição internacional portuguesa, levando ao histórico Conselho Extraordinário de Março de 2000, onde se chegou às linhas do acordo da Estratégia de Lisboa. Finalmente, a política externa portuguesa tem sido uma força pró-activa, em conjunto com outros estados-membros da União no apoio aos valores das Nações Unidas. A independência de Timor Leste pode ser considerada o maior sucesso de trinta e dois anos de diplomacia democrática portuguesa.

Apesar de Portugal ter feito progressos políticos (no plano interno e externo), económicos e sociais desde a adesão à UE em 1986, ainda há um longo caminho a percorrer para atingir uma transformação completa do país.

Abstract

This article intends to critically explore the impact of European Integration on Portuguese politics. The study starts with a general overview of the social and political situation, before discussing the concept of Europeanization. The article examines four aspects of Europeanization in Portugal: how national parliament reacted, the impact of the structural funds upon public administration and Portuguese political economy, the role of the Portuguese presidencies of the European Union in 1992 and 2000 and the Europeanization of Portuguese foreign policy. The Committee of European Affairs of the Portuguese Parliament has gained in reputation in the past two decades of European integration. Although Parliament is marginal in the Portuguese political system, the Committee of European Affairs became an important alternative source of information on the European Union for civil society and the public at large. The EU structural funds helped to improve considerably the national infrastructure, but they need now to be targeted towards a restructuring of the Portuguese economy towards research and development. The Presidencies of 1992 and 2000 enhance the international position of the country, leading even to the historical extraordinary European Council of March 2000 where the Lisbon Strategy was agreed. Last but not least, Portuguese foreign policy has been a pro-active force in conjunction with other member-states of the European Union in upholding the values of the United Nations. The success related to the independence of East Timor can be regarded as the most important success of the thirty two years of Portuguese democracy. Although Portugal made substantial progress in politics, economics in the social field and in the external arena since joining the EU in 1986, there is still a long way to go to achieve a complete transformation of the country.

Introduction

In the past six years Portugal had to face major difficulties. The economic situation deteriorated considerably and the prospects for the future continue to be very gloomy. The overall balance in relation to economic growth is that Portugal is stagnating and being surpassed by other economies in central and eastern Europe and naturally in Asia. Although these are bad news after twenty years of European Union membership and more than thirty years of democracy, the good news is that the Portuguese no longer accept the situation and want to do something about it. They already identified what are the main reasons of their continuing abysmal performance in periods of recession and begin to work towards reform. It is argued in this article that the European integration process led to the renewal of the country after decades of authoritarianism and a very shaky, unstable transition to democracy. The integration into the European Union led to a change of mentality.

In this article, we argue with moderate optimism, that the project of the new Portugal is already a half full glass. It means, that the new Portugal had to start from a very low base in comparison to other countries such as Spain or Ireland, and had to learn to be more self-critical in order to achieve certain successes. Being part of the European Union is probably the greatest historical moment of Portuguese history since the golden Age of Discoveries. After so many centuries of decline, the past two decades contributed to the restoration of the dignity of the Portuguese nation as an international actor, which, influenced by the values of the Revolution of Carnations, strengthens the position of the European Union in the world. The new Portugal is already emerging and is carried by new generations that were born during or after the Portuguese Revolution. There is a growing internationalisation of Portuguese academia and other sectors of society and standards are rising across the country. In spite of occasional stories of corruption like in any other country, a new ethics is emerging in different sectors of society. In spite of this, the road towards this new democratic Europeanized Portugal is still long. Apart from attempts to reform education, problems continue to haunt this important sector which is crucial for the further development of the country, one can find major problems in the justice and health system. All these three sectors are crucial for the output legitimacy¹ of the political system, in the end the performance of successive government will depend if they create a more equal society. For

1 Fritz Scharpf, *Governing in Europe. Effective and Democratic?*, Oxford, OUP, 1999, pp. 7-13.

the moment, Portugal continues to be among the most unequal societies in terms of distribution of income of the European Union among with the United Kingdom, Spain and Estonia. Indeed, the gap between the highest and lowest-income group is six and half fold. It means that some parts of the population are doing considerably well in the new Portugal, but others are below the poverty threshold.² This is reinforced by poor levels of education, bad health and social exclusion. One of the limits for overcoming their poverty horizon is naturally the lack of qualifications. Portugal is regarded as the country with the lowest level of qualifications, and this naturally affects the quality of the economy which is labour-intensive, not based on high technology. One of the main problems of the Portuguese education system is naturally the high level of secondary education drop outs.³ There are different reasons why there is such a high level of drop outs, but the main reason seems to be based on the weak financial situation of the majority of Portuguese families. Many youngsters drop out to support the family. A proper government policy supporting the poorer families in this regard would probably help improve this negative record. Another problem is the health sector, which is close to bankruptcy. In spite of expansion and considerable improvement, political inertia and non-decision making have been obstacles to a thorough reform.⁴ Last but not least, the justice system is still very inefficient. More resources have to be invested, particularly in terms of number of judges and court support. Moreover, the perceptions of the population in relation to the performance of the justice system have been quite negative.

We know more about these three sectors, because European integration was a major *vincolo esterno* (external link)⁵ in pushing the country to develop statistics and policies of transparency and accountability. Although there is still a long way to go in comparison to 1986, we can base our suspicions on well-documented statistical material. Indeed, one of the main problems at the beginning of the accession to the European Community/European Union (EC/EU) was that there were no statistics

2 José Caetano, Aurora Galego, Sofia Costa, "Portugal e o Alargamento da União Europeia: alguns Impactos Sócio-económicos" in *Análise Social*, vol. xi, nr. 175, 2005, pp. 255-278, particularly p. 262-263.

3 Commission of the European Communities, Council Recommendation on the Implementation of Member States Employment Policies, Brussels, 12 September 2001, COM (2001), 512 final, p. 17-18.

4 Mónica D. Oliveira, José M. Magone, João A. Pereira, "Nondecision Making and Inertia in Portuguese Health Policy", in *Journal of Health Politics, Policy and Law*, vol. 30, nos. 1-2, February-April 2005, pp. 211-230.

5 Kenneth Dyson, Kevin Featherstone, "Italy and EMU as a 'Vincolo Esterno': Empowering the Technocrats, Transforming the State", in *South European Society and Politics*, 1, 2, autumn 1996, pp. 272-299.

available. This was quite difficult for Portuguese and European policy makers in charge of regional policy. It was difficult to find data about the different regions of Portugal, because no proper systematic collection had taken place.⁶

In this article it is impossible to look at all areas in which Portugal was Europeanized. We will focus on specific aspects in which the country was able to profit from the European Union membership. In the next section, we just discuss the concept of Europeanization which has become quite popular. We use a very simple framework of analysis, but naturally refer to other models. In reality, most models with minor differences tend to emphasise the same. Afterwards, we discuss the impact of the EU on the political institutions, in particular parliament, the role of the structural funds for the modernisation of the country, the EU presidencies of 1992 and 2000 and last but not least the foreign policy of the country. The article will be finished with some conclusions.

The Europeanization Concept

In the past twenty years the impact of the European Union on all member-states has increased considerably. Indeed, one can assert that before 1985 European integration did not entail a very strong impact of European public policies. Member-states were able to prevent attempts by the EC/EU to shape national public policies. This changed considerably after Jacques Delors became the president of the European Commission. After decades of Eurosclerosis and stagnation, Delors restructured the European Commission in order to become the motor of European integration. Within a decade, Delors was able to transform the EC/EU through a dynamic visionary approach in which pragmatic policies were designed to implement the Single European Market programme and adjacent policies.⁷ The incrementalism of policies between 1985 and 1995 led to a continuing pressure upon the member-states to implement the directives and begin to transform their economies in order to achieve a higher level of competitiveness than the USA and Japan.⁸ The so-called Cecchini report gave

6 Luis Madureira Pires, *Política Regional Europeia e Portugal*, Lisbon, Fundação Gulbenkian 1998, pp. 42-44.

7 George Ross, *Jacques Delors and European Integration*, Cambridge: Polity Press, 1995.

8 Mark Pollack, Creeping Competence: The Expanding Agenda of the European Community, in *Journal of Public Policy*, 14, 2, 1994, 95-140.

legitimacy for the whole frenzy of implementing policies towards the completion of the Single European Market. After the ratification of the Single European Act (SEA) and the Treaty of the European Union leading towards Economic and Monetary Union, Delorsism gained its own dynamic. Three major aspects helped Delors in pushing his incrementalism of policies. Firstly, the most economies of the member-states were struggling economically. High levels of unemployment required a new approach, and completion of the Single European Market with its economies of scale and the removal of barriers between member-states to establish the four freedoms of goods, capital, services and people seemed plausible. Secondly, the end of the Cold War and the collapse of the Berlin Wall in 1989 further accelerated the incrementalist policies transforming a West-European project into a Pan-European one. Thirdly, the enlargement to southern Europe which led to the inclusion of Portugal, Spain in 1986 and previously Greece in 1981. The inclusion of these three countries meant an expansion of the Single European Market, but also the need to develop redistributive policies that would allow these new poorer member-states to achieve in long-term perspective the same access to the Single European Market. One of the most important achievements of Delors was the doubling of the budget in 1988 and 1992, the so-called Delors package I and II which allowed for a generous European regional policy. In this context, Portugal was part of a southern European alliance under the leadership of Spain making sure that all three countries would be entitled to additional funds.

This incrementalism of policies gave a stronger position to the EC/EU that normally member-states were willing to give to a supranational institutions. Nevertheless, the whole prospects of profiting from the advantages of the Single European Market led to an interactive dynamic of implementation of EC/EU policies that has gained in more strength from year to year. Indeed, Europeanization means in its most simple interpretation the impact of EU policies on the polities, politics and policies of the member-states. The overall process is asymmetrical, it means that it may be more successful in one country than others. Moreover, some countries may be more vulnerable to European patterns of policy-making than others. Some countries such as Denmark, Sweden and the Netherlands will be regarded as leaders in implementing the directives of the EC/EU, others such as Italy, Greece and France will be classified as laggards. In spite of all these differences, all member-states are engaged in a process of Europeanization in order to create in long term perspective a single European market, which will transcend the national markets. Naturally, this is quite a difficult

aim to achieve, due to the fact that member-states try to resist changes.⁹ In a seminal article Tanja Börzel, makes aware that the Europeanization process is a top-down process involving European policies, norms, rules, and procedures and political processes. Europeanization is complemented by what she calls a bottom-up European integration process which leads to the delegation of national competencies, supranational institution-building and ultimately European policy making.¹⁰ The latter returns as a top-down Europeanization process in form of European public policies. In this sense, she is emphasising that a double process of Europeanization and European Integration are shaping each other. It means that the member-states is no longer a passive receiver of policies designed by the supranational institutions, but that it shapes these policies through the Council of Ministers of the European Union and the attached working committees and comitology attached to the European Commission. In this sense, what we are experiencing is the integration of supranational level and the national level into a new political system. Portugal is as much part of it as Latvia or Sweden. All these political systems have become part of a European Union political system. In spite of this integration, the level of integration is lower or higher in different countries. Portugal is among the countries which belongs to the most advanced circle. The adoption of the Euro, the open economy and the strong impact of European Union policies in all sectors of society makes the Portuguese case quite interesting. The Europeanization of Portugal has also been accompanied by this bottom-up process, Börzel calls European Integration and we prefer to call Domestication of European Politics. It means that policies that are presented by a member-state or a group of states, most of the time related to a legislative initiative of the European Commission, lead to debate and decision-making at European level. The best case is the emergence of coordination of employment policies in the agenda of the European Union after an initiative of Prime Minister Lionel Jospin in 1997. ¹¹The climax of this French initiative was the Lisbon strategy agreed during the Portuguese presidency in late March 2000. This Lisbon strategy has at its aim to achieve the most competitive knowledge-based

9 Tanja Börzel, "Non-compliance in the European Union. Pathology or Statistical Artefact?" In *Journal of European Public Policy*, 8, 5, 2001, 803-824, particularly p. 809.

10 Tanja Börzel, "Europeanization: How the European Union Interacts with its Member-States", in Simon Bulmer, Christian Lequesne (eds.), *The Member-States of the European Union*, Oxford: OUP 2005, pp. 45-69, particularly pp. 46-48.

11 Alastair Cole, "National and Partisan Contexts of Europeanization: The Case of the French Socialists", in *Journal of Common Market Studies*, 39, 1, March 2001: 15-36.

economy of the world. At its core, it intends to restructure labour markets in order to increase the number of jobs in the new pan-European economy.¹²

We would argue that apart from a top-down vertical Europeanization process, one could also speak of a horizontal Europeanization process based on convergence of policies. This form of horizontal Europeanization would comprise different countries to adopt policies to create a stabilisation regime. Economic and Monetary Union can be classified as such a process as Kenneth Dyson emphasises.¹³ This horizontal Europeanization process includes also many processes that are happening between the supranational and national level. This so-called transnational level leads to integration or at least growing cooperation between national parliaments, public administrations, the judiciary sector, economic and social committees and other areas.¹⁴

The incrementalism of policies of Jacques Delors declined after 1995.¹⁵ The new presidents of the European Commission Jacques Santer (1995-99), Romano Prodi (1999-2004) and José Manuel Durão Barroso since 2004 are in charge in consolidating the big leap that Delors has undertaken.

In sum, Portugal has become part of a larger whole, the European Union political system, and is engaged in policies design to accommodate and transform its economy according to the principles of the Lisbon strategy.

The Europeanization of Political Institutions: The Case of the Portuguese Parliament

As Kevin Featherstone proves empirically, the number of studies on Europeanization have been increasing since the early 1990s.¹⁶ One of the first articles was written by Robert Ladrech in 1994 and dealt with the impact of the European Union among

12 On the Lisbon Strategy see "A Estratégia de Lisboa. A Agenda Europeia para o Desenvolvimento Económico e Social" a special issue of *Europa. Novas Fronteiras*, 9/10, Junho, Dezembro 2001.

13 Kenneth Dyson, "EMU as 'Europeanization': Convergence, Diversity and Contingency" in *Journal of Common Market Studies*, 38, 4, 2000: 645-66, particularly 657: Dyson presents the EU as a Stabilization state which leads to the convergence of economic policies.

14 See José M. Magone, *The Developing Place of Portugal in the European Union*, New Brunswick N.J., Transaction, 2004, pp. 14-15.

15 Mark Pollack, "End of Creeping Competence? EU Policy-Making since Maastricht", in *Journal of Common Market Studies*, 38, 3, September 2000, 519-538.

16 Kevin Featherstone, Introduction: "In the Name of Europe" in Kevin Featherstone, Claudio Radaelli (eds.), *The Politics of Europeanisation*, Oxford, OUP, 2003, pp. 3-26.

other things on the French national parliament.¹⁷ Since then the proliferation of studies on national parliaments and other national institutions has been increasing considerably. Here is not the place to deal with the literature. It suffices to say that good studies on the Portuguese parliament are still quite rare.¹⁸

When Portugal joined the EC/EU the Portuguese *Assembleia da República* had a low level of institutionalization and was characterised by high levels of internal instability caused by overall governmental instability. The accession of the European Union and the emergence of Cavaco Silva as prime minister led to a complete change of this situation. Governmental stability had a positive impact on parliamentarianism. Although between 1985 to 1995 Cavaco Silva was able to produce two absolute majority governments which had a negative impact on opposition politics, the period stability contributed to an institutionalization of internal procedures and bodies.¹⁹ Already in 1986/87 a Committee for European Affairs was established which had at as its main task the monitoring of implementation of EU legislation. In spite of the good intentions, the activities of the committee were very irregular. Quite crucial for a change of the situation was protocol 13 on the role of national parliaments in the European integration process attached to the Treaty of the European Union ratified in 1993. This led to a revision of the Portuguese constitution in 1992, in which it was enshrined that Portuguese parliament had the right to monitor the implementation of EU legislation. The former Finance Minister Jorge Braga de Macedo was an important dynamic force in giving life to the Committee of European Affairs. A proper procedure was developed which entailed that the Committee had to submit Parliament had to write an annual report based on the governmental report on the relationship between Portugal and the European Union. The governmental report is distributed among the different standing committees, which have to send reports to the Committee of European Affairs. After receiving all the reports, the Committee of European Affairs would write a report which after submission to parliament, would be discussed in a plenary sessions in the presence of a government representative, normally the Secretary for European Affairs. The dynamic Braga de

17 Robert Ladrech, "Europeanization of Domestic Politics and Institutions: The Case of France" in *Journal of Common Market Studies*, vol.32, 1, March 1994, pp.69-88, particularly pp. 69-70.

18 An exception is Cristina Leston Bandeira, *From Legislation to Legitimation. The Role of the Portuguese Parliament*, London, Routledge, 2004. [Portuguese version: *Da Legislação à Legitimação: O Papel do Parlamento Português*, Lisboa: ICS, 2002; see also Antonio Filipe, "As Oposições Parlamentares em Portugal. Práticas e Intervenções (1976-2000)", Lisboa, Veja, 2002.

19 Bandeira, *ibid*, pp. 47-62.

Macedo was able to set the example and prepare the first two reports in 1994 and 1995.²⁰ Successors continued this practice, but it seemed that this so-called post facto process did not really lead to a challenge of the government. On the one hand, the Committee had scarce resources to scrutinise properly the government, on the other hand, the governmental reports were very legalistic and followed closely the information provided by the supranational institutions. Indeed, although further reports appeared throughout the second half of the 1990s and in the first decade of the new Millennium, they were delayed and very vague. Criticisms of the committee were only partly taken on board and the plenary sessions dedicated to the report were always put on a Friday afternoon, when most Members of Parliament were not there. One has to acknowledge, the work of the two research assistants attached to the Committee was excellent, but they were overwhelmed by the amount of information that existed. Indeed, during the ninth legislature (2002-2004) the two committees on European Affairs and External Affairs were merged into one, but this was not accompanied by a substantial increase of human and material resources. Although since the Amsterdam Treaty ratified in 1999, national parliaments are entitled to receive all the documentation produced by the supranational institutions, in the case of Portugal this is still very sporadic and incomplete.²¹ In fact, Ana Fraga writes that most or a good part of the documents is retrieved pro-actively by the committee members from the internet.²²

Moreover, the place of parliament in the national policy-making coordination continues to be marginal. The overall machinery of national EU-policy coordination is located in the Ministry of European Affairs. Still today, the input of parliament, civil society groups or subnational entities is almost non-existent. It means that the EU-policy making process is dominated by very competent civil servants without proper scrutiny by Parliament.²³ This contrast heavily, with the national EU policy coordination systems in other small countries such as Denmark, Finland, Sweden and Austria, which in spite of difficulties have ex-ante powers to influence policy-making before

20 José M. Magone, "The Portuguese Assembleia da República: Discovering Europe" in Philip Norton (ed.), *National Parliaments and the European Union*, London, Frank Cass, 1996, pp. 151-165.

21 José M. Magone, *The Developing Place of Portugal in the European Union*, New Brunswick N.J., Transaction 2004, pp. 42-45.

22 Ana Fraga, "The Parliament of Portugal: Loyal Scrutiny and Informal Influence" in Andreas Maurer, Wolfgang Wessels (eds.), *National Parliaments on their Ways to Europe: Losers or Latecomers?*, Baden-Baden, Nomos Verlagsgesellschaft, 2001, pp. 359-375, particularly p. 368.

23 José M. Magone, *The Developing Place*, op. cit., pp. 131-163.

it comes to the Council of Ministers for final decision. In this respect, Portuguese parliamentarianism fits a southern European pattern along with Spain, Italy and Greece. It is a pattern which is characterised by marginality from the national EU policy coordination system, constrained by post-facto powers and naturally a low level of professionalization of its actors. In spite of the low level of human and material resources and place in the political system, one has to acknowledge that the Assembly of the Republic is doing an excellent job. Along with Italian Chamber of Deputies, the Assembly of the Republic work more over the year than the Spanish Joint Committee for the European Union for both Congress of Deputies and Senate and the Committee of European Affairs in the Greek *Vouli*. It means that the members of the Committee of European Affairs in the Assembly of the Republic are working quite hard, in spite of the high level of rotation. Due to its marginal position in the political system, its main function is to provide the Portuguese public with an alternative source of information. It means that the Committee wants to provide civil society with a forum to discuss relevant issues about the European Integration process.²⁴

One good example was naturally the debate on the European Constitution during 2002 and 2003. The Committee made big efforts to invite actors of civil society to discuss the implications of the Constitutional Treaty for Portugal. Ministers were invited several times to discuss all issues related to the European Convention. In spite of an excellent effort to mobilise civil society, this role of the Committee is still little known.²⁵

In a typology of parliaments and their ability to play a role in European integration, Andreas Maurer and Wolfgang Wessels differentiated between four groups the Multi-level players (e.g. Denmark, Finland) which participate strongly at supranational and national levels, the European players (European Parliament), which participate strongly at supranational level but not at national level, the national players (e.g. Austria, Netherlands) which play strongly at national level but not at supranational level and then the slow adapters which participate weakly at both supranational and national levels (e.g. Ireland, Luxembourg, Italy, Spain, Greece and Portugal). The marginal place of the Assembly of the Republic in the scrutiny of EU legislation is naturally a

24 José M. Magone, "The Southern European Pattern of Parliamentary Scrutiny of EU Legislation: Emulating The French Model" in Ronald Holzhaecker, Erik Albaek (eds.), *Europeanization and Democratic Governance*, Cheltenham, Edgar Elgar Publishers, forthcoming 2006.

25 Torres, Francisco, Ana Fraga, "What 'Europe'? Portugal's Reactive Adaptation to European Institutional Changes" in *South European Society and Politics*, vol.9, nr.1, summer 2004, pp. 97-120.

reflection of our weak parliamentary culture, something that has to grow from within the institution.²⁶

In sum, the European integration process did not change the pattern of behaviour between executive and legislative branch in the Portuguese case, nevertheless the role of Parliament vis-à-vis civil society has improved considerably. Portuguese parliament acts as an important forum and alternative source of information.

The Europeanization of Public Policies: The Impact of the Structural Funds on the Modernization of the Country

In the past two decades, Portugal profited immensely from the structural funds of the European Union. Since 1986 Portugal was eligible to receive structural funds. In spite of this one has to say, that it took a long time for the Portuguese government to adjust to the pressures coming from the European Union. After the reform of the structural in 1988, Portugal was very keen to use the structural funds to upgrade the Portuguese infrastructures. In the three common support frameworks since 1988 the amount of funding coming into the country led to difficulties of absorption. In some way, the Portuguese administration was overwhelmed by the number of regulations and procedures that they had to fulfil to get projects off the ground.²⁷ The Portuguese common support frameworks are so designed that the European Union covers the larger share of the regional programme proposed by the government, the government contributes with a smaller share, while the private sector should take part with its funding share. In CSFIII (2000-2006) 48,6 percent of the € 42 billion are allocated by the European Union, 29,1 percent by the Portuguese government and 22,3 percent by the private sector ²⁸ In reality, due to weak

26 Andreas Maurer and Wolfgang Wessels, "National Parliaments after Amsterdam: From Slow Adapters to National Players?" in Andreas Maurer, Wolfgang Wessels (eds.), *National Parliaments on their Ways to Europe: Losers or Latecomers?*, Baden-Baden, Nomosgesellschaft, 2001, pp. 425-475, p. 463.

27 Luis Madureira Pires, *Política Regional Europeia e Portugal*, Lisbon, Fundação Gulbenkian, 1998, p. 58, 98, 244 and Antonio José Cabral, "Community Regional Policy towards Portugal" in José Silva Lopes (eds.), *Portugal and EC Membership Evaluated*, London, Pinter, 1994, pp. 133-145; see also Celeste Amorim, Annette Bongardt, Marta Ferreira Dias, Ricardo Silva, Miguel Lebre de Freitas and Francisco Torres, *Regional Convergence in Portugal. The Role of National (and EU) Policies*. Cadernos INA nr. 12, Lisboa, Instituto Nacional de Administração, 2004.

28 José M. Magone, *The Developing Place*, op. cit., p. 225.

structures of Portuguese businesses the government had to give non-refundable loans to businesses so that programmes would go ahead. Instead of boosting competitiveness and innovation, the overall pattern in Portugal was to subsidise businesses so that they were able to get structural funds. The weakness of the Portuguese business structure had also implications for the distribution of funds. The divergence of wealth between richest and poorest regions has increased over time, instead of converging.²⁹ Most funds were invested in public infrastructures, sometimes related to very prestigious projects, such as the complex around the Expo 1998 in the eastern part of Lisbon or in the football stadiums destined for the Euro championship 2004. They did not contribute to innovation and restructuring of the business sector.

Portuguese structural funds failed to have an impact on the structure of qualifications of the Portuguese population. The programmes of the European social fund were in their vast majority not well-designed and tend to attract a low number of people to upgrade their skills through vocational training. In the new millennium, Portugal continues to be at the bottom along with Greece in terms of vocational training.

It means that in the new millennium, in spite of two decades of funding Portugal is still stagnating economically. One of the reasons is that most of the investment went into the establishment of excellent infrastructures, but less into financing a restructuring of the Portuguese economy through investment in human resources and naturally in businesses based on research and technology. As long as Portugal remains a labour-intensive economy and does not make the transition to a knowledge society the economic crisis will become deeper. One of the major problems is that the political elite is very keen to keep getting the funding from Brussels, but not to change the business culture of the country.³⁰

In terms of public policy management, most of the regional programmes were rushed in the past two decades. Indeed, the doubling of projects due to the lack of communication led to waste of some funds. Moreover, it took almost fifteen years to create a database that comprised all structural funds and allowed for public administration to monitor projects. Most of this was achieved through continuous pressure of the European Union through their monitoring committees and execution

²⁹ See Amorim et al., *Regional Convergence*, op.cit., p. 147.

³⁰ Jorge A. Vasconcellos Sá, Miguel Frásquilho, "Watson Wyatt Limited and Cooperation" of Margarida da Pitta Garcia and Carla Gonçalves, *Portugal Europeu?*, Lisboa, Vida Económica, 2001.

committees. In spite of the structural funds being so important for the country, there are almost no studies on implementation, and most of them are not really based on field research.³¹ One major problem is naturally the lack of involvement of civil society. Projects tend to be developed by the public administration and the process of consultation is still very much in its beginnings. One has to acknowledge that a civil society in the area of environment is gaining ground through environmental associations at local, regional, national and in liaison with other national groups at supranational level. This naturally is helping to change the intransparent culture of project planning that exists in Portuguese public administration. While in this area civil society developed already a critical mass, in other areas is still dependent on the incentives coming from the central government. The most active actors of regional civil societies are business associations.³²

This leads us the problem of centralization. Portugal continues to be, along with Greece, one of the most centralised countries of the European Union. I would argue that even the central and eastern European countries are moving faster to decentralised structures than Portugal. The failed referendum of 8 November 1998 was also a missed opportunity to find an alternative. The present situation undermines the development of regional civil societies which are of crucial importance for the development of the country. This prevents regional actors to become part of a larger movement towards multi-level governance. The dominance of Lisbon and Oporto are not conducive to a more democratic citizen-friendly territorial organization. On the contrary, it limits the decision-making possibilities of the regions. This issue will not go away and will increase the pressure upon government to decentralise and de-concentrate its public administration and decision-making process even further. The sad reality so far is that partisan positions tend to prevail in this issue of strategic importance for the country. Regionalisation means a proliferation of political actors and regional civil societies which would play a major role in constraining the dominance of the political elite in Lisbon and Oporto. This would strengthen the country as a whole, because these new actors would contribute to more equitable development across the country. It is an anachronism that over 75 percent of the 750,000 civil servants are still placed in Lisbon and Oporto.

31 José M. Magone, *The Developing Place*, op. cit., pp. 232-233.

32 *Ibid.*, p. 234.

In sum, Portugal profited immensely from the structural funds of the European Union. Nevertheless, the overall absorption of the structural funds was done without a long term strategic development plan which would link the structural funds to a complete restructuring of the Portuguese territory towards decentralization and de-concentration. Moreover, a stronger commitment to restructuring the structure of human qualifications and investment in research and development firms would had catapulted the country to a better situation. Instead, prestigious infrastructure projects consumed lots of funding and the weak structure of the Portuguese economy did not change substantially for the better.

Like the gold from Brazil, the structural funds will dry up at some point in the future and then it is important that we are up to task of sustainable development based on knowledge-based industries and services.

The Domestication of European Politics: The Presidencies of 1992 and 2000

After decades of isolation, Portugal gained renewed international importance after joining the EC/EU. The participation in the *fora* of the European Union enhanced their role as an international player. Indeed, the long-standing traditions and experience of Portuguese diplomacy were able to shine again in a context of re-construction and reorganisation of Portuguese foreign policy. The presidencies of the European Union are an important event for all small countries. The projection of the country through the action of its most experienced diplomats strengthens the reputation and authority of the country in the European Union, but also internationally. Portugal had occasion to be president of the Council of Ministers of the European Union in 1992 and 2000. Portugal was actually due to take over the presidency before shortly after accession, but a wise decision of the main political leaders led to a postponement of such activity until the next possible moment. The 1992 presidency was undertaken after years of preparation. At the core of the preparations were the training of diplomats and the acquaintance of civil servants with the procedures in the European Union.

The 1992 presidency during the last Cavaco Silva government was dominated by foreign minister João de Deus Pinheiro who really had to deal with some crisis such as the Bosnia-Herzegovina conflict in former Yugoslavia and naturally the 'no' to the Maastricht referendum by the Danish population on 3 June. The presidency led also to the

participation of the EC/EU in the Rio conference on environment in June, which was led by Aníbal Cavaco Silva.³³

The 2000 presidency was able to draw from the experiences of the 1992 presidency. Logistical preparations including the training civil servants was already started in 1998. Over a two year period public administration prepared the presidency. The overall result was quite a successful presidency, which superseded the previous presidency. The climax of the Portuguese presidency was the extraordinary Lisbon Council on 23-24 March 2000 which led to the establishment of the Lisbon strategy which intends to achieve the most competitive knowledge-based competitive economy of the world. It was due to the negotiating skills of Professor Maria João Rodrigues that 15 different positions on employment policy coordination could be filtered down to one common strategy.³⁴ Although a coordinating method existed previously to the Lisbon Council meeting, it was the first time that a name was given. The so-called Open Method of Coordination based on annual national reports and reviewed by a committee of employment created a softer approach to European integration. The open method of coordination is now used in a wide variety of areas such as public administration, social policy, education and naturally employment.³⁵

Qualitatively, Portuguese diplomacy and EU-related public administration had changed considerably. They were no longer newcomers, but actually they regarded themselves as part of the core group. The participation of Portugal in all initiatives of the European Union and the avoidance of taking part either in reinforced cooperations or opt-out groups strengthened its status and authority in the European Union. This more mature diplomatic service and public administration was also faced with a much more complex role for the presidency than that of 1992. The number of initiatives that the EC/EU was involved had grown exponentially and Portuguese diplomats and civil servants had to master all these dossiers. During the period, the Permanent Representation (REPER) consisting of over 50 seconded civil servants and chaired by the Permanent Representative took an important coordinating role, due to the fact that most of the daily

33 Summaries of the presidency can be found in Rui Lourenço Amaral de Almeida, *Portugal e a Europa. Ideias, Factos e Desafios*, Lisboa, Edições Sílabo, 2005, pp. 311-318, see José M. Magone, *European Portugal. The Difficult Road to Sustainable Democracy*, Basingstoke, Macmillan, 1997, pp.164-167 and José M. Magone, *The Developing Place*, p. cit., pp. 138-140.

34 José M. Magone, *The Developing Place*, ibid, pp. 202-204, Amaral de Almeida, ibid, pp. 328-332.

35 For more discussion see Susana Borrás, Kerstin Jacobsson, special issue of *Journal of European Public Policy* on the Open Method of Coordination, vol.11, 2004, 2.

business took place in Brussels. The coordination of the REPER with the Secretariat of the Council was central to an excellent outcome of the presidency. The Permanent Representation had also to chair or organise over 57 Council meetings, 38 Committees of Permanent Representatives I (COREPER I) AND 30 COREPER II and 1860 working groups of the Council, that took almost 8,000 working hours, excluded the time of preparation.³⁶

In spite of the fact that the Portuguese presidency should be only a transition to the French one, the extraordinary meeting in Lisbon gave Portugal a place in the milestones of European integration. Portuguese diplomacy and public administration can be proud to have achieved a compromise on the Lisbon Strategy which is shaping the continent towards a new knowledge-based economy.

Taking Part in External Governance: The Renewal of Portuguese Foreign Policy

The collapse of the Portuguese empire and the disorganised process of decolonization had major consequences for the national political culture. Although the foreign policy in the revolutionary period of 1974-75 was an understandable reaction to decades of oppression and the anachronistic clinging on to a colonial empire and unjust war, this had negative repercussions for Portuguese foreign policy. Governmental instability between 1976 and 1985 did not contribute to an improvement of Portuguese foreign policy. Indeed, the most important aspect of Portuguese foreign policy was to restore the territorial integrity of East Timor after the invasion by Indonesia in 1976. Nevertheless, the country was too weak and insignificant to achieve its aim. Rui Aragão diagnosed as a social psychological identity crisis of the country.³⁷ The difficult austerity packages imposed by the International Monetary Fund in 1979 and 1983 further undermined the self-confidence of the country. The mood changed shortly before Portugal joined the EC/EU. Indeed, a first major reform of the Ministry of Foreign Affairs took place during 1985 which was completed in the last day before joining the EC/EU.³⁸ Accession to the EC/EU meant that Portugal was able to take part in European political cooperation (EPC). Major changes had to be undertaken

36 José Magone, *The Developing Place*, p. 199.

37 Rui Aragão, *Portugal: O Desafio Nacionalista: Psicologia e Identidade Nacional*, Lisbon, Editorial Teorema, 1985.

38 José M. Magone, *The Developing Place*, p. 244.

to adjust the country to EPC, but eventually Portugal was able to use to its advantage. The EC/EU acted as a loudspeaker for issues that Portugal may raise. Naturally, the East Timor issue gained more prominence, because Portuguese diplomacy used all fora at its disposal to keep it in the global agenda. At some stage the European Parliament became engaged in the East Timor issue. The Santa Cruz massacre of 1991³⁹ of East Timorese by the Indonesian troops strengthened the moral authority of Portugal. Throughout the 1990s until the independence of 2002 Portugal kept the East Timor issue on the agenda of the European Union and the United Nations. This may be regarded as the greatest achievement of the Portuguese democracy in the past thirty years. The EU was an important reinforcing factor in keeping the issue on the agenda.

The East Timor issue shows that Portugal is now part of EU multi-level governance system and as such it works closely with the other member-states to fulfil a common foreign and security policy. It means that Portugal shapes with others the external governance of the European Union.³⁹ It means that it is engaged in common positions in the United Nations and other major international *fora* (OSCE, Council of Europe, World Trade Organization and other).

The Europeanization of Portuguese foreign policy expresses itself in the participation in several peacekeeping operations, particularly in Africa and in former Yugoslavia. Although the numbers of officers, soldiers or police is not very large, Portuguese presence has to be regarded as a commitment and desire of the country to contribute its share to a new world order based on peace, democracy and solidarity, principles that were enshrined in the Portuguese constitution of 1976.

One of the positive outcomes of the Europeanization of Portuguese foreign policy is that the relationship to Spain is one of cordiality and cooperation. The European structural funds through Interreg and other programmes facilitated cross-border cooperation of public administrations, civil society actors and business organisations. It means that Algarve, Alentejo, Beira Baixa e Alta, Minho and Trás-Os-Montes are now trying to overcome their peripheral position through cooperation with the

39 Michael Smith, "Towards a Theory of EU Foreign Policy-making: Multi-level Governance, Domestic Politics, and National Adaptation to Europe's Common Foreign and Security Policy, in *Journal of European Public Policy*, 2004, 11, 4, pp. 740ff; Frank Schimmelfennig, Wolfgang Wagner, "External Governance in the European Union" in *Journal of European Public Policy*, 2004, 11, 4, pp. 657ff; see also José M. Magone, *The New World Architecture. The Role of the European Union in the Making of Global Governance*, New Brunswick N.J., Transaction, 2006.

corresponding Spanish regions, which are also peripheral in their own country. Here again, the lack of decentralisation of decision-making of Portugal is a major obstacle for a faster and more efficient cooperation. The bilateral relations between Spain and Portugal are now routine. Meanwhile, there were 25 bilateral meetings between Portugal and Spain, the last was in Évora in November 2005. The meeting *agendas* includes also exploratory negotiations to achieve a stronger cooperation between Lisbon and Madrid, particularly within the *fora* of the EU.⁴⁰

Probably, one of the greatest successes of Portuguese foreign policy was to regain the trust of the new Portuguese-speaking countries in Africa. The Community of Portuguese Speaking Countries, in spite of its modest resources, may in the long term create a space of Portuguese culture and projection which includes its diversity and multiculturalism. It was already a great achievement of Portuguese diplomacy to get the CPLP off the ground. The participation of Brazil makes the CPLP even more relevant and a bridge between north and south.⁴¹

Last but not least, it is important also to mention the engagement of Portugal in the Mediterranean. Although the European Neighbourhood Policy (ENP) will probably water down the Euro-Mediterranean partnership established in the Barcelona conference of 1995, Portugal was a pro-active supporter of the project along with Spain, France and Italy. The external relations with these southern Mediterranean countries has increased over the past decade and have contributed to a more self-confident Portuguese foreign policy in this area.⁴²

In sum, Portuguese foreign policy has gained excellent reputation because of its continuity and the moral values that it transmits. After decades of authoritarian oppressive and anachronistic foreign policy, the new Portugal is a supporter of human rights, democracy and solidarity and has gained good reputation not only because of its words, but more because of its acts.

40 José M. Magone, *Cross-border Cooperation between Spain and Portugal: A Case Study of the Southern Regions*. Paper presented at the Seminar "Euroregions: Experiences and Lessons at the Casa Convalescencia", Universitat Autònoma de Barcelona, 15-16 December 2006.

41 José M. Magone, *The Developing Place*, pp. 251-256.

42 See most recently the developments in the Euro-Mediterranean partnership in the special issue of the review *Estratègia* under the title "The Mediterranean in the Centre of World Politics", nr. 21, 2005.

Conclusions: Portugal and the Future

After thirty years of Portuguese democracy and twenty years of European integration, Portugal has progressed immensely. The progress is not always measured in economic terms. One has to take into account the fact that Portugal had to overcome the negative effects of an authoritarian culture imposed on the population. The development of a democratic culture takes a long time to mature and develop. Nevertheless, one has to realise the structural funds were implemented on an *ad hoc* basis, instead of being informed by a more long term strategy. In the past twenty years funding has been used, but the overall rationale is not visible. The Portuguese economy continues to suffer from a weak structure and the structure of qualifications of Portuguese is still the worst of the European Union. It is important that the 2007-2013 common support framework is used to change the structure of the Portuguese economy and improve the qualifications of the Portuguese. In terms of institutions, it is hoped that the next twenty years of European integration will lead to a stronger scrutiny of EU legislation by parliament and a growing challenge by civil society groups.

Last but not least, Portuguese foreign policy is probably the most positive aspect of these past twenty years. Portugal regained its place in the international community. It gained good reputation as unbiased international interlocutor and strengthened its relations with neighbouring countries and the Portuguese-speaking community.