Lower levels of clientelism in Portuguese politics explain why Portugal handled austerity better than Greece during the crisis

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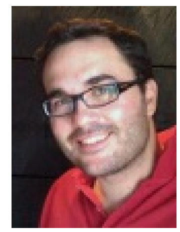
Greece and Portugal were two of the worst hit countries by the Eurozone crisis, yet the domestic political reaction within each state was notably different. While in Greece there were difficulties agreeing to austerity policies and the party system underwent substantial change; Portuguese parties negotiated a broad political consensus over reforms and the mainstream parties largely retained their support base. **Alexandre Afonso**, **Sotirios Zartaloudis** *and* **Yannis Papadopoulos** *argue that the key reason for this difference relates to the varying levels of clientelism in each country, where political 'patrons' provide goods or services to their backers in return for political support. They write that the fact Portugal had lower levels of clientelism before the crisis ensured that Portuguese parties were more capable of backing austerity policies without alienating their supporters.*



Which factors shape the willingness of political parties to pursue or agree to fiscal and welfare retrenchment? In a recently published article, we argue that the strength of clientelistic links between voters and parties shape party strategies toward austerity reforms. Political parties that draw extensively on clientelistic links and the distribution of rents to their party supporters seek to avoid or delay agreements on fiscal retrenchment because their own electoral survival depends on the control of public sector employment, regulatory powers and budgets in order to reward clients. By contrast, parties that rely less on clientelistic links have a larger margin of manoeuvre in austerity reforms because their electoral fortunes are less tied to public spending as an electoral resource.

Recently, research has shown that parties of different ideological orientations display different stances toward retrenching the welfare state. Some parties can even be rewarded electorally for retrenching social programmes and cutting public spending. However, ideology is only one mechanism that ties parties and citizens: many parties around the world do not win elections only because of their ideological programmes, but also thanks to the *material* resources (cash transfers, jobs, services, rents, investments or privileges) that they are able to deliver to targeted groups in exchange for votes (often referred to as 'pork barrel politics'). We use the strength of these connections to explain different party stances toward retrenchment.

Why Portugal handled austerity better than Greece during the Eurozone crisis

To support our argument, we draw on a comparative analysis of austerity reforms in Greece and Portugal during the sovereign debt crisis between 2009 and 2012. Faced with skyrocketing debt levels, Greece and Portugal were two of the countries to be granted bailout packages by a 'Troika' of international financial institutions (the European Central Bank, European Commission and International Monetary Fund), in exchange for which they committed to implement drastic 'adjustment programmes' which involved cuts in wages and dismissals in the public sector, cuts in welfare expenditures, as well as tax increases.

Despite many similarities, the political process underpinning these adjustments has differed sharply in the two countries. While cross-party co-operation took place early on in Portugal, with a number of compromises between government and opposition, Greek parties used extensive blame-shifting strategies against each other, and cross-party co-operation only emerged very late. This difference in the political process is important because domestic consensus has been repeatedly mentioned by lenders as a precondition for the long-term viability of fiscal adjustment: by committing both government and opposition, lenders can guarantee that adjustments can survive after electoral cycles.

Portuguese Prime Minister, Pedro Passos Coelho. Credit: European People's Party (CC-BY-SA-3.0)

We explain differences in the politics of reform by highlighting a greater prevalence of clientelistic linkages in Greece than in Portugal, as measured by a number of indicators: the extent of party patronage (the practice of rewarding supporters with public sector jobs), the organisational form of parties (mass parties provide a pool of voters that can be mobilised and rewarded) and their relationships with influential organised interests, especially public sector unions (which can exchange pay increases and jobs for political support).

In Portugal, looser connections with unions, a smaller reliance on clientelistic linkages and the smaller membership of parties have created fewer obstacles to implementing austerity reforms, allowing for extensive pro-retrenchment compromises. In Portugal, the biggest union has traditionally been tied to the Communist party, which has been systematically excluded from office, and therefore could not reward its ally. Parties also have small memberships (few supporters to reward) and loose connections with voters. As a consequence, Portuguese parties have agreed on a number of fiscal retrenchment measures at the onset of the crisis, even if more adversarial patterns emerged after a new right-wing coalition came to power. However, as a whole, reforms have been mostly negotiated, and existing patterns of party competition have persisted throughout the crisis: Portuguese parties did not undergo the electoral collapse of their Greek counterparts.

In Greece, by contrast, the need to satisfy tightly connected clienteles exchanging their electoral support for public spending has ruled out open support for austerity from the main parties, and therefore delayed cross-party agreements. Hence, adversarial politics has been the leading feature of fiscal retrenchment reforms in Greece. More recently, the two traditional mainstream parties, New Democracy and PASOK, agreed to support reforms, but these parties are more unpopular than ever. In contrast to Portugal, the Greek party system has been completely reshaped, with a collapse of the traditional mainstream parties and the rise of a radical party on the left (Syriza) and a neo-Nazi party on the right (Golden Dawn).

For Greek mainstream parties, agreeing to fiscal retrenchment or openly supporting such policies undermined their own organisational base, which drew on the distribution of rents, notably to the unions. Unlike Portugal, Greek public sector unions have been closely tied to the parties alternating in power, ensuring channels of clientelistic exchange. This was not the case for Portuguese parties, who did not rely to such an extent on public sector expansion in the run-up to the crisis. Indeed, the Portuguese economy faced a long period of stagnation from 2000 onwards that ruled out this type of strategy, making deficits more visible.

This significant divergence between two similar countries can be explained by the extent of clientelistic links, which tend to be both tighter and more volatile than ideological links. Since clientelistic exchange involves the distribution of resources that are possibly more important to clients than mere ideological affinity (e.g. jobs and incomes), they tend to create a closer connection and interdependence between patrons and clients. If the patrons' ability to supply resources is undermined by austerity, there is nothing left that ties voters and parties, and clients may quickly desert their patron to find another one promising to supply resources.

When citizens and parties are tied by ideology only, voters do not depend directly on parties for their resources, and policy drives toward austerity politics may be less constrained by vote-seeking concerns, as in the Portuguese case.

Mass clientelism led Greek parties to systematically over-promise, and voters to over-expect, which led to brutal sanctions and anger when these promises had to be betrayed. In contrast, Portuguese parties did not promise as much, and voters did not expect much from them either.

For a longer discussion of this topic, see the authors' recent article in the Journal of European Public Policy

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Note: This article gives the views of the authors, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.

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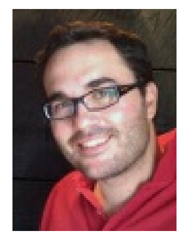

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