

## Chapter 2

# Political and Administrative Decentralization in Portugal: Four Decades of Democratic Local Government

Carlos Nunes Silva

**Abstract** The chapter examines and discusses the process of political and administrative decentralization in Portugal seen as the basic institutional framework for urban governance. It focuses, in particular, the period during which Portugal was under the Memorandum of Understanding on specific economic policy conditionality (MoU) and the proposals of the XXI Government (2015–2019) for the reform of local government, which are expected to revert part of the policy options taken during the recent economic adjustment programme (2011–2014/2015). The research on which the chapter is based uses a qualitative case study approach. The chapter shows that the transition from the authoritarian period (1926–1974)—the military dictatorship (1926–1932) and the authoritarian political regime of the Estado Novo (1933–1974)—to the II Republic, in 1974, marks a shift in the nature and in the modus operandi of sub-national regional and local self-government in Portugal. It also shows that these institutional changes and social progress, the result of decentralization from the state to sub-national tiers of government, were affected by the austerity policy implemented by the XIX Government (2011–2015) in the context of the assistance program. This counterrevolution in the local government system, produced in the name of an austerity policy imposed by international institutions in the context of the MoU, is expected to be reverted, at least partially, by the XXI Government, considering the electoral manifestos of the three political parties that support it and the government program approved in Parliament.

**Keywords** Decentralization • Local autonomy • Local self-government • Regional and metropolitan government • Inter-municipal cooperation • Urban governance • Portugal

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## 2.1 Introduction

Local government in Portugal went through important changes in its nature and structure in the last four decades, starting with the transition to democracy in the 1970s and continuing through successive political reforms since then. The transition from the authoritarian period (1926–1974)—the military dictatorship (1926–1932) and the authoritarian political regime of the *Estado Novo* (1933–1974)—to the II Republic, in 1974, marks a rupture in the nature and in the *modus operandi* of sub-national regional and local self-government in Portugal. During the period of the authoritarian regime (1926–1974), sub-national tiers of government were strictly dependent and controlled by central government. There were no direct and free elections for the local boards, and there was no financial autonomy. This situation changed with the democratic Constitution of 1976, when an autonomous local self-government system was formally instituted and implemented.

According to the 1976 Constitution, Portugal is a unitary and decentralized state organized under the principles of subsidiarity, autonomy of local government, and democratic decentralization of the public service.<sup>1</sup> The Constitution instituted a new system of local self-government, a system with three tiers—administrative regions, which has not yet been implemented,<sup>2</sup> municipalities, and parishes<sup>3</sup>—all of them with directly elected bodies<sup>4</sup> and with politico-administrative and financial autonomy.<sup>5</sup> In the case of Azores and Madeira, instead of administrative regions, the Constitution considered, for the first time, a form of regional political autonomy, establishing an autonomous region in each of the two archipelagos.<sup>6</sup> Although with a regional scale, the administrative region is a form of administrative decentralization, in the same way as municipalities and parishes are for lower geographical tiers. It should, therefore, not be confused with the autonomous region, in Azores and Madeira, which is a form of political decentralization, an advanced form of devolution from the state to sub-national tiers. The municipality and the parish are

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<sup>1</sup>Assembleia da República (2005). Constitution 1976, Article 6. See also: Canotilho and Moreira (1993), and Miranda (2007).

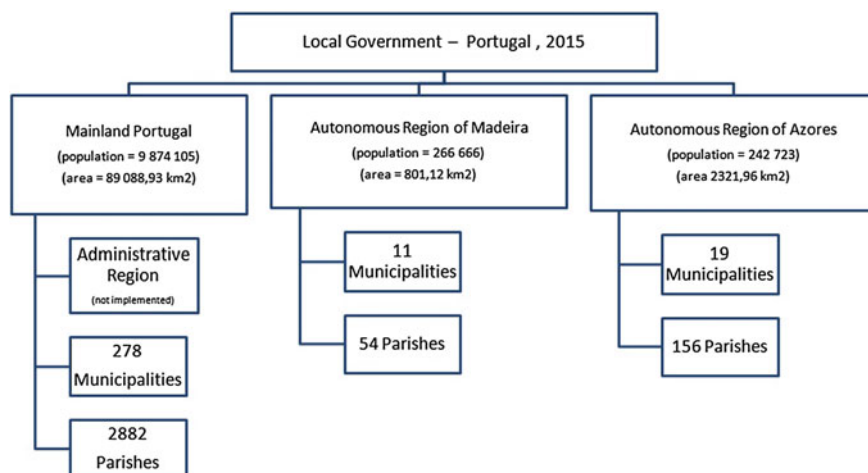
<sup>2</sup>See: Barreto (1998), Caupers (2009), Oliveira (1996a, b), Sá (1989), Santos (1985), and Silva (2000a, b, c, d).

<sup>3</sup>On the parishes ('freguesias'), see: Santos (1995).

<sup>4</sup>Citizens can also interfere in the local governance through local referendum (Law no. 4/2000, 24 August 2000; law no. 3/2010, 15 December; Law no. 1/2011, 30 November: 'referendo local').

<sup>5</sup>For a more detailed description and analysis of this process, see, among others: Silva (1995, 2004a, b).

<sup>6</sup>For the history of regional autonomy in Madeira, see: Carita (2007).



**Fig. 2.1** The structure of local government in Portugal 2015

thus the only two tiers of sub-national self-government that cover the entire country<sup>7</sup> (Fig. 2.1).

The 1976 Constitution adopted the then existing 304 municipalities and 4025 parishes, inherited from the Estado Novo administrative organization, and defined broad principles, similar for all three layers of local self-government. Four new municipalities were created since then, and more than two hundred parishes were also created reaching the total number of 4260, a number that was reduced to 3092 in the 2013 parish merger reform implemented as part of the structural adjustment program (Tables 2.1 and 2.2).

The creation of new tiers of local self-government is not allowed, except in the case of the great urban areas and in the islands, where it is possible to introduce new forms of local self-government. In the case of the great urban areas, metropolitan institutions were created in 1991, in Lisbon and Porto, replaced in 2003 by the model of Great Urban Areas, Urban Communities, and Inter-municipal Communities, and applied this time to other parts of the country. This model was again altered in 2013.<sup>8</sup> All these institutional models were forms of inter-municipal cooperation or association, without directly elected boards.

<sup>7</sup>Since the end of decolonization process, in the mid 1970s, the territory of Portugal comprises the territory on the European mainland, the archipelagos of Azores and Madeira, the territorial waters, its exclusive economic zone, and the adjacent seabeds, as defined in Article 5 of the Constitution. According to the 1976 Constitution, Article 5 (7th Revision 2005), the state can only transfer any of the sovereign rights that it exercises over the national territory for the purpose of rectifying frontiers.

<sup>8</sup>Silva (2002a), and Silva and Syrett (2005, 2006) provide a critical perspective of the various attempts to implement a form of metropolitan government in Portugal. See also Moreira (2007) and Amorim (2009) on more recent developments on this issue.

**Table 2.1** Local government in Portugal, 1974–2015

	Municipalities 1974	Municipalities 2015	Parishes 1974	Parishes 2015
Total	304	308	4025	3092
Mainland	274	278	3833	2882
Azores	19	19	139	156
Madeira	11	11	53	54

Source INE, census and statistical yearbook

**Table 2.2** Municipalities and parishes: area and population

	Area (Km <sup>2</sup> )	Population
1974*		
Municipalities	303.3	28,889
Parishes	22.9	2182
2015**		
Municipalities	299.4	33,712.6
Parishes	29.8	3358.2

Source INE, census and statistical yearbook

\*Population data: 1970 census; these 1970 figures do not include the then colonial territories in Africa, Macau, and Timor;

\*\*population data: 2011 census

In the year that marks the 40th anniversary of the first democratic local election, held in December 1976, and when the outcome of the October 2015 legislative election marks the start of a new political cycle,<sup>9</sup> a critical assessment of the political and administrative decentralization process in Portugal is necessary. The chapter aims to contribute to this appraisal.<sup>10</sup> For that, the chapter addresses three main research questions: To what extent have the changes introduced in the local government system, during the last four decades, improved local democracy, and

<sup>9</sup>After the 2015 October election, the coalition PSD and PP formed a new government (XX Government, Decret-Law no. 249-A/2015, 9 November 2015; and Resolução do Conselho de Ministros no. 90-B/2015, 9 November 2015), which lasted only few weeks, as its program was rejected in Parliament (Moção de Rejeição no. 1-A/2015, 11 November 2015). A new government was then formed by the Socialist Party ('Partido Socialista') with the parliamentary support of the Communist Party (Partido Comunista Português), the Ecologist Party (Partido Ecologista 'Os Verdes'), and the Left Bloc (Bloco de Esquerda). The new prime minister and his government were nominated by the President of the Republic on November 26, 2015 (Decreto do Presidente da República no. 129-C/2015, 26 November 2015). The XXI Government structure was approved by Decret-Law no. 251-A/2015, 17 December 2015. The council of ministers is regulated by Resolução do Conselho de Ministros no. 95-A/2015, 17 December 2015.

<sup>10</sup>The chapter is part of an ongoing research interest focused on the local government system and policies in Portugal in the II Republic (1974–...), which is expressed, among other publications, in: Silva (1995, 1996, 2002a, b, 2004a, b, 2006, 2009, 2014, 2015a, b). Parts of the analysis presented in this chapter, in particular for the first decades of the II Republic, is taken from some of my previous publications listed here. The chapter adds new evidence and insights for the most recent period considered in the analysis.

increased local autonomy? How far did the changes introduced during the 2011 structural adjustment program represent a counterrevolution against the local government system introduced by the 1976 Constitution? Can the XXI Government' proposals for local government become a turnaround in the policies applied to local government during the bailout program? To answer these questions, the research on which the chapter is based uses a qualitative case study approach. It uses multiple types of data, mainly key local government policy documents and national legal acts pertaining to local and regional government organization and policies.

By answering these questions, the chapter offers a critical scrutiny of this complex process of political and institutional reform, which is marked by considerable positive changes, when compared to the non-democratic period that lasted between 1926 and 1974, although there are still important issues pending in central–local relations. Two examples of this are, for instance, the fact that local self-government continues to be responsible for a low proportion of public revenues and public expenditure, and the fact that a proper tier of regional self-government in mainland Portugal, the administrative region, has not yet been implemented, four decades after the approval of the 1976 Constitution.

The following sections explore and discuss the three research questions, addressing the issue of local autonomy, the implementation of a regional self-government tier, and forms of inter-municipal cooperation.

## 2.2 Local Autonomy: Continuity and Change

### 2.2.1 *The 1976 Constitution: The Guarantee of Local Autonomy*

The current local government system is based on the 1976 Constitution. However, municipalities are a very old form of local administration that goes back to the medieval period.<sup>11</sup> Parishes correspond also to a very old form of organization, although being only a division within the organization of the Catholic Church until the liberal period in the nineteenth century.<sup>12</sup> In both cases, the organizational structure comprises an elected assembly with decision-making powers and a collegial executive organ that is accountable to the assembly, which in the case of the municipality is also directly elected. Assemblies are elected by proportional representation, in universal, direct, and secret suffrage of the citizens who are registered to vote in the respective area. The municipality has two representative organs, the municipal assembly, with deliberative powers, and the municipal council, the

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<sup>11</sup>For an historical overview of local administration in Portugal, see: Coelho and Magalhães (1986), Moreno (1986) and Oliveira (1996a, b).

<sup>12</sup>See: Santos (1995).

collegial executive organ, elected for a 4-year term.<sup>13</sup> Municipalities can create consultative boards, as is the case of the Youth Municipal Council, the Education Municipal Council, or the Municipal Security Council.<sup>14</sup> In the case of the parish, the assembly is the decision-making organ, and the parish council, the collegial executive organ. In parishes with a very small population, the parish assembly is replaced by the plenary meeting of registered electors. All municipalities have the same status, competencies, and administrative powers, no matter the demographic size of the municipality, and the same happens with the parishes.<sup>15</sup>

### ***2.2.2 Municipal Competences: Expansion, Diversification, and Centralizing Trends***

The competences of the municipalities expanded over the years, since 1976, although in some cases the transference or delegation of new functions, in different sectors (e.g., education, civil protection, health, social housing, justice, and road infrastructure), did not mean autonomy in the execution, since some of them corresponded to social obligations of the state. Besides the overall expansion of its functions, the profile of these functions and competences did also change. From an overwhelming dominance of infrastructures in the first decades, as a result of the country poor level of infrastructure in the beginning of the democratic period in 1974, the profile of municipal activities has been moving towards including increasingly more social functions, associated with the increasing role municipalities

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<sup>13</sup>For a discussion of the recent changes in the local political leadership model, see Silva (2009). The political minority in the elected local government boards have the right to develop a democratic opposition, according to Law no. 24/98, 26 May 1998 ('Estatuto do Direito de Oposição'). Replaced Law no. 59/77, 5 August 1977. In 2005 was introduced legislation to limit the number of years in office for local councillors (Law no. 46/2005, 29 August 2005—'estabelece limites à renovação sucessiva de mandatos dos presidentes dos órgãos executivos das autarquias locais').

<sup>14</sup>Law no. 8/2009, 18 February 2009—Youth Municipal Council ('define o regime jurídico dos conselhos municipais de juventude'); Decret-law no. 7/2003, 15 January 2003—Education Municipal Council ('define os conselhos municipais de educação'); Law no. 33/98, 18 July 1998—Municipal Security Council ('define os conselhos municipais de segurança').

<sup>15</sup>The structure, competences, and the functioning of municipalities and parishes are regulated by the new local government act—Law no. 75/2013, 12 September 2013. This law represents to some extent a change in several aspects of the local government system. For a critique of this law and the process behind it, see Alexandrino (2014). It is expected to be changed again as part of the local government reform announced by the XXI Government (2015–2019). See Fonseca (2013) for a discussion of the proposed system of transference of competences for the parish (Proposta de Lei no. 104/XII).

have in the social area.<sup>16</sup> In ‘Portugal 2020,’ the fifth European support framework applied to Portugal, since the country became member of the European Community in 1986, there is a substantial shift in the paradigm of the European financial support. If in the previous frameworks, the emphasis was on the basic infrastructures, in the ‘Portugal 2020,’ resources will be applied mostly in the economy (competitiveness, internationalization, and employment) and in social inclusion, which means increasing responsibilities in new areas for the municipality, namely in the field of social inclusion. This change in the paradigm of EU financing will accelerate the ongoing changes in the profile of local government activities. In this context, it is important to implement new municipal planning instruments, such as the Social Chart,<sup>17</sup> which can be municipal or inter-municipal, a critical instrument for planning the increased competence municipalities now have in the social area (e.g., education, social housing, health, culture, and sports) and the Local Councils for Social Action<sup>18</sup> as well.

Paradoxically, the expansion and diversification of municipal functions seem to be followed by a centralizing trend in the way new functions and competences are assigned to the municipalities. As argued in Silva (2015a, b: 245), ‘there is evidence that suggests a centralising trend in the context of new managerial practices, in which central government retains an important control role, by setting up the core values and priorities, for example, within the EU funding schemes, or in central-local partnerships at the municipal level, which is similar to what has been found in other European countries.’ This pattern became even worse during the application of the MoU, as claimed by the national association of municipalities on several occasions.<sup>19</sup> In sum, there is a gap between the political discourse, clearly favorable to an increased decentralization and reinforcement of local autonomy, and the practical outcomes of the multiple reforms made in the local government system

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<sup>16</sup>There are different perspectives in relation to how municipal competences should be defined. The principle of generality offers more guarantees for local government autonomy, although this seems not to be the perspective of the national association of municipalities or of part of its members as expressed in the XXII Congress (ANMP 2015). But I do agree with the ANMP that it is necessary an additional act defining the limits between what is responsibility of municipalities from what belongs to central government, as was done in 1984 and to some extent also in 1999. See Fonseca (2013) for a discussion of the proposed system of transference of competences for the parish (Proposta de Lei no. 104/XII). The new local government act (‘Regime Jurídico das Autarquias Locais—Law 75/2013, 12 September) defines the competences of municipalities by the principle of generality, which is in accord with the Constitution, contrary to the previous Local Government Act (Law 159/99, 14 September 1999), which opted for a more detailed enunciation of these competences. The Decret-law 30/2015, 12 February, defines the delegation of competences from central government to the municipalities and inter-municipal entities. Nonetheless, this is clearly not a process of decentralization as a delegation is an ephemeral process, potentially unequal, and one that does not lead to the true reform of the state.

<sup>17</sup>Carta Social.

<sup>18</sup>Conselhos Locais de Ação Social.

<sup>19</sup>For instance, in the conclusions of the ANMP XX Congress, in 2012 (ANMP 2012a, point 6).

in this period.<sup>20</sup> The share of local government in the public administration sector, given by the percentage share of local government in the total public revenue or expenditure, which continues below European levels, is a good indicator of the level of administrative centralization.

This centralizing trend can also be observed in other dimensions of the local government system: in the organization of its own services or in the local finance system. For instance, the organization of the municipal services changed in 2009, after 25 years.<sup>21</sup> During the application of the MoU in 2011 and following years, municipalities saw their autonomy in the organization of their own services and staff deeply affected, becoming dependent of central government decisions.<sup>22</sup> This was partially altered in 2014, as part of the agreement the ANMP and central government reached regarding the 'Fundo de Apoio Municipal.'<sup>23</sup> A similar pattern emerges in the local finance system. Altered several times since the first local finance law was adopted in 1979, without putting in question the essence of the local finance system and the respective municipal finance autonomy, the local finance system was affected in the recent years by decisions that tend to put in danger local autonomy.<sup>24</sup> For instance, as the ANMP argued on May 2011, when the XVIII Government was overthrown, municipalities had already suffered cuts of around 905 million Euros since 2005, being for that reason in the limit of their

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<sup>20</sup>Important to note here, although outside the aim of this chapter, is the gradual move, in some areas or sectors of municipal policy, from traditional modes of hierarchical government to modes of networked governance (see, e.g., Silva 2004a, b).

<sup>21</sup>Decret-Law no. 116/84, 6 April 1984 replaced by Decret-Law no. 305/2009, 23 October 2009.

<sup>22</sup>Law 49/2012, 29 August—new rules for municipal staff (senior officers) similar to those applied in central government (Law 64/2011, 22 December).

<sup>23</sup>ANMP (2014c). Comunicado 'Acordo ANMP—Governo sobre o Fundo de Apoio Municipal,' Coimbra, July 8, 2014. For an analysis of the FAM (Fundo de Apoio Municipal) see Silva and Santos (2014). This municipal support fund (Law 53/2014, 25 August) is the instrument designed to support the new regime (PAM—Municipal Adjustment Program) intended to provide financial assistance to the municipalities in a situation of financial rupture, according to the local finance act (Law 73/2013, 3 September). The municipalities engaged in this program are subjected to several limitations and to mandatory actions, which clearly undermines the autonomy of local government.

<sup>24</sup>Law 1/79; Decret-law 98/84; Law 1/87; Law 42/98; Law 2/2007; Law 73/2013. See Rocha and Pinto (2014) for an analysis of the different local finance acts. In practice, there was a decline in the share of local government in the national tax income after the first revision of the Law 1/79, an effect particularly important in small and medium-sized municipalities, namely those in the interior of the country and in the Azores and Madeira. The approval of Law 2/2007 motivated an extraordinary congress of the ANMP in 2006, in which the new law was rejected by the national association of municipalities.



financial capacity.<sup>25</sup> Legislation published during the MoU period, as the law on municipal debt<sup>26</sup> or the 2013 local finance act,<sup>27</sup> increased the financial difficulties, making the municipal financial situation worse than that experienced under the Stability and Growth Programme (PEC)<sup>28</sup> implemented in the years before the bailout program by the XVII and XVIII Government. In 2012, the volume of financial transfers from the state to the municipalities was equal to that of 2005, which represented a severe pressure on local government budgets (ANMP 2012a).<sup>29</sup>

The Local Economy Support Program (PAEL) placed even more pressure on the municipalities engaged in this program.<sup>30</sup> With the argument that it was necessary to regularize all short-term debts, the program forced the municipalities involved in that assistance program to increase to the maximum all municipal fees and taxes,<sup>31</sup> compromising during several years the financial autonomy of all municipalities that adhered to the program. In 2014, the ANMP reached an agreement with central government, concerning the conditions of the FAM.<sup>32</sup> The terms of this agreement were, for the ANMP, a better solution for the municipalities in need of financial

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<sup>25</sup>ANMP statement, May 4, 2011 (Comunicado 'Memorando de Entendimento da Troika: ANMP Contra a Proposta Para Redução dos Municípios,' Lisbon, 4 May 2011). The ANMP refers that the municipalities had together a positive result of around 70 million Euros in 2010. In 2011, the 'superavit' was nearly 196, 1 million Euros. The total municipal debt had also a positive evolution in these years and represented only 4 % of the total public debt; the state debt is 96 % (ANMP 2012a).

<sup>26</sup>Law 8/2012, 17 March [Lei dos Compromissos e dos Pagamentos em Atraso (LCPA)]. And Decret-law 127/2012, 21 June. It was required by the 'Memorandum of Understanding on specific economic policy conditionality (MoU).' Revised in 2015 by Law 22/2015, 17 March and Decret-law 99/2015, 2 July.

<sup>27</sup>Law no. 73/2013, 3 September 2013 (defines the finance system of municipalities, parishes, and inter-municipal entities).

<sup>28</sup>PEC—Programa de Estabilidade e Crescimento (Stability and Growth Programme): Programa de Estabilidade e Crescimento 2005–2009; Programa de Estabilidade e Crescimento 2006–2010; Programa de Estabilidade e Crescimento 2007–2011; Programa de Estabilidade e Crescimento 2008–2011; Programa de Estabilidade e Crescimento 2011–2014.

<sup>29</sup>The MoU established the need to reduce at least 175 million Euros in the annual budget transfers from the state to the local and regional administration. This requirement leads to the revision of the Local Finance Act (municipalities and parishes), as well the Regional Finance Act (for the 2 autonomous regions).

<sup>30</sup>The PAEL (Programa de Apoio à Economia Local) was approved in August/September 2012 (Law 43/2012, 28 August; Portaria 281-A/2012, 14 September). The program consisted in medium-/long-term loans to be used to pay municipal debts with more than 90 days on March 31, 2012. The program approved the proposals of 112 municipalities. Only in 2013 did the municipalities included in the program receive this support. Only 6 municipalities received a first parcel in the last week of 2012.

<sup>31</sup>ANMP (2013a). Comunicado 'A ANMP e as Taxas de IMI,' Coimbra, May 17, 2013.

<sup>32</sup>Law 53/2014, 25 August: FAM—Fundo de Apoio Municipal ('Municipal Support Fund').

assistance than the version initially approved by central government in June 2014.<sup>33</sup>

Local government can create municipal and inter-municipal enterprises to fulfill its competences in different sectors, an area that has also been affected during the implementation of the structural adjustment program.<sup>34</sup> Municipalities, namely through its national association, expressed, on numerous occasions, opposition to privatization of public services in sectors considered sensitive. It was the case of the reorganization and privatization in the urban waste sector.<sup>35</sup>

Numerous other decisions taken by central government contributed to this concentration trend in central–local relationship in Portugal. It is the case, for instance, of the following decisions: inclusion of policy measures in the Memorandum of Understanding (MoU) between Portugal and the international institutions with impact on the local autonomy without negotiation with the municipalities and parishes<sup>36</sup>; definition of the new EU funding framework ('Portugal 2020') without appropriate negotiation with the municipalities<sup>37</sup>; adoption of legislation that clearly limits the municipal administrative and financial autonomy, as was the case of the law on the payment of municipal debts, the law on the number of senior municipal staff, the changes in the organization of municipal enterprises, setting up ratios that forced the closure of some of them, despite the fact that in some cases, these organizations fulfilled important social objectives and

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<sup>33</sup>ANMP (2014a, b, c, d, e, f). Comunicado 'Acordo ANMP—Governo sobre o Fundo de Apoio Municipal,' Coimbra, July 8, 2014. As part of this agreement, the government agreed the following: (1) to revise the 'Lei dos Compromissos e Pagamentos em Atraso'; (2) to devolve the autonomy municipalities had previously in the organization of their services and in the management of their staff, having as the sole limit the total amount of salaries paid on average in the last 3 years; (3) to guarantee that the process of reorganization of the water and sewage sector would not involve the privatization of the water sector; and (4) to include incentives for municipalities in the green taxation reform being prepared at that time. The ANMP considered this was not the ideal agreement but was one that respected and reinforced the municipal autonomy. For an analysis of this new version, see Gomes (2015).

<sup>34</sup>Law no. 50/2012, 31 August 2012 defines the regime of these local public enterprises. Replaced Law no. 53-f/2006, 29 December and Law no. 55/2011, 15 November. In the case of the water, waste, and sewage, municipalities can create special services (Decret-law no. 194/2009, 20 August 2009—'*estabelece o regime jurídico dos serviços municipais de abastecimento público de água, de saneamento de águas residuais e de gestão de resíduos urbanos*'). In the same area/sectors can be created multimunicipal systems, defined in Decret-law no. 92/2013, 11 July 2013—'*define o regime de exploração e gestão dos sistemas multimunicipais de captação, tratamento e distribuição de água para consumo público, de recolha, tratamento e rejeição de efluentes e de recolha e tratamento de resíduos sólidos*'. Silva (2000c) examines the introduction of these entities in the local government system in the late 1990s and early 2000s.

<sup>35</sup>It was the case of Lei no. 45/2014 de 20 de Março. Municipalities and its national association opposed the privatization of the public enterprise 'Empresa Geral de Fomento.' See, among other, ANMP (2014b, d).

<sup>36</sup>As referred in the conclusions of the XX ANMP Congress (2012a, point 8).

<sup>37</sup>ANMP (2014a, b, c, d, e, f). Comunicado—'ANMP considera "inaceitável e intolerável" não ser chamada a participar na elaboração dos regulamentos do Portugal 2020.' The same happened with other important issues, as was the case of changes associated with the 'green taxation' (ANMP 2014a).

when similar criteria were not applied to public enterprises controlled by central government.

This concentration trend is also present in the following decisions: the approval of laws that gave the regulatory entity for the water, sewage, and urban waste sector competences and powers that typically belong to local government<sup>38</sup>; the annual definition of limits to the municipal expenditures with staff; the publication of norms forbidding the admission of new staff for the municipalities, as well as norms forcing the reduction in the number of municipal employees; the lack of transparency in some contracts celebrated between the state and some municipalities; the reduction in municipal revenues, with no respect for local autonomy given by the Constitution; the annual definition in the state budget of debt limits for the municipalities, different from those established in the local finance law, as well as penalties for those exceeding these limits; the exemption of payment of municipal taxes and fees by the state, while the reverse is not applied; the reform of the judicial map without consultation with the municipalities<sup>39</sup>; the attempt to create new forms of local government, later considered unconstitutional, being rejected by the Constitutional Court.

Also in the field of spatial planning, this concentration trend was present: the substitution of municipalities by the CCDR in certain land-use planning licensing decisions; the management of harbor areas independently of the municipal competences in land-use planning; the criteria for the de-classification of national roads with which the municipalities did not fully agree during the negotiations<sup>40</sup>; exemption of municipal licenses for building works carried out by the state.

In addition to the concentration trend identified in the decisions enumerated before, it is also unacceptable the difference that continues to exist between the municipalities and parishes in mainland Portugal and those in the two autonomous regions. Numerous competences that in mainland Portugal have been transferred

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<sup>38</sup>Entidade Reguladora dos Serviços de Águas e Resíduos (ERSAR). See: ANMP (2014b). Comunicado sobre as propostas de Lei que estabelecem o regime jurídico dos serviços municipais de abastecimento público de água, de saneamento de águas residuais urbanas e de gestão de resíduos urbanos. Coimbra, 5 February 2014.

<sup>39</sup>ANMP (2012a, b). Comunicado ‘Municípios têm de ser ouvidos na questão do encerramento de Tribunais Judiciais,’ Coimbra, January 31, 2012; ANMP (2013b). Comunicado ‘A ANMP e o mapa judiciário ou a deslocalização e encerramento de mais serviços públicos de interesse geral,’ Coimbra, October 23, 2013. The ANMP opposition to this policy included others forms of public expression (e.g., the presence of over 100 councillors in the Parliament during the plenary discussion of this legislation, on May 2, 2014, as a form of protest; regional meetings of municipal councillors to discuss this and other issues related to the governmental decisions derived from the implementation of the MoU, such as reorganization and closure of other local public services, other than tribunals, namely primary schools, the PAEL—Programa de Apoio à Economia Local, and the Fundo de Apoio Municipal). See also the conclusion of the XXI ANMP Congress (ANMP 2013d).

<sup>40</sup>ANMP (2014e). Nota do Conselho Diretivo Proposta de Diploma: ‘Estatuto das Estradas da Rede Rodoviária Nacional,’ Coimbra, September 2014.

and assigned to the municipalities and parishes, in the autonomous regions, are in the hands of the respective regional government, thus configuring an unequal and discriminatory situation.

### ***2.2.3 The 2013 Parish Merger Reform: Disrespect of Local Autonomy***

Municipalities and parishes can be established and abolished, and their areas can also be changed, by law, after consultation with the local authorities affected. Contrary to what happened in several other European countries in the 1960s and 1970s, there was no similar large merger reform of municipalities or parishes in Portugal in the second half of the twentieth century. Nonetheless, a similar large-scale merger reform took place much earlier, in the first half of the nineteenth century, a process that was followed by a series of readjustments, which ended in an even smaller number of municipalities at the beginning of the twentieth century. There are currently 308 municipalities, four of which created after 1974. In 2013, there were 4260 parishes, 234 of which created after 1974, a number that was substantially reduced as a result of the 2013 parish merger reform, from 4260 to 3092,<sup>41</sup> a reform forced by the Memorandum of Understanding on specific economic policy conditionality (MoU), signed between the Portuguese Government and the EU Commission, the European Central Bank, and the International Monetary Fund, in 2011.<sup>42</sup>

Although the MoU did not define the procedure to be followed, the government rejected the possibility of a local referendum, as the European Charter of Local Autonomy recommends every time a territory is changed, and did not give the due importance to the opposition expressed by numerous local government units and the respective national association. Nonetheless, the MoU was quite clear about the need to reorganize local government administration: «central government should develop

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<sup>41</sup>Based on Law no. 22/2012, 30 May 2012; Law no. 11-A/2013, 28 January 2013 (administrative reorganization of the parishes' territory); and Law 81/2013, 6 December. The national association of municipalities (ANMP) was against this process, as clearly stated in its XX Congress in 2012. On the contrary, it was in favor of the reinforcement of the metropolitan areas and inter-municipal Communities and creation of administrative regions. For the ANMP, the fusion or aggregation of parishes should be done based exclusively on the initiative of each local authority or the respective local populations. Parallel to the national reform in the number of parishes, the municipality of Lisbon was already conducting a reform of its parish administrative division, which was approved by Law no. 56/2012, 8 November 2012 (administrative reorganization of Lisbon), reducing the number of parishes from 53 to 24 (Belém, Ajuda, Alcântara, Benfica, São Domingos de Benfica, Alvalade, Marvila, Areeiro, Santo António, Santa Maria Maior, Estrela, Campo de Ourique, Misericórdia, Arroios, Beato, São Vicente, Avenidas Novas, Penha de França, Lumiar, Carnide, Santa Clara, Olivais, Campolide, Parque das Nações).

<sup>42</sup>Portugal: Memorandum of Understanding on specific economic policy conditionality. 3 May 2011 (EC/ECB/IMF 2011; Silva 2014).

until July 2012 a consolidation plan for the reorganization and significant reduction of the number of municipalities and parishes, in articulation with EC and IMF staff. This reform was expected to enhance service delivery, improve efficiency, and reduce costs». Only in the case of parishes was the Portuguese government able to reduce the number of local authorities. There were no changes in the number of municipalities, and it is implausible that it will happen in the near future. The National Association of Municipalities expressed on several occasions complete opposition to the proposed reduction in the number of municipalities.<sup>43, 44, 45</sup>

### ***2.2.4 The 2015 Political Shift: The Expected Impact on Local Autonomy***

The political shift that followed the October 2015 legislative election is expected to impact on the organization and competences of municipalities and parishes. After 4 years of austerity, also imposed on municipalities and parishes, and after the implementation of the parish merger reform, the XXI Government proposals point for a reversal of some of the changes introduced in the context of the Memorandum of Understanding on specific economic policy conditionality (MoU), implemented since 2011 by the XIX Government (2011–2015).

Shortly after taking office, the XXI Government announced the beginning of the proposed local government reform, clarifying the model and the calendar of its decentralization plan.<sup>46</sup> The aim is to expand local democracy, to improve local public services, and to give new competences to local government (Governo de Portugal 2015). The plan requires the revision of the CCDR competences as well as those of the metropolitan areas, reinforcing the respective democratic legitimacy. The process engages 10 ministries and is expected to be concluded in mid 2017, in

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<sup>43</sup>ANMP statement, May 4, 2011 (Comunicado ‘Memorando de Entendimento da Troika—ANMP Contra a Proposta Para Redução dos Municípios,’ Lisbon, May 4, 2011). Three main reasons were referred: First, the extinction of municipalities is a competence of the Parliament not a governmental competence; second, such reform should be considered within a larger process involving also the reform of the state; and third, the Portuguese municipalities are among the largest on average in Europe, whatever the criteria used, including the demographic one.

<sup>44</sup>For a perspective from inside the political process behind this reform of local administration, see Relvas and Júlio (2015). The authors of this book are the former minister and secretary of state responsible for the reform of local administration during the XIX Government. For a discussion about the need of this reform, see: Oliveira (2011). See also the document (Green Book) prepared by the XIX Government and on which the reform of local administration was based: Governo de Portugal (2011). And Carneiro (2012) for a discussion of these proposals.

<sup>45</sup>For an analysis of the impacts of the MoU on other dimensions of local government, see Alexandrino (2012).

<sup>46</sup>Comunicado do Conselho de Ministros, 14 January 2016.

order to allow the new local government electoral cycle (2017–2021) to develop within this new political and institutional framework.

The municipal competences in specific areas will be reinforced, namely in the education, health, social services, transport, culture, housing, civil protection, public security, ports, and maritime areas. Parishes will have their own competences in areas in which currently they only have powers delegated by the municipality. They will have competences differentiated according to their nature. Another important consequence of this proposal for the reinforcement of local government powers and competences was the cancelation of the privatization of public transport in Lisbon and Porto, one of the first legislative initiatives taken by the new political majority in Parliament.<sup>47</sup> The evaluation of the 2013 parish merger reform implemented by the XIX Government is one of the other key proposals for the reform of local government announced by the XXI Government. This will be done in close dialogue and cooperation with all parts concerned. In connection with this are the proposed development of inter-municipal cooperation and the democratization of metropolitan areas through the direct election of its boards. The reform of the local government finance system, with the aim to reach the European average of participation in public revenues, will represent, if fully implemented, a major improvement in the financial capacity of local government. This will be done by increasing the participation of municipalities in the main national taxes,<sup>48</sup> among other measures. Besides the initiatives to be taken by the XXI Government, according to its program, other parties have already taken initiatives that may well have positive impacts on the autonomy and capacity to act of municipalities and parishes. One example is the first project of law presented in the new parliament,<sup>49</sup> which is intended to increase the number of full-time members of the Parish executive board. The fact that only the president can be full time has prevented in the past the decentralization of more competences to this lower tier of local self-government.

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<sup>47</sup>For instance, several project laws presented, in November 2015, by political parties that support the XXI Government: PCP (project-law 23/XIII; 25/XIII) and BE (project-law 47/XIII; 48/XIII; 49/XIII; 50/XIII), concerning the ‘privatization’ of public transport in Lisbon and Porto—Carris, Lisbon Metro, STCP, and Porto Metro.

<sup>48</sup>IRS (Personal Income Tax), IRC (Corporation Income Tax), and IVA (Added Value Tax).

<sup>49</sup>Projeto de lei no. 119/XIII (1.<sup>a</sup>), 30 January 2016: *Procede à alteração do regime de permanência dos membros das Juntas de Freguesia* (presented by the party PAN—Pessoas, Animais, Natureza). This proposal will change the current system defined in: Article 27.º, Law no. 169/99, 18 September 1999; and in the Article 5.º and Article 7.º Law no. 11/96, de 18 April 1996. The statute of local councillors is regulated by Law no. 29/87, 30 June 1987 (‘Estatuto dos Eleitos Locais’), changed by Law no. 97/89, 15 December, Law 1/91, 10 January 1991; Law 11/91, 17 May 1991; Law 11/96, 18 April 1996, Law 127/97, 11 December, Law 50/99, 24 June, Law 86/2001, 10 August 2001; and Law 22/2004, 17 June 2004, changed and republished by Law no. 52—A/2005, 10 October.

## 2.3 The Regional Tier

### 2.3.1 *The 1976 Constitution: An Unfinished Institutional Revolution*

The regional layer of public administration between the state and municipalities has a long history in Portugal.<sup>50</sup> The current system is defined in the 1976 Constitution, comprising forms of decentralized institutions—autonomous regions and administrative regions—as well as de-concentrated institutions.

In the case of administrative de-concentration, it has been common practice during the last four decades to have central government ministries organized in regional and/or local de-concentrated tiers,<sup>51</sup> although based on different regional divisions according to the specificities of each sector. Among them is particularly relevant the case of the five regional planning and coordination boards, the CCDR, one for each of the five NUT-II, namely because they have been associated with the creation of the future administrative regions, and expected to be the technical structure that will support the future administrative regions.<sup>52</sup> Some ministries changed their regional organization, in some cases more than in one occasion since 1974, although in the recent years, there has been a tendency for central government de-concentrated departments to follow the five planning regions' map, coincident with the five NUT-II units.

Political and administrative decentralization includes the two autonomous regions of Azores and Madeira, a form of political decentralization, whose boards were first elected in 1976, and the administrative region, a form of administrative decentralization, due to be instituted only in mainland Portugal. The option for a form of political decentralization in the archipelagos of Azores and Madeira, instead of a mere administrative decentralization, as in the case of the administrative region, was somehow the outcome of the recognition of the specific geographical, economic, social, and cultural characteristics of these two archipelagos, as well as of

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<sup>50</sup>For a detailed perspective of this historical process, namely in the first decades after the adoption of the 1976 Constitution, see the texts quoted in note 2. See also Carita (2007) for the case of Madeira.

<sup>51</sup>For instance, the case of the ministries of health, education, agriculture, environment, and so on.

<sup>52</sup>CCDR—Comissão de Coordenação e Desenvolvimento Regional. The boundaries of these regional divisions have changed over the years. They were first created in the last years of the Estado Novo, as part of the 5-year development program, being renamed several times since then, besides the adjustments in their geographical areas and in its competencies. CCDR is now an institution more open to the participation of different local interests. For an historical overview of this process, see: Oliveira (2008).



the historic aspirations for autonomy of the population of that part of the national territory, as is clearly stated in the 1976 Constitution.<sup>53</sup>

Administrative regions have two representative organs<sup>54</sup>: the regional assembly, the region's decision-making organ, and the regional council or regional government, the collegial executive organ. The regional assembly is the region's deliberative organ and is elected by universal, direct, and secret suffrage according to the principle of proportional representation. Each region has a representative of central government. The creation of administrative regions was postponed on several occasions, and a proposal for the creation of eight regions, put forward by the XIII Government, supported by the Socialist Party, was rejected in the 1998 national referendum.<sup>55</sup> Nonetheless, despite the negative result in the referendum, the administrative region was not removed from the Constitution. But it had in the following years a much lower priority in the political discourse than before.

In the two right-centered coalition governments that followed the emphasis was increasingly put on the reorganization and reinforcement of the de-concentrated regional administration. Even in the XVII Government (2005–2009), the socialist government that followed, the creation of administrative regions was dependent of a national referendum and should take into consideration the five planning regions in mainland Portugal, corresponding to the NUT-II (PCM 2005). This should be complemented by a reorganization of the de-concentrated departments of central government, according to the same regional map, as well as the reinforcement and stabilization of the CCDD functions, namely the coordination of central government policies at the regional scale. This reinforced the idea that the creation of administrative regions should be based on the five planning regions and should be implemented after the reform of the de-concentrated central government structure

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<sup>53</sup>See Carita (2007) for the case of Madeira. Despite the differences among political parties, on some key points it is possible to talk of a national political consensus in favor of the regional autonomy in Azores and Madeira. This political commitment in favor of the regional autonomy is well expressed in the 2015 electoral manifesto of the Socialist Party ('Partido Socialista, 2015, pp. 48.'), the party that supports the current XXI Government (2015–2019). The same can be found in the 2015 electoral program of the coalition between the Social Democratic Party and the Popular Party (Coligação Portugal à Frente 2015, pp. 129)—'Agora Portugal Pode Mais—Programa Eleitoral—the main opposition political block in the current parliament (2015–2019). This political commitment in favor of the regional autonomy is also expressed in the 2015 electoral manifesto of Bloco de Esquerda (2015, pp. 59–64)—'Manifesto eleitoral—Bloco de Esquerda, Legislativas 2015'—and in the 2015 electoral program of the Communist Party ('Partido Comunista Português, 2015', pp.70). Finally, it is also expressed in the program of the XXI Constitutional Government (2015–2019), pp. 85–86.

<sup>54</sup>Law 56/91, 13 August established, among other aspects, the organization and competences of the regions. It was approved by unanimity in Parliament. The Law 19/98, 28 April, on the creation of regions was approved by an overall majority.

<sup>55</sup>The literature on the attempts to institutionalize the administrative regions in Portugal after 1974 is extensive. For an historical overview of the first decades of this process, see, among others, the texts quoted in the note 2; see also, MEPAT (1998). Syrett and Silva (2001) examine the creation of regional development agencies, one of the various attempts made over the years to create regional-wide institutions.



according to these five regional divisions. The essence of this political option was maintained by the XVIII Government (2009–2011), supported by the Socialist Party, although without any practical consequence, due to the economic and public finance crisis that caused the downfall of this Government, in the middle of its mandate, which was due to last until 2013.

The election of a new political majority supported in parliament by the Social Democratic Party and by the Popular Party, and the implementation of the structural adjustment program (MoU) by the XIX Government (2011–2015), changed considerably the terms of this debate. The most important single fact in this regard was perhaps the withdraw of regionalization from the list of political priorities. Nonetheless, the national association of municipalities continued to claim the implementation of administrative regions and proposed, once again, in its XXII national congress, held in 2015, the implementation of the administrative regions.

### ***2.3.2 The 2015 Political Shift: Half Way Between the Constitution and the Status Quo?***

The outcome of the 2015 October legislative election may lead to a turning point on the current status quo although not a move exactly to what is in the 1976 Constitution. The Socialist Party's 2015 electoral manifesto and the XXI Government's program point clearly to the reform of the current regional administrative structures as well as those in the metropolitan areas. The new territorial model proposed will create five planning and development regions with elected boards. These new entities will be based on the current CCDR structures and will adopt the same territorial division. The executive board will be elected by an electoral college formed by the members of the municipal executive and deliberative boards from all municipalities in the respective region. This executive with 3–5 members will respond to the regional council. Contrary to the previous XVII and XVIII Governments, supported by the Socialist Party, the proposed creation of regions, this time with indirectly elected boards, will not require a national referendum. If it is not exactly what had been considered in the past, and if not exactly what is in the Constitution, it is clearly an improvement in the local democracy compared to the current situation, as it democratizes the existing regional administrative structures. It is to some extent a compromise between a simple re-organization of the de-concentrated regional administration and a fully new regional organization with directly elected boards. Part of the reform of the CCDR, besides the democratization through the election of the president of the executive board, is the reform of the de-concentrated state administration and the subsequent integration of some of these services in the new regional planning and development entities that will replace the current CCDR.

## 2.4 Inter-municipal Cooperation: The Way for Decentralisation?

Municipalities can also develop other models of inter-municipal cooperation, namely municipal associations, with specific responsibilities and competences, in order to administer common interests, which they have done consistently and with positive results in the last decades.<sup>56</sup> Due to the nonexistence of administrative regions, the multiple forms of inter-municipal cooperation implemented in the last decades have been a key player in central–local relations in mainland Portugal. On numerous issues, they act, occasionally, as a *de facto* regional or sub-regional representative institution.<sup>57</sup> Municipal associations and other forms of inter-municipal cooperation became even more important in the last years, in particular when, in the aftermath of the negative result in the 1998 national referendum, the creation of administrative regions was postponed for the following electoral cycles.<sup>58</sup> Besides the efforts made for the harmonization of central government regional divisions, as referred before, based on the NUT-II map, there have been efforts over the years to harmonize the boundaries of municipal associations, based on the NUT-III map.<sup>59</sup>

The model of metropolitan government introduced by Law 44/91 and altered in 2003 by Law 10/2003 and Law 11/2003, and in 2008 by Law 45/2008 and Law 46/2008 proved to be inadequate, due to the lack of direct political legitimacy, to the inexistence of own metropolitan competences, the difficulty to articulate metropolitan interests with the interests of each municipality in particular, and finally also because this form of metropolitan government lacked popular recognition and support. The institutional model adopted in the case of the metropolitan authority of transport has also been criticized by the municipalities.<sup>60</sup> The 2013 local government act defined different types of inter-municipal entities: two

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<sup>56</sup>Law 45/2008, 27 August on the Inter-municipal Communities (CIM). The last reform of inter-municipal entities, carried out by the XIX Government, is defined in the Law no. 75/2013, 12 September 2013. For an analysis of this new regime of inter-municipal entities, see Gonçalves (2014). In 2012, a pilot study on the new competences and financing of these entities was published by central government (DGAL 2012).

<sup>57</sup>For the specific case of inter-municipal cooperation in the metropolitan areas ('metropolitan government'), see: Silva (2002a, b), Amorim (2009), and Moreira (2007).

<sup>58</sup>On municipal associations, see: Silva (1993, 2006), Lopes (2009), Moreira (2007), and Amorim (2009).

<sup>59</sup>NUT-II and NUT-III regions follow the European nomenclature.

<sup>60</sup>The two metropolitan transport authorities (Lisbon and Porto) were instituted by Law 1/2009, 5 January and were abolished by Law 52/2015, 9 June. Their competences were inherited by the two metropolitan entities (Lisbon and Porto).

metropolitan areas—Lisbon and Porto—and 21 Inter-municipal Communities.<sup>61</sup> The same government attempted to transform the statute of these entities, Inter-municipal Communities and metropolitan areas, into new forms of local self-government, which was rejected by the Constitutional Court.<sup>62</sup> Currently, there are 3 types of inter-municipal associations, according to the 2013 legislation: the inter-municipal community, the metropolitan area, and the municipal and parish association with specific aims or object.

The national association of municipalities proposed on several occasions the introduction of a new model of metropolitan government, with metropolitan wide competences (e.g., metropolitan strategic spatial planning, metropolitan mobility plan, environment, education, health, among others), with directly elected boards, as well as an adequate technical structure. The new territorial model proposed by the XXI Government includes this perspective. In fact, besides the changes in the five planning and development regions, it will also implement forms of self-government with the directly elected boards in the metropolitan areas of Lisbon and Porto. The metropolitan assembly will be elected directly, being the president of the executive board the number one in the winning list in the election for the metropolitan assembly. The other members of the executive board will be elected by the metropolitan assembly, based on proposal made by the elected president of the executive board. The new metropolitan areas, with directly elected boards, will have own competences, namely in the following sectors: transport, water, waste, energy, economy, and tourism promotion, as well as in programs of regional development. They will be responsible for the definition and implementation of the metropolitan ecological structures. In addition to these changes, the new territorial model will reinforce inter-municipal cooperation through the existing Inter-municipal Communities. These entities will act as an instrument of inter-municipal cooperation in articulation with the new regional entities, which will emerge from the democratization of the current CCDR, as well as with the new elected metropolitan entities.

## 2.5 Conclusion

If the overall balance between what is in the Constitution and the current local government system supports more the idea of compliance than the idea of disagreement with the fundamental constitutional principles, it is also manifest that this

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<sup>61</sup>Inter-municipal Communities: Alto Minho, Cávado, Ave, Alto Tâmega, Tâmega e Sousa, Douro, Terras de Trás-os-Montes, Região de Aveiro, Região de Coimbra, Região de Leiria, Viseu Dão Lafões, Beiras e Serra da Estrela, Beira Baixa, Oeste, Médio Tejo, Alentejo Litoral, Alto Alentejo, Alentejo Central, Baixo Alentejo, Lezíria do Tejo, Algarve.

<sup>62</sup>ANMP (2013c). Comunicado ‘Iniciativa da ANMP de suscitar a inconstitucionalidade do diploma sobre o estatuto das comunidades intermunicipais coroada de êxito,’ Coimbra, May 29, 2013.

is more clearly so in some institutional and policy dimensions than in others and more so also in some periods than in others, during the four decades since the overthrow of the dictatorship in 1974 and approval of the democratic constitution in 1976. A clear example of noncompliance with the Constitution is the inexistence of a democratically elected regional self-government tier.

During the four decades of democracy since 1974–1976, there have been changes in the local electoral system, in the internal structure of municipalities and parishes, in the local finance system, to mention just some of the key dimensions of the local government system, but none of these changes or reforms represented a complete rupture with what was defined in the 1976 Constitution and in the legislation adopted in the years that followed its approval. A similar continuity trend characterizes the policy areas under the direct responsibility of municipalities in Portugal. The current system of local self-government continues based on the 1976 Constitution, as none of the constitutional revisions affected the level of local autonomy assigned initially to local government in the Constitution (Silva 2004a, b, 2006, 2009).<sup>63</sup> If the austerity policy adopted by the XIX Government (2011–2015) during the application of the Memorandum of Understanding on specific economic policy conditionality (MoU) undermined key dimensions of the local autonomy, the proposals of the XXI Government (2015–2019) suggest, if fully implemented, that the reduction in local autonomy experienced by municipalities and parishes will be somehow revert. In this sense, continuity with fluctuations more than rupture is what emerges as the key feature in an overall balance of the local government system in Portugal in these four decades, despite the seven constitutional revisions and the recent structural adjustment program.<sup>64</sup>

Despite the rupture with the previous authoritarian political regime, expressed in the 1976 Constitution, there are still important issues that require reform and change, namely in the field of central–local relations.<sup>65</sup> It is the case, for instance, of the low proportion of public financial resources allocated to local government when compared to the European average. But it is also the case that nearly four decades after the approval of the 1976 Constitution, the administrative region has not yet been implemented. This delay in the implementation of administrative regions is against what is written in the Constitution and is also against the widely accepted vision of the members of the Council of Europe.<sup>66</sup>

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<sup>63</sup>The regime of administrative tutelage is currently regulated by Law no. 27/96, 1 August 1996 ('Regime jurídico da tutela administrativa').

<sup>64</sup>In 1982, 1989, 1992, 1997, 2001, 2004, and 2005 (CRP 2005). A new constitutional revision was expected to take place during the period 2009–2013, as announced by the two main political parties in Parliament. Nonetheless, the political crisis that led to the overthrow of the XVIII Government in the middle of its mandate, in 2009, and the following economic adjustment program implemented by the XIX Government changed the terms of this issue.

<sup>65</sup>For an analysis and discussion of some of these issues, see: Silva (2009, 2015a, b).

<sup>66</sup>For more on this, see: Silva (2014, 2015a, b), Caupers (2009), Oliveira (1996a, b, 2008), and Sá (1989).

The evidence suggests that the political consensus, regarding local government and decentralization, that existed before the Memorandum of Understanding on specific economic policy conditionality (MoU), was somehow affected by key political decisions taken and implemented by the XIX Government (2011–2015), as well as, before that, by the XVIII Government in the context of the several Stability and Growth Programme (PEC)<sup>67</sup> adopted. In fact, since 2010, the economic and financial crisis, and the social austerity policy implemented by the PEC's and by the MoU signed in 2011, justified an increased centralism, in particular in the sectors with impact on the public deficit. This move toward centralization had clear negative effects in the local autonomy and in the share of local government in the total public revenues, as had the continuous changes in the legal frameworks. In reaction to this counterrevolution, which affected local government autonomy and local democracy, the proposals put forward by the XXI Government (2015–2019), and the electoral programs and electoral manifestos of the three parties that support this government in Parliament, point for a reversal of some of those institutional changes, increasing the levels of administrative decentralization, which will have positive impacts on urban governance, and improving the quality of the local democracy.

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<sup>67</sup>PEC—Plano de Estabilidade e Crescimento.

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