

*Portugal*

CONFIDENTIAL

FM LISBON 041400Z DEC

TO PRIORITY FCO

TELNO 351 OF 4 DEC.

*Prime Minister**ms.*

SAVING TO WASHINGTON, MADRID, UKDEL NATO, UKREP BRUSSELS.

MYTELNOs 349 AND 350: PORTUGUESE GENERAL ELECTION.

1. THE DEMOCRATIC ALLIANCE HAVE ONLY OBTAINED A NARROW OVERALL MAJORITY IN THE NEW ASSEMBLY AND WILL FACE FORMIDABLE PROBLEMS, ESPECIALLY WITH THE COMMUNIST-CONTROLLED UNIONS, IN THE NEW YEAR. ALTHOUGH THEY HAVE WON, A GOOD DEAL LESS THAN HALF OF THE ELECTORATE HAVE VOTED FOR CONSERVATIVE POLICIES AND MORE ELECTORS VOTED FOR EITHER THE SOCIALISTS OR THE COMMUNISTS THAN FOR THE ALLIANCE. ON THE LEFT THE EXTREMISTS HAVE GAINED CONSIDERABLY AT THE EXPENSE OF THE MODERATES. THE COMMUNISTS (AN UNASHEDLY STALINIST PARTY) HAVE FOR THE FIRST TIME SECURED MORE THAN A MILLION VOTES AND HAVE MADE GAINS IN ALL PARTS OF THE COUNTRY, NOTABLY THE POORER REGIONS OF THE NORTH. THE SOCIALISTS (A MODERATE, PRO-EUROPEAN PARTY) HAVE LOST 33 SEATS AND SUFFERED A SEVERE SET-BACK.

2. SA CARNEIRO'S IMMEDIATE PROBLEMS WILL BE

(A) TO KEEP HIS RELATIVELY NEW AND FRAGILE ALLIANCE TOGETHER.

IT HAS THREE CONSTITUENT PARTIES PLUS THE EX-SOCIALIST "REFORMERS" AND THE SELECTION OF MINISTERS FOR THE NEW GOVERNMENT WILL BE A DELICATE PROBLEM.

(B) TO MAINTAIN A REASONABLE RELATIONSHIP WITH PRESIDENT EANES, TO WHOM THE ELECTION RESULT MUST BE A BLOW, WHILE SELECTING A NEW PRESIDENTIAL CANDIDATE FOR THE ELECTION TO TAKE PLACE AT THE END OF 1980.

3. IN THE MEDIUM TERM, SA CARNEIRO FACES THE PROBLEM OF PROMOTING FREE ENTERPRISE IN AN UNFAVOURABLE INTERNATIONAL AND INTERNAL ECONOMIC ENVIRONMENT AND RESISTING WRECKING EFFORTS BY THE TRADE UNIONS AND THE COMMUNISTS BOTH IN THE FACTORIES AND IN THE ALENTEJO. HW WILL ALSO PURSUE HIS DECLARED OBJECTIVE OF CHANGING THE ELECTORAL LAW AND REVISING THE CONSTITUTION WITH THE HELP OF A REFERENDUM. THIS OBJECTIVE IS PERHAPS THE MOST IMPORTANT FOR HIM (AS WELL AS THE MOST DIFFICULT), BUT FOR THIS HE MAY NEED THE GOODWILL OF THE SOCIALISTS IN A FAIRLY EVENLY BALANCED ASSEMBLY, AND IN ANY EVENT HE WILL WANT TO AVOID DRIVING THE SOCIALISTS INTO THE ARMS OF THE COMMUNISTS. MARIO SOARES MIGHT NOW RESPOND TO AN OLIVE BRANCH, AND TWO PROSPECTIVE MEMBERS OF SA CARNEIRO'S GOVT HAVE ALREADY TOLD ME THAT THEY WERE GREATLY STRUCK BY THE GENEROSITY AND STATESMANSHIP OF SOARES'S STATEMENT CONCEDED DEFEAT AFTER THE ELECTION.

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4. FOR SA CARNEIRO PERSONALLY THE ELECTION RESULT IS A TRIUMPH. TO HAVE LED A COALITION TO VICTORY ONLY EIGHT MONTHS AFTER BEING DESERTED BY HALFHIS OWN PARTY AND WIDELY REGARDED (BY FOR EXAMPLE THE AMERICANS) AS A WILD MAN IS AN EXTRAORDINARY POLITICAL FEAT. BUT SA CARNEIRO HAS AN ACHILLES HEEL. HE IS SEPARATED FROM HIS WIFE AND CIRCULATES WITH A FOREIGN LADY TO WHOM HE IS NOT MARRIED. NO MENTION OF THIS HAS

BEEN MADE DURING THE ELECTION CAMPAIGN AND THE SITUATION DOES NOT SEEM TO WORRY MOST PORTUGUESE, BUT PROBLEMS MAY ARISE WHEN SA CARNEIRO HAS, AS PRIME MINISTER, TO ENTERTAIN FOREIGN VISITORS WHO COME WITH THEIR WIVES AND FOREIGN JOURNALISTS ARE ON HAND LOOKING FOR A STORY.

5. MANY OBSERVERS HERE WERE STRUCK BY THE APPARENT APATHY OF THE PORTUGUESE POPULATION DURING THE ELECTION CAMPAIGN,

BUT THE REMARKABLY HIGH TURN-OUT- CONFIRMED AS 87.5% - GIVES THE LIE TO THIS. THE ELECTION TOOK PLACE IN A NOTABLY CALM AND ORDERLY WAY AND IT IS I THINK A TRIBUTE TO PORTUGUESE DEMOCRACY THAT THIS SHOULD BE POSSIBLE ONLY FOUR YEARS AFTER THE TURNOIL OF 1974 AND 1975. THE RESULT IS, I THINK, A FAIR REFLECTION OF POLITICAL OPINION IN THE COUNTRY.

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FM LISBON 031400Z DEC

TO IMMEDIATEFCO

TELNO 357 OF 3 DECEMBER

RPTD FOR INFO IMMEDIATE D13 (WEST) MOD AND MADRID

PRIORITY UKREP BRUSSELS, UKMIS NEW YORK, UKDEL NATO, PARIS  
BONN, WASHINGTON, MOSCOW.

PORTUGUESE GENERAL ELECTION RESULT.

1. WITH MOST RESULTS NOW DECLARED IT IS CLEAR THAT THE CENTRE-RIGHT DEMOCRATIC ALLIANCE WILL HAVE AN ABSOLUTE MAJORITY IN THE ASSEMBLY OF THE REPUBLIC. SO FAR THE INTERIM OFFICIAL RESULTS HAVE ONLY BEEN EXPRESSED IN TERMS OF PERCENTAGES, WHICH FOLLOW. THE UNOFFICIAL ESTIMATE FOR THE TURNOUT IS 87% ( HELPED BY FINE WEATHER).

DEMOCRATIC ALLIANCE (AD) 42.2 ( TO WHICH MUST BE ADDED THE VOTES OBTAINED BY THE SOCIAL AND CENTRE DEMOCRATS STANDING SEPARATELY IN THE AZORES AND MADEIRA GIVING A TOTAL OF 45.5%).

SOCIALIST PARTY 27.4%

UNITED PEOPLES' ALLIANCE (COMMUNISTS ) 19.0%

POPULAR DEMOCRATIC PARTY (EXTREME LEFT ) 2.2%

IN BROAD TERMS THE DEMOCRATIC ALLIANCE HAS BEEN SUPPORTED BY TWO AND A HALF MILLION PORTUGUESE, THE SOCIALISTS BY A MILLION AND A HALF AND THE COMMUNISTS BY A MILLION.

2. THE PRESS AND THE PARTIES HAVE ALREADY PRODUCED UNOFFICIAL ESTIMATES OF THE NUMBER OF SEATS EACH PARTY WILL HAVE IN THE NEW ASSEMBLY. THE ELECTORAL COALITIONS HAVE NOW CEASED TO EXIST AND EXPECTED COMPOSITION OF THE ASSEMBLY WILL BE:

PARTY	LIKELY SEATS	1976 RESULT
SOCIAL DEMOCRATS	80	71
SOCIALISTS	73	106
COMMUNISTS	47	40
CENTRE DEMOCRATS	44	41
MONARCHISTS	5	-
UDP	1	1

3. THE SOCIALISTS HAVE SUFFERED A SEVERE REVERSE, WORSE THAN THEY FEARED OF I EXPECTED( MARIO SOARES TOLD ME THAT HE WOULD REGARD ANYTHING UNDER 30% AS A DEFEAT).. THE COMMUNISTS, WHOSE ORGANISATION AND PUBLICITY WERE SUPERB, HAVE INCREASED THEIR SHARE OF THE VOTE FROM 15% TO 19% (ONE BETTER THAN I PREDICTED IN MY DESPATCH OF 18 OCTOBER) AND THE

(TOTAL STRENGTH)

TOTAL STRENGTH OF THE LEFT IN THE ASSEMBLY SEEMS NOW LIKELY TO BE 121 AS AGAINST THE EXPECTED 129 OF THE ALLIANCE PARTIES. THE COMMUNISTS DID WELL IN THE NORTH WHERE, SURPRISINGLY, THE DEMOCRATIC ALLIANCE SHOWING WAS LESS GOOD THAN THEY HAD HOPED FOR. THE ALLIANCE PICKED UP MOST OF THEIR GAINS IN LISBON (WHERE THEY WON SIX EXTRA SEATS) AND IN THE SOUTH.

4. THE PRESIDENT WILL MAKE NO MOVE ON THE APPOINTMENT OF A NEW PRIME MINISTER UNTIL THE OFFICIAL RESULTS ARE PUBLISHED. THIS COULD BE IN ABOUT TEN DAYS TIME AFTER THE POSTAL VOTES FROM THE EMIGRANTS HAVE BEEN COUNTED, THOUGH THE FULL UNOFFICIAL RESULTS SHOULD BE AVAILABLE THREE OR FOUR DAYS FROM NOW.

5. SA CARNEIRO, IN A PRESS CONFERENCE IN THE SMALL HOURS WAS ASKED ABOUT A POSSIBLE CONFRONTATION WITH PRESIDENT EANES BUT SAID THAT THERE WOULD BE NO CONFRONTATIONS.

6. ON THE FUTURE GOVT'S POLICIES YOU MAY LIKE TO LOOK AGAIN AT MY TELNO 54. SAVING AND AT MY MINUTE OF 28 AUGUST, COPIED TO BORDEN SED, RECORDING WHAT SA CARNEIRO SAID WHEN HE LUNCHED WITH ME THEN.

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TO IMMEDIATE FCO  
TELNO 349 OF 3 DECEMBER

PORTUGUESE GENERAL ELECTION RESULT

1. ALTHOUGH THE OFFICIAL RESULTS IN TERMS OF SEATS DO NOT YET GIVE THE DEMOCRATIC ALLIANCE AN OVERALL MAJORITY, IT NOW SEEMS CERTAIN THAT THEY WILL OBTAIN THAT MAJORITY AND WILL CONSEQUENTLY FORM THE NEXT GOVERNMENT WITH SA CARNEIRO AS PRIME MINISTER.
2. THE ALLIANCE LEADERS ARE WELL DISPOSED TO BRITAIN. THE FACT THAT THE PRIME MINISTER SAW THEM BEFORE THE ELECTIONS, WHEREAS PRESIDENT CARTER, PRESIDENT GISCARD D'ESTAING AND CHANCELLOR SCHMIDT ALL FOR DIFFERENT REASONS REFUSED TO DO SO, GIVES US AN OBVIOUS OPPORTUNITY HERE AND I HAVE SUGGESTED IN MY DESPATCH OF 23 OCTOBER AND MY LETTER OF 7 NOVEMBER TO THE DEPARTMENT OF TRADE HOW I THINK THIS OPPORTUNITY CAN BEST BE EXPLOITED IN TERMS OF BRITISH INTERESTS. BUT WHATEVER WE DO NEEDS TO BE CONSISTENT AND I HOPE WE SHALL NOT THROW AWAY THE OPPORTUNITY. ON THE COMMERCIAL FRONT THE IMMINENT COLLAPSE OF THE LOCAL PLESSEY COMPANY WILL INEVITABLY DAMAGE OUR STANDING AND OUR PROSPECTS OF OBTAINING MAJOR CONTRACTS.
3. THINGS MOVE VERY SLOWLY IN PORTUGAL AND IT IS LIKELY TO BE SOME TIME BEFORE THE FULL RESULTS ARE CONFIRMED, THE NECESSARY CONSULTATIONS GONE THROUGH AND SA CARNEIRO INVITED TO FORM A GOVERNMENT, BUT I SEE NO REASON WHY THE PRIME MINISTER SHOULD NOT NOW SEND A MESSAGE TO THE THREE ALLIANCE LEADERS SHE SAW ON 7 NOVEMBER SIMPLY CONGRATULATING THEM ON THE SUCCESS OF THE DEMOCRATIC ALLIANCE IN THE ELECTIONS. I RECOMMEND THAT SUCH A MESSAGE SHOULD BE SENT STRAIGHT AWAY- WE CAN TRANSMIT IT. BUT I THINK IT SHOULD NOT AT THIS STAGE MAKE ANY MENTION OF A FUTURE PORTUGUESE GOVERNMENT.

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