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FM LISBON 111420Z DEC

TO PRIORITY FCO

TELEGRAM NUMBER 244 OF 11 DECEMBER 1980

INFO SAVING TO : MADRID, UKDEL NATO, UKREP BRUSSELS, BRUSSELS,  
THE HAGUE, LUXEMBOURG, BONN, PARIS, DUBLIN, COPENHAGEN, ROME AND  
WASHINGTON

**POLITICAL SITUATION**

1. THE POLITICAL FUTURE OF PORTUGAL IS NOW POISED ON A KNIFE EDGE. IF THE DEMOCRATIC ALLIANCE CAN HOLD TOGETHER, CAN FIND A NEW, RESOLUTE BUT EMOLLIENT PRIME MINISTER AND CAN IN DUE COURSE MAKE AN AGREEMENT WITH THE SOCIALISTS SO AS TO SECURE A TWO-THIRDS MAJORITY FOR THE REVISION OF THE CONSTITUTION, WITH A REDUCTION OF THE PRESIDENT'S POWERS, THEN THERE IS NOTHING PRESIDENT EANES CAN DO TO STOP THEM. BUT IF THE ALLIANCE FALLS APART AND THE SOCIAL DEMOCRATS QUARREL WITH THE CENTRE DEMOCRATS THEN THE INITIATIVE WILL PASS TO EANES WHO HAS ALWAYS DISLIKED THE ALLIANCE AND WOULD PREFER A CENTRE GROUPING UNDER HIS OWN PATRONAGE.

2. THE PRESIDENT HAS ASKED TO SEE REPRESENTATIVES OF THE ALLIANCE PARTIES LATER TODAY TO HEAR THEIR VIEWS ON A SUCCESSOR TO SA CARNEIRO AS PRIME MINISTER. MEANWHILE, NEGOTIATIONS HAVE BEGUN WITHIN AND BETWEEN THE SOCIAL AND CENTRE DEMOCRATIC PARTIES ON THE COMPOSITION OF THE NEXT GOVERNMENT. THE KEY MEETING WILL BE HELD OVER THIS WEEKEND WHEN THE SOCIAL DEMOCRATS ARE DUE TO CHOOSE A NEW PARTY PRESIDENT. CONTACTS WITHIN THE PARTY HAVE TOLD US THAT WHILE BALSEMAO IS ALMOST CERTAIN TO TAKE OVER THE PARTY LEADERSHIP THERE IS RESISTANCE, ESPECIALLY AMONG CENTRE DEMOCRATS, TO HIS TAKING OVER AS PRIME MINISTER SINCE HE IS REGARDED AS TOO LIBERAL AND AS NOT TOUGH ENOUGH. THE CENTRISTS AND SOME SOCIAL DEMOCRATIC MINISTERS ARE BELIEVED TO HAVE EXPRESSED A PREFERENCE FOR EURICO DE MELO, THE PRESENT MINISTER OF INTERNAL ADMINISTRATION. HE IS ON THE RIGHT OF THE SOCIAL DEMOCRATIC PARTY BUT IS MUCH LESS WELL KNOWN THAN BALSEMAO OR MOTA AMARAL AND IS MORE OF AN ADMINISTRATOR THAN A POLITICIAN. HE WAS SA CARNEIRO'S CHOICE TO BE STOP-GAP PRIME MINISTER IF EANES WON THE ELECTIONS AND HE AND FREITAS RESIGNED AS PLANNED. IF EURICO DE MELO BECOMES PRIME MINISTER HIS FOREIGN MINISTER MAY BE BALSEMAO (WHO WOULD BE EXCELLENT IN THAT POST).

3. THERE IS NOW A DEBATE WITHIN THE ALLIANCE ABOUT WHETHER THE NEXT GOVERNMENT SHOULD APPEASE OR CONFRONT PRESIDENT EANES. WE UNDERSTAND FROM THE CENTRE DEMOCRAT SOURCES THAT FREITAS BELIEVES THAT THE NEXT GOVERNMENT WILL BE DESTROYED BY EANES WITHIN TWO OR THREE MONTHS. HE HAS HIS EYE, THEREFORE, ON LEADING THE GOVERNMENT AFTER THE NEXT. HE APPEARS TO HAVE ACCEPTED THAT THE TIME HAS COME TO TRY A DIALOGUE WITH EANES BUT RECOGNISES THAT HE IS NOT THE MAN TO DO THIS. HIS PLAN IS NOW TO GO TO THE ASSEMBLY (POSSIBLY AS PRESIDENT OF THE ASSEMBLY) AND SEE THROUGH THE CONSTITUTIONAL REVISION AS HE AND SA CARNEIRO HAD ORIGINALLY PLANNED. WE HAVE BEEN TOLD THAT HE HAS NO INTENTION OF WITHDRAWING FROM POLITICAL LIFE.

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4. MARIO SOARES WHO IS NOW ONCE MORE SECRETARY GENERAL OF THE SOCIALIST PARTY ISSUED A WARNING YESTERDAY AGAINST ATTEMPTS TO ESTABLISH "PERONISM" IN PORTUGAL. THE TEMPTATION TO INSTAL PRESIDENTIAL GOVERNMENTS MUST, HE SAID, BE RESISTED. THE ALLIANCE MUST GOVERN. SOARES' WORDS ARE BEING INTERPRETED BY THE ALLIANCE AS A WARNING TO EANES NOT TO EXCEED HIS AUTHORITY AS PRESIDENT AND A SIGN TO THE ALLIANCE THAT HE IS PREPARED TO TALK ABOUT CONSTITUTIONAL REVISION FOR WHICH THE ALLIANCE WOULD NEED THE VOTES OF ABOUT 33 SOCIALIST DEPUTIES TO MAKE UP THE REQUIRED TWO-THIRDS MAJORITY IN THE ASSEMBLY. MUCH DEPENDS ON HOW MUCH REAL AUTHORITY SOARES NOW RETAINS IN HIS OWN PARTY. THE ANSWER TO THIS MAY NOT BE KNOWN UNTIL MARCH WHEN THE SOCIALISTS ARE DUE TO HOLD THEIR NEXT CONGRESS.

5. FCO PLEASE PASS SAVING ADDRESSEES.

MORAN

~~REPEATED AS REQUESTED~~

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SED

THIS TELEGRAM  
WAS NOT  
ADVANCED

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