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## PORTUGAL

The indecisive results of Portugal's legislative election on Sunday have left open many options for the formation of the next government. Political leaders are already maneuvering for a role.

The smaller-than-expected swing to the right is probably traceable to reduced voter turnout and the Communist Party's success in holding on to most of the 14.5 percent of the vote received in the constituent assembly election last year by the Portuguese Democratic Movement—a Communist front that was not on the ballot this time.

The Socialists retained a plurality—they received 35 percent of the vote, as compared to 24 percent for their nearest rival, the Popular Democrats—and a coalition excluding them would not be feasible. The Socialists, thus, will come under heavy pressure from all sides in the two months before the presidential election and the installation of a new government.

Popular Democratic Party Secretary General Sa Carneiro and Social Democratic Center leader Freitas do Amaral have already called on Socialist leader Mario Soares to join them in a government coalition. Soares rejected their appeals, but press reports say other influential Socialist leaders believe a coalition is inevitable.

Soares' stated objection is based upon his belief that the time for coalition governments in Portugal has passed and that the country's burdensome economic problems can only be solved by a government which is not divided over domestic policy.

Although Soares has doggedly held his ground on this point, a reliable source has reported that Soares would view an alliance with the Popular Democrats much more favorably if Sa Carneiro were replaced as party chief by Minister of Internal Commerce Magalhaes Mota. Soares, whose personal conflict with Sa Carneiro was intensified by the abrasive election campaign, confirmed this view in a recent conversation with US Ambassador Carlucci.

The Popular Democrats' election performance was a blow to Sa Carneiro's prestige. Soares impressed his own image on the party so successfully, that removing him would be a major undertaking.

A Socialist accommodation with the conservative Social Democratic Center, which finished third with 15.8 percent of the vote, would raise serious policy and ideological differences, but would have the advantage of harmonious personal relations between party leaders. Inclusion of the Social Democratic Center in the government, however, would give rise to demands for similar representation from the Communists, who finished close behind it with 14.7 percent.

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A Socialist attempt to form an alliance with the Communists cannot be ruled out, but Soares' heated denial of such intentions during the campaign, coupled with strong opposition from both the "operationals" in the Portuguese military and Portugal's NATO allies, would seem to diminish considerably the chances of such a combination.

The Communists' best hope of participation would be in a "government of national salvation" formed to avert a serious political crisis—a possibility Soares alluded to in an interview on Sunday.

The present stalemate could conceivably continue until the presidential election, a possibility that is likely to put growing pressure on party and military leaders to agree on a joint candidate to avoid a divisive campaign and minimize political instability during the next two months. (CONFIDENTIAL)

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