Portugal: political crisis deepens ahead of February elections

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Elections due to be held next month in Portugal will take place amidst a deepening political crisis unleashed by the resignation of Prime Minister Jose Manuel Durao Barroso last year. Barroso (Social Democratic Party—SDP) resigned in July 2004 to take up the post of president of the European Commission (EC), leaving behind him what the media called "Portugal's gravest political crises since the 1974 revolution."

Following the rejection of the original candidate for EC president, Belgian Prime Minister Guy Verhofstadt—favouredbyGermanyandFrance—Barroso was nominated for the position. He enjoys far more acceptability in Washington and London and among other pro-US governments within Europe, particularly the new member states in the east.

President Jorge Sampaio (Socialist Party—SP) rejected demands from his own party to dissolve parliament and force new elections, instead backing the ruling coalition of the SDP (under its new head Santana Lopes) and the Popular Party (PP). Lopes, a former mayor of Lisbon, stands on the right of the SDP and was chosen as the best man to continue Barroso's policy of attacks on social services, austerity measures and support for the US-led occupation of Iraq.

Sampaio favoured the coalition serving out its full term, against the wishes of his own party and the majority of the population who saw fresh elections as a way of expressing opposition to the deeply unpopular war in Iraq. Moreover, it would mean that some of the more unpopular measures, with which Sampaio was in full agreement, could be implemented prior to the formation of a new administration—expected to be a majority SP government. He also argued that any other course would destabilise the economy.

Lopes had pledged to hasten "structural reforms," including streamlining the civil service, carrying out privatisations and pushing through massive austerity measures. In an attempt to soften the mass opposition that these measures would provoke, Lopes also proposed tax cuts for the middle class and the introduction of legislation to ensure the collecting of corporate tax for the first time, as well as limited concessions on wages and pensions. Sampaio was in broad agreement with these measures and wanted them pushed through. Only when the Lopes government confronted a series of crises did he dissolve parliament, calling a snap election for February 20.

The most obvious manifestation of the political crisis that confronted the Lopes government was the month-long delay in the start of the school year due to the failure of the Education Ministry to assign teachers to schools in time. This was followed by a public dispute between Lopes and Finance Minister Antonio Bogo Felix over tax-cut proposals that were opposed by the financial establishment because it would exacerbate the budget deficit. To make matters worse, the country's economic weakness was highlighted when international credit rating company Standard and Poor's lowered Portugal's debt rating.

Parliamentary Affairs Minister Rui Gomes da Silva called for the private television station TV1 to be disciplined for airing anti-government views. These had been broadcast in commentaries by former SDP leader Marcelo Rebelo de Sousa, who then resigned from the station, sparking widespread criticism from the political establishment in Lisbon, including leading Social Democrats.

Lopes then carried through a cabinet reshuffle in November in which da Silva was moved to the post of deputy Prime Minister, replacing Henrique Chavez, who was demoted to minister for youth and sport. Chavez promptly resigned, accusing Lopes of being both untruthful and disloyal, and questioning "whether the government disposes of the necessary conditions to govern."

Sampaio announced his intention to dissolve parliament on Friday December 10, 2004, scheduling new elections for February 20, 2005. Presidential spokesman Joao Gabriel cited the prime minister's inability to "mobilise Portugal and the Portuguese in a coherent, disciplined and stable manner."

Sampaio had proposed to allow the Lopes government to remain in office up to the February elections. However, the Lopes government resigned the next day, December 11, declaring it would only remain as a caretaker administration, effectively blocking any reform legislation, as well as pushing back a planned referendum on the EU constitution.

This marks the break up of the Social Democratic Party-Popular Party coalition, with each choosing to run separately in the February elections.

Socialist Party leader Jose Socrates immediately set about dispelling any illusions that the election of an SP government would signal a reversal of the attacks on working people. Endorsing Sampaio's decision, Socrates said that his party would win a majority in the February election based upon a promise of "responsibility," declaring he would "make use of the things that were done well" by the Social Democrats. SP strategist Antonio Vitorino went further, reassuring big business that a Socialist Party government would exercise spending restraint.

Having installed Lopes over the heads of the masses of ordinary working people in what amounted to a parliamentary coup, the Socialist Party had sought to give the right-wing coalition the time necessary to carry through the attacks deemed necessary by the financial elite. With the collapse of the coalition, they now declare their intention to continue these attacks under an SP administration.

The events of the last few months have revealed a tremendous political and economic crisis, the roots of which lie in objective global changes that are having an explosive impact on Portugal.

As one of Europe's poorest countries and a traditional platform for cheap labour, Portugal has been hit hard by the eastward expansion of the EU. Even before the new member states joined, some two companies a month closed down and left Portugal to take advantage of cheaper labour cost and taxes in the former Eastern Bloc countries. The average salary in Portugal is 750 euros, compared to 100 euros for a labourer in Bulgaria, and 350 euros for a qualified worker in the Czech Republic. Added to this is the loss of subsidies for Portuguese agriculture.

In 2003, GDP per capita fell by one percent while official unemployment rose to 6.8 percent. Portugal's current public sector deficit of 5 percent of GDP is far above the EU limit of 3 percent.

In a paper entitled "Portugal's dilemma: Reform or social defence," Dr. Michael A. Weinstein, a professor at Purdue University states, "Whatever the results of the February 'snap elections'—whether the usual coalition or minority government, or a Socialist majority—the next administration in Lisbon will be faced with Portugal's persisting problem of navigating pressures for market reform and budget austerity from the EU and financial organisations, and popular demands for economic security in the face of stagnation and recession. Caught between two jealous masters, Portugal's political leadership will be put to a daunting test, because it does not seem possible to forge a compromise or to satisfy one of the claimants except at the expense of the other."

This passage sums up not only Portugal's dilemma but that of the profit system. How are the increasing demands of the wealthy few to be reconciled with those of the broad mass of working people for decent housing, healthcare, job security and opposition to war? The fact is they cannot, and the entire political establishment in Portugal and throughout Europe are making clear that the master they will listen to is the financial elite.