

# Return of Soares to politics shows depth of Portuguese crisis

**Paul Bond**  
**19 October 2005**

Mario Soares, the 80-year-old founder member of the Portuguese Socialist Party (PSP), has announced his intention to stand in the presidential election next January. Soares played a critical role in the defeat of the Portuguese revolution of 1974. He brings to the election a lifetime of service in rescuing capitalism from movements of the working class. At the same time, his decision to stand at such an advanced age is indicative of the worsening political and economic situation in Portugal.

Soares has ostensibly been retired since finishing his two-term presidency of 1986-1996. He is the first to openly declare himself a candidate. It is widely anticipated that Anibal Cavaco Silva, the right-wing Social Democratic Party (PSD) prime minister from 1985 to 1995, will also stand. Soares announced that he was standing in order to prevent Cavaco Silva from winning "as if he was taking a walk in the park."

It is three decades since the fall of the Salazar-Caetano dictatorship was followed by an explosive revolutionary situation. When this revolutionary movement was stifled through the combined efforts of the Communist Party and the PSP, the Portuguese ruling class was able to reassert its rule through parliament. Since 1986, when Soares became the first civilian president in 60 years, a PSP candidate has filled the post.

That Cavaco Silva was the favourite candidate highlights the bankruptcy of the PSP government, which has openly espoused its predecessors' right-wing agenda.

In a television appearance, Soares said that supporters both within and outside the PSP had urged him to run for president in order to tackle Portugal's economic and social problems. He was accompanied by PSP Prime Minister Jose Socrates, who endorsed his candidacy.

Their real concern, though, is to prevent any political radicalisation of the working class against the pro-big business policies pursued by the PSP, under conditions where the government is openly discussing further austerity measures. Soares was already warning the Portuguese bourgeoisie last year that they needed to beware of such developments, saying, "Portugal finds itself in a profound crisis in which certain elites are at a loss to understand what is the right path.... The overwhelming majority ... feel viscerally the inequality and tragedy of rising unemployment."

Soares offers no alternative to these policies. According to an editorial in the paper *Diario de Noticias*, his concern was to present Cavaco Silva as "a mere professor of economics." In his speech, Soares said that a balanced budget was not an end in itself. Rather, he said that Portugal had to address issues "far beyond mere economic and financial concerns."

The PSP received an overall majority of the vote in February's

general election, the first time this has happened since the end of the Salazar-Caetano dictatorship in 1974. This was a result of widespread political opposition to the previous right-wing coalition of the PSD and the Popular Party (PP), particularly because of its support for the US-led war and occupation of Iraq and also for its austerity measures. Portugal's largest trade union, the CGTP, had called protests against wage freezes and attacks on pensions.

While Portugal's president has no legislative power, he can dissolve parliament and call general elections. The outgoing president, the PSP's Jorge Sampaio, had initially worked to support the SDP-PP coalition, to ensure that some of the more unpopular measures (with which he agreed) could be implemented before the PSP came to power.

Having been brought into office with the popular hope of reversing the right-wing attacks, the PSP immediately announced a three-year plan of emergency austerity measures and declared its adherence to most of the PSD-PP's economic policies. Value Added Tax (VAT) has already risen again by 2 percent to 21 percent. Fernando Teixeira dos Santos, the PSP's second finance minister since the election, has committed himself to continuing the austerity programme, announcing that he will cut spending rather than raise taxes.

Portugal is one of Europe's poorest countries, with a structural trade deficit. Since 2000, unemployment has risen from 4.09 percent to 7.5 percent. In 2004, it was the only country in the euro-zone whose economy declined. A source of cheap unskilled labour, it has faced increased competition for investments and subsidies from the European Union's new member states in eastern Europe, and has come under pressure from cheap imports into the EU. The EU accounts for nearly 80 percent of the Portuguese export market.

Portugal joined the single European currency in 1999. Budget deficits within the Euro-zone are limited by the Stability and Growth Pact to 3 percent of GDP, though this figure has been exceeded by Germany and France. The Portuguese budget deficit currently stands at 6.2 percent, and is predicted to reach 6.8 percent. This has led to downward revisions of predicted GDP growth for next year.

At a meeting earlier this month, EU finance ministers agreed to give Portugal three years to get its budget deficit back within the 3 percent limit. It also has three months to come up with a plan to regulate its budget. (This follows the measures announced by the PSP in March.) This is the second excessive-deficits procedure by the EU against Portugal in three years.

What this means for the working class is spelled out in the report of the Article IV Consultation of the International Monetary Fund (IMF) in July of this year. Point two of the Preliminary Conclusions suggests, "Over time, increasing productivity and moderate wage

growth—resulting in part from somewhat higher unemployment—can be expected to improve competitiveness” (emphasis added).

The IMF approves of the government’s intentions to tackle “steady rises in the public wages bill and in pension spending.” However, the IMF is concerned that the proposals do not go far enough, saying that “greater spending restraint would be desirable.” It proposes cuts to public sector spending, as well as increasing competitive bidding for goods and services. It encourages privatisation, including judicious use of Public Private Partnerships. The IMF also calls for greater flexibility within the labour market, in particular demanding an end to restrictions on dismissal.

The problem the PSP faces in implementing such attacks is that the party is already unpopular. The PSP has adopted the PSD-PP’s austerity measures: indeed, commentators have noted Cavaco Silva’s sympathy for Socrates’ plans. Soares’ tone, though, has been markedly different, reflecting a concern that this assault on social conditions, although necessary for Portuguese capitalism, could provoke an explosion.

That Soares has re-emerged at this juncture is a warning of the clashes to come. Born in Lisbon in 1924, he graduated from the University there in 1957 with a law degree. He set up a legal practice in the same year, defending dissidents against the Salazar dictatorship. In 1964 he was a founder member of Portuguese Socialist Action (ASP), which later became the PSP, becoming its general secretary in 1973. He was jailed 12 times and exiled twice by the dictatorship.

In 1974, a military coup against the dictatorship threatened to unleash a revolutionary movement of the working class. The PSP emerged from its exile with a membership of about 200, and was invited into the Provisional Government. By 1975, it numbered around 60,000, thanks in large part to the Communist Party’s betrayal of the revolutionary movement. The PCP called for an alliance with the Armed Forces Movement (MFA), and physically attacked the PSP. The PCP’s support for the MFA’s military dictatorship served only to reinforce Soares’ popular base of support.

There were grave concerns amongst the Western powers about the revolution. The *New York Times* warned in 1975 that a successful Portuguese revolution could have a huge impact in southern and western Europe. The PSP was seen as a vital prop against the revolution, and Soares emerged as the father figure of Portuguese politics because of his role in preventing such a development. The PSP received financial aid from other social democratic parties, particularly the British Labour Party and the French Socialist Party, which were concerned to prevent any revolutionary development.

Drawing comparisons with the Russian Revolution of 1917, US Secretary of State Henry Kissinger warned Soares that he faced becoming “the Kerensky of Portugal.” Kerensky’s provisional government was swept aside by the October Revolution led by Lenin’s Bolshevik Party. The PSP and Soares participated in the provisional governments promoted by the MFA in order to prevent the development of any independent expression of workers’ power, such as the development of workers’ councils, or soviets. Thanks to the participation of the PSP and the Stalinists, together with the support of various radical organisations, the provisional governments were able to successfully contain the revolutionary movement of the working class.

After the sixth provisional government proposed austerity and repressive measures, a new constitution was proclaimed in April 1976. This announced that the nationalisations and land seizures of the preceding two years would be made permanent. It also pledged its

commitment to realise socialism. On the basis of this, the PSP won the elections to the new parliament and Soares was elected prime minister. Virtually his first act was to call in the IMF and implement a structural adjustment programme at its behest. Having secured the safety of Portuguese capitalism for a period, Soares assumed responsibility for implementing the measures required by big business against the working class.

As prime minister between 1976 and 1978, and again between 1983 and 1985, he oversaw Portugal’s entry into the European Union. He served as president from 1986 to 1996. Since his retirement from direct involvement in Portuguese politics in 1996 he has been heavily involved in various European Parliament commissions. Honorary president of the Socialist (Second) International, he has continued to be a loyal supporter of capitalism, warning against possible revolutionary reactions by the working class to attacks on their conditions internationally.

Last year, on the anniversary of the 1974 Revolution, he warned that the growth of inequality in Portugal could lead to escalating political tensions. He argues that global capitalism can best be defended by a global government. In a 1999 article entitled “The Democratic Invention” he wrote:

“The globalization of the world’s economies and the nature of the major challenges that the planet faces today—for example, the preservation of ecological balances, crime and terrorism, underdevelopment, and the struggle against poverty—suggest that some kind of global governance is required” (*Journal of Democracy* 10.2 (1999), Special Issue: “What Went Wrong With Russia,” p. 111).

By this, Soares means the United Nations and other multilateral institutions of the bourgeoisie should be strengthened. If they are not, he explained in 2003 to the World Social Forum, he feared that an escalation of economic recession “could turn into the great crisis of capitalism.”

Mario Soares has devoted his entire life to opposing revolutionary movements. Workers should note his renewed intervention into Portuguese political life and draw the necessary conclusions.



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