

Moves for a “left alliance” government accelerate in Portugal

Paul Mitchell
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The parliamentary election due to be held in Portugal between September 20 and October 11 is unlikely to result in a government with an absolute majority.

The latest polls show the right-wing Social Democratic Party (PSD)-Peoples Party (CSD-PP) coalition government neck and neck with the opposition Socialist Party (PS), with around 37 percent each.

The PS has been unable to significantly capitalise on the disaffection with the government. This is despite years of deeply unpopular spending cuts, wage freezes and tax increases, record unemployment and the sight of hundreds of thousands of young people being forced to emigrate.

Smaller fake left parties could hold the balance of power and calls have been growing for them to take part in a “left alliance” government. The Democratic Unitarian Coalition (CDU), comprising the Communist Party (PCP) and Green Party (PEV), is polling around 10 percent. The pseudo-left Left Bloc (BE) is getting 3.5 percent and Livre (Free) is at 2.5 percent.

Livre was launched in November 2013 on the slogan “Freedom, Left, Europe, Ecology,” by Rui Tavares who was elected to the European Parliament in 2009 for BE but then defected to the Green group. The party received 70,000 votes in the 2014 European Union (EU) elections on a similar programme to that of Podemos in neighbouring Spain—nominally anti-austerity but like Syriza in Greece pro-capitalist and pro-European Union. This includes restructuring the country’s debt, criticism of “party apparatuses” and corruption and promises of a “new way” of so-called participatory politics. To that end, it has joined up with several other petty bourgeois protest groups in a common electoral platform named Tempo de Avançar (Time to Move On).

Tavares says, “People are frustrated not only with the policies of the mainstream centrist parties, but also with their style of politics and the lack of democracy within parties.” He claims that an “overwhelming” proportion of Livre members come from the 40 percent who did not vote in the 2011 general election.

Tavares says the new party could win four or five seats in the election and would use them to broker an alliance between the PS and other ostensibly left-wing parties, declaring, “Socialists say that radical left parties are only protest ones. On the other hand, these radical left parties say that the PS is not... a really left-wing party. We refuse to take part in this. Livre’s strategy consists in breaking up this impasse.”

Lisbon University political scientist André Freire told the website *Precarious Europe*, “In the electorate, there is a disappointment not only with the PS position in the political spectrum, which is seen as too close to the centre, but also with a left that is not available to rule... If the PS reaches a large relative majority, not an absolute one, it will be finally possible to have a left-wing coalition.”

In a belated attempt to distance itself from the PSD-CDS-PP coalition and steal the ground from under Livre and prevent its growth along the lines of Syriza and Podemos, the PS has proclaimed itself anti-austerity and said it would no longer carry out International Monetary Fund (IMF) demands.

PS leader António Costa declared, “We will carry out a reverse policy,” adding, “There must be an alternative that allows us to turn the page on austerity, revive the economy, create jobs, and—while complying with euro area rules—restore hope to this country.”

He announced a package of 55 measures, including increased spending on health care and education, rolling back labour reforms, reviewing a tranche of

privatisations and a four percent cut to corporate tax planned by the coalition government. He also called for cutting social security contributions for workers and employers, increasing public sector pay and introducing a new inheritance tax.

However, it was the PS which agreed to the 2011 bank bailout and the accompanying Economic Adjustment Programme, which has been responsible for austerity. The PS subsequently signed up to the EU's Budgetary Pact (Costa's "euro area rules), which requires Portugal to cut its public debt from 130 percent to 60 percent of GDP over 20 years and produce budgets in which the deficit does not exceed three percent of GDP.

In making his wildly optimistic promises Costa is basing his hopes on the faint signs of improvement in the Portuguese economy, a window of opportunity opened up by what the IMF calls the "trifecta of record-low interest rates, a weakening euro, and low oil prices" and the hope that Syriza will wring some concessions out of the EU.

The Portuguese government is taking advantage of borrowing money at low interest rates offered by the ECB's quantitative easing programme to pay off the high interest loans associated with the 2011 bank bailout. In this way, it will pay back €10 billion (\$11.4 billion) this year and €16 billion euros next year at much lower cost—a form of "restructuring" of the debt, which has been a core policy of the PS, PCP and BE.

However, the IMF is not as optimistic as Costa. In its latest review it says that while Portugal's bailout has been a "success" (for the banks and big business), the country remains "highly vulnerable" and faces "an acute growth challenge."

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Total combined public and private debt still remains at more than 370 percent of GDP, the highest in Europe. The IMF complains that previous structural reforms have been "insufficiently robust" because of rulings by the Constitutional Court. It demands the next government impose a "comprehensive reform of public sector wages and pensions" and the "rigid" labour market.

Costa cannot look to Greece for salvation either. The EU, and Germany in particular, is adamant that any concessions to Greece will encourage monetary

discipline to collapse across southern Europe. According to William Buter, Citigroup's chief economist, if there is a Greek exit from the euro Portugal, which has similar economic "pathologies" as Greece, is likely to be the next in line for "contagion."

The PCP and BE offer no progressive alternative to the PS. The PCP calls for a mixture of meagre reforms based on economic nationalism, explicit acceptance of capitalism and support for the state. A constant PCP theme has been to blame "big capital and its power centres" for increasing exploitation, liquidating "social rights" and destroying "what remains of our country's sovereignty."

Through its control of the main trade union confederation, the CGTP, the PCP has limited strikes and protest actions to urging President Anibal Cavaco Silva (PSD) and the Constitutional Court to veto some of the government's austerity measures.

The BE was formed in 1999 out of the merger of three groups, including the Revolutionary Socialist Party (PSR) affiliated to the Pabloite United Secretariat—a group with a long record of providing a political cover for social democratic and former Stalinist parties.

The party benefited from the PS government's pro-capitalist, pro-austerity policies, attaining around 10 percent of the vote in elections to the National Assembly and 16 deputies in 2009.

But then the BE supported Manuel Alegre, the PS candidate in the 2011 presidential elections, the troika bailout of Greece and the imperialist military intervention into Libya. With little to distinguish it from the PS, voters abandoned it in droves in the 2014 EU elections. The party has fractured, culminating last November when five different motions were submitted to its congress on what direction the party should take.



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