Socialist Party's bid to form government unleashes political crisis in Portugal

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Over the last week, the Socialist Party (PS) has mounted a campaign to form a government based on the results of the October 4 general elections in Portugal.

Immediately after the elections, the PS and its political allies indicated that they would be content to allow the right to form a minority government. The previous right-wing government coalition, the Social Democratic Party (PSD)-Peoples Party (CSD-PP), had won only 36.8 percent of the vote and 104 of the National Assembly's 230 seats. Nevertheless, it enjoyed broad support in the ruling elite, as it was pledged to continue the European Union's (EU) unpopular austerity measures in the face of mass opposition from working people.

Now, however, the PS and its allies appear to have executed a 180-degree turn. On Wednesday, the PS announced that the United Democratic Coalition (UDC), comprising the Stalinist Communist Party (PCP), the Greens (PEV) and the Left Bloc (BE) had agreed to form a "historic" triple alliance with the PS. This would allow them to form a majority coalition government.

PS leader António Costa declared, "We believe that conditions from the Socialist Party's side are in place for a solution that has majority support in parliament and that guarantees political stability and what the Portuguese expressed in the Oct. 4 election, which is a desire of a political change."

The BE was the main beneficiary of the last elections, doubling its share of the vote to over 10 percent (some 550,000 votes) and increasing its seats from eight to 19. The BE centred its campaign on opposition to the EU and austerity, and renegotiating the national debt. The UDC also called for Portugal to leave the eurozone and bring back its national currency, the escudo.

Underlying the PS' sudden maneuvers are rising social anger among workers across Europe and escalating divisions inside the Portuguese ruling elite over how to contain that anger.

What is occurring is not a sudden offensive against austerity from the PS and its allies. The PS is a long-standing party of government; in office, it imposed countless EU austerity measures. As for the BE, which voted for the EU austerity bailout of Greece in the Portuguese parliament, it is aligned with the Syriza government in Greece, which has shamelessly trampled its election promises to end austerity.

There is, however, mounting concern at the overwhelming popular opposition in Portugal against European Union (EU) austerity that, as in Greece, has devastated the country. Official unemployment remains at around 12 percent and is over 30 percent among youth, nearly half a million of whom have left the country since 2011. One in five Portuguese workers is below the poverty line of 5,035 euros ($5,590) income a year; the minimum wage is 526 euros ($584) a month.

During the latest elections, all factions of the political establishment made cynical pledges, as Syriza did in Greece, to help improve the lot of working people. The PS and even the PSD and CDS-PP felt compelled to promise to relieve the poor, boost public sector wages, abandon plans to make it easier to hire and fire workers, and repeal the Social Tax (TSU) on business and workers imposed after the EU bailout.

The PS and its allies are driven by fear that, as a PSD/CSD-PP government moved to trample its election pledges, the anger in the working class might prove impossible to contain. They are also signalling to the ruling elite that, should they come to power, they will seek to continue the PSD-led coalition's pro-EU and pro-NATO policies.

On Thursday, PS President Carlos César revealed that an agreement had been made with the BE and that one was in preparation with the PCP that "meets all the essentials." He was confident an agreement would be signed to ensure "criteria for stability and governance,"

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including Portugal's responsibilities to its creditors, the EU and NATO. "It's something accepted by all," César assured reporters.

In other words, the PS-led coalition would be, like Syriza, a reactionary attempt to give a "left" face to continued austerity and submission to the EU's financial diktat.

Nonetheless, the initiative to form such a government has triggered a bitter crisis inside the Portuguese ruling establishment and the EU.

On Thursday night, Cavaco Silva, the President of Portugal, declared in a televised address that he had invited outgoing Prime Minister Pedro Passos Coelho to form another PSD/CDS-PP government, even though it did not have a parliamentary majority. He said that a PS/UDC/BE government would not guarantee Portugal's "stability, durability and credibility."

"It is my duty to do everything I can to make sure that wrong signals aren't sent to financial institutions, investors and markets, which would put into question the confidence and credibility the country has been recovering with great effort," he added.

He said he was following the rule that "always prevailed in our democracy: whoever wins the election is asked to form government," noting that in 2009 he appointed a PS minority government.

German Chancellor Angela Merkel threw her weight behind Cavaco Silva and Passos Coelho. "We face difficult situations in Ireland, Spain and Portugal…Given the election results in Portugal, we hope Pedro [Passos Coelho] will be successful in forming a government," she declared Thursday as she met with the right-wing Popular Party (PP) in Madrid.

If Cavaco Silva proceeds with forming a minority conservative government, however, there is the danger that it could soon collapse in the face of a no-confidence motion from the PS and its allies, who control a majority in parliament. The BE has pledged to table a motion, supported by the PCP, to reject the minority conservative government's programme.

On Thursday night, the PS Political Committee also voted to reject the minority government's programme, provided Costa fleshed out the agreement with the UCD and BE.

Some PS leaders have already indicated they would prefer a minority PSD/CDS-PP government to any deals with the UDC and BE, however. Vice-chair of the PS parliamentary group Antonio Galamba called Costa's agreement "a handful of nothing," while former Member of the European Parliament Francisco Assis indicated that he may seek the leadership of the PS and said he was rallying opposition to Costa's deal.

The only way forward for the working class is a political struggle independent of and against all these political parties. The support given to the PS' proposal by the UDC and the BE testifies to the reactionary character of these parties of the affluent upper middle class. They know that the PS has a pro-austerity program and they support it taking power on that basis.

PCP leader Jerónimo de Sousa declared, "We are acquainted with the PS programme and we know that it does not respond to the aspiration of a rupture with the right-wing policy. … However, the constitutional framework and the correlation of forces in the Assembly of the Republic in no way hinder the PS from forming a government, presenting its programme and taking office to ensure a lasting solution."

BE leader Catarina Martins attempted to justify the BE's orientation to the PS and EU budgetary criteria by saying that "at this point, it is not all about" debt restructuring and the Budget Treaty. She said the only way to "ensure stability," that is, to prevent an eruption of social protest against austerity, was through a government that included the BE.

She insisted that the BE's measures would respect the PS' austerity framework. "The measures we propose do not jeopardize the balance of the PS's macro-fiscal framework because, however much you do not agree with it, the PS had 30 percent of the vote and BE had 10 percent," she declared.

This is patently false: voters of all political stripes are increasingly angry over austerity, and none of them want policy to be set by the austerity framework of any of the Portuguese parties. Martins herself felt compelled to cover her tracks, claiming that her statement that the BE had to respect the PS' economic agenda did not mean that the BE no longer has its "autonomy."

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