Portugal: Left Bloc tries to justify its support for Socialist Party government

Paul Mitchell
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Following her election as the leader of the Portuguese Left Bloc (BE) in November 2014, Catarina Martins declared that the “great challenge” the party faced in mounting a “breakthrough” against the two-party system required “a programme of disobedience towards the European Union (EU), centred on the restructuring of debt and the recovery of what was lost and destroyed over the years.”

The opposition Socialist Party (PS), she added, was “no champion of the end of austerity, nor of any of the breakthroughs that the country needs.”

“With a government of the central bloc or of the PS little will change, as always becomes clear when things go beyond rhetoric …We don’t surrender to the doctrine of the ‘lesser evil,’ to being an adornment on the PS’s lapel,” Martins concluded.

Such rhetoric was entirely cynical.

The BE is a party similar in all essentials to Syriza in Greece, which also struck a pose of “defiance” towards the EU that it married to a commitment to the defence of Greek capitalism.

Calls for debt restructuring were then, and are now, based upon a pledge to impose whatever austerity measures are required on the working class to secure continued membership of the EU and the preservation of a credit stream for the banks—in return for hopefully more favourable repayment terms that take into account the fact that a portion of the vast debts built up since the 2008 crash cannot possibly be repaid. It is not in opposition to austerity, but in the hope that austerity measures can be imposed without provoking economic collapse and a social explosion.

It took half a year in power for this pose of “opposition” to be ditched entirely in Greece, as Syriza agreed to impose worse austerity measures than its predecessors. In the case of BE, it has effectively ditched its own programme in return for an alliance with the PS, which began the drive to austerity when it was last in government and paved the way for the election of the Social Democratic Party (PSD) and Democratic and Social Centre-People’s Party (CDS-PP) coalition in 2011.

In this year’s October 4 general election, mass disaffection was expressed in a record low 57 percent turnout, a collapse in support for the PSD/CSD-PP coalition government leading to the loss of its parliamentary majority and the failure of the PS to increase its share of the vote in any significant way.

To everyone’s surprise, above all the leaders of BE, the party’s anti-austerity rhetoric enabled it to win back some of its lost support so that it doubled its share of the vote to over 10 percent (some 550,000 votes) and increasing its seats in the National Assembly from eight to 19. The BE and the CDU—a coalition of the Communist Party (PCP) and Greens (PEV)—together picked up 18 percent of the vote.

The BE has used these gains in the political service of the PS, agreeing along with the PCP and PEV to back a PS minority administration, following the collapse of talks between the PS and PSD/CSD-PP for a grand coalition and the failure of attempts to install a PSD/CSD-PP minority government.

The pseudo-left parties have signed a 138-page document drawn up by Bank of Portugal deputy director, Mário Centeno, who is likely to be the finance minister in a new PS-led administration.

The BE summarily ditched its own main demands for debt restructuring and opposition to the Fiscal Compact, through which the EU imposes “budget responsibility,” leaving it with little as a fig leaf other than a claim to have “extracted” three concessions from the PS. These are scrapping the tax surcharge (TSU)

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imposed after the 2008 global crisis, unfreezing pensions and an end to so-called "conciliatory layoffs."

Martins claimed that the BE also had "a commitment from the PS to discuss other essentials that are not in the agreement," including the need for "extraordinary measures."

"It's time for the financial system to start paying some of the debt it generated," Martins thundered, before revealing that the "extraordinary measures" proposed amounted to the creation of "a working group to study debt sustainability"!

"There are signs of weakness," she said regarding the agreement, "but that is political normality whenever there are several political forces negotiating. I do not know the budget for 2019. No one knows, so we cannot sign."

Martins attempted to reassure reporters that if "the political agreement fail to be fulfilled, there is no signed paper to prevent a motion of censure" against the PS. No such signed paper is needed, given the political character of the BE.

The feeble "concessions" trumpeted by Martins, should they ever materialise, count for nothing.

Centeno told the public-service news channel RTP3 this week that the BE and PCP had enabled the PS to "turn the page of austerity" in a "controlled and financially responsible" way that "does not affect the continuity of Portugal in the EU."

"That's what guided the understandings we have with our partners," he explained.

He revealed that most of the main measures in the agreement, including the end to the TSU and reversing public sector salary cuts, "were already in the stability programme sent to Brussels."

Proposals to make the tax system more progressive were still undecided, he said. "We will not increase the tax burden on all the families in Portugal, but if we are talking about a significant redistribution in this way … there is absolutely no decision on the matter".

Centeno insisted that a PS government will only reverse privatisation on a case-by-case basis, "set out in the agreement signed with BE and the CDU" and only then if it does not harm state finances. "This political principle of reversal will always be subject to an evaluation as to the economic and budgetary damage that it could have on the state," he explained. In other words, it will never happen.

He refused to comment on the impact on state revenues of a possible injection of billions of euros into Banco Novo, the "bad bank" that took on the liabilities of collapsed bank Banco Espírito Santo last year. Or what will happen at the national airline, TAP, 61 percent of which was sold off in June 2015 to Portuguese road transport group Barraqueiro, with an option to buy a further 34 percent stake in 2018. There is "very little information" about these issues, he said.

Centeno insisted the new agreement meant, "Portugal will not follow the path of Greece, definitely not," and that "there is no risk of a new bailout."

The leader of the CDS-PP, Paulo Portas, was able to declare that the BE and PCP "should blush with shame" over the proposals for a 0.3 percent increase in the basic pension (equivalent to €10 a year) after criticising the PSD/CSD-PP for increasing it by only one percent.

The PS will never challenge the EU or the financial institutions and the BE knows this. It is consciously seeking to use whatever "left" and "anti-austerity" credentials it possesses in the service of the Portuguese bourgeoisie and the privileged petty bourgeois layer on which it is based and to deceive and disarm the working class, just as its co-thinkers in Syriza did in Greece.

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