



# Portugal: Cavaco Silva and the true values of EU democracy

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The elections of October 4 in Portugal led to another pro-austerity government in southern Europe losing its majority, following Greece at the beginning of this year. The governing coalition of the liberal PSD and the conservative CDS, which stood as a joint electoral block, Portugal a Frente, PaF, for the first time, lost 12 percent compared to the elections of 2011 and got only 102 seats in a parliament of 230 seats.

In the light of this, it was already astonishing that the leaders of the EU and the mainstream bourgeois press in the EU capitals immediately congratulated Passos Coelho, the prime minister of the PDS/CDS-government and leader of the PSD, for his 'extraordinary victory'. True, with 38 percent, the PaF was in first place, about 6 percent ahead of the social democrats of the Partido Socialista (PS) with their front runner, Antonio Costa. However, the EU leaders seemed to adopt a system of counting in which the 20 percent of the votes which went to the communists and the left block could be left out of account, it was taken for granted that the PS would accept a continuation of the well-trusted, by EU-leaders, Coelho-government.

So, it came as a shock for the right when, on October 12, the chairwoman of the Bloco da Esquerda (BE, Left Block) Caterina Martins gave a press conference declaring 'the government of Passos Coelho is history', and announcing an agreement between the BE and the PS together with the PCP (the communist party) to use the left majority in parliament to form an anti-austerity government. The right in Portugal immediately accused the left of performing a 'coup' against the pronounced 'will of the Portuguese people', and the EU establishment declared its concern about 'instability' in something that suddenly again was declared to be a 'crisis state'. Before October 12, Portugal was always presented as an example of a successful 'turn around'.

In the end, all this prepared the way for the unprecedented action of the president of the republic. On October 22, Cavaco Silva, an old anti-communist/neo-liberal warhorse who is, unfortunately, still in his last year of office as president, appeared on TV to make an announcement on the solution of the government question (<http://www.presidencia.pt/?idc=22&idi=97250><http://www.presidencia.pt/?id...> [1]). In this he declared: 'The fulfilment of the compromises reached in the Euro zone are decisive and absolutely crucial for the financing of our economy'. A break with the EU and the Euro would be catastrophic for the future of Portugal'.

He then went on to remind his audience that the basis for 'Portuguese democracy' for the last 40 years was an exclusion from influence on governments of those forces that he calls 'anti-european'. He then denounced the communists and the BE as forces that would put in question the basics of the treaty of Lisbon, the Euro treaties, the Stability Pact and the banking union, as if they constituted the basic constitution of 'democracy'. Even worse, he accused them of putting into question membership of NATO 'of which Portugal is a founding member'.

He went on to declare that the current crisis period would be the worst time to experiment with a radical turn against 'the fundamentals of our democratic regime' and that this would also be against the will of the people, which he seems to know better than others. Therefore, he refused to appoint Antonio Costa as prime minister on the basis of cooperation with these non-trustworthy forces and instead he appointed Passos Coelho, even though he has no parliamentary majority. At the same time, he urged the PS to support such a 'democratic' government.

Obviously, this is a unique lecture in the essence of 'democracy' as it is to be understood in the context of EU crisis politics. Elections are still held, but the results are declared valid or not by reference to some kind of meta-constitution that includes austerity-politics, NATO-projects, etc., which it would be 'totally mad' not to recognise, so that some wise old men, together with Angela Merkel, decide which governments are trustworthy and which ones are unacceptable.

### Carnation Revolution

Interestingly, Cavaco Silva speaks about 40 years of 'pro-European' governments in Portugal. In fact, 41 years ago a democratic revolution, the Carnation Revolution as it became known, managed to bring down a fascist dictatorship. This was followed by an emerging social revolution, which saw widespread occupations of land, factories and housing, the formation of councils at all levels and the threat of those councils taking power during 1974. This process was brought to an end 40 years ago by a constitutional process, backed by the PCP, that rescued capitalism by installing what PCP leader Alvaro Cunhal called a 'progressive democracy' which was 'one step' prior to a pure 'bourgeois democracy'. The PCP accepted the full restoration of bourgeois rule and its own de facto permanent exclusion from government, by accepting a constitution of a 'social democracy'.

The Portuguese constitution does, indeed, contain some extraordinary rights for workers: dismissal of workers is allowed only in very special cases, the right to strike is very extensive and includes all of the security forces, public goods such as transport are to be run by the state, all government measures have to obey social equality principles, etc.. Even workers' control of production by workers' councils is still a possibility in the existing constitution, as is the abolition of latifundias.

In the current period, this constitution has become more and more of an impediment for the austerity politics of the different governments. Three essential packages of the Coelho government in the last two years were stopped by the constitutional court. For example, cuts in the wages of public servants were rejected because they would contradict the social justice article. Legislation on pension cuts and liberalisation of dismissals was also prevented.

In contrast to the picture painted by the EU leadership, the Coelho government has not get very far with its 'reform programme'. While the Greek government had to cut public spending by 30 percent since the outbreak of the crisis, it was only 7 percent in Portugal. That was still enough to strangle the economy and to deepen the recession until a slight recovery in the last year. It was mainly this recession that led to huge decreases in wages and a high increase in unemployment, especially of the youth. About 34 percent of young people are unemployed, contributing a lot to the enormous 120,000 men and women who are leaving Portugal every year from a population of about 10 million!

Emigration was one of the factors that brought unemployment down a little bit this year, the others were the 'employment programmes' of the government that were one of the main issues raised especially by the left in the election campaign. The compulsory work schemes for the unemployed, whose unemployment benefit is cut if they do not accept a €420 job in some precarious work place, and the traineeships for young people, where employers pay €50 a month with some additional pay from the state, are fakes by which the unemployment numbers were reduced by more than 100,000. The real unemployment rate is well above 25 percent. From nine young Portuguese, four are unemployed and three are in fake jobs. Also those workers still employed, as well as the pensioners, can hardly live from their income. The "poverty risk" in Portugal has risen to above 25 percent of the population during the last four years.

### Debt

Yet these hardships have not solved the debt problem of the state, which was made worse by bank rescue operations. The €78 billion loan from the Troika is still not repaid, only the smaller part, for the IMF, will be settled soon. In fact, Portugal's debt to GDP ratio has risen to near 130 percent this year, Portugal comes in second place after Greece in this ranking. It is only the relaxed money supply from the ECB that allows the refinancing of loans and low interest rate loans.

In addition, since the Coelho government is ranked as 'trustworthy' after officially leaving the European rescue operation last year, the government can finance itself cheaply on international markets. It is no wonder that before the

elections the EU commission advised the Portuguese voters that the next government would have to adopt a more decisive austerity politics, otherwise these favourable conditions for financing their economy would be put in question. Obviously, this was exactly what Cavaco Silva was alluding to when he warned of 'catastrophe'. As in the Greek example, one can see how the weapon of ECB-refinancing can be used politically.

The problem certainly goes deeper than just the formation of the next government. The limitations on austerity politics are an obstacle for the Portuguese bourgeoisie and its EU 'partners'. These limitations are not just the constitution but also the still strong trade unions, especially the CGTP in the transport sector and the still existing strength of left/communist traditions of protest to block severe social attacks. It is no wonder that the 'flexibilisation of the labour market' and further privatisations, especially in the transport sector, were emphasised by the neo-liberals in the election campaign, they also have influence in the PS. While the PS promised to roll back some of the most severe social cuts of the PSD/CDS-coalition, it also announced a continuation of the course of 'stabilisation'. For the same reason, its declarations on questions like the 'flexibilisation of the labour markets' were also ambiguous.

It was obviously this threat of a PaF/PS-coalition that would tackle those remnants of the carnation revolution embodied in the labour articles of the constitution that moved the PCP into negotiations to rescue the 'social republic'. The agreement reached between PS, PCP and BE is a very minimal 3-point declaration that proclaims an 'end to austerity', comprising of a rejection of any measures to attack employment-rights, counters all wage cut plans of the former government, and reverses the pension reform. This is certainly no threat of socialism or putting in question membership of EU/NATO or the Euro, just just a halt to further attacks. The rejection of a government on this basis by the bourgeoisie and the EU leaders shows quite clearly that they are determined to radically eradicate all the remnants of working class gains especially in the states of southern Europe.

#### Left Block

One of the most interesting results of the Portuguese elections from the view of the European left is certainly the strengthening of the Left Block, BE. It more than doubled its result from the last elections and came out with 10.2 percent of the votes and 19 seats in parliament, surpassing the PCP (8.2) and even the CDS, becoming the third strongest force in the parliament. This was not to be expected of the BE just one year ago, and not even at the beginning of this year. Undergoing a deep crisis since the last elections, it suffered a lot of splits and was wavering around 5 percent in the polls last year, losing a lot of its electorate in the EU-elections.

In January, it was down to 3 percent in the polls. Many on the left were already writing obituaries for it and hailing the appearance of new forces, like the LIVRE-network of the famous blogger Rui Tavares, as the emergence of a Podemos-like 'modern left' alternative. These currents rejected the 'old' party-style organisation of the BE, its fixation with 'party programmes' and structures, which they believed would prevent citizen-participation and build-up from below and would be stuck in questions of coalition-or-not with the PS.

The problem of the BE did indeed stem from its handling of a parliamentary situation in 2009, where the PS could form a minority government only with voting support of the BE deputies in parliament. For some time, BE was able to balance between supporting the protest movement in the streets against the crisis politics of the PS government, and preventing the fall of that government in parliament.

By 2011, with 300,000 in the streets of Lisbon and general strikes, this game was over, and the BE-majority decided to bring the Socrates government down. While the leadership of the BE around the USec-member Francisco Louçã turned to a sharp denunciation of the PS and an orientation to the protest movement in the streets and the unions, the party's right wing was still arguing for building an 'alternative political project' with the PS. It was this right wing of the party that produced splits in the Podemos-like direction, denouncing the 'dogmatic socialist' orientation of the BE-leadership.

On the other hand, the left wing, around the Ruptura-tendency, mainly of a Morenoite background, split away over the question of a new orientation, forming the MAS, that also participated in the new round of regroupment projects. The result was a whole bunch of new projects, like LIVRE, 'Tempo de Avançar?', Agir, 'Refundaca Comunista?', 'Juntos Podemos?'. These were all very unclear both programmatically and with regard to the relationship with the existing

forces in the labour movement, like the CGTP, the PCP, the BE and not just the PS. All claimed to be the 'Portuguese Podemos?', constantly splitting and fighting each other, in the end, none of them could emerge as an alternative to the BE. In these elections, the electoral block of LIVRE/'Tempo de Avançar' gained 0.7 percent and the Agit/MAS-block 0.4 percent. It seems that these forces will not be of the most relevance for the next very decisive period in the left movement in Portugal.

Since the beginning of this year, the BE, under the new leadership of Caterina Martins (also affiliated to the USec) and brilliant young leaders like Mariana Mortagua, has been able to stabilise itself and present itself as the main political force in opposition to austerity politics. In contrast to the PCP, it did not propagate the exit from the Euro as 'the solution' to the social and economic crisis. The BE was very strong in denouncing the effects of the Coelho-politics. In the election campaign it especially focused on mobilising the youth, pensioners and precarious workers with actions in the neighbourhoods.

Countering Coelho's attacks that the BE's politics would lead Portugal to be treated like a Syriza-led Greece, the BE put a focus on denouncing the EU's treatment of Greece and this proved to be very popular; Coelho's slavish following of Schäuble and Merkel in the treatment of Greece is rejected by big parts of the Portuguese population. So, while the mood of the working class during the elections in general was one of passivity and scepticism, especially given the few illusions in a PS-led alternative to PSD/CDS, the campaign of the BE under the slogan 'Faz a diferença', make a difference, reached those more active parts of the population who wanted at least a starting point again in the fight against austerity.

Given the dynamics of its electoral success, the BE was able to pressure PS and PCP into really daring to confront the EU-installed austerity programme. Indeed, this also echoes the wish of the rank and file of the CGTP (where the BE gained considerable influence) and also of the PS rank and file who are not willing to go on with a Coelho/Socrates-like politics anymore.

The statement of the president, excluding 20 percent of the voters from 'reasonable politics', and the pressuring of the PS into a coalition with Coelho, immediately united the three left parties even more. They elected a PS-candidate to the president of the parliament and announced that the first vote-of-confidence in parliament, which has to be in the next one or two weeks, will bring down the Coelho government immediately.

Of course, it is guaranteed that not only the president but also big parts of the press, the establishment and also 'friends from abroad' will put a lot of pressure on parts of the PS to make a 'reasonable choice' in support of a 'pro-Europe' politics. In this situation, the pressure from trade unions, from the rank and file and the streets will be decisive in preventing the PS from capitulating, or the right wing from splitting. The CGTP, together with the BE, has already announced a gathering in front of the parliament on the day of the vote.

The campaign for the fall of the government and against the presidential coup has to be combined with an organised debate over what kind of politics the workers, youth and pensioners need to organise in the factories and neighbourhoods, to establish organs of power that really can defend and bring to life all those rights that till now have been just words in the constitution, as they began to 41 years ago. In this way they can also fight for a workers' government that is based on such organs and is not just a coalition government of left and right social democrats that will end in a similar way to the Syriza-government in Greece. In the end, they will have to complete what was begun 41 years ago, turning the Carnation Revolution into a real one.

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**Links:**

[1] <http://www.presidencia.pt/?idc=22&idi=97250><http://www.presidencia.pt/?idc=22&idi=97250>