

Will Portugal's government hold on?

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Portugal has gone through a political crisis that nearly brought down the conservative coalition government—yet more austerity is in the cards if the country's political establishment, not to mention the European political and financial elite, get their way. Catarina Principe, a member of the Bloco de Esquerda (Left Bloc), analyzes the background to the latest developments and comments on the challenges facing the Portuguese left.

Contents

- [Teachers as the Catalyst](#)
- [The Resignations and Why \(...\)](#)
- [The Outcome](#)
- [Some Clues for the Resistance](#)
- [To Be Continued](#)

PORTUGAL IS one of the countries of the European Union taken hostage by the “troika”—the International Monetary Fund, European Central Bank and European Commission—and has been subjected to increasingly harsh austerity policies that have led the country into a recession of historic proportions, causing mass impoverishment.

The demands of the troika are being compounded by additional cuts imposed by the current government in what amounts to the fastest and most brutal neoliberal program ever introduced in Portugal. The current government is a coalition government, led by the center-right Social Democratic Party (PSD), with the conservative Christian Democratic Party (CDS-PP) as the junior-partner. And the demands for further austerity presented by the Portuguese and European ruling classes seem endless.

However, none of this has been happening without resistance. Mass demonstrations have flooded the streets of Portugal in the last months, with the largest one mobilizing 1.5 million people in country of 10 million. One-day general strikes have been happening with some frequency, and strikes in particular sectors happen almost every week.

Nonetheless, the resistance has not yet been able to shift the balance of forces in Portugal—though it almost did. Recent weeks have been a time of deep political crisis in Portugal. On July 1, Finance Minister Vitor Gaspar resigned after a disagreement with some of the government's decisions and was replaced by the Treasury Secretary Maria Luís Albuquerque, who has been his chief assistant in austerity policies until now.

In protest over this choice, Foreign Affairs Minister Paulo Portas, who is also the leader of the junior partner party in the coalition government, resigned on July 2, making it difficult to imagine the government staying in office. That same night, Portuguese Prime Minister Pedro Passos Coelho said

he wouldn't resign nor accept the resignation of Portas. That night, several other ministers from the CDS-PP said they were ready to resign, following their leader, which would have led to the government's fall.

However, none of this happened. The prime minister came back from a meeting in Berlin and met with Portas three times to negotiate the rescue of the coalition government. An agreement left Portas as vice prime minister responsible for economic policies, negotiations with the troika and state reform. So the coalition government has survived, with—as Portas wanted—the junior partner now holding more power.

The media have portrayed the political power plays as mere clashes of ego. This is true to some extent, but the events of recent days have to be analyzed in their context to understand what led to the resignation of both ministers and the outcome of this political crisis—as well as what the left should see as important clues for a needed strategic debate.

Teachers as the Catalyst

On June 7, Portugal's teachers started a three-week strike during the end-of-semester grading period. Their aim was to stop the new austerity package that would impose drastic cuts to public education, increase their working hours, delay retirement (thereby cutting positions for new teachers and raising unemployment), among other things.

During this strike, teachers all over the country built networks of solidarity to support them. The national unions, of course, mobilized a big infrastructure to keep the strike going, but it's important to stress that many of these solidarity actions were proposed and put into practice by rank-and-file teachers in their schools. The result was that very few year-end evaluations meetings with students took place.

The teachers threatened a general strike for later in the month, and organized a demonstration for June 17, the day of the first national university entrance exams. Some 90 percent of teachers were on strike on June 17, and they continued until the union leadership came to an agreement with the government the day before the planned general strike. This agreement forced the government to retreat on most of the central issues, saving around 3,000 jobs and giving the teachers a major victory.

By striking during the exam and evaluation period, teachers hit the state when they were needed the most, and managed to bring the whole education system to a halt. But the power of the struggle was that it was a prolonged strike. Portugal has seen several one-day general strikes, one-day sectoral strikes and massive days of demonstrations that, however powerful and inspirational, didn't manage to shift the balance of forces.

The lesson the teachers taught us is that a rooted and prolonged strike can actually be the catalyst for a turn in the political circumstances.

The Resignations and Why They Happened

The finance minister resigned on July 1 after representatives of the troika came to Portugal to start another evaluation of the government's austerity program. Both the troika and the finance minister Gaspar criticized the government for having reached a compromise with the teachers, and said this would endanger the objectives established for the latest review, which would put Portugal on the

verge of another bailout—and therefore more requirements for austerity.

The government decided not to give into the criticism of the troika, and Gaspar ended up resigning for being in disagreement with the decisions of the prime minister.

There are two important points to be made about the finance minister. First, he had already said in September 2012 that he wanted to resign after one of the biggest demonstrations since the Portuguese Revolution of 1974-75. Those demonstrations managed to generate popular pressure against austerity measures to cut holiday and vacation pay for public-sector workers, something the Portuguese Constitutional Court ruled was unconstitutional.

Second, Gaspar's disagreements with the government have consisted of accusations against the prime minister for not pursuing even tougher and more destructive austerity measures. He has now been replaced by Albuquerque, who has been working closely with him and who has been accused in parliament of questionable financial dealings during her time as the financial director of the state rail company REFER.

One day later and out of the blue, without even waiting for a party congress scheduled for the next week or announcing it to his party members, Paulo Portas resigned over the choice of Albuquerque as finance minister.

Portas stated that he had been in disagreement with some of the measures and positions taken by the former finance minister, and it therefore seemed impossible to continue in this government if the policies were kept the same. Portas said his decision was irreversible. But two days later, after meetings with the prime minister, Portas became vice prime minister; Albuquerque was allowed to take up her post as finance minister; and António Pires de Lima, a businessman in the CDS-PP leadership was named economy minister.

The Outcome

So the question on the minds of many Portuguese was: Why did Portas do what he did? Was this just a way to feed his ego and give his party more political weight?

I think the financial markets gave us the necessary clues to answer this question. After the resignation of the finance minister Gaspar and Portas' announced resignation, the Portuguese stock market experienced its biggest drop since 1998. Interest rates on government bonds rose from 3 percent to 8 percent. Durão Barroso, president of the European Commission, said: "The markets have taught the Portuguese people an important lesson." That lesson is the lesson of fear—that the markets don't like political instability; the markets don't want new elections; the markets, ultimately, don't like democracy and popular decision-making.

Meanwhile, the prime minister was in Berlin, where German Chancellor Angela Merkel assured him full support for the government on the condition of the continuation of austerity policies. This has been the constant position of the European ruling class toward southern Europe: there is no other solution considered credible by the markets or by European institutions other than austerity.

But austerity is a political program that can only be applied when people are led to believe that there are no alternatives. This is what we call the dictatorship of the debt.

Thus, Europe's rulers and the leaders of the Portuguese government think elections are something to avoid because they are unpredictable—they should only happen once every four years at most, so

that the system looks democratic enough. This is why a government that lost all credibility can stay in office.

But there is another factor: a second bailout was already on the political agenda as a result of the economic crisis. Austerity lowers wages, which subsequently diminishes consumption, which aggravates recession, which aggravates the deficit, which requires more tax increases, which aggravates consumption, which aggravates recession, which aggravates unemployment, which aggravates recession and aggravates the debt, which requires Portugal to ask for more loans, which aggravate the crisis.

But because of the mass demonstrations, the victory of the teachers and the success of the general strike, it was impossible to talk openly about the bailout. The political crisis has created the window of opportunity.

The troika will arrive shortly to carry out its eighth review, and this will potentially exacerbate the political crisis. But it is important to understand the popular reaction to this situation.

On July 6, the unions together with the social movements called for a demonstration to demand new elections, but only 500 people showed up in Lisbon and 100 in Porto, making it one of the smallest protests of the last few years. The reasons for this failure can be partially explained by the time frame (the demonstration was called on only a few days' notice) and by the weather (the temperature was 107 degrees Fahrenheit in Lisbon). But this alone doesn't explain what happened.

One factor is that the possibility of elections frightened people. One day of political instability caused huge losses in the markets, and people were faced with the clear threat of a second bailout and more austerity. It will be harder now to build resistance calling for the downfall of the government because people are more scared.

But beyond this, the problem is that people see no alternative. The center-left Socialist Party (PS), by far the biggest party of the opposition, also signed the memorandum with the troika. Thus, many people conclude that it's not worth enduring some months of political instability to end up with a government that largely applies the same disastrous recipe.

There are forces to the left of the PS. The Left Bloc (BE) and the Portuguese Communist Party (PCP) together have around 22 percent in opinion polls, but the BE actually lost support during the days of crisis, although only a small amount. I believe this is because the BE has been calling for a left government that would represent an alternative to austerity, while engaging in conversations with the PS and the PCP—and no one can imagine what this left government would look like.

Some Clues for the Resistance

The last year of mobilizations in Portugal has shown that people are willing to fight austerity and reject the demands of the troika.

However, most of the resistance has been confined to limited events—big demonstrations on days of action and one-day general strikes. The lack of structures that can organize day-to-day resistance—that can practically show that problems like unemployment, poverty, hunger and lack of housing can't be dealt with individually and must be challenged collectively—is one of the biggest weaknesses of the Portuguese left.

The experience of the teachers' strike shows us that prolonged strikes can lead to important and

inspiring victories that can shift the relation of forces.

At the same time, it becomes clearer with each passing day that an electoral solution isn't convincing for many people. No one knows precisely what a left government could look like now. And the big question—the greatest limitation of the left in Portugal—of a lack of sustained grassroots resistance in Portugal is left unanswered.

I believe the task of the left is to deepen its roots and turn the generalized feelings of discontent and anger into action, organization and hope. Only in action—in our schools, universities, workplaces and communities—can we learn that we are powerful when we are not alone. Only in action can we articulate the possibility of alternatives to capitalism. Only in action can people come to believe that these alternatives are possible if we build them together.

To Be Continued

On the night of July 10, the president of the republic, Anibal Cavaco Silva, who belongs to the same party as the prime minister, the PSD, announced that he would not accept the shake-up of the government and proposed a “National Salvation” government that would include the three parties that signed the memorandum with the troika—the PSD, the CDS-PP and the PS—in a ruling coalition. If this happens, he says, he would call for early elections in June 2014, which is when the troika intervention is scheduled to end in Portugal.

The PS refused to join such a government, and the prime minister announced that he won't resign. But two days later, they had already started negotiations. The coming days will tell us more about the precise composition and agreements of this coalition.

One interesting question is why Cavaco Silva stirred up the political crisis when it seemed more or less resolved. I think this was about creating the political conditions for a new bailout, which is already being negotiated. This maneuver by the president of the republic aimed to pull the Socialists into a coalition government—or, if they refused to join, make them as a scapegoat for the ensuing political instability.

Also, this would delay early elections until after the second bailout has already been signed. Under those circumstances, they would become a kind of ritual with a democratic appearance, which actually changes nothing. This was exactly what happened with the first memorandum: the three parties that signed it did so after the last PS government fell, but just before the elections.

People on the left rightly argue that not all parties have signed on with the memorandum—the BE and CP didn't. The demand for elections right now—before a second bailout is signed—is a matter of basic democracy, so people can have a say.

However, the chances of the anti-troika parties forming a government right now are low, so even early elections would not fundamentally shift the balance of forces. It is important to call for elections as soon as possible. But more than elections, we need resistance—resistance that reaches a new level—to reject the troika and its demands.

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P.S.

* <http://socialistworker.org/2013/07/17/will-portugals-government-hold>