

Portugal's new social and political context

By Elísio Estanque & Hermes Augusto Costa

The elections on 4 October 2015 ushered in a changed parliamentary scenario which seems to herald a major political shift. After four years of austerity, which have affected every aspect of Portuguese life but particularly labour, the election outcome proved contradictory right from the start. The victory of the right-wing alliance between the Social Democratic Party, the PSD, and the Social Democratic Centre, the CDS, opened up the possibility for an alliance of the left.

The election results

There was a high rate of abstention – 44.14 % - from the parliamentary elections. The PSD-CDS coalition, which had been in government since 2011, received the most votes (36.86 % of the votes), followed by the Socialist Party (32.31 %), the Left Bloc (10.19 %) and the Portuguese Communist Party (8.25 %). In our view, this electoral outcome was not because the Portuguese people like austerity. Rather, the following factors must be considered:

1. The governing coalition's discourse of inevitability, which created the impression that there was no alternative to the adjustment programme that Portugal had adopted during the crisis period, and their argument that the country had been in a state of near-bankruptcy since 2011.
2. The Syriza effect, where a leftist party in Greece came to power but continued with austerity policies.
3. A divided left. It was in fact the Socialist Party (PS), in office from 2005 to 2011, which called in the creditors and the troika before departing from government.
4. The judicial proceedings involving ex-Prime Minister and former socialist leader José Sócrates, who has been remanded since December 2014 on charges of corruption, tax fraud and illicit enrichment. This was constantly cited in the media before and during the elections, thus damaging the image of the PS.
5. The restitution of the holiday and Christmas bonuses that had been withdrawn from public employees since 2012.
6. The upturn in some economic and employment indicators over the past two years.

Post-election policy management

The right-wing alliance's victory is a fragile one, owing to austerity fatigue, the growing impoverishment of Portuguese people, high unemployment, cuts and threats to the welfare state, very high emigration rates and the return of the 'brain

drain' debate. It consequently lost its majority. Is this why the left is suddenly willing to converge? Votes for the Left Bloc (BE) doubled from 5.2% to 10.2 % and the number of BE seats in parliament rose from 8 to 19 after it campaigned with a more moderate discourse. The Portuguese Communist Party (PCP) maintained its share of the votes, but was overtaken by the BE. The PS, whose general secretary had ascended to leadership by criticising the previous leader for winning a "teensie-weensie" victory in the 2013 local elections, saw the latest results as an opportunity to put forward an alternative government as a solution and thus snatch victory from the jaws of defeat.

Against this backdrop, all the parties in parliament have shown a readiness for dialogue. Notably, the PSD has opened up to the idea of agreements that could produce a viable centre-left government supported by the PSD and the PS. However, the PS rejected that immediately.

At the same time, it became apparent that the power-sharing alliance preferred by the President – between the PSD and the PS – would be impossible, mainly because the PS campaign had centred on criticising the austerity policies pursued by the government of the PSD's Passos Coelho. The country grew agitated by the possibility that a government of the left would become viable with support from Blockists and Communists.

The PCP is regarded as the most orthodox communist party in Europe, being a direct heir to the Soviet legacy and Stalinism. The main political trauma left by the revolutionary period (1974-1975) was the division between the PS of Mário Soares and the PC of Álvaro Cunhal. That division has been reflected in various spheres of Portuguese society throughout the last forty years, particularly in the field of labour, in the existence of two rival union centres, the CGTP and UGT. This past, rather than its radical stance or its counter-power culture or its euro-scepticism, made the PCP's openness to an alliance with the socialists surprising.

President Cavaco Silva also contributed to the right's nervousness when, in a speech on 22 October 2015 proposing Passos Coelho as Prime Minister, he implied in a curt tone that he would not help install a government made up of 'partisan anti-European forces' (meaning the BE and PCP). He also challenged PS legislators to make

the new government viable in parliament by acting against the party line and voting with the right. Consequently, Cavaço united the various schools of thought on the left against him. At the moment, no one knows if he will facilitate a left-wing majority government or impose a caretaker government for one year.

Implications for labour

The Confederação Geral dos Trabalhadores Portugueses (CGTP), which is the most representative trade union centre and strongly influenced by the communists, vehemently rejected the President's words. Under the slogan 'A change of majority means a change of policy,' the CGTP held a rally outside parliament on 10 November 2015, coinciding with another anti-government demonstration by the left. On this day, a motion to reject the new Passos Coelho government was won by the parties of the left with 123 votes in favour and 107 against. However, Portugal's 20th constitutional government had already taken office on 30 October.

The agreement in principle between the PS-BE-PCP-Greens has been signed but there are still lingering doubts about the guarantees to ensure the government's stability throughout the legislative period.

The main planks of the compromise are:

1. The government is to be a PS initiative, leaving the PCP and BE out, on their own wishes owing to programmatic differences between them and the PS, especially regarding the Budgetary Treaty and the renegotiation of the debt;
2. an increase in the minimum wage to 600 Euros over four years;
3. a revision of income tax brackets;
4. full restitution of the cuts to public employees' pay, as of next year;
5. re-establishment of the four public holidays suspended by the Passos Coelho government in 2012.

Of course, these provisions immediately brought a hefty reaction from the government ousted during the debate on 10 November. It accused the PS of being irresponsible and putting the public accounts at risk by going for an economic recovery supported by consumption rather than maintaining austerity and restraints on spending.

The Portuguese political scene is far from peaceful and the gulf between the right and the left has been widening. In any case, there no longer seems to be any doubt that, as we asserted in previous articles (Estanque and Costa, 2012 and 2014), the labour market has been the area most affected by extremely violent austerity policies, evident in high unemployment rates (especially amongst young people), the proliferation of precarious forms of work, wage cuts, dismissals, and the reduction of trade union and collective bargaining

power.

But now, given the possibility of a political turnaround of the kind described above, a considerable number of these effects could be reversed, and that is precisely what has been demanded by the CGTP. Among the aims being pursued by the left are the containment and reversal of labour legislation that poses a threat to decent work and collective bargaining and which aims to let collective agreements lapse; possible reversal of the privatisation of strategic enterprises; the restitution of wages and pensions; and the ending of other measures that have contributed to social dumping and the impoverishment of the Portuguese middle class.

To sum up, we will repeat some of the propositions put forward by the Observatory of Crises and Alternatives (2014), which is located within the Centre for Social Studies (www.ces.uc.pt), such as: the relaunching of employment and the reskilling of the production system; the strengthening of agreements with labour and of the social contract; the consolidation of the state's role as a regulatory body and the guarantor of social well-being; the restoration of public services and the reduction of inequality and social exclusion; and a change in Portugal's relationship with the EU, through increased pressure for the consolidation of unifying, more solidarity-based policies with the countries of Southern Europe. Under a PS-led government, such a reform programme should keep European commitments, particularly budgetary discipline, but should usher in a different spirit and set a more ambitious course towards a more social, more cohesive Europe. Will it be possible to implement this programme without posing a threat to the precarious agreements already reached? Will this be compatible with the EU's requirements and with budgetary discipline? These questions will not be answered until next year.

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