



Extract of International Viewpoint - online socialist magazine

<http://app.internationalviewpoint.org/spip.php?article3032>

Portugal

Theaterpolitik of the Troika takes over

- IV Online magazine - 2013 - IV462 - July 2013 -

Publication date: Thursday 18 July 2013

Description:

A plot such as the one that has been happening in Portugal for the last two weeks could not have been written by the worst soap opera writers of all time. Politics and democracy have left the building. Portugal has been stripped of any sort of political rationale and the successive episodes and plot turns every day can tell how unsustainable the current government and majority are.

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A plot such as the one that has been happening in Portugal for the last two weeks could not have been written by the worst soap opera writers of all time. Politics and democracy have left the building. Portugal has been stripped of any sort of political rationale and the successive episodes and plot turns every day can tell how unsustainable the current government and majority are.

The week before last that there was an important and massive teachers' strike which stopped national examination and in which the government was forced to stop measures and retreat before the unions' struggle. Last week there was an important general strike, the fourth this government has withstood and the second called by both union confederations. It was a very successful strike, the strongest since the liberal-conservative coalition took office. There were important notes about this strike: the mood was pro-strike, even between those who did not stop. Even the employers' association said that there were plenty of reasons for a general strike.

On Monday Vítor Gaspar, Finance Minister and a high-ranking official in the European Central Bank (supposedly on leave), tendered his resignation. In the letter he wrote, he talked about the insurmountable pressure about his two previous requests for resignation, after the two massive protests of September and March against the troika and the government. He also spoke of the recurrent mistakes in prediction of macroeconomic outcomes, and specially about the lack of political strength he had to further implement the reforms and cuts comprised in the troika memorandum. He said his departure would strengthen the government and thank the friendship he had shared with the prime-minister, Passos Coelho. His predictions were once again wrong.

The prime-minister very quickly tried to shake off the spectrum of doom that held over the government, nominating Gaspar's second in command, secretary of State for the Treasury, Maria Luís Albuquerque. Trouble is, Albuquerque had been for the last months under huge controversy over toxic financial swap operations she had executed while running the financial direction of a state company - REFER. For the last months she had been given the file as the governmental responsible to investigate massive losses in state company which had used such toxic financial operations, including the ones she had herself executed. She was accused by all the opposition of lying in Parliament in this process. The public losses amount to the billions of euros, as the state has bought these bad assets and cut billionaire deals with the banks.

The next day Albuquerque was set to take office in the President of the Republic's office. The President is Cavaco Silva, former finance minister and former prime-minister for the PSD party (the main party in the coalition), responsible for a very important part of decisions when joining the EU and receiving huge amounts for economic transition to european policies. He is the longest politician holding office in Portugal, being in power for nearly thirty years.

Then the atomic bomb was dropped: Paulo Portas, head of the minority coalition party in government (CDS-PP, Christian democrats), tendered his resignation letter to the prime-minister, claiming his irrevogable decision to leave the government, and saying that "staying in government would be an act of dissimulation". Portas, also a long standing politician who was minister of defense for Durão Barroso, is the leader of conservative party, who had 10% in the last elections. He held the position of minister of foreign affairs, and was supposed to present in two weeks a script for a 4,7 billion euro plan to cut in social spending of the Portuguese state, a reform that was due last February, but was postponed dozens of times due to massive social struggles developing in the last months in Portugal. In his resignation letter he attributed his decision to the choice of Maria Luís Albuquerque to lead the finance ministry, as he defended there should be a shift from Vítor Gaspar's "austerity at all cost" policies. 40 minutes later, the President of the Republic ratified the new finance minister, Maria Luís Albuquerque.

Theaterpolitik

On the afternoon of the 2nd of July, the Portuguese coalition government finally died. It has been a social and political corpse for quite a while, but the resignation of Gaspar (the troika minister) and Portas (head of the coalition partner), following the resignation of Miguel Relvas (2nd to the Prime-Minister and political strategist of the PSD) in April were quite clearly the end of it. Or was it?

Quickly the stock market fell and public interest rose, while from Europe all the messages pointed to need of continuing reforms in Portugal, as Barroso said that there were already signs of political recovery in Portugal (where?) and that the government should remain in power. Unemployment in Portugal is at the moment officially at 17,6%, but in reality it is closer to 25%, with one million and a half unemployed. The current budget deficit is at 10,6 percent of GDP, having ended 2012 with 7,1%. Public debt is forecast to end 2013 with the massive record of 138% of GDP. 2012 ended with a recession of -3,2%. On the first trimester of 2013 the recession aggravated to -3,9% of GDP. Austerity is destroying Portugal's people and its economy, as is happening in other countries under this new social regime.

At 8 p.m. Passos Coelho addressed the country in a public statement on television. Coelho announced that he would not resign and that he wished to have clarification of the terms of Portas' resignation and that he would therefore not accept the minister's request. In the streets there were protests celebrating the demise of the government. The president of the republic supported a solution of maintenance of the coalition or another formula which could maintain "stability", rejecting popular and widespread support for the resignation of the prime minister and a call for the ballots. Former presidents of the republic, former leaders of both the CDS and the PSD parties and all the opposition, unions and social movements publicly called for the fall of the coalition government.

Portas had not informed his party's leadership about his resignation, and the party's congress was going to be the following weekend. Portas convened with his party's political commission after Coelho's speech and he lost his support in a vote for leaving the coalition. He was able nonetheless to be mandated to convene with the prime-minister and try to patch up the coalition.

The next day the stock market crashed with the biggest drop since 1998 (7%) and the public debt interest for 10-year loans rose from 3 to 8%. Alarms went ringing through the banking sector and the bourgeoisie. Against the common claim from the streets and every media, the bourgeoisie had a clear message: no elections, no resignation. Then the new fear campaign came: the idea of the imminent 2nd bailout, which had in fact precipitated the resignations. Coelho went to Berlin on government business and returned the same day with assurances from chancellor Merkel of total confidence in continuance of the policies. That same day there was the first of three meetings between Passos Coelho and Portas. The president of the republic demanded that both leaders of the parties stayed in government.

Durão Barroso said from his office in Brussels: "The markets taught a lesson to the Portuguese". They are the only ones who can choose when a government falls or when you can have an election. Realpolitik is a thing of the past. In the Age of the Troika you get Theaterpolitik, where the population's relationship to the actors is only as a spectator.

The portuguese witnessed with awe the disgraceful show developing before their eyes: the minister of finance who resigned because he could not further implement his blind destructive policies, the appointment of a minister accused of lying in parliament to continue implementing these policies, the resignation of the leader of the coalition partner in shock with this nomination, the refusal of the prime-minister in accepting a resignation and finally his victory, forcing the minister who had irrevocably resigned (quoting his own words) one day earlier to come back. Passos Coelho seemed to be gaining leverage. Or was he?

Small protests blossomed over the week, all calling for government resignation.

Flip the tables

This Saturday, after the meetings during the week about a possible deal to patch up the dying coalition, the directions of CDS and PSD met at a hotel in Lisbon. There were protests in Lisbon called by CGTP the biggest union, with some thousands protesting near the president of the republic's palace, but the 43°C in the streets meant that the protest was cut short. In Porto and Funchal (Madeira) hundreds took to the streets calling for resignation and elections.

At 7.30pm the prime-minister addressed the country in a press conference in the hotel. With Paulo Portas standing on his side, in silence, Pedro Passos Coelho presented the new deal for the coalition government: Paulo Portas, who had tendered his resignation 5 days earlier would become vice-prime-minister responsible for the coordination of economic policies, connection with the troika and the reform of the State; the recently appointed minister of finance would keep her post and also be raised to minister of State; António Pires de Lima, a businessman in the direction of CDS would be made minister of economy. The deal will now be taken to the president of the republic for ratification. The junior partner in the coalition seems to have come out on top from a political episode which, although still far from over, will long endure in memory as an infamous succession of disgraceful party politics, especially when the rules of democracy no longer apply and shame has long left the minds and action of the parties and politicians who implement the regime of austerity supported by decaying bourgeoisies. CDS-PP's congress was postponed indefinitely and it seems this party is now solely under the control of troika instructions, as it was forced back into a dying government, even after such eloquent theatrical moves by its leader, who though now apparently reinforced in power, is acknowledged as someone who will do anything for power. In truth, the political spine of this conservative party was tested and failed utterly: the political commission who claimed to be betrayed by its leader when he took the decision of leaving the coalition by himself eventually ratified that he would be reinforced in power. But at that moment that was no longer CDS-PP's decision to make - troika and the president of the republic had taken over, denouncing this small party for what it is: only a leverage for the implementation of a new regime, even though that might (and most probably will) destroy it.

When leaving the hotel, the cars were surrounded by a small group of protesters and chased, having had to run against traffic with police cover. This week further events will certainly take place, as the surreal world of the substitution of democracy for direct troika rule is about to take place and the chip is about to fall for a population that has seen the last few days' episode as a clear sign of the decrepitude of the ruling parties.

A sum-up of the situation shows how far from the population the government and its policies are at the moment: after the two biggest protests in the last decades in Portugal (15th of September and 2nd of March) against the troika, austerity and the government, the coalition tried to shield itself from the shockwaves of mass protests, postponing new austerity measures but, when confronted with the need of forcing them (in the next weeks the troika will arrive in Portugal for the 8th evaluation of the program), the internal contradictions of the coalition parties brought them to a collapse. At the moment, the dead government has been patched-up as a Frankenstein. The political crisis is far from over, and the governments' legitimacy is not in doubt: it has no legitimacy. Only the bourgeoisie and the troika (especially the latest can decide the fall of a government) decide. Democracy's incompatibility with austerity is now an incontestable fact and the following months will likely see a rapid deterioration of the political and social situation.

The plot thickens

On the night of the 10th of July, the president of the republic, Cavaco Silva, addressed the country. Everyone had been expecting a very simple ratification of the governmental reconfiguration formulated by the CDS-PSD coalition. Brussels and Berlin had both ratified it. But Cavaco, who has lingered in an criostasis of inaction which has lasted for the last years, had different thoughts for the night.

After explaining why, on his opinion, it was dreadful to hold general elections due to budgets, the need to continue implementing further austerity measures, the troika evaluations, market reactions, a second bailout and so on and so forth (the day before the confederation of tourism went as far as saying that there shouldn't be any elections because that would drive away the tourists in the Summer). Cavaco went on to shock the government it has stood firmly by, by not supporting the agreement reached by Portas and Passos Coelho after last week's meltdown.

He further proposed a national salvation agreement signed by the three parties which support the troika memorandum - PSD, CDS and opposition PS. This agreement comprised three main points:

1. The parties would have to establish a calendar for future elections before the end of the term, with the proposal of July 2014, date for the supposed end of the troika program;
2. The deal includes all three troika parties to guarantee the support necessary to complete the program and guarantee the payment of the debt to international creditors;
3. The deal should hold for the medium term, and the government out of the next elections should count on these three parties to assure an absolute majority, public debt repayments, tight control over public accounts, etc., that is, maintaining austerity beyond the troika.

Although his intervention was quite shocking to many (many newspapers claim that he has vetoed the government and further increased the political crisis), the president has maintained quite clearly the focus: a troika government must be in power, whichever parties of the troika may need to combine to guarantee this. He has further hinted that, if these agreement he proposes does not go forward, he may hold the reigns of power himself, triggering the possibility of a presidential government initiative.

In the meantime, the Socialist Party has already come public, stating that it will not support any government that doesn't come out of elections. The open exclusion of the parties which are in Parliament but outside the troika arch - Left Bloc and Communist Party - has demonstrated the utter contempt this 74-year-old economist has for democracy. Because democracy in Portugal is now defined only inside the austerity sphere, inside the troika sphere, inside the debtocracy sphere. He has publicly shamed PSD and CDS and its leaders, tried to pin down the Socialist Party into austerity at whatever cost and for the long run, and openly admitted that only markets matters, while the whole country is in tatters. As is predictable, Portugal's political crisis is far from over, and the twists may yet find us once again unprepared for the burlesque and the grotesque of the troika Theaterpolitik.

12 July 2013