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Portugal

# Towards a new government?

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## **Description:**

This morning (Monday 23 November), the Portuguese President Aníbal Cavaco Silva finally invited the general secretary of the Socialist Party, Antonio Costa, to discuss forming a government. He asked him for a number of clarifications on questions that do not appear in the agreements that the SP has made with the Left Bloc, the Communist Party and the Greens to know whether there will be a "stable, lasting and credible" government. While waiting for the next stage, we publish this article in which Luís Leiria explains what has happened in Portugal since the elections on October 4th.

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## Portugal: Parliament topples shortest-lived government in country's history

Pedro Passos Coelho's second government was toppled on Tuesday, the 10th, by the majority of the members in the National Assembly. The government plan was rejected by 127 votes to 107. The Socialist Party (Partido Socialista, PS), the Left Bloc (Bloco de Esquerda, BE), the Portuguese Communist Party (Partido Comunista Português, PCP), the Green Party (Partido Ecologista Os Verdes, PEV) and the People, Nature and Animal party (Pessoas, Animais e Natureza, PAN) voted for rejection of the plan put forward by the right-wing government. The Social Democrat Party (Partido Social Democrata, PSD) and the Social Democratic Centre/Popular Party (Centro Democrático Social/Partido Popular, CDS/PP) voted in favour. The already expected outcome made this 20th Constitutional Government the shortest in the country's history - it lasted only 12 days, from when the government officially came into power on the 30 October to the rejection of its main policies on 10 November.

Portuguese recent history records just one similar case, that of Alfredo Nobre da Costa's 3rd Constitutional Government. Costa came into power on 28 August 1978, only to see his government plan rejected on 22 November of the same year by the Assembly. The difference was that Costa's government had been directly appointed by the President, rather than having parliamentary party support or the majority of votes from the electorate.

Last Tuesday's decision came only to confirm what *Correio da Cidadania* readers already knew: that, as opposed to what the wider media had been reporting, the Portugal Forward (Portugal à Frente) coalition, comprised of the two right-wing parties that ruled the country for the past 4 years (PSD and CDS/PP), did not win the 4 October General Election; they lost it. For, in spite of its being the political alliance with the biggest share of the vote, it lost its Parliament majority and it was also the only alliance that lost votes vis-à-vis the last election (730,000 votes less).

Why, in the Portuguese electoral system one does not vote for the prime-minister (and that is why media outlets who claimed Passos Coelho had been 'reelected' were wrong), but rather for members of the Assembly (parliament). They are the ones who approve the government, after the prime minister has been appointed by the President based on the electoral results and party support.

## The Ruling Arch

Apart from the so-called PREC (Processo Revolucionário em Curso - Ongoing Revolutionary Process), the 'hot years' following the 25 April 1974 Carnation Revolution, Portugal has always been ruled by two parties (PS or PSD, which the CSD would join in different scenarios - usually allied with the PSD, though it has formed one government

with the PS). These three parties were regarded as part of 'The Ruling Arch', whereas the PCP (Portuguese Communist Party) and, later on, the Left Bloc - created in 1999 - were seen as 'protest parties' that would never ascend to power.

Not even when the French Communist and Socialist parties formed a government in France, under Mitterrand's aegis, was a similar scenario considered in Portugal. The PS and the PCP had their backs turned against each other. Until two weeks ago.

The 4 October General Election left the PS in second place and in a liaising role. In spite of the weak result and the Parliamentary minority, the party led by António Costa had the luxury of deciding whether the right-wing would stay in power or not.

Since both the Left Bloc and the Communist Party had already announced they would put forward a motion of rejection of the right-wing government plan, the PS had the option of abstaining from taking part in the motion.

But there was also another option: that of forming a government propped up by the majority formed by the combination of elected assembly members from the PS, BE, PCP and PEV.

Since this had never happened before, no one believed the theory would come into practice. That is, until the PCP declared that it would not be through their vote that the right-wing would stay in power. "The PS will only not rule if it does not want to", said Jerónimo de Sousa, the party leader. "We have always considered the PCP to be ready to take all responsibilities, including governmental, to form a different type of politics to the one carried out by the majority in the last few years. This availability continues.", assured the PCP leader.

As for the Left Bloc, its spokeswoman Catarina Martins ensured her availability to 'discuss a government solution'. She further clarified: "The parties that had over 3 million votes, that today possess over 50% of the seats in the Assembly, based their campaign on the promise of breaking with the right-wing cycle. It is now necessary in Portugal that we be coherent with our election campaign."

## "Political obscenity"

PS officials then declared they would conduct negotiations with both the left and the right-wing, but made it clear that no negative coalition would be made. That is, the PS would only vote down the right-wing government if it had a governmental alternative to propose. Why, this alternative would only be feasible if it included the Left Bloc and the Communist Party; it would have to be both parties - if only one of them were included, there would not be enough parliamentary members for a majority.

The meetings started on 7 October; but whilst the right-wing meetings made little progress, those between the PS with the Left Bloc and the Communists seemed to be giving out promising signs. A left-wing government started to be discussed and a government based on the PS-BE-PCP-PEV to look more likely.

For the political country, this meant an earthquake. And the right-wing started saying that a government not comprised of the PSD and the CDS/PP would be a 'coup PREC-style', and a 'political obscenity'.

## The fear of "pasokization"

But what prompted the PS - a social democrat party in tune with the neoliberal wave that dominates the European social democracy - to make such an abrupt turn after all?

Much will still be said about the matter, but there are some seemingly evident reasons. The first is PS' horror at a possible 'pasokization' - a reference to Greece's Pasok, that was virtually obliterated after committing itself to the troika governance. The PS expected to win the 4 October General Election, but, on realising that this would not be possible, the party started to fear that the slightest of support, however passive, for a right-wing government could push it toward a similar fate to that of its Greek counterpart.

On the other hand, the Bloc and the Communists knew full well the electorate would be unforgiving if they did not strive to strike a deal with the PS in order to keep the former government away from power.

Passos Coelho's term in office deeply scarred the populace. His 'austerity' meant lower wages and pensions, record unemployment, forced emigration of over 500,000 Portuguese who could not find work in their country. Passos Coelho and his ally Paulo Portas, from the CDS/PP, ruled with arrogance and lashed out at the poor and vulnerable.

The mere thought they could remain in power for another 4 years was reason for panic - and hatred - amongst the 'lefties'. That is why both the BE and the PCP sought an agreement with the PS, notwithstanding some substantial differences, in order to create a left-wing majority that would put an end to the politics of 'national impoverishment' - i.e austerity.

On 14 October, Passos Coelho told the journalists that it was perhaps "time to stop what the country has been watching in bewilderment", a reference to the meetings with the PS. Three days later António Costa answered via a letter, considering 'inelegant' the form which Passos Coelho announced the end of negotiations.

On the 12th, Catarina Martins had already asserted that 'as far as the Bloc is concerned, it is clear that the Passos Coelho and Paulo Portas' government has ended'. On 20 October, when the president initiated talks with the parties to decide who would become the prime-minister, it was fairly evident that the PSD and the CDS/PP would not be able to form a majority government, and that the PS, the Left Bloc, the PCP and PEV would. At which point the president, Aníbal Cavaco Silva, entered the scene.

## The Cavaco Silva affair

If there is a man involved with power in Portugal in recent years, this man is Aníbal Cavaco Silva. As PSD leader, he was the Portuguese prime-minister between 6 November 1985 and 28 October 1995. He left office with a fairly tarnished reputation, but time renders the electorate forgetful, and, after a period outside the spotlight, Cavaco Silva won the presidential elections on 22 January 2006, and was reelected on 23 January 2011. He is now coming to the end of his term in office and can no longer run for further elections, as there is a two-term limit.

According to the Constitution, the decision to appoint someone to form a government was in his hands - whether Passos Coelho, as leader of the most-voted coalition but without the conditions to stay in office due to his parliamentary minority; or the leader of the second party in terms of votes, PS' António Costa, who promised to have worked out grounds on which to propose a stable government.

Cavaco Silva chose the first alternative, instead of warnings from the left that it would be a waste of time given that Passos Coelho's cabinet would be brought down in Parliament.

When justifying his decision, Cavaco Silva introduced a new element to the already complex political entanglement Portugal was in. He evoked the tradition of always appointing the leader with most votes to form a government, and so chose Passos Coelho. But it did not stop there.

In the speech he gave to justify his choice, he violently attacked both the Left Bloc and the PCP, accusing them of being against Portugal's external commitments, such as NATO membership, the EU fiscal compact and the euro itself. He also implied a plea to PS deputies to rebel against their leadership decision.

The speech went down terribly, even in the right-wing camp. On one hand, it seemed to be saying that democracy only applied to the three parties of the 'Ruling Arch', and that the others, no matter how good a result they might achieve, were to be, in Cavaco's view, barred from ever achieving power. On the other hand, the plea for PS rebellion had the opposite effect: even the most dissident deputies did not want to be associated with Cavaco.

Formally appointed on 22 October, Passos Coelho presented the government that would come into office on the 30th, and announced that he would make full use of the 10-day period designated for the inception of the government plan. The Parliamentary debating sessions were scheduled for the 9th and 10th of November.

## The left-wing agreements

The agreements were disclosed on the same day Passos Coelho's government was brought down. They are separate deals, between the PS and the Left Bloc, the PS and the PCP, and the PS and the PEV. They can be viewed [here](#), [here](#) and [here](#).

António Costa testified to having encountered "in all three parties we negotiated with a constructive, loyal, serious and responsible spirit" to the Socialist Party's National Politics Commission. The deals allow for the formation of a PS government backed by the PS-BE-PCP-PEV majority. But neither the Left Bloc, the PCP nor the PEV get into government. The government programme is the PS programme modified by about 70 measures that were negotiated with the other left-wing parties.

Measures such as the end of wages and pensions freeze, a higher minimum wage, and the return of civil servant's wages to post-crisis levels and four public holidays are all part of the agreement.

There are fiscal policies that are favourable toward families, and the lowering of VAT (value added tax) for restaurants from 23% to 13%. Measures will also be taken against low-paid labour and collective recruitment is relaunched. It is against the law the repossession of private habitation due to debts to the state.

The PS also relinquishes a few policies it had advocated in its election campaign, such as the reduction of employer's contribution to worker's and Social Security with pension cuts, what the PS called 'conciliatory dismissal', that facilitated lay offs. Additionally, the privatisation of public transport in Lisbon and Porto are cancelled and reversed, whilst water will be protected as a vital state resource.

A procedure of parliamentary cooperation and mutual consultation was also agreed, including the inception of

committees that must present quarterly reports on the sustainability of the external debt and the future of social security.

## What is missing

For Francisco Louçã, professor of Economics and former Left Bloc coordinator, who defended the agreement, structural answers to investment, the dealing of the external trade balance and the improvement of the balance of payments are still missing, and they will only come with debt restructuring.

"Without it, it seems impossible for there to be any room for manoeuvre to resist external pressures and to boost employment. Investment and the creation of productive capacity are needed, and the State must take a strategic role in coming up with answers to the prolonged recession we have been experiencing."

Louçã also warns about the reactions in Brussels and Berlin, in the ECB or rating agencies, which, according to him, will not be favourable. "We must remember that the European Commission published a directive demanding new policies for Social Security just 2 days after the General Election and this will be a contested domain, and that the rating agencies have been threatening the Portuguese Republic."

## Cavaco Silva's choices

What is to happen now? The ball is again on the president's court. The most likely outcome is that he will, however begrudgingly, invite António Costa to form a government. Portugal would then have a government led by a party who came second in the share of votes at the elections, supported by a parliamentary majority. It would be a first for Portugal, but it is rather common in Europe. There are currently 4 countries whose head of government is not a member of the party with the biggest share of votes: Luxembourg, Denmark, Belgium and Latvia.

Cavaco Silva cannot dissolve the Assembly and call new elections because he is at the end of his term and the Constitution forbids a president from doing so in their last 6 months in office. The presidential elections are in January 2017. Therefore, only the new president could take such measure, after coming into power, what should happen in March. The elections would take place 55 days later, which would take them to May-June.

Another option would be to keep Passos' government as an 'interim government' (governo de gestão), which would risk paralysing the country, since the government could only carry out ongoing measures and even so with an adverse majority in parliament. And, indeed, this would also force the decision on the succeeding president.

But with Cavaco Silva nearing the end of his time in office, you never know. The story is not yet finished, for the next chapter's scenes have not yet been written.

19 November 2015

Source [Esquerda.net](#) published in Portuguese [Correio da Cidadania](#).

[1] For the full text of the agreement with the Left Bloc see [here](#).

[2] DN '[Cavaco quer que Costa esclareça dúvidas sobre "solução governativa estável"](#)'.