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Portugal

# The Portuguese solution and how to use it

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## Description:

In Portugal there is an old, very old, popular saying, that "from Spain, there is neither good wind, nor good marriage". Readers living in the Spanish state will, as I hope, understand the existence of some caution based on the history and popular perceptions of the only Iberian nationality that has not been subjected to the power of Madrid throughout the history of the last millennium. And also, what this saying manifests. Literally, it means that the winds coming from the Spanish state (from the east) are rare, but harmful for agriculture. Also, that weddings between the royal houses of the two states resulted in dynastic, diplomatic and military problems. Issues that, in fact, led to the only period in which Portugal was integrated into the kingdom of Castile, between 1580 and 1640. Hence the phrase "neither good wind, nor good marriage".

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Of course, contemporaries will see this as nothing but a diverting curiosity. But the adage can be interpreted in a modern way, suggesting that each history has its time and mode, which holds on both sides of the border. And, if you will allow me to give some advice, it may be better that in the Spanish political debate no simplifications should be imposed on the "example" or "Portuguese model", as acting president Pedro Sánchez uses it in a self-interested manner in his negotiation strategy.

It would be convenient for the Spanish state not to rely too much on Portuguese winds and perhaps even less on fortuitous weddings that can cross the border. The risk of instrumental readings of the specific events of each country or of diverse political strategies is too great, especially in times of strong emotions and hard conflicts such as those experienced in the Cortes in the vote on the future government. Read these notes as simple information or interpretation about what has happened over the past four years and the differences between Portugal and Spain.

## Two different countries, two different histories

I start with what is obvious to those who read these lines. There are several differences in the way politics and the expression of electoral or public opinion are realised between Portugal and Spain. I think there are, above all, three.

First, Portugal experienced a post-dictatorship transition marked by a revolutionary crisis (from April 1974 to November 1975). The most important consequence, for what interests us here, was the form of reconfiguration of the political system: the main right-wing party in Portugal - the Partido Popular Democrático/Partido Social Democrata (Democratic People's Party/Social Democratic Party - PSD) - was born from a dissident wing of the party of the dictatorship, which was in open conflict with the government on democratic issues, and had separated from it, for all purposes, by 1974. Thus, when the dictatorship fell, the bourgeoisie was reorganized around this new party and another reactionary force, with much less weight, the Partido del Centro Democrático Social-Partido Popular (Party of the Social Democratic Centre-Popular Party - CDS). The political apparatus of the dictatorship was largely destroyed. This allowed the imposition of a constitution that recognized broad popular rights, democratic electoral laws and other rules (even today the strike law is essentially that of 1975). In the Spanish state, on the contrary, the PP constituted a delayed adaptation of the Francoist apparatus. As a result of all this, the Portuguese party system is more open. And, perhaps for that reason, the Bloco de Esquerda (BE - Left Bloc) was the first European party of convergence of the new left, created in 1999 for political reasons. In the Spanish state, however, a powerful social movement was necessary, many years later, in order to give rise to Podemos. Thus, only in recent years has the alternation between the right and the social democratic centre been questioned in the Spanish state. And this happened suddenly, while in Portugal this bipartisanship had been slowly eroded since the emergence of the Bloco twenty years ago.

Secondly, Portugal is a homogeneous country, while the Spanish state is a map of nationalities. That means that in the Spanish state there are multiple forms of political expression, in the form of several parties and regional or regional governments. This also structures the threatening rigidity of the central power - and even the role of the monarchy and the armed forces - and a malleability of negotiation, which the PSOE and PP governments have taken advantage of, with the PNV or with CiU and other forces. That is, the Spanish state has a central power which is more violent, but more articulated with regional mediations.

Thirdly, Portugal was more directly punished by the austerity program and by the humiliation of the troika's ruling presence during the years of "adjustment", from 2011 to 2014. In the Spanish state the same orientation was applied - in fact it is genetically inscribed in the rules of the euro- but in a context of greater room for manoeuvre and preservation of the halo of the national political authority. The Spanish state is a larger, more developed and integrated economy, and has more political power in the EU. For those who read these lines in the Spanish state, I would remind you that the right-wing prime minister in Portugal stated explicitly and courageously that his goal was to "impoverish Portugal" and that it was necessary to take "measures beyond the troika's programme", to demonstrate national compliance with austerity and the power of the creditors.

You will realize where I want to go with these three notes. If the Portuguese population had the feeling and experience of an economically destructive austerity program, which was associated with the right-wing government (PSD-CDS), and a political solution was expected, it could only depend on the left-wing parties - the Bloco and the Communist Party of Portugal (PCP) - and the centre party - the Socialist Party (PS) - as a result of the 2015 elections. Since these conditions made the traditional alternation between the right and the centre unfeasible, the "Portuguese model" of agreement on specific programmatic points to allow the creation of the new government of António Costa was imposed by the overwhelmingly will of the majority will on the bases of these three parties.

That model was prepared by a daring initiative from Catarina Martins, the coordinator of the Bloco, in her television debate, during the campaign, with the secretary-general of the PS, whom she challenged to accept elementary conditions to open the door to an agreement. They were basic conditions: not to continue freezing the value of pensions, abandon laws that would facilitate dismissal and not reducing employers' contributions to social security. That is, cancelling three measures that were then included in the PS program. To summarize a long story, on the Sunday of the electoral count informal meetings between the two parties had already begun to coordinate these conditions and others, such as the increase in the minimum wage, for example.

In this process, they faced neither a unified right, nor difficult questions of a constitutional order (such as the nationalities in the Spanish state), nor alternatives of political arrangements with several parties. Based on the electoral results, the PS had only two options: either it left the right (with 38%) to govern or, with its 32%, it came to an understanding with the left parties (the Bloco, 10%, and the PCP, 8%). [\[1\]](#) It chose the "Portuguese solution".

## The Portuguese model

There was thus an understanding, recorded in written agreements. I will not summarize them, as they are published and easily available. Their most important peculiarity was to include, on the one hand, a list of measures to be complied with: stopping privatization and reversing those that had already occurred in the public transport system; a 20% increase in the minimum wage; an increase in wages and pensions and a reduction of direct taxes on labour; a broader coverage in the fight against poverty. And on the other hand, leaving each party freedom of position on other issues, such as European and financial issues, for example.

The PS did not propose, and nor did the left parties raise, the issue of their participation in the government. I know

that here I have to write with all the care in the world, because I do not want any reader to interpret my testimony as a suggestion about what should happen in Spain. At the level of political action in which I situate myself, as someone who takes decisions and participates in a public debate that is decisive, it is necessary to know and experience the details, to have a deep knowledge of each context to understand the dynamics and relations of forces. And I do not intend to be read as someone who suggests a conclusion for the Spanish political elections. What I write refers only to Portugal: we did not want to be part of the government and we knew, in fact, that, given the history of an unexpected convergence, that path was impracticable.

Certainly, the government could present itself to the European Union as a continuity of its essential political commitments. This was only partially true, since the PS could ensure that it would meet the macroeconomic objectives of deficit reduction, but some of the most important measures that the EU continued trying to achieve were blocked by the agreement with the left, such as new laws to facilitate dismissals or the reduction of the employers' contribution to the social security of employees. By the time the new government was threatened with European sanctions - paradoxically, because the accounts of the previous government had deviated by 0.3% of GDP in relation to the deficit target - this positive relationship of the PS with Brussels was used to argue against a new confrontation along Greek lines. But this was also advantageous for the left-wing parties, which maintained their independence and were able to oppose the government on fundamental matters, winning in some cases, such as when the government tried to alter the conditions of social security financing, and losing in others, such as commercial bank financing after a crisis or changes in the employment law to increase the probationary period in a job.

I think everyone made the right choice. The left and the PS did not have a level of programmatic understanding and experience of working together that would allow for government cooperation. In fact, if this had happened, the government would have been undone in a few weeks: it took office in November 2015, and immediately in December, under pressure from the European Commission, it sold a small bank, the BANIF, to Santander, spending three billion euros on this operation, which the left did not accept. If at that time there had been ministers from the left parties, they would have resigned from the government and the agreement would not have lasted a month. Presence in government requires a determinant relationship of forces, as well as social capacity for immediate mobilization, technical preparation and a coherent political strategy. But it cannot be a short-term game, it has to be a consistent dispute over social hegemony.

## The results of the "Portuguese solution"

I will not dwell much on the results of the "Portuguese solution", which are sufficiently known. They benefited from three favourable conditions: cheap oil, low interest due to liquidity injections from the ECB's quantitative easing program (purchase of public and private debt securities) and, in addition, a certain increase in the expansion of European demand in the timid recovery we are experiencing. This evolution allowed, for the first time in twenty years of the euro, a real convergence with the European average, a positive trade balance and the reduction of the balance of payments deficit thanks to short and medium term debt issues with negative interest. Consequently, the official unemployment rate was reduced by half (6%); and the increase in tax income and social security, the reduction of unemployment expenses, plus an inadequate adjustment of public investment, will allow a deficit close to 0% in 2019. In all current coexisting criteria, these results are considered positive: for orthodox budget rules, it is a notable case; for workers and pensioners, it was a significant relief; for the pressure of the sovereign debt interest, it is a success, at least in the short term; for macroeconomic management, it has the benefit of an expansion, even if it is limited.

The audacity of the left parties, given the restrictive nature of written agreements, allowed them to go further than this. In each annual budget, other measures that were not initially planned were approved. This process of pressure and negotiation was essential to extend some rights and to create new solutions. This is how a social energy tariff

was defined at low prices for one tenth of the national population; a special programme was created to guarantee stable employment contracts to tens of thousands of precarious workers in the public sector; there were extraordinary annual increases for lower pensions, while tuition fees at public universities were reduced.

On other issues, conflicts between the left and the government sharpened. In particular, on the recovery of the frozen employment seniority of teachers, on the wages of public officials or on the public-private management of public hospitals. In some cases, these conflicts and alternative solutions were carefully prepared for the left to obtain results. The best example is that of the Health Bases Law. A former coordinator of the Bloco, João Semedo, drew up with a founder of the Socialist Party, its honorary president, António Arnaut, a law to reorganize the structure and policies of health. [2] They published their proposal in a book that had a remarkable impact, guiding the debate in the country. This work of confluence marked Portuguese politics. The government initially supported the proposal - the prime minister and several members of the government participated in its presentation - then decided to present an alternative and commissioned this from a former minister representing the right of the PS. Then it abandoned that proposal and sought an agreement with the left. Then, under pressure from financial groups with interests in this area, it sought an agreement with the main right-wing party. Finally, all these manoeuvres having failed, it accepted a last-minute agreement with the leftist parties. The result is a progressive law and the existence of a strong debate on the experience of private management of public hospitals - there are three hospitals with that model. For the Bloco, this process is an interesting political event without precedent in Portuguese politics. First, a common proposal of historical leaders of the PS and the Bloco was presented. And secondly, the Bloco conducted an intense debate that conditioned the government; always maintained its coherence; managed to resist the pressure of big finance; and, in the face of government failure, pushed the bases of an agreement that won a majority in parliament. All politics is dispute.

Never simplify what is complicated: this is a minority government of a centre party, the PS; it is not a leftist government; it has a majority parliamentary base with agreements and important commitments for the population and that must be fulfilled; it responds to an immediate demand for political change and was, therefore, an essential path for Portugal.

## The tensions between the PS and the left

This process has been marked by tensions and agreements and by the majority approval of annual budgets, which enshrined these difficult balances. But the political map of the "Portuguese solution" evolved and became complicated, as was inevitable.

In these four years, despite the fact that the two leftist parties have been very aligned in budgetary, fiscal, economic and employment matters - they diverge in social matters; the PCP opposes the proposals of the Bloco in favour of parity between men or women, or the legalization of assisted death - and have jointly achieved important concessions from the government, the PS has defined different responses to the challenges proposed by the two left-wing parties. The strategy of the Socialist prime minister has been based on a distinction between the two parties: favouring the PCP (whose electorate is considered as very sealed off in relation to the PS) and being aggressive with the Bloco (which appears as a party with more possibilities to establish bridges and dialogue with PS voters).

That policy, however, has harmed the PCP and favoured the Bloco: in the 2016 presidential elections, the Bloco candidate won three times the votes of the PCP candidate; and in the European elections - in which in 2014 the PCP won three seats and the Bloco only one -, the Bloco again surpassed the PCP, as had already happened in the 2015 parliamentary elections. The polls this July, two months before the new elections, scheduled for October 2019, seem to indicate the possibility of better results for the Bloco. Politics is dispute.

As always, nobody has the last word. The story is not over. For the Portuguese left, there will be victories and defeats and the correct orientation does not always mean victories. That's life. Politics is a game of chess with many variables and many of them depend on forces that we do not control or anticipate. But the better we know our people and our adversaries, the better prepared we are to respond to the immense responsibilities of the present times: guaranteeing security to those who fear for employment and for wages, disputing the sustainability of security and social protection against finance, preventing the uberization and precariousness of work, rejecting the extreme individualism affirmed by the neoliberal program in everyday life, building a collective movement culture, intensifying democratic education against authoritarianism. And, if I learned one thing from the experience of Podemos, it was the need to live and display an inclusive, cheerful, mobilizing politics free of rancour. We are normal people fighting for ourselves, side by side. That is the strength of the left.

PS:

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[1] In contrast to the convergence on the Spanish left in a unified list between Podemos and IU, Unidas Podemos, in Portugal the two parties, the Bloco and PCP, have maintained very distant identities and have little cooperation with each other. The proposal of the Bloco that the working meetings of the parliamentary majority should include the three parties was always rejected by the PCP, which preferred to negotiate separately with the PS and rejected any meeting that included the Bloco, thus giving the PS a wider space for parallel negotiation with the two leftist parties.

[2] João Semedo was a member of the PCP Central Committee. After leaving the party in 1991, he returned to his professional activity as a doctor and was director of a hospital in Porto. He later joined the Bloco and was its coordinator between 2012 and 2014. António Arnaut was a founder of the PS. As a member of the government in 1979, he was the minister responsible for the creation of the National Health Service. He has always been considered and revered as the "father of the Health Service". Both Semedo and Arnaut died a few months before the conclusion of the legislative debate initiated by the law they proposed.