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Portugal

The deadlocks of the left: health, pensions and employment

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At the end of 2015, the legislative elections gave rise to an unprecedented scenario in Portuguese politics. Led by Pedro Passos Coelho (PSD) and Paulo Portas (CDS-PP) the right-wing coalition, which had applied the Troika's austerity programme for four years, obtained the most votes – 37 per cent of the votes cast and 102 seats in the national parliament. Together, the Socialist Party (PS), with 32 per cent, the Left Bloc, with 10.2 per cent and the Portuguese Communist Party (PCP / PEV), with 8.2 per cent, totaled 122 mandates. [1]

Under the leadership of then-president Cavaco Silva, the right-wing formed a government, before having to face a vote of no confidence soon after, paving the way for a Socialist Party government led by António Costa. Thus was the “geringonça” born. [2]

2015-2019: retreating from austerity policies

For four years (2015-2019), the Socialist Party ruled with the parliamentary support of the Left Bloc and the PCP, without these two parties participating in the government. Even during the electoral campaign, the national coordinator of the Left Bloc, Catarina Martins, challenged António Costa, who was campaigning on the most right-wing programme in the history of the PS. The Socialists renounced the easing of layoffs, a reduction in employers' social contributions and a 1.6 billion-euro reduction in pensions: this could pave the way for dialogue between the two parties. [3] Forced by the million votes on his left, the right being in the minority, António Costa signed two separate agreements, with the Bloco and the PCP, which provided for a vast list of measures, ranging from the blocking of new privatizations to the restitution of the income reduced under the Troika, through an increase in the minimum wage and the strengthening of social benefits. The PCP always rejected three-party negotiations, which gave the PS government a strong negotiating position, because to form a parliamentary majority both the Left Bloc and the PCP were needed.

Over the course of those four years, after conflicting and incomplete application of the agreed measures, annual negotiations on state budgets succeeded one another, leading to additional gains for the left, as was the case with the PREVPAP [4], social protection for “self-employed” workers, reduction of university tuition fees, a new fundamental health law in a progressive direction and the process of decriminalization of assisted death - the latter is still underway.

Although the reversal of the austerity measures served as a common benchmark of the agreement, the existing blockages quickly appeared, in particular with regard to the diktats of the European treaties, the search for parasitic rent of the financial system and the labour laws. imposed by the Troika [5]. In none of these areas did the PS government show itself open to structural changes to negotiate with the left.

2019: the end of written agreements

In 2019, the popular vote in the legislative elections defined a new minority to the right of the PS, with the PSD (28 per cent), the CDS-PP (4.2 per cent), the Liberal Initiative (1.3 per cent) [6] and CHEGA (1.3 per cent) [7] totaling 86 seats. The Socialist Party strengthened its position with 36.3 per cent and 108 mandates, the Left Bloc maintained its

19 seats, with 9.5 per cent, and the PCP lost some of its support, with 6.3 per cent of the vote and 12 seats. In this new scenario, the PS could limit itself to forming a parliamentary majority with the Left Bloc or with the PCP, no longer needing elected representatives from both parties at the same time. Once a significant part of the income restitution program was carried out, the Left Bloc presented to the PS its readiness for a new legislature deal, but with a precondition: the elimination of the regressions introduced by the troika in labour legislation (depreciation of overtime, reduction of the number of vacation days, reduction of the basis for calculating severance pay from 30 to 12 days per year worked).

The PS government formally rejected this precondition and the possibility of a new agreement, building on the position of the PCP, which rejected the methodology of written agreements, affirming its preference for a simple annual negotiation of budgets. Three elements make it possible to understand this refusal of the PS to access a new agreement. First of all, António Costa's alignment with Macron's tactics, betting on a centrism that expels the left from decisions in the fields of the economy and working conditions, betting on blackmail at the threat of a return of the right in power, erecting the PS as a pivotal party of the regime. Second, the submission to the pressure organized by the employers' camp to perpetuate the restrictive rules of the Troika in the field of labour law. The search for an absolute majority, a necessary step for a future repositioning of the PS against the left, is the third reason and the strategic orientation of António Costa since 2015.

2020: the pandemic and structural difficulties

The COVID-19 pandemic has highlighted the weaknesses and structural inequalities of the economy and the welfare state in Portugal. Hundreds of thousands of precarious workers lost their jobs in the first wave of the pandemic, especially those whose working relations were informal or depended on the number of clients - such as domestic workers or workers in culture and tourism. The lack of decent housing endangers the protection of the public health of part of the population and of migrant workers. Utilities have reached unprecedented levels of demand. In 2020, the poverty rate increased by 25 per cent, while the number of millionaires increased by 16 per cent. Despite the implementation by the government of a set of relevant measures (taking charge of victims of layoffs, extraordinary aid, suspension of water and energy cuts), Portugal was well below the European average in its response to the crisis, devoting the equivalent of only 5.6 per cent of GDP to extraordinary measures.

The weakness of the budgetary response and the widening of inequalities have brought back to the centre of the political debate the measures recommended by the Left Bloc. The effort to which the National Health Service was subjected made evident the shortage of health workers, who had been diverted to the private sector in search of better wages. The Troika's labour laws have facilitated mass redundancy processes in large companies, fueling a precarious regime. The financial hole created by Novo Banco [\[8\]](#) continued to drain public money. Extraordinary Income Assistance (AER) [\[9\]](#) has left thousands of workers behind. On all these points, the PS government rejected the proposals of the Left Bloc, which voted against the budget. The approval of the budget for the year 2021 was made possible by the favourable votes of the PS deputies as well as by the abstentions of the PCP, PEV, PAN deputies and the independents Cristiana Rodrigues and Joacine Katar Moreira. [\[10\]](#)

2021: the deadlock on the left

In 2021, the Socialist Party continued to apply its tactics of containing the progress of the left. The victory of the conservative candidate for the presidency, Marcelo Rebelo de Sousa, was favoured by an orientation towards the centre, with the support of Rui Rio (leader of the PSD) and António Costa, who mobilized most of the electorate. The PS leadership wanted Marcelo's victory to be seen as a strengthening of their centre orientation. And it had this

victory. By choosing to navigate on sight, without written agreements, António Costa was able to consolidate his choice of having the budgets approved by the left, while each month the PS voted in parliament alongside the right on essential subjects.

After the local elections of September 2021, during which the PS attempted, without success, a triumphalist discourse based on the distribution of funds from the Recovery and Resilience Plan, the draft budget for 2022, presented in October, confirmed the orientation towards the centre and a policy of budgetary restriction. [11] Refusing the economic margin available due to the suspension of the rules of the budgetary treaty, the government was not up to the task in terms of public investment, response to the energy crisis, the fight against inequalities and an increase in wages. But it is above all in the areas of health, pensions and labour law that the left's dead ends are to be found.

The Left Bloc presented nine measures to be negotiated, all of which were rejected in whole or in part, but on crucial aspects. In the field of health - *dedicação plena* [12], creation of the career of auxiliary health technician; in the field of pensions - repeal of the "reduction factor" and recalculation of pensions to eliminate the reductions concerning beneficiaries who have contributed for a long time and who had worked in exhausting jobs, review of retirement age [13]; in the area of labour law - re-establishment of pre-Troika rules on overtime, holidays, severance pay and collective bargaining. In practically all these areas, when it was in opposition the Socialist Party had defended similar positions. As for the PCP, it focused its demands on increasing the minimum wage and pensions as well as free childcare services. For the first time, it included labour laws in state budget negotiations.

As soon as the draft budget was presented, the President of the Republic, Marcelo Rebelo de Sousa, publicly threatened the parties with the dissolution of the Assembly of the Republic in the event of a vote against the project, maneuvering within his party, the PSD, to strengthen the position of the new leadership contestant, Paulo Rangel. Without a constitutional basis (non-approval of the budget does not require the dissolution of parliament), the president's threat fostered António Costa's tactical inflexibility in the negotiations, allowing him to use the political crisis to appeal once again for an absolute majority, without even excluding from his speech a possible return to concessions to the left, thus seeking to put pressure on the Bloco and the PCP on both counts.

The state budget proposal presented by the government of António Costa was rejected on 27 October 2021, obtaining only the votes of the PS deputies and the abstention of the PAN and the two non-independent deputies. On 4 November, Marcelo Rebelo de Sousa announced the dissolution of Parliament and early parliamentary elections, which are due to take place on 30 January 2022.

2022: the left fights for its programme and its popular mandate

The calling of early elections comes in a diffuse climate of popular mistrust and media pressure on the left. After clearly setting out its negotiation proposals and demonstrating the government's inflexibility, the Left Bloc has not given up on dialogue with the popular sectors of the left which leaned towards budget sustainability. The right is setting out for these elections with three congresses planned and two internal conflict processes (in the PSD and the CDS), and in the campaign it will calibrate its discourse on the possibility of future alliances with the far-right CHEGA. It is very unlikely (and no poll indicates it) that this right wing will be able to obtain a majority of the votes. As for the absolute majority of the PS, it still only exists in António Costa's calculations.

Elections should not be a settling of scores. Giving strength to the Left Bloc is the key to a new impetus for negotiations on the left, so it is essential.

2 November 2021

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[1] Since 1982, the Portuguese Communist Party has stood in all elections under the acronym of the Unitary Democratic Coalition (CDU) with the Ecologist Party “Os Verdes” (PEV). Unlike the Green parties in Europe, the EPI has no strategic and functional autonomy from the PCP.

[2] The term “geringonça” can be translated as “contraption” ... It was launched by the right-wing former right, Paulo Portas, who announced in 2015 that the coalition would collapse very quickly.

[3] The Socialist Party had proposed in its electoral programme and in its public documents to devise a legal formula which would give more power to employers in dismissal procedures; guarantee a freeze on pensions; move forward in reducing the Single Social Tax - the social security contribution paid by workers and employers.

[4] A result of the negotiations between the Bloco and the government, the PREVPAP was a programme of extraordinary regularization of precarious contracts in the public administration, which made it possible to regularize and perpetuate thousands of precarious contracts. The “Precarious State” platform was launched in December 2016, with the aim of fighting for the integration of all precarious workers in the state sector, by mobilizing numerous collectives to fight against precariousness.

[5] Between 2011 and 2014, the right-wing government implemented the Troika’s plan on labour law: reduction in the number of holidays and public holidays; reduction in overtime pay; restriction of collective bargaining; reduction in severance pay; casualization of temporary work and subcontracting.

[6] Ultraliberal Party, affiliated to the Alliance of Liberals and Democrats for Europe (ALDE).

[7] Proto-fascist party, led by André Ventura (former leader of the PSD), affiliated with Identity and Democracy (ID, which brings together the Italian League, the French National Rally, the Alternative for Germany, Vlaams Belang from Belgium, etc.).

[8] Formerly Banco Espírito Santo, a major post-April 25 economic group in Portugal, with unbridled political influence in all governments, which went bankrupt in 2014, resulting in a loss of around seven billion euros for the public finances.

[9] Benefits for people who lost income from work or access to social benefits during the pandemic.

[10] PAN is the Animalist Party, affiliated to Animal Politics EU (APEU), formerly Euro Animal 7, which brings together 11 European animalist parties. Cristiana Rodrigues is a former PAN deputy, who broke with this party. Joacine Katar Moreira is a former member of the LIVRE party, led by Rui Tavares, affiliated to DiEM25.

[11] Despite being the party which won the most votes, with the largest number of municipal councils, the PS lost the capital. Carlos Moedas, former minister of Pedro Passos Coelho and one of the main people responsible for the implementation of the austerity plans, defeated by a short head the socialist candidate, Fernando Medina, to become the new mayor of Lisbon.

[12] A mechanism which provides resources to health administrations and enables health workers to devote themselves exclusively and full time to the national health service.

[13] Cf. José Soeiro, “[O fator de sustentabilidade. o Governo et a política razoável](#)”, *Expresso*, 20 October 2021,