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# A left-wing success story

## Unlike in the rest of Europe, the far-right doesn't stand a chance in Portugal. That's also because of its left-wing government

*Read this article in German.*

Described as 'a small miracle on the Atlantic' by the *Economist*, the Portuguese government, in office since 2015, is now frequently cited as a shining counterexample to the general crisis of European social democracy. In essence, the Socialist Party (*Partido Socialista*, PS) minority administration headed by António Costa is being propped up by the radical left – and presiding over a growing economy, rising employment, and an improvement in state finances. At the same time, pollsters consistently have the Socialists at around 40 per cent.

Greeted with no small amount of scepticism in the EU, indeed even open hostility at the beginning, this Portuguese experiment is now seen in a radically different light. In January 2018, the small Atlantic country's finance minister was even elected head of the Eurogroup, the informal body where the eurozone's finance ministers coordinate economic governance.

Writing in the December edition of *MANIFESTO*, Portuguese economist Ricardo Mamede, seen by many as one of the most committed and yet also most critical proponents of cooperation with the left, offered a deeply insightful analysis of the current government. He begins by noting that 'the current legislature has fallen in a comparatively favourable phase in the global economy marked by GDP growth in the eurozone (where most Portuguese exports are sold) and continuing political measures against the crisis in most of the world's largest economies. This has consistently led to low costs for refinancing debt and a high availability of financial resources.' At the same time, he highlights the significance of the government's economic policy.

The improvements in living standards brought by the expansion in the economy and government policy have repeatedly strengthened the

current political alliance: the alliance between the country's Socialists and its radical left have chosen the right path. The measures agreed by both parties and implemented by the government – a higher minimum wage, overall improvements to pay packets, and more generous social benefits – not only improved living standards for large swathes of the country's population. They also refuted arguments brought by right-wing opposition parties and a range of international organisations against the government's course.

## Favourable economic conditions

In Mamede's view, the current phase of economic expansion helped the left-wing alliance to master the greatest of political challenges, namely achieving both increases in pay and benefits (the stated aim of the PS and a deal-breaker both for the Communist Party and the Left Bloc) while at the same time staying within the fiscal limits set by the EU (a deal-breaker for the PS).

Mamede however also points out that, in spite of economic growth, the fundamental problem of making budget savings remained, with the PS administration 'primarily opting to pare back public sector investment and postpone a restoration of state services' in order to stay within deficit limits. Malmede's diagnoses is confirmed by frequent reports of problems in the welfare system and by strikes in public service sectors such as health, education, and the judicial system.

In addition to advantageous economic conditions, the left-wing alliance could profit from another particular element of the Portuguese political landscape: since the Carnation Revolution of 1974, which ended the country's colonial war, established democracy, and unleashed new economic impetus, there have not been any surges in radical far-right activity, no noticeable rises in xenophobic sentiment, and no nationalist political movements.

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Even the dramatic economic crises which rocked the early years of the country's democratic development – crises so serious that the International Monetary Fund (IMF) intervened in 1977 and 1983 – did not lead to a resurgent right; nor did the Euro crisis and the painful austerity programme, imposed by the Troika from 2011 to 2014, lead to any tangible rise in far-right sympathies in Portuguese society. Quite to the contrary: in September 2012, those working in precarious employment

conditions initiated the by far the biggest demonstration against the then right-wing government and the Troika. The success of the protest movement came from a wave of solidarity from north to south.

Today's liberal-conservative opposition is in deep crisis, haemorrhaging credibility in the face of the successes of the PS government. December 2018 saw hard-right activists try to start a campaign in the mode of the French *gilets jaunes*, only to fail miserably with weak protests at which the police and the media were more numerous than the demonstrators.

## The insignificance of the Portuguese far-right

How can we make sense of what seems to be a Portuguese immunity to far-right agitation? Partly, the answer is to be found in the country's history: the authoritarian *Novo Estado* regime brought Portugal poverty, low levels of economic development, and a rigid lack of social mobility, for which it is widely discredited in today's Portuguese society. While the dictatorship does not offer any space for feelings of nostalgia, most Portuguese remember the revolutionary break with the dictatorship in 1974/75 in a positive light – to the benefit of both the left in general and specifically for its more radical elements.

Moreover, European integration benefits from deep-rooted appreciation in the population because of a tangible acceleration in economic growth, accompanied by expansions in social welfare and increased consumption in Portugal after its accession to the EU. While the poor performance of the Portuguese economy within the eurozone and the negative experiences of the Euro crisis have led to no small degree of disillusionment, there's still no sign of rampant Euro-scepticism or a nationalist backlash.

What's more, the continued existence of an orthodox Communist Party, which still garners around 8 percent of the vote, hinders a drift of the traditional working class milieus towards the right-wing fringe. On top of that, Portugal has a tradition of being a country of emigrants, and the 'Refugee routes' through the Mediterranean lie well off to the east. Ss such, there's a widespread understanding of and sympathy for migrants and little room for scaremongering. Lastly, by forming the current government, the left has shown itself to be able to act – a sign that in itself creates a counter-momentum to any shift to the right.

Despite all of this, the central question remains whether economic development will facilitate the continuation of the left-wing alliance in the coming four years – or whether the winds will change. According to Mamede, the IMF predicts a decline in real-term GDP growth from 2.3 percent in 2018 to 1.3 percent in 2023. But he also adds the caveat that the IMF 'systematically applies the least optimistic scenarios for Portugal'. 'Nevertheless,' Mamede continues, 'these forecasts still see the Portuguese state in a position to uphold compliance with key EU budget rules while still increasing both primary spending (including for education, healthcare, and social welfare) and public investments year on year at above inflation.'

Therefore macroeconomic conditions should allow a continued cooperation between the PS and the radical left after the next parliamentary elections, scheduled for 6 October 2019, as long as they succeed in securing a vote share of 55 to 60 percent. Currently, neither side is saying anything about their post-poll planning, and a range of options are possible, with everything on the table from a continuation of the current model (PS sole administration with confidence and supply from the Left Bloc and, potentially, the Communists) through to a PS/Left Bloc coalition or a PS minority administration without set alliances organising majorities *ad hoc*.

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