Written by Joe Wolverton, II, J.D. on June 6, 2011

Socialists Out in Portugal; Austerity Measures In

Sunday, the slightly less leftist Social Democrats wrenched control of the Iberian nation's government from the ruling party. Caretaker Prime Minister José Sócrates conceded defeat Sunday in Portugal's legislative elections and said he was resigning as Socialist Party leader. Observers attribute the "emphatic" victory of the Social Democrats over the Socialists to the electorate's recognition (and reluctant acceptance) of the "grinding austerity program" mandated as part of the $114 billion bailout of that nation's economy.

Though the requirement that the government tighten its belt will not be easy for a country whose citizens are addicted to legislative largesse, the belief that imposition of the fiscal proscriptions will improve the long-term prognosis for "one of western Europe's poorest countries" was enough to propel the coterie of pro-austerity Portuguese political parties to victory, garnering about 80 percent of the vote.

Published election results reveal that the Social Democratic Party saw 105 of its members elected to the 230-seat Parliament. The Socialist Party placed with 73 seats. That works out to about 39 percent of the vote for the Social Democrats and 28 percent for the now-deposed Socialists.

Although hamstrung by a mere plurality, the Social Democratic Party will likely receive support for its economic policies from the Popular Party, a small group that won 24 seats in Sunday's election.

The parliamentary partnership is described by the AP:

> Together, the traditional allies have more than half the places in the new Parliament, allowing them a majority that provides a free run to introduce the laws and measures they want, though some measures may require constitutional changes that would take an extended period to adopt.

In light of the resignation of the Socialists' leader, José Sócrates, the head of the Social Democrats, Pedro Passos Coelho, is expected to step into that role. Coehlo told the Associated Press that his government "will do everything in its power to overcome the great difficulties we face and also provide assurances that [Portugal] won't be a financial burden" on the already overburdened continent. He assured the throng of supporters gathered in Lisbon to celebrate the victory that he and his colleagues would work tirelessly to improve Portugal's economic health, "restore market confidence," and open a "window of hope" for his nation.

There is little doubt that the other 16 countries in the so-called "euro zone" are relieved to hear such optimistic talk from Lisbon's newly elected leadership. The bloc is slouching toward the economic abyss as one after the other participant nation files for relief from the stultifying effects of decades of socialist, statist welfare programs.

Passos Coelho, the son of a doctor raised in the former Portuguese colony of Angola, is expected to serve as Prime Minister for four years. Prior to occupying that post, he has declared his intent to form a formidable coalition government, composed of parties committed to rescuing Portugal from crumbling under the weight of years of fiscal malfeasance.

Given the hypothesis forwarded by European media that the necessity of instituting the “austerity measures” demanded by the IMF and Europe in the terms of its propping up of the nation, it is remarkable that the ousted Socialists have “given their blessing to the debt-reduction conditions for receiving the bailout.” Perhaps this is a death-bed conversion to cost-cutting, but it seems that there are are likely other factors in the electoral equation that are as yet unknown or unreported.

As for the specific plan proposed by the Social Democrats, they intend to introduce 200 measures designed to stave off bankruptcy. These proposals include the intent to increase taxes, cut welfare payments, and remove the nearly impenetrable barriers protecting government workers that are common to other nations (Greece and Ireland) that have sought salvation from their euro-zone companions. This includes the ability to hire and fire government and union workers and decrease the collective bargaining power wielded by these powerful groups.

In what could be viewed as a cautionary tale for the United States where the Federal Reserve has created a sort of “euro zone” out of the 50 sovereign states, Coelho and his partisans will be hard pressed to breathe life into a country that has pursued a collective lifestyle of largesse and borrowing that has resulted in its need for intensive care.

Evidence of the economic distress includes an unemployment rate of 12.6 percent. Furthermore, the gross domestic product is predicted to shrink by at least four percent over the next two years.

As for its European creditors, they insist that if presented with any credible evidence that Portugal is violating the terms of the bailout agreement, they will not hesitate to deem the contract void and rescind their financing.

According to the terms of the agreement, Portugal committed to enacting the following programs:

1. a cut in the public sector wage bill by freezing wages and limiting job promotion
2. an increase in sales tax on items such as cars and tobacco
3. the privatization of stakes in national energy companies and the sale of national airline TAP Air Portugal
4. the reduction of the most generous state pensions and the freezing of others
5. a cut in the maximum length unemployment benefit can be paid to 18 months, from three years.

Not surprisingly, there is one political party that adamantly opposes the accession to these terms. The Portuguese Communist Party has “fought against the bailout demands but could potentially support the Socialists in Parliament against a right-of-center coalition.”

The contradictions and shifting alliances among these parties reveal that the bailout has less to do with partisan politics than with a programmed placement of an economic noose around the necks of all nations. The hand on the lever of this gallows is not socialist, communist, or conservative, but collectivist and globalist.

The AP reports that:

> The Bank of Portugal has predicted that economic hardship will be "particularly severe" in coming years, with an "unprecedented" drop in family income.

> Over the past decade Portugal recorded average annual growth below 1 percent. It took advantage of cheap loans as a member of the 17-nation eurozone to build up debt, which financed its western European lifestyle of welfare entitlements and job security.

While one by one the welfare states of Europe are forced to their knees to beg for relief from international bankers, there seems to be very little heed paid by Americans or their elected representatives to the steps being taken by our own Republic down the same path of economic servitude.

Photo of José Sócrates: AP Images