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Portugal

Lessons from the Portuguese non-model

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In this short contribution we discuss the conditions for the Portuguese “non-model”, since the circumstances are so peculiar that no generalization is possible, and explore the experience of the Left Bloc during the two and half years of the government that replaced the right-wing troika consulate in Portugal (2011-2015).

1. A difficult decision in October-November 2015

After four years of austerity and social destruction, under the right-wing government and the troika, the Portuguese October 2015 elections imposed a setback to the government parties (the coalition of PSD and CDS, the two bourgeois parties, lost almost one million votes and got 38%) and a modest recovery for the Socialist Party (thereafter PS, 32%). As the two left parties, the Left Bloc (10,2%) and the Communist Party (PCP 8,6%), got almost one in five votes, the parliament was faced with two alternatives: a minority government of the right wing with no allies, except if the PS chose to help it; or a minority government of the PS with a possible alliance with the two left parties – and both of them were required. To make a long story short, the then President of the Republic, Cavaco Silva, empowered the previous Prime Minister, Passos Coelho, to form a new right-wing government, which was defeated in Parliament and, instead, a new PS government (prime minister António Costa) with a formal pact with the Bloc and the PCP replaced it. So, for the first time ever, the PS was forced to establish an alliance with the left, and the left accepted this alliance, also for the first time. (You can find the text of the agreement in the final Annex).

This alliance was preceded by a public call in a TV debate during the electoral campaign by the spokeswoman of the Left Bloc, Catarina Martins, challenging Antonio Costa, the leader of the PS, to drop three essential points of his program (freezing pensions, creating a new form of easy firing, and reducing firms' contribution to social security). Her clear conditions for a dialogue on the future government became a decisive question in the national debate. This was not an electoral trick but a clear answer to the needs of the people and we believe this is how a left party should act to lead a political change.

After the election, the PS was forced to accept these conditions and some more (see the Annex for the text), in order to obtain a majority in parliament for its government. Both the Left Bloc and the PCP established a written agreement for that purpose, neither of them being part of the cabinet.

2. The results of the agreement of the left with the PS government

The main achievements of this political process may be briefly summarized in two chapters: the democratization measures and the economic and social impacts of the agreement. Then we present and discuss the conflicts between the left parties and the government, and how the Left Bloc is presenting its alternative.

A. Step forward in civil liberties

With the new composition of parliament after the elections, different laws were passed in order to abolish fees for

abortion (the legalization of abortion was approved through a referendum but the previous right-wing majority imposed some fees in order to deter its use), to broaden the rights of gay couples including adoption, to generalize medically assisted procreation to single women and lesbians, to rule on the conditions for surrogacy, to establish full gender parity in political representation, and the medical use of cannabis. In some cases, the Left Bloc and the PS formed a majority for such laws since the PCP voted with the right-wing parties against lesbian rights, gender parity, surrogacy, and cannabis. More recently, both the Left Bloc and the PS proposed laws in order to legalize euthanasia. In this case, these initiatives were defeated by only 5 votes, the PCP again voting with the conservative parties.

The relevance of this agenda is obvious since it pursues a process of democratization and effectively challenges different forms of oppression. In different countries, the social movements will be able to value these achievements.

B. Social and economic effects

The following measures of the agreement that were or are being applied throughout this period, among others:

- The privatizations or concessions established by the right-wing government in public transportation (national airline and public transportation of the two largest cities) were reversed;
- New privatizations were explicitly forbidden;
- The minimum wage is raised by 20% until the 1st January 2019;
- Four public holidays were reestablished after being cut during the previous government;
- The pensions were unfrozen (at the rate of inflation) and the smaller ones were augmented every year by 3 to 4%;
- The program for moving of public servants against their will was finished;
- The collective bargaining process of public servants was reestablished;
- The tax on consumption in restaurants decreased from 23 to 13%;
- All children will have a nursery by 2019;
- Books are given to all students until they are 17 years old, in successive steps;
- The extraordinary tax imposed on wages and pensions during the troika period was abolished;
- The taxes on labor income were reduced and the tax on large firms increased;
- A new tax on luxury real estate was created;
- Foreclosures are suspended for old or disabled people living in the same place for 15 years, and the rent law is being revised to protect the tenants;
- New rules were applied for self-employed that provide services to different firms assuring them social security protection.

The global effect of these measures in 2016 and 2017, in a favorable context with lower oil prices and better export prospects given the mild recovery in Europe, was a combination of small growth of GDP (plus 4,3% in real terms, after falling by 7,9% during the recession and austerity period), strong creation of employment (the reduction of official figures of unemployment from 17,5% in 2013 to 7,4% currently) and a reduction of the public deficit (from -3,1% in 2015 to 0,9% in 2017 and to a prospective virtually zero in 2018), in this case thanks to the effects of the recovery and also to the freeze of public investment. In any case, aggregate demand expanded as the joint result of more confidence and more pensions and wages. Fighting impoverishment had a real social impact. It is a fact that no other European country has pursued this sort of policies.

Although major challenges are still unmet, such as reducing external and public debt, the fact that the Left Bloc was able not only to study and to present concrete alternatives on such topics but also to force a public discussion on them shows the way forward: indeed, a report presenting a concrete proposal of mutualization of 52 billion euros was signed by the Left Bloc and the PS, with the participation of members of the government, stating that the current European Union budgetary rules are “unfair and unsustainable”. Yet the government does not intend to act on it and to present any sort of alternative to the European authorities. This clarification of the government in fact opposing a strategy of debt restructuring but being forced to note the unsustainability of those budgetary rules strengthens the fight against the debt.

Other conflicts between the left parties and the government emerged as the budgets were being applied. With no exception, the Left Bloc put forward its views, knowing that building a political relationship of forces requires detailed and convincing alternatives. Some examples of those public conflicts are presented using front pages from the major daily papers in Portugal, below.

The first refers to the critique of the daily choices by the finance minister, the most powerful person in the government. As you can see, Catarina discusses in different moments detailed alternatives on banks, on the euro and its damaging effect, on the status of the scientific researchers and on the management of public services expenses.

Alternatives to austerity

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<https://www.internationalviewpoint.org/IMG/png/p2.png>

Catarina challenges austerity and the action of the Finance Minister. "Budgetary retentions cannot be used in order to meet Brussels and fail with the government partners"; "Austerity is not over. The conditions for that have not been met yet."

Look now at the second example. Mariana Mortágua, an MP and spokesperson for the Left Bloc for finance and banking, challenges the priorities and the low level of public spending, as further incentives are required for the creation of jobs. That's what she is arguing in the newspaper.

Budget at the center stage of the debate

<https://www.internationalviewpoint.org/IMG/png/p3.png>

Mariana Mortágua, MP, criticizes how the government is managing the expenses and investment: "A government managed by the Finance Minister is an error".

Left politics is not a gala dinner, so alternatives must be created and presented, they must attract, convince and mobilize the working people. If we look at some other conflicts, the differences between the Bloco and the PS and its government become even more obvious.

3. Conflicts on finance and banking, and labor laws

The two most important areas which were not covered by the written agreement are the regulation and management of the financial system and the labor laws. In some cases, questions that were not determined by the agreement were included in later negotiations and a consensus was eventually established (that was the case of the new tax on luxury property or of many instances of other budget rules). But that was not possible, given divergent strategies, in major cases in finance and labor regulation.

As a consequence, the left parties opposed the sale of Banif, a small regional bank, to Santander, and that of Novo Banco, which used to be the first largest private commercial bank, to Lone Star, a US real estate firm. In other cases, the left opposed special benefits to the banking industry. These conflicts proved why the left parties were right not to consider the participation in the cabinet, since there is a huge divergence between a center government, such as that of the PS, and the left on finance and other questions.

The case of the divergence between the government and the left on the labor laws is even more consequential, since a social dispute is going on (the photo below refers to a large trade union demonstration this June against the government proposed law).

[<https://www.internationalviewpoint.org/IMG/jpg/p4.jpg>]

9th June 2018, trade union demonstration with tens of thousands against the labor laws proposed by the government. The leaders of the PCP and Left Bloc were welcome at that demonstration.

The divergence on the labor laws is important. For two years, the Left Bloc discussed with members of the government a package of measures to correct precarious labor contracts and to promote jobs with full rights. A part of those measures was approved after long discussions: it changed the way the precarious independent workers pay their dues to the social security, and how much the firms contracting their services should contribute so that they have a better pension in the future. It was a major victory, not only for the left parties, but also to the social movement built by precarious young workers, which has been the most militant for the last decade.

Again and again, the social contract came to the front line of the national debate. In one occasion, early 2017, the PS government proposed a reduction of the payment by the firms to the social security, the bosses applauded. It was the first case of a direct violation of the written agreement with the Left Bloc. The party reacted and rejected the proposal, since it would damage the receipts of the public pension system, fought it and finally defeated it (this is witnessed by the report by Expresso, the largest weekly paper in the country, as printed below).

Left Bloc defeats an agreement between the govt and firms

<https://www.internationalviewpoint.org/IMG/png/p5.png>

The Left Bloc rejects a proposal by the government for a reduction of the firms' payments for social security and imposes its defeat. The government was defeated.

The most important victory for the workers' movement and for the Left Bloc was forcing the government to accept inclusion of the precarious workers in public services (schools, hospitals, etc.) as permanent public servants. This possibility is extended to more than 30 thousand which applied for this process.

Precarios Inflexíveis, the most important social movement of precarious workers, of which left militants are a significant part, promoted both a new law, which was approved by parliament, and the organization of the workers themselves, in order to fight against the resistance from the intermediate levels of bureaucracy in public services, such as universities and hospitals, and even by the government as such. The process is still going on. This is a strategic movement for the Left Bloc, both as a militant force for self-organization and as a political actor able to impose the new rule.

Defending precarious workers

<https://www.internationalviewpoint.org/IMG/png/p6.png>

Catarina Martins presents alternatives for the permanent contract for precarious workers.

After being defeated on the social security payments by firms and accepting the implementation of important changes in favor of the precarious workers, the government proposed in March and April 2018 new changes in the labor laws. Some were good for workers, such as reducing the number of years (3 to 2) of successive term contracts, or limiting the number of contracts established as temporary work (very short term contracts). But some represent the

worst-case scenario: augmenting the trial period to 180 days a year (no rights, no compensation if fired) or establishing the possibility of oral contracts up to 35 days (mostly for touristic services but now extended to the whole economy). The trade unions and the left parties are mobilizing against these proposals.

Our final example of a conflict with the government is the energy issue. The Left Bloc, following its written agreement with the PS government, was able to deliver very quickly an important change to poor families: the access to the social tariff on energy, substantially lowering its price, was broadened from some 50 to 700 thousand families (one in eight families), simplifying the procedure to verify the income tax declarations and avoiding any bureaucratic obstacle. But the big conflict on the energy question would occur by the end of 2017, when the parliament approved a new tax on the energy rents, worthing some hundreds of million euros, after a negotiation between the Left Bloc and the ministries of finance and economy. Yet, the government came under pressure by the Chinese government (public Chinese capital owns, through privatization in 2012, the largest national energy firms) and imposed, with the help of the right-wing parties, a new parliamentary vote reversing the previous decision. This major political tempest proved how difficult it is to challenge international capitalist interests, how vulnerable the PS is to their power, and also how the Left Bloc should pursue its fight for the benefit of the people.

The case of the tax on energy rents

<https://www.internationalviewpoint.org/IMG/png/p7.png>

[<https://www.internationalviewpoint.org/IMG/png/p8.png>]

Two daily papers describing how the government accepted, voted in parliament and then rejected a new tax on energy rents, negotiated with the Left Bloc, and commenting on the crisis thus generated.

4. Social action not just for representation, but for presentation

You know by now what we are living through: there is fight everywhere and every day. It is a clear confrontation for social and economic alternatives. In this framework, the leaders of the right-wing parties and the big bosses accuse the government of being a “hostage” of the left and, although they are wrong on effective power, this is their perception of the strength of the movement led by the left. Simultaneously, the lessons of these agreements are a major topic of division inside the PS itself.

The construction of social action and political protagonism and alternative is therefore a defining role for the left. We conclude in that sense with three contemporary examples. The first one is the teachers’ strikes and protests for wages, leading to a recent large demonstration. Whoever argued that the agreement between the left parties and the PS prevented the social movement or imposed restricted forms of protest, is wrong. Precisely the opposite: as many workers know that the government is more vulnerable to social pressure and that the left parties are their allies, more mobilization is indeed possible. The fact is there, teachers are demonstrating and preparing a long period of fight with strikes for September and October if necessary.

Teacher’s demonstration

<https://www.internationalviewpoint.org/IMG/png/P9.png>

Teacher’s demonstration, 19th May 2018. Fifty thousand teachers marched in Lisbon.

Our second example is the organization of different collectives and organizations against oil prospection and, in

general, for a radical change in climate change policies. They are particularly strong at the local level, and converge in some initiatives, such as the Portuguese-Spanish demonstrations against the Almaraz nuclear facility or the Retortillo Uranium Mine, with a recent victory against the last one since there was a decision by the Spanish parliament to alt that crime against the environment. Mobilizations against the opening of other mines, the pollution of rivers by major paper producers or intensive agriculture companies and the defense of animal welfare against agrobusiness firms, for example through internationally articulated demonstrations against live cattle transport, gained momentum in the last couple of years.

Against nuclear power

[<https://www.internationalviewpoint.org/IMG/jpg/p10.jpg>]

<https://www.internationalviewpoint.org/IMG/png/p11.png>

The Left Bloc in the Iberian demonstration in Almaraz against a nuclear facility and a demonstration in Lisbon against oil prospecting

Finally, a third social movement that proved to be resourceful and growing is the feminist movement, in particular rejecting insulting Portuguese court decisions underplaying domestic violence and feminicide, criticizing street harassment and denouncing rape culture. These movements grow as they develop a feminist working class agenda articulating gender inequality with the rights of productive and reproductive work, as well as the fight against inequality as a result of the capitalist patriarchal society. The feminist movement has delivered some local protests, but also large national demonstrations taking place simultaneously on various cities, like marches against Trump and misogyny and demonstrations the 8th of March. These movements are now preparing the 8th March 2019 Women's strike.

8th March demonstration

[<https://www.internationalviewpoint.org/IMG/png/p12.png>]

Demonstrations were called in different cities the 8th March and the preparation of the 2019 Women Strike is under way.

The same could be said of other movements, such as of tenants against expulsion from their homes and against gentrification of the cities or the informal caretakers associations that now arise. In all this, the Left Bloc is part of the movements. They all represent the social struggle as it is: moving, sometimes slowly, sometimes effervescent, joining forces, contradictory and motivating. Nonetheless, bigger and more organized than it was when there were no alternatives. Representing this strength as "hostages" to the PS is not only a mischaracterization, it is sheer insult.

We insist that we do not present the Left Bloc or the Portuguese experience as a model. When mass politics is at stake, there are no models: only a well-rooted capacity of learning and fighting along its own people prepares a party for its strategic choices. Furthermore, we are aware the Left Bloc has still immense progress to make. It must change and be more open to represent the social left. It must help creating new expressions of the workers and the popular movement. It must fight the tendencies to adaptation to institutions and routine. It must organize the education of rank and file members and their involvement in social organizations. It must fight sectarian views inside and outside the party. Still, the Left Bloc is the most important experience and transformation of the Portuguese left for the four decades of democracy.

5. An agenda for social justice

During this short period of the PS government, these social movements inspired political debate and generated new ideas. They also influenced the political framework. One of the consequences is the debate inside the PS between two wings: one is pushing for the continuation of social policies and the alliance with the left, while the other pushes for a neoliberal and austerity Blairite style of party and political program.

The very contradiction inside the PS proves that there is a political implication for the agreement established with the Bloc and PCP. Feeling threatened by many socialist voters who favor the alliance with the left – some of them to the point of considering it an advantage to have their own party constrained by the left parties – some members of the leadership of the PS decided to challenge the pact with the left at the recent congress of the PS (June 2018). Some of them actually invoked the example of the neoliberal Third Way, while others stated that the PS should not abandon the pacts with the left. This is indeed a relevant debate on ideas, but we prefer to think of it in terms of political action since it is the consequence of the initiative of the left toppling the right-wing government. The fact that to be or not to be allied to the left becomes a major dividing topic for the PS congress is proof of some success for the left parties. The neoliberals in the PS and the European Union mongers fear the influence of the left and they are right on that – better than anyone, they know that the left constitutes a political alternative with popular support.

As far as the Left Bloc goes, it signed an agreement with the PS in 2015. This imposed a new framework to its activity but did not change the party's aims: to create a large class movement for socialism. Steps in that direction are made at different levels, such as favoring the recovery of the standard of living of workers and pensioners, creating better conditions for trade union collective bargaining, promoting self-organization of precarious workers, taking the fight to the core of the economic and social system. In this sense, the debate on the future of the National Health Service is nowadays the most heated, since it is at the center of the offensive of financiers against welfare, and it involves crucial decisions on budgeting.

This is the case in which the impact of the neoliberal views is pretty obvious, as it asks for a combination of privatization of services and extraction of rents to be paid by the public to the private sector. The Left Bloc responded to neoliberalism by proposing a deep restructuring of the health system and did so in the most effective way, in coalition with António Arnaut, the honorary president of the PS and founder of the modern health system as it emerged from the April 1974 revolution (he was the minister of health in the late 1970s). Arnaut prepared a new law together with João Semedo, an ex-MP for the Bloc, once its coordinator and a distinguished spokesperson of the party for health questions. They published that law in a book (December 2017, the cover is below) with huge impact. This is an expression of a political initiative looking for convergences in order to change the landscape of the discussions and choices.

A book and a law defending the national health service

[<https://www.internationalviewpoint.org/IMG/jpg/p13.jpg>]

“To protect the National Health Service”, a book by Antonio Arnaut (honorary president of the PS) and João Semedo (ex-coordinator of the Left Bloc, was an MP), proposes a new law for the organization of the health system, opposing the neoliberal solutions. It is currently being presented by the Left Bloc in parliament and, while many PS members support it, the government opposes it.

In this case as in others, the Left Bloc challenges and confronts the politics of the center. In fact, our views on the national health service have currently no majority in parliament but we are not defeated. We persist and insist. And this is how left politics will win: talking to people that share the same ideas, including in other parties, creating social movement, standing for concrete proposals and being able to deliver an alternative and not just a protest.

That is our strategy: we fight for the majority on every front. As militants for socialism that is our determination and experience and that is what we want to share with our brothers and sisters.

Annex

The Socialist Party and Left Bloc's joint position for a political solution November 2015

The Socialist Party (PS) and Left Bloc (BE) undertake the following agreement on a political solution within the framework of the new institutional reality of the XIII parliamentary term that resulted from the elections of 4 October.

1. The results of the national election of 4 October 2015 meant a clear defeat of the strategy of impoverishment and austerity conducted by the right-wing coalition (PSD-CDS) during the last four years. Taking into consideration the profound difficulties that Portugal is experiencing in the wake of a long social and economic crisis, and an external context of high uncertainty, and in the light of the new parliamentary composition that came out of the most recent electoral process, the PS, the Left Bloc and the CDU [electoral coalition between the Portuguese Communist Party (PCP) and the Greens (Verdes)] have announced a process of convergence founded on the patriotic necessity of translating into a political solution the will expressed in the ballot boxes. In this sense, these parties have assumed the responsibility of negotiating an agreement with the ultimate goal of constructing a stable, durable, and credible majority in parliament which sustains the formation and action of a government founded on the will of change expressed in the ballot box.

2. It is within this framework that both the PS and BE have established a joint position to identify matters, measures, and solutions that can implement the necessary changes. This is a serious position, which recognizes the distinct programs of both parties and the varying viewpoints from which they observe and frame structural aspects of the country's situation. This is also an evaluative process which acknowledges a series of measures that will respond quickly to the legitimate aspirations of the Portuguese people, namely the recovery of their lost income, the restoration of their rights, and the securing of better life conditions. These were the points of convergence, not of divergence, that both parties chose to value.

3. Among others, the PS and BE identify the following issues where convergence is possible, despite the different reach of each party's program, and solutions for immediate policies that are in view: Unfreezing of pensions;

- restitution of public holidays cancelled by the previous government;
- a decisive struggle against precarity, including false self-employment, the abusive use of internships and mandatory "social" work for the unemployed;
- revision of social security contributions for the self-employed;
- an end to the "special mobility" program for public sector workers;
- the right to collective bargaining in the public sector;
- reinstatement of all complementary pension plans for workers in state-owned enterprises;
- reduction of VAT to 13 % for restaurants;- real-estate protection of the most vulnerable;- protection of homes against foreclosure;
- tax incentives for SMEs;
- a reappraisal of all exemptions from social security contributions;
- a revival of the public national health system through an injection of sufficient resources, personnel and adequate technical and financial means, including the objective of guaranteeing to all services users access to a general practitioner and nurse;
- a repeal of the recent change to the law concerning the voluntary termination of pregnancy;
- guaranteed access to nursery school for all children from three years of age until 2019;
- increased social support for vulnerable students;- permanent contracts for all education-sector workers;
- the reduction in the number of pupils per classroom;

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- school textbooks to be made progressively free of charge for compulsory education years;
- permanent contracts for all PhD researchers working in public research centers and other public entities;
- repeal of all privatization and concessions in the public transport sector;
- no new processes of privatization.

With the aim of including these measures in the government's program, the basis of the future cooperation between both parliamentary groups, the PS and BE have listed some of these and other points in the appendix attached to this declaration.

4. The PS and BE recognize the largest demands of political identification that a government and a government program would imply. The PS and BE also recognize that, within the framework of convergences that it was possible to achieve, the conditions are created to:

i) end the cycle of economic and social degradation that a PSD/CDS government would prolong. For this reason, both parties will reject any governmental solution that proposes a PSD/CDS government, and will, as well, try to defeat any initiative that tries to stop this alternative governmental solution;

ii) ensure the existence of an adequate institutional basis that can allow the PS to form a government, present its governmental program, assume functions, and adopt policies that ensure a long-lasting perspective for this legislative term;

iii) on the basis of the new institutional correlation present in parliament, adopt measures that respond to the aspirations and rights of the Portuguese people.

In this sense, the PS and BE affirm their reciprocal willingness to:

i) start a joint investigation into how the identified issues of convergence can be translated into the state budgets, with the objective of not missing the opportunity that these instruments enable: the indispensable restitution of salaries, pensions and rights;

- the indispensable reversal of the degradation of the life conditions of the Portuguese people;
- a commitment to the social services that must be provided by the state, to their accessibility to all citizens and to quality of service provided;

ii) examine the measures and solutions that, outside the sphere of the state budget, can be achieved more immediately;

iii) examine in bilateral meetings (on an as-needed basis) other measures whose complexity so requires, or that are related to:

- a) legislation with a budgetary impact;
- b) motions of no confidence;
- c) legislative initiatives coming from other parliamentary groups;

d) legislative initiatives that although without implications for the budget constitute fundamental aspects of the governmental program and the functioning of Parliament.

This position does not limit other solutions that both the PS or BE decide to establish with the PCP or The Greens.

5. With full respect for the political independence of both parties, and fully open to the Portuguese people about the differences between the structural aspects of the political vision of each party's program, the undersigning parties of this text confirm with enough clarity their willingness and determination to prevent the pursuit of a political course by the PSD and CDS that the country has now expressly condemned, and to embark upon a new path for the country that guarantees:

- a) a reversal of the policies that have implemented the strategy of impoverishment carried out by the PSD and CDS;
- b) to defend the social functions of the state and public services, social security, education and health, and to promote a serious fight against poverty and economical and social inequalities;
- c) a new economic strategy that sustains growth and employment, an increase in family income, and the creation of conditions for public and private investment;
- d) to promote a new model of progress and development in Portugal that hinges on the valuation of salaries and the fight against precarity, returns to public investment in education, culture and science, and restores trust and hope in the future for Portuguese society.
- e) value citizens' participation, political decentralization, and autonomy of the insular territories.

Lisbon, 10 November 2015

Appendix to the joint political position

1. In order to prepare common initiatives on fundamental matters, a series of working groups will be created prior to the beginning of the legislative term. These groups will be composed of the undersigning parties, that is, by the member of government responsible for that particular area, and will present biannual reports:

- Working group to establish a National Plan against Precarity, to be presented to the “Conselho Económico e Social” [body where the government, the unions, and bosses meet to discuss labor laws];
- Working group on social protection and the fight against poverty;
- Working group on external debt sustainability;
- Working group to evaluate energy costs with a focus upon families and proposals for their reduction;
- Working group on housing policies, mortgage debt, and real estate taxation

2. The “regime conciliatório” [a form of labor market liberalization] will not be included in the government's program.

3. There will be no reduction of the Single Social Tax for employers included in the

government's program.

4. On 1 January 2016, the norm established by Law no. 53-B/2006 of 29 December will be reinstated. This norm concerns the amendments to pension rates, with the guarantee there will be no nominal cut to pensions.

5. The need to diversify social security funding sources should be discussed through social dialogue institutions ("Conselho Económico e Social"). The signing parties commit to working together on a proposal to be presented to the "Conselho Económico e Social".

6. In order to increase household income there will be a reduction of 4 percentage points on the social security contributions paid by workers earning less than 600 euros a month. Such a reduction will not have any impact on final pensions;

– the loss of revenue is to be covered by fiscal transfers.

7. The National Minimum Wage will hit the 600 euros benchmark during the on-going legislative term through an annual raise of 5 % in the first two years;

8. Conferral of new powers to the Authority for the Labor Conditions for its fight against falsely reported self-employment and other illegal employment contracts that should be immediately converted into regular employment contracts;

9. The gradual restitution of public sector wages will begin in January 2016 (25 % in the first trimester; 50 % in the second; 75 % in the third; 100 % in the fourth);

10. The four holidays that were eliminated by the previous government will be reinstated.

11. Tax policy:

a) Move to progressive income tax through the introduction of new income brackets;

b) Withdrawal of the category "household coefficient" for tax purposes, which has a regressive impact, and its replacement by "each child" deductions with no regressive character;

c) Introduction of a limited annual increase of 75 euros for real-estate tax when it concerns permanent homes with a low market value;

d) Outlawing of any home foreclosures related to tax payments in arrears when the latter is a lower amount than the debt;

e) Revision of fines and interest charged in tax arrears;

f) To facilitate debt payment, plans for tax and social contributions arrears;

- g) Reduction of VAT to 13 % for restaurants;
- h) Reversal of the capital income tax code regarding “participation exemption” and the period given for the report of tax “losses”;
- i) Tax incentives for firms located along the border, through capital income tax deductions

12. On the costs for families with electric energy and gas:

- a) Redesign the Social Energy Tariff, making it automatic in its application to low-income families and beneficiaries of social support whose access is subject to conditions. In the case of consumers who are not beneficiaries of social support and are in a vulnerable financial situation, the income note issued by the Portuguese Tax Authority will allow compliance with the requirements for the application of the social tariff;
 - consumers who, due to their level of income, are exempt from filing income declarations, must do so in order to obtain the income note from the Portuguese Tax Authority and thus access the social tariff;
 - access to the social tariff gives automatic access to the Extraordinary Social Support for the Energy Consumer (ASECE);
- b) Withdraw the audio-visual contribution fee from electricity bills and incorporate it into the realm of communications without loss of revenue for RTP (Radio and Television of Portugal)

13. Privatizations and Concessions:

- a) Cessation of the on going processes of concessions and privatization of the public transport systems of Porto and Lisbon;
- b) Reversal of the mergers of water companies that might have been imposed on some municipalities;
- c) Reversal of the process of privatization of EGF [company that builds and administers river dams], due to its illegality;
- d) No new concession or privatization.

Notes: translation by the Rosa Luxembourg Foundation. The political joint position is the same text as that established between the PS and the CP, the appendix was signed only by the PS and the Left Bloc.

PS:

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