

In Portugal a left-communist-socialist bloc of parties led by Socialist Party leader Socialist leader, Antonio Costa, got an absolute majority in the Assembleia or parliament. Despit the clear, overwhelming voter choice against more austerity, Portugese President Cavaco Silva, a former member of Coehlo's pro-Euro party has named Coehlo to form a minority government, pledged to continue the bread and water treatment.

Justifying his rejection of normal democratic norms, Silva declared in a bizarre argument, "In 40 years of democracy, no government in Portugal has ever depended on the support of anti-European forces, that is to say forces that campaigned to abrogate the Lisbon Treaty, the Fiscal Compact, the Growth and Stability Pact, as well as to dismantle monetary union and take Portugal out of the euro, in addition to wanting the dissolution of NATO."

Revealingly, Silva's words recalled the reign of the corporativist brand of fascist dictatorship under António de Oliveira Salazar some four decades earlier, far more than those of a president of a democratic republic. Given what recently took place in Greece and last year in Cyprus, it suggests ominously where the EU is headed, and that is precisely in the direction of a Soviet-style or George Orwell-style 1984 rule from top, this by faceless EU technocrats serving the agenda of corporate giants and political networks who care not for the traditions of true democracy or representative rule or basic human decency.

Faked numbers

The argument of everyone from Angela Merkel to Brussels EU faceless commissioners is that any anti-austerity breaking with the Troika in Portugal, as in Greece, is not to be tolerated. They all repeat the mantra of the "success" of the four years of Coehlo austerity in bringing Portugal back on her economic feet. The problem with that is that it's a deliberate

lie. Look closely at unemployment, the best true measure of economic progress.

Since Coehlo became Prime Minister of a right-wing austerity right-wing austerity regime in 2011 he has pointed to official unemployment numbers as proof the austerity “cure” was working. His message was clear: “Just be a little more patient, dear citizens, and we soon will be in paradise. Just trust the IMF, the ECB, the EU governments...” Month after month until this summer, official numbers of jobless fell.

Notably, just since the explosion of the Eurozone crisis in 2011, the EU Statistics office, Eurostat, has made a convenient change in the definitions of unemployed. That year Brussels told all EU governments that their statistics agencies such as the German Statistisches Bundesamtes (Destatis) could not count unemployed people in training programs or government funded job schemes as unemployed, even though they had no real work.

Since 2011, Portugal’s government agencies under Coehlo doctored their employment statistics to make things look better, much better than they really were. It seems Coehlo’s government borrowed a page from the fraudulent Washington Labor Department tricks to put a rosy glow on Portugal’s economy by showing steadily declining unemployment even though growth was stagnant. The tricks included such things as dodgy data classification. Neither the 300,000 mostly young, well-educated jobless people who left Portugal for other countries during the crisis years, urged on by the government, were counted in the official unemployment numbers. Nor were people who had given up looking for work. Those who gave up looking, as there were no jobs, were put in a basket named e latter, who are officially called the “discouraged unemployed,” and were only counted as “inactive,” and not unemployed. The same was true of part-time or occasional workers who want to work full-time.

According to economist José Maria Castro Caldas, at CES, a respected center for social studies at the University of Coimbra, the Coehlo government also gave companies grants in order to “employ” unemployed people on an unpaid basis. The unemployed were forced to take on the often pointless jobs because they would otherwise lose their welfare payments. “That’s perverse,” Castro Caldo said. He estimates, when all the tricks are accounted for, the reality is that, “One of five Portuguese citizens who is able and willing to work can’t find a job. Maybe one out of four. Those are the real numbers.” That puts true unemployment in Portugal in the range near 25% of the workforce wanting work. And that four years into the “cure.”

In return for the Troika’s € 78 billion bailout, Coehlo’s government rammed through severe pay, pension and public spending cuts as well as major tax hikes, mainly in VAT or sales taxes which hit the lower income population worst. Higher taxes and rising real unemployment are not an economic “recovery,” at least not in my book.

The second disastrous part of the unviable Coehlo austerity regimen is the fact that Portugal’s public debt remains astronomical. Today Portugese public debt is a whopping 130% of GDP in a Eurozone where 60% was supposed to be the rigorous top limit. Worse, unlike Italy which has about the same percentage of debt-to-GDP, Portugal’s debt is 70% held by foreigners, like banks in Germany and elsewhere. By contrast a mere 35% of Italian debt is owed abroad, making the country less vulnerable to a greek-style capital flight crisis. Historical experience shows that once the public debt of a country hits 130% of GDP it is unsustainable. So Portugal has unsustainable debts, most of the money owed to foreigners, with the economy still in deep trouble, and a likely political crisis to boot. Default as is a real possibility in coming months.

This is the real backdrop to what now is shaping to be a major political crisis, something that would make the likelihood of a foreign debt exit from Portugese state bonds a near certainty, a la Greece in 2012. Then the deceptive recent financial calm in the Eurozone will change

dramatically. Following the controversial renomination of Coehlo in a minority regime, the socialists and allied left anti-austerity parties in the parliament forming a majority have pledged to bring the new Coehlo government down in a vote of no confidence. It could come as early as November.

The moderate Socialist party and its allies – the Communists, Greens and Left Bloc – now control 122 seats in Portugal's 230-seat parliament. Indicating the left coalition parties are serious about forcing change, on October 23, they blocked appointment of the centre-right's choice for speaker of parliament, electing their own candidate instead. They also promised to present a motion rejecting any program that retains the core of the previous government's policies. Interest rates on Portuguese bonds have started rising on fears of a full-blown political crisis and paralysis requiring new elections next summer and a paralyzed caretaker Coehlo minority [until then](#).

The entire Euro project was from the beginning built on a rotten foundation from above, the infamous Maastricht Treaty. It never had the interests of the people of Europe at heart, only the major banks and their allies. Now the chickens are coming home to do more than roost.