

Left Bloc offers its services to Portuguese capitalism

Paul Mitchell
27 March 2010

The petty-bourgeois political grouping, the Left Bloc (Bloco Esquerda, BE), is offering its services to Portuguese capitalism as it faces renewed pressure from international financial institutions and speculators. It is playing a critical role in helping to block an independent movement of the working class.

Targeted as one of the eurozone's "PIGS" (Portugal, Italy, Greece and Spain), the government of Prime Minister José Socrates has been told by the European Union, the European Central Bank and the International Monetary Fund to cut Portugal's budget deficit from 9.3 percent of gross domestic product to 3 percent by 2013. On Wednesday, Fitch credit rating agency cut Portugal's credit rating from AA to AA-minus and said there could be further downgrades in the near future. Portuguese bonds are the worst performing in the eurozone this year after Greece.

The Socialist Party (PS) government, as with its counterparts elsewhere on the continent, has made clear it is only too willing to oblige. It has drawn up a four year Stability and Growth Programme (SGP) of austerity measures to be presented to the European Commission by the end of the month.

Workers and youth in Portugal have shown their readiness to fight back against these austerity measures, which are aimed at reversing the social gains won over decades of struggle and drastically lowering living standards. In early March over 500,000 public sector workers went on strike.

However, the trade unions have done their utmost to divide, dissipate and exhaust resistance by restricting workers to fruitless protests and preventing any political challenge to the Socrates government and its big business backers. They are working closely with the government behind the scenes.

The Left Bloc/BE has been a beneficiary of mounting hostility to the PS. But it has responded to the SGP with a memorandum, "Fifteen immediate measures for a decent economy." It proposes to "make the state more accountable and more reliable," so that investment policies and social

spending cuts in response to the recession can be carried out more efficiently.

It declares baldly, "We demonstrate that it is possible to cut much more in expenditure in 2010, at much higher rates than expected by the government while promoting a recovery policy for job creation."

The Left Bloc claims that it intends to pressurise the PS, which as "a minority in Parliament, will be forced to choose between the proposals of the left, as we will present them arising out of our programme and our mandate—among others, repeal of the employment law, a tax on large fortunes to finance social security—or join the Popular Party on the reactionary right."

BE leader Francisco Louçã declared the government's plans a "terrorist attack on social life in a country with low wages," but he offers no perspective to defeat it. A socialist solution to the crisis, establishing the democratic control of industry and public services by the working class through revolutionary struggle, is completely ignored. No demands are made on the hundreds of trade union representatives, at factory and national level who support the party or to the workers at Portugal's biggest workplace, Ford-Volkswagen in Setubal, where the BE's supporters are the majority.

Instead policies designed to "stimulate" the economy are proposed, a mixture of Keynesian-style reforms based on economic nationalism, explicit acceptance of capitalism and support for the state.

The BE pleads with the PS to stop its privatisation programme and renegotiate military contracts and public-private partnerships. It must get the private sector to "accept a lower internal rate of return on its operations" and impose a tax on the billions sent off shore—some 12 billion euros in 2009. The PS should also tax bonuses and profits from shares and scrap benefits such as private health insurance.

The BE calls for €5 billion to be raised from the public and private sector over three years to refurbish 200,000 derelict or empty houses and create 60,000 jobs. Low paid public sector workers and the unemployed, who receive about €520

a month, should get a raise but how much is not specified. It concludes by saying the objective of next year's budget should be "concrete proposals resulting from an inventory and audit of expenditure and working of the state, noting the surplus or deficit in services, and thus leading to greater efficiency in the distribution of resources."

The sort of measures being proposed by the BE cannot restore the health of the capitalist economy because they fail to tackle the essential problem: that is the over-accumulation of capital in relation to the surplus value extracted from the working class. Capital seeks to resolve this crisis by increasing the exploitation of the working class and by the elimination of whole sections of capital through recession, trade war and ultimately military conflict.

If it were possible to resolve this crisis by the injection of more money into the economy, it would have already taken place. Across the globe, financial authorities responded to the crisis, which began to emerge back in August 2007, through the expansion of liquidity in the hope that this would bring about a revival as it had in the 1990s and at the beginning of this decade. On this occasion, however, they failed.

The PS imposed its first austerity programme as long ago as February 2005, after it came to power on a wave of popular hostility to the right-wing Social Democratic Party-Peoples Party coalition government. Despite launching measures that led to the loss of some 73,000 jobs in the public sector, the raising of the retirement age and an increase in VAT, Portugal was the only nation in the eurozone where the economy declined. It has remained one of the European Union's poorest countries and has the widest gap between rich and poor.

The depth of the crisis now confronting Portugal is huge. The deficit is €143 billion, over €16,000 for every adult. But even the government's wholesale privatisation of public companies will only raise five billion euros—less than five percent of the deficit. Government holdings in Galp Energias, Energias de Portugal, electricity distributor REN and paper company Inapa will be sold. Aeroports du Portugal will be privatised and the national airline TAP will be opened up to private capital. The plan also marks the first time that private capital will be allowed into the Viana do Castelo shipyards and the postal service, CTT. The government said it will re-privatise the BPN bank, which was taken under state control during the financial crisis, and sell part of the insurance activities of the CGD bank.

The government plans to recoup almost half the deficit by slashing public spending. Public sector wages will be frozen until 2013 and the existing rule of hiring just one civil servant for every two leaving (the 2 to 1 rule) will continue.

Spending on welfare and healthcare will be cut, including ending youth employment measures brought in when the financial crisis first broke. Unemployment is currently 10.5 percent (22 percent amongst young people) and getting worse. The number of workers making their first application for benefit nearly doubled in January to 22,323 from 12,346 the month before. The government is only proposing to reduce the 560,000 unemployed by 25,000 in four years.

The failure of the PS's policies led to the loss of nearly a quarter of its seats in last September's election and its failure to form a majority government. The BE doubled the number of its deputies to 16.

The BE was formed in 1999 out of the merger of three parties—the pro-Albanian Maoist Democratic Union, a group of exiles from the Communist Party around the formation Politics XXI and members of the Revolutionary Socialist Party (PSR) including Louçã, affiliated to the Pabloite United Secretariat—a group claiming adherence to Trotskyism with a long record of providing a political cover for reformist and former Stalinist parties.

In 2004, the PSR transformed itself into a political association, claiming that although it "stubbornly conducted propaganda on the themes of the Transitional Programme and on the results of subsequent programmatic developments, it rarely managed to go beyond this elementary stage of political action and never succeeded, on its own, in having an influence on political life as the BE now does."

The United Secretariat's members have taken their place or lent support to a number of pseudo-left capitalist governments internationally that have mounted major attacks on the working class. The BE is fully prepared to do the same in Portugal.



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