Portugal: General strike ahead of Congress budget vote

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In what has become a pattern across Europe, the unions in Portugal have called a one-day general strike today, November 24, in advance of a budget vote in Congress on Friday. The union bureaucracy's aim is not to mobilise opposition to the government, but to let off steam while they continue to collude with austerity measures.

José Sócrates, Prime Minister of the Socialist Party (PS) government, claims austerity is needed to cut the deficit from 9.3 percent of national output (GDP) in 2009 to 7.3 percent this year and then to 3 percent in 2012, the maximum permitted under European Union rules. Sócrates explained that "the central goal is to shield the country from the international financial crisis. The goal is to reach the end of next year with this budget executed and to have one of the smallest deficits in Europe." He warned that the Portuguese government could be forced to withdraw from the euro if the 2011 budget was not passed.

The working class faces a mauling in pursuit of this goal. The latest austerity measures are the third set in just one year. They include cuts of up to 10 percent in public sector wages, a 2 percent rise in the goods and services (VAT) tax to 23 percent (some foodstuffs will jump from 6 percent), a freeze on pensions, cuts in family allowances, further cuts in healthcare, education and local council budgets and the privatisation of more state-owned assets. There are also plans to abolish the agreement on the minimum wage and stop it rising from the current €475 ($645) a month to €500 ($680) next year.

Sócrates has called the present situation "the worst crisis in 80 years" and warned that "the country could lose independence if it is unable to convince the international markets." By this he means that Portugal may have to turn to the International Monetary Fund (IMF) and European Central Bank for a loans and guarantees package to stave off state bankruptcy, as has happened to Ireland this week and Greece in May. Following concerted campaigns by the money markets and rating agencies to downgrade government bonds and push countries towards bankruptcy, the Irish government has officially applied for a further bailout package of up to €90 billion ($109 billion) from the European Union and IMF. In May, Greece accepted €110 billion ($150 billion).

The opposition right-wing Social Democratic Party (PSD) has vocally opposed the PS for being too soft on public spending cuts and for excluding items such as the losses of state companies from the overall public debt. The PSD says the debt is 112 percent of GDP—far higher than the government's figure of 82 percent and way above that of troubled Ireland. However, PSD leader Pedro Passos Coelho is instructing his deputies to abstain from voting on Friday—aware that a defeat for the minority PS government would force Sócrates to resign and possibly place them in a position where their posturing as opponents of austerity would be exposed in office. In the interim, Portuguese capitalism would be further politically destabilised. Parliament would have to be dissolved, in a situation where new elections are forbidden under the constitution in the six-months leading up to the January 2011 presidential elections.

Western governments, financial institutions and the bond markets have all stepped up the pressure on the PS to strengthen its assault on the Portuguese working class. United States President Barack Obama took time off from last weekend's NATO summit in Lisbon to meet with Sócrates and praise him for his commitment to "a very vigorous package of economic steps".

The current austerity measures are just the start. The IMF has warned that new measures will be necessary next year. It criticises Portugal for having "the eurozone's most rigid labour markets" and productivity stuck at 64 percent of the eurozone average, unchanged since the early 1990s when the country lost masses of low-tech jobs to China and East Europe. The President of the Euro Group, Jean-Claude Juncker, declared that the country had to adopt "further ambitious structural reforms, focusing on removing rigidities in the labour market and in wage negotiations."

The bond markets have driven Portugal's borrowing rate to a historic high. The yield on 10-year Portuguese bonds—how much it costs the government to borrow—is about

7 percent, compared with 8 percent in Ireland and over 11 percent in Greece. In Germany it is 2.7 percent.

Currently, Portugal's public debt stands at €165 billion ($223 billion), about the same as its GDP in 2009. The current measures reduce public spending by just €12 billion ($16 billion). In addition, private debt is one of the highest in the world, at 239 percent, much of which is owed to foreign financial institutions.

In many respects, Portugal is in a worse position compared to the other countries that have experienced sovereign debt crises. The per capita GDP is just $21,700, compared to $41,000 in Ireland and $31,000 in Greece. The Organization for Economic Cooperation and Development on Thursday forecast Portugal's economy would shrink by 0.2 percent in 2011 after growing 1.5 percent this year.

Unemployment already stands at nearly 11 percent or 610,000 workers—the highest level for at least two decades. The unemployed have had their benefits slashed and are forced to take any job they are given or face losing their payments.

The working class wants to resist the government onslaught. In March 500,000 public sector workers carried out a 24-hour strike. Tens of thousands marched through Lisbon, Porto and other cities on September 29 during the European Trade Union Federation's so-called day of action and similar numbers on November 6. A recent poll shows that support for the PS has fallen more than 10 points to 25 percent since it was elected six years ago. Sócrates' personal rating has slumped to 17.8 percent. Last year the PS lost its absolute majority in Congress elections leading to increased votes for the PSD and for the Portuguese Communist Party (PCP) and the Left Bloc (Bloco de Esquerda, BE) which doubled its number of deputies to 16. The abstention rate was 40 percent.

Anger amongst workers has forced the PCP-led Confederation of Portuguese Workers (CGTP) and the smaller PS-aligned General Workers Union (UGT) federations to call the first joint general strike in 22 years. Back in 1983, the unions were able to divert a wave of social unrest that erupted when dire economic problems led to the intervention of the IMF. The SP was elected, with Mário Soares as Prime Minister, which then proceeded to implement the IMF's dictates. From 1985-1995 Soares was president. Today he is touted as one of the left's "historic representatives."

Recently Soares criticised the government's budget saying it was a "time bomb", which will have "unforeseeable consequences in the social arena." He warned Portuguese political parties and unions "whether supporting the government or from the opposition" to join their European counterparts "to create a movement of opinion" against the "economicist" practices of the European Central Bank and the European Commission "before the revolts by young people, the unemployed, or simply those who feel the injustice of the restrictions, turn into violent, uncontrollable or desperate actions, as it seems is the case in France".

A crucial role in covering for the treacherous role of the trade unions in attempting to prevent such a scenario is being played by the fake left groups. The Pabloite "Council of the Revolutionary Socialist Political Association", formerly the Revolutionary Socialist Party (PSR) and which is a key component of the Left Bloc, argues that nothing much can be done and that "We have to recognize that our field of battle is more reduced than it was five or ten years ago". It covers for its prostration to the government saying, "The Left Bloc will choose in its own time the forms of confrontation with the government. "

The Portuguese section of the Committee for a Workers International, Socialismo Revolucionario (SR) criticises the CGTP and UGT for months of inaction and failing to take advantage of "the tremendous opportunity to call a general strike on the same day as the Spanish general strike" on September 29 and the PCP and Left Bloc because they "hardly used their influential position to mobilise people or publicise the protests". In the next breath it declares "We call on the CGTP and the left parties, namely the PCP and the Left Bloc, to join their forces in order to provide the mass of working class and youth a clear plan of action."

As history shows and millions are experiencing across Europe, there is no way that organisations like the PCP or Left Bloc can provide a "clear plan of action". The main reason why the militant actions of workers in Greece, France and elsewhere have come to nought has been the bankrupt perspective of "pressurising" the union leaders and the Stalinist and middle class parties, which are opposed to any genuinely effective movement of the working class. A new socialist party is needed and new organizations that can draw broad layers of the working class into industrial and political struggle against the capitalist governments throughout Europe and internationally.