

A reply to a defender of Portugal's Stalinist trade unions

5 March 2011

A letter to the WSWS

It is inadmissible the deception conveyed in the article Portugal under mounting pressure to accept financial bailout, where you state “The forces lined up against the working class are aided and abetted by the Communist Party-led General Confederation of Portuguese Workers (CGTP) and the PS-aligned General Union of Workers (UGT).”

The UGT indeed capitulated to the Government's and Employers' position, ending the meeting with a joint declaration. CGTP-IN on the other hand abandoned the meeting when the false “consensus” was reached.

I invite the editor to follow this piece and its Google translation,

where: “According to the secretary general of the UGT, Joao Proenca, this organisation ‘welcomes’ the increase in SMN (National Minimum Wage) up to 500 euros next year, stating that the general strike has made its value worthwhile.” (Hiding in the same declaration that the Government's own commitment was 500 euros in 2011, not 2012.)

and: “The secretary general of the CGT, Carvalho da Silva, in turn, considered it “a shame” an increase of “33 cents a day” for workers who are paid the NMW, stating that “will not legitimise this simulacrum of a discussion.”

The following conclusion in WSWS piece is manipulative and based on a false pretence: “They called November's action in order to dissipate the nationwide opposition to the austerity measures while they collude with the government and employers to smuggle them in.”

Not all unions are “yellow” here in Portugal. The UGT indeed joined the National Strike but after the conditions and facts had already been met by their own affiliated sector unions had made the move, so they had to follow along, so to speak.

The motivation for this feedback is only the factually incorrect and chirurgic [sic] deception that arises.

I certainly expect a public correction if WSWS journalism standards are worth a penny! I am taking my conclusions and actions either way.

Regards
Pedro S

Dear Pedro,

You criticise my article for saying the Communist Party (PCP)-led

General Confederation of Portuguese Workers (CGTP) had colluded with the Socialist Party (PS) government and its austerity measures. You accept that the “yellow” PS-aligned General Union of Workers (UGT) capitulated to the government and employers and reneged on previously agreed increases to the minimum wage, but claim this can't be applied to the CGTP.

Yet you appear to base your conclusion on a single outburst by CGTP General Secretary and Communist Party member Manuel Carvalho da Silva who “abandoned” the talks—at the last minute after months of discussions—declaring it was a “shame” that the “false” discussions had only produced a tiny 33 cent increase in the minimum wage. In contrast, we base our conclusions on an historical understanding of the nature of the PCP and its offshoot, the CGTP.

The bureaucrats of the CGTP and PCP are past masters at manufacturing apologies of the sorts peddled by Carvalho da Silva and his ilk to cover up decades of betrayals. These have curtailed the ability of the Portuguese working class to defend itself against non-stop attacks on the concessions won as a result of the 1974 Carnation Revolution that ousted the Salazar-Caetano dictatorship.

As a member for years of the tripartite corporate “social partner” set-up involving the unions, government and employers, the CGTP, the country's largest union federation, has a major responsibility for the disaster the working class in Portugal now faces. The organisation has a long history of calling token protests and strikes to prevent workers breaking from the stranglehold of social democracy and forming an independent political movement against capitalism.

Portugal's crisis is rooted in its inability to escape a legacy of economic backwardness and isolation that produced decades of dictatorship (and fomented revolutionary uprisings). The onset of a crisis for world capitalism since 2008 has brought this crisis to fever pitch.

Despite receiving tens of billions in aid from the European Union in the years following its accession in 1986, Portugal has remained one of the poorest countries in the EU, with the lowest wages, productivity and educational standards. In 2000, one in five Portuguese citizens lived below the poverty line of €270 (US\$290) per month in a country that had the largest income gap in the EU. The EU's expansion into Eastern Europe and the rise of China confronted Portugal with competition from cheaper and better-qualified labour, particularly in textile and footwear manufacturing. In addition, EU subsidies were diverted to the new member states.

In 2002, in response to Portugal becoming the first eurozone country to break the rules of the EU Stability and Growth Pact—it had a public deficit above the limit of 3 percent of GDP—the right-wing Social Democratic and

Popular Party (SDP-PP) government launched a major attack on working people. It cut state spending and business taxes, increased privatisation and embarked on labour market reforms, including making it easier to fire workers and reducing overtime payments. Unemployment rose to a seven-year high of over 7 percent, and the average monthly wage remained a paltry €750.

These measures just contributed to the problem. In 2004, Portugal became the only country in the eurozone where the economy declined, leading the EU and International Monetary Fund to demand major structural reforms including drastic cuts to the public sector.

These demands, as well as opposition to Portugal's support for the US-led war on Iraq, led to a surge of popular anger against the PSD-PP. A majority of the Portuguese people were demanding a shift in economic, social and foreign policy to the left. In 2005, the PS was elected with 45 percent of the vote and was able to form a majority government for the first time since the end of the dictatorship. The United Democratic Coalition, comprising the Communist Party and the Greens, received 7.6 percent of the vote, and the Left Bloc polled 6.4 percent.

The unions, combined in the Common Front, fully supported the PS, even though the new Prime Minister José Sócrates made it clear that his administration would not reverse the SDP-PP's policies. Sócrates headed a government of crisis from the outset and set about betraying the aspirations of those who voted for the nominally left parties. It launched a three-year plan of austerity measures including cuts in public sector jobs and freezing promotions, an increase in the retirement age from 60 to 65, reducing sick-leave payments, increases in VAT and taxes on tobacco and fuel.

The unions provided critical assistance in enabling the PS government to slash thousands of public sector jobs and bring the deficit down from 6.1 percent to 2.6 percent of GDP. Sócrates explained after a meeting of the Standing Council for Social Dialogue, comprising trade union and big business leaders, that the unions "understand the urgency" of the austerity measures and the "close cooperation between the social partners" was praised by the IMF.

The CGTP was forced to call a national day of protest, but on the basis that the burden of the sacrifices not just fall on workers and "the values of cohesion and solidarity" not be undermined.

By 2009, exacerbated by the global financial meltdown, Portugal's budget deficit had soared to 9.3 percent of GDP. Targeted as one of the eurozone's "PIGS" (Portugal, Italy, Greece and Spain), the government was ordered by the EU, the European Central Bank and the IMF to cut the budget deficit to 3 percent by 2013 and tackle the huge public debt. The PS duly complied, announcing another round of austerity measures, including cuts to social programmes and public sector pay, pension "reform" and privatisation of remaining state assets as part of a four-year so-called Stability and Growth Programme.

After the programme was announced, the unions were forced to call a one-day strike of public sector workers in March 2010 and a one-day general strike in November 2010 that brought the country to a standstill. But these one-day protests could never do anything to stop the measures being passed by Congress.

By last January, the deficit had dropped by a huge 58.6 percent over the course of one year. This did not prevent analysts such as Filipe Silva, head of debt trading at Banco Carregosa, saying the deficit reduction was

insufficient to improve negative market confidence. Others warned that the Portuguese economy could "formally re-enter recession" in the first quarter of this year, with GDP contracting about 1.5 per cent in 2011 as a whole. At the same time, the jobless rate climbed to 11.1 percent from 10.1 percent a year earlier.

As a result, financial institutions and speculators are once again targeting Portugal in a re-run of the sovereign-debt crisis that engulfed Greece and Ireland last year. Since early February, yields on Portuguese 10-year government bonds have hit an all-time high—rising to an unsustainable 7.6 percent. The European Central Bank has been forced to buy bonds twice in the last month to prevent borrowing costs spiralling out of control and market confidence in the economy slumping.

Once again, the spectre of an international bailout, mooted on various occasions over the last year, looms. *Capital Economics* analyst Emilie Gay said that with "government bonds uncomfortably high, Portugal still seems to be the next in line to be forced to accept a bail-out package".

"I'm convinced that without outside help, Portugal won't be able to solve its problems," added former finance minister and central banker José Silva Lopes recently. "If the help we are already getting from the ECB will continue to be enough, that is the question. I'm afraid it won't, so we will need new and bigger help."

In response to these disastrous developments, the CGTP National Council restated on February 16 its opposition to the "new [neo-liberal] economic governance", which sought to "undermine national sovereignty, impose restrictions on our growth and unsustainable economic development."

The CGTP portrays the PS as a hostage of the EU and/or the speculators and the betrayer of "national sovereignty", rather than the political representative of the capitalist class and the enemy of the working class. Its statement declared the need for "unity in action" against the "erroneous and unjust policies of the government and employers", then proceeded to list a range of "actions" that it "supports" that are taking place or planned on different days involving workers in the civil service, cement industry, armaments factories, shipyards, railways, cleaning contractors, distribution workers, railway workers, restaurant workers and teachers.

It also called for a "wide range of different actions" on International Women's Day on March 8 for "the enforcement of equal rights", a national "day of indignation and protest" to "change policy" on March 19, a "mobilisation" of youth on April 1 against casualisation and unemployment and a National March for Education on April 2.

All these "actions" will, of course, remain under the control of the union bureaucracy and will not seek to bring down the government, placing the necessary task of forming a workers' government based upon socialist policies on the agenda. This is under conditions where polls show that only 9 percent of the population has confidence in the government, down sharply from already low 27 percent last year.

The CGTP statement was virtually a carbon copy of one issued by the PCP central committee the previous day, calling for policies designed to "stimulate" the economy, a mixture of reforms based on economic nationalism, explicit acceptance of capitalism and support for the state. It blamed "big capital and its power centres" for increasing exploitation, liquidating "social rights" and destroying "what remains of our country's sovereignty."

The PCP advocates economic nationalism in opposition to socialism, which former leader Alvaro Cunhal made plain in an interview he gave in 1995. He absolved Stalinism and himself for the betrayals of the working class in the twentieth century. Cunhal thought that “capitalism’s potentialities were underestimated and socialism’s potentialities overestimated” and that “the way ahead may not lie in attempts to define a world-wide strategy for communists.” He attacked the EU from the standpoint of defending Portuguese capitalism, saying, “The major consequences of European integration for Portugal are very serious. With a policy of national capitulation, the right wing government sacrifices Portuguese interests to foreign interests.”

Workers and youth in Portugal have shown their readiness to fight back against austerity measures, which are reversing the social gains won over decades of struggle and drastically lowering living standards. What is required is a complete break with the unions and the formation of independent organs of struggle. Any attempts to promote the CGTP and its Stalinist parent, with its history of saving Portuguese capitalism in times of crisis, as an alternative to a corrupt UGT is a recipe for catastrophe.

Paul Mitchell

For more on these questions I recommend a reading of Thirty years since the Portuguese Revolution—Part 1,

Part 2, and Part 3 and Obituary: Alvaro Cunhal—leading betrayer of Portugal’s 1974 revolution.



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Socialist Equality Party visit:

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