Portugal’s ruling elite plans social offensive after election

Paul Mitchell
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The ruling elite in Portugal are planning a social counter-revolution after the general election on Sunday June 5.

The previous minority Socialist Party (PS) administration of Prime Minister José Sócrates collapsed in March. It had functioned with the tacit support of “opposition” parties—above all the right-wing Social Democratic Party (PSD), which abstained in previous votes on the austerity measures, allowing them to pass. This time the PSD decided to vote against, declaring that “a broad government coalition” was needed to force through the cuts.

Sócrates resigned, but stayed on in a caretaker government. On April 6, Portugal applied for a €78 billion ($113 billion) bailout package to a “troika” comprising the European Commission (EC), European Central Bank (ECB) and International Monetary Fund (IMF) and formally signed a memorandum of understanding (MoU) detailing the attached conditions on May 5.

The ruling elite engineered the PS collapse and the bailout in an attempt to divert, intimidate and suppress the upsurge of working-class opposition to austerity measures. Mass strikes and demonstrations in Portugal have taken place over the last two years. Earlier this year, protests involving hundreds of thousands of people came in cities across Portugal—organised by Facebook groups independently of political parties and trade unions, amid the revolutionary struggles in Tunisia, Egypt and throughout the Middle East.

The main political parties have kept discussion of the MoU’s contents off the election agenda. Former PS prime minister and president Mário Soares warned that “the difficulties we are going to face after the election have been a taboo subject for the parties”.

Many commentators characterise the new government that will emerge from the election as a “board of administrators” ruled by the EC-ECB-IMF. Others have compared Portugal’s status to Bosnia and Kosovo, which function as virtual colonies, administered by the EU and overseen by unelected officials.

The 34 pages of the MoU map out exactly what the new government is expected to do over the next session of parliament. The quarterly payout of funds will only take place if the bailout conditions are met, and no deviations from the plan are allowed without the express permission of the EC-ECB-IMF. The financial “troika” demands that the government submit the MoU proposals to parliament and that parliament approve them.

The new government is required to reduce the budget deficit to below €10 billion (equivalent to 5.9 percent of GDP) in 2011, €7.65 billion (4.5 percent of GDP) in 2012 and €5.2 billion (3.0 percent of GDP) in 2013. To reach these targets, the financial elite is demanding further cuts to public services including education and health, a far-reaching reorganisation of central and local government, the justice system and the “regulated” professions, and cuts in state support to public bodies and subsidies to the private sector.

State-owned enterprises in the telecommunications, postal services, energy and transport sectors are to be rationalised, liberalised and privatised.

The incoming government will be required to cut further the number of public-sector workers and keep freezing wages and pensions. Unemployment and other benefits will be cut. Labour reforms will be carried out including changes to work patterns, making dismissals easier and cutting overtime rates, redundancy payments and other benefits. National wage bargaining structures will be dismantled.

The MoU points out that these reforms were already prepared by the changes to working practices permitted “in cases of industrial crisis” that were agreed by the “social partners” (government, employers and trade unions) in the 2009 revision to the Labour Code and the March 2011 Tripartite Agreement.

Billions are being provided to restructure the banks, “designed in a way that preserves the control of the management of the banks by their non-state owners during an initial phase and allow them the option of buying back the government’s stake”. Non-performing and non-core assets—i.e., the banks’ bad debts—will be separated out and transferred to a “bridge” bank.

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The conditions imposed on Portugal are like those forced on Greece and Ireland last year. Both countries have been ruined and their living standards and jobs decimated, precipitating a deep recession and threatening both countries with economic meltdown.

Poet and lawyer Vasco de Graça Moura, a member of the PSD, in Monday's *Diário de Notícias* asked, "How relevant are these elections going to be? Hasn't our future already been decided by creditors like the IMF? Is it even worth voting?"

There is little difference between the contending parties in their determination to serve the financial elite. "There is consensus in terms of fulfilling the agreement", Paulo Macedo, deputy chief executive officer of Banco Commercial Portugues SA told Bloomberg. "Now we have to focus on the best possible execution of the agreement".

"The market is really not interested in the fine print details of the parties' programs. All we need is implementation", added David Schnauz of Commerzbank AG.

Nearly 40 percent of voters are undecided or say they will not vote at all. Neither the PS nor the PSD is expected to win an outright majority, even in coalition with the more extreme right-wing Democratic and Social Center party (CDS). The PS and the PSD are running neck and neck on around 33 percent of the vote each, while the CDS has over 10 percent support. There is talk of a grand coalition being formed involving the PS and PSD and possibly the CDS.

Only a socialist programme offers a progressive solution to the offensive taking place in Portugal. The working class is not responsible for the capitalist crisis and must reject all attempts to make it foot the bill. The banks must be nationalised and the wealth of the financial aristocracy, whose criminal behaviour was responsible for the 2008 global financial crisis, expropriated. The aim must be the abolition of the European Union, a tool of the corporations and banks, and its replacement by the United Socialist States of Europe. None of this can be done without building an independent revolutionary party of the working class.

Such a perspective can only be fought for in opposition to the Democratic Unity Coalition (CDU)—a coalition of the Portuguese Communist Party (PCP) and the Green Party (PEV)—and the Left Bloc (Bloco Esquerda, BE). The media portrays the CDU and BE as opponents of the bailout package, but their "opposition" goes no further than calls for it to be renegotiated on better terms.

The PCP's nationalism is overt. It criticises the PS, PSD and CDS for their "lacklustre patriotic dignity" and calls for "a left patriotic government" to be the "guarantor of national independence and sovereignty". This would include the PS, which the PCP falsely portrays as a hostage of the EU and/or the speculators, rather than the political representative of the capitalist class. PCP leader Jerónimo de Sousa declared that only with the CDU was it "possible to achieve a firm government, unwavering in defence of national interests".

The CDU cynically calls for the restoration of workers' rights—which have been bargained away by the very unions the PCP controls—and for the EU to adopt a "Programme for Social Progress and Employment".

The BE was formed in 1999 out of the merger of 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), affiliated to the Pabloite United Secretariat. In 2004, the PSR transformed itself into a "political association" to facilitate its integration into the Stalinist-led bloc.

BE politicians have no real differences with the policies of war and social austerity pursued by the PS. Earlier this year, Left Bloc Members of the European Parliament voted in favour of the imperialist military intervention into Libya.

Now the BE election programme "Changing the future for employment and tax fairness", calls for the formation of "a government of the left" to "defend the country's economy". According to BE general secretary and PSR leader Francisco Louçã, however, there is "no left without the Socialist Party!"

At the BE's National Convention in early May, Louçã claimed Sócrates should have reviewed the debt and demanded its renegotiation, citing proposals by economists like Paul Krugman and Nouriel Roubini. This is also the line of the BE leadership. Its call for the debt to be renegotiated, "to establish new deadlines, new interest rates and compliance with reasonable conditions" was overwhelmingly endorsed at the convention. A motion calling for the debt to be "suspended" received little support. There were no motions for the debt to be repudiated.

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