

Portuguese workers hit by massive austerity package

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Manuel Carvalho da Silva, head of the General Confederation of Portuguese Workers (Confederação Geral dos Trabalhadores Portugueses, CGTP), declared last week that the recent budget, together with earlier cuts, will see public sector take-home pay decline by 27 percent next year compared to 2010.

The budget for 2012 passed at the end of November by Portugal's Congress was designed by the so-called troika of Portugal's international lenders: the European Union (EU), the International Monetary Fund (IMF), and the European Central Bank (ECB). Virtually all of Portugal's economic policy is now set by the troika.

Portugal has so far avoided the installation of a technocratic overlord, as the EU has done in Greece and Italy. This is because of the united front presented by the Social Democrat-Popular Party (PSD-CDS) coalition government and the opposition Socialist Party (PS), in support of austerity.

The 2012 budget eliminates bonuses equivalent to two months' salary, in 2012 and 2013, for public sector workers and for pensioners making more than €1,000 (US\$1,340) a month. It allows private sector companies to extend the working day by 30 minutes without any additional pay. Taxes will be increased, including the sales tax (VAT) on gas and electricity—from 6 percent to 23 percent.

Spending cuts in 2012 represent 4.4 percent of gross domestic product (GDP), including cuts in health care spending. At the same time, the government raided pension funds for cash, transferring €6 billion worth of assets to the state balance sheet.

The budget measures are only the latest onslaught on living standards in the last year by the right-wing government and its Socialist Party (PS) predecessor that includes:

- * A 10 percent cut in public sector wages.
 - * Reducing holidays by four days a year.
 - * Slashing overtime rates by 50 percent.
 - * Reducing payment for shift work.
 - * Imposing "time banks," giving employers powers to dictate when employees come to work.
 - * Making dismissals easier and cheaper.
 - * Introducing shorter fixed-term contracts.
 - * Eliminating rest breaks.
 - * Reducing unemployment benefits.
- Announcing the 2012 budget in Congress, Finance Minister

Vitor Gaspar declared, "No doubt this is the most demanding budget in Portuguese democratic history, but it is necessary to regain the confidence of markets and international partners."

He said the measures were necessary to cut the budget deficit from 9.8 percent of GDP in 2010 to 5.9 percent in 2011, 4.5 percent in 2012, and to the EU limit of 3 percent in 2013.

He pleaded for "national unity", saying: "If we remain united and show solidarity, Portugal will be a motive for pride and an example in Europe and the world," before explaining that there was a "broad consensus on the need for adjustment."

PS Congress leader Carlos Zorrinho agreed, saying that his party would abstain in the vote, though most of the PS's amendments had been rejected and his belief that the austerity measures would only deepen the recession. Reports suggest the economy will contract 3 percent next year, while unemployment will rise to 13.6 percent.

Zorrinho said the PS would let the budget through, because it remained "faithful to its sense of responsibility as a subscriber" to the €78 billion bailout deal that the previous PS administration accepted in April after its own austerity plan failed to get through Congress. As a result, the government collapsed and the new PSD-CDS government took over in June.

To ensure there was no wavering over the budget measures, the Fitch credit rating agency downgraded Portugal's creditworthiness to junk status and warned it could be cut again. Fitch made the downgrade because of its "large fiscal imbalances, high indebtedness across all sectors, and adverse macroeconomic outlook".

The fact that politicians can boast that Portugal is an oasis of calm is primarily the responsibility of the trade unions, which have sought to defuse widespread, mounting opposition to the austerity measures and prove that they can help rescue Portuguese capitalism. It also shows the limitations of the no-politics "Scraping-by" movement, which erupted earlier this year.

On November 24, the CGTP and the PS-aligned General Union of Workers (UGT) were forced to call a one-day general strike, a year to the day since the last one. The country came to a standstill, with hundreds of thousands of workers taking part in the action—including air traffic controllers, metro workers,

port and dock workers, teachers and hospital staff. A large number of private sector companies were also affected by the walk-out.

UGT general secretary João Proença made clear the token character of the strike “With this budget, workers were forced to call a strike.... We want the strike to create room for negotiation.”

The CGTP web site declared the government and large employers “want to roll back labour relations to the level of the nineteenth century” and that the new measures were “a declaration of war on the workers,” but had nothing to offer workers except that they should “actively participate” in the Week of Action and Protest to be held December 12-17. However, the Civil Aviation Pilots’ Union at TAP Air Portugal called off a four-day strike this weekend just minutes before they were due to walk off the job, claiming the government had shown “willingness” to address pilots’ concerns about the airline’s privatisation demanded next year as part of the troika’s bailout.

The CGTP appealed to Portugal’s ruling elite to recognise it had a key role to play in beating off its rivals “through improved organisation and management, adding value to products and services, innovation and modernisation, combating the black economy and worker motivation.”

The Portuguese Communist Party (PCP), which determines the CGTP line on all major policy decisions, was even more openly nationalistic. Congress deputy Francisco Lopes declared that, in view of the “scorched earth policy” followed by the government, there was no other answer than the “patriotic popular struggle” for the “liberation of Portugal from dictatorship of big capital” and “foreign domination.”

This blood-curdling rhetoric was translated by PCP Political Committee member Vasco Cardoso into a muted appeal for the government “to renegotiate the debt, develop and support domestic production and tax economic and financial groups.”

The Left Bloc 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), 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. Its line was no different.

Pabloite Left Bloc leader Francisco Louçã accused the PSD-CDS of subservience, adding “for the next budget, have the politeness to call the German ambassador and he can come here to discuss this with us.”

The demands of the Left Bloc are fully in line with the needs of the Portuguese bourgeoisie. It calls for the debt to be audited and renegotiated, the ECB to buy the sovereign debt of each state, the creation of European bonds, the devaluation of the euro, the end of offshore accounting, particularly London and

Luxembourg, the creation of a European credit rating agency for corporate bonds and the creation of common tax rules. Not a word about socialism.

The fact that the PCP and Left Bloc act as adjuncts of the PS is not lost on the working class and youth. In the last election, the PCP’s vote remained almost unchanged at 7.9 percent while the Left Bloc saw its 2009 vote of 10.7 percent halved.

The rejection of all the major parties as well as the trade unions has been expressed in the development of an unofficial movement particularly amongst the young.

On March 12, hundreds of thousands of young workers and families took to the streets in 11 cities, organised on Facebook by the Scraping-by Generation (Geração à Rasca) to protest the PS government’s measures. An estimated 200,000 people marched in Lisbon and 80,000 in Porto. Demonstrators demanded the resignation of the government and the dissolution of the Parliament, denouncing them as “thieves.”

Many of those involved in the Scraping-by Generation protest took part in the October 15 demonstrations called in sympathy with the Occupy Wall Street protest in New York City. Portugal saw one of the biggest, with similar numbers on the streets as in March. Organisers published a manifesto calling for a “non-partisan lay peaceful protest” demanding “participatory democracy”, “transparency in political decisions”, “the end to imposed precariousness” and “the right to work.”

Based on such demands, the mass movement has proven woefully inadequate in Portugal and elsewhere to defeat ruling elites that are determined to impose the full weight of Europe’s bank bailouts and the deepening recession onto the backs of working people. Preserving living standards and essential social benefits is no longer compatible with the continued existence of the profit system. Nothing less than a fundamental socialist transformation of society will do.



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