

# Tens of thousands protest austerity policies in Portugal, Spain

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Tens of thousands of workers, young people, unemployed and retirees took part in demonstrations in major cities of Portugal and Spain Saturday, in a mounting confrontation between the European working class and the savage austerity policies demanded by the bankers, big business and the European Union.

Dock workers also staged strikes in Portugal, where the biggest protests took place, bringing much of the country's export-import trade to a halt. The dock strikes have unfolded over a five-week period, driven by opposition to changes in work rules that threaten jobs. The unemployment rate in Portugal is officially 15.7 percent, but estimated at well over 20 percent by the CGTP union confederation.

The Portuguese economy is expected to shrink by 3 percent this year and to remain in recession next year, under the impact of the global slowdown and the budget cuts imposed by the right-wing coalition government headed by Prime Minister Pedro Passos Coelho.

A proposal by the Coelho government to raise workers' contributions to social security from 11 percent to 18 percent of pay—the equivalent of a 7 percent across-the-board pay cut—touched off mass demonstrations two weeks ago. As many as one million people protested in the streets of the capital, Lisbon, and other major cities. These were the largest protests in Portugal since the May Day protests in 1974, during the Portuguese Revolution.

The Coelho government's proposed measure was described as “robbing workers to pay their bosses,” since the increased deduction from workers' wages was coupled with a 6 percent cut in the same tax for employers. The government has retreated from this

plan, but only to prepare other, equally reactionary, methods to make workers pay for the crisis of Portuguese capitalism.

The crowd in Lisbon's Praca de Comercio square was estimated at nearly 100,000, not nearly as large as two weeks before, but still enormous for a country of only 11 million people. The turnout was reduced in part because of illusions spread by the unions, the social-democratic opposition, and the pseudo-left groups that the decision to drop the social security tax increase was an enduring victory.

Workers carried banners denouncing the “troika” of the European Union, European Central Bank and International Monetary Fund that together have dictated the austerity policies inflicted on working people in Greece, Ireland, Italy and other indebted European countries, including Spain and Portugal. There were popular demands for action to force the Coelho government to step down.

CGTP union leaders made demagogic speeches to the rally, threatening to call a general strike. The CGTP has scheduled a leadership meeting Wednesday to decide on the action, which would be limited to a token one-day protest to vent popular discontent, while the unions work hand-in-glove with the right-wing government and the banks to impose the burden of austerity on workers.

Portugal's Finance Minister Vitor Gaspar said that the government would soon announce new budget cuts, replacing the social security tax increases on workers. The troika agreed to relax Portugal's deficit reduction target for 2012, setting the figure at 5 percent of GDP, up from the 4.5 percent initially demanded. But Portugal's deficit for the first half of 2012 came in at 6.8 percent, according to figures released by the government Friday.

The austerity program dictated by the EU and the banks has already slashed the standard of living of the average worker in Portugal by about 24 percent, with both wage cuts and tax increases. Workers have paid for the 78-billion euro bailout of the country's failing financial system, saving the wealth of the Portuguese bourgeoisie.

Saturday's protests across Spain were repressed with great violence by police. In Madrid, demonstrators marched on parliament for the third time this week, chanting "Fire them, fire them", referring to the right-wing government of Prime Minister Mariano Rajoy, but police sealed off access to the building.

Police armed with batons attacked protesters in the Plaza de Neptune, surrounding 300 demonstrators who refused to leave the square. An Associated Press photographer reported seeing police severely beat a protester who was taken away in an ambulance.

On Friday, Rajoy's government presented a 2013 draft budget that will cut overall spending by 40 billion euros, freezing public employees' salaries, cutting unemployment benefits and reducing spending for Spain's royal family.

One video, reported by the *Observer* newspaper, showed a middle-aged man protecting a younger man by wrapping his arms around him as helmeted police wield their clubs, and shouting "Shame on you! Shame on you!" The same video shows two policemen beating another man in a railway station. "I don't know whether he is a passenger or a protester," one of them says to the other.

While Cristina Cifuentes, the leader of the ruling Popular Party in Madrid, claimed that violent radicals were infiltrating the protests, demonstrators identified a group of undercover policemen who had been pretending to be part of the protest movement and inciting violence. A video shows one of the undercover cops being dragged out of the crowd by police, who seemed intent on arresting him, and shouting to them, "I am a colleague!"

As in Portugal, the protest demonstrations were combined with strike action in some areas. Public transport workers struck on Friday across much of the Spain, including Madrid, and threatened a further strike on Monday, when they could be joined by railroad train drivers opposed to privatization of the rail system.

The European Union statistics agency, Eurostat, gives

a glimpse of the extent of the cuts in working class living standards planned by the EU and ECB and the European ruling class as a whole. Eurostat forecast that unit labor costs in Spain would be slashed 4.7 percent in 2012 and 2013, 3.8 percent in Portugal over the same period, and a staggering 9.5 percent in Greece.

While the workers face savage austerity measures, the banks will get more bailouts. The Spanish government's 100 billion euro bailout of the banks increased the budget deficit from 8.96 percent of GDP to 9.44 percent, according to the budget minister Cristóbal Montoro. He said that government debt as a proportion of GDP would rise from 85.3 percent in 2012 to 90.5 percent in 2013, meaning even more cuts in public spending would be required to reduce the figure to the level demanded by the ECB.

The austerity policy in Spain was made even more unpopular—if that is possible—by the performance of Prime Minister Rajoy, in New York for the United Nations General Assembly. He was photographed puffing on a cigar in an expensive restaurant, while workers were marching in the streets against cuts in pay and benefits.

He also gave an interview to the *Wall Street Journal*, where he reiterated his pledge to save the Spanish banking system through a full-scale EU bailout if necessary.



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