

Mass opposition to austerity in Portugal

Paul Mitchell
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The announcement that Portugal may be given an additional year to pay back the €78 billion (US\$102 billion) bailout to the troika—the European Commission, European Central Bank and International Monetary Fund—comes amid fears of economic meltdown and growing concern at the depth of public opposition.

Portugal's statistics agency reported that its economy contracted 3.2 percent last year, the biggest fall in 37 years. With unemployment at 17.6 percent, behind only Greece and Spain in the European Union, mass mobilisations and strikes are becoming the norm.

On March 2, more than a million people marched in 40 cities against the austerity programme of the right-wing Social Democratic Party/Popular Party government. The demonstrations surpassed those seen on September 15 last year—until then the largest since the 1974 Carnation Revolution and the overthrow of the Salazar fascist dictatorship.

An unprecedented 400,000 people took part in the country's second city, Oporto, traditionally a more conservative area.

Strikes are taking place on the railways, the metro, TAP airline and elsewhere against privatisation, wage cuts and job losses.

The demonstrations were organised via social media networks, including one named “Screw the troika! We want our lives.” At the end of the demonstrations a Popular Censure Motion was read out declaring, “This government is illegitimate ... there is no day that it does not steal more money from workers and retirees. It vowed not to lay off civil servants or increase unemployment, but every hour that passes there are more people out of work.”

The resolution called for “the resignation of the government, an end to austerity and the domain of the troika on the people, who are sovereign.”

Prime Minister Pedro Passos Coelho rejected the demand and insisted that “returning to debt markets”

meant success “in executing the bailout programme in a credible way.”

In reality, the recession is deeper than all the predictions made by Portuguese, European and international bodies and is set to worsen—contracting by a further 1.9 percent in 2013, twice the estimates, with public debt having increased by 7 percent even with the extra revenues coming from the privatisation of public assets. The government does not expect to meet the EU's “golden rule”—that public debt must be less than 60 percent of GDP—until 2040 and that is assuming annual growth rates are 3.3 percent.

Passos Coelho talks up predictions that Portugal will be able to return fully to the bond markets later this year and borrow private sources of money without having to ask further aid from the troika. However, the daily *Jornal de Negócios* said it was a “mission impossible” and Michael Krautzberger of asset management company BlackRock declared, “I wouldn't be surprised if they get access to the markets again but it's too early to say that Portugal has really turned a corner.”

Last Wednesday antitrust officials raided the offices of nearly all the leading Portuguese banks to investigate alleged fixing of mortgage and other lending rates, blowing apart claims that the banks were open and transparent.

The austerity programme and budget cuts have been a disaster for the working class. Of the 923,000 registered unemployed, half receive no income or benefits. Some 40 percent of young people have no jobs. The €485 minimum wage has shrunk in value by over 5 percent since 2011 and the average monthly pension of €420 is only 43 percent of the euro zone average. More than a quarter of Portuguese children are now living in poverty.

The opposition parties and the liberal media have urged the government to rein back its austerity

programme. Leading daily *Público* declared, “Portugal has entered a recessionary cycle that has no end in sight. The fiscal targets are unachievable. Social conditions are worsening and democracy is suffering. Worst of all, people have no reason to believe the future will be any better.”

António José Seguro, leader of the Socialist Party (PS), which negotiated Portugal’s bailout in 2011, has written to the troika warning that although, “There is no questioning the need for rigour and discipline ... There are many signs that excessive austerity has been counterproductive, a factor of recession and social disintegration.”

Seguro’s remedy does not go beyond calling for more time to pay the debt and lower interest rates.

Daniel Oliveira, a founding member of the Left Bloc (BE), recently resigned from the party calling for broader alliances. Writing in the popular weekly *Expresso* after Saturday’s march, he warned, “We live in a time of peaceful revolt that still fits inside the political system, as we know it today. But that system has entered its dying days. ... If the opposition fails to embody a credible alternative, and if the main party of the Portuguese right starts to fall apart, then the first to seize this moment, whether they are serious players or populists, comedians or statesmen, may provoke a political earthquake.”

The Communist Party (PCP) is equally concerned at the threat to the capitalist order from below. It is calling for “the defence of the democratic regime of April [1974] and the fulfilment of the Republican Constitution” and the formation of “a patriotic and left-wing government.”

Unlike on previous mass demonstrations, the PCP and BE were much more noticeable on March 2. They have set themselves the task of controlling the rebellion taking place and diverting it behind the PS.

That the old bureaucrats were able to re-emerge is an indictment of those espousing “horizontalism”, “autonomy” and similar concepts who led anti-capitalist movements such as the “The Scraping-By Generation” (*Geração à Rasca*). Opposing any independent political action by the working class through calls for “sovereignty of the people” and repudiating the need for a genuinely socialist party and programme disarms workers and youth in the face of the social counterrevolution being imposed by the

bourgeoisie.



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