General strike in Portugal

Paul Mitchell
28 June 2013

Portugal's two main trade unions, the Socialist Party (PS) aligned General Workers Union (UGT) and the Communist Party (PCP) aligned General Confederation of Portuguese Workers (CGTP), staged a 24-hour general strike yesterday.

The strike—the fourth called by the unions since Portugal asked for a €78 billion bailout two years ago—took place as the right-wing coalition led by Social Democrat (PSD) Prime Minister Pedro Passos Coelho prepares to impose further austerity measures next month. There are already 1.5 million people out of work in the country of 10.5 million, with less than half receiving unemployment benefits. The official youth unemployment rate is 42.5 per cent.

During the day thousands of people marched through the capital of Lisbon to the parliament building, which was protected by a large police cordon. Demonstrators held banners reading, "Enough!" and "Government Out!" Other protests were held in towns and cities including Oporto and Faro in the south.

The general strike began to take effect on Wednesday night, especially in the transport sector. Trains ground to a halt and the metro and ferries in the capital stopped. There were few buses running and a large number of flights of the national carrier TAP were cancelled. Several ports were closed.

Many national and local government offices were shut down including administrative centres, courts, post offices, garbage collection depots and leisure centres. Support for the strike in education and health services was very high with the Nurses Union reporting a record 85 percent support in hospitals across the country.

For the first time journalists at the state run news agency Lusa walked off the job causing the service to be shut down. In a "note to clients" the last telex published read, "The service agency Lusa was stopped at 8:45 today due to the general strike. The service may be restored if there are conditions for it."

Works council spokesman, Rui Nunes, said there was "great support" for the strike with only "a handful" of journalists working. He explained that the agency had suffered a 31 per cent budget cut, which had "led to the dismissal of 24 people and the deterioration of national and international networks of correspondents."

Companies in the private sector were also affected, including Volkswagen's auto plant Autoeuropa, one of the country's biggest exporters.

While there is widespread working class opposition to austerity in Portugal and across Europe, the unions made it clear they were not seeking to bring down the government. UGT general secretary Carlos Silva said, "This strike aims to make it clear to the government that people have had enough of its [austerity] policies", adding, "If the government does not back a general strike of this size, we will have to reconsider our position".

Silva stressed that the UGT wanted to continue "social dialogue and consultation." The Socialist Party-aligned UGT did not take part in two of the previous three general strikes and has agreed labour reforms with the government slashing pay and conditions.

By midday Minister of the Presidency and Parliamentary Affairs, Luis Marques Guedes, said in desperation, "The government's view is what the country needs is work. We respect those who exercise the right to strike, but also those who are working, which is what the government is doing to improve conditions in the country".

The claims of *Passos Coelho*, after coming to power in 2011, that two "terrible years" of austerity would lead to economic growth has crashed spectacularly. Portugal is stuck in its longest recession since the 1970s and entered a third year of contraction in 2013. Portugal is Western Europe's poorest country.

Public debt was 123.6 per cent of GDP in 2012, exceeding €200 billion for the first time. Portugal's global debt (comprising government, household, financial, and non-financial debt) reached 438.6 per cent of GDP in 2012, one of the highest in the world. The economy contracted by 6.4 per cent last year, higher than the 5 per cent target and is expected to contract 2.3 per cent this year.

Despite severe cutbacks and unprecedented tax increases, Passos Coelho said the country's budget deficit target may have to be relaxed again next year for a third time if the economy does not improve. The targets were lowered to 5.5 per cent of gross domestic product this year from last year's 6.4 per cent and then to 4 per cent in 2014.

Passos Coelho said, "If there is a necessity, the government would not hesitate in requesting a revision of the goals and that may have to happen according to the macroeconomic outlook." Portugal's employers' organisations have issued a statement to the same effect.

Portugal's poor fiscal and growth prospects have also led to speculation that it, and Ireland, will need more money after the current bailout loan finishes. The country's 10-year bond yield (interest rates) have jumped more than one per cent in the past month.

"A low borrowing rate will likely only be achieved through some new loan arrangement," said Societe Generale SA top analyst Ciaran O'Hagan. "Market yields today, even if down sharply over the past year, are just simply too high to prevent Ireland's and Portugal's debt burdens from continuing to spiral upwards, in the absence of much if any growth."

Abebe Aemro Selassie, head of the International Monetary Fund's mission to Portugal, earlier this month said a deeper recession and higher joblessness than expected are "exacerbating social and political tensions and, in turn, testing the government's resolve to continue with adjustment policies and reforms". He demanded that market "fragmentation and high lending rates in Portugal" be tackled immediately.

Aemro Selassie said the country could be the first one to make use of the Outright Monetary Transaction mechanism, which was created last year to allow the European Central Bank to buy up secondary market debt (stocks and shares) in addition to sovereign (government) debt to improve access to credit for small and medium sized businesses.

Secretary of state for finance Manuel Rodrigues has already said, "We are working on ensuring that we are eligible for this program." He also said "It's important to communicate what we're dealing with. We were conducting a silent revolution in terms of structural reforms, and now we have results to show."

This "silent revolution" has been a social disaster for the working class. Basic constitutional safeguards and democratic processes have been torn up at the behest of the European Commission, IMF, European Central Bank "troika", in order to drive living standards back to the conditions of the 1930s. The jobless rate will climb to 18.2 per cent in 2013 and 18.5 percent in 2014 from 15.7 percent at the end of last year.

Wages have been slashed and the cost of food, medical treatment and transport has increased at the same time as spending on public services and welfare benefits have been cut. The government has made it easier for companies to fire workers and reduced the scope of collective bargaining, cut pensions, lowered unemployment benefits and suspended four national holidays. It wants to cut public sector pay further and will increase working hours from 35 to 40 hours this year.

The political struggle to develop a socialist opposition to the social democrats is being blocked by the unions and pseudo-left groups like the Left Bloc (BE), which is made up of ex-Stalinists, Maoists and Pabloites. In the 2009 elections, the BE gained 16 deputies in the 230-seat Assembly of the Republic. It lost half of its seats in the 2011, after supporting the Socialist government as it imposed its austerity programme.

Neither the unions nor the parliamentary pseudo-left parties, PCP and BE, offer any alternative. They propose virtually identical policies aimed at renegotiating social cuts with the troika through the election of a "Government of the Left" (BE) or "Left and Patriotic Left" with the Stalinist PCP.