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Portugal

# An alternative to the Troika

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**The programme of austerity imposed on Portugal in response to the crisis has been one of the most humanly devastating in Europe. And nowhere in Europe has popular resistance been more massive or determined. Yet so far the parties of austerity continue to dominate Portuguese politics. The governing parties of the right (the confusingly named Social Democratic Party and People's Party) face only sham opposition from the Socialist Party, which itself imposed the first harsh cuts until the elections of June 2011 sent it into opposition. The Left Bloc (Bloco da Esquerda) is working to create a real left-wing alternative that can win a popular majority and throw the Troika's ultimatums into the rubbish bin. Grenzeloos (magazine of the Dutch section of the Fourth International) talked in Lisbon to Jorge Costa of the Left Bloc's top leadership body about the challenges the Bloc faces.**

The depth of the Portuguese crisis, says Costa, resulted from 'poor choices by the Portuguese elite that made Portugal one of Europe's most vulnerable countries' – choices for a development model dominated by finance and construction. This led to a big housing bubble; in the now well-known scenario, when the bubble burst, the Portuguese state rushed to bail out the banks that had caused it. In an equally well-known scenario, international speculation then 'bankrupted the state', as the banks demanded 5, 6 or 7 per cent interest on bonds – even after the European Central Bank (ECB) started lending them money at 1 per cent interest. So, notes Costa, 'the Portuguese public debt is now one of the most profitable in Europe'. Portugal is being 'held to ransom' by the Troika: the International Monetary Fund, European Commission and ECB.

## Hunger

Costa describes the Troika's demands, accepted by both the SP and the right, as 'a huge transfer of wealth to the bourgeoisie and international finance, and a huge attack on the gains of Portugal's 1974 revolution: labour rights, welfare and even the freedoms guaranteed by the constitution'. For example, VAT rates are now among the highest in Europe, 23 per cent, leading to 'massive closures' of small businesses. Even before the crisis the Portuguese were the poorest people in Western Europe, with half of the labour force earning less than '€700 a month; last year those wages were slashed, with all public and private sector workers losing their year-end bonus ('€13th month'). Unemployment benefit and pensions too have been slashed; there are now over a million Portuguese pensioners supposed to live on less than '€300 a month.

'We're seeing hunger in the schools', says Costa, 'and other things that had become almost unknown in Portugal in the last 20 years: homelessness and dependence on charity on a mass scale. The work of generations of public servants is being destroyed. The decline in infant mortality in Portugal was an internationally studied example; we had reached Northern European rates. Last year, for the first time in years, infant mortality went up again.'

For a time people in their 20s and 30s without jobs survived by living with and off their parents or family in the countryside, but now these crucial 'links of solidarity' are breaking down. People are simply fleeing the country; an estimated 70,000 Portuguese have left for Angola alone. At the same time capital is benefiting from the sell-off of profitable state-owned companies: energy, airports, airlines, railways, postal services. In a display of what Costa calls 'blatant class bias', the government even proposed tax cuts for business at the same time as wage cuts and tax increases for everyone else.

Of course these policies haven't rescued the economy. On the contrary, it's shrinking by about 3 per cent a year. 'How can Portugal pay 5 per cent interest and more on its debt when each year there's 3 per cent less?' Costa asks.

## Victories

The Troika's policies have drawn what Costa calls 'a line of demarcation through Portuguese society'. This was made unmistakably clear on 15 September 2012, when over a million Portuguese took to the streets in 'Screw the Troika' demonstrations, the biggest the country had seen in 30 years. There have been other big protests: against the closure of a famous Lisbon maternity hospital – led by women who had given birth there – against the abolition of urban and rural district offices – often the only source of public services for people who have no other access to them – and in January against threatened massive layoffs of teachers. These mobilizations have succeeded thanks to a difficult unity between the country's biggest, CP-led trade union federation, the CGTP, and a new generation of indignados-style, Facebook-wielding activists.

And the resistance has forced the right to retreat, in victories that even the massive resistance in Greece has not yet won. The right gave up the idea of tax cuts for business. The constitutional court threw out the proposed 2011 budget because of its disproportionate attacks on public sector workers. And now the constitutional court is considering throwing out the 2012 budget, on the grounds that it denies rights to education, health care and welfare guaranteed by the post-revolutionary constitution.

Faced with so much resistance, Costa says, the Troika knows it needs 'a Plan B'. The SP, now in opposition, is Plan B. Having accepted all the Troika's demands, the SP voted in parliament against the right's budget – with the Troika's tacit blessing, since the right didn't need the SP's votes anyway. But the SP won't promise to reverse the cuts or tax increases or raise the minimum wage. Hoping for a return to government, it is still trying to show the Troika that it's 'responsible'.

If the right-wing government falls soon, the SP may not have enough time to regain its lost credibility. At the time of the June 2011 elections, Costa says, voters saw no alternative to accepting the Troika's dictates, and deserted the radical left. The Communist Party lost a little. The Left Bloc, a union of three radical parties (including the Portuguese section of the Fourth International) formed in 1999 that had less deep social roots, lost almost half its votes, getting only 5.2 per cent. But since last spring, Costa says, the situation has turned around. 'People are beginning to see that the anti-Troika left was right.'

Although the CP is strong in the unions, its Stalinist past and continuing sectarianism limit its appeal. Costa believes that the Left Bloc has more potential. Once before, in the 2009 elections, it outpolled the CP, with 9.8 per cent of the vote. Today it is still at only about 6 to 9 per cent in the polls. 'The left forces aren't strong enough in the polls, but neither was Syriza in Greece a year before its breakthrough,' Costa says – and in the last Greek elections Syriza got a third of the vote.

## Strategy

At its recent congress the Left Bloc declared that the only way out of the crisis is a real left government, which would renounce the agreement with the Troika, denounce 40 per cent of the debt and renegotiate the rest, nationalize the banks and tax the rich.

The Bloc takes a clear stand against leaving the eurozone. Costa says this would mean a drastic devaluation of Portugal's currency, in the interests of boosting exports by Portuguese companies but decimating living standards. 'The EU might expel us from the euro,' he admits. 'But this isn't our policy.' The Bloc means instead to ally with other radical left forces to fight for a transformed, democratic and social Europe.

But how can the radical left win a majority? João Carlos Louça, a supporter of a critical minority within the Bloc, thinks the leadership is going about it the wrong way. 'The leadership is investing too much energy in parliament and elections and not enough in the social movements,' he says. Louça also thinks the Left Bloc lost credibility by supporting an SP presidential candidate last year, and earlier by allying with the SP in the Lisbon city council.

Costa admits that there is some justice in some of the minority's criticisms. 'The Bloc has had a problem of centre of gravity,' he says. And it still hasn't done enough to include in its leadership the new layer of social activists. Costa agrees that winning a left majority is not a question of 'electoral arithmetic'. Perhaps dialogue with the CP is slowly becoming a bit easier. But he sees no signs that any significant part of the SP, which is thoroughly corrupted by 'incestuous links' with corporate elites, is willing to change course and break with austerity.

Real change demands social struggle. It requires dialogue with initiatives like Screw the Troika, and with a range of protesters who are often suspicious of all parties. And in the social struggle, especially the unions, Costa concedes, the Bloc still does not have the strength that the CP built up in decades of resistance to the dictatorship that ruled Portugal from 1926 to 1974.

## Fluid but functional

But Costa rejects Louça's statement that given the current balance of forces with the SP and CP, the Bloc's goal of a left government is not likely to be won in the near future. The Bloc has been proving itself in the movements – if not in the old union strongholds then among teachers, casualized workers and young people, and in fights for abortion rights, LGBT rights and drug decriminalization. 'The Bloc is porous to society,' he says. 'We have relations with the movements that are fluid but functional. We respect their rhythms.'

The Bloc has even done well in elections to key works councils, which in Portugal are fought not by unions but by parties and other groups. The Bloc is the biggest force in the works council at Volkswagen, the country's biggest auto plant. Yet even though the Bloc's workplace activists are CGTP members, the CP refuses to make any place for them in the CGTP leadership. 'The CGTP hasn't sold out,' says Costa, 'but it's less and less democratic. Once the CP saw it as a transmission belt; now it's seen as a wholly integrated part of the party apparatus. The unions are where our relations with the CP are the worst.'

Fortunately Costa does not see a big risk of the growth of fascism in Portugal. So far there is nothing in Portugal like the Greek Golden Dawn. 'A very deep anti-fascist culture has developed in this country since 1974,' he says. 'Of course we have anti-immigrant racism: an assumption that people with darker skins do the dirty work for lower pay. But immigrants in Portugal are often Portuguese-speaking people with deep roots here. There's a lot of intermarriage. So it's hard to scapegoat them. When a small group of Nazis tried to join the big anti-austerity demo the police kept them out.'

And in the growing resistance to austerity, the pressures for unity are mounting. With a new day of massive protests planned for 2 March, the CP is sending activists to the Screw the Troika coordinating group meetings – which would have been almost unthinkable not long ago. 'The Troika and the right are preparing their next offensive,' Costa says. 'But we're preparing ours. Only now are the conditions for it beginning to be put in place.'