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Portugal

The Left faced with the crisis and the ideological offensive

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The strategy of the European stability plan, imposed by Angela Merkel, the European Commission and the other governments of the Union, was welcomed with enthusiasm and submission by the Portuguese government. The Socialist Prime Minister, Jose Sócrates, aspires to be recognized as the best pupil of the European Union and for that he counts on the support of the entire Right.

It is by implementing the stability plan - which introduces more severe sanctions in the event of it not being implemented, authorizes the control of national budgets by the Union and makes aid conditional on drastic measures of wage-cutting and tax increases - that the Socialist Party and the Portuguese Right want to prove and distinguish themselves. To this end, as in the 1930s, the government has begun reducing nominal wages, which are scheduled to fall by 5 per cent by 2013, and tax increases [1] will have the immediate effect of a devaluation of real incomes of 2.5 per cent.

The goal of the European stability plan is clear: it is aimed at encouraging speculation, unlimited financialisation and the plundering of European economies. The 750 billion euros of the euro stabilization fund and the Draconian rules imposed on national economies must serve to save the financial system, because of the almost 7,000 billion euros of public debt over all the countries of the EU, 2,500 euros are owed to the banks. So this is a gigantic rescue operation of the financial system, undoubtedly the most important in the entire history of capitalism.

But even this transfer of value by no means guarantees the success of the rescue. Indeed, this policy option does nothing but worsen the structural problems of the economies of the euro zone, because cutting wages does not automatically lead to gains in competitiveness. The stability of the euro continues to be threatened: if the economies do not grow, all the tax adjustments will reduce demand and will only be recessionary measures; if in the short or medium term we experience a new recession, the risk of excluding some countries from the euro zone will increase...

Social crisis

The application to Portugal of the European Stability and Growth Pact has two aims: to reduce the budget deficit quickly (by 2013) and in a Draconian fashion (from 9.3 per cent of GDP to 2 per cent). The options chosen are univocal: destruction of public social policies and dismantling of the Welfare State, this time right down to its ideological roots. It is the role of the Sócrates government, which can always count on the proud support of the Social Democratic Party (PSD, a bourgeois party which owes its name only to the climate of rejection of the bourgeoisie after the revolution of 1974, obliging big capital to cover itself with a "social" fig leaf). Although the two parties play to the gallery with their petty politicians' quarrels, they come together when it is choices of society that are at stake. All social security benefits are under attack and are in line to be plundered, from the tax on consumption to unemployment payments. The government has reduced unemployment benefits, limited them in time and modified the rules of their attribution, making them still more inaccessible. It has invented a ceiling on social security benefits that are paid out, in order to limit them, independently of social reality. Benefits thus cease to be a right and are only to be granted in situations of extreme gravity. Whereas unemployment continues to increase, the government is increasing taxes, while promising that there is more to come.

The unemployment rate is approaching 10 per cent. Moreover, even those who have a job are reduced to poverty; the income from work is not enough to guarantee the essential needs of many families. Already nearly 18 per cent of the population live below the poverty line and, in the regions of the North of the country the threshold of 25 per cent

has been crossed, while poverty increases each year. More than one million workers are in precarious employment and among the youngest workers that concerns more than a third. Temporary employment agencies are proliferating, benefiting with Sócrates from a representative in the government. The state itself employs nearly 150,000 workers illegally, whereas its function should be to guarantee employment. These figures outline the portrait of a crisis which is tearing the fabric of society.

Ideological attack against the social state

All that has been accompanied by a fierce ideological attack with the aim of preparing public opinion. As the discourse on the crisis has penetrated the whole of society, as public opinion has increasingly accepted the need to reduce expenditure and to sacrifice itself faced with the financial disaster, the discourse of the liberals has become increasingly ambitious: if the poor are poor, it is because they do not work and do not have ambition, the poor cannot manage their money and so they cannot be entitled to social security benefits... The feeling of fear of impoverishment which currently exists and which is reflected in the difficulty of reacting in the face of the attacks against workers' rights can further increase with the direct pressure that is being exerted on living conditions. Because life is going to get much worse.

During the last decade many factories have closed in Portugal, especially in the region of the North and in the interior of the country, where families and even whole populations have been devastated by unemployment every time a big company has closed in the region. In the face of that we have not seen the trade unions being much present - at the time of the majority of the factory shutdowns there was no resistance or opposition and often, without the intervention of the Left Bloc, they would have taken place without public opinion even being informed. The trade unions and the Communist Party, contemplating their own navels, continue to mobilize their internal resources and popular indignation through routine strikes and demonstrations which have no effect other than filling the agendas of their central committees, with very few other consequences.

The government bases itself on the idea of the sacrifices that are supposedly necessary for it to conduct its fiscal policy. Its speeches proclaim that taxation makes it possible to distribute sacrifices equitably. This is a triple lie. Initially, workers' incomes will be doubly penalized, through the increase in the rates of income tax and through the increase in VAT. Next, the increase in the rate of income tax on companies is eroded by the relationship between legal taxes and real taxes [\[2\]](#), in particular in the banking sector. Finally, a fair distribution of sacrifices would imply the concentration of the revenues from taxes on the highest incomes, leaving out those who have already been affected by other austerity measures, which is by no means the case.

The PSD, the principal party of the right-wing opposition, whose new leader Passos Coelho makes no secret of his ultraliberalism, has made its priority the modification of the Constitution in order to delete the articles concerning education and health, which characterize them as public services. Passos Coelho knows very well that it is not the Constitution that has obstructed the successive attacks of liberal governments over the last twenty years. His strategy is purely ideological. He aspires to be the Prime Minister who will destroy even the formal roots of the social state and all that remains of social solidarity in a country on the edge of rupture. So the fiercest neo-liberal attacks in the history of Portugal and an ideological debate increasingly distant from what interests workers complement each other to inflict a profound defeat on the workers and to drive back social struggles, the trade union movement and the political Left. At the same time, the discourse of the trade unions, still under the control of the Portuguese Communist Party and more and more removed from the concerns of the majority of workers, leaves the field free for the Right and the liberals to impose the debate on the end of the social state and the return to social assistance, presented as the only possible form of solidarity!

The response of the Left

The Left can hope for nothing from the institutions of the European Union and cannot place any trust in them to confront the crisis: these institutions are the promoters of the crisis and of the transfer of the value of labour towards capital. As the Left Bloc has argued since its creation, without a re-foundation of Europe, with a pact for employment which would substitute its rules and its institutions for those of the Stability and Growth Pact and the Treaty of Lisbon, there will be no European policy to face up to the crisis, but there will still be European policies which will worsen it as well as the recession.

The role of the Left Bloc of left is to combat these institutions and these policies, which on the pretext of a response to the crisis impose new austerity measures. This combat extends today to the fight against the project of a European directory imposing limits on national budget deficits and entitling the (European) Council of Ministers of Finance to ratify the budgets. We consider in fact that we have to differentiate the domains where we need European solidarity and common policies from those where we need more national freedom in order to protect jobs and solutions that are viable for economies.

But we do not have any illusions about the relationship of forces: none of the existing governments in Europe defends a perspective of reinforcing the role of work in the rebuilding of the economy, and the convergences between liberalism and social democracy are structural (even if, sometimes, some parties take different positions). It is thus fundamental that the Left stresses other dimensions of the fight against financial globalization, in particular the means of action which permit economic choices that are favourable to employment.

Employment contracts, wages, the reduction of precarious work and the defence of social security are the central points of action for a viable alternative strategy. The generalization of employment contracts, the fixing of wages independently of the financial conjuncture and of speculation and the institutionalization of social protection not only have an effect of redistributing wealth that no other policy has ever attained, but they also have an automatic effect of stabilization of the economy because of their effect on demand. If the theoretical framework of the capitalist economy can still take on board such responses, that is no longer the case of the financial capitalism which produced the present crisis (what today makes it a kind of "transitional measure").

The defence of autonomous fiscal policies constitutes another fundamental pillar of a response from the left. The increase in revenues from taxes is the only possible response to the snowballing debt and thus to the financial markets. And it is a crucial question of economic democracy, which goes against one of the most violent forms of accumulation, constituted by tax avoidance and tax incentives. The Left Bloc thus defends, on a European scale, control of the financial system against speculation, starting with authoritarian measures such as the ending of offshore tax havens and the taxation of financial transactions: a tax of 0.1 per cent on financial transactions (already known as the Tobin Tax) would represent revenues of 920 billion euros, that is to say more than the whole of the European stability plan.

In order to oppose the destruction of social services, the Left must support qualified public investments, with clear priorities. The Bloc has proposed that priority is given to urban rehabilitation, which will have effects on the reduction of the debt, the creation of employment and the reduction of the cost of housing. At the same time we have refused and we fight against any reduction of the job-creating investments that are envisaged and we stress that the ideological offensive against public investments constitutes one of the principal fronts where the Right has gone on to the attack.

The ideological battle is now a fundamental question of the social transformation. We have to recognize that our field of battle is more reduced than it was five or ten years ago. We know that the crisis and the ideology of sacrifice have inflicted many defeats on the Left, in fundamental battles and have had the effect, in Portugal, of making workers'

struggles less visible or less ambitious in their still obvious objectives. So the battle for public opinion, in order to prevent workers' struggles from being isolated, constitutes one of the axes of our fight. We must overcome the strategy of fear represented by the propaganda of the PS and the PSD, which aims at the acceptance of all "sacrifices" in the name of the international dangers. If this ideology of sacrifice carries the day, the workers' movement will suffer a defeat. For this reason the Bloc has reinforced its agitation and its propaganda on the subsidies to millionaires, the bonuses, the accumulation of the rising bourgeoisie and the financial operators, because that is the best way of fighting the ideology of sacrifice. We denounce these cases by name, we indicate the transfers that are carried out for speculation and greed.

The generalized struggle requires the accumulation of forces. The difficulties of the recent strikes are in this respect well-known. The Left Bloc will choose in its own time the forms of confrontation with the government. These can consist, on the institutional terrain, in the vote of a motion of censure, the demand for a vote of a motion of confidence, as well as in the presentation of alternative propositions in order to confront the parties - the PS and its alliance with the PSD and even with the CDS-PP [3] - with their electoral promises and the social crisis which the Socialist government has caused. The Left Bloc is also working to strengthen the participation of its members in the trade unions and in the alternative forms of struggle which are appearing (the organizations of precarious workers, which are just beginning to develop), in order to be closer to the new workers and the new unemployed, with a language that is closer to their reality.

The presidential campaign

The next presidential campaign is approaching [4]. It will oppose Manuel Alegre [5] to the current President of the Republic, Anã-bal Cavaco Silva (PSD). Although revolutionary strategy will be absent from this debate and the two orientations involved are within the framework of capitalism, they are diametrically opposed and the stakes are very high.

The outgoing president, Cavaco Silva, has always supported the policy of privatization of public services and cuts in social security benefits of the Socialist government. He was an enthusiastic defender of Prime Minister Sócrates during the preparation of the new Labour Code, which called into question social rights beyond what anyone had dared to propose in Portugal since April 25, 1974. And if he did not support Sócrates, it was only when the latter took some progressive steps: so he was opposed to the revision of the law on divorce and to the approval of gay marriage... In short, he is a ferocious neo-liberal, heir to Thatcher and Reagan, and a Catholic conservative of the old school.

Facing him, Manuel Alegre has a long history of opposition to the worst antisocial policies of the government. Several times he has been among the main adversaries of Sócrates, of the Right and of the policies which have most devastated the social state. Over the last five years he has been, in Parliament, alongside the Left Bloc at the times when tensions were sharpest.

It is for this reason that, for the Left Bloc, there was no other choice: we had to be on the side of the barricade in opposition to Cavaco and we did not hesitate to support the candidature of Manuel Alegre.

These elections will be a moment of intense ideological discussion on the crisis, the recession and the responses of the Left. In this debate Manuel Alegre is not the candidate of the PS, he started out as a candidate opposed to the PS, opposed to the orientation of its leadership, an independent candidate to whom the Left Bloc was the first party to give its support. Sócrates and his men of straw started by rejecting this candidature, because not only had it been announced without the assent of the PS, but especially because in their eyes it was opposed to the government and

all that it has represented over the five last years. The support, late and embarrassed, that the PS finally brought to Alegre has no other aim than to avoid the scenario of the 2006 presidential election, when Manuel Alegre won more than a million votes, surpassing the Socialist governmental candidate, Mario Soares, who was the big loser in these elections.

Lisbon, August 2010

[1] Household incomes are being subjected to an extraordinary surtax of between 1 and 1.5 per cent (depending on their level), the standard rate of VAT is increasing to 21 per cent and, so as to be able to speak about efforts being "shared fairly", a surtax of 2.5 per cent will affect the profits of companies which exceed 2 million annual euros a year.

[2] Thus, for example, the following items are deductible when the taxable income of companies is fixed: debt redemption and its depreciation, provisions, rents, wages, interests, the remuneration of the executives (entirely), royalties, dividends, etc .

[3] The Democratic and Social Centre - Popular Party, founded in July 1974, is a right-wing conservative and nationalist party.

[4] The presidential election will take place at the beginning of 2011.

[5] Manuel Alegre, writer and poet, opponent of the dictatorship of Salazar, exiled for ten years (1964-1974) in Algeria (where he ran Radio Algiers, very widely listened to in Portugal by the opponents of the dictatorship), member of the PS and former member of parliament (1976-2009), ran as an independent candidate in the 2006 presidential election (in opposition to the official candidate of his party, Mário Soares, whom he distanced with 20.72 per cent of the votes cast, against 14.34 per cent for Soares). Once again an independent candidate for 2011, initially with the support of only his Movement of Intervention and Citizenship and the Left Bloc, he obtained in May 2010 the official support of the PS, announced by the Prime Minister, Jose Sócrates.