Portuguese Prime Minister resigns amid rising social protests

By Paul Mitchell and Alex Lantier

Prime Minister José Sócrates resigned yesterday, after all five opposition parties rejected the budget presented by his minority Socialist Party (PS) government. The budget included huge spending cuts, tax increases and a freeze on pensions intended to prevent Portugal from seeking a bailout like those granted to Ireland and Greece last year.

Former Prime Minister José Sócrates

Sócrates said he would remain in office in a caretaker capacity: “The country will not be without a government. The government will continue to fulfil all its duties as a caretaker government.”

President Aníbal Cavaco Silva could now call a snap election within two months. However, the Portuguese constitution mandates a waiting period of at least 55 days between the calling of snap polls and when the elections are in fact held. Silva issued a statement declaring that he would not call for polls at least until tomorrow.

Until now, the minority PS government functioned with the tacit support of “opposition” parties like the PSD, which refrained from exercising their option of blocking the PS’s policies in the legislature. The right-wing Social Democratic Party (PSD) had abstained in previous votes on the austerity measures, allowing the minority PS government to pass them.

This time the PSD decided to vote against, declaring that “a broad government coalition” is needed to force the necessary austerity measures through.

“I told the president of the PSD’s firm and irreversible position on this matter,” PSD leader Pedro Passos Coelho declared. “We expect the government knows how to and will change the path so as to not penalise the most unprotected, especially the pensioners”, he added.

The PSD’s comments about protecting the unprotected are no more than crocodile tears. The PSD was founded as a right-wing organisation in 1974, two weeks after the Carnation Revolution that ousted the Salazar dictatorship, in a period when no party dared to call itself conservative. It has acted in the most aggressive manner to defend Portugal’s ruling elite ever since.

The PSD’s withdrawal of support from the PS is the sign of a shift within the Portuguese bourgeoisie over how best to impose austerity measures amid rising social opposition in the working class.

Last November, a general strike brought Portugal to a halt. Millions of workers from the public and private sector stayed away from work to protest the PS government’s budget and austerity measures. As the austerity measures were being debated in parliament, a number of strikes were taking place including rail, metro and ferries that brought many areas to a halt.

On March 12, hundreds of thousands of young workers and families took to the streets in 11 cities, organized on Facebook, outside of the political parties and trade unions, to protest the latest measures. An estimated 200,000 people marched in Lisbon and 80,000 in Porto. Demonstrators demanded the resignation of the government and the dissolution of the Parliament, denouncing them as “thieves.”

There have been mass protests against austerity measures on the last two weekends, and on Wednesday Lisbon train drivers went on strike, creating large traffic jams in the capital city.

The PS government wanted its austerity budget, which is vital to the Stability and Growth Pact it has agreed with the EU, approved ahead of a European summit on the euro-zone debt crisis today. The failure to do so, coupled with the likelihood that Ireland will need more support and Spain’s teetering on the edge of financial crisis, has created further speculation about the future of the euro.

There were already signs that Portugal is falling into another recession, the second in three years, which would make it even more difficult for the country to repay its debts. The Bank of Portugal had revised its forecast of zero growth next year, made at the end of last year, to a 1.3 percent drop. The bank said pay cuts, tax increases and increasing unemployment could cause domestic demand to slump by 3.6 percent this year and investment by 6.8 percent.

The interest rate on Portuguese sovereign debt has almost doubled over the last year, making it even harder for Portugal to repay its debts. Yesterday the rate on 10-year bonds rose to 7.8 percent, while 5-year bonds hit a euro record of 8.2 percent. Germany pays just 3 percent in contrast.

The PS government claimed its budget proposals would have helped cut the budget deficit to 4.6 percent of gross domestic product this year, from last year’s estimated 7.3 percent, and to 3 percent in 2012. However, the country still has to borrow about 20 billion this year to finance its deficit. It has only 6 billion in cash reserves to pay back 13 billion worth of loans due in April and June.

An indirect bailout is already taking place, as the European Central Bank is the only buyer of Portuguese sovereign debt sold through government bonds in auctions on the financial markets. That is, the ECB is printing money to lend to the Portuguese government, under conditions where other banks are refusing to lend money to Lisbon.

Finance Minister Fernando Teixeira dos Santos said that the rejection of the PS’s austerity budget would cut off access to such loans, and increase pressure on Portugal to accept a European Union (EU) / International Monetary Fund (IMF) bailout. “The rejection of this plan will worsen the country’s financing conditions and create added difficulties which I doubt we could overcome on our own,” Teixeira dos Santos said as he opened the debate in parliament. “In such moments, a political crisis amounts to a big push to ensure that we fall into the arms of outside aid.”

Financial analysts agreed. “The fear is that if Portugal failed to agree on austerity measures, we can potentially see the country forced into the EFSF [the European Financial Stabilization Facility],” said Mary Nicola, an economist at BNP Paribas.

The EFSF is a 750 billion bailout fund set up by the European Union, the IMF, and various European governments on May 9, 2010, amid the Greek debt crisis. It is designed to lend money to European governments threatened with bankruptcy when banks and investors on the financial markets refuse to lend them money. Before obtaining the loan, the country must then participate in a “country programme,” imposing social cuts negotiated with the IMF and the Eurogroup of European finance ministers.

Sócrates’ resignation sets the stage for the election of a right-wing government, prepared to impose even more drastic social cuts on workers in alliance with international banks.

By voting against the PS’s austerity measures, the PSD has virtually guaranteed that financial authorities will force Portugal to accept a European bailout, while precipitating an election when Sócrates and the PS are at rock bottom in opinion polls due to their anti-worker policies. Currently, the PSD’s Coelho leads in the polls and is expected to be elected as the next prime minister.

A bailout will mean international financial institutions effectively taking direct control of the Portuguese economy and implementing spending cuts even more severe than those being carried out by the PS government. Portugal has had the experience of IMF intervention in 1977 and in 1983, which resulted in huge attacks on the living standards of workers and deep recessions.

Portugal already has one of the largest gaps between rich and poor in the EU, and a fifth of the population survives on less than 360 per month. Unemployment is a record 11.2 percent. One in three full time workers—almost one million—earns less than the minimum wage of 475 per month. Nearly 40 percent of workers work in “precarious” part-time or temporary employment.

Some bourgeois commentators have expressed concern that, should a financial crisis hit before the new elections, it might create an explosive situation where a caretaker government—that is, one without a formal mandate—attempted to impose unpopular social cuts on the population.

The *EU Observer* wrote: “And any austerity programme contained in such an [EFSF] agreement would undoubtedly be even tougher than the measures Sócrates is currently trying to enact. Were a caretaker prime minister to attempt such a move, the legitimacy of the government would likely be found suspect, a dangerous situation to be in amid growing public anger.”

However, political analyst Antonio Costa Pinto discounted such concerns, suggesting the government would go ahead anyway. “Although a caretaker government cannot take major autonomous initiatives, it could take a decision on resorting to aid if it is backed by parliament,” he told Reuters

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Attack

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resolution which imposed a “no-fly zone” on Libya, saying that they interpreted it to mean permission under it to bombard any places of their own choice in Libya, including civilian places.

“Now it is the West which is bombarding Libya and doing it callously and they don’t’ care who dies,” said President Mugabe, when he met Chinese Vice Premier, Wang Qishan, who was in Zimbabwe for a two-day visit. “We as African and Arab countries are mistaken in endorsing the resolution on Libya.

“There is no reneging on the resolution anymore, it’s there, it’s a mistake we made. We don’t agree with the form of government that was in Libya, but Libya was nevertheless a member of the African Union and we looked forward to it transforming its own system in its own way.

“Now the West is taking advantage of the fact that it has been given that support to let itself in a position in which tomorrow it would be masters of resources of Libya, especially the oil. And it is this oil, oil, oil which is the undoing of the Libyan people.”

Ugandan President Yoweri Museveni said in a statement this week that what was happening in Libya necessitated an urgent AU meeting to discuss the crisis. He said that the AU had a plan for Libya but its mission could not get there because the Western countries started bombing Libya a day before the mission arrived.

“I would feel embarrassed to be backed by Western war planes because quislings of foreign interests have never helped Africa,” Museveni said in the statement. “We have had a copious supply of them in the last 50 years – Mobutu, Kamuzu Banda and so on.

“The West made a lot of mistakes in Africa and in the Middle East in the past. Apart from the slave trade and colonialism, they participated in the killings of Patrice Lumbuba of Congo, Felix Moummie of Cameroon, Bartholomey Boganda of Central African Republic and the support for UNITA in Angola

Auas Delta’s learners who took part in the celebrations at their school last Friday.

Education

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Namibia becomes, the more dependent we are on the youth and you on each other to continue the technological and development revolution to make a free country a great free country – as great as it can be.

“With you, (Dr Namwandi,) education and the future of Namibia are in good hands and I will be proud to be called a comrade and friend in this struggle for the best education there is.