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Portugal

The IMF-EFSF and the answer from the Left

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As Portugal heads for a general election called as a result of Prime Minister José Sócrates calling in the international financial institutions, the Left Block makes clear its alternative to the crisis.

1. The Prime Minister has announced, this week, a request of intervention addressed to the European Financial Stability Facility and the IMF. After having insistently promised to avoid and to oppose this intervention, José Sócrates has given up from his most solemn promise.

Left Block rejects this use of the IMF and European Union programmes. It is not an aid, but rather a redemption and a financial intervention that has as a price the imposition of extremely severe measures against wages and pensions, that worsen and extend the decadence of the Portuguese economy and its inequality. As in 1983, it is about an enormous transference of income from the labour to the capital, to promote the economic laxity and the absolute power of finance. We recall that, in those years, the workers have lost three months of their salary per year and the economy has afterwards maintained all its inefficiencies and structural defects.

Left Block holds the Socialist Party (PS) and the Social Democrat Party (PSD) directly responsible for the several Growth and Stability Plans (GSP) that led to this situation, thus creating an extremely severe recession. All these packages of austerity measures have stimulated more speculation and have not avoided it, they have worsened the crisis and have not solved it.

2. Left Block acknowledges the announcement from the President of the Republic, which takes as a given the agreement of PS, PSD and CDS with the austerity strategy and the deficit targets. In this very direction, PSD and CDS have already shown their availability to support the appeal to IMF-EFSF, accepting the compromise towards the social and economic measures that such an intervention might establish.

Although in the present moment the program the Government is negotiating is not yet known, the Minister of Finance has already reaffirmed that it is based on PEC4 (4th Growth and Stability Plan), previously rejected. The privatisation programme and the amendments to the labour law in order to facilitate workers' dismissals have also been emphasised, and sources from the IMF also added the use of dismissals in the public sector.

3. Left Block has, in due time, proposed an intervention in order to maintain the liquidity of the State financing, through the support of the ECB to the Portuguese CGD (Portuguese Public Bank). Such an intervention could have made possible to avoid the financing difficulties of April and May, and the blackmail from the bankers, that has been jointly expressed in public, in order to impose their conditions, but the Government has rejected any alternative whatsoever.

The most severe problem of the financial system is a private debt much higher than the public debt, and the Portuguese banks are exposed to an excessive leverage and unsustainable indebtedness. Therefore, they requested a redemption that, however damaging the national economy, could assure them an effective protection.

4. In the new context created by the request of the IMF-EFSF intervention by the Government, Left Block demands an audit to all external debt, whether public or private, in order to identify the nature of its parcels, their maturity and conditions.

This way, it will be possible to determine the restructuring of the debt – of its time limit and its conditions – and to

refuse the payment of usurious interests or abusive debts, especially as an effect of interests charged to pay excessive interests. The mobilisation based in alternative concrete proposals and on the unity of each and every person that refuses the bankruptcy policy, is the way to increase the public confidence, the workers struggle and the capacity to face and defeat the IMF programme, which unites PS and the right. In the social struggle and on the elections, the unity against the IMF is essential for the Left to compete for the alternative.

5. Left Block will not, in the current political debate, give up from the insistence on the need of budgetary consolidation and on the profound rupture on the economy, in order to face bankruptcy and recession. As such, the key for the solution is a tax reform in order to mobilise the necessary resources, the fight against the created and protected tax evasion in our country, and the reduction of scandalous expenses such as the ones with Public-Private Partnerships. The country has to choose if it wants to continue to accept to finance the income from the banks and building societies, through the assignment of public hospitals to private management and with the management of highways and railways, or if it wants to use the public resources to reduce poverty and unemployment.

6. Given the threats from the Government, in order to relaunch and worsen the measures already foreseen in PEC4, and that constitute the electoral programme of PS, attacking the salary, namely the 13th and 14th month salary, reducing the pensions and worsening the essential public services, Left Block makes a call to all social mobilisation. Only democracy can save the economy.

Our compromise on the struggle for a Left Government responds to this crisis. It is necessary to have a Government that is a result from the force that democracy can give to the fight for financial responsibility, for job creation, for the reduction of poverty and precariousness.

7. The meeting that took place, upon request of the Left Block, with a delegation of the board of the Portuguese Communist Party (PCP), on the 8th of April, was the first formal meeting of these two boards, which can be inscribed in the sequence of multiple common answers that took place along the years, on the fight for the defense of labor laws that protect the workers, of tax laws that protect tax payers and of economic answers that protect employment and social rights. The meeting has confirmed these common answers and has established a process of consultations between the two parties.

Left Block remarks the importance of this dialogue, and shows its commitment regarding its proceeding, as well as all the forms of convergence that mobilise the left for political answers against the bankruptcy.