



# Why Portugal doesn't need a bailout

Joana Ramiro Mon, 28/03/2011 - 12:32

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Amid political turmoil and financial uncertainty, Joana Ramiro explains why the election of a new Prime Minister in Portugal will not solve the crisis ? it's high time for a revolution.

Portugal's Prime Minister and leader of the Socialist Party, José Sócrates, resigned on 23 March after proposing a new pack of austerity measures, which he could not get through the parliament.

The fourth version of the Stability and Growth Programme (PEG) since 2010 was rejected by the Republic's Assembly, with the liberal Social Democratic Party (PSD) defecting from its previous supporting role for the Socialist Party-led government.

This shift is not due to political radicalism, but is largely down to an internal squabble between the two centrist parties. Sócrates had allegedly consulted Germany's Chancellor, Angela Merkel, on the financial reforms without the knowledge of Portugal's President and former leader of the PSD, Aníbal Cavaco Silva.

The European Central Bank has been buying up Portugal's debt since early 2011, but there is over £4bn worth of bonds to pay by April. In addition, the political and financial uncertainty had left ten-year bond yields hitting 7.81% in March, which goes well beyond a manageable cost of borrowing in the Portuguese context.

Under pressure to request a bailout from the Eurozone and the IMF, Portuguese politics is likely to realign, with many analysts predicting a new coalition encompassing all the pro-austerity parties on the right and left. The two major Portuguese parties, PSD and PS, as well as the Democratic and Social Centre - People's Party (CDS-PP), a conservative, Christian Democratic party, with a conspicuously reactionary agenda.

In other words, it's a call for a government of 'national unity', similar to that which ruled Britain during the Great Depression.

This rat-pack of pro-austerity parties would mean that all but the Portuguese left had united around the need for cuts and implement, without harming anyone's vote, the dictates of the EU and IMF. Or, at least that is the calculation these bourgeois leaders are making in dreaming up a grand coalition project.

But the 'economics of disaster', as the Left Bloc's leader, Francisco Louçã, called it, won't disappear with the election of a new coalition made up of the same old bourgeois parties.

What Portugal needs is not a bailout, nor the IMF and the European Fund. What Portugal needs is a resilient anti-cuts movement that is capable of toppling the social-democrats, the centrists and the conservatives too.

The opportunity for radical change could be seen on the streets of Portugal in the last weeks.

Over 300,000 protested on 12 March and it is this force ? a mass working class movement ? that can reshape Portuguese politics.

Now we need unity around a programme of action to make the bosses, not the workers, pay the costs of this crisis. The trade union leaders, the left, the unemployed, the 'precarious generation' of youth denied a future, and the mass of the

working class need to build a movement that can show the class struggle alternative to the austerity agenda.

Making clear that there is an alternative must mean challenging the logic of capital. Does Portugal need a bail out and vicious cuts? From the stand point of capital it most certainly does. But the answer's different if we don't accept the argument we need to cut services to appease international creditors. A principle underpinning all of the western interventions into the banking system since the financial crisis broke out in 2008 is that the state should protect the credit assets of private investors.

This means creditors have not suffered significant losses on the dodgy loans and complex financial instruments they devised. The state in contrast has suffered has had to live with sharp reductions in tax revenues coupled with the sheer volumes of capital it has had to mobilise to underpin the banking system, and as a result now finds itself compelled by the logic of capital to make workers pay through vicious public service cuts.

It is really big blocks of capital that invest in government debt ? some of the richest people and institutions in the world. And it is these people that have actually grown richer as a result of the crisis ? with the number of billionaires globally increasing sharply as they take advantage of bankruptcies to grow richer.

It's time to say enough is enough. That's why the left should actively campaign for a default on the debts and the nationalisation of the banks and financial sector without compensation to the bosses, as the starting point to an anticapitalist alternative to austerity.

The formation of a government of national unity, if it comes, will expose more than ever before, the sham of bourgeois democracy: as the illusions in one party grow out of office, then recede when they are in it carrying out attacks on the people.

Revolutionary social change is the order of the day ? and hammering out a programme for it will be key task in the current wave of resistance to the bosses. Being against austerity isn't enough ? we need a socialist alternative.

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