

Portugal: Hundreds of thousands demonstrate against youth unemployment

By Paul Mitchell
15 March 2011

Hundreds of thousands of people demonstrated against youth unemployment in 11 cities across Portugal on Saturday. Noticeable by their absence were political parties and trade unions.

An estimated 200,000 protesters in the capital, Lisbon, marched along Liberty Avenue and Rossio Square. Another 80,000 people demonstrated in Portugal's second city, Porto. The protestors shouted slogans such as "Thieves out!", "A precarious existence means no freedom!", "[Prime Minister] Sócrates resign!", "Dissolve Parliament!"

Many carried homemade banners condemning the jobless rate, which is a record 11.2 percent or over 600,000 workers. Among 15 to 24-year-olds unemployment stands at 23 percent.

A further 720,000 workers are on temporary contracts, which are now more common than permanent ones, according to data from the European Commission. There has also been a large increase in the use of "green receipts" (*recibos verdes*) where workers are treated as self-employed without any kind of social protection, sick pay or holidays.

"The only work we can get is 'work experience', the only future we are offered is emigration", Inês Gregório, who has worked in cafés for most of the six years since she finished university, told the *Financial Times*.

"The struggles of young people in Tunisia, Egypt and Libya have helped open our eyes", Inês said, adding, "We are the best qualified generation in the history of Portugal and we want to use our skills to better our country. We don't want to emigrate. It is in the natural order of things to leave home, get married and have children".

The demonstrations were organised via Facebook by the Geração à Rasca (The "Scraping-By" Generation)

movement. Created in February this year by João Labrincha, Alexandre de Sousa Carvalho, Paula Gil and António Frazão, it rapidly gained 50,000 followers. They called for Portugal's unemployed, "500 euro-ists" and other underpaid workers, part-time workers, students, and "mothers and fathers of Portugal" to take part in Saturday's demonstrations.

The Geração à Rasca manifesto proclaimed, "We, who have up to now been complacent about the conditions laid upon us, stand here, today, to contribute to a qualitative change in our country. We stand here, today, because we can no longer accept the situation that we have been dragged into. We stand here, today, because every day, we strive hard to be deemed worthy of a dignified future, with stability and safety in all areas of our lives".

The demonstrations were held the day after the Socialist Party (PS) government announced a further raft of austerity measures—the third within a year—which included cuts to workers' redundancy payments, slashing of the state pension by 10 percent and reductions in health spending, grants to local councils, unemployment benefits and other welfare payments.

Finance Minister Fernando Teixeira dos Santos claimed the austerity measures would ensure Portugal cut its budget deficit from about 7.3 percent of gross domestic product last year to 4.6 percent of GDP in 2011 and bring the shortfall within the European Union limit of 3 percent of GDP in 2012. The details of the measures are still to be published in an update to the country's Stability and Growth Programme, which parliament will vote on next month. The minority PS government will need the support of the right-wing Social Democrats (PSD), which abstained in the parliamentary vote on the last set of measures, allowing

them to pass.

European Union Economic and Monetary Affairs Commissioner Olli Rehn welcomed the PS's new austerity measures saying, "The announced package will help Portugal regain control over debt dynamics and put an end to uncertainties".

However, the European Commission (EC) and the European Central Bank (ECB) were quick to add that more fundamental structural labour-market reforms, i.e., the further slashing of workers' pay and conditions, were still necessary. "We welcome and support the announced policy package", the two organisations said in a joint statement. "The authorities should address any need for further specification of measures, most notably with respect to labour markets, in the context of the National Reform and Stability Programmes to be presented in April".

The statement added, "The present momentum should be maintained, and the Portuguese authorities should ensure full implementation of all measures. The policy follow-up will be closely monitored".

The EC and ECB said they would also study carefully the plans announced by Portuguese banks laying out a timetable for getting rid of their debts and recapitalising themselves. The banks and the government have come to rely on the ECB as the funds from international financial institutions have dried up.

The EC and ECB are continuing to ramp up pressure on Portugal to accept a bailout like Greece and Ireland were forced to do last year. The interest that the government has to pay on Portuguese five-year bonds rose to a record 8 percent at the end of last week and on 10-year bonds reached 7.6 percent. Portugal must pay back €4.2 billion (\$5.8 billion) of bonds next month and another €5 billion in June. The country's public debt as a percentage of GDP is expected to climb to 87 percent in 2011, from about 82 percent last year. GDP is projected to decline by 1.3 percent this year as the cuts take effect and consumer spending falls. The economy shrank by 0.3 percent in the last three months of 2010, the first quarterly contraction in a year. The Bank of Portugal is predicting a double-dip recession this year.

The rise in bond rates accelerated after Teixeira dos Santos was asked to reply to speculation that Portugal was about to apply for a bailout. He pleaded with European Union leaders to understand the

"seriousness" of the crisis and realise that his country's "fate" was in their hands.

"I don't think it's worth suffering in advance", Teixeira dos Santos lamented. "Above all we need to preserve the euro, ensuring its stability, and we have to do it because the euro is more than a coin, the euro is the cement that unites Europe".

The problems in neighbouring Spain would worsen considerably if Portugal suffered a financial crash, because its banks have considerable holdings in Portugal. It would also have huge consequences for the entire Eurozone. In an attempt to forestall such an eventuality and tackle the bloc's sovereign debt crisis, EU leaders agreed last week to increase the EU's temporary bailout fund to €500 billion and create a permanent fund of the same size in 2013. The bailout funds will be able to buy government bonds directly, instead of just making loans as at present.

The Geração à Rasca demonstration shows that workers and youth in Portugal are willing to fight back against austerity measures, which are reversing the social gains won over decades of struggle and drastically lowering living standards. It is a sign that they are breaking from the official bureaucracies. What is now required is the formation of independent organs of struggle, beginning with electing rank-and-file strike committees, independent of the union apparatus, in every workplace to mobilize the support of public and private sector workers, young people, the unemployed, pensioners and all those opposed to the attacks on democratic rights, wages and social services.

Only a revolutionary struggle by the working class under its own party to take political power into its own hands can break the economic dictatorship of the financial elite and reorganize the economy along socialist lines—to guarantee secure jobs, decent living standards, education, health care and other social rights.

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