



**Partido Comunista Português  
Portuguese Communist Party**

**“The international crisis of capitalism  
and urgent measures to confront it”**

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The PCP considers that, faced with the serious crisis of the capitalist system and with its impact upon the national economy and the life of the Portuguese people, the government must frontally face up to the situation, assume its responsibilities, and stop mystifying the situation.

It is a mystification to state that the crisis is the result of the greed of a few, as if the crisis were the result of the violation of some ethical norms, and as if the quest for maximum profit were not inherent in the capitalist system.

It is a mystification to explain the crisis as merely the result of the bursting of the sub-prime bubble. In reality, the growing financialisation of the world economy, at the expense of real production; the speculative activities of the great money lords, to whom everything is allowed; the ever-increasing depreciation of wages and their replacement with more and more easily granted debts—all these are aspects inherent in the situation which we now face.

It is a cheap excuse to say that the government was caught off guard, when the truth is that the speculative real-estate bubble has been common knowledge for a long time. The government was aware of the situation, and even after the crisis began, in August of last year, it continued to talk down its seriousness and to conceal its implications.

It is an illusion and a mystification to state that there can be transparency and regulation in the current framework of the market economy, with a free circulation of capital and with off-shores. This much became clear when the next-to-last speculative bubble—that of the “new economy”—burst and when new steps for regulation, control and transparency were announced but without affecting the core issue. It should also be recalled that in the case of the BCP [Portuguese Commercial Bank] and its connections with the off-shores, the Bank of Portugal became aware of the facts only because there was an inside exposure. This does not mean that the PCP is against more severe penalties and measures that require more transparency from the market and more information from the institutions regarding their activity and their products.

It is a mystification and an illusion to consider that the country has been able to weather the crisis and is today better prepared. Unfortunately, the country is

stagnated, as is attested by the lower GDP (gross domestic product) and exports, by the higher interest rates and the decrease in purchasing power of the workers and the middle strata. These are the joint result of a disastrous domestic policy and of the international crisis.

The foreign indebtedness of the country and of the financial system, and the growing indebtedness of families, together with the fragility of our country's productive apparatus and the foreign control over key companies, which results from their privatisation, substantially worsen our exposure to the crisis.

The PCP considers that this crisis also highlights the falseness of the neo-liberal dogmas of "less state," of a "non-interventionist state," of "the invisible hand of the markets," of a "regulating" market. Those who always stand for "giving everything over to the markets" and for a "minimal state" are those who today most defend the state's intervention and the nationalisation of the losses. By so doing they seek to make the people in general pay for the crisis and to reward with many millions those who have been, and are still being, rewarded for their speculation.

Capitalism once again reveals its nature and its profound contradictions. It is a system that does not solve humankind's problems but rather makes them worse, fomenting inequality, injustice, poverty and suffering for millions of human beings.

The PCP considers that, confronted with this serious crisis, the government must immediately take the following steps:

- Domestically, it must intervene to make the banking system lower interest rates; take steps to value, defend and promote national production; alleviate the financial situation of companies by fulfilling its payments in arrears and ensuring the payment of all community funds; increase wages and restore workers' purchasing power; increase social payments, namely to the families who are worse off; improve the distribution of the national income.

- In the European Union it must intervene so that the European Central Bank lowers interest rates; to suspend the Stability Pact; to fight against delocations; to strengthen Structural Funds and take other budget measures that can relaunch economic activities and investment; to increase wages so as to improve purchasing power and thereby expand the domestic market. The government must take the initiative within the European Union to put an end to off shores.

The PCP stands for a revision of the international monetary and financial system and for fighting against the privileges of the dollar. But this cannot be achieved by artificially strengthening the euro at the expense of the weaker EU economies, as is the case of Portugal.

The PCP considers that the crisis will continue, despite the Bush-Paulson plans, the interventions in banks of various European countries, and the injections of cash by central banks. The main measures that have been taken seek to transfer the cost of the crisis to the population in general and will result only in a further concentration of wealth and centralisation of capital.

The large participation in today's National Day of Struggle, convened by CGTP-IN [General Confederation of Portuguese Workers], with many thousands of workers, from both the public and the private sector, taking part in strikes, work stoppages, and street actions, expressing their repudiation of the Socialist Party government's intention to change for the worse the Labour Code and demanding an increase in their wages and a fight against precariousness, represents an

unequivocal sign of the yearning for a different policy, which is committed to the national interest and sovereignty, to defending the productive apparatus, to a more just division of wealth, to a country of progress and social justice. Confronted with the most recent events, these are all aspects that have become even more crucial for the country's future.