

## The IMF vultures\*

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THE IMF IS LIKE VULTURES: its starts to fly around its prey when it thinks it is going to need its services.

The first signs appeared when parliament decided to reduce public revenues. The IMF concluded, and unfortunately concluded correctly, that the current composition in parliament does not allow any responsible policy and the situation is one of uncontrolled finances.

This did not create any problem for the Left Bloc or the Communist party: The IMF is great to justify the excessively patriotic speech. The logic of how the right-wing acts (if there is any logic) is not so clear.

Everybody knows that one of these days our creditors are going to get nervous, the bill is going to appear and there are only two possibilities: cut spending or hike taxes.

Raising taxes even more would be disastrous: there is a limit to the tax burden – a political limit – which has largely been attained. People, companies and consumers cannot pay any more.

The solution is to cut public spending: but what public spending?

The national health service is a basic requirement of civilisation. Social security has undergone all the reforms it can take. Policing is certainly going to need to spend more or at least better.

The reductions should be aimed in another direction: it is not possible to keep dumping money into the regions or local authorities and the payment of submarines cannot lead to an increase in military spending which should have been frozen; no matter how much this irritates the sergeants.

Regarding the regions, one thing is to ensure that all the Portuguese, no matter where they live, have the minimum required for human dignity. Another is to fatten the insatiable party machines encamped around the local authorities and the regions.

The local authorities and regions are political structures with financial autonomy and tax raising powers: the level of public spending must be decided by the inhabitants of the towns or regions and must be funded by the taxes that are charged there.

The Portuguese with higher incomes have a duty of national solidarity towards the more underprivileged: but there is no duty of solidarity between regions that imply the financial transfer of the resources gathered from tax payers with lower incomes (for instance, VAT revenues) to the local authority and regional party machines and public works companies.

Without reducing the spending, we have to increase taxes that are going to accentuate the transfer from the productive sectors to the unproductive ones and enshrine the waste of resources. Sócrates' government attained such a point of weakness that it could not refuse anything to anyone who still supported it, including the companies of the regime that insisted on building roads. In this perspective, Sócrates without a majority, even more a hostage of the special interests, is even more harmful than the Sócrates with a majority.

The majority in parliament should stop him, but this didn't happen, much to the contrary.

This means that the corrective measures will only be taken by purely external pressure: from

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\* Article published in "Expresso" newspaper on 24/12/2009

the IMF, from Brussels, from the creditors.

With one problem: corrective measures taken by imposition from creditors will always be the worst.