Greece: Strikes continue as EU demands more severe austerity measures

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19 February 2010

A series of strikes are underway in Greece in advance of a planned general strike involving both the public and private sectors on February 24.

Beginning on Tuesday, workers in the finance ministry and customs officials began several days of strike action in protest against the social democratic PASOK government's imposition of austerity measures.

Hundreds of finance ministry and customs workers held a protest rally outside the parliament building in Athens on Wednesday, carrying banners reading, "Enough! The Crisis Wasn't Caused by Civil Servants. The Bill Should Be Paid by the Wealthy."

The strike has affected government operations such as the national statistics office and the market watchdog, the Hellenic Capital Markets Committee, and caused widespread disruptions in trade, impacting both imports and exports. On Thursday, custom workers announced they would extend their action with additional 48-hour rolling strikes that will close customs offices until Wednesday's general strike.

Lorry drivers involved in petrol haulage were due to stage a 24-hour strike today, which was expected to cause long queues at fuel stations. Other public service truck drivers have threatened to join the strike. Taxi drivers are also expected to stage a second 24-hour strike.

Last week's 24-hour protest by civil servants closed down schools and impacted hospitals and airports.

The Greek trade unions have called partial strikes and one-day actions in an effort to contain and defuse popular opposition. Behind the scenes, they are working with the PASOK government to buy time to implement unprecedented austerity measures. However, there are growing fears in Greek and European ruling circles that working class resistance could escape the control of the union bureaucracies and their allied "left" parties.

The PASOK party, which came to power in October on the back of widespread discontent with the conservative government of Kostas Karamanlis, has set out sweeping public spending cuts in order to assure the international financial markets that it will slash the country's deficit from an estimated 12.7 percent of gross domestic product (GDP) to 3 percent by 2012.

Prime Minister George Papandreou had said that his government would "draw blood" if necessary. Measures currently being implemented include a wage freeze across the public sector, a 20 percent across-the-board cut in civil-service bonuses, a two-year increase in the average retirement age and higher taxes.

According to the *Wall Street Journal*, the combined impact of the measures for many of Greece's civil servants amount to a "wages cut by as much as 25 percent in real terms." But even this is not regarded as sufficiently harsh by the major international financial institutions.

Earlier this week, European Union finance ministers rejected PASOK's measures as inadequate and served notice that if Athens fails to comply with stricter austerity measures, the non-elected representatives of the European Commission and the European Central Bank will effectively take control of the country's fiscal policies and impose their own terms under Article 126.9 of the EU's Lisbon Treaty.

In their statement, the finance ministers "issued a recommendation to Greece to bring its economic policies into line with the Union's broad economic policy guidelines and remove the risk of jeopardising the proper functioning of economic and monetary union, and adopted a decision to make this recommendation public."

The statement insisted that Athens "ensure a budgetary adjustment of at least 4 percent of GDP in 2010 and bring its deficit back under 3 percent in 2012 at the latest." This involves what the finance ministers described as a "bold and comprehensive structural reform package" that must cover "wages, pension reform, health care reforms, public administration, the product market, the business environment, productivity and employment growth."

Athens has until March 16 to report back to the EU on its progress, with a further review set for May 15 and then every three months thereafter. European Monetary Affairs Commissioner Olli Rehn said that experts from the European Commission, the European Central Bank and the International Monetary Fund "will be on the ground in Athens in the coming days" to check on the government's progress.

Germany's deputy finance minister, Joerg Asmussen, said afterwards that the ministers had "made it clear the ball is in

Greece's court." He continued, "Additional measures by Greece are needed," adding that Athens should follow the example of Ireland and Latvia, which are implementing savage cuts in public spending and wages.

Kurt Lauk, head of the business caucus of German Chancellor Angela Merkel's Christian Democratic Union, threatened that, "If a country is in receivership, I think we need to introduce a rule that they are not allowed to vote while they're in receivership—in the council or on any other issue."

Britain's *Telegraph* newspaper pointed out, "While the symbolic move to suspend Greece of its voting rights at one meeting makes no practical difference, it marks a constitutional watershed and represents a crushing loss of sovereignty," amounting to "economic suzerainty."

According to the *Wall Street Journal*, "German and French banks carry a combined $119 billion in exposure to Greek borrowers alone and more than $900 billion to Greece and other countries on the Eurozone's vulnerable periphery: Portugal, Ireland and Spain."

The *Journal* continued, "Together, France and Germany's banking sectors account for roughly half of all European banks' exposure to those countries…. If Athens were to default, investors may question whether French and German banks could withstand the potential losses, sparking a panic that could reverberate throughout the financial system."

The insistence of the German and European bourgeoisie that there will no automatic bailout for Greece is motivated largely by political considerations. Using Athens as a test case, they are making it clear to the working class across the continent that there will be no letup in the imposition of draconian attacks on jobs, wages and living conditions that are being prepared in every country.

The latest row over claims that Athens was involved in a series of complex financial deals with the US investment bank Goldman Sachs aimed at masking the size of its fiscal deficit has the same objective. The allegations are being used to demand the Greek population—amongst the poorest in the EU, with an unemployment rate of almost 30 percent amongst under 24 year olds—accept penury as recompense for their supposedly "spendthrift" ways.

In another provocative statement, Horst Seehofer, head of Germany's Christian Social Union, a member of the Merkel coalition government, said that Athens must not receive "a single euro" of German taxpayers' money.

"Naturally, the behaviour of Greece—living beyond its means for years and reporting inaccurate numbers to Brussels—cannot be rewarded in the end," he said.

Athens has been given until the weekend to explain reports that it was involved in an arrangement with Goldman Sachs to use some $10 billion worth of cross-currency swaps to help massage the country's debt. It is alleged that under the swap deal Greece effectively received a £640 million loan which, because it was treated as a currency trade, was not declared on its books.

It is claimed that this loan enabled Greece to meet the eurozone's requirements on government borrowing, which set a budget deficit limit of 3 percent of GDP. The country had failed to meet the criteria for joining the euro bloc in 1999, but succeeded in 2001. Goldman Sachs reportedly benefited to the tune of £192 million by arranging the transaction.

Athens insists that the swaps did not flout EU rules and were, in fact, legal at the time. Christophoros Sardelis, chief of Greece's Public Debt Management Agency in 2001, said the benefit of the transactions involved were "trivial."

Nonetheless, Merkel called the allegations a "scandal" and charged that Greece had "falsified statistics for years." The EU's statistics office, Eurostat, has ordered Athens to hand over information on the currency swaps, amidst reports that failure to comply satisfactorily could see Greece taken to the European Court of Justice, where it could massive fines.

Commenting on Goldman Sachs' involvement, European Monetary Affairs Commissioner Rehn said that "the banks themselves should also ask, not least after the financial crisis, if this has been in line with the code of ethics."

Given that the accounting shenanigans of the major banks and financial institutions are directly implicated in the world's worst economic crisis since the 1930s, Rehn's reference to their supposed "ethics" strains credibility.

So too does Eurostat's claim not to have known about the swaps until recently. Several commentaries have pointed to an article by Nick Dunbar, in the July 2003 trade magazine *Risk*, which explained, "With the help of Goldman Sachs, Greece has been using giant swaps deals to ensure its national debt ratios meet EU targets."

Papandreou has announced the establishment of a commission to investigate the transactions. The move is, at least in part, aimed at convincing his European partners that he will impose the necessary remedies. At an informal cabinet meeting on Wednesday, the prime minister said his government was "ready to turn a page" and "curb the deficits considerably." His only request was "for the necessary time to enable us to implement our program."