

# Socialism and the Greek debt crisis

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Greece has become a test case for draconian attacks on the living standards of broad sections of the population throughout Europe. The massive holes that the economic crisis and bank rescue packages have ripped in the budgets of the EU member states are now to be filled at the expense of the working class.

At their February 16 meeting, the EU finance ministers virtually disenfranchised the Greek government and placed the country's budget under EU scrutiny. Such treatment of a member state has never occurred before in the history of the European Union. Every transaction of the Athens government will now be meticulously examined in Brussels, every vote in the national parliament closely monitored. The non-elected officials of the Brussels Commission and the European Central Bank (ECB) are taking control of an entire country, dictating their conditions to its government and parliament.

In just four weeks, the Greek government must present a first report on the success of its austerity measures to the EU and the ECB. If they are judged inadequate, the 15 other states belonging to the eurozone may invoke a qualified majority vote to force Greece to adopt further austerity measures. Under discussion are an increase of the regressive Value Added Tax (VAT) and additional spending cuts, among other things.

The cuts are being driven by the interests of the powerful financial institutions that determine the policies of the EU, as well as Europe's largest economy, Germany. While most EU members wanted to give the Greek government time to implement the austerity measures it had already adopted, Germany, Austria and Sweden were insisting on the immediate tightening up of spending cuts. The state secretary in the German Finance Ministry, Jörg Asmussen, cited the examples of Latvia and Ireland, where public sector

pay has been reduced by 20 and 15 percent, respectively.

The measures are aimed at drastically cutting the living standards of broad layers of the population. According to the head of the German Ifo Institute, Hans-Werner Sinn, "The Greeks have become accustomed to the good life." Now they need "to be prescribed a course of thrift: however difficult it is for the Greeks, they have to lower real wages." And this, even though the national average wage is only half as high as in Germany, while prices are almost the same.

The austerity measures being dictated to Athens express fundamental changes in the relationship between states in the European Union. For a long time, Germany was regarded as Europe's "paymaster," because it paid relatively large sums into the EU budget to compensate for regional differences. These served to expand and strengthen the EU, and the German economy, in turn, benefited the most. The corruption of the Greek elite, which now serves as a pretext for imposing brutal attacks on the working class, was tacitly condoned by Brussels and Berlin because it allowed the big corporations and banks to take over the Greek market.

But now Berlin is no longer willing to play the role of "paymaster." The Merkel government has opposed any proposal to help the Greek government financially. The German media is full of propaganda about the Greek crisis being "home-made," because the Greeks had been "living beyond their means." For the German bourgeoisie, the issue is not so much the Greek debt, but the principle that the crisis should be paid for by the working class. This is true not only for Greece but for workers throughout Europe and in Germany itself, where the Merkel government is preparing a merciless austerity programme.

The aggressive actions of Germany are also exacerbating the conflicts within the EU and threaten to

blow up the European institutions.

In their attacks on the living standards of broad sections of the population, the EU can rely on the Social Democrats. In Spain and Portugal, social democratic governments are pushing through massive cuts. In Greece, the PASOK government of Giorgos Papandreou owed its election victory last year to the massive discontent with the conservative government of Kostas Karamanlis and to numerous populist promises. Once in office, Papandreou dropped his campaign promises and presented an austerity programme that includes dramatic cuts in the living standards of the working class—including job cuts, wage cuts, a higher retirement age and many similar measures.

Papandreou and his finance minister George Papaconstantinou have travelled throughout Europe to convince bankers and government representatives that they will enforce the programme against all opposition. Nevertheless, it does not go far enough for EU Commissioner Olli Rehn. “In mid-March, Greece will have to propose additional measures in order to achieve the reduction targets this year,” he said.

While the EU is relying on Papandreou, he is relying on the unions to enforce the attacks against the working class. Resistance is growing against austerity measures. On February 9 and 10, public sector workers went on strike, and a one-day general strike is planned for February 24. However, the unions are limiting the protests to isolated actions. They see their task as letting off steam in order to keep the resistance under control and to ensure that the government does not get into serious trouble.

They are supported by many supposedly “left” organizations—from the KKE (Communist Party of Greece) and the SYRIZA coalition, to numerous smaller groups. What unites all these parties is their purely opportunist and nationalist orientation. They either orbit around PASOK or seek to put it under pressure.

But there is no national solution to the Greek crisis. The EU has presented the country with a dire ultimatum: either it keeps the euro and accepts the austerity measures dictated by Brussels, or it leaves the eurozone, which would most likely lead to the collapse of the Greek currency.

The austerity measures dictated by the EU place

fierce class conflict on the agenda throughout Europe. Fewer and fewer people are willing to accept drastic cuts, while the financial elite enrich themselves uncontrollably.

The working class needs an international political strategy. Greek workers must turn to the European working class, who in turn must support Greek workers in their struggle against the austerity measures being imposed by Athens and Brussels.

The attacks of the EU cannot be stopped by national protests and pressure on national governments. They require a political offensive by the European working class, aimed at the socialist reorganization of society. It is not the profits of the financial and industrial corporations—which determine the policies of Brussels—but the social needs of society that must form the basis of economic life. The European Union of the banks and corporations must be replaced by the United Socialist States of Europe.

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