

The Greek debt crisis signals a new stage in class conflict

International Committee Fourth International
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1. The Greek debt crisis marks a new stage in the global recession triggered by the collapse of US investment bank Lehman Brothers in 2008. Governments all over the world reacted by handing over trillions to debt-ridden banks so as to avoid a complete financial breakdown. By moving to make workers pay for rescuing the banks, these governments are acting on behalf of finance capital. Their attempt to set back workers' living standards by several generations must lead to a tremendous escalation of class conflict within Europe and throughout the world. As Moody's, the credit rating agency, warned in a report issued on March 15, the measures that governments will be compelled to take in order to maintain the confidence of large global investors "will inevitably require fiscal adjustments of a magnitude that, in some cases, will test social cohesion." Significantly, Moody's statement came in a report that warned that debt levels in the United States were dangerously high.

Within this international context, it is patently obvious that the most powerful global banking institutions have strategically singled out Greece to set an example for the entire European working class. With its small economy—just over 2 percent of the European Union (EU)—and high indebtedness, it was an ideal target.

European Central Bank (ECB) chief Jean-Claude Trichet announced the end of stimulus measures on December 3. Previously, the ECB had given over €500 billion to the banks so they could lend to governments and industry risk-free. Just a few days after Trichet's statement, financial firms began downgrading the credit ratings of Greece, Portugal and Spain, and banks began to hold back lending. According to the *Financial Times*, they sought "to bounce Greece into Irish-style austerity." The Irish government was then passing an austerity package, drawn up in March 2009, over a wave of strikes and protests.

International investors drove up interest rates for Greek debt and speculated against the euro. Bureaucrats from Brussels, Berlin and Paris descended on Athens to demand draconian cuts. The same European governments that each gave their banks hundreds of billions overnight in 2008 insisted that there was no money for Greece's €30 billion budget deficit, which had to be balanced entirely at the expense of the workers.

To this end, they relied on the cowardly collaboration of the Greek government. Prime Minister Georgios Papandreou, elected in October 2009, rapidly abandoned his cynical campaign promises about "taking on this huge concentration of power which has created huge inequalities." He called for employers and the trade unions to negotiate the cuts to be imposed on the workers. On December 27, he passed an austerity budget to reduce social spending by 10 percent, mainly through health care cuts.

In January, as their borrowing costs rose together with those of Greece, the social-democratic governments of Prime Minister José Luis Zapatero in Spain and Prime Minister José Sócrates in Portugal drew up plans for cuts in wages, pensions, and public services.

In February, amid discussion of a possible EU or International Monetary Fund (IMF) bailout of Greece, Papandreou travelled to European capitals.

He assured politicians and bankers that Athens would fulfill their demands. On February 16, the EU meeting of finance ministers ordered the Greek government to give the EU and ECB regular reports on the decisions of the Greek parliament and the progress of its austerity program.

Athens passed a new austerity package on March 5. It cut public sector wages by 10 percent, froze pensions, and passed regressive tax increases on fuel, alcohol and cigarettes to reduce the deficit by another €4.8 billion. For all the cuts' viciousness, they are widely thought to be ineffective. The *Financial Times* noted: "Perversely, they could just as easily make the deficit target tough to reach. In the absence of a miraculous improvement in foreign trade, the removal of so much public demand so fast is bound to make the Greek economy contract, hurting the tax base."

A pan-European attack on the working class

2. Beyond slashing social spending and budget deficits, the goal of the financial aristocracy is to test whether it can smash opposition in the working class. Writing on Greece, *Le Monde* commented that "the fear in financial circles [is] that the government might give in to social pressure." Workers across Europe face government plans for social austerity and, in the event of popular opposition, the threat of a holdup in lending by the banks.

Ireland's austerity program now serves as a model for all others. Its main points include slashing public-sector wages by 12 to 22 percent, cutting welfare payments by 4 percent, and increasing fuel taxes and out-of-pocket medical expenses.

Portugal plans to reduce the country's deficit from 9.3 to 3 percent of gross domestic product by 2013 by drastic curbs on wages, cuts in pensions and other budget reductions, and privatization of state-run firms.

Spain plans to cut spending by €50 billion, stop all recruitment in the public sector, increase the retirement age by 2 years, and increase value-added taxes.

France presented a three-year austerity program in February, cutting €100 billion. It aims to slash the budget deficit from 8.2 to 3 percent of GDP, and is preparing new pension cuts.

Other EU members confront similar financial problems as Greece. Italy, with an economy seven times bigger than Greece, has the EU's highest debt level—116 percent of GDP.

Great Britain's 2009 budget deficit could reach an estimated £178 billion, or 12 percent of GDP.

Germany—where exports account for 47 percent of GDP, compared to 40 percent in China—temporarily cushioned the impact of the economic crisis through state-subsidized short-time working. However, the crisis will make itself felt all the more this year. The Bundesbank calculates that the

budget deficit will rise to 5 percent of GDP in 2010. Berlin plans to cut yearly spending by €10 billion. With military expenditures and interest payments on the debt soaring, savings can come only from social cuts.

The role of the European Union

3. The debt crisis is laying bare the reactionary character of the EU. Belying empty phrases about Europe's "social market economy," the bureaucrats in Brussels act directly as tools of the main financial interests.

Nationalist tensions and speculation against indebted EU countries put the future of the EU and the euro in doubt. Some economists advise Greece to abandon the euro, so it could try to regain its international competitiveness by devaluing its national currency, while impoverishing the workers through inflation. Others suggest that Germany cease using the euro in order to cut its links to indebted countries.

In the past, Germany supported EU integration and expansion with large financial contributions, calculating that it would be a profitable investment. Now it is the country speaking out loudest against financial assistance for Greece. With arrogance not heard since the Nazi period, sections of the German media have slandered the Greek population as corrupt and lazy. In Greece itself, nationalist forces stir up anti-German sentiment to hide their own role in implementing attacks on the working class.

The *Süddeutsche Zeitung* summed up the mood: "The euro was supposed to lead Europe into a new Golden Age: growth, jobs, prosperity. But twelve years after saying goodbye to the German currency it is now clear that the promises have not been fulfilled... The monetary union is more removed than ever from a political union—on the contrary, it is tearing Europe apart."

As the banks demand measures overwhelmingly opposed by the population, sections of the European bourgeoisie are considering abandoning democratic rule. It must be recalled that only 35 years ago all three countries now targeted by the banks had authoritarian regimes. Between 1967 and 1974, a brutal military junta ruled Greece, backed by NATO. In Portugal, the fascist dictatorship established in 1926 was not overthrown until 1974, and in Spain it took Franco's death in 1975, 36 years after the end of the Civil War, to begin a transition from fascist dictatorship to a Western European-style bourgeois democracy.

The offensive of the working class and the role of the unions

4. The working class has responded to the European austerity campaign with strikes across the continent. In Greece, two million workers out of a population of 11 million took part in a national strike on February 24—a percentage of the population comparable to the strikes of May-June 1968 in France. Another strike on March 11 once again brought large parts of the country to a standstill. Entire spheres of the economy are paralyzed by protests and strikes on a daily basis.

Workers in other European countries directly targeted by the banks have mounted similar strikes. In Portugal, a half-million workers participated in a strike against the government's austerity plans on March 4. In Spain, an estimated 200,000 workers struck on February 23 against plans for a two-year increase in the retirement age.

The second half of February saw the beginning of a Europe-wide strike in the air industry. In Germany, Lufthansa pilots took strike action, air traffic controllers struck in France, and in the UK British Airways cabin

crews voted to strike by a huge majority.

These actions give notice of the powerful reserves of militancy and class anger against the cuts that are growing in the working class, even though they unfold in the absence of political leadership. The international character of the strike wave underlines the objective unity of the interests of the working class. Not only did the strikes spread throughout Europe, they took place amid rising militancy in the American working class—notably the March 4 education protests, centered on the West Coast of the United States.

The rapid spread of strikes was halted only by the trade unions, which did everything in their power to head off and corral the protests. After the strike vote, British Airways unions refused to call a strike for weeks. The French CGT called off strikes at France's oil refineries, just as fuel shortages were beginning to develop. Czech trade unions called off a planned March 4 transport strike.

This reflects the unions' policy of dividing and sabotaging workers' struggles to prevent the emergence of a political movement against the banks' social cuts. "The confederations and the trade unions supported the election of this government. It is not that we wish to strike," the leader of the private-sector union GSEE, Stathis Anestis, frankly admitted to the *World Socialist Web Site*. Anestis insisted that he had to accept the cuts: "What you accept and what you don't accept depends on the situation you are in. When you have a knife at your neck, then it is a different situation."

These comments go to the heart of the political situation: the unions side with the financial markets against the workers. This reflects the development of the trade union bureaucracy as a section of the upper middle class which enforces the political stranglehold of the bourgeoisie over the working class and is consciously hostile to the workers.

They depend on the state to enforce contracts negotiated with the employers and to create a business environment in which firms can operate profitably. They accept the principle of private ownership of the banks. When the banks threaten to cut off funding to the state, therefore, they insist that the workers must surrender. If banks cut credit to the state over fears of working class protest, moreover, "responsible" trade union officials can only try to limit the protests and make proposals appropriate to "the situation you are in"—that is, acceptable to the banks.

The trade unions play the same role throughout Europe. The French CGT union works so closely with President Nicolas Sarkozy that French newspapers refer to a "Sarkozy-CGT alliance." In Germany, the chairman of IG Metall, Berthold Huber, recently celebrated his 60th birthday in the chancellery with Chancellor Angela Merkel, assorted ministers, businessmen and union bosses. There is no more graphic illustration of the fusion of the unions, business and government into a single corporate whole.

PASOK and the treachery of SYRIZA

5. Even in the language of bourgeois politics, one can no longer describe Europe's social democrats as "left." They are a right-wing pro-capitalist tendency, participating in the attacks on the working class. In Greece, the replacement of the previous conservative government by Papandreou was a prerequisite for the social cuts, making it easier for trade unionists to claim there was no political alternative to the austerity program.

There is every indication that the installation of Papandreou had bipartisan support inside the bourgeoisie and was seen as critical to implementing the necessary cuts. Conservative Prime Minister Kostas Karamanlis called snap elections last autumn, when his own defeat seemed inevitable. As expected, Papandreou won the election with pseudo-

left rhetoric and claims that he had plans for a €3 billion bailout package—positions he immediately abandoned upon taking office.

In this, Papandreou was faithfully echoing the right-wing policies of the former social-democratic chancellor of Germany, Gerhard Schröder, who introduced devastating social cuts with his Agenda 2010 and created a huge low-wage sector. Similarly, he was following the lead of Tony Blair, whose program of cuts made the Labour Party the preferred instrument of the City of London banks. Such is the pattern of social-democratic parties throughout Europe.

The main obstacle workers face in breaking through the straitjacket of trade union and social-democratic reformism is a layer of ex-left parties, such as SYRIZA in Greece, Die Linke in Germany, and the New Anti-Capitalist Party (NPA) in France. Drawn from sections of the state apparatus and professional classes with Stalinist or Pabloite backgrounds, they have decades of experience in corralling the working class behind the existing bureaucracies. Despite their limited electoral success, they play a critical role in bourgeois politics.

These groups cynically promote false hopes that the social democracy can be convinced to pursue another policy by means of one-day strikes led by the unions. SYRIZA head Alexis Tsipras, who greeted Papandreou's election by telephoning him to offer his congratulations, has carried out his own verbal 180-degree turn. He recently denounced Papandreou's measures as "unfair, brutal and criminal." However, he then complained that the Papandreou government was "abandoning its socialist ideology," and called for a joint struggle together with the unions.

Such comments underline the dishonesty of Tsipras' petty-bourgeois politics. Claims that an operative of the banks like Papandreou had any "socialist ideology" to abandon—or that the union leaders have plans for a real struggle—are grotesque lies.

The role of the European petty-bourgeois "left"

6. These positions are, however, held in common by the European ex-left. In France, in the run-up to February 15 negotiations between Sarkozy and the CGT on pension cuts, NPA leader Olivier Besancenot publicly appealed for help in defending pensions to Stalinist Communist Party chief Marie-Georges Buffet and Parti Socialiste leader Martine Aubry, who had just called for an increase in the retirement age!

In Spain, Adolfo Barrena, spokesman for United Left (IU), said he hoped Zapatero would "return to looking towards the left." He stated his support for the UGT trade union's demonstrations against pension cuts—while UGT spokesman Julián Loriz made clear his lack of principled opposition to Zapatero's cuts by complaining that they were "taking place in an inopportune time and manner."

While they hide behind guarded phrases, these parties accept the necessity of social cuts. Their common perspective is that a scaled-down version of the welfare state can survive, if the bourgeoisie can be persuaded to return to the easy-money policies it pursued before the debt crisis. This is accompanied by calls for reform of the EU, such as increased EU spending and political control of the European Central Bank.

In a January 2010 speech at the Council of Chairpersons of the European Left in Berlin, Tsipras proposed "A pact for social justice, solidarity and sustainability, against this insane Stability Pact; public political control of the European Central Bank; the possibility of direct lending for the member-states and the introduction of European bonds...the reinforcement of the European budget, against the absence of solidarity."

Last year, the NPA's François Sabado wrote more forthrightly: "Europe could constitute the context for a Keynesian bailout policy. However, the

EU's policies show the incapacity of the dominant classes to carry out such a policy...they do not intend to impose new financial norms or effectively control credit to restart economic activity." Sabado called for an "end to the independence of the European Central Bank."

Such proposals are incoherent and reactionary. Absent a revival of production, printing money for bank bailouts and limited welfare payments will ultimately impoverish the workers through inflation. Above all, these proposals avoid the main issue: Can workers defend their living standards without taking control of the banks, production and state power? This is bound up with ex-lefts' attempts to posture as "radicals" or "anti-capitalists" without answering the question: For or against revolutionary socialism?

In fact, these parties are willing to enter governments to carry out anti-working-class policies. A major experience was Italy's Rifondazione Comunista, which participated in the 2006-2008 Prodi government in Italy, where it provided key votes for pension cuts and troop deployments to Afghanistan. The ex-left is at most the left wing of the banks.

For a socialist program

7. Finance capital and social democracy ram through cuts not because of their strength, but due to the absence of working class parties. Popular opposition is perplexed and paralyzed by the lies of the trade unions and the ex-left. The struggle against the bourgeoisie's plans to impoverish Europe entails a break with all forms of Stalinism and opportunism.

The ex-left has created a fog of lies around socialism, in an attempt to isolate the workers from an understanding of their own political heritage. To lay out positions around which workers can develop a socialist opposition to social cuts, the International Committee of the Fourth International (ICFI) makes the following demands:

- No sackings or loss of purchasing power

Claims by finance capital and its agents in the social democracy and ex-left that there is no money are lies. The money has been plundered from the working class through decades of austerity and deindustrialization. Funds must go not to the profit interests of capital, but to the social needs of the workers.

- Nationalize the banks

The most elementary defense of working class interests requires public control of the banks. In private hands, the banks ruin countries at will, hold up lending to create high interest rates according to their political needs, starve industry of funds, and supervise a universal downward spiral in living standards in the name of "competitiveness." To fulfill its function—providing funds to develop production and trade—the financial industry must be taken out of the hands of private interests and placed at the disposal of the workers.

- No confidence in the ex-left. For revolutionary socialism

The obsolescence of the principle of private property in the commanding centers of the economy shows the necessity of socialism. However, workers will be bound hand and foot to the diktat of the banks so long as they do not break with social democracy, the unions, and their ex-left apologists. There is no alternative to building revolutionary socialist parties to struggle for power. The nationalization of the banks and large industry will serve the interests of the masses only if state power is in the hands of the working class. Workers can have no more confidence in a government of the financial oligarchy than in individual oligarchs.

- For the United Socialist States of Europe

Rising tensions inside Europe and discussions of a possible breakup of the euro underline the bankruptcy of the EU project. They threaten a disastrous Balkanization of Europe, which would lay the basis for trade

war between European economic blocs and ultimately for war itself. European workers must respond with an international struggle for a united European government of workers' states, as a step towards establishing world socialism.

- Not a penny for war

Foreign wars, such as the NATO war in Afghanistan, foment a toxic political atmosphere, dividing the workers with far-right nationalism and anti-immigrant hatred. In addition to producing repeated atrocities, these wars drain desperately needed social resources. Opposing them is essential to establishing the unity of the European working class and its political solidarity with workers of Islamic countries and the United States.

Build the International Committee of the Fourth International

8. The political and economic situation in Europe places in stark relief the depth of the crisis of leadership in the working class. In every country, the fate of the workers is in the hands of reactionary petty-bourgeois organizations acting consciously in the interests of the financial aristocracy. Regardless of their demagogic rhetoric, every one of the old organizations—led by ex-Stalinists, ex-socialists, ex-Marxists, ex-radicals, and even ex-reformists—function politically as agents of the corporations, the banks and the bourgeois state. Not one of them is independent of the bourgeois state. PASOK, Syriza, the various socialist parties, and practitioners of pseudo-left theatrics like the NPA in France are politically corrupt to the bone. To call them “opportunist” would be almost a compliment, for that term—signifying the subordination of long-term revolutionary interests to short-term reformist objectives—belongs to another historical period. Characteristic of these present-day organizations is not only the rejection of a revolutionary program, but even any defense of the most elemental needs of the working class. As long as the working class remains under the political control of these petty-bourgeois organizations, which function as nothing other than the “left” flank of the capitalist political establishment, it will suffer defeat after defeat.

Therefore, the most urgent task confronting the working class—in Greece, in Europe and throughout the world—is the building of a new revolutionary political party, based on the principles of international socialism. The International Committee of the Fourth International is the only political organization that seeks to organize and unify the working class in the struggle against capitalist exploitation, poverty and war. Notwithstanding all the difficult problems that confront the modern working class, it remains the essential and decisive revolutionary force on the planet. The present world crisis will compel ever greater masses of workers, in every part of the globe, to enter into struggle against capitalism. The ICFI is convinced that a new period of revolutionary struggles is now beginning. It has created the *World Socialist Web Site* as a political organ to report on, unify and provide political leadership to the struggles of the working class. The International Committee embodies a colossal political experience, derived from its many decades of struggle in defense of Marxist and Trotskyist principles.

The ICFI calls on the most politically conscious workers, intellectuals and youth to fight for the perspective elaborated in this statement and to join the ICFI.

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To contact the Socialist Equality Party and International Committee of the Fourth International, click [here](#).





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