

Papandreou in Washington

# **Obama administration backs Greek austerity measures**

**Barry Grey**  
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Greek Prime Minister George Papandreou met Tuesday with President Obama in the White House. The meeting was part of a three-day visit to Washington to shore up political support for Papandreou's social democratic PASOK government and its program of sweeping attacks on the jobs and living standards of Greek workers.

The Oval Office meeting, which was closed to the media and was not followed by a press conference, came after Papandreou delivered a speech Monday to the Brookings Institution and met later in the day with Secretary of State Hillary Clinton. Papandreou also met Tuesday with congressional leaders and is slated to hold talks with Treasury Secretary Timothy Geithner.

Papandreou's Washington visit is the culmination of a four-nation tour that began last Friday with talks in Berlin with German Chancellor Angela Merkel, a meeting in Luxembourg with the head of the Eurogroup, Jean-Claude Juncker, and a meeting Sunday with French President Nicolas Sarkozy in Paris.

In every capital, Papandreou has touted his austerity program so as to reassure the international financial markets and enlist the support of the major powers for any repressive measures he might have to take to suppress social unrest.

Meanwhile, cabinet ministers traveling with Papandreou are meeting with American corporate executives and bankers to entice them to invest in Greece, offering as an incentive the further reductions in wages, already well below the European norm, being imposed on Greek workers.

Papandreou has made a point of stressing that he seeks no financial aid from Washington to avert a default of Greek government debt. He has, however,

placed at the center of his public statements a call for the US to join with Europe in curbing speculation in unregulated derivative and credit default swap markets that has driven up Greece's borrowing costs and depressed the euro.

At a joint press conference with Clinton on Monday, Papandreou warned that speculation against Greek government bonds threatened to undermine his government's ability to meet some \$20 billion in debt payments that come due this spring. He argued that Greece needed the support of Europe and the US "if we see that speculation does not allow us to borrow at the right rates." He continued: "We're not asking for bailouts. We're simply saying... as we have taken these measures on the market to be able to get what others also can get, which is basically normal rates of borrowing."

Clinton unambiguously declared US support for Greece's austerity program, saying, "We support Greece and the tough economic measures it is taking..." She was less categorical in calling for discussions at the next G-20 summit on limiting speculation in credit default swaps and other derivatives.

According to press reports, Papandreou planned to raise the issue of curbing speculation against Greece and the euro as the top item in his discussion with Obama. On Tuesday, prior to the Oval Office meeting of Obama and Papandreou, German Chancellor Merkel issued a statement calling for urgent action to regulate credit default swap speculation against eurozone countries.

US and European regulators have reportedly launched investigations into the activities of banks and hedge funds in betting on a Greek default and thereby making

a default more likely. However, it is unlikely that the Obama administration, having devoted itself to bailing out the banks, protecting the fortunes of the financial elite, and averting any real reform of the financial markets, will agree to serious action to curb currency and derivatives speculation.

Papandreou's speech to the Democratic Party-oriented Brookings Institution on Monday underscored the deeply reactionary perspective of PASOK. He began by invoking as a milestone in US-Greek and US-European relations President Harry Truman's speech of March 12, 1947 to a special joint session of Congress, in which Truman called for hundreds of millions of dollars in economic and military aid to rescue the right-wing Greek government from a revolutionary armed movement of the workers and peasants.

Truman's intervention in the 1946–1949 Greek Civil War marked the official launching of the Cold War. His March 12 speech came to be known as the Truman Doctrine. The US intervention, crucially aided by the Stalin regime in Moscow, which refused to come to the aid of the Greek workers, turned the tide and led to the crushing of the revolt. Up to 100,000 workers and peasants were imprisoned, exiled or killed in the savage repression that followed the defeat of the uprising.

The defeat in 1949 sowed the seeds for the military coup of 1967 and seven years of dictatorship under the Greek junta.

Papandreou presented this counterrevolution as an exemplary precedent for renewed collaboration between Greece and the US in the face of a new crisis. He boasted of the severity of the austerity measures he was imposing, declaring that “the parliament has adopted the toughest austerity measures in Greece's modern history.”

Calling the measures “painful choices that come with high political and social costs,” he made clear that they were only a down payment. “I have told the people of Greece,” he declared, “that 2010 must be and will be a year of drastic reforms across all levels of government: changes to our tax system, our social security system, our public administration, our education system, and our development model.”

He warned of “severe social unrest,” and said the danger of social upheavals was being exacerbated by speculators who, he insisted, had to be reined in. He added that speculation was driving down the euro,

thereby increasing the price of US exports and driving up the US trade deficit.

The unstated implication of Papandreou's speech was that both the US and Europe were entering a period fraught with revolutionary dangers, and that the methods employed in 1946–49 in Greece might have to be revived.



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