

German parliament agrees loans to Greece

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On Friday, the Bundestag (parliament) in Berlin voted for a “rescue package” for Greece after a heated debate, with 390 votes for, 72 against and 139 abstentions. The parliamentary factions voting for the package included the CDU / CSU (Christian Democratic Union / Christian Social Union, FDP (Free Democratic Party) and the Greens.

The Social Democratic Party (SPD) abstained, but expressed support for the loans. “We are not rejecting aid to Greece and are therefore not voting against,” said SPD chair Sigmar Gabriel. He justified the SPD’s abstention saying that the Merkel government had failed to regulate the financial markets and to advocate an international financial transaction tax.

This demand by the SPD was obviously made with an eye to the state elections in North Rhine Westphalia, held last weekend. For the past eleven years, the SPD has filled the post of finance minister in the federal government, carrying out deregulation and making possible highly speculative transactions on the financial markets.

The stance adopted by the Left Party was even more cynical and perfidious in this drama. It was the only parliamentary faction to vote against adopting the loans package, in an attempt to cover up its own role in the legislative process. Gesine Löttsch, spokesperson of the Left Party faction, justified its refusal to support the measures by saying that the government had “learned nothing out of the crisis in 2008” and had continually failed to “regulate the markets”.

However, like all the other parties, the Left Party had last week approved the fast-track proceedings, thus enabling the passage of the “Euro stabilization law” through parliament. Finance Minister Schäuble had asked all the parliamentary group leaders to agree to expedited parliamentary procedures so that the law could be adopted as quickly as possible, and to circumvent a full debate in the Bundestag on the issues

involved in providing the loans to Greece.

Normally, the constitutionally prescribed deadlines must be observed when passing a federal law. However, if all parliamentary factions and state legislatures agree, the procedures can be expedited by means of so-called fast-track proceedings, and be whipped through parliament without much discussion. The Left Party agreed to Schäuble’s request without hesitation and thus sided with the federal government, the EU, the International Monetary Fund and the banks.

Under the legislation presented by the government, the federally-owned KfW Bank would provide Greece with 22.4 billion euros in credit over the next three years. In total, the EU and the International Monetary Fund (IMF) are to provide Greece with 110 billion euros.

However not one cent of this money will benefit the impoverished people of Greece. Instead it will be used to refinance loans that were given to Greece. The banks and speculators had drastically raised their interest rates following Greek government bonds being classified as “junk” (high-risk investments) by the rating agencies. Now the EU and the IMF have jumped in to guarantee the banks their fat profits and save them from writing off some of their loans.

According to a report in the *New York Times*, about 80 percent of the total credit packet (about €90 billion) will flow directly to the German, French and other foreign banks, which are creditors of the Greek debt. Jean-Paul Fitoussi, an economics professor at the Institut d’Etudes Politiques in Paris said that the emergency plan for Greece was an “indirect bailout for the French and German banks”.

By agreeing to the expedited proceedings the Left Party has once again made possible the transfer of billions of euros to the banks. In 2008, the Left Party had agreed to fast-track the provision of a 500-billion euro package to rescue the banks. At that time, Left

Party leader Oskar Lafontaine had said the measures being dictated by the banks were “inevitable and right.” In the Bundestag, the Left Party then voted against the package, but at that point their votes were no longer required.

Their cynical game is always the same: If their votes are needed, as with the decision to use fast-track procedures, the Left Party sides with all the other Bundestag parties. When the government no longer requires their votes, they vote against, to cover their tracks.

With the escalation of the crisis, it becomes increasingly difficult for the Left Party to hide its own role. Michael Schlecht, chief economist of the Left Party parliamentary faction and trade union spokesman for the party executive, summed up the position of the Left Party. In an article entitled “Acropolis wobbles, the euro burns”, Schlecht wrote: “The state bankruptcy in Greece must be prevented. Since it’s about Europe, it’s about the euro. If Greece fails today, then tomorrow it is Portugal and Spain, and the day after possibly France. For 65 years we have had peace in Central Europe. In the previous 70 years there had been three deadly wars. Despite all the drawbacks of the European Union: Much is at stake!”

Angela Merkel argued along the same lines in her government statement, saying there was “no alternative” to providing the financial aid, and it concerned nothing less than the future of Germany and Europe.

From the start, the Merkel government has linked aid to Greece with the demand for brutal social cutbacks. By agreeing to the expedited procedure, the Left Party has backed the policy of the federal government and the banks, and thus assisted the passage of the law associated with the social attacks on the Greek population.

The loans promised in the aid package are linked to the condition that the social democratic PASOK government imposes a drastic austerity programme on the people of Greece in spite of massive protests. In just three years, the country’s budget deficit is to be reduced from the current 13.6 percent of gross domestic product to three percent. This means a social disaster for the Greek population. The reduction in already low wages by up to thirty percent, the cutting back of pensions and the increase of consumer taxes by up to

ten percent will result in the impoverishment of broad sections of Greek society.

The working class in Germany must regard the politics of the Left Party as a warning. Just as the Left Party supports government and EU austerity policies on a European level, so it is ready to share government responsibility in North Rhine Westphalia, which went to the polls on Sunday. At a recent press conference, Left Party leader Dietmar Bartsch clearly stated that the “Left Party would not refuse a possible invitation for talks” regarding a coalition in the Düsseldorf state legislature. Claims that the Left Party was unfit to govern were merely “campaign propaganda”, he said; and this “could not be maintained following the elections”.

Bartsch’s claim that the Left Party would not take part in a government that implemented social cuts or privatized public institutions, is a fraud. The fact that the Left Party is prepared to implement privatization and social cuts has long been proven: In the Berlin city legislature it is responsible for a policy of cuts and privatization which is unparalleled in Germany.



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