

# Europe one year after the bailout of Greece

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This month marks one year since the €110 billion loan made by the European Union (EU) and International Monetary Fund (IMF) to bail out Greece.

The bailout marked a new stage in the international financial elite's offensive against the working class of Europe in response to the banking crisis of 2008. Following the failure of Lehman Brothers in September 2008, the US Federal Reserve and central banks around the world freed up trillions of dollars to cover the losses of major banks threatened with collapse. After the transfer of these huge sums from state reserves to the banks, the ruling classes, first in Europe, turned to the imposition of brutal austerity measures to resolve the resulting debt and fiscal crises on the backs of the working class.

The succession of austerity programs dictated by the IMF and implemented by Greece's social-democratic (PASOK) government have been disastrous for workers and their families. Greece is mired in deep recession. Its official unemployment rate stands at around 15 percent, and youth unemployment at 30 percent. State revenues have collapsed and the number of citizens—particularly pensioners—lining up at soup kitchens has dramatically increased.

At the same time, corporate profits and the incomes of CEOs and major investors are soaring. On both sides of the Atlantic, executive bonuses are back to the astronomic levels that prevailed prior to the financial meltdown of 2008.

Despite the criminally irresponsible self-enrichment of the ruling elite, the underlying crisis of European and world capitalism is not only unresolved, it is intensifying. On May 6, an unannounced emergency meeting was held to avert a potential default on Greek debt, amid fears that Greece would abandon the euro, the common European currency, leading to a collapse of the currency. Following the meeting, Standard & Poor's lowered its rating on Greek debt.

Last week, Portugal became the latest country to fall prey to the financial oligarchy, with the announcement that the country will apply for a €78 billion loan—once

again attached to draconian cuts in social programs, jobs and living standards.

Beyond the countries directly targeted by the EU and the IMF, the entire edifice of European capitalism has been thrown into question by the Greek debt crisis.

In the sphere of economic policy, the growing antagonisms between France and Germany were already evident in the run-up to the Greek bailout. After a concerted attack on Greek bonds by major international banks and rating agencies, European leaders were forced to hastily convene a meeting to save the euro.

Germany, on behalf of a group of northern European countries, demanded a policy of savage austerity for Greece and other heavily indebted European economies. France, Italy and Spain advanced a policy combining austerity with more financial support from the continent's wealthier economies—first and foremost Germany.

European heads of state arrived at a consensus for a Greek bailout only after French President Nicholas Sarkozy threatened to quit the euro if the German government did not abandon its opposition. European Central Bank (ECB) head Jean-Claude Trichet characterized the economic and political crisis as “the most difficult situation since the Second World War—perhaps even since the First World War”—a statement implicitly invoking the specter of a new descent into dictatorship and world war.

The deal that was finally struck tied an IMF-EU loan to Greece to punitive rates of interest and the implementation of harsh austerity measures.

The bitter disputes over how best to rescue the financial aristocracy have profoundly undermined political and military relations in Europe. Last November, France and Britain, Europe's two powers with nuclear weapons, concluded a bilateral military alliance outside the framework of NATO and the European Union. This was the prelude to intra-European conflicts over the NATO war against Libya, with Germany abstaining on the United Nations Security Council vote authorizing the neocolonial war led by the US, Britain and France.

In the *Financial Times* last week, Mario Blejer, the former governor of the central bank of Argentina (the last country to undergo a major restructuring of its debt at the hands of the IMF) noted that the debts of Greece, Ireland, Portugal and Spain are all expected to increase by 2012.

He compared the IMF-EU response to the crisis to a Ponzi scheme heading for “inevitable default.” He concluded: “As in a pyramid scheme, it will be the last holder of the ‘asset’ that takes the full loss. In this case, it will be the taxpayer who foots the bill, rather than the original bondholders who made the wrong investment decisions.”

Vital political lessons must be drawn from these events. None of the parties in the parliaments of all the European countries has offered an iota of resistance to the attacks of finance capital. Every party—including the official “left” Socialist, Social Democratic and Green parties—has revealed itself to be a willing agent of the banks.

Increasingly discredited, the ruling parties of all European nations are conducting unprecedented attacks on democratic rights and resorting to the use of state repression to suppress popular opposition. To divide workers and deflect attention from their own complicity in the social crisis, these same parties are seeking to pump the poison of nationalism and racism into public life. This has helped rabid nationalist and anti-immigrant parties, backed by influential sections of the ruling class, gain ground across the continent.

The indispensable weapon in the armory of the bourgeoisie to repress popular resistance to its austerity measures has been the trade union apparatus. Its defense of capitalism and the national state makes it incapable of leading any opposition, under conditions where only the expropriation of the financial aristocracy and the socialist nationalization of the major banks and corporations can defend the jobs, living standards and social rights of the working class.

That is why in every country the unions have insisted that the opposition of working people—in the form of strikes and mass protests—be limited to placing pressure on the government, rather than bringing it down and replacing it with a workers’ government. In some cases, in order to defend the capitalist state and contain the movement of the working class, the unions have colluded in government strikebreaking and the criminalization of strikers—as with the truck drivers in Greece, the oil refinery workers in France, and the air traffic controllers in Spain.

In suppressing workers’ struggles, the unions depend on

the political support of numerous ex-radical parties: SYRIZA in Greece, the United Left in Spain, the New Anti-Capitalist Party in France, the Left Party in Germany. Time and time again, workers across Europe have mounted protests, demonstrations, and strikes against austerity only to see their demands betrayed as the unions, supported by these middle-class pseudo-left organizations, negotiated social cuts with the government.

One year since the Greek bailout, the bourgeoisies of Europe have proved completely incapable of resolving the economic crisis even as they have intensified their assault on the working class. Twice in twentieth-century Europe, the same fundamental contradictions of capitalism, including centrally the conflict between global economy and the nation-state system, led to world war. The only force capable of unifying Europe in a progressive manner is the working class, on the basis of a revolutionary program to overthrow capitalism and establish the United Socialist States of Europe as part of the world socialist revolution.

The most urgent issue is the question of leadership and perspective in the working class. The opposition of workers and youth must be armed with a conscious revolutionary program based on the critical political lessons of the past century of struggle. That requires the building of new parties based on the program of socialist internationalism.

The central lesson to be drawn from the bitter experiences of the past year is the necessity to build sections of the International Committee of the Fourth International to fight for this perspective across Europe and throughout the world.

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