

Greek austerity package: Social counterrevolution in Europe

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With the votes of the social democratic PASOK party, the Greek Parliament approved a new package of austerity measures on Wednesday. The vote marks a political watershed for the whole of Europe.

No serious economist doubts that the austerity measures will reverse the living standards of broad social layers by decades. The first austerity package adopted last year already contained massive cuts to public service salaries, pensions and other benefits. At the same time, it increased consumption taxes, thereby triggering a deep recession and a sharp increase in unemployment.

Now an additional €28 billion is to be saved by 2015. This represents 12 percent of the gross domestic product of this country of 11 million people. In Germany, equivalent cuts would amount to €300 billion, and in the US to \$1.7 trillion. A further €50 billion will be raised through the privatisation of state enterprises.

The new program will lead to 150,000 job cuts in public services, reductions in social spending and health care, together with huge tax increases for median incomes. The Value Added Tax for pubs and restaurants will be increased from 13 to 23 percent. In Greece, where the economy relies heavily on such small businesses, this will mean ruin for thousands, and will deepen the recession.

Even Wolfgang Münchau, a leading columnist for the *Financial Times* and, until now, an advocate of austerity has come to the conclusion that such austerity measures are “financially reckless and politically irresponsible.” “The program, as it stands, is politically, morally and economically hard to justify,” he writes.

Nevertheless the European Union has exerted enormous pressure on the Greek parliament to adopt the

program. Economic Affairs Commissioner Olli Rehn threatened the Greek state with bankruptcy if the austerity package was rejected. “The only way to avoid immediate default is for parliament to endorse the revised economic program,” he said in a statement. “They must be approved if the next tranche of financial assistance is to be released. To those who speculate about other options, let me say this clearly: there is no Plan B to avoid default.”

For his part, Prime Minister George Papandreou has spent days engaging in political manoeuvres and personal browbeating to persuade dissident members of his party to back down. While the vast majority of the Greek people reject the austerity package—a two-day general strike has paralysed the country and tens of thousands have protested in front of Parliament—all but one of the PASOK deputies voted in favor of the law, joined by one representative of the opposition New Democracy Party.

The whole process clearly has dictatorial traits. Even the conservative Greek daily newspaper *Kathimerini* concluded: “We are no longer dealing with a democracy... An entire country has turned into a province of an economic rather than political empire, which, in turn, is held ransom to several investment firms and rating agencies with monstrous power and greedy aspirations.”

Financial and stock markets reacted positively to the vote. They interpret the agreement of the Greek Parliament as a signal that they can now proceed with the same brutality against the working class in other European countries. Austerity programs have already been introduced in Portugal, Ireland, Spain and Great Britain. Next, Italy, France and eventually more affluent countries such as Germany are on the agenda.

Two and a half years after the collapse of US bank

Lehman Brothers unleashed the largest international financial crisis since the 1930s, international financial capital is actively engaged in recouping the trillions spent to rescue the banks at the expense of working people. It is implementing a social counterrevolution aimed at reversing all of the social gains made by the working class since World War II.

In the US, wage cuts of 50 percent and drastic cuts in public spending in indebted states like California and Wisconsin have long been on the agenda. Anyone who thought that Europe was immune to such excesses because of its welfare state traditions has been rudely disabused. The euro, which was introduced two decades ago and hailed as a guarantor of future prosperity, is now proving to be a mechanism for the destruction of the living standards of the working class. The term “rescue of the euro” has become synonymous with austerity and social decline.

For the European working class, the events in Greece must stand as a warning. It is necessary to draw the political lessons. Without the support of the unions and so-called “left” parties, Papandreou and his international backers would never have been able to prevail.

At a European level, these organisations have worked to ensure there has been absolutely no solidarity with Greek workers. The social democratic parties have completely supported the EU’s demands and backed the smear campaign against the supposedly “lazy Greeks.” The same applies to the European headquarters of the trade unions, which have refused to issue a single word of solidarity.

In Greece itself, the unions are closely affiliated with PASOK. They have worked to curb the massive opposition to austerity measures and keep it under control. They organised 15 protest strikes aimed purely at letting off steam. All of the general strikes were limited to one day, because they knew that the government could have withstood an unlimited general strike for only a few days.

The numerous pseudo-left organisations in the country—such as SYRIZA, ANTARSYA, etc.—were defending the unions and hiding behind the alleged “nonpolitical” nature of the “outraged” movement on Syntagma Square, in order to suppress any discussion about a revolutionary perspective. The call for a complete rejection of the debt was just as taboo for

these forces as the demand for a workers’ government. Instead, they fuelled the illusion that Papandreou and EU could be pressured to adopt an alternative policy.

The social counterrevolution, which began in Greece, can only be stopped by an independent political offensive of the working class. It cannot be halted by one- or two-day carefully orchestrated general strikes or attempts to put pressure on the government.

There is no solution of the present crisis within the framework of capitalism. The Greek bourgeoisie is intimately linked to international finance capital. The rejection of the austerity program by New Democracy is utterly cynical. Were the party in power it would act in an identical fashion to PASOK. The same applies to the “left” bourgeois organisations whose international affiliates (Refounded Communism in Italy, the Left Party in Germany, the Communist Party in France) have supported similar austerity measures when they were in government.

The working class confronts a struggle for power. It must oppose the payment of all debts and fight to establish a workers’ government pledged to expropriate the major banks and corporations without compensation and place them under social control. Only on this basis is it possible to stop the social counterrevolution, utilise the available resources for the benefit of all and build a socialist society.

Such a perspective can only be achieved in an international context. Greek workers must reject all nationalistic tendencies and establish strong links with the entire European and international working class, which is confronted with the same attacks. Its aim must be the establishment of the United Socialist States of Europe.

Only the *World Socialist Web Site* and the International Committee of the Fourth International fight for such a perspective. We call on workers and young people in Greece and throughout Europe to make contact with the WSWs editorial board and help build sections of the International Committee in Europe.

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