Financial officials increase pressure on Greece

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Representatives of the so-called "troika" of the European Central Bank (ECB), International Monetary Fund (IMF) and European Commission concluded their visit to Greece on Tuesday. In their preliminary summary, they paint a bleak picture of the economic development of the country and seek to increase pressure on the government to implement cuts and deregulation during the next 14 days.

The troika stated that they would only recommend payment of the next tranche of the EU package of €8 billion at the end of October if the Greek parliament adopted the budget for 2012 already approved by the Greek cabinet. In addition, Athens must step up the privatisation of state companies, slash 30,000 jobs in the public service, and change the country's contract law in favour of foreign investors.

If European finance ministers do not pay out the allocated money, Greece is threatened with insolvency by mid-November. The state would then be unable to pay wages and pensions, or fund public services like the health system. The result would be an even bigger disaster than the one that has already produced social upheaval in the streets of Athens and other Greek cities.

The troika's delay in making a clear recommendation on whether to pay Greece the agreed-upon funds has increased the pressure on the Greek government. German Finance Minister Wolfgang Schäuble (CDU) went a step further, asking whether he should pay the next installment, irrespective of the troika's recommendation.

Also on Tuesday, the Slovak parliament rejected an increase in the European bailout fund (European Financial Stabilisation Fund—EFSF), to fund further bailouts. It is widely expected that the Slovak parliament will approve the increase to the EFSF in a second session to be held this week. Nevertheless, the original decision on Tuesday sent a clear signal.

None of the €8 billion will benefit either the Greek state or its working population. The money is earmarked to fund the overdue loans held by the banks. The austerity measures dictated by the troika, however, will undoubtedly deepen the recession.

Earlier cost-cutting measures, including wage cuts, increases in consumption taxes and deregulation of markets, have shrunk the country's economy. Greek gross domestic product fell by 2.3 in 2009, and 4.5 percent in 2010. For this year, a decline of more than 3 percent is expected. The recession has led to a dramatic increase in official unemployment rate, currently at 16 percent. The real figure is much higher.

Further mass layoffs and wage cuts will only serve to cripple the economy. Even the troika now assumes that economic output will grow again only starting in 2013; the panel's original projection had predicted growth this year.

At the same time, the troika stressed that further cuts should be made in the 2013 and 2014 budgets. On this basis, any growth in the economy is also ruled out in these years.

Regardless of whether the next instalment is paid or not, the aid package for Greece will not help the country. Instead, it will prepare the country's bankruptcy, and the price of this bankruptcy will be shifted onto the backs of workers. Greek workers are to experience the complete demolition of their social rights and the halving of their wages, while European workers will be expected to foot the bill for the bad loans of the banks, which are to be bailed out with public money. The bankruptcy of Greece would cost the German state €28 billion, while German banks only have to write off about €12 billion.

The next instalment of money for Greece is not only aimed at increasing pressure on the Greek government. Should the €8 billion be paid, its purpose will be to prepare the orderly bankruptcy of the country, which is increasingly regarded as inevitable by government and

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finance circles.

The banks are to be freed from their bad debts, but the main priority is to win time to prepare a bankruptcy in Greece that will minimise losses for the banks and ensure that as much of the financial burden as possible is transferred to state budgets.

This step, which is currently being discussed in bank boardrooms and cabinets, would mean extending the application of the Greek model to all European states. All of the social rights of the working class are to be sacrificed to pump fresh billions into the vaults of the banks.

The ruling elite can only implement this programme if workers are prevented from uniting to oppose the government. Greece is currently experiencing a wave of strikes and protests by angry and desperate workers. Seafarers, port workers, lawyers, transport workers, and tax inspectors all took some sort of strike action this week.

The trade unions, however, are doing all they can to neutralise such protests and prevent them threatening the government. They are not only isolating individual sections of workers from each other, they are above all seeking to stymie any international solidarity. In Germany, the main trade unions have even carried out a campaign for the expansion of the EFSF, stabbing Greek workers in the back.

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