Greek parliament votes for sweeping cuts

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13 February 2012

The Greek parliament has voted to approve a far-reaching austerity package that will push the country deeper into recession and bring further social misery.

With the parliament ringed by an estimated 4,000 police as some 80,000 people protested outside, the vote was taken after a special 10-hour session on Sunday, which ended at midnight.

Amid clashes between riot police and youth, Greece's unelected Prime Minister Lucas Papademos declared: "Vandalism, violence and destruction have no place in a democratic country and won't be tolerated."

In fact, these social evils are at the very heart of the austerity program—based on spending cuts of around €3.3 billion—now agreed to by the Greek parliament in return for a €130 billion bailout of the financial system. The extraordinary session had been convened after European finance ministers declared they were not satisfied with commitments given last week and sent Greek government representatives an order to do more—an additional €325 million in cuts.

The parliamentary vote came after a sustained propaganda barrage warning there was no alternative but to accept the dictates of the "troika"—the European Commission, the European Central Bank (ECB) and the International Monetary Fund. Papademos threatened economic breakdown and social chaos, saying a default on Greece's loans would condemn the country to a "disastrous ordeal."

Papademos told the cabinet: "It would create conditions of uncontrolled economic chaos and a social explosion. The state would be unable to pay wages and pensions and cover basic operational costs such as those of hospitals and schools."

Imports of basic items, including medicines and fuel, would become problematic and businesses would close, Papademos declared. The "living standards of Greeks would collapse and the country would be dragged into a spiral of recession, instability, unemployment and misery."

In a national televised address at the weekend, Papademos claimed the austerity measures would "restore the fiscal stability and global competitiveness of the economy, which will return to growth, probably in the second half of 2013." This is a barefaced lie. In fact, the measures will send Greece further into downward spiral of reduced growth, unemployment and lower spending, and indefinite recession.

After five years of recession, manufacturing in Greece contracted 15.5 percent in December from a year earlier. Industrial output was down 11.3 percent and unemployment jumped to 20.9 percent. "This is what a death spiral looks like," the London-based *Telegraph's* economics correspondent noted.

Leaders of the two main parliamentary parties likewise claimed there was no alternative.

"If we do not dare today, we will live in catastrophe," said former prime minister and Socialist Party (PASOK) leader George Papandreou. "The recipe … isn't right or wrong; it's the only one available."

The PASOK leader increasingly speaks for no one but the banks and financial interests. His party, which received 44 percent of the vote at the last elections, now enjoys only 8 percent support, according to the latest opinion polls.

Antonis Samaras, the leader of the New Democracy, made similar remarks. Acceptance of the measures "distances us from bankruptcy, looting, the chaos that would follow" in the wake of a default.

Chaos has already arrived, however. The *Guardian* reporter Helena Smith, who has been covering Greece for 20 years, noted that "far from plugging the country's budget black holes the harsh austerity has pushed it to economic and social collapse.

"Relentless wage and pension cuts, tax rises and cost-cutting reforms have left the country a shadow of its former self. In its fifth successive year of recession, Greece is a hollowed out version of what it once was, coming apart at the seams a little more each day. Men and women forage through rubbish bins late at night. More sleep on the streets."

More than a third of the nation is officially designated as living in poverty. Unemployment now exceeds one million people—a jobless rate of almost 21 percent. The youth unemployment rate is close to 50 percent.

Since the global financial crisis began in 2008, it is estimated that at least 20,000 people have been made homeless. People are sleeping on pavements, park benches, in train stations, shopping arcades and doorways. The Greek Orthodox Church says it is feeding 250,000 people a day.

The working class in the rest of Europe will ignore the social counter-revolution being unleashed in Greece at its peril. This is the testing ground for what is being planned across the continent. The next countries to be targetted are already clearly visible. Interest rates on Portuguese debt remains at historically high levels, and last week the debt rating agency Standard & Poor's downgraded its assessment of 34 Italian banks, including the country's largest UniCredit.

"Italy's vulnerability to external financing risks has increased, given its high external public debt, resulting in Italian banks' significantly diminished ability to roll over their wholesale debt," the ratings agency said.

The fiction is being promoted that a debt default in Greece will not impact on the rest of Europe because massive injections of liquidity by the European Central Bank have stabilised the situation. In fact, the actions of the ECB have only created the conditions for an even deeper financial crisis. In return for loans to the banks, unable to raise cash in financial markets, the ECB had taken on to its books increased holdings of debt of dubious quality.

While the actions of the ECB have provided a boost to financial markets, more perceptive observers have pointed to earlier historical experiences. In a comment published in the *Financial Times* last week, former chief executive of Barclays Bank Martin Taylor noted: "Similarities with the interwar period—a time of persistent false dawns—are multiplying ominously. As in the early 1930s, the shockwaves of the crash, at first confined to those directly involved in financial markets, are painfully touching the lives of increasing numbers of people."

The economic breakdown of the 1930s saw the sweeping away of all forms of democratic government on the European continent and the imposition of military and fascist dictatorships. This process is now underway again. Greece and Italy are ruled by unelected governments and across Europe the dictatorship of the financial oligarchy is becoming more open. While the shell of the parliamentary system remains, behind it preparations are being for dictatorial forms of rule to implement the social counter-revolution demanded by finance capital. The events in Greece are just the beginning.