Greek deal: More pain for workers, no end to Europe's crisis

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The €130 billion-plus (US$172 billion) package of loans agreed by euro zone finance ministers will not protect Greece from bankruptcy. It merely postpones the inevitable, while European and international finance capital use Greece as a testing ground for their scorched-earth policy of savage austerity being rolled out across the continent.

Nothing is guaranteed as yet. Under the plan, holders of privately-held Greek bonds are to be asked to participate in their "voluntary" restructuring, accepting losses of up to 53 percent. It will not be clear until March whether this has been accepted. Moreover, Monday's package is entirely dependent on further spending cuts of €3 billion: only if this is achieved in a "timely and effective manner" will aid be forthcoming from the European Union (EU).

This demand is made under conditions in which Greece has been mired in recession for five years, due to the austerity measures enforced by the Greek political establishment and the "troika"—the EU, International Monetary Fund and European Central Bank.

Working people are suffering a social catastrophe. Unemployment is above 21 percent, and almost 50 percent for youth. Some 150,000 jobs are to go in the public sector in the next two years, while social spending and pensions have been slashed. Wages in Greece have fallen by 30 percent. Now the minimum wage is being cut by 22 percent, 35 percent for young workers. Even so, EU and IMF officials admitted that wages must fall even further to restore "Greek competitiveness".

The crisis is so severe that workers are going without pay for months, amid rising poverty and homelessness. Greek manufacturers are paying cash for imported raw materials because they cannot obtain credit.

Yet an additional €20 billion is expected to be needed to recapitalise Greek banks—making a total of €50 billion—due to the flight of capital from the country. There is also to be a massive extension of privatisation projects, up from five to 35, meaning the wholesale sell-off of state land and buildings.

To enforce this, control over Greece's economy has been placed entirely in the hands of the troika, in what the BBC's Gavin Hewitt described as a "humiliating and unprecedented intrusion into Greece's sovereignty."

European Commissioner for Economic and Financial Affairs Olli Rehn confirmed that a separate account is to be created for the latest bailout package. This is to ensure that debt and interest payments to the banks take priority over government funding of public services and wages.

An "enhanced and permanent presence" of debt inspectors is to be put on the ground in Athens—the de facto enforcement of demands, led by Dutch Finance Minister Jan Kees de Jager, for the troika to be given a "permanent position" within Greece.

To seal this dictatorship of finance capital, EU ministers are demanding that the Greek constitution is rewritten to enforce its austerity measures. As it stands, the constitution cannot be revised for a further year, although the interim coalition government of New Democracy, Pasok and the extreme right LAOS party, is expected to promise such a revision.

On Monday, former PASOK Prime Minister Giorgios Papandreou and his appointed successor under the coalition, economist Lucas Papademos, gave a written guarantee to EU ministers that they will stick to the planned spending cuts, regardless of the results of elections, currently scheduled for April. Parliament is expected to approve the latest package when it votes

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today.

Their agreement came as a leaked confidential report prepared by analysts for the troika admitted that its targets were unachievable and that, even under the most optimistic forecast, the cuts and demands being imposed can only produce greater indebtedness and economic crisis.

Everyone knows this to be the case. The latest bail-out package is broadly acknowledged to be a "suicide pact", by which the Greek population is subject to ever greater penury while the troika prepare contingency plans for a supposedly "orderly default."

Many are forecasting that D-Day will be around March 20, when Greece is due to repay €14.5 billion of debt. By this time it is hoped that February's G20 meeting and an EU summit on March 1 will have agreed to double the capacity of the various European rescue funds, so as to reduce the risk that a financial crisis would spread across the continent's weaker economies and banks.

The government parties and the troika are now preoccupied with how to contain the explosive social and political tensions building up in Greece and prevent them from erupting across Europe. The leaked report warned, "The Greek authorities may not be able to deliver structural reforms and policy adjustments at the pace envisioned" because wages cuts and privatisation may be resisted "by strong opposition from vested interests"—a reference to the growing anger and combativeness of the working class.

The *Guardian* cited an unnamed Greek official stating of the troika, "They want us to do what Pinochet did in Chile, fire civil servants and take very painful steps overnight… If we didn't live in a democracy we could do that. The fact is people react, they will resist and that's why we can't do these things overnight."

A US-backed military coup on September 11, 1973 overthrew the democratically elected government of President Salvadore Allende and installed General Augusto Pinochet. The fascist-military dictatorship implemented a programme of "shock therapy" backed by Washington and led by Milton Friedman's "Chicago Boys." This inaugurated the worldwide imposition of monetarist policies, based on the destruction of workers' living standards, in the following decade.

The policies of the troika aim at imposing the same agenda in Europe: utilising the economic crisis as the basis for a social counter-revolution, with Greece acting as the laboratory.

This assault cannot be achieved by democratic means. The latest opinion polls show that support for the coalition parties has plunged to a record low, with New Democracy on 19 percent, PASOK 13 percent and LAOS down to 5 percent.

It is for this reason that German Finance Minister Wolfgang Schäuble suggested that elections in Greece be postponed, and a "technocrat" administration made up of wholly unelected figures working directly for the banks and speculators be installed.

Their concern is that an election would deliver a decisive rebuff to the ruling parties and their austerity policies and expose the absence of any support for the ruling elite. Not only would this embolden social resistance in Greece itself, but elsewhere in Europe where, in Spain and Portugal mass protests have been held against the austerity programmes being imposed.

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