European parliament president calls for special economic zones in Greece

Ernst Wolff
4 September 2012

The president of the European Parliament, Martin Schulz, a member of Germany's Social Democratic Party, has called for special economic zones (SEZs) to be set up in Greece. At the weekend, he spoke out in favor of their establishment and called for the creation of a "growth agency" in which EU officials would have the authority to impose reforms in the southern European country. These measures would allow international corporations to exploit Greek workers through starvation wages, while avoiding paying taxes on substantial corporate profits.

Special Economic Zones are areas within countries where special regulations mean international companies enjoy immensely advantageous conditions. This includes low corporate taxes, subsidies, special customs arrangements, the limiting or abolition of employers' charges, the relaxation of safety regulations in the workplace, the weakening of environmental regulations and the repeal of collective bargaining.

According to Schulz, the creation of the SEZs would entail Athens devolving "some degree of control" over the areas, although he then sought to downplay the significance of this statement by declaring that the EU is "not an occupying power, but an instrument of aid".

While there may exist differences over who would control such SEZs, the Greek government has indicated its support for the idea by announcing last week its own plans to establish SEZs to attract private investors.

"We believe that these areas will get the real economy moving through special incentives for investors and a boost in exports," Development Minister Costis Hatzidakis told a news conference. Talks with the European Commission on the project were already taking place.

The proposal for such zones in Greece can be traced to an initiative of the German government. On May 25, 2012, news weekly *Der Spiegel* reported on Berlin's six-point plan, which provides for the establishment of Special Economic Zones in crisis-ridden border states of the monetary union, the sale of state enterprises by privatization funds and fiduciary institutions on the model of the German Treuhand, the reduction of unemployment by easing employment protections and accelerating the introduction of employment contracts with a lower tax burden.

Although the government in Berlin initially refused to confirm these plans officially, government spokesman Steffen Seibert admitted at a press conference in June that "thinking" about Greece's future would require "broad consideration".

In mid-August, German Economics Minister Philipp Rösler abandoned all restraint and recommended the Greek government speak to the European Commission regarding the establishment of Special Economic Zones to "revive" the Greek economy.

To date, Special Economic Zones along the lines of those in China, India, North Korea, Russia, Vietnam, Moldova and the United Arab Emirates have existed in only one European country, Poland. They emerged there in the 1990s, and on entering the EU, Poland had to agree to abolish the tax benefits of the zones by 2011 and the zones themselves by 2018.

The fact that the EU Commission, in cooperation with the Greek government, is considering the introduction of such zones means an extreme intensification of the attack on workers. Although in the immediate future the measure is aimed against Greek workers, whose minimum monthly wage has already been reduced this year from €751 to €586 gross, it will affect the whole of the European working class in the longer term. Other European countries will be pressured to follow Greece's example and set up

Special Economic Zones, triggering a competitive spiral depressing wages and increasing exploitation to a level the continent has not witnessed in decades.

The background to the plans is the fact that Greece has failed to meet cost-saving targets dictated by the EU, the European Central Bank and International Monetary Fund. Prime Minister Samaras asked only last week for “more time” to meet the targets, provoking calls for Greece to be excluded from the euro zone.

However, the EU wants to avoid such a move for the present, as the consequences for the major international banks, and thus for world financial structures, are still incalculable. Greece’s departure would mean the devaluation of Greek assets, leading to a run on the banks in crisis-hit countries such as Italy, Spain and Portugal. In these circumstances, the ruling classes of Greece and Europe are seeking ways to intensify the exploitation of the Greek working class.

How far the plans for Special Economic Zones, discussed behind closed doors, are already advanced can be seen from an announcement by the German Federal Ministry for Economic Affairs last Friday. Minister Rösler, who at the end of July had called for an “investment summit” for Greece, will fly to Athens in the first week of October together with German business representatives. The occasion for the official journey is the numerous requests received from German companies that want to profit from the new conditions in Greece.