European parliaments move to back austerity measures for Greece

By Peter Schwarz
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The parliaments of several European countries are voting this week on the new package of loans and austerity measures for Greece.

The package was approved on Monday in Latvia and Lithuania. Estonia agreed on Tuesday. On Tuesday, the Spanish parliament also supported the Greek package, although a formal vote was not necessary. In Austria, a subcommittee of the National Council approved the measures. In Germany and the Netherlands, the parliaments vote today.

Since the euro zone finance ministers reached agreement on the package last Friday, and the Greek parliament has already committed itself to impose the draconian austerity measures, it is nearly certain that the deal will pass all the parliamentary hurdles. Nevertheless, the parliamentary debates and votes are not without significance. They show how much the democratic and social principles, so solemnly averred in the treaties of the European Union and the constitutions of its member countries, cover for a ruthless dictatorship of the banks.

The new Greek package combines new loans of €86 billion, largely to repay old debts and refinance the banks, with conditions that condemn the Greek population to abject poverty, practically eliminate democracy and transform the country into a protectorate of the dominant European powers.

Among other things, the 360-page Memorandum, approved by the Greek parliament on Friday morning, stipulates that the Greek government must not introduce any bill related to government finances in public debate or in parliament without approval first from the "institutions" (the European Commission, European Central Bank, European Stability Mechanism and the International Monetary Fund). In other words, the government and parliament are downgraded to being mere executive bodies of the "institutions".

The Memorandum specifies in detail how pensions must be reduced, the labour market liberalized, public property sold off and social rights dismantled. Many measures that the Greek government has agreed to would still be considered illegal in other EU countries.

Even some conservative economists have pointed out that the ostensible aim of this shock treatment—the economic recovery of the country—may be impossible to achieve if Greece simultaneously faces massive cuts and there is no money for concrete investment projects from the new billions in loans provided.

In reality, the agreement is not about "saving" Greece, as the media constantly proclaims. Rather, the country is to be systematically plundered. For example, the Greek budget has to achieve a primary surplus (the budget surplus excluding debt service) of 3.5 percent of GDP by 2018. This money will flow directly back to the international creditors. Currently, not a single European country achieves such a high primary surplus.

The privatization of profitable state-owned enterprises also holds out extremely lucrative opportunities for international capital. For example, the Frankfurt airport operator Fraport has been awarded a contract of 14 Greek regional airports for €1.2 billion. The German company ensured it would win the contract as part of the negotiations on the new loan package, an extremely unusual process.

Of the new loans, €25 billion, or nearly one-third, are earmarked for the recapitalization of Greek banks. The banks will thus get back the money that rich Greeks took abroad, with the blessing of the Syriza-led government, while the poor will have to pay for it through pension and social cuts. The restructured banks will then be sold off—probably to international financial investors.

Add to all this the systematic reduction in the living standards of the Greek population to Third World levels, which will establish a new benchmark for wages and benefits throughout Europe.

The measures being imposed on Greece, and the manner in which the assault is being carried out, recalls the brutal occupation and looting of Greece by the Nazis. There are even parallels with the Brüning regime in Germany in the 1930s, which drove millions into poverty through emergency decrees, preparing the way for Hitler.

It is all the more remarkable that there has not been a single word of opposition to these brutal diktats from within any European parliament. It shows that the institutions of bourgeois parliamentarianism have ceased to express in any way the concerns of broader social layers. They have degenerated into bodies where the top ten or five percent of society fight out their tactical differences.

The debate in the German Bundestag is of particular significance. The government, and in particular Finance Minister Wolfgang Schäuble, has played the leading role in imposing harsh conditions on Greece. Chancellor Angela Merkel even boasted on Sunday in her summer interview with broadcaster ZDF that it was thanks to “the harshness” of Schäuble and Germany that Greece’s Syriza-led government had seen the necessity for “real reforms”. It does not help if everyone is “nice to each other”, she added arrogantly.

Nevertheless, the only significant opposition in the Bundestag comes from the right-wing, from Merkel's own party. For a considerable section of the Christian Democratic Union/Christian Social Union parliamentary group, the austerity measures do not go far enough. They want to force Greece to undergo an even more drastic economic contraction by means of a return to the drachma.

Already in the last vote on Greece in July, over sixty Christian Democrat deputies refused to follow Merkel in supporting new loans. This time, the number could be even higher. There are no exact figures, as most deputies are on vacation. However, the approval of the Greece package is not at risk, since the co-governing Social Democrats and the opposition Greens will support the measures by a large majority.

SPD Chairman and Vice-Chancellor Sigmar Gabriel praised the package in the highest tones in a letter to his parliamentary group. “The third negotiated support package is not only better than the previous proposals, but it is mainly characterized by the fact that all sides are nearing each other,” he asserted. “The German Social Democrats should give their consent in the European, but also in Germany's interest.”

The only parliamentary group that has called for a rejection of the package is that of the Left Party. But here again, some deputies will abstain.

The attitude of the Left Party is extremely cynical. It only votes “no” because passage of the measures do not depend on its support. Even at the last Bundestag vote, Left Party parliamentary leader Gregor Gysi said that he would have supported the austerity package if he had been in the Greek parliament. So it is again. The Left Party continues its full support for Greek Prime Minister Alexis Tsipras, who is determined to ruthlessly enforce all the requirements of the “institutions”.

In the latest issue of the Left Party organ, *Neues Deutschland* , its chief editor Tom Strohschneider even manages to present the brutal austerity package as a defeat for Berlin and a victory for Tsipras. Because the term and interest rates of the new loans are slightly more favourable than originally planned, he claims, “The Syriza-led government was able to score at this point.” The IMF, Syriza, some EU governments and the opposition in the Bundestag, according to Strohschneider, were “practically pulling on the same rope together”. Each “in their own way” had followed “the common denominator of reason”.

The rope on which the Left Party is pulling together with Syriza, the IMF and some EU governments, runs around the neck of the working class. The terrible suffering of the Greek people that will follow from the new Memorandum is not worth a mention for Strohschneider. Like Syriza and the Left Party, he is concerned above all with saving the capitalist system and its European and national institutions. At all costs, he wants to prevent working people from drawing revolutionary conclusions from the catastrophe in Greece.

The brutality of the new austerity diktat for Greece, and the absence of any serious opposition to it within the political institutions of Europe and its constituent countries, are expressions of the advanced crisis of the capitalist system. The ruling circles in Germany and Europe are neither willing nor able to attenuate social and international conflicts through compromise. The attacks on the Greek working class anticipate similar attacks on the working class throughout Europe, including in Germany.

Henrik Müller, professor of economic policy journalism at Dortmund Technical University and columnist for *Spiegel Online*, recently warned against the effects of a new international crisis. Under the headline “Full speed into the next crisis”, he wrote that, unlike 2008, the governments and central banks had “hardly anything to counterpose” if the global downturn worsened. The interest rates are at zero, many states were reeling on the brink of bankruptcy and raw materials were cheap. He concluded, “So you can get ready for a rough phase—domestic and international conflicts included!”

How the ruling class is preparing for this “rough phase” is shown by the events in Greece. Working people and youth must prepare themselves by breaking with the bourgeois parties and their pseudo-left defenders, building a new revolutionary party and uniting internationally on the basis of a socialist programme.