

Greece, Like Strauss-Kahn's Maid, Resists IMF Rapists

by Dean Andromidas

June 18—The great edifice of the Euro Empire appears to be crumbling before the mass strike now sweeping Greece. Hundreds of thousands of Greeks have taken to the streets to demonstrate they can no longer tolerate brutalization for the sake of a mountain of unpayable debt. The paralyzed Greek government is unable to implement the austerity plans required before yet another EU bailout can be implemented, to prop up the hopelessly bankrupt euro financial system.

The Greek government's own paralysis is mirrored 17 times over by the paralysis of the 17 nations that make up the Eurozone. After losing their bailout ring-leader, former International Monetary Fund director Dominique Strauss-Kahn, they are unable to agree on a policy to save the doomed Eurozone. While the Euro-gang squabbles over unworkable schemes ranging from "voluntary haircuts" for private creditors to wet dreams of a giant new bailout fund of EU1.5 trillion, the only solution available is the restoration of a Glass-Steagall standard in the United States, and its extension to Europe.

Fear of Contagion

It is not Greece that is bankrupt, but the euro system, that monster created by the City of London's Inter-Alpha Group of banks, which crashed along with the U.S. banking system in 2008 and was bailed out by the governments of the United States and Europe. The

looming default of Greece exposes the failure of the EU110 billion bailout put together in 2010; in turn, a Greek default will immediately lead to the collapse the EU100 billion Irish bailout and the yet-to-be approved EU85 billion Portuguese bailout. But the greatest fear is a collapse of Spain, whose economy is larger than all the others put together. Its national banking system, led by the Inter-Alpha Group's Banco Santander, and its regional savings banks, which are buried under a mountain of worthless mortgage debt, are hopelessly bankrupt. Since the banks of each of these countries hold most of their respective nations' debt, a sovereign debt default will collapse the national banking systems.

The June 6 figures from the Bank for International Settlements (BIS) reveal that the banking systems of France, Germany, and the U.K. will be hit hard when Greece defaults, since French banks hold EU53 billion of Greek private and public debt, German banks hold EU39 billion, and British banks more than EU13 billion.

Fragile Portuguese banks hold more than EU10 billion in Greek debt, the loss of which would could trigger a banking crisis there. France holds EU27 billion in Portuguese debt, Germany EU36.5 billion, and Great Britain more than EU24 billion. But it is Spain that is most threatened, with EU85 billion of Portuguese public and private debt.



Creative Commons/George Laoutaris



Creative Commons/George Laoutaris



European Commission

With the arrest of IMF director Dominique Strauss-Kahn (above) last month for sexual assault, the troika of financial powers trying to squeeze more blood out of bankrupt Greece is in trouble. Greek Prime Minister Papandreou is trying follow the troika's orders to impose more austerity, but the population is resisting, as seen in the photos at left.

As for Spain's own debt, this gets us into very big numbers, with German banks holding EU181 billion, French banks EU141 billion, British banks EU112 billion, and Dutch banks EU77 billion. Portuguese banks hold EU25 billion worth of Spanish debt.

One now has to include the European Central Bank itself, which holds EU49 billion of Greek sovereign debt, along with that of Portugal and Ireland, for a total of nearly EU100 billion. On top of this, it has extended emergency short-term loans to the banking systems of these countries, plus Spain, for a total of nearly EU400 billion. Then there is the so-called "non-standard" short-term lending to the Eurozone banking system as whole, which runs into the hundreds of billions.

All these figures are little more than a guess at the real magnitude of the problem. The debt constitutes a giant financial balloon of derivatives of all shapes and sizes.

Crushing Greece

Like the usurers of the Babylonian Empire, the "troika" of the European Union, European Central Bank, and International Monetary Fund has devised a

program of brutal austerity, in a desperate attempt to save themselves. The bailouts, including the EU110 billion Greek bailout package and the EU750 billion European Financial Stability Fund, are a replay of the 1881 International Debt Commission that was imposed on Egypt by the "Great Powers," which made it a "protectorate" of the British Empire.

Unlike that earlier Debt Commission, which at least made the pretense of investing funds into projects inside Egypt—even if they were to benefit the imperial powers—today's bailouts only suck money out of their victims to pay their creditors. This is done through the instrumentality known as the "Memorandum," whereby Greece, Ireland, and Portugal ceded sovereignty over their economies to the troika.

In the case of Greece, it first slashed the salaries of the 750,000 public-sector workers by 20%; government pensions were cut by 15%, and the age of retirement was increased. Various taxes were increased, and cuts were made to social benefits, education, and the health-care system. These cuts have devastated the living standards of Greece, which was already among the poorer nations in the European Union. In this first phase, the economy shrank by 5.5%; unemployment increased by 40% over the last year and has now

reached 16.2%, with youth unemployment no less than 42%. For the first time since World War II, impoverished Greeks can be seen picking through garbage cans. Even though the deficit was cut by 5 percentage points, this was not deemed sufficient by the troika's team, which reviews the progress of the Memorandum each quarter.

The troika's June quarterly review determined that not only was the Memorandum not working, but that Greece will need a new bailout. Thus a new Memorandum was drafted, demanding even more cuts; it now has to be passed by the Greek Parliament. The new four-year program includes additional cuts of EU6.4 billion this year and EU30 billion by 2015, elimination of 150,000 jobs in the 750,000-person public sector by 2015, a freeze on pension costs, an additional EU4 billion cut in social benefits over the next four years, a EU3 billion cut in social welfare, plus increases in the value added tax, property taxes, and a "solidarity tax" on all those earning over EU8,000 annually. Among the draconian labor "reforms," salaries of 18- to 25-year-olds will be cut by 20%, to below the minimum wage.

Then, EU50 billion will be raised by privatization of state assets, to be overseen by an agency whose decisions will be irreversible and which will include "observers" nominated by the Eurozone states.

These draconian measures will be taken out of the hands of Greek elected officials, and turned over to the European Commission and IMF technocrats, who will supervise tax collection as well as the "reforms."



Creative Commons/George Laoutaris

People of all walks of life are joining the Greek demonstrations, correctly fearing that they have no future under the present system. The police have used tear gas, stun grenades, and batons to repress demonstrators—but recently even retired police and soldiers have been joining the demonstrators.



Creative Commons/George Laoutaris



Creative Commons/George Laoutaris



Creative Commons/George Laoutaris

While Greece began this process a year ago, with a debt-to-GDP ratio of 110%, the ratio now stands at 165%! The troika does not see this as a problem, because it has identified EU300 billion of public assets, including Greek islands, which can be sold off.

The 'Indignants' of Syntagma

On May 25, a few days after IMF director Strauss-Kahn was arrested on charges of

attempting to rape a hotel chambermaid, another of his victims began to resist: the people of Greece. Taking up the challenged posed to them by "Los Indignados" (the Indignants) protesters in Spain, thousands of Greek youth took to the squares of the major

cities of Greece, especially Syntagma Square in Athens, where the Parliament is located. Thus, the mass-strike movement was born, calling itself the Indignants of Syntagma (in Athens) and the Movement of the Indignants (nationally).

Tens of thousands have gathered every night since May 25, including a 500,000-person demonstration on June 5. Their banners read: “Poverty is the worst violence,” “Bread, education, liberty: We want our life, we want our happiness, we want our dignity, so out with the thieves and out with the IMF,” “The European Union does not solve the problem, it *is* the problem,” and “The maid resisted, so will we.” On June 11, the Movement of the Indignants joined in support of a 24-hour general strike, culminating in a 100,000-person demonstration in Syntagma Square.

Just as the Spanish Indignants had galvanized the Greeks into action, the latter are now challenging the French and Italians with banners reading, respectively: “Be quiet! The French are sleeping! They are dreaming of ’68—shhh!” and “Be quiet, we might wake the Italians.”

With the troika taking away their jobs, their future, even the nation itself, the youth have been joined by people of all ages and walks of life, including retired police and military personal, whose presence has had a powerful impact on the riot police deployed there, who have been ordered to repress their old comrades.

Most extraordinary has been the presence of Greek Orthodox priests and monks by the hundreds, both in clerical dress and civilian clothes. The Church has always tried to stay politically neutral, but its presence represents a decision by the Church to support the people and give them comfort by its presence, as one Greek participant of these demonstrations told *EIR*. Bishops Anthimos of Thessaloniki and Ambrosios of Kalavryta and Aigialeia have voiced support for the new movement. The latter said in a statement, “Let us all go out into the squares, let us all be indignant citizens. Greece is losing itself, it is sinking—soon we will be foreigners in our own home. So rise up! Get off your couches, leave the bars and the cafés behind and go out onto the streets for a peaceful demonstration. Stay there for a few days and stage a peaceful revolution.”

Kalavryta is the birthplace of the 1821 Revolution, when the Greek flag was raised for the first time above the Agia Lavra Monastery.

Papandreou’s Dead Government Walking

The self-organization of the Greek population in its protest against the brutal policies forced upon it contrasts sharply with the disarray of the Greek political class and the European political leaders who are forcing this policy on Greece.

On June 15, in the face of 100,000 demonstrators who surrounded the Parliament and a 24-hour general strike by the trade union federation, Greek Prime Minister George Papandreou took a series of desperate political maneuvers to save his government long enough to pass the revised EU Memorandum through Parliament. Under orders from Brussels, he first sought to form a unity government with the opposition New Democracy, who would agree only if he departed from the scene and the Memorandum were renegotiated. Refusing this proposition after consulting with his controllers in Brussels, Papandreou settled for a Cabinet reshuffle to placate the rebellion in his own Pan Hellenic Socialist Party, after three members of his parliamentary caucus resigned from the party.

Papandreou must now force the revised Memorandum through Parliament by the end of June. With only a 5-seat majority in the 300-seat Parliament and a party that is cracking up, it is not at all assured of passage. But as one source who has been on the scene in Syntagma Square told *EIR*, there *is* no Greek government. The chairs in the Cabinet and Parliament may have bodies sitting in them, but they have no support whatsoever from the Greek population. Any government that supports the bailout will face that same rage.

If the Memorandum vote fails, Papandreou would go into the political wilderness, but the far bigger losers will be the Eurogang, since without a Greek government backing of the Memorandum there can be no bailout.

A Vision of the Future

The hope for Greece lies in a future that will be defined by a fundamental reform of the international financial system following the restoration of Glass-Steagall in the United States. Greece could then have an important role in a global drive for economic development. With its strategic position in the eastern Mediterranean, and being well endowed with potentially superb natural harbors, it can serve as a bridge eastward and southward to Southwest Asia, North Africa, and even the Far East, via the Suez Canal—and northwards to Central and Eastern Europe and Russia.