Brutal Austerity Killing Greece Won't Rescue the Euro

by Dean Andromidas

Feb. 4—The pound of flesh demanded by Europe's financial oligarchy, which has wrought suffering on Greece of a kind not seen since World War II, will still not save the British Empire's financial system, including the euro. Despite the ever-increasing levels of austerity and taxation being forced on the country, it has become manifest to the entire world that the so-called Greek bailout has not only failed, but a new bailout aimed at rescuing the first one will never come into being.

In a move seen as unprecedented, Archbishop Ieronymos, Greece's highest religious authority, issued an impassioned denunciation of the austerity policies being forced on Greece by the infamous Troika—the European Commission, European Central Bank, and International Monetary Fund.

"Homelessness and even hunger—phenomena seen during the [Second World] war—have reached nightmare levels.... A sense of patience among Greeks is running out, giving way to a sense of anger, and the danger of a social explosion can no longer be ignored," Ieronymos wrote in a letter (posted on his website) to Greek Prime Minister Lucas Papademos. The Archbishop went on to say that "pensions were cut while day laborers are in despair and insecurity has found a nest inside every single Greek household.... It seems clear now that our homeland's drama will not finish here but may take on new, uncontrollable, dimensions. We must all understand the feeling of insecurity, desperation and depression in every Greek home. This, unfortunately, is continuing to cause suicides among those who can no longer stand the drama in their family and the suffering of their children.

"There are, at the moment, demands for even tougher, more painful and even more unfair measures along the same ineffective and unsuccessful lines as in our recent past," Ieronymos continued. "There are demands for even bigger doses of a medicine which is proving deadly.... And what is likely to follow are more painful, more unjust measures in the same hopeless and unsuccessful course of our recent past.

"There are demands for commitments that do not solve the problem but only put off temporarily the foretold death of our economy. Meanwhile, they put our national sovereignty up for collateral. They mortgage our wealth but also the wealth we could obtain from our land and seas. They mortgage freedom, democracy and national dignity," he concluded.

The Sins of the Troika

In the days preceding the Archbishop's denunciation, the Troika presented a document, according to a report in the Greek daily *Kathimerini*, putting forward new demands to its puppet Prime Minister Papademos, including 150,000 sackings in the public sector by 2015; cuts in health-care spending, including reducing pharmaceutical purchases by the state health system by no less that EU1 billion; and the closure of state agencies. The austerity measures also include cuts to pen-

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The Troika's bone-cutting austerity demands in Greece have impoverished the nation and done nothing to solve the economic crisis. Here, a mass demonstration against the cuts in Thessaloniki.

sions, a further increase in taxes, and EU2.2 billion in spending cuts this year, and a reduction of social security contributions by 5%.

On top of the loss of tens of thousands of civil service jobs, while those still working have seen their salaries and pensions cut by 25-50%, the Troika is now demanding an across-the-board 25% cut in private-sector wages and pensions, while reducing the minimum wage to below the already meager EU750 euros a month. The latest government statistics put Greek unemployment at over 18%, with youth unemployment exceeding 45%.

At the end of January, the German government called on Greece to cede its sovereignty over tax and spending decisions to a Eurozone "budget commissioner," as a precondition for a second EU130 billion bailout. The new commissioner would be named by the Eurozone finance ministers, and would oversee "all major blocks of expenditure" by the Greek government, according to the Troika document. "Greece has to accept shifting budgetary sovereignty to the European level for a certain period of time."

The document further states, "If a future [bailout] tranche is not disbursed, Greece cannot threaten its lenders with a default, but will instead have to accept further cuts in primary expenditures as the only possible consequence of any non-disbursement." Athens would also be forced to adopt a law permanently committing state revenues to debt service "first and foremost." While not officially adopted at the Jan. 30 EU summit meeting, there is no evidence that the Troika's demands were taken off the table.

Horror Stories

In the past month, the Greek media has run one horror story after another on the growing misery of the Greek population. *Athens News* recently reported that the mayor of Athens, Yiorgos Kaminis, as well as the Archdiocese of Athens and the Ministry of Health, presented a joint report to the Parliament on the dramatic increase in "the new homeless—middle-class people, including entire families—who have been thrown onto the streets. Most of the people looking for temporary housing at the 52 locations across the city were unable to pay their taxes. Others, because of loss of jobs and income, have been unable to pay their social security taxes, and have been cut off from access to health care.

In January, the president of the Greek hospital doctors union, Dimitris Varnavas, gave a press conference, in which he reported, "The National Health System has collapsed in the most official and disastrous manner." Staff and equipment shortages have made the delivery of basic care impossible in hospitals across the country, and especially on Greece's many islands, as a result of budget cuts, lay-offs of personnel, and a dramatic increase in the use of public hospitals by those who can no longer afford private medical treatment.

As in the Nazi occupation, hunger stalks the nation. According to the Hellenic Statistical Authority (Elstat), retail sales of food and beverages collapsed by 15.6% in October, and by more than 20% in November; sales of fuel, including heating oil and gas, decreased by nearly 18% in November; apparel and footwear purchases dropped by more than 19% in November, and by nearly 30% in October.

In January, a spokesman for the Teachers Federation

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Prime Minister Lucas Papademos has dutifully carried out the Troika's diktat for tens of thousands of layoffs and across-the-board budget cuts, which have left the population in a state of desperation.

of Thessaloniki exposed, on national TV, that no fewer than 500 primary school children in Thessaloniki come to school hungry, adding that the children are not only from poor families, but include the so-called "middle classes," now dubbed the "new poor." This was only the latest of many such reports, which have finally forced the government to admit that primary school children at 18 state schools, 11 in Athens alone, have shown signs of malnutrition, with cases of children fainting in the classroom. In a pathetic response, the Education Ministry announced it will provide "mini-meals" for the hungry children.

The Greek people have become so desperate, that some are forced to give up their children. The charity SOS Children, which runs homes for abandoned and abused children, reports that it has received 700-800 requests for help from families since the beginning of 2011. Prior to the financial crisis, the most common reason for families and local authorities referring children to their care was child abuse. In the past year, nearly 100% of new referrals are the result of a financial crisis in the family. The organizers expect the situation to become even more difficult over the coming months.

Andrew Cates, the chief executive of SOS Children UK, said that while "it is common in impoverished regions in Africa and other parts of the world for parents to abandon their children because of poverty, it is very unusual to see desperate families unable to continue caring for their children in parts of Europe but now it is happening."

The employers' associations and the GSEE, the nation's largest union, agree that further wage cuts are unacceptable. In a Feb. 3 letter to Papademos, they wrote that private sector employees had suffered a 14% loss in income due to austerity. "The country has been living through unprecedented recessionary conditions for the past four years, with no recovery in sight for 2012 and 2013. Competitiveness at the national level is influenced far more than by wage costs, by factors such as excessive bureaucracy, overregulation, state interference, the tax system, corruption and an anti-business mentality."

Looking East for Survival

As of this writing, political leaders in the coalition government headed by Papademos have refused to accept the latest austerity demands of the Troika. Acceptance of these demands is the prerequisite for the next tranche from the first bailout fund, without which Greece will default on EU14.5 billion coming due on March 20.

The apparent resistance comes as the entire bailout strategy moves toward inevitable collapse, as it becomes ever-more manifest, even to politicians, that the mountain of debt can never be paid. Even with the so-called "haircut" (devaluation of debt) that Greece is negotiating with the bondholders, its debt will only be reduced from 165% of gross domestic product to 120%, which is the amount it stood at in 2010, when it had to accept the first bailout.

Some political forces are already looking for options outside the sinking Trans-Atlantic region.

At the end of January, the head of the New Democracy party, Antonis Samaras, traveled to Moscow to meet Russian political and economic leaders, including Prime Minister Vladimir Putin. Commenting on his meeting with Putin, Samaras was quoted in the *Athens News*, "My meeting with the Russian prime minister, Vladimir Putin, took place in a very good climate and was exhaustive on all issues. He showed particular interest in and a willingness to assist our country. We also spoke of the problems in Greek-Russian relations and we examined ways to overcome them."

The talks included topics on energy cooperation, and Russian interest in investing in the Greek economy, which the Troika demands be privatized, particularly in major infrastructure projects, such as ports, airports, and possibly railways. Putin placed particular emphasis on construction of the southern portion of the South Stream natural gas pipeline, which is being accelerated, and will start before the end of 2012.

Samaras held meetings with Gazprom's chief executive Alexei Miller, who expressed interest in investing in Greece's public energy sector, including building power stations in western Greece that could be fueled by the South Stream pipeline. Samaras also met the chief of staff of the Presidential Administration of Russia Sergei Ivanov, and the Russian Orthodox Patriarch Kirill.

In the week following Samaras's visit, Putin slammed European policy towards Greece during a speech at this year's Troika Dialog Russian Forum 2012[1] in Moscow. Pointing to the fact that one of Greece's biggest problems is its membership in the Eurozone, Putin said that Greece has been "deprived of the ability to devalue its own currency, because it has no national currency."

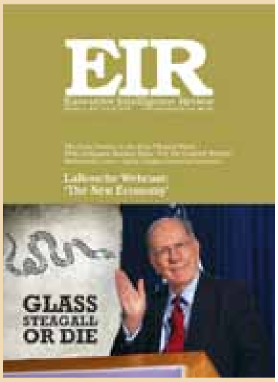
In an apparent reference to an investigation by a Greek prosecutor into allegations that the Greek statistical bureau, on orders of the European Commission, manipulated budget statistics, Putin added, "Greece was deprived of the ability to develop its economy internally," because in 2008, it was suddenly burdened with a deficit that should not have existed. "They began measuring amounts in the deficit that were not supposed to be measured. This made the situation unbearable, and the spreads skyrocketed, leading to economic disaster."

Putin described the euro as a "weight" that was tied to Greece's feet. Since Greece did not have any liquidity, and could not print any currency, "it had to directly reduce social spending, which was a crude, direct solution by the parliament and the government. Of course, devaluation would also mean that people would suffer, but it's not a direct slashing of social spending. Here, it was direct and steep."

Putin said the only way to improve Greek competitiveness was through investments in its industrial sector and real economy, to make a sudden leap forward, to re-equip the whole economy and industry. This is impossible without investments, and in this situation, it is also impossible to attract investments. So Greece has landed in a vicious circle. "The issue is not that the Greek people do not want to, or do not know how to work," Pputin said, but the fact "that there is an insufficient technological basis for effective utilization of a highly skilled labor force. This is where the stumbling comes from."

The European financial oligarchy's policy for Greece is nothing less than genocide. It has put Greece at the bottom of the dying Trans-Atlantic system where, at best, its destiny is to serve as a source of cheap labor, but in reality, its economy, and its people will be left to die. In a different reality, in the future offered by implementing a Glass-Steagall financial reform, and building a new credit system in cooperation with Russia, China, India, and other nations of Asia and the Pacific, Greece, with its strategic location in the eastern Mediterranean, can become the entry point into a new Europe that is oriented to the development of Eurasia, the Middle East, and Africa.

1. The Russian Troika Dialog is not to be confused with the EU/IMF/ECB Troika. It is described on its website as: "one of the oldest and largest investment houses in the CIS [Community of Independent States]."

Lyndon LaRouche
On
Glass-Steagall
and
NAWAPA:
The North American Water and Power Alliance


"The greatest project that mankind has ever undertaken on this planet, as an economic project, now stands before us, as the opportunity which can be set into motion by the United States now launching the NAWAPA project, with the preliminary step of reorganizing the banking system through Glass-Steagall, and then moving on from there."
"Put Glass-Steagall through now, and I know how to deliver a victory to you."
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