

Greece. The IMF and the E.U.'s Dictate and German responsibility

A Position Paper by the Scientific Advisory Council of Attac Germany

Summary

I

The crisis in Greece and other countries of the euro zone conveys the depth of the global crisis and is a logical consequence of the construction of the euro zone.

II

The unrelenting pressure to cut fiscal spending imposed by the IMF and the European Union has exacerbated the crisis. By dictating the austerity program, it leaves those people to pay for the crisis who played no part in bringing it about and who already shoulder the burden of capitalism's crisis.

III

Critique of the German government, German banks, and German corporations is necessary because:

All played a leading role in the predatory politics forced onto the Greek people and the government in Athens;

German corporations have applied corruption schemes throughout all of Greece.

The atrocities committed by the German Wehrmacht and the SS in Greece during the time of the Nazi occupation between 1941 and 1944 have not been redressed; therefore, Germany has to accept a special responsibility for Greece.

IV

The cost of the crisis in Greece has to be paid by those who brought it about: big international banks, the world's super wealthy – also in Greece – and international military corporations.

I

Global Crisis – Greek Crisis – Euro Crisis

The crisis in Greece is the latest manifestation of the depth of the global crisis of capitalism. Following the housing market crisis (2007), the banking crisis (2008), and the crisis within the realm of material production (2009) we are now experiencing the crisis of states. This type of crisis began in Iceland, Hungary, and Latvia. Greece is its preliminary climax. There are many indicators that this type of crisis will occur in other countries. And it will not only hit countries of the euro zone like Italy or Belgium, which have comparable deficits as Greece, or countries which have experienced an extreme increase in public debt within the last three years like Spain, Portugal, and Ireland. This crisis of the state may very well carry over to Great Britain. With Japan, where public debt in relation to the country's GDP is twice the size of Greece's, the crisis of the state would reach the world's second largest economy. And the world hegemonic power, the United States of America, where the People's Republic of China finances public debt, the menace of the crisis of the state is lurking.

Spending five trillion U.S. dollars of taxpayers' money in 2008/2009 to save banks in North America, Japan, and Western Europe is one of the main causes of the state crisis. This money was pumped into the private banking system without any constraints, imposts or return [check]. This led to the extremely dangerous situation of growing fiscal debt of the state and recurring large-scale speculation schemes. The government debt increases because the banks are flourishing. Private banks resumed playing the markets because taxpayers not only fronted the play money, but also provided them with cheap credits they themselves lend to struggling countries like Greece at interest rates as high as ten percent.

With the introduction of the euro in 2000 it became obvious: the economically weaker countries of the euro zone were deprived of an instrument to somewhat secure their competitiveness on the market by regularly devaluing their own currency. Between 1979 and 1993, the Greek drachma was devalued against the West German mark by 86 percent. It was absurd to think that the Greek economy would maintain its balance without this mechanism. This was particularly absurd because there is no sovereign E.U. State and no common economic policies inside the euro zone. The giant current account deficit and the growing national debt to a large extent were a logical consequence of the creation of a common currency. They were the counterweight to the trade balance surplus of countries such as Germany. The extra profits of the German export industries mirror the extra deficits of E.U. countries such as Greece, Portugal, Spain, and Italy.

II

IMF and E.U. Extortion Intensifies the Crisis in Greece

The IMF and the E.U. have decided to dictate to Greece how to solve the crisis. In this regard, a democratic process in Greece in response to the crisis is undermined. Greece is to be put into a semi-colonized state. After its disastrous economic interventions in the so-called third world and the "tiger states," the IMF more or less lost its reputation in the mid-nineties. Now, of all places, it is experiencing a "revival" in Europe. First in 2008 and 2009 in Hungary and Latvia respectively, and now in Greece, the "recipes" applied by the IMF are just as destructive as they were in the 1980s and 1990s.

The measures that were decided upon for Greece are "sold off" as a contribution to combat the crisis. In reality, they intensify the crisis in Greece – and in the long run that of the euro zone. Longer working lives and cutting jobs in the public sector increases mass unemployment. Massive cuts in wages and benefits in the public sector, the private sector, and in the pension system, in combination with the increase of the sales tax by 4 percent in 2010 will lower domestic demand. The rise of consumer taxes will lead to further losses in the tourist industry. The result of the IMF/E.U. dictate will be a prolonged crisis. Their logic forces new budget cuts onto the Greek government and sets off a vicious downward spiral.

As a result of the IMF/E.U. dictate, the cost of the crisis has to be paid by ordinary people. Teachers, sanitation workers, owners of small bed and breakfasts, and retirees carry no responsibility for this crisis. Their incomes are well below 800 euros per month. Among this group of people, tax integrity is the highest.

The aid package has been custom fitted for the super rich, globally and inside Greece, as well as the big global banks. They are largely at fault for the Greek debt. They are supposed to come out of the crisis untouched – the "risk premiums" are paid for by ordinary people in Greece and the taxpayers of the E.U.

It is striking that the program imposed on Greece by the IMF and the E.U. has not touched the military budget. Greece's military spending (as percentage of the entire budget) is two and a half times higher than Germany's and about twice as high as the medium military budget throughout the E.U. German and French military corporations, and the governments in Paris and Berlin, have been supporting a systematic armament of Turkey and Greece since the 1980s. In the midst of the crisis, Greece is expected to spend three billion euros for weapon imports in 2010. This is roughly half the amount of money the people of Greece are expected to pay under the current budget cuts.

III

Germany's Responsibility and Cynicism of the Federal Government in Berlin

The government in Berlin plays a leading role in the predatory politics that the majority of the E.U. governments pursue vis-à-vis Athens. German corporations and banks profited most from the euro mechanism described earlier in this paper. German banks are the main creditors to Greece. A smear campaign in Germany, led by the yellow press organ "BILD," has placed the topics of corruption and manipulation at the center of their discussion ("Greek access to euro by fraud")..

There's no doubt that corruption is happening in Greece on a large scale. However, comparable cases are to be found in Germany as well. Two and half decades ago it was established in court that the richest man in Germany had been "nourishing" the German political landscape: The billionaire F.K. Flick had bribed German politicians and by wielding large amounts of money he managed to have political decisions swing in his favor. Ten years ago Wolfgang Schaeuble admitted in front of the German parliament that while the conservative party CDU was in power, laws had been broken. Schaeuble, who today is Minister of Finance and represents the honorable broker as he scolds Greece to "get its homework done," is the same person who at least once took secret donations of 100.000 German marks from the weapon lobbyist Schreiber who was sentenced to a prison term in May 2010. In the past days it was established that in 2005 the conservative party CDU literally bought an election in the state parliament in North Rhine-Westphalia. At that time, the "independent voter initiative" was formed that and as now has been revealed was entirely paid for from the secret coffers of the CDU.

And not least, German corporations are partly responsible for the slush money economy in Greece. Since 2008, it has been established in several court trials that the German corporations Siemens, Ferrostal-MAN, and German Rail Corporation (Deutsche Bahn AG) have been bribing Greek politicians on a large scale and thus "financed" political decisions in favor of their corporations. For more than a decade the Siemens corporation alone "invested" 15 million euros per year (!) in Greece, thus influencing politicians of both big parties, Nea Dimokratia and PASOK.

Therefore, it is clear that Germany has a direct responsibility for the current crisis in Greece. And there is also a great historic responsibility. Against the backdrop of the historic debt, the predatory politics of the German federal government regarding the government in Athens can only be called cynical.

During the Nazi occupation of Greece between 1941 and 1944, the German Wehrmacht and the SS committed war crimes. After WW II the Allied forces estimated the amount of reparations at

eight billion dollars – today that would be a two-digit billion euros. The government in Bonn refused to pay these reparations using the Treaty of London from 1954 to bolster its argument that the redemption of that debt ought to be postponed until after the "re-unification" of Germany. When the Greek government and organizations of Greek victims of Nazi crimes called for the settlement after 1990, the government under Helmut Kohl refused to take on the issue. When the highest Greek court, the Areopag, decided in April 2000 that the demands for reparation were to be upheld and thus sanctioned the seizure of German property in Greece (foreclosure sale of the Goethe Institute and the German archaeological Institute in Athens), the Greek government under Kostas Simitis annulled the high court's decision. At exactly the same time, the German government under Gerhard Schroeder supported the decision that Greece becomes a member of the euro zone. When it was announced on June 20, 2000 that Greece was to introduce the euro on January 1, 2001, the German Chancellor Schroeder congratulated the Greek President on its "healthy economic and finance politics" of the past years.

Since Greece's acceptance to the euro zone, the Greek governments have not touched the topic of reparations. Because the executive in Greece ignored the division of power within the state and overruled the decisions of the judiciary, justice for victims of the German occupation have been hindered. As a consequence, the Greek victims of the German occupation have turned to courts in other countries and have had growing success. Since April 15, 2010, money that the Italian Rail was instructed to pay to the German Rail was seized and given to Greek victims' organization to pay reparations for the 1944 massacre in Distomo. The court ruling has an exemplary character. It also has a highly symbolic meaning. About 55.000 Jews who lived in Saloniki were deported to the extermination camp Auschwitz on the Greek state-owned rail company by order of the German Reichsbahn.

IV

For an alternative to the extortion by the IMF and the E.U.

For an alternative answer to the crisis in Greece

The massive pressure from Brussels, Berlin, and Paris to cut spending should be firmly rejected. The slogan of the social movements and the trade unions in Greece, "We won't pay for your crisis," is ours as well. An effective policy to counter the crisis in Greece has five main components:

First: The Greek debt should be restructured and therefore drastically reduced. International financial institutions and Greek billionaires, those lenders holding Greek's debt and those mainly responsible for the crisis, should be the ones who pay the costs for the high risks taken. They shouldn't be allowed to once again squander billions of tax dollars to use as play money for their massive speculation games.

Second: A radical taxation of the wealthy in Greece is necessary. Also in this country, as in all countries that pursue a neo-liberal course, redistribution from top to bottom is on the agenda.

Third: A radical reduction of arms expenditure in Greece is needed and, ultimately, in Turkey. The purchase of arms and armament systems by the Greek defense minister must be stopped. What is pivotal is a reduction of general spending on arms. This is only possible if a comprehensive peace process between Greece and Turkey is carried out and a solution to the Cyprus question is found, one that is in the interest of the island's Turkish and Greek populations. Parallel to this, arms shipments to Turkey must also be stopped. It is both absurd and

characteristic that the E.U., on the one hand, is negotiating membership talks with Turkey and, on the other hand, the arms manufacturers of the two main euro zone countries, Germany and France, are supplying arms to both Greece and Turkey.

Fourth: Unswerving action against the dominance of the finance must be taken. The first actions needed are to ban particular financial instruments, such as betting against state bankruptcy (credit default swaps), and to eliminate the power of credit rating agencies. Just under two years ago, at the height of the financial crisis, almost all commentators were in agreement that new “financial products” were similar in character to “weapons of mass destruction.” There was also a consensus that private rating agencies, as part of the speculation process, should no longer hold the status as objective observers of the market. The picture in Greece tells us a different story. Rating agencies are the only criteria for evaluation of credit standing in Greece. On the basis of these ratings, international banks, in cahoots with rating agencies, earn billions.

Fifth: Germany has to acknowledge its crimes in Greece during the Second World War and accept obligations that result from this acknowledgement. This includes reparation payments to Greece from Germany and, where applicable, payments also from Italy and Austria.

We are aware that such a fundamental and totally different orientation will not stem from the existing, ruling institutions. The main support for a new orientation must come from below.

We support the resistance of those in Greece against the IMF and euro zone directive.

We declare our solidarity with the union activities against the IMF and E.U. austerity programs to be carried out at on the backs of ordinary people.

We propose acts of solidarity with the Greek population, the youth of the country, and the unions.

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