

Greece: Poverty and Social Implosion in the Wake of the Financial Bailout

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"This is not our debt, but we are being made to pay for it," said one angry Greek worker, explaining why he like thousands of other Greeks are taking to the streets in protest at their country's bail-out plan.

The so-called rescue package of €110 billion (\$143 billion) facilitated by the European Union and International Monetary Fund (IMF) is not just aimed at shoring up Greece from total economic collapse. At stake too is the solvency of several other Eurozone countries – Belgium, Ireland, Italy, Portugal and Spain – and even the euro currency itself.

But the Greek financial bail-out comes with an usurious price that will be paid for by ordinary working people, the unemployed, pensioners and the poor. In return for the €110 billion to stave off international investors and creditors, the Greek government knows full well that the quid pro quo is an all-out attack to slash wages, social welfare, pensions and public services.

The new euphemism for this broadside assault on people's livelihoods is "fiscal consolidation". And, as one commentator noted grimly in the Financial Times, "the consolidation will have to be co-ordinated". In other words, what we are seeing in Greece is but the opening act of a much bigger theatre of class war to be waged on Europe, North America and elsewhere.

In a separate report, the FT says: "The [IMF] has calculated that almost all [advanced economies need to tighten fiscal policy significantly](#) in the coming decade in order to stabilise debt at 60 per cent of national income by 2030 and the tightening needed in the US, Japan and the UK is just as bad as that required in Greece, Spain, Ireland and Portugal." [1]

Already, the process of "fiscal consolidation" is well under way in all these countries and more. In Ireland, to name one example, both private and public sector workers have had to take pay cuts in order to hang on to their jobs. Meanwhile, those thrown out of work have seen their modest social welfare entitlements axed – even though these former workers paid into a national insurance scheme during many years of employment.

The Greek bail-out, however, now takes fiscal tightening to a wholesale level of wage and public spending cuts right across the board. It will be seen as the battering-ram benchmark that other governments will have to follow in order to placate international capital.

To make this onslaught politically acceptable, a new narrative of the economic crisis is

emerging along with the new euphemisms. We are now told in the corporate-controlled news media that at the heart of the crisis are ordinary people having for too long “lived beyond their means” and now they must take some “nasty medicine”. A major target in the fiscal firing line is the “bloated” public sector. Greece in particular, we are told in the media, has an over-indulged civil service that suffers from some kind of fiscal obesity. These workers, “bloated” with wages and pensions, need to be whipped into shape, that is, deprived of such basic rights and conditions. This pejorative narrative of the Greek crisis and its workers is a way of recruiting public support in other countries, particularly Germany which is a big underwriter of the latest bail-out, to endorse the austerity onslaught being imposed on the Greek people. But, we can be sure from the chatter in the business press that the financial attack on the Greek public will be only the opening battle in a global campaign of deeper austerity.

This is an audacious attempt at recasting the very cause of (and solution to) the international economic crisis. The crisis cannot be understood as anything other than an historic breakdown in the capitalist system after decades of massive siphoning of wealth to a global minority. Over the past four decades, governments of the Right and the so-called Left have, through deliberate policies, facilitated the greatest polarization of wealth the world has ever seen. By shifting the burden of taxation from the rich to the working population and aiding and abetting criminal speculation by the financial aristocracy, we now have the spectacle of entire countries admitting bankruptcy in all but the name.

It is international capital and its political puppets that have created this crisis. But in a feat of social engineering, as the angry Greek worker above said, we are being made to pay for it. Now, that is rich.

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Notes

[1} <http://www.ft.com/cms/s/0/b3ea2d3e-52b8-11df-a192-00144feab49a.html>

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