

# Greece's debt crisis: No way out for workers under capitalism

As the sovereign debt crisis in Greece deepens, Andros Payiatos, general secretary of Xekinima (CWI in Greece), spoke to the Socialist about its effects and what the way out is for workers and the majority in society.

**Capitalist politicians and commentators say the economic crisis in Greece is because Greek people have 'lived beyond their means'. But who is really responsible for the crisis?**

The Greek people, along with the people of Portugal, are the poorest in the eurozone and work some of the longest hours. This is entirely overlooked by the media.

Before the global crisis took hold after 2008 the minimum wage was just €670 a month. One-in-four workers reach retirement age earning this minimum. 65% of pensioners used to receive less than €600 a month – this is poverty wages and pensions. And Greek supermarket prices are the same as in London.

The average expenditure on salaries of public sector workers is 9% while the average for the 27 EU countries is 10%. Therefore Greek workers have not been 'living beyond their means'.

The crisis is the result of the functioning of the capitalist system and this affects not only Greece but is global. It started in the USA and developed across Europe hitting the banking system. It meant that governments in the EU had to intervene to save the banks from collapse. The Greek government has provided €108 billion in bailouts. This is around 45% of Greece's GDP.

Fundamentally the Greek people are being told by the government the EU, European Central Bank and the International Monetary Fund – the 'troika' – to pay for the crisis created by the bankers and by the capitalists in order for them to continue to make profits.

**Could you briefly remind readers what the Pasok government's austerity measures will mean for workers' living standards?**

There have been so many attacks. Living standards of public sector workers will decline by 30%. All pensions, including pensions of just €500 a month, will be cut. The minimum wage will be cut to €520 a month.

This is a starvation wage. People simply cannot live on that amount of money. There has also been a massive increase in taxes. VAT has gone up to 23%, one of the highest rates in Europe; complete deregulation of labour markets. There are now daily contracts, monthly contracts... Permanent jobs are being undermined.

Unemployment is now officially at 17%, but in reality it is nearly 25%, and this doesn't include temporary workers or the self-employed.

There is fast-track privatisation of virtually all publicly owned assets. They are even going to sell off the public beaches! Education and health services will also be subjected to privatisation.

It is not an exaggeration to say living standards have collapsed. It is like a bulldozer riding over the lives of millions of Greek workers.

**What has been the response of working class people to these attacks?**

We have witnessed some of the biggest struggles ever of the working class in the last months and years. There have been eleven general strikes since the beginning of last year. The last one lasted 48 hours, the first 48-hour strike in 20 years.

There have also been many strikes in the public and private sectors. The most important in recent months has been the bus workers strikes which lasted for about three months. And the occupation of Athens council by contract workers, which lasted for 26 days.

We have also seen 'movements from below'. Firstly the non-payment movement in the period between December 2010 and February 2011. This was a huge movement that refused to pay highway tolls, transport fares and the new 'entry fee' to hospitals of five euros.

Secondly, this was followed by the movement of the 'enraged', a mirroring of the developments in the Arab revolutions, which succeeded in toppling dictators.

The occupation of city squares was taken up by youth and workers in Spain in the middle of May. This was adopted by Greek people in late May who occupied Syntagma Square in Athens and squares throughout Greece.

At its peak some 500,000 people were involved, the biggest protest in three decades. It left the government hanging by a thread by the middle of June.

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But in the end this movement was unsuccessful in stopping parliament voting for the new austerity measures demanded by the troika. This movement has now subsided as we enter the hot summer months. However, there still exists massive rage among the general population so new movements and struggles are inevitable later this year.

**What political solutions to the crisis are being put forward by workers' organisations, and what measures does Xekinima say are necessary to resolve the crisis in the interests of working and middle class people?**

The Greek working class has the will and the power to get rid of this government and its hated policies. A major problem is the leadership of the trade unions. To answer the question what alternative do the union leaders propose? Well, they don't propose anything!

This leaves the mass of Greek people vulnerable to the position of the government and media propaganda and causes confusion.

The trade union leaders go through the motions of calling for general strikes but don't properly organise them nor try to develop

them to kick out the government.

Nor do they properly organise to defend demonstrations against the actions of agent provocateurs who attack the riot police to provoke a response with tear gas, etc.

Another major problem is the absence of leadership of the left. The Communist Party (which describes itself as 'Stalinist') correctly identifies the crisis as a function of the capitalist system but it does not link the day-to-day struggles of workers to the need to change society in a socialist direction. Also they are extremely sectarian, organising separate marches and rallies to other groups of workers.

The other left organisation Synaspismos – a reformist party – acts as an 'unpaid advisor' to Pasok. It tries to find solutions within the capitalist system, and lags behind events and the mood of the people. For example Synaspismos says renegotiate the debt and regulate the banks, even though a majority of the population say don't pay the debt and nationalise the banks!

Xekinima says 'those responsible for the crisis should pay for it, not the working classes'. We explain that by repudiating the bankers' debt, Greek people will save €160 billion.

We demand nationalisation of the banking sector. Renationalise all the privatised public utilities. Nationalise the commanding heights of the economy under democratic workers' control and management.

Plan the economy in the interests of the working class and the majority of Greek people, not the profits of a tiny minority.

Bring down the Pasok government by developing struggles from below linked to a renewed mass strike movement. Fight for socialism because capitalism cannot serve the interests of the majority.

These struggles should adopt an internationalist perspective because the capitalist crisis is affecting workers throughout Europe and the world, there cannot be a solution to the crisis within a nation state.

We must link together the struggles developing in Spain, Portugal and Ireland, etc and then develop these on an all-Europe level, fighting for a socialist Europe in the interest of the working class.

## Lessons of Argentina's crisis

Would uncoupling Greece from the euro solve the country's economic problems as some suggest? A cursory look at a crisis which beset Argentina in 2001-02 suggests otherwise.

In the early 1990s, in response to rampant price inflation and a faltering economy, Argentina's then president Carlos Menem reverted to neoliberal policies demanded by international capital, speculators and the IMF.

Wholesale privatisation, deregulation of labour laws and pegging the peso to the US dollar at a one-to-one exchange rate followed.

Within the decade, despite a number of IMF loans, the economy relapsed into a recession which lasted four years, during which it

shrank by 28%. Unemployment and underemployment rose to 30% and Argentina's foreign debt shot up to \$132 billion.

The government resorted to slashing billions from public spending and public sector pay and pensions. This savage austerity provoked eight general strikes in 18 months and mass protests by workers and middle class people.

In December 2001, in the course of four weeks, the government defaulted on its debt and revolutionary upheavals led to the departure of four presidents. But there was no mass revolutionary party to end capitalism and move toward a socialist reconstruction of society.

In February 2002 the peso was uncoupled from the dollar, losing 70% of its value in only four months and triggering a 40% rise in consumer prices.

Savings, including pensions, were wiped out overnight. Poverty soared from 35% of the population to 54% by October 2002. Argentinians joined long queues outside foreign embassies to obtain visas and migrate to Europe. The wealthy spirited their capital out of the country while foreign banks refused to lend. Economic output slumped as GDP (total output) per person fell to the level of 1968!

A worldwide economic upswing allowed Argentina's economy to gradually recover in the following years. However, such an upswing doesn't form the backcloth to Greece's current crisis.

History shows that whether Greece remains in the eurozone or reverts to a devalued drachma currency, unless capitalism is overturned it will be ordinary people who pay the price.

## The Committee for a Workers' International

The Committee for a Workers' International (CWI) is the socialist international organisation to which the Socialist Party is affiliated.

The CWI is organised in 45 countries and works to unite the working class and oppressed peoples against global capitalism and to fight for a socialist world.

For more details including CWI publications write to: CWI, PO Box 3688, London E11 1YE. email [cwi@worldsoc.co.uk](mailto:cwi@worldsoc.co.uk)

## www.socialistworld.net

The CWI website contains news, reports and analysis from around the world. Recent articles include:

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## Chile: Biggest protests for more than 30 years

Over 500,000 march on 30 June.

*Celso Calfullan, Socialismo Revolucionario, (CWI, Chile) reports from Santiago*

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## Egypt: 'Determination Friday' sees huge protests

Workers and youth say: 'Save the revolution!'

*David Johnson, Socialist Party (CWI, England & Wales)*

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## Malaysia: Thousands protest in Kuala Lumpur for clean and fair elections

Massive clampdown on opposition.

*CWI reporters, Malaysia*