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# La Grèce est le banc d'essai d'une attaque générale des systèmes sociaux européens

*par Georges Sidéris*

Pas un jour ne passe sans que les médias n'évoquent la gravité de la *"crise grecque"*. Les informations se suivent, pas toujours cohérentes. Un jour on nous dit que le pays est au bord de la faillite, un autre que le gouvernement grec vient de réussir à lever sans difficulté un grand emprunt, signe de la confiance dans les capacités financières de la Grèce. Et puis un troisième jour, contre-ordre : les milieux financiers douteraient de la fiabilité de la Grèce à mener des réformes. On se demande alors comment le gouvernement grec a pu si bien réussir son emprunt.

J' étais encore en Grèce en octobre-novembre. Il n'y avait aucune panique dans le pays. J'ai pu voir que le nouveau gouvernement de gauche dirigé par Georges Papandréou gère de façon intelligente le déficit des finances publiques que le gouvernement de droite précédent a légué au pays. Idéologiquement très attaché aux thèses libérales, admirateur de la politique de Nicolas Sarkozy, l'ancien pouvoir de droite pour faire des économies s'était attaqué au Centre national de la recherche scientifique grec, générant une pétition et une protestation internationales contre sa politique menaçant l'avenir de la recherche grecque. Ce pouvoir avait laissé se dégrader la situation dans tout le système scolaire public du primaire à l'université, il a voulu instaurer une politique sécuritaire, de précarisation, ce qui devrait évoquer des parallèles avec ce qui se passe en France. On connaît les résultats de cette politique profondément inégalitaire dont un des effets a été la révolte des jeunes.

Pourtant ce n'est qu'aujourd'hui que la Grèce est victime d'une campagne de certains milieux financiers et de médias liés à ces milieux comme le *Financial Times.* On argue que la cause de la violence des attaques serait que la Grèce avait dissimulé la réalité de ses comptes publics. Il aurait donc fallu une année entière pour que les milieux financiers, si bien informés au jour le jour, se rendent compte de la gravité de la situation socio-économique, de la dégradation des finances publiques, de l'incapacité du gouvernement de droite à s'attaquer aux causes structurelles, alors que c'était le sujet de conversation de tout le pays l' année dernière. Et, comme par hasard, à peine le nouveau gouvernement de gauche installé ces mêmes milieux financiers se seraient réveillés.

Il y a clairement une autre logique à l'œuvre, visant à déstabiliser le pouvoir de gauche et à briser le mouvement syndical en Grèce, car c'est ce mouvement syndical qui est visé lorsqu'est invoquée la peur des milieux financiers que le gouvernement ne cède aux pressions sociales. Au-delà de la Grèce, c'est l'Espagne avec son gouvernement socialiste, le fameux *"socialisme méditerranéen"* accusé par les libéraux d'être trop sensible aux revendications des syndicats, et toutes les politiques sociales en Europe qui sont visées. Ces mêmes libéraux peuvent compter sur la bienveillance de certains gouvernements européens acquis à leurs idées et pas mécontents de voir le gouvernement socialiste grec en difficulté. Ceci leur permet de maintenir les revendications sociales dans leur propre pays sous pression. Ne serait la question d'une déstabilisation de l'euro, on voit bien que la Grèce serait complètement abandonnée à ces attaques spéculatives.

Le résultat ne s'est hélas pas fait attendre car comme le titre *Le Monde* (daté du 31/1/2010) : *"L'Espagne songe à repousser l'âge de la retraite à 67 ans. Le gouvernement espagnol veut rassurer ses partenaires européens sur l'état des finances du pays"* On peut dire que cette campagne de déstabilisation a déjà marqué ses premiers points. Mais la *"crise"* ne s'arrêtera pas à la Grèce aujourd'hui et à l'Espagne ou le Portugal demain si on laisse les milieux financiers poursuivre librement leurs attaques. En regardant vers la Grèce et l'Espagne on voit bien que les *"réformes"* que l'on veut imposer en France sont un volet d'une politique globale d'attaque des droits de tous les salariés. La Grèce est la victime d'une véritable machine de guerre des milieux financiers contre les politiques sociales en Europe. Il est temps que les partis de gauche et les syndicats en France et en Europe saisissent le véritable sens de ce qui se passe en ce moment.

Il faut soutenir la Grèce car elle est le banc d'essai de ceux qui veulent briser les politiques sociales en Europe.

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## HOW FINANCIAL ELITES ARE SETTING GREECE AS AN EXAMPLE FOR THE REST OF EUROPE.

**A financial market trap.** Imagine what would happen if high ranking officials of the European Central Bank would openly warn euro area banks that the hundreds of billions of 'asset back securities' and unsecured loans which the ECB has been accumulating since the collapse of Lehmann Brothers would no longer be accepted as collateral in the near future. The consequences for financial markets of making such a suggestion at this moment in time would be devastating. Realising that the central bank is about to withdraw its extraordinary liquidity support for 'toxic assets', investors would immediately dump those 'toxic assets'. The market value of these assets would start collapsing again, thereby inflicting additional losses to the capital basis of the banking sector. At the same time, rating agencies would downgrade the creditworthiness of banks, thereby reducing the possibilities for banks to access to new equity. In short, we would have an additional credit squeeze on our hands and this would trigger a renewed recession. Obviously, this is a nightmare scenario which all policy makers, including central bankers, want to avoid.

Yet this is exactly what has been happening in the case of Greece over the last weeks of 2009. For Greece, the nightmare scenario started at the 24th of November when the central bank governor urged Greek banks to show restraint when borrowing one-year funds from the upcoming ECB auction in December.[1]. Here, the background is that Greek banks have been much involved in a 'carry trade' in which the funds borrowed from the ECB at an interest of 1% are re- invested in government bonds yielding much higher interest rates. This allows Greece to fund its huge deficit (12% of GDP) and roll over its 275 billion public debt, while it is at the same time a profitable business for the banking system.

The central bank governor's warning had the rather straightforward result of raising concerns in financial markets about the creditworthiness of Greece: If Greece's government finances are, through the banking system, so dependent on central bank liquidity and if the central bank is openly questioning this liquidity support, the logical outcome is that investors start to distrust Greek government bonds.

The next step in this nightmare scenario was taken by the chairman of the eurogroup. Two days later, on the 26th of November later, Jean Claude Junckers addressed a letter to the government of Greece, calling for urgent measures to cut the deficit, restore competitiveness and implement structural reforms. This letter was then leaked to press. At the same time, other finance ministers (French minister Christine Lagarde

[1] Banks in Greece are now borrowing 38 billions euro from the ECB's liquidity schemes which, in terms of their bank assets represents 8%. (Irish banks, by the way, go further, borrowing 98 billion from the ECB or 5.9% of Irish bank assets)

for example) were also openly calling for Greece to undertake tough fiscal consolidation[2].

With all this these central bankers and finance ministers publicly warning Greece, the financial marketplace's attention was indeed awakened. On 8thDecember, Fitch downgraded the rating of Greek public debt to a BBB –, while mentioning the likelihood of further downgrades in future. This actually means that, from the moment the ECB starts implementing its 'exit' strategy (somewhere in 2010?), Greek bonds will no longer have access to the central bank liquidity window since at least a one A rating will then be required.

More recently, and at the occasion of a joint Commission and ECB mission (6th January 2010) to Athens to examine a toughened up stability plan, Jürgen Stark (board member of the ECB) insisted in press upon the fact that Greece would not be bailed out, thereby once again spreading doubt on the safety of holding Greek bonds.

The end result of all of this is the 'self fulfilling prophecy' which is so typical and common in the sphere of financial markets. Risk premiums embodied in interest rates and prices to insure Greek government debt have been sky rocketing. However, to bring down the deficit, let alone the debt ratio, will certainly be painful if the interest rate to be paid on government debt is as high or even higher as 5%.The default that financial markets fear actually becomes a step closer, exactly because Greece is now being charged with excessively high interest rates.

**Fundamentals versus financial markets.**

This is not to argue that public finances in Greece basically do not face any challenges, quite the contrary: A 12% of GDP deficit and a 130% of GDP debt are not to be envied.

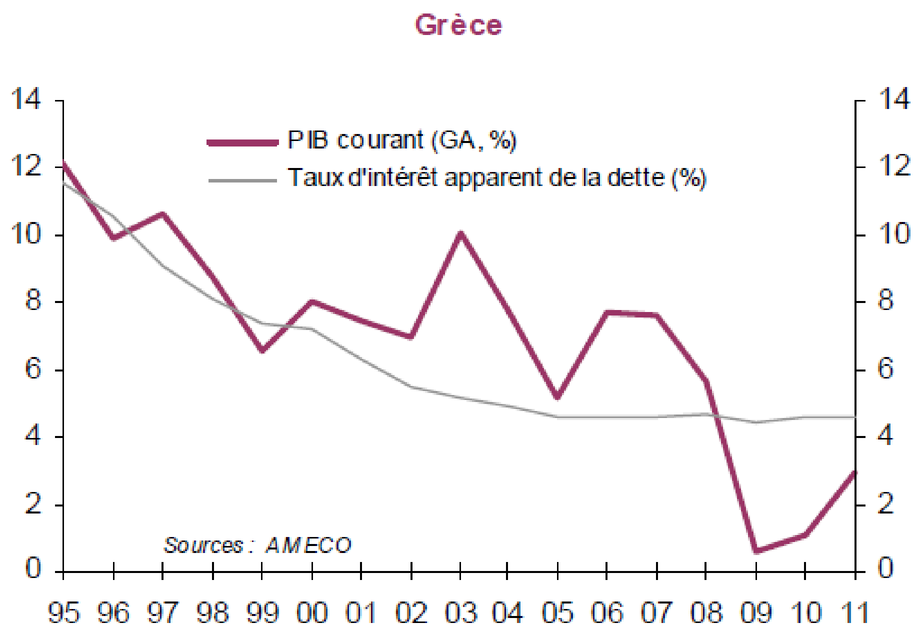
Even so, the question remains why Greece is being singled out when there are other countries that are in a comparable situation. The UK for example has a deficit that is also at a record high of 12.6% with the UK government intending to keep that deficit basically unchanged in 2010 and afterwards bringing it gradually down to close to 5% of GDP by 2014.

And while it is true that Greece is starting out from a higher level of public debt, the Greek economy has been much more resilient to the crisis (GDP only shrunk by 2% compared to 4% in the rest of Europe).

More importantly, and in much contrast with the rest of (Western) Europe, Greece has an impressive growth record. In economic upturns, growth can go as high as 5% and nominal growth as high as 6 to 8 or even 10% (see graph) while labour productivity

[2] This also means that the procedures as written down in the European Treaty, to provide warnings on economic policy to individual member states were simply ignored. In doing so, the principle that the right to initiate draft legislation and recommendations is a Commission's prerogative has been breached.

growth reaches 3%. High growth performance improves the long term sustainability of public finances and this should be taken into account in the opinion of the financial marketplace as well.




**Why playing with fire?** The chain of events described above illustrates that public declarations from Europe's financial policy elite have played a certain role in pushing Greece into a financial market trap. Why have central bankers and finance ministers actually been assisting in the erosion of financial markets' confidence in the public finances of Greece?

While the formal answer is that financial Europe does not want to see one of its euro area members heading for a default, the fact remains that forcing Greece to pay excessive interest rates does not really help. There must be other and more convincing motivations for the European financial elite and these might be the following ones.

A first reason may have to do with the European level discussion on 'fiscal exit strategies'. Now that the banks have been saved (at least for the time being), European finance ministers and central bankers are actively promoting 'early' fiscal exit strategies. In their view, fiscal deficits should be cut from the moment economic activity stops falling. However, this view is not completely shared by the heads of governments in the European Council. Heads of governments seem to be recognising that the jobs crisis will continue even if the economy is out of technical recession. Therefore, they have indicated a certain preference to postpone the start of the fiscal exit strategy until the moment employment recovers as well (see the conclusions of the October informal council). With Greece now being hit by perverse financial market turmoil, finance ministers and the ECB have now underlined the potential consequences of running high deficits, thereby significantly strengthening their case for early fiscal exit strategies.

What may also be bothering the European financial elite is the fact that Greek banks have basically used all of the liquidity support of the ECB to fund the public sector instead of saving the banking sector: The 38 billion withdrawn as liquidity from the ECB by Greece's banks corresponds to a banking portfolio of 35 billions of public debt. Moreover, the rising public indebtedness of Greece does not reflect support for the banking system to the same degree as in the rest of Europe. Whereas European member states have on average supported the banking sector by 50% of GDP (this amounts to three trillion euro for the whole of Europe!), the support for banks in Greece is limited to 10% of GDP. Both trends are not do not fit well with the mindset of the ECB : The central bank's emergency liquidity should primarily be used to save the banks and their 'toxic' but private sector originated assets and should not (totally) end up in social and public expenditure instead.

Finally, the intention of the incoming socialist government to tackle the deficit by fighting tax evasion did not go down well with the European financial elite either. Not so much because this kind of measure would not be credible (Greece holds the European record of around half of total employed being in the form of self dependent workers, there are most certainly important tax gains to be made here!). The more relevant reason is that such a fight against tax evasion is on the revenue side whereas finance ministers' and central bankers' mainly want public and social expenditure to be cut.

**What the case of Greece is telling us.** What is happening to Greece is telling us that the power of financial markets is still going largely unchecked. Despite the fact the financial crisis has saddled our economies up with massive losses in economic activity and employment and has simply ravaged public sector balance sheets, policy makers are still dancing to the tune of the financial marketplace 'logic'. It is simply astonishing to observe that the same Wall Street rating agencies that gave triple A ratings to what are now called 'toxic' assets are now being allowed to stir up trouble, for fellow member governments in particular for those governments that deviate from the orthodoxy of the financial marketplace.

The Greek case is also illustrating that those whose job it is to control and correct global financial markets are there is a 'double standards' approach at work amongst finance ministers and central bankers: Banks need to be bailed out from irrational financial market turmoil and deserve the back up from public money and from the state but not fellow European member governments. In turn, these double standards imply that, amongst the financial elite in Europe, the paradigm of 'more market, less state' is still present: Private sector banking decisions are trusted; public sector choices on the other hand are distrusted.

Unfortunately, Greece is not the only case in which this neo liberal approach of the European financial elite is being applied. A similar approach is also visible for Spain. Here, the governor of the Spanish central bank is openly advocating a deregulation of the Spanish labour market (easy firing, weaker collective bargaining, wage cuts) in order to push the Spanish economy into deflation (Financial Times, 19 November 20009)! Here, the neo liberal policy bias is revealing itself very clearly. It's not price stability (a virtue which central bankers have been preaching to workers and trade unions for decades!) but 'competitiveness' and 'big profits' which appear to be the real priority for the Spanish central bank governor. As the Spanish government is not inclined to obey to the central banks' flexibility wishing list, financial markets are called to help out here as well: On 10th December, and although the public debt of Spain is actually lower than Germany's, the outlook for Spain's sovereign debt rating was changed from stable to negative, implying that a downgrade from a AA minus could be decided in the near future. The report which was at the basis of this was signed by Jose Manuel Gonzales Paramo, member of the board of the … European The familiarities with Greece are striking: If governments do not listen to central bankers, the latter work to mobilize the power of the financial marketplace in order to punish politicians with rising interest rates. In this way, democracies get dominated by central bankers holding neo liberal priors.

**How to force the European financial elite to change their bias in favour of markets and banks?** One step forward would be to make sure the voice of labour is clearly and loudly heard in the circles of central bankers and finance ministers. Here, the example of countries like Belgium and Austria is illuminating. In both countries, trade unions together with employer organisations meet with the central bank board on a systematic basis. In this way, central bankers are no longer in an 'ivory tower' and their 'natural inclination' to listen to fellow bankers and to 'trust' the (financial) marketplace is offset by social partners stressing the fact that the real economy (jobs and growth) also matter. A similar structure, with European social partners engaging in an intensive and structural dialogue with both the Ecfin Council as well as with the board of the ECB itself, should be urgently considered. Such a structure would at least make have the advantage of discussing real solutions to address the irrationality of global financial markets (Issuing of a common Euro Bond, central bank money for public investments, and coordination of tax policies to discourage excessive savings in Europe…).

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