PEOPLE AND THEIR NEEDS ABOVE MARKETS
Trade Union Outlook on the Crisis

1. INTRODUCTION

Starting in the last weeks of 2009, we are facing in Greece a deep crisis that has been aggravated further by concerted attacks of the financial markets. The government addresses the crisis by rounds of unprecedented austerity measures that focus primarily on wage freezes, radical wage cuts, pension freezes, extensive privatisation of public companies, cuts in welfare and substantial increases on indirect taxes (sales tax, taxes on fuel, cigarettes and alcohol, luxury goods etc). The shock therapy entails further curtailing and reversal of rights and the collective agreements framework. It has already triggered uncontrollable increases in prices of goods and services.

The main objective is to collect revenues in order to reduce public debt in 2010 from 12. 83% to 8.8%. The Greek government has been subjected to unprecedented pressure by the Commission, the Eurozone Ministers and the ECB who are asking for yet harsher austerity measures that will mainly and irreversibly affect the working people and the most vulnerable segments of society upsetting the social fabric in Greece.

2. THE GREEK TRADE UNIONS AND THE CRISIS

The Greek trade unions recognize the country's grave fiscal, economic and social situation. We have repeatedly warned against any Government practice and policy that contributed to the present crisis.

The Greek trade union movement has reacted with two general strikes and will carry on the struggle on every front against this misdirected dogmatic policy that will mathematically deepen the crisis. Far from containing the crisis, such measures will make it worse because they will trigger massive unemployment; fuel price increases, ravage welfare, and strangle economic activity in a nightmare scenario of deregulation, economic stagnation and social dumping. In conditions of the current prolonged and deep recession with the GDP alteration rate at –2% in 2009, we can only expect job losses and a further rise in unemployment figures for 2010.

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We unequivocally oppose this short-termist project that is heavily biased against the working people, the pensioners and the honest tax payer in Greece. The burden cannot fall

unevenly on the working people of Greece who have already seen their rights, income and pensions erode and inequality widen.

Effective taxation means fighting tax evasion which is at the 35% of the GDP causing an annual 10 billion euro loss in state revenue. Fair taxation should include increased taxes on big real estate, high incomes and luxury lifestyles.

We demand realistic, well balanced and socially acceptable plans that are negotiated with the trade unions. We propose a drastically different policy mix to support investment, growth and employment, safeguard incomes, provide fair and effective taxation, upgrade the State's regulatory role and sustain social cohesion and the environment.

3. AUSTERITY IN A PROBLEMATIC CONTEXT

The austerity measures are imposed in **a negative socioeconomic context** already burdened with high and persisting unemployment–particularly among the young and women–insufficient inspection mechanisms and frequent violations of the institutional and legal framework. A growing informal sector fuels precarious and undeclared work while the increasing numbers of migrant workers face adversity and exploitation.

Besides the high budget deficit and public debt, the Greek economy faces a highly unequal income distribution, upwards spiraling unemployment rates, a shrinking social State and the dismantling of the country's technological and production base. The measures will only make things worse and deaden the economy.

- **People are hurting and the crisis principally hurts the least responsible and the most vulnerable**:

GREECE HAS A HIGH UNEMPLOYMENT RATE. In official figures the rate of unemployment in November 2009 was at 10,6% of the labour force, namely, 532.000 persons. According to the trade unions, the real unemployment rate amounts to 16,6%, namely, 832.000 persons.

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SALARIES AND PENSIONS ARE LOW COMPARED TO EURO-ZONE COUNTRIES: The minimum salary in the private sector is **740 euros** per month, the average monthly salary **1.100 euros** and the average pension **800 euros** per month, while many pensioners subsist on less than 600 euros.

OVER THE LAST YEARS THE INCOME DISTRIBUTION HAS INCREASINGLY BECOME UNEQUAL: The share of labour in the country's output went down from 48% in 1994 to 42% in 2008. The number of people living below the poverty threshold of 5.800 euros per year gradually increased to 2.300.000 persons.

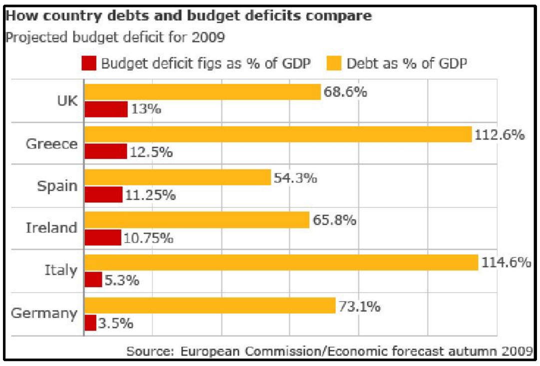
THE SITUATION FOR THE WORKING PEOPLE AND PENSIONERS IS MADE WORSE by the rise triggered in consumer goods prices and the stress on households that must now spend more on health, education, insurance since social serviced are curtailed.

4. HOW MUCH MORE SHOULD GREEK WORKERS SUFFOCATE?

Under colossal pressure by the European financial elite and global speculators, the Greek government is implementing a tough consolidation programme to cut the deficit this year alone by 4% of GDP and accounting in detail the measures taken to implement it.

The scope and the time span of the programme are without precedent.

Greece is not the only country with a deficit running at 12% of GDP. Comparable figures exist in other countries such as the UK or the US. Greece is not the only country to have doubled its deficit over the past year under the threat of a total depression. Yet, European politicians and finance ministers are not satisfied. **They ask for further measures that target collective agreements in the private sector and curtail more rights.**



The Greek case undoubtedly reflects serious domestic flaws as regards governance as well as a faulty economic model geared on low competitiveness, low productive investments and burdened with excessive public expenditure, fiscal inconsistency, public debt and budget deficit. **Nevertheless, the current fiscal crisis of the Greek economy also mirrors the combined impact of wildly speculative behavior in the global money and capital markets and the dominant policy model in the European Union**.

5. WHAT DOES THE GREEK CASE TELL US?

The Greek case, in this context, illustrates the destructive dynamics of a finance driven capitalism that is shaping economic and social development in the EU where short-termism, financial speculation and a "markets/profits first" ideology replaces long-term strategic orientation in governments, banks and business.

"Hidden behind the dogmatic "no bail-out" attitude of financial Europe is the very pragmatic policy of continuing to redistribute income and profits to those who caused the crisis in the first place. Indeed, there are more and more reports that Goldman Sachs - after setting up, for a big fee, a structure that enabled Greece to hide part of its debt -is now heavily involved in betting against Greece.[1]

Our country is the most recent victim of dogmatic policy options in the EU that steadily harm labour, society and growth combined with the impact of unchecked speculative behavior in global financial markets. What the case of Greece confirms is that regrettably financial markets **are still left free** to speculate and impose their demands on society despite the near collapse of the global financial system in 2008 and the ensuing dramatic output slump that fundamentally challenge the neoliberal discourse.

[1] Janssen, Ronald (2010) *Greece-bashing is hiding the obvious: monetary union urgently needs economic union.* Global Labour Column: 12, February. At http://column.global-labour-university.org/

Step by step, the Greek case reveals how the financial elite and Wall Street rating agencies discipline governments and central banks into implementing further deadly cocktails of anti-social, pro-market austerity packages. A new racist populism is also used in a game of manipulation to discredit the Greek people as lazy, cheats, "PIGS", and unworthy of the ancient Greek civilization. Workers in one member state are played by sensationalist media against the other.

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Meanwhile, as institutional 'investors' and the questionable credit risk rating agencies impose their own policy model that serves firstly market interests, neo-liberal values are institutionalized into the fabric of the EU. What prevails is a money market "culture" that allows members of the elite to enrich themselves while creating unemployment, poverty and social exclusion for the working people.

6. FOR WHOM THE BELL TOLLS?

It is by now evident, that the problem concerns much more than Greece. The EU has created its own myth about the strong euro that could ensure monetary stability, exchange rate security and protection from the unrestrained volatile global financial system. The implications of the recent global financial crisis, Greece's budgetary crisis and the fiscal instability in many member states, reveal quite a different reality: The Euro myth has actually functioned as a "veil" to conceal a policy model that by relying on liberalized markets and speculation creates unemployment and poverty devastating the social fabric.

The credibility of the Euro should not be assessed by ambitions of financial centers within the EU to expand in global markets by attracting speculative capital to the euro zone. Such a policy criterion for the euro cannot but damage the interests of labour and society. The pressure for strict income policy and labour flexibility will not strengthen the competitiveness of the European industrial and commercial capital.

The bell ultimately tolls for Europe and the European Social Model. By putting markets above people Europe places itself in danger.

The choice to deregulate money and capital markets was founded on a series of neo-liberal myths, the main one being that this would contribute to growth and prosperity. Over the last two decades, several countries have been hit by the financial crisis at a huge economic and social cost. History dramatically contradicts the assumptions and the promises made by politicians, economists and international institutions.

The bell ultimately tolls for Europe and the European Social Model. By putting markets above people Europe places itself in danger. Social Europe is increasingly contested as pressure intensifies for hasty exit strategies with severe social consequences. Youth unemployment, in particular, is at catastrophic levels in many countries but has received so far little co-ordinated attention.

7. WHAT SHOULD BE DONE?

The European trade union movement and the working people are called on to urgently to formulate a new economic policy agenda in the EU by establishing a new European architecture where employment, social security and prosperity are the main pillars to assess the euro.

We urgently need initiatives to restructure the international monetary system, reinforce the transparency of the European banking system, monitor speculative capital movements and tax cross-border speculative currency flows. These choices can restrain the political influence exerted by the speculative aspect of financial markets to the benefit of another policy model that serves the interests of labour and social development.

We need to dynamically oppose in every way we can, the brutal zero-prospect recipe prescribed for the working people of Greece and ultimately of Europe by the European financial elite in favour of markets and banks to the detriment of society and the real economy.

We need to propose another way out of the vicious neoliberal circle where crisis breeds crisis.

Ultimately, the "Greek problem" presents a major challenge to the viability of European integration and the values that sustain the European Social Model. It directly relates to how this is conceived by European citizens:

- The European Union cannot become a Bankers' Union with stock exchange brokers "policing" the markets to ensure that the rich get richer while inequality, deprivation and insecurity soar.
- The European Union needs to be there for its citizens in a spirit of solidarity and cohesion to shield people and countries from the "vultures" of financial speculation.
- The European Union needs to address its social, democratic and ecological deficit and the problems of the economy by shifting away from the fixated belief in the supremacy markets over society towards a new architecture that puts people and solidarity first.

IT IS TIME FOR TRADE UNION SOLIDARITY

TOGETHER WE CAN BETTER DEFEND OUR FUTURE AND MAKE SURE THE VOICE OF LABOUR IS CLEARLY AND LOUDLY HEARD.