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Greece and the dictatorship of finance capital

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The value of every crisis, as has often been remarked, is that it strips away the outer forms of political phenomena to reveal their essential characteristics. The Greek debt crisis and the attempts of the Syriza-led government to renegotiate the terms of repayment with the European Union constitute a striking case in point.

Events since the January 25 election victory of Syriza have laid bare, once again, the essential truth established by Marxism that beneath all the paraphernalia of so-called bourgeois democracy—parliaments, elections, votes and constitutions—the capitalist state and the governments that serve it represent the dictatorship of capital.

Likewise, they have exposed the pretensions of petty-bourgeois organisations like Syriza, supported by all the pseudo-left organisations around the world, that there is some way of countering this dictatorship through radical phrase-mongering and tactical manoeuvres within the framework of bourgeois politics.

Last Sunday, in an interview with the Belgian daily *De Tijd*, the head of the country's central bank and a member of the Governing Council of the European Central Bank (ECB), Luc Coene, made clear that finance capital would brook no opposition to its demands.

The will of the Greek people, who voted in their millions against the five years of mass unemployment, poverty and degradation imposed by the troika (European Union, International Monetary Fund and European Central Bank), count for nothing. The austerity policies, which have devastated the economy—output is 26 percent below where it was before 2008—destroying lives and hopes, will continue unabated.

Striking the pose of a stern school headmaster, only with a much more powerful weapon than a cane in his hand, Coene said the Greek people had been sold “false promises” and would “understand quickly” that there was not a “different way.”

He declared, “Reform is the only way. Tell me where the money should come from if the Greeks do not want to repay other European countries?”

Contained in this statement are all the lies that have accompanied the “bailout” program. There has been an ongoing propaganda campaign to portray the Greek people as lazy spongers, living off of the generosity of European governments and financial institutions and unwilling to pay their debts.

In fact, the so-called bailout was never aimed at assisting the Greek people. It has been used to bail out the European banks and hedge funds. Of the €226.7 billion in loans provided by the countries of the euro zone and the International Monetary Fund, just 11 percent has gone to directly finance Greek government spending.

The rest of the money has been used either to finance interest payments to the banks or avoid a write-down of their bad loans. The vast bulk of the money has been used in a round-robin operation, coming into Greece only to flow straight back out again into the coffers of the European banks.

The aim of this carefully contrived scheme was to ensure that any default by the Greek government would not have an adverse impact on the European banking system. As a result, the troika can now tighten its grip on the Greek people even further. As Coene put it: “If they leave the euro, it will be ten times worse for them. Ten times.”

The other big lie accompanying the bailout operation is the claim that there is “no money” and therefore the Greek people must pay. That has also been exposed.

Coene’s interview was published on the very eve of the beginning of the European Central Bank’s “quantitative easing” program, which began on Monday. Over the course of the next 18 months, the ECB will pump more than €1 trillion into the European financial system through purchases of government bonds.

There is money aplenty. But none of it will be used to finance economic expansion, new industrial or infrastructure projects, or a lessening of unemployment, which remains at more than 11 percent across the euro zone.

The hundreds of billions of euros created by the ECB to buy bonds will flow into the financial markets, enabling the banks to offload toxic assets while pushing stock prices—and the fortunes of the financial oligarchy—higher.

Meanwhile, the same institution lectures the Greek people on their duty to pay back every euro owed to the banks.

The ECB's bond-buying and money-printing operation is being used to finance what amounts to the largest Ponzi scheme in economic history. Across Europe, government bonds are bringing historically low and even negative yields. This means that any purchaser who held a government bond until its maturity would suffer an overall loss on the transaction.

Of course, bond investors have no such intention. They are buying bonds, driving up their price and lowering their yields (the two move in an inverse relationship), in the expectation that ECB intervention will drive the price of the bonds they have acquired even higher and they will be able to make a capital gain by selling them.

As with all Ponzi schemes, the ECB operation is creating the conditions for another financial crisis. And this time, because of the direct involvement of the central banks, it has the potential to be even more serious than that which led to the devastation inflicted on the Greek and world economy. In short, the financial criminals who brought about the 2008 financial crash, none of whom has been even charged, let alone prosecuted, are preparing to do it all again.

No less graphic than the laying bare of the dictatorship of finance capital is the exposure of the class character of petty-bourgeois organisations such as Syriza. In recent weeks, an international campaign has been mounted to pass off Syriza's total capitulation to the EU, barely one month after it came to power, as a "tactic" or clever manoeuvre to gain time and fight another day. It is nothing of the sort.

The grovelling of Syriza flows from its class character, rooted not in the working class, but in sections of the Greek bourgeoisie and wealthier sections of the middle class, which it attempted to cover over with radical sounding phrases.

Politically naïve and inexperienced people may have been fooled. If so, they should learn from the experience and correct their mistake by taking up a political struggle to expose the pseudo-left groups that continue to promote the poisonous fiction that Syriza represents a step forward for the working class.

However, those who exercise the dictatorship of finance capital were never taken in. They knew from the outset with whom and what they were dealing, and acting accordingly. So confident were they in their assessment of the bourgeois character of Syriza, they did not feel obliged to offer even a concessionary fig leaf. They demanded and received total capitulation.

The working class in Greece and internationally must draw the lessons from this bitter experience. The dictatorship of finance capital cannot be confronted, much less defeated, with a program of "left" phrases and half-measures. It must be overturned through the fight for

workers' power and the implementation of an international socialist program, starting with the expropriation of the banks and finance capital.