

# Economic Slash and Burn: Greece's Deadly Austerity Measures

By [Dr. Binoy Kampmark](#)

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The Greek government, and its citizens, are feeling the economic pinch. A brutal reaction to protestors who fear the winding back of the country's social system has stunned visitors and the public alike. A general strike has been in progress that has crippled schools, hospitals, airline flights and ferries. Protestors have swarmed around the central square in front of Parliament.

On Wednesday, an assortment of violent groups began to dominate the protesting camp and began hurling rocks and casting gasoline bombs that set fire, according to the police, to the Marfin Egnatia Bank that left three workers dead due to smoke inhalation. It might well have been worse, given that twenty workers had been trapped. Many were not sure who these black clad individuals were. Anarchists, came the common view, were starting to take over proceedings and dictate the tune.

International aid is often premised on shackling recipient states with strict programmes of brutal measures. Shape up the system on receiving the cash, or search elsewhere. The begging hand can't, chants this aid chorus, be so particular. The regime of the International Monetary Fund is renown for its Stoic measures and brutal imperatives on monetary policy. Experts have been mulling over the prospects that the IMF might well have shed its neoliberal skin to become a rather different, more perspicacious animal. An IMF Staff Position Note from February 2010 by Chief Economist Olivier Blanchard and co-authors Giovanni Dell'Ariccia and Paolo Mauro promises to found 'the contours of a new macroeconomic policy framework.' However, the Fund's emphasis remains clear in the Note: 'to achieve a stable output gap and stable inflation.'

This would suggest that the IMF is still only concerned about short-term issues of stability.

In a sense, one cannot entirely blame them, given the staggering hopelessness of the Greek state in managing its finances. A degree of toughness might well be in order. Government inefficiency and ineptitude inevitably reaps the whirlwind when it comes to paying back its dues. The Greek public is understandably terrified, after being regaled with promises of wealth membership of the Eurozone was going to give. As Dimitris Papageorgiou, a bank worker at the Bank of Greece told the *Wall Street Journal* (Mar 12), 'Who is at fault? It's the foreign speculators and the useless policies of the previous governments.'

As the bloody drama was unfolding outside the Greek Parliament, various hands signed the papers that cut pensions and initiated tax hikes on fuel, cigarettes and alcohol. Civil service entitlements have been cut and pensions in the public sector frozen. The cuts are meant to trim a ballooning debt and save about \$US45 billion over three years. But they have

propelled the worst riots in years. And that, given the famous Greek record on street protest, is saying something. Not since 1991, where five people died in riots directed against the education bill, has Greece seen this.

The Prime Minister George A. Papandreou has stepped up the government offensive against the protestors who have, he claimed, lost their moral initiative. 'A demonstration is one thing, murder quite another,' he told a stunned Parliament, who observed a minutes silence for the victims.

European markets have reacted negatively to the bloody turn of events. The Euro is edging further downwards. More chaos is promised. As Greece mourns, the country awaits the next dark chapter to unfold.

***Binoy Kampmark*** was a Commonwealth Scholar at Selwyn College, Cambridge. He lectures at RMIT University, Melbourne. Email: [bkampmark@gmail.com](mailto:bkampmark@gmail.com)

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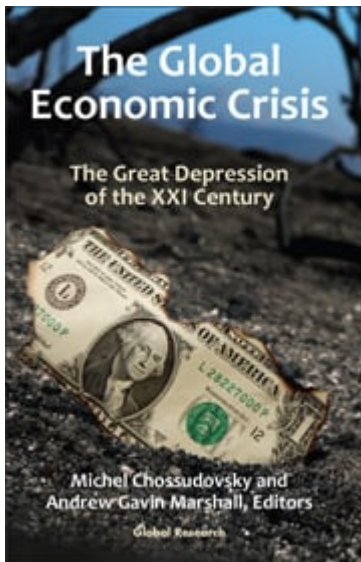
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