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Global Finance and the Greek Elections: The Political Establishment's Worst Nightmares

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With the Greek elections only days away, the governments and the media of the European Union have once again stepped up their campaign of threatening the Greek people and stirring up anti-Greek sentiments. While the IMF has shown its contempt for democratic elections by suspending all payments to Athens, the German government keeps refusing to deny allegations that the EU is prepared to dismiss Greece from its currency zone and let it reintroduce the drachma.

To anyone familiar with global finances it is highly improbable for a country with government debt running at almost 330 billion euros to leave the euro zone without dramatic consequences not only for the euro, but also for the global financial system. Germany's allegations should therefore not be taken at face value. However, they should be seen as a very serious threat to Greek voters. The message sent from Berlin: Do not elect a government that dares resist the measures imposed upon Greek working people by the troika.

Five years have passed since Greece was put under forced administration by the troika made up of the European Union, the European Central Bank and the International Monetary Fund. After the euro crisis hit Greece in 2009, the country's major banks were facing bankruptcy, so the Greek government saved them by handing huge sums of taxpayers' money to the financial industry. These payments in turn tore big holes into the state budget, which had to be refilled. This is where the troika stepped in, officially "aiding" the ailing Greek economy by passing out loans to Athens.

The working people of Greece were told that these loans were designed to help the country get its finances in order again and that everybody would benefit from them in the long run. However, the majority of these loans went straight into the coffers of large banks. Here's just one example: Of the 18 billion euros released by the European Stability Mechanism (ESM) in June 2012 6.9 billion euros went to the National Bank, 5 billion euros to Piraeus Bank, 4.2 billion euros to the EFG Eurobank Ergesias and 1.9 billion euros to the Alpha Bank.

As with all other loans granted by the troika, not one cent of these alleged "aid payments" went to the working people of Greece. But that was not all. Although they weren't in the least responsible for their country's financial catastrophe, it was Greek workers and employees that were then forced to master the gigantic task of assuring the repayment of these loans. While those that had caused the deficits – reckless financial speculators – were allowed to go unpunished and unharmed it was the common people that were placed under the troika's forced administration. Within four years they had to undergo six consecutive austerity programs that lowered their living standards from those of a European country to those of a developing nation.

Greece today is a country in shambles. Five years after the onset of the crisis, more than a million old age pensioners are forced to live on less than 500 euros a month, the minimum wage is at 860 euros a month, unemployment runs at 26 percent while youth unemployment is almost 60 percent. The medical system has been taken down and social services are almost nonexistent.

Social desperation has led to an increase in the number of suicides while life expectancy has dropped and infant mortality has risen significantly.

So what does the troika have in mind for Greece after the elections? First of all, if Greece against all odds should actually be forced to leave the euro zone this would certainly be accompanied by a massive devaluation of a new drachma which in turn would lead to a further loss of purchasing power and have a dramatic effect on the poorest sections of society. Also, a devalued drachma would attract foreign investors who would be able to engage in a new round of currency speculation and could then use their profits to buy up even more small and medium sized Greek businesses at rock bottom prices. Moreover, a devaluation of the drachma would prolong repaying government debt and lead to an extension of debt servicing over more than a generation.

But what if Greece were allowed to stay a member of the euro zone? Could this go along with an easing of austerity measures? Quite the contrary: In order to repay government debt which in relation to GDP is presently 27 % higher than when austerity started in 2010, the new rulers in Athens would not only have to stick to the path set out by the troika, but would even have to tighten austerity measures, further cutting government spending, laying off more public workers, and increasing the exploitation of labor in order to improve the economy's 'competitiveness'.

However, as all these measures would very certainly not suffice to significantly lower Greek government debt, one should be prepared for even sharper moves. It is worthwhile taking a look at the troika's intervention in Cyprus where the bail-out of banks (saving banks with taxpayers' money) was partly replaced by a bail-in, i.e. forcing small investors and savers to bear the burden of repaying government debt. Also, one should look at the IMF's publication "Taxing Times" published in October 2013, which proposes a 10 % tax on all private households in order to fill the holes in state budgets. One should definitely expect the troika to enforce measures like these on any future government in Athens.

But what if Syriza wins the elections on 25 January 2015? Would they be able to withstand the troika's demands and lead Greece out of its crisis? Well, let's take a look at their program: On the one hand they are promising Greek voters to put an end to austerity, but on the other they are announcing that they will keep cooperating with the EU. This is, to say the least, a highly contradictory strategy of which one thing can be said for sure: That it will meet with the troika's fiercest resistance.

So far Syriza's leaders and a lot of their followers seem oblivious to the fact that the troika – the executive organ of European and American finance capital and the major international driving force of global financial markets – is much more powerful than any single government in the world. If Syriza does come to power and actually starts cutting back on austerity measures, one can be sure that the financial markets will immediately react, and this reaction will resemble an earthquake. They will bring down the Greek economy within days and force Syriza to comply with the demands of big international financial institutions or resign. This in turn will lead to factional struggles within Syriza and also bring about to a massive radicalization of disappointed voters who will demand that Syriza stick to every one of its promises.

Actually, it is this development that Germany's government, the EU and the IMF fear most: They are deadly afraid that once Syriza gets tangled up in its contradictory policies, the working people of Greece could insist on their demands, take to the streets in huge numbers and spark off protests and demonstrations in other European countries which could easily assume dimensions not seen on the continent since World War II.

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