Syriza floats proposal for referendum to impose EU austerity in Greece

By Kumaran Ira
30 April 2015

In an extensive prime-time TV interview on Monday that stretched into the early hours of Tuesday morning, Greek prime minister Alexis Tsipras made clear that his Syriza party would intensify austerity measures demanded by the troika—the European Union (EU), European Central Bank (ECB) and International Monetary Fund (IMF).

Tsipras declared that his government is "very close" to striking a deal with the Troika by the end of next week, so that the EU would release bailout funds that it has refused to hand over to Greece and relax the ECB's cut-off of credit to Greek banks. Speaking to Greece's private Star TV channel, Tsipras said, "I think that by May 9, we will have an agreement that will allow release of some bailout funds."

To reach an agreement with the EU, Syriza is preparing to enforce deep social cuts that blatantly violate Syriza's campaign promises to end EU austerity. Tsipras indicated that Syriza would therefore consider organising a referendum to try to obtain a veneer of democratic legitimacy for policies dictated by the EU that have been overwhelmingly rejected by the Greek people.

"If the solution falls outside our mandate, I will not have the right to violate it, so the solution to which we will come to will have to be approved by the Greek people," Tsipras said.

Apparently aiming to quell speculation that his government may collapse and be forced to call early elections if it does not reach a deal on austerity with the troika, Tsipras ruled out early snap polls. "The people will decide—obviously without elections, I want to make that clear," he said.

This is a fraud. Under Tsipras's plan for a deal with the EU approved by referendum, the Greek people would decide nothing. Tsipras is holding a loaded gun to workers' heads and threatening: either they vote for the troika's hated austerity policies, or the EU will strangle the Greek financial system, forcing a Greek exit from the euro zone, Greek state bankruptcy, or both.

Under the terms of such a referendum, the working class would be left with only the choice of how it will be looted by the financial markets. The second option, the collapse of Greece's financial system, would mean the preparation by the Greek state and the Syriza government of emergency military measures to crush popular protests.

As the right-wing daily *Kathimerini* has reported, if and when Athens decides that a Greek financial collapse is inevitable, probably over a weekend to minimise the impact on global stock markets, it would send the army out into the streets. Greece would "deploy its military as soon as early morning Saturday and close its borders, preparing to stamp euros as drachma as an interim solution once a public announcement has been made."

Manifestly, Tsipras is calculating that the Greek population will ultimately reject this course and, instead, approve EU austerity policies that they sought to end by voting Syriza into power.

Financial markets rejoiced at Tsipras's referendum proposal, seeing in it the guarantee of a steady stream of profits from social spending cuts and continued speculation on Greek debt. Bloomberg News reported that "the markets are loving it. The yield on Greece's two-year bonds, which would suffer most from a default, have fallen to 20.54 percent from 30 percent à week ago...the local stock market index is up 13 percent."

Tsipras's referendum proposal is the outcome of months of concessions to the troika that he has overseen ever since his government won the January 25 elections.

Syrzia was elected based on fraudulent electoral promises that it would reverse wage cuts and end EU austerity. Its perspective of working out a deal for debt relief and a partial reversal of austerity measures in negotiations with other EU states proved totally unviable, however, as these countries pressed for continued austerity. Only three weeks after taking office, Syriza ditched all its electoral pledges and reassured the EU that it was committed to pushing through structural reforms and austerity measures.

Syriza is now forcing local administrations, public hospitals and universities to hand over billions of euros of reserve funds in order to pay off the troika.

This is not nearly enough to repay the €300 billion that Greece owes, however, and the troika is demanding further cuts. In order to obtain a further €7.2 billion loan from the troika, Syriza is preparing to provide detailed social cuts, including to pensions and health care, and structural reforms. These reforms include reactionary changes to labour laws, layoffs in the public sector, and the privatisation of state-owned companies.

Syriza also faces rising anger in the working class. After reaching approval ratings of over 70 percent shortly after its election, Syriza is rapidly losing support. A recent poll for the *Proto Thema* newspaper found that 52 percent of Greeks are now disappointed with its performance.

While he prepares these cuts and discusses them with the EU, Tsipras cynically told his TV audience that the "priority of the Greek government was the payment of wages and pensions."

In fact, Athens is facing a cash crunch as it prepares to pay the IMF €700 million on May 12. It is therefore actively considering suspending payment of pensions and public sector wages.

As a confrontation with the working class looms, Syriza officials are drawing closer to the EU's demands for austerity. Tsipra's interview came after he reshuffled Syriza's negotiating team following the failed euro group meeting on April 24. EU finance ministers reportedly denounced Greek finance minister Yanis Varoufakis as an "amateur", a "gambler" and a "time-waster."

Varoufakis, who until now had led the talks with Troika, was replaced by Deputy Foreign Minister Euclid Tsakalotos. Varoufakis did not oppose EU austerity, of course. However, a report by *Guardian* columnist Paul Mason for Channel 4 News confirms that his replacement is preparation for stepped-up coordination with the troika.

"By placing Mr. Tsakalotos—who's been involved from the start—at the head of the negotiating team, Greek PM Alexis Tsipras is sending the strongest possible signal that he wants a compromise to keep Greece inside the euro," Mason wrote.

Tsakalotos, a Stalinist economist educated at Oxford University, is seen as a more stable and dependable technocrat, totally loyal to the EU.

Mason wrote: "Mr. Tsakalotos comes from that school of Marxism which learned from the 1970s onwards to make compromises with capitalist reality. He is not only softer spoken; he is very attached to the idea of Syriza as a reforming left-social government and existentially committed to the euro. What is more, he is a longstanding member of Syriza, with a surer feel for what the party's members will accept in the compromise that he'll have to craft."

That is, Tsakalotos is better positioned than Varoufakis to unify Syriza's quarreling factions around a reactionary agreement with the EU on deep austerity against the workers.