After Syriza’s capitulation, Troika demands brutal austerity programme

By Robert Stevens
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The “troika” of the European Union (EU), European Central Bank (ECB) and International Monetary Fund (IMF) continued talks over the weekend with the Syriza government over the details of further austerity measures.

Last week, Syriza held off a discussion over the party’s acceptance of further “bailout” loans of up to €86 billion Eurozone “bailout” of Greece until a Syriza party congress in September. Party leader and Prime Minister Alexis Tsipras deliberately postponed the discussion until *after* the next debt repayment on August 20, that will require agreement on further austerity measures.

The troika are utilising Syriza’s capitulation to every single one of their demands in last month’s agreement in order to force through even more concessions.

The right-wing *Kathemerini* commented Saturday that the negotiations were “expected to delve into the thorny issues of fiscal adjustment, privatizations, bank recapitalization and structural reform, including pension overhauls, over the coming days.”

Troika officials Declan Costello of the European Commission, Rasmus Ruffer from the ECB, and the IMF’s Delia Velculescu have been joined by Nicola Giammarioli from the European Stability Mechanism (ESM). Under last month’s agreement, the ESM will fund the next loan programme to Greece.

To make a debt repayment of €3.2 billion to the ECB on August 20, Greece must agree to new austerity terms or it again face defaulting on its €315 billion debt. *Kathemerini* reported that the troika and the Greek government are working to draft a new austerity agreement by August 11, “so that a Eurogroup summit planned for that day can give its approval and the blueprint can be ratified by the parliaments of Greece and other Eurozone countries.”

As a result of Syriza’s agreement with the troika last month, the Greek government dutifully passed two lists of “prior action” austerity measures. According to various news sources, the IMF is now insisting that a further raft of prior measures be legislated.

Velculescu, a Romanian economist, previously led the IMF’s austerity programme in Cyprus, when the island’s economy was completely taken over. Under that programme, the Cypriot parliament cannot make a decision on any aspect of domestic policy without the troika’s approval.

According to a report in the Greek *To Vima* on Sunday, Velculescu has listed a further 16 measures that must be passed in the next three months. These include:

• Amendments to existing legislation regarding hiring in the public sector, the 2014-15 tax and debt instalment schemes, and state subsidies to the EBZ (sugar Industry).

• The abolition of the 8 percent top bracket “solidarity” levy to incomes over €500,000 that will affect just 350 individuals.

• New legislation to offset the cost of this year’s judicial decisions on the restoration of pensions.

• IMF demands for immediate legislation scrapping early retirement, and the raising the statutory retirement age to 67 years or 62 years with 40 years of work, from 2022.

• The halving of heating oil subsidies expenditure in the 2016 budget.

• Amendments to legislation in order to collect this year’s payments of the hated ENFIA property tax.

• Legislation on the opening of “closed professions.”

• Reduction in the €1,500 garnishment threshold for those who owe taxes, social security contributions and loans to banks.

• A further restructuring of the Athens transport organisation OASA

• The stepping up of privatisations, with binding bids for the sale of at least 51 percent for Piraeus and Thessaloniki ports announced no later than the end of October. The sale of regional airports to the winning bidder Fraport must also be finalised. *To Vima* noted that the talks would include restrictions on collective bargaining rights and that by the end of 2015, “there will be new a framework for collective bargaining that will guarantee justice and efficiency in the workplace.”

Despite claims last week from Tsipras that he would not enact further “prior actions,” Syriza is already pushing through some of the measures.

Greek Finance Minister Euclid Tsakalotos said at the start of talks last Friday, “As you can understand, there was convergence in some issues, and less convergence in others”. He added that the “hot” issues discussed included the sale of state assets. At the meeting, he presented Syriza’s plans for the establishment of a Privatization Fund.

The same day the ANA-MPA agency revealed that Syriza is preparing a new draft bill for the sale of 51 percent of Greece’s largest port, Piraeus. The process is to be finalised by the end of September.

The *Times of Change* news site reported Friday, “A draft law envisaging a new concession contract between the Greek state and Piraeus Port Organization… will pave the way for the submission of binding offers in a tender to buy 51 percent in Piraeus port by the three candidate investors participating in the second phase of the tender (COSCO, AMP Terminals Maersk, ICTSI).”

The aim is to “create a port authority in Piraeus taking over all administration and regulatory powers. Piraeus Port will be able to perform only commercial activity.” The article continued, “This model will be used for the other ports in the country.”

Such has been the embrace of austerity policies by Syriza that Bloomberg noted in an article last week, “The troika has a new enforcer: Alexis Tsipras.” It stated that his support for the troika’s agenda “leaves Tsipras on the same path trodden by predecessors including arch-enemy [former New Democracy Prime Minister] Antonis Samaras, who at one time he had blasted for kowtowing to creditors’ demands.”

While the various “troika” components agree that the savage offensive against the Greek working class must continue. The talks began with the IMF warning that technically it could not support a third bailout of Athens.

The IMF held a two-hour board meeting last Wednesday, following a formal request from Syriza for IMF support. According to the *Financial Times*, a summary of the proceedings stated that IMF negotiators will take part in policy discussions to ensure the Eurozone’s new bailout “is consistent with what the fund has in mind.”

The document said the IMF “cannot reach staff-level agreement at this stage” and would only decide whether to commit further loans after Greece “agreed on a comprehensive set of reforms” and, crucially, after Eurozone bailout lenders “agreed on debt relief.”

The following day, an IMF official in Washington that confirmed the IMF would not get involved until there is “an explicit and concrete agreement between Greece and its Eurozone partners on how to provide debt relief.”

However, this demand brings the IMF into direct conflict with Germany, who successfully insisted for months that any agreement on new austerity with the Tsipras government not include any element of debt relief.

The *Financial Times* noted, “That condition could prove a sticking point, since Berlin and other creditor governments have so far strongly resisted any suggestion of forgiving Greece’s debts.”