Syriza government in Greece passes more austerity

By John Vassilopoulos
13 June 2017

Greece's parliament passed further austerity measures last Friday prior to the Eurogroup meeting of finance ministers on June 15.

These come on top of a series of savage measures that were enacted last month, including additional cuts to pensions of between 9 and 18 percent, the reduction of the tax-free allowance from €8,636 to €5,681 as well as cuts in heating allowance, unemployment insurance and other benefits. The bill included measures designed to facilitate mass sackings as well as further sell-offs of public assets.

Friday's measures were added to a draft bill on fishing regulations in an attempt to fast-track them through parliament. They included an amendment to last month's legislation, which will see freezes on pension increases extended by one year until the end of 2022. This amounts to a cut of €250 million on pensions on top of the €500 million cut voted in last month. Another amendment specified that collective bargaining will not be automatically resumed after the European Union's (EU) current €86 billion austerity for loans programme ends in 2018.

All these measures—140 in total—are demanded by Greece's creditors as a precondition for the release of a €7 billion tranche it needs in order to pay off liabilities due in July. Greece's overall debt burden remains at around €300 billion or 180 percent of GDP.

Additional measures demanded by the EU, such as the lifting of administrative restrictions on the privatisation of Hellenikon, the site of the former Athens international airport, will be enacted through a series of government decrees.

Passing the measures Syriza Finance Minister Euclid Tsakalotos justified their fast-tracking, declaring the government needed to counter the danger that "some of our opponents are deliberately trying to turn the Eurogroup meeting… into a discussion about the prerequisite measures rather than a discussion about the debt."

This is a reference to the ongoing stalemate between the EU and International Monetary Fund (IMF) regarding the second assessment of the current austerity programme, which should have been finalised last November. This has brought the prospect of a Greek debt default to the fore again, especially after talks over debt relief, which the German government opposes, broke down at the last Eurogroup meeting.

The IMF has not joined the current loans programme, maintaining that Greece's debt is not sustainable in the long run and that a "haircut" is necessary in return for even more draconian cuts. In fact, the bulk of the measures enacted last month and on Friday are based on demands by the IMF that it says are a precondition for it joining the programme.

According to the minutes from the Eurogroup meeting that were leaked to Greek news site *Euro2day*, the head of the IMF in Europe, Poul Thomsen, insisted: "[We] would need something considerably more specific [on debt relief] or you will not be able to get us to agree to this."

German Federal Minister Wolfgang Schauble's reply was: "I don't have a mandate [to agree debt relief measures]. If this is the way, then good luck. We will not find a solution."

While Schauble considers the formal participation of the IMF politically necessary for austerity to continue, he considers debt relief as especially detrimental to the German elite, which is Greece's chief creditor within the EU.

By the start of last week, the IMF had softened its stance with IMF Director Christine Lagarde telling German financial journal *Handelsblatt:* "If the creditors are not yet at that stage where they can agree on and respect our assumptions, if it takes them more time to get there, we can acknowledge that and give them a bit more time." At the same time, she maintained that "disbursement will only take place once debt relief is clearly articulated by the creditors."

According to reports, Lagarde will be attending this week's Eurogroup meeting, which has been taken as a sign that an agreement will be reached.

The rush to reach a compromise underscores the nervousness in ruling circles that the prospect of a Greek default could trigger mass protests and strikes by the working class in Greece, as expressed by the wide participation in last month's 24-hour general strike. Called by the trade union bureaucracy to coincide with the passage of last month's measures, it brought the country to a standstill.

While there are differences between the IMF and the EU on the handling of the Greek debt crisis, expressing the increasing divergence between Washington and Berlin's geopolitical interests, on the question of stepping up the offensive against the working class there is full agreement.

The compromise was initially proposed by Eurogroup President Jeroen Dijsselbloem, who appealed to the IMF "to take a big step and take the programme to the [IMF] board… even if it cannot disburse before the debt question is resolved."

In response, the IMF's Thomsen declared, "this is an interesting proposal which we can consider."

In response Tsakalotos balked that such a compromise "is the worst of all worlds for [Greece]," adding that "we have negotiated a tough programme with the IMF on the proviso that it comes with a plan saying that the debt is not sustainable so we can turn a page. The IMF's participation must be based on its stating that the debt is sustainable". All the same Tsakalotos assured that his government remains as reliable as ever in implementing the EU and IMF diktats stating that "you have my personal commitment that the work to complete the prior actions will continue."

This is just the latest evidence of Syriza's role as a tool of the financial elite. It was swept into power in January 2015 winning mass support on an anti-austerity ticket. Just a few months later, the pseudo-left party fully capitulated to Greece's creditors by signing a new bailout package, thus betraying the overwhelming rejection of Greek workers and youth of austerity in the July 2015 referendum.

Like its social democratic and conservative government predecessors, Syriza relies on undemocratic means to fast-track the austerity measures demanded by the EU/IMF within parliament and on riot police units to put down opposition by workers and youth outside.

Syriza is now widely despised, polling around 16.5 percent according to a recent survey. Some 40 percent of Greeks believe that the measures voted in last month are the most brutal since the first bailout package was signed in 2010.

Greece's private sector and public sector trade union federations, GSEE and ADEDY, issued statements condemning the latest measures. Referring to the way the measures were passed, ADEDY stated, "last minute amendments have been used in the past by all pro-austerity governments in order to avoid a social backlash. This did not however contribute to their longevity, nor to the lessening of a backlash and of popular anger."

Such bluster seeks to conceal the trade union bureaucracy's own complicity in facilitating the passage of the measures. Countless 24-hour general strikes have been called since 2010, the sole purpose of which has been to allow workers to let off steam while the measures are enacted unopposed.

GSEE also verbally condemned the latest measures and vowed to "militantly continue the struggle through our unions". Nonetheless, it had no qualms about inviting Finance Minister Tsakalotos and Bank of Greece Governor and former Finance Minister Yiannis Stournaras to speak at an upcoming event organised by its Labour Institute. Both are directly responsible for implementing measures that have pauperised and impoverished the Greek working class.