

Greek government haggles over terms of debt repayment

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The meeting of the new Greek coalition government of New Democracy (ND), PASOK and the Democratic Left with officials from the European Commission, the European Central Bank and the International Monetary Fund has been delayed for a week.

Coalition representatives were scheduled to meet Matthias Mors of the EC, Klaus Masuch of the ECB and Poul Thomsen of the IMF today, but the hospitalisation of the prime minister for eye surgery and the finance minister for a fainting episode gave the government a welcome breathing space.

A meeting between finance ministry officials and the “troika” scheduled for Tuesday was also rescheduled. Troika officials will now arrive in Athens following the June 28-29 European Union summit in Brussels.

In several days of negotiations after the June 17 election, Prime Minister and New Democracy leader Antonis Samaras, PASOK leader Evangelos Venizelos and Fotis Kouvelis of the Democratic Left agreed on the terms of the new government. A new 17-minister cabinet, as well as their deputies, was named last Thursday. Although PASOK and the Democratic Left ensured they took no cabinet positions in an attempt to distance themselves from unpopular measures that are to be carried out, up to nine of the ministers were recommended by PASOK and the Democratic Left.

The Athens News Agency reported that PASOK recommended five members: the environment, energy & climate change minister, agricultural development minister, deputy foreign minister, deputy defence minister, and deputy shipping & Aegean minister. The Democratic Left recommended Administrative Reform Minister Antonis Manitakis and Justice Minister Antonis Roupakiotis, both members of the outgoing caretaker government, and the deputy ministers of health and education.

The most important position in the government, finance minister, went to Vassilis Rapanos, chairman of Greece’s biggest lender, the National Bank. Rapanos was an influential figure at the finance ministry when Greece joined

the euro in 2001 and is politically close to PASOK. His role will be to negotiate the precise implementation of future austerity measures, including those already agreed with the troika.

On Friday, the coalition issued a policy statement, the “Declaration of the National Responsibility Government,” of which the central proposal is a request for a two-year deferment, to 2016, on reaching the austerity and debt reduction targets set by the troika.

The statement calls for “an extension to the period for the fiscal adjustment by at least two years, so that the fiscal target is met without further cuts in salaries and pensions.”

It also calls for an escalation in plans to raise €50 billion (US\$63 billion) in the privatisation of state assets. Calling for a freeze in plans to shed more than 100,000 jobs in the public sector, it envisages that cuts in this sector will come through retirement plans rather than direct layoffs. According to estimates, a two-year extension would require an extra €16-€20 billion in troika funding to the bankrupt Greek state.

While all three coalition parties stressed their commitment to the memorandum during the election, the policy statement is an acknowledgement that the election result was a massive repudiation of the austerity agenda. Parties campaigning against the memorandum received the majority of votes. PASOK received only 13 percent of the vote, finishing in third place behind SYRIZA (the Coalition of the Radical Left). SYRIZA, which campaigned on the basis that it would overturn the previous memorandum and renegotiate the debt with the troika, won 27 percent of the vote—just 3 percent behind New Democracy.

The Greek masses are impoverished, with an unemployment rate of more than 20 percent for adults and over 50 percent for youth.

In an interview with *Paris Match*, Samaras said the election was “a message that the Greeks, despite the problems, are accepting their responsibilities.” However, he continued, “The people are suffering to an unimaginable extent.” Speaking of the plight of pensioners, he added,

“These people are starving.”

Samaras needs to make a show of concern in order to placate oppositional sentiment. However, his central concern is that the current austerity agenda allowed no basis for growth in the economy. He added that “these small pensions finance daily consumption. By reducing them, we destroyed demand in the Greek economy. We have no consumption anymore because no one has available income to consume. There is also no money from abroad because no one is investing. And there is no public spending, because the government is using this money to cover the deficits.”

But as far as the European ruling elite, led by German Chancellor Angela Merkel, are concerned, there can be no fundamental alteration to the programme of mass austerity. The *Financial Times* commented that the policy statement “is likely to run into opposition at next week’s summit of European Union leaders.”

Comments from both the Austrian and Dutch finance ministers in the last days attest to the fact that a number of EU member states are calling for more austerity, not less. Austrian Finance Minister Maria Fekter commented, “We will have to see how much time Greece missed due to its election campaign... if it missed too much, Greece will have to work even harder.”

Dutch Finance Minister Jan Kees de Jager said, “There is no alternative with regards to the reform. That is clear... With smarter measures you can realise more, that is better, but an alternative to hard, painful reform, that alternative is not there.”

Simon Derrick, a currency strategist at BNY Mellon asset management and securities services, told the UK’s *Observer* newspaper Sunday that the coalition urgently requires the next €1 billion tranche of its loan from the “troika” and this will be released only on the basis that it agrees to implement the austerity measures required. “They don’t have the luxury of entering into protracted negotiations: they don’t have any bargaining power,” he said. “I think they lose—I think the troika wins. The key question is, how do the Greek public react to that?”

Jean-Claude Juncker, head of the Euro Group (the EU countries sharing the euro as the common currency), refused to lend his support to an extension of Greece’s debt repayment terms last Thursday. He said, “It doesn’t make sense for the time being to give more precise indications on the content of the programme ... this depends on the findings of the troika.”

As for the £1 billion due to Greece, as with every other so-called “bailout” to Greece, the vast majority will go towards paying off interest to the banks and towards any future bailout of the bankers and financial elite.

The Greek right-wing daily *Kathemerini* commented

Friday, “Athens will only keep about €100 million of this as the rest is set to go towards its contribution to the European Stability Mechanism (ESM).”

The response of SYRIZA to the election has been to assume, in its own words, the mantle of a “responsible opposition.” Last Tuesday, Reuters reported that in an interview, party leader Alexis Tsipras “signalled that SYRIZA would not call its supporters onto the streets to protest against the austerity measures. The bloc of 12 leftist groupings would instead focus its energy on creating ‘a shield of protection for those on the margins.’”

Avgi, the newspaper of Synaspismos [the largest faction of SYRIZA], sought to refute the comments attributed to Tsipras by Reuters. It said, “As close colleagues of Tsipras have clarified, in the discussion with the Reuters journalist, when Tsipras was asked to say whether Tsipras would call for strikes and bring people out on streets, he stated the obvious: That strikes are declared by the unions and that people will go out on the streets due to the explosive consequences that the continuation of the politics of austerity will have on their lives.”

If anything, this statement is an even clearer expression of the role SYRIZA is to play in suppressing future struggles. Insisting the trade unions are the sole authority that can legitimately call protests and strikes is to endorse the primary instrument for the suppression of the class struggle, the union bureaucracy, which has worked in league with successive governments to ensure that every austerity measure has been enacted.

Some 17 general strikes have been called by the union federations over the past two years, of a limited one-day or occasional two-day duration. But even these have become too much for the union leaders, who have not called a general strike since February, even as the suffering of the masses reaches levels without precedent since the Nazi occupation.



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