Another EU memorandum for Greece

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On Wednesday, the Greek government announced that it had reached an agreement with representatives of the troika (the European Central Bank [ECB], European Commission and International Monetary Fund [IMF]) on a new austerity package and measures to abolish basic labour rights. The agreement has been accompanied by rumours that Greece will be permitted more time to achieve its debt reduction targets, but there are strong indications that the new memorandum not only extends but also intensifies its austerity programme.

Representatives of the troika had originally planned to release a report in June on the economic situation in Greece, which was to provide the basis for the EU and IMF to release the next tranche of aid credits amounting to almost €32 billion. The report was repeatedly delayed, however, in order to put pressure on the Greek government to implement far-ranging austerity measures.

According to media reports, the current agreement includes two legislative packages, which will be presented to the Greek parliament in the coming weeks. The first package consists of budget cuts totaling €13.5 billion to be carried out during the next two years. The second package calls for fundamental "structural reforms" aimed at dismantling labour rights, extending working hours and undermining existing contractual laws.

The latest budget cuts include massive pay cuts of beteen 10-35 percent and increases in mass taxes, together with mass layoffs in the public sector—measures that the government has so far been reluctant to implement. A total of 5,000 state employees will be dismissed later this year. Next year, an additional 5,000 are to be sacked every quarter.

According to the International Business Times, a total of 150,000 public service jobs are to be wiped out in the next two years. This will affect the most vulnerable sectors of society. Ten percent of all doctors and other hospital workers are to lose their jobs.

In addition, the retirement age is to be raised to 67 years and already decimated pensions—often the only source of income for entire families—are to be slashed by a further 15 percent.

Drastic cuts are also expected at the universities. As a consequence of the closure of a number of facilities, an estimated 13,000 of the total of 15,000 non-tenured teaching posts are now to be wiped out. With youth unemployment already over 55 percent, this unprecedented decimation of the ranks of teachers amounts to effectively writing off an entire generation. Hundreds of thousands of young people are being left to their fate.

Far from reducing the debt burden of the country, these measures will serve to intensify the recession and drive up unemployment. The previous austerity packages, totaling around €50 billion, have already led to mass poverty, an official unemployment rate of more than 24 percent and an economic decline of 20 percent. During the same period over the past five years, the country's debt has soared from 110 to almost 180 percent of GDP, due to the recession and the greed of the banks.

The new cuts are also aimed exclusively at securing the investments of banks and speculators at the expense of the Greek working class. They will only serve to worsen the already dire situation in Greece and increase the chances of the country going bankrupt.

It is against this background that one should treat speculation about a possible two-year postponement of the demands laid down in the latest credit agreement. On Tuesday, the *Süddeutsche Zeitung* (*SZ*) reported that in a new draft of the Memorandum, the representatives of the troika were prepared to give the Greek government an extra two years to reduce its level of new debt to less than 3 percent of GDP. Instead of

2014, the year 2016 was mooted.

Given that the deep recession in the country makes it impossible for Greece to achieve its previously prescribed targets anyway, this extension—should it be confirmed—merely means that the austerity will be implemented over a longer period, with corresponding horrendous consequences. According to the *SZ* report, the question of how the government will raise the additional €15 to €18 billion needed to satisfy creditors based on this new calculation remains completely open.

The report in the *SZ* was confirmed by Greek finance minister Yannis Stournaras, but both ECB executive member Jörg Asmussen and the parliamentary state secretary in the German Finance Ministry, Steffen Kampeter (CDU), denied any such deal. Any extension for Greece would be decided only after the troika delivered its report, Kampeter declared.

Apparently, there are still disagreements on the exact terms of the new memorandum even if the austerity package has been agreed on. On Tuesday, the Greek newspaper *Kathimerini* reported on a proposal by the German Finance Ministry calling for tighter controls to be laid down by the troika and for Greece to yield up more of its sovereign rights to determine economic and labour policy. It is quite possible that any postponement of the targets is associated with such a programme.

Kathimerini also reports that a special account is to be established over which Greek authorities have no direct control. The account is to be the repository not only for the loans already decided by EU finance ministers in February, but also any budget surplus that the government makes in a given month. Free from any influence or control on the part of the Greek government, this account will then be used to pay off creditors.

In addition, the German Finance Ministry wants to enshrine the level of Greek budgetary surplus in the new memorandum. Should this goal be missed, automatic cuts will be implemented in selected areas of spending over which the government has no control. According to the plan, further reforms are to be made in accordance with diktats from EU experts and then implemented by the various Greek ministries and government agencies.

The latest plans for more brutal cuts and the removal of any democratic control over the national budget confirm that the financial elite in Europe and its subcontractors in the EU are determined to continue their brutal course aimed at driving Greek and European workers into misery and dictatorship.

To this end, they can rely on the support of pseudo-leftist tendencies that continue to bind workers to the EU and its institutions while diverting all opposition into harmless channels. On Sunday, the chairman of the Coalition of the Alternative Left (SYRIZA), Alexis Tsipras, called for a “peaceful uprising” against the cuts while affirming in the same interview that the aim of such an “uprising” was to sit down with EU representatives and negotiate better conditions for Greece.