European Union demands more austerity in Greece

Robert Stevens
13 April 2013

Officials from the "troika" of the European Union, International Monetary Fund and European Central Bank held talks with representatives of the Greek coalition government this week, calling for more social cuts amid an on-going economic collapse in Greece.

The talks are centred on the demands by the "troika" for further austerity measures in exchange for the disbursement to Greece of a €2.8 billion tranche from a €130 billion loan previously agreed. Also under discussion are the terms for the release of a further €6 billion due for the second quarter of the year.

None of this "bailout" money ever reaches Greece's impoverished population. It is all immediately handed over to pay off debts to the banks. Greece has bonds worth €5.6 billion set to expire on May 20, which it must pay to the bondholders.

The talks had not been concluded by Friday when Finance Minister Yannis Stournaras left Athens to attend an informal meeting of the Eurogroup in Dublin. Various sources reported that the New Democracy-PASOK-Democratic Left government largely accepted the troika's demands, however.

Speaking in Dublin, Eurogroup president and Dutch finance minister Jeroen Dijsselbloem demanded that Greece "speed up its efforts" to comply with the troika's programme.

The EU pressed these demands on Greece as it emerged that, less than a month after imposing painful austerity measures on Cyprus, a further €6 billion of cuts are to be imposed. This means that the total austerity measures in Cyprus—whose population is barely over one million—equate to each man, woman and child handing over €27,000.

The latest talks in Greece resumed after the troika halted negotiations in February, arguing Athens was violating its instructions. These centred on the issue of the number of public sector layoffs. The troika has demanded the public sector payroll be reduced to 150,000 by 2015, including the sacking of 7,000 workers this year and 20,000 in 2014.

The troika has also opposed the merger of the National Bank of Greece and Eurobank, two of Greece's largest banks, meaning both indebted institutions would be forced to seek separate recapitalisations to be covered by the state's coffers. It is estimated that this will cost another €15.6 billion.

At the beginning of the talks, Finance Minister Yiannis Stournaras reportedly told the troika that he didn't expect the current government to last if the troika insisted on even more austerity. With millions living in unbearable poverty, fuelled by rampant unemployment approaching 30 percent and almost 60 percent among those under 25, the government anticipates a social explosion.

Figures this week revealed that 3,400 people lost their job every working day in the first month of the year. A similar rate of job losses for a country the size of the United States would mean the loss of approximately one million jobs per month. The EU's policy of imposing such cuts on a society in economic free-fall is politically criminal.

The *To Vima* newspaper reported Stournaras telling the troika, "Do not push us any further. If you want more measures, take the keys to the finance ministry and give them to Tsipras." Alexis Tsipras is the leader of the opposition party Syriza, Coalition of the Radical Left.

The government sought to reassure the troika that it would carry through job cuts, but through a policy mainly of attrition, not firings. Before the talks, Administration Reform Minister Antonis Manitakis of the Democratic Left told Michalis Papagiannakis of the

Centre for Political Reflection (linked to the Democratic Left), "There were 32,000 retirements from the public sector in 2012 and the reduction in the total number of civil servants by 2015 will be 180,000."

The right-wing daily *Kathemerini* noted, "Sources close to the minister said on Thursday that the troika's call for 20,000 layoffs by the end of next year is over and above what Greece committed to in the second loan agreement it signed last year," adding that if the troika insisted on that deadline, "Manitakis is likely to withdraw from the talks and allow other government officials to continue talks."

Notwithstanding Manitakis' posturing, the coalition parties uniformly insist that the cost of the crisis is imposed on the backs of the working class and poorest sections of society. The coalition has only tactical disagreements with the troika over the cuts.

Evangelos Venizelos, the leader of the hated social-democratic PASOK party who unleashed the first wave of austerity in 2010, endorsed public sector job cuts this week.

He said the troika were looking at the public sector, "correctly I think, from the point of view of structural reform. Our credibility rests on this issue; it will determine whether we here in Greece really want deep structural reforms—a different state that can function in a manner that is friendly toward investment, toward growth and foremost toward the citizen, and to this we must give a positive answer."

The government continues to impose savage measures against the population. Prior to the troika's arrival, the hated "emergency" property tax, imposed in 2011 in the initial austerity drive and payable by residents in buildings with an electricity meter only, was extended as a general tax on all properties. It will be collected by regular tax authorities in 2014.

Reports also attest that Athens is preparing to meet a central troika demand to sack 2,000 workers by June, on the spurious grounds that they are allegedly not honouring the civil service "oath."

Workers accused of disciplinary offenses now face losing their jobs. According to *Kathemerini*, Manitakis is mainly concerned that employees should not be sacked without a hearing and "is reportedly seeking ways to accelerate the process of disciplinary hearings."

A legislative formula to carry this out is reportedly being drawn up. Laws apparently being considered are the creation of a centralized disciplinary board to judge all cases of public servants and the elimination of the salary of employees who have been suspended until their case is closed.

The coalition, backed by a pliant media, are past masters at the demonisation of public sector workers, constantly referring to them as part of an "over-bloated" monstrosity sapping the entire resources of tax payers.

To this end, clearly timed to coincide with the troika visit, the government set into motion a filthy campaign to further stigmatise and slander public sector workers. A seven day series of surprise inspections by state officials on five ministries—Finance, Administrative Reform, Education, Health and Tourism—was held during the visit. *Kathemerini* eagerly reported Thursday that they suggested that, "a significant proportion of civil servants are consistently failing to turn up to work." It added, citing no evidence, "In the case of the Education Ministry, 20 percent of the employees were unjustifiably absent."