IMF demands further austerity in Greece

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The International Monetary Fund (IMF) issued a "Concluding Statement" May 3 demanding there be no relaxation of the austerity programme it has imposed on an already severely impoverished Greek population.

The statement follows the IMF's recent inspection mission to Greece, alongside the European Union (EU) and European Central Bank (ECB).

The reaction of the bourgeois media in Greece and internationally to the report was to stress its call for the coalition government to do more to prevent tax evasion. Typical was the BBC's headline, "IMF hails economic 'progress' but warns on tax evasion."

The reality is that the call by the IMF to collect more tax from the rich is almost a footnote in the report. After stating a truism that applies to every capitalist country without exception—that "Very little progress has been made in tackling Greece's notorious tax evasion. The rich and self-employed are simply not paying their fair share"—the overarching tone of the report is its insistence that austerity must be imposed at all costs and even further cuts imposed.

The IMF's report follows the agreement made between the "troika" and the coalition government of New Democracy, PASOK and the Democratic Left last month. In exchange for Greece receiving a further €2.8 billion loan to prevent it from defaulting on its overall debt of more than €300 billion, the troika and government agreed on 15,500 public sector job losses (towards a total of 150,000), further cuts in the minimum wage and the extension of the hated Property Tax.

The purpose of the IMF's "Concluding Statement" was to rubber-stamp this devastating round of savagery against the Greek population and to put the government on notice that far more is required.

It states, "Greece is making progress in overcoming deep-seated problems in the midst of a very serious and socially painful recession," adding, "Progress on fiscal adjustment has been exceptional by any international comparison, with the primary balance set to have cumulatively improved by 10 percent of GDP by end-2013, amid a contraction in GDP of more than 20 percent."

The IMF lauds the attacks on the conditions of the working class that have enabled this "progress". It notes, "Far-reaching labour market reforms have helped to realign nominal wages and productivity at the enterprise level. We estimate that the competitiveness gap as measured by Unit Labour Costs (ULC) has been reduced by close to two-thirds since 2010."

The report notes that "the rebalancing of the economy has been associated with a surge in unemployment in the private sector, not least among the young," adding that "the over-staffed public sector has been spared, because of a taboo against dismissals."

This is said even after the IMF and the Greek government have overturned the constitutional rights of public sector workers to remain employed, which have been in place since 1911.

The report then warns, "With no more room for tax increases or major cuts in discretionary spending, the government has been forced to focus on socially difficult cuts to wages and social transfers."

In the section under "Public administration reform," the report states the government's "plan is to primarily achieve medium-term targets for reduction in staffing levels through voluntary attrition" before warning, "However, it is not credible without some limited mandatory redundancies." It instructs: "The taboo against mandatory dismissals must be overcome."

While demanding even greater attacks on the working class, including further mass redundancies, the IMF expresses satisfaction with the ongoing bailout of the Greek banks. It states: "The programme's bank recapitalisation framework is set to deliver a fully recapitalised system by mid-2013, and banks should be in a position to support a gradual recovery in credit as deposits and wholesale market access returns."

The report criticises the government for not having carried out enough privatisations. Asserting that "A strong recovery will need to be built primarily on deepening structural reforms", it states, "Moreover, too many assets remain in state hands."

The government's public commitment to improving the business environment and accelerating privatisation now needs to be matched with results, it states: "Achieving a critical mass of change will be possible only with a broad, forceful, and sustained political commitment."

The IMF report concludes that there can be no turning back on the policies that have led to the mass impoverishment of millions of people:

"The lessons of the recent past are that only with full and timely policy implementation and commitment to the programme can the fundamentals for a recovery be put fully in place and the fear of adverse outcomes permanently put to rest."

"Adopting the necessary policies for the next leg of the adjustment effort, which may well mark a turning point for Greece, must take priority," it demands.

In the space of six years of continual recession and a four-year austerity onslaught, what can only be described as policy of sociocide has been carried out in Greece.

A report released last month by the United Nations expert on foreign debt and human rights, Cephas Lumina, attests to the scale of this social nightmare. Lumina spent four days in Greece from April 22 as part of a UN fact-finding team. Speaking to reporters in Athens on April 26, he said, "The available evidence indicates that these excessively rigid measures have resulted in a contraction of the economy and significant social costs for the population, including high unemployment, homelessness, poverty and inequality."

"[Human] rights...are under threat or being undermined by harsh pro-cyclical policies—austerity labour reforms, liberalisation and privatisations—that the government has been constrained to implement since May 2010," he added.

Today over 4.5 million Greeks are unemployed or "economically inactive". Many of these are long-term (over one year) without work who have lost both unemployment benefit and health insurance. Lumina noted, "Due to the increase of long-term unemployment, only about 160,000 persons receive benefits."

"Adjusted for inflation and using 2009 as the fixed poverty threshold, more than one out of three Greeks (38 percent) had already fallen below the poverty line in 2012," he explained. "Instead of strengthening the social welfare net and making it comprehensive, priority appears to have been accorded to fiscal consolidation at the expense of the people."

Lumina's observations on the results of the "shock therapy" levelled against the Greek population at the behest of the global super-rich are backed up by recent comments by the economist Dionysis Balourdis. He told *Agence France-Presse* that the policies had produced "unheard-of fragmentation."

Balourdis commented, "The middle class has shrunk and is getting close to the poverty line, while the poor are getting poorer, which makes the inequality worse."

The vast majority of the population have no faith that the policies will lead to recovery. A survey in the *To Vima* weekly found that just 26.6 percent of Greeks expect to see a recovery in 2020 or earlier, 31.2 percent believe it will come after 2020, while 34 percent do not think it will happen at all.

The poll also found that 43.7 percent of Greeks are not hopeful and are not making plans for the future.