Greece faces more austerity, while EU professes its reliance on the unions

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14 June 2014

The International Monetary Fund (IMF) has issued its fifth review of Greece's loan and austerity programme. As part of its €240 billion overall loans agreement, Greece is to receive about €173 billion over four years from the Extended Fund Facility (EFF). This was authorised in 2012 and made conditional on the imposition of ever more brutal cuts.

Greece has received around €200 billion from the loans organised by the IMF, European Central Bank and European Union "troika". Virtually all these funds go towards paying off Greece's debt to international financial institutions, amounting to a vast bailout of the banks and super-rich. The latest tranche was based on the completion of the fifth review and amounts to €3.41 billion.

At the outset of the austerity programme, the loans were portrayed as a "bailout", under which Greece would be able to pay off its debts and avoid an exit from the eurozone. The reality could not be further from the truth.

This month's review, a 226-page document, notes that public debt in Greece will reach about 174 percent of GDP this year and by 2022 will still stand at 117 percent of GDP. It states that although Greece has made "significant progress ... towards rebalancing the economy", it faces a budget shortfall of €2 billion (about 1 percent of GDP) and will have a funding gap of €12.6 billion in 2015.

The report demonstrates the extent to which the government of Greece exists merely to impose the dictates of big business, via the troika. Not a single decision can be made by the Greek parliament on any aspect of domestic policy without the troika's approval. Much of the report consists of timetables in which the demands of the troika must be enforced.

Fully 18 reports must be compiled on a monthly and even weekly basis by the finance and other ministries on every aspect of the government's spending and activity and sent to European Commission, ECB and IMF staff to be monitored. One report must include, "Monthly data on staff: number of employees, entries, exits, transfers among Government entities; and from and into the mobility and exit scheme, per entity, average wage (including the relative shares of the base wage, allowances and bonuses)…"

The IMF warns that even if the full austerity programme is imposed, the budget shortfall will increase to an estimated €7.7 billion from 2014 to 2017. It calls for further cuts, including legislative changes of a permanent character. Central to its prescriptions are further "labour market reforms", which include removing all obstacles to hiring and firing workers at will, deeper devastating cuts to living standards and the "overhaul" of a "still exceptionally inefficient public sector."

One would hardly know from reading the report that over the past four years millions of people in Greece have been reduced to conditions of penury. In a section bemoaning that "Greece has lagged on productivity-enhancing reforms", the IMF refers, as an afterthought, to the fact that "Real output has declined by close to 25 percent since 2007. Unemployment has risen to around 26½ percent, of which over two-thirds are long-term unemployed. The share of the population at risk of poverty increased from 20 to 23 percent over 2009–12 ..."

The IMF warns that far more is required from the Greek political establishment, stating, "Political support for the EFF-supported program is fragile. Adjustment fatigue has set in, and the coalition government has a reduced majority of just two seats in the 300-member parliament. This is making it difficult to move forward boldly and swiftly with needed reforms."

The report notes that since 2010 there has been a 161,000 (19 percent) reduction in the public sector workforce. It lauds the labour mobility scheme in which thousands of public sector workers have been laid off for

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months on hugely reduced pay, before inevitable losing their jobs. But the IMF complains that the "Exits were mostly from narrow groups, including the closure of the public broadcasting company, doctors in the public healthcare system ... But beyond these focused one-offs, exits have not been based on performance and *constitutional restrictions against mandatory, performance-based dismissals remain an impediment"* (emphasis added).

The IMF notes its concern as to "whether the taboo on dismissals" in the public sector "has fundamentally been broken." This is despite the fact that the government has undertaken to "meet this year's target of 11,000 workers as well as an indicative estimate of 2,000 exits in Q1 of 2015."

Cuts in pension have not been sufficient, despite "The progressive cuts since 2010, which were targeted at the higher pensions" and which "have helped to contain the long-term increase in pension spending. But a number of concerns remain unaddressed: at around 17 percent of GDP, spending [on pensions] is among the highest in the EU, requiring very large state subsidies."

Noting that privatisation "Receipts for 2013 were just over €1 billion, short of the €1.6 billion indicative target," it states, "We are redoubling our efforts to tackle the obstacles to privatization, as performance has continued to fall short of program objectives."

Employment law must be re-written explicitly in favour of big business, with the report stressing, "We are taking additional steps to address areas in the labor market where excessive restrictions remain. These include reviewing excessive mandatory requirements on wages, benefits and payments or other restrictions in hiring or dismissals by May 2014 and adopting necessary legislation to bring them in line with best practice in the EU by August 2014."

Employers must have the right to sack workers en masse, the IMF declares: "Disputed collective dismissals are de facto not allowed. They require the approval of the Minister of Labor, but no such approval has been granted since 1982, forcing companies to offer very high voluntary severance packages or resort to bankruptcy.

"It is critical in the context of the next review that restrictions on collective dismissals are eliminated—no such dismissal has been approved for thirty years—and that employers are afforded the right of defensive lockouts. These are areas where Greece remains an extreme outlier and where introduction of normal European practice could significantly improve the investment climate."

It adds, "The rules for strikes by unions have remained unchanged for over three decades, and Greece is an outlier in the EU in prohibiting lockouts, even as a defensive tool for employers during labor negotiations."

The instruction that Greece must adopt "normal European practise" exposes the reactionary character of the European Union, which functions only to impose the requirements of the bankers and super-rich across the continent.

In imposing such measures, the troika is acutely aware of its reliance on the trade union bureaucracy. The unions are currently in talks with the government, as part of the IMF's review demands, aimed at directly involving them at the highest levels in imposing the necessary attacks.

Over the last four years the unions have organised nearly 40 token, mostly one-day general strikes, only to channel workers' anger into futile pleas to governments to limit the savage cuts. As a result, fewer and fewer workers now participate in these events.

One of the components of the current talks is a desperate operation to save the trade unions. According to the *Greek Reporter* web site, the talks will discuss "The credibility issue involving Greece's unions," "the problem of the unions' disintegration" and the "possibility of consolidating" them. It notes, "Over the years, the prestige of the unions has been lost, while ever fewer workers are actively participating in unions and industrial action."

Among the proposals being discussed are "financing of the union movement" and whether "unions should be funded by the state or solely rely on voluntary contributions by their members."

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