Troika demands further austerity in Greece

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Greek government officials and representatives from the International Monetary Fund (IMF), European Commission and European Central Bank "troika" concluded talks September 3 in Paris.

The talks were organised ahead of a full sixth review of Greece's austerity programme to be held by troika officials in Athens at the end of this month. The delegates agreed that the troika's full review should be completed by early October.

Talks were described by European Commission delegation head Declan Costello as "constructive" and "useful". However, the troika made clear that no decisions on further loans to Greece would be made until a full review was completed.

Greece has to demonstrate that it has imposed the necessary attacks and is able to match the troika's agreed timetable for further austerity measures before the IMF disburses a further tranche of €3.5 billion in loans. Athens is currently awaiting the final tranche of €1.8 billion euros from the European Financial Stability Facility. Greece must also put forward proposals to the troika on how it will meet a projected €2 billion budget gap in 2015.

Greece has received around €200 billion in loans. Virtually all these funds go towards paying off Greece's €320 billion debt to international financial institutions, amounting to a vast bailout of the banks and super-rich.

Any new loans are dependent on Greece completing 542 measures aimed at "liberalising" the economy, imposing further job losses in the public sector and making it easier for employers to fire workers en masse in the private sector. *Kathemerini* stated that part of the negotiations were on "an ongoing streamlining of the civil service and the second phase of reform of the pension system."

According to reports, the conservative New Democracy/social democratic PASOK government coalition has only been able to carry out half of the agreed measures. *Protothema* reported, "[T]he government has a lot to do and must urgently fulfil 250 out of 542 pending prerequisites until September 25," adding, "The next 100 days will probably determine the country's future."

The government is unable to make even the slightest move to reverse any of the deeply unpopular austerity measures introduced in recent years, without incurring the wrath of the troika. During the Paris talks, Finance Minister Gikas Hardouvelis proposed several tax reductions be authorised by the troika, on the basis that Greece's primary budget surplus, before debt repayments, will exceed this year's target of 1.5 percent of national output this year.

The *Financial Times* reported, "Yet Greek hopes of wringing even modest concessions from the troika ahead of an economic policy speech next week by Antonis Samaras, the prime minister, are likely to be disappointed.

"Wolfgang Schäuble, the German finance minister, recently stressed to a visiting Greek cabinet minister that if tax cuts were permitted they would have to be offset by savings elsewhere."

Reports emerged that the most contentious issue in the talks were demands for new legislation designed to prevent industrial action and giving employers the legal sanction to lock out workers.

Kathemerini reported, "The junior coalition partner, PASOK, has insisted that it will not accept any change to laws governing labor rights that have been enshrined in Greek legislation since the 1980s. *But sources have indicated that the troika is intent on removing any political involvement in decisions relating to mass layoffs and introducing greater flexibility into the private labor market"*. [emphasis added]

PASOK is not opposed to such legislation from the standpoint of defending the interests of workers. On the basis of the existing labour laws, PASOK imposed the first raft of savage cuts and jobs losses, with the full collaboration of its supporters in the various trade union federations, after it came to power in October 2009. PASOK has been the main partner of the Greek trade union bureaucracy for many decades, with many union bureaucrats able to secure comfortable positions as party MPs in the past.

The *Times of Change* web site stated, “Reliable sources said the labor issues were considered the most ‘sensitive’, with the troika reserving judgement on the proposals presented by the labor minister until they see reports currently being drawn up and hold talks with the social partners.”

The social partners is a reference to the trade unions, which the Greek government is currently in talks with regarding the creation of a new “Labour Code” designed to integrate the heavily discredited trade union bureaucracy even more tightly into the Greek state. A new Labour Code was demanded by the troika as part of a timetable of measures to be carried out this year.

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The continuous erosion of workers’ basic democratic rights is considered essential by the ruling elite and the international financial aristocracy, who rule the country through authoritarian dictates. Over the past two years, a series of decrees, only previously used in wartime or for emergencies such as natural disasters, have been imposed. Some 25 such decrees have been issued since June 2012.

Huge job losses are still being imposed as official unemployment remains at a record high of around 27 percent. The public-sector workforce has been reduced by more than 20 percent since 2010, with only 675,000 workers remaining.

Administrative Reform Minister Kyriakos Mitsotakis, a delegate to the Paris talks, assured the troika that 15,000 civil servants would be sacked by December, in order to meet a target agreed to last year. On top of this, a further 6,500 jobs will be cut this year.

Years of austerity have resulted in wage rates plummeting in Greece. A report last month by the Social Insurance Institute (IKA) revealed that wages collapsed by more than 10 percent in 2013. The daily rate paid to a worker stood at 54.66 euros. For workers in smaller companies (employing less than 10 people), they earned approximately 60 percent of what employees at larger firms took home. The average monthly wage of a part-time worker stood at just 445.33 euros in 2013.

An OECD report published this month found that real hourly wages in Greece have fallen drastically each year since 2010. They fell by 5.5 percent in 2013, 4.8 percent in 2012, 8.8 percent in 2011 and 6.9 percent in 2010. Except for the year 2012, Greek workers’ pay fell at a rate exceeding the other 33 OECD countries each year since 2010.

Overall, the public-sector workforce payroll bill has been reduced by more than a third. Last year, it totaled less than €16 billion, whereas in 2009 it was €24.5 billion.

These measures were imposed supposedly as the only way to restructure the economy in order to reduce Greece’s overall debt to the international financial institutions. The reality is that after years of recession, with Gross Domestic Production having fallen by 25 percent in four years, the debt has increased substantially. Since 2010, Greece’s overall debt has increased from 126 percent of GDP to 175 percent of GDP.