Syriza plunders Greece’s public finances

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As negotiations continue between Greece and the troika of the International Monetary Fund (IMF), the European Central Bank (ECB) and the EU Commission, the Greek government of the Coalition of the Radical Left (Syriza) is plundering the country’s public finances and preparing to suppress protests.

The troika had been expected to announce an agreement with the Greek government by the time the eurozone finance ministers meet on Friday. All the participating parties, however, have now excluded this possibility.

The government in Athens is hoping for a payment of the last tranche of the aid credits amounting to over €7.2 billion. The troika is demanding massive social cuts, privatization, and structural reforms in return. For example, retirement funds face large cuts, with the average retirement rate reportedly to be reduced from €487 to €320. These measures would affect 623,494 pensioners.

This demand of the troika had already been rejected by the current government’s conservative predecessor. Andonis Samaras, then the prime minister, feared social insurrection after previous austerity measures had forced entire families to subsist on the modest retirement funds.

Syriza has already made quite far-reaching concessions to the EU and has complied so far with all its financial obligations. Alexis Tsipras, who heads the government, and Finance Minister Yanis Varoufakis have repeatedly emphasized in the past few weeks that they are ready for every imaginable compromise.

However, the representatives of the EU and the IMF have continued to speak cautiously on the matter. “For a few days a little more momentum has gathered in negotiations between the three institutions and the Greek government,” said Poul Thomsen, head of the IMF in Europe. He told the *Handelsblatt* that this was a positive development, but they are still “far from the goal.”

“There urgently has to be far greater effort from the Greek side, so that we can reach an agreement on this issue in the interests of both sides,” EU Commission President Jean-Claude Juncker said in Vienna on Tuesday.

The intensity of the discussions has increased in the past four to five days, Juncker said. A conclusion is not in sight, he added. To let Greece fail is out of the question. “But it is not an issue of supporting Greece at any price,” said Juncker.

While Juncker excluded such a scenario, other representatives of the Troika institutions spoke about the possible bankruptcy of Greece. ECB head Mario Draghi said on Saturday in Washington that the eurozone is now better prepared for a possible spillover of the Greek crisis.

French Finance Minister Michel Sapin has also said that the situation has changed in the past few years. If something dramatic happens, according to the finance minister, it will be a serious situation for Greece and its citizens, but not for the other countries in the eurozone.

In Greece, Syriza is applying the axe to what remains of social programs, while preparing to suppress protests. On Monday, the government passed a decree that requires all public authorities and corporations to make financial contributions to the Greek Central Bank and put them into the hands of the government.

Local city management, hospitals, energy and water supply, and public transportation as well as many others services belong to the affected institutions. Only retirement funds are exempted. The government had already tapped these in February on a voluntary basis in order to remain liquid.

The plundering of the public treasury also serves Syriza by allowing it to pay its debts to the IMF and other creditor institutions. In the last two months Athens has already transferred more than €2 billion to the IMF, which is withholding additional aid credits from the country until the Greek government completely subordinates itself to the dictates of the troika.

These €2 billion are now no longer available for wages and retirement. According to reports in the Greek financial press, the government in Athens needs about €1.1 billion for salaries, €850 million for retirement payments and just under a billion for the payment of additional IMF credit payments.

By paying the IMF, Syriza has severely exacerbated the situation of the country in the event of an official bankruptcy and a possible departure from the currency union. If the country is cut off from any financing, in spite of a primary surplus, within a few days it will no longer be able to ensure basic services.

The confiscation of public funds has caused sharp conflicts within Greece. Several mayors have announced that they will fight against it. The mayor of Athens, who is supported by the social democratic Pasok and the Syriza offshoot Democratic Left (Dimar), called the measure unconstitutional. Other mayors announced that they would take the matter to court in order to put a stop to the plans.

The payments to the IMF have already led to a situation in which wages and retirement payments can no longer be paid in full. Hospital doctors have announced a strike for Friday in order to demand the payment of the missing wages. A demonstration is planned in front of the health ministry. Workers at private transportation companies have also announced a strike for May Day, in order to protest the delay—sometimes amounting to months—in receiving their wages.

Support for the course of the government has suffered a massive collapse, according to a recent survey. In March, 72 percent of those questioned were still happy with government policy, while in April this number fell to only 45.5 percent. The survey was carried out by Macedonia University, and on Tuesday it was published on the program Skai.

According to the same survey, only three percent of those questioned are sure that their financial situation will improve. Of those polled, 35.5 percent expect no change, while 41.5 percent expect things to get worse for them. Forty-two percent no longer believe that Syriza feels any duty to keep its campaign promises.

Syriza is responding to opposition to its anti-social policies by arming the state and preparing to deploy the police and the army. In the past week, the government sent a clear signal by deploying the police to end the activist student occupation at the Technical University in Athens.

Since the massacre that the colonels' dictatorship carried out on November 17, 1973 on the university campus, the deployment of the police on university premises has had a strong symbolic meaning.

On Monday, Tsipras stood behind his vice minister for public protection, Giannis Panousis, who had organized the action. At a joint press conference, he defended the clearing out of the university and cynically declared that his government is about achieving the "reconciliation of the citizen with the policeman." The policeman should not be seen as someone "who monitors, but as someone who is there when security is threatened."

With these words, Tsipras defended not only the actions of the university, but also justified Panousis' suggestion that the police should be restructured. These plans are aimed at creating a special police body for demonstrations and protests that is no longer armed with tear gas, but with clubs and pistols.