Syriza-led government prepares new austerity measures against Greek workers

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28 April 2015

The Syriza-led government is preparing to launch new attacks on the Greek working class just three months after the election that brought it to power. On Monday, Prime Minister Alexis Tsipras, the leader of the pseudo-left party, announced wide-ranging concessions to the so-called "troika" (European Union, International Monetary Fund, European Central Bank).

Last Friday, the Greek parliament agreed to raid public-sector reserves to help meet the country's loan obligations to the international banks.

After euro zone finance ministers ruled out any concessions to the Greek government last Friday, publicly humiliating Greek Finance Minister Yanis Varoufakis, Tsipras called an emergency meeting to restructure his government's negotiating team and draft new austerity measures.

The negotiations are to be led by a new committee headed by Deputy Finance Minister Euklides Tsakalotos. Although Varoufakis continues formally to be in charge of talks with the EU, he has in reality been pushed into the background.

Syriza (Coalition of the Radical Left) sent a clear signal to Greece's creditors by naming Giorgos Chouliarakis as chief negotiator. Chouliarakis participated in talks with the previous government, headed by the conservative New Democracy party. He is looked upon as a reliable partner of the troika. He replaces Nikos Theocharakis, a close confidante of Varoufakis.

The changes in personnel were combined with significant political decisions. Tsipras has apparently decided to breach the last remaining "red line" previously announced by his government in order to reach a deal with the troika.

According to Greek TV broadcaster Mega Channel, Tsipras has declared his readiness to restrict early retirement, cut pensions and partially increase VAT. The prime minister has also reportedly decided to postpone an increase in the minimum wage and suspend plans to overturn the previous government's labor market "reforms."

All of these measures will further worsen already catastrophic social conditions in the country. The announced pension cuts will hit the poorest of the poor, including entire families living on a single pension. The retention of the €586 monthly minimum wage, a reduction imposed in previous rounds of austerity measures, will further impoverish broad layers of the working class.

According to the *Kathimerini* newspaper, the Syriza government has begun freezing the bank accounts of those with outstanding tax debts. It is not only rich tax avoiders who are being affected, but also average earners with debts of as little as €200. The precise figures involved are currently unclear.

Syriza is implementing these antisocial measures under conditions where the country's economy has been devastated by previous cuts. The ESEE trade association reported that in the first three months of this year, 5,341 companies were forced to close down. EU Commission Vice President Valdis Dombrovskis told *Handelsblatt* that the commission would downwardly revise its economic prognosis for the Greek economy in 2015.

On Sunday, in addition to meeting with his ministers, Tsipras telephoned German Chancellor Angela Merkel to discuss his course of action. The two heads of government agreed to remain in direct contact during talks between Athens and the EU on Greece's debt. Last Thursday, Merkel bluntly declared that Greece had to adopt the additional austerity measures, anti-working class labor market "reforms," privatizations and other actions demanded by the EU in order to get additional funds.

Other EU officials delivered a similar message. Although Varoufakis had already made major concessions to the troika, they continued to insist on deeper cuts, insisting that Athens's proposals to date were not sufficiently concrete.

On the fringe of Friday's EU finance ministers' meeting, a Greek exit from the euro zone was discussed. Slovenian Finance Minister Dusan Mramor reportedly suggested to Varoufakis behind closed doors that he should prepare for a "Plan B." Although French Finance Minister Michel Sapin ruled out a Grexit, his German counterpart, Wolfgang Schäuble, refused to exclude such a scenario.

"If a responsible member of the euro group or someone else with responsibility answers 'yes' to the question of a Grexit, we all know what would happen," he said with reference to possible turbulence on the financial markets. "And if they answer 'no,' then we know they will not be believed."

Syriza has repeatedly declared since its election victory in January that it accepts the EU's debt regime. It has issued assurances that it will repay every cent of its loans from the IMF, the EU and the banks. It hoped on the basis of such assurances to obtain some room to maneuver in negotiations with European governments and the IMF.

But the EU, operating as the agent of finance capital, has contemptuously refused to make any concessions. The European ruling class had taken the measure of the pseudo-left party and its leader, Tsipras, recognizing them to be the representatives not of the insurgent Greek masses, but of the bankrupt Greek bourgeoisie.

The inevitable result is Syriza's decision to directly take on the task of imposing new attacks on Greek workers. During its brief time in office, Syriza has already transferred over €2 billion in loan payments to the IMF, which, as part of the troika, nevertheless continues to block further assistance.

Greek President Prokopis Pavlopoulos, in an interview Monday with *Spiegel Online*, restated the government's pledge to pay off the banks, saying, "We will pay back our debts to the last euro. We must maintain a balanced budget and gradually reduce our debt."

Pavlopoulos is a member of the conservative New Democracy and was elected to the position of president in February with the votes of Syriza deputies.

After funneling billions in debt payments to the IMF, the Greek government may be unable to pay the wages of public-service workers. According to reports, it will fall short to the tune of €1.5 billion by the end of the month. The IMF is scheduled to loan the country another €200 million on 6 May.

In response to this situation, the Greek parliament passed an order Friday compelling public corporations and municipalities to transfer their cash reserves to the Greek state. The decree will affect some 1,400 public institutions and authorities. These include universities, hospitals, care organizations and administrative services.

With this order, the Syriza-led government has put all areas of public life in hock to the banks. If the EU and IMF delay payment of the last bailout tranche of €7.2 billion, not only the government, but all public services will fall into bankruptcy.

The order was passed with the votes of all of the deputies from both governing parties (Syriza and its right-wing coalition partner, the Independent Greeks) who were present. The vote carried great symbolic significance, since all Syriza representatives gave their backing to the government's policy of social attacks, including the so-called "left-wing" led by Panagiotis Lafazanis.