

# Greece pledges to repay IMF loans early in EU talks on bailout deals

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12 May 2015

The Syriza-led government began to repay a €750 million loan to the IMF yesterday, a day before the loan was due, amid rising fears that the Greek state could default on its debts as it faces a credit crunch. With this payment, Syriza has handed over almost €1 billion to the IMF since the beginning of this month.

Greek finance ministry officials told the *Guardian* that they were making payments under the IMF transaction immediately. “Athens had not been expected to meet the debt obligation until Tuesday, had previously asked the fund for a delay, and had set rumours circulating on Sunday that it would stall on the payment,” the paper wrote.

Ultimately, however, Syriza decided to pay the loan early as a sign of its reliability as a servant of the EU, apparently hoping that this would convince the EU to release funds to the Greek government that are earmarked for the EU bailout of Greece. Greek Finance Minister Yanis Varoufakis told *Euronews*, “Greece will always meet its obligations to its creditors, and we are obviously going to do that tomorrow again.”

The loan repayment came as Greek officials met with the euro zone finance ministers yesterday in Brussels, for talks aimed at obtaining the final €7.2 billion tranche of bailout funds. These are funds that Syriza needs in order to meet billions in payments to its creditors by August.

Syriza’s tactic failed, however. The EU refused to release any of the €7.2 billion. As a precondition to obtain the funds, the troika—the European Union (EU), European Central Bank (ECB) and International Monetary Fund (IMF)—demanded more austerity, such as labor market reforms and pension cuts, as well as the privatization of state-owned companies.

According to some reports in the financial press, the EU and Syriza are also discussing paying Greek public

sector workers with IOUs—that is, garnishing their wages in euros and taking those funds in order to pay off the EU.

The euro group said that Greece had made “progress” with imposing austerity under Syriza, but that more cuts are needed. After the talks, it issued a statement declaring: “We welcomed the progress that has been achieved so far. We note that the re-organisation and streamlining of working procedures has made an acceleration possible, and has contributed to a more substantial discussion. At the same time, we acknowledged that more time and effort are needed to bridge the gaps on the remaining open issues.”

The statement added, “We therefore welcome the intention of the Greek authorities to accelerate their work with the institutions, with a view to achieving a successful conclusion of the review in a timely fashion.”

With Greece facing a desperate social crisis due to six years of sweeping austerity measures imposed by the EU and successive Greek governments, Syriza’s commitment to pay its debts early and in full brands it as a tool of the financial markets to attack the working class. It is a devastating exposure of Syriza’s political bankruptcy, and of all the pseudo-left groups internationally that hailed a Syriza government as a great step forward for the working class.

Today, Syriza is bleeding Greece white in order to repay its creditors, raising taxes and slashing vital social spending, including health care. Syriza has demanded that public entities—including pension funds, hospitals and local administrations—hand over their cash reserves to the Greek central bank to pay off Greece’s EU creditors.

The mayor of Thessaloniki, Greece’s second city, revealed last week that he had handed over funds from

his city's cash reserves in response to the government's appeal.

Having coming to power based on pledges to reverse austerity, Syriza repudiated its electoral promises soon after its election victory in January and signaled its total support for sweeping austerity measures against the Greek working class.

While praising the euro and the EU, Syriza is making clear that it is prepared to compromise on an ever-growing number of issues demanded by the troika.

After the EU meeting, Varoufakis said that Athens would run out of money in a "couple of weeks."

"The liquidity issue is a terribly urgent issue. It's common knowledge, let's not beat around the bush. From the perspective [of timing], we are talking about the next couple of weeks," he told reporters.

On the talks with EU finance ministers, Varoufakis said that there had been "substantive progress" on issues such as settling nonperforming loans (NPLs), reforming the value-added tax (VAT) and bolstering the independence of Greece's tax authority.

Syriza and EU officials are also discussing how to create the political conditions to continue imposing austerity. While seeking to reach an agreement with the EU and preparing to enforce deep social cuts, Syriza Prime Minister Alexis Tsipras last month suggested organizing a referendum on austerity. This was aimed at providing a false veneer of democratic legitimacy to policies dictated by the EU that are overwhelmingly rejected by the Greek people. (See, "Syriza floats proposal for referendum to impose EU austerity in Greece")

Tsipras's call for a referendum is now backed by German Finance Minister Wolfgang Schäuble, one of the EU politicians who have been the most aggressively critical of Greece.

"If the Greek government thinks it should have a referendum, then it should organise a referendum," said Schäuble before the EU meeting. "Maybe this would be the right measure to let the Greek people decide if it is ready to accept what is necessary, or if they want to have the other thing."

As Syriza plans for a deal with the EU, Schäuble is proposing a referendum because he knows full well that it is a trap for the working class. Workers in Greece are to be offered the choice of either accepting austerity measures that they sought to reject by voting for Syriza,

or rejecting EU terms and facing the project of a sudden, disorganized expulsion of Greece from the euro zone.

The dangers posed in the latter scenario could be immense, including state bankruptcy in Greece. In a scenario of such a financial collapse, the ruling class is considering emergency military measures to crush popular protests. (See, "EU, Syriza prepare to suppress popular opposition to austerity in Greece")



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