In Brussels talks, Greece moves closer to austerity deal with EU

Robert Stevens, Alex Lantier
4 June 2015

After late-night talks with European Commission President Jean-Claude Juncker in Brussels, Greek Prime Minister Alexis Tsipras announced yesterday that Athens was close to a deal on the austerity measures demanded by the European Union (EU) and the banks. Syriza is working on what would be a complete capitulation to the financial aristocracy.

In a brief press conference held after midnight Brussels time, Tsipras announced that his government was "very close" to a deal with its creditors, including the "troika" of the EU, the European Central Bank (ECB), and the International Monetary Fund (IMF).

The creditors are demanding billions of euros in new cuts, after Greece has been bled white by six years of savage austerity measures. They proposed that Greece run a primary budget surplus (government revenues minus expenses, not including interest payments on the national debt) of 1 percent of Gross Domestic Product (GDP) this year, rising to 3.5 percent in 2018. Syriza proposed a 0.8 percent primary budget surplus in 2015.

According to the *Financial Times* of London, "The IMF remains skeptical that Greece can reach those ambitious targets and have been pushing European officials to agree to restructuring Greek debt if they are not hit. But EU negotiators have not agreed with IMF demands, and no debt relief is included in the document."

Tsipras also dismissed statements by Syriza officials in Athens that they might threaten to withhold an upcoming 305 million euro payment to the IMF to increase Syriza's leverage in talks. Pointing to his government's decision to plunder billions in public funds from hospitals, universities and local government to repay the banks, he said, "Don't worry about that. We already paid 7.5 billion." He added, "We will continue."

Syriza and EU authorities are still negotiating the size of pension cuts and increases in regressive Value Added Tax (VAT, or sales taxes) to be imposed on Greek workers. The EU document demands more devastating attacks on the living standards of millions, reportedly insisting Greece reach a "zero deficit" in its public pension scheme. This would force Athens to cut pensions.

Tsipras made piecemeal objections to proposed increases in VAT on electricity and cuts to poverty benefits, and said that the talks should end up with a "realistic point of view."

EU officials hailed the talks. The European Commission called the meeting "constructive" and said "intense work will continue." Euro group leader and Dutch Finance Minister Jeroen Dijsselbloem, who attended the talks, told reporters: "Very good meeting, we will continue the talks in a few days."

At a press conference in Berlin with Egypt's bloodstained dictator Abdel Fattah al-Sisi, German Chancellor Angela Merkel said: "Germany is working with Greece and the institutions to complete the deal within the timetable that has been defined. We are working intensively in order to achieve this."

Syriza, which won Greece's January election by promising an end to austerity, has proven to be a reactionary trap for the working class. The party has rejected any appeal to mobilize anti-austerity sentiment in the working class across Europe and internationally, promising instead that it would negotiate a better deal with the EU.

Syriza only won the Greek capitalist class some more time to work out its deals with the EU by functioning as a collection agency for finance capital. Now, as the cash flow Syriza has obtained by raiding Greek public institutions' cash reserves dries up, pressure is

© World Socialist Web Site

increasing on Syriza and the EU to reach a deal to ensure that Greece does not miss upcoming payments to its creditors. This deal is being reached almost entirely on the EU's terms.

Greece, the *Wall Street Journal* wrote, “likely needs some sort of help by mid-June to repay a series of International Monetary Fund loans falling due… European officials say Athens probably can't meet further IMF repayments in June totaling about €1.25 billion unless it gets fresh financing in some form. Without a large subsequent cash injection from lenders, Greece faces a debt default in late July that could ultimately push the country out of the euro.”

Syriza and the EU are therefore seeking to work out a deal whereby Syriza can save face as it imposes the EU's diktat on the working class. After Tsipras spoke with Merkel and French President François Hollande by phone on his way to meet Juncker in Brussels, an unnamed senior Greek official told the *Journal*: “The leaders agreed on the need to have lower primary surpluses and to find an immediate solution.”

Before the Brussels talks, Juncker’s spokesman Margaritis Schinas said, “We do not expect any final outcome tonight, this is a first discussion, not a concluding one. This is the moment for the negotiations to concentrate on the essential. The essential is the remaining few issues where there are still differences.”

Syriza is aligning itself on EU economic policies that have proven utterly bankrupt. Greece faces paying back billions of euros in the coming weeks from an overall debt of more than €300 billion. If the EU's proposal is accepted, the loans it would grant Greece would have to be handed straight back by Athens for it to make billions in upcoming payments on its debt.

None of these loans would go to productive investment that would create jobs or improve social conditions.

There is little prospect of Greece meeting its creditors' targets, with its economy once again officially in recession, and unemployment at well over 25 percent. New forecasts released Wednesday by the Organisation for Economic Cooperation and Development project no growth in the Greek economy this year, higher unemployment, and a debt level rising to a staggering 180 percent of GDP.

The only way forward in Greece and across Europe is an independent political mobilization of the working class in a struggle against capitalism and pseudo-left parties such as Syriza.

Syriza officials are terrified of rising anger in the working class and their party's collapsing popularity. Shortly before Tsipras began his press conference in Brussels to announce Syriza's concessions, Syriza spokeswoman Marina Prentoulis suggested the possibility that the Tsipras government might collapse and call new elections.

“We need an agreement that is beneficial for the people. If that isn't reached, then we have a problem. And as a democratic government, it will be taken back to the people,” she said.

This proposal appears to be a maneuver through which the ruling class would seek to bring more explicitly right-wing forces into government to continue imposing austerity. Yesterday, Stavros Theodorakis of the *To Potami* (River) offered himself up to Germany's *Frankfurter Allgemeine Zeitung* as a possible replacement for the current coalition government between Syriza and the far-right nationalist Independent Greeks party.

“The government is not able to implement the reform that the country needs … if Tsipras fails, we are ready. We have a negotiation group consisting of influential people from Greece and abroad. We will make it work,” Theodorakis told the FAZ.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site