

# Tsipras petitions EU for new austerity deal

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In the aftermath of Sunday's landslide "no" vote in the Greek referendum on the European Union's austerity demands, Prime Minister Alexis Tsipras is desperately seeking a new austerity deal with the EU, the European Central Bank (ECB) and the International Monetary Fund (IMF).

At a meeting with the European "institutions" today, Tsipras is set to present what he called, in a speech before the European Parliament yesterday, "credible reforms" for a "fair and viable solution" to the crisis in Greece. By this is meant an agreement that is acceptable to the European institutions, which are demanding harsh austerity measures in return for any further bailout funds.

Even as Tsipras spoke, Syriza's new finance minister, Euclid Tsakalotos, dispatched a letter pledging to "immediately" impose a "comprehensive set of reforms and measures to be implemented in the areas of fiscal sustainability, financial stability, and long-term economic growth." The letter refers to unspecified "tax reform-related measures" and "pension-related measures"—i.e., increases in regressive sales taxes and cuts in retirement benefits.

Far from acting upon the mandate that the overwhelming "no" vote gave him, Tsipras is continuing the policy of retreat and surrender that his Syriza-led government initiated from its first day in office. It is difficult to point to anything that the government is now doing that differs from what it would have done had the Greek people voted "yes" on the EU's austerity demands.

The response of the government demonstrates that the referendum itself was called as a political maneuver, aimed at creating more favorable conditions for implementing the EU austerity program. Despite their nominal call for a "no" vote, Syriza officials had hoped that the conditions under which the referendum was held—including controls on bank withdrawals and a

campaign of intimidation in the media—would produce a "yes" vote, foisting upon the Greek people responsibility for Syriza's further capitulation to the European banks.

As the *World Socialist Web Site* wrote in the run-up to the referendum, "Listening to Syriza officials speak, one concludes that they not only expect a loss, they more or less welcome defeat."

An article that appeared in Britain's *Daily Telegraph* on Wednesday provides further confirmation of this analysis. The column, written by the newspaper's well-known commentator and international business editor Ambrose Evans-Pritchard, provides a remarkable account of the discussions within the Greek government in the run-up to the referendum.

"Greek Premier Alexis Tsipras never expected to win Sunday's referendum on EMU [Economic and Monetary Union] bail-out terms, let alone preside over a blazing national revolt against foreign control," Evans-Pritchard writes, basing himself on Greek cabinet sources. "He called the snap vote with the expectation—and intention—of losing it. The plan was to put up a good fight, accept honourable defeat, and hand over the keys of the Maximos Mansion, leaving it to others to implement the June 25 'ultimatum' [from the European institutions] and suffer the opprobrium."

The strategy was devised after Syriza's efforts to reach an accommodation with the EU were rebuffed, with the EU presenting Syriza with demands for even further austerity measures beyond those it had already agreed to implement.

"The ultimatum [to accept the new demands] came as a shock to the Greek cabinet," Evans-Pritchard writes. "They thought they were on the cusp of a deal, bad though it was."

Referring to the referendum result, Evans-Pritchard writes: "To their consternation they won, igniting the Greek revolt of 2015... What should have been a

celebration on Sunday night turned into a wake. Mr. Tsipras was depressed, dissecting all the errors that Syriza has made since taking power in January, talking into the early hours.”

Evans-Pritchard describes discussions within the Greek cabinet prior to the referendum on emergency measures the government might take in response to the intransigence of the EU, including “requisitioning” the Bank of Greece and imposing a unilateral “haircut” on Greek bonds held by the ECB.

All of these proposals were rejected by Tsipras, whose government has consistently opposed any measures that run afoul of the Greek ruling class and the country’s international creditors.

As far as Syriza was concerned, the main consequence of the “no” vote for its course of action was the conclusion that Tsipras could not simply hand over power to the pro-EU austerity parties. However, Tsipras quickly took measures in the same direction.

Syriza immediately held a meeting with the leaders of the main pro-EU austerity parties—PASOK, New Democracy and To Potami—and issued a joint statement supporting further talks on the basis of a new austerity package, a move that has been interpreted as a step toward a “national unity” government.

The agreement with the openly pro-EU parties is also a signal that Tsipras is preparing for a split within Syriza. In an article published on Wednesday, the *Financial Times* noted the declining influence of “left” factions within Syriza, citing the case of Panayotis Lafazanis, the minister of energy and the environment, who has come out in opposition to a new bailout agreement.

Lafazanis’s vocal opposition to the government’s actions following the “no” vote “signals that Mr. Tsipras will almost certainly face a split in his party if a deal is agreed at a weekend summit of all 28 EU leaders,” the *FT* wrote. “Sunday’s referendum has given Tsipras a stronger standing within the party and the fact that he has co-opted the opposition gives him more options when it comes to passing the deal through parliament.”

Tsipras’s response to the popular rejection of austerity measures is an attempt to restructure the government so that it is based more openly on an alliance with the pro-austerity PASOK and New Democracy parties. This would also allow a section of

Syriza to distance itself from Tsipras so as to better posture as an opponent of austerity.

Whether Syriza succeeds in these maneuvers and reaches agreement on a new round of attacks on the Greek working class remains to be seen. The government will submit detailed proposals today, and the euro zone finance ministers and EU leaders will meet on the weekend to decide whether to approve a further bailout or force Greece out of the euro zone.



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