Greek bailout deal highlights monumental scale of Syriza’s betrayal

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Prime Minister Alexis Tsipras has signed up to an agreement that transforms Greece into a de facto colony of the European Union and places the country under the dictates of Germany.

What remains of the Greek economy, above all its most valuable assets, is to be pillaged so that Athens can continue to pay back loans from the EU, the European Central Bank and the International Monetary Fund.

Greece is to be placed under the direct control of EU officials. The function of Greece’s parliament will be to rubber-stamp the transfer of real authority to Brussels and Berlin. It has until Wednesday to pass a series of laws implementing the demands of German imperialism and the EU.

Syriza, elected just six months ago on the basis of a pledge to end austerity, is set to endorse by a large majority of its parliamentary deputies measures that go far beyond those agreed by the New Democracy and PASOK government it replaced.

Only days after he called a referendum and secured the support of two-thirds of the electorate for a “no” to further cuts, Tsipras is making plans to form an alliance with the parties that spearheaded the “yes” campaign in order to place the Greek people at the mercy of German imperialism. He will go down in history as the early 21st century equivalent of the World War II collaborationist leaders Petain and Quisling.

In return for imposing permanent and more savage austerity on millions of working people who have already suffered terribly under the dictates of the EU and the banks for which it speaks, Tsipras has secured nothing more than the reality of financial dictatorship today and promises of jam tomorrow.

The document of the euro zone leaders makes extraordinary reading. It took 17 hours to formulate, not because Tsipras was mounting a last-minute fight-back, but because Germany insisted that every dot and comma of the surrender terms be set out.

A proposal for “de-politicising the Greek administration” means that all decision-making on austerity measures and privatisations will fall under the remit of EU-appointed overseers. These enforcers will be able to veto all future legislation, while legislation passed by Syriza since it took office that is deemed contrary to the terms of the new austerity agreement will be rescinded.

There is, in any case, nothing left of Syriza’s “red lines” on taxation, pensions, the labour market and privatisation.

A “significantly scaled-up privatisation programme with improved governance” means that “Valuable Greek assets will be transferred to an independent fund that will monetise (i.e., sell off) the assets…” The fund will be run from Athens but “under the supervision of the relevant European institutions.”

The document also calls for “quasi-automatic spending cuts in case of deviations from ambitious primary surplus targets”—meaning Greece will have to raise more in revenues than the government spends each and every year, even after paying interest on its debt.

The detailing of the economic measures expected is extraordinary and includes stipulations for “Sunday trade, sales periods, pharmacy ownership, milk and bakeries… over-the-counter pharmaceutical products,” opening up “macro-critical closed professions (e.g., ferry transportation),” “the privatisation of the electricity transmission network operator (ADMIE),” and more.

Measures directly attacking the working class, including restrictions on collective bargaining and strikes and the gutting of protections against layoffs, are grouped under the heading “Labour market liberalisation.” They include “rigorous reviews and modernisation of collective bargaining, industrial action and, in line with the relevant EU directive and best practice, collective dismissals.”

The parliament must also agree to “the streamlining of the VAT system and the broadening of the tax base to increase revenue,” and a rise in the pension retirement age to 67 by 2022 and the phasing out of aid to the poorest pensioners by the end of 2019.

Germany’s original proposal was for the new privatisation fund to be administered from Luxembourg, through a German-controlled investment bank. The other supposed "concession" to Greece is that a specified figure of €50 billion for the value of the fund will be divided up so that 50 percent goes towards recapitalising Greece's banks, 25 percent to pay back Greece's creditors, and 25 percent for investments in Greece.

This is being hailed by Tsipras as proof that his was "a fight which, at the end of the day, will be vindicated." He went on to claim that "we prevented the transfer of public property abroad, we prevented the financial asphyxiation and the collapse of the financial system [and] we managed to gain the restructuring of the debt and a financing process for the medium-term."

This is all lies.

Assets will still be transferred out of the country, only the location of the criminal enterprise has been changed. Moreover, to date the only thing that has been agreed is that Greece will fund its own debt through privatisations. No external funding has been laid out, only the promise of negotiations for a third bailout.

The euro zone government heads' statement "stresses that nominal haircuts on the debt cannot be undertaken," and that "the Greek authorities reiterate their unequivocal commitment to honour their financial obligations to their creditors fully and in a timely manner."

All that is actually promised by the euro zone leaders is to "consider, if necessary, possible additional measures" such as "longer grace and payment periods."

The statement "takes note of the possible programme financing needs of between €82bn and €86bn, as assessed by the Institutions." But having done so, it then "invites the Institutions to explore possibilities to reduce the financing envelope, through an alternative fiscal path or higher privatisation proceeds."

In other words, the present round of asset-stripping is only the beginning. As Larry Elliott notes in the *Guardian*, "In truth, there is not the remotest prospect of Greece raising €50bn through privatisations in the next three years. The €50bn target was first announced back in 2011, since when the value of the Greek stock market has fallen by 40 percent, making its assets far less valuable. In the past four years, privatisation proceeds have raised just over €3bn."

The document also "takes note" of Greece's "urgent financing needs" of €7 billion by July 20 and €5 billion more in August. It is in return for this initial sum that Tsipras has been charged with either whipping his government into line, or, what is more likely, initiating a struggle that will end in the formation of a government of national unity.

His deadline for doing so, and for parliament agreeing to VAT increases, pension changes, the independence of the country's national statistics institute and measures of "fiscal consolidation" is Wednesday night. Before then, the European Central Bank has agreed only to maintain the Greek banks' existing €89 billion lifeline, keeping Greek banks closed and the country on rations until it does as it is told.

Should an agreement be reached on these terms, Greece's overall debt will rise to around €400 billion, 200 percent of gross domestic product as compared to its present level of 175 percent. The International Monetary Fund admitted earlier this month that even the previous debt was unsustainable and could never be repaid.

Tsipras has already lost his parliamentary majority once. In coalition with the right-wing nationalist Independent Greeks, he had 162 seats in the 300-seat parliament. But eight Syriza MPs abstained, two voted "no," and seven absented themselves in the vote taken Friday to approve the just-concluded negotiations.

The Independent Greeks have now said they will not support the agreement but will remain in government. However, this could change.

In addition, in an attempt to rescue their tattered reputation, sections or all of Syriza's Left Platform may feel it prudent to vote against the proposals, which would likely lead to their expulsion by Tsipras. Under such circumstances, Tsipras may offer to form a new government with To Potami and PASOK, or form a full-scale national unity administration that includes New Democracy, prior to fresh elections.

Parliamentary arithmetic aside, the sheer scale of the assault on working people involved will inevitably provoke mass opposition directed against Syriza's betrayal. In anticipation of the backlash that will develop, Adedy, the civil servants union confederation, has called a 24-hour strike for Wednesday against the economic reforms parliament is to vote on that day.