Syriza agrees to full list of EU austerity demands in new bailout plan

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Greece's Syriza government and European Commission officials announced a new draft austerity agreement Tuesday morning following negotiations lasting 23 hours.

Details of the agreement are still emerging, but it is clear that Syriza has accepted all of the main demands of the "troika" (European Union, European Central Bank and International Monetary Fund). A Syriza finance ministry official told Reuters, "An agreement has been reached. Some minor details are being discussed right now."

Under the terms of the agreement, up to €86 billion will be loaned to Greece over the next three years, conditional on the imposition of a raft of new and savage austerity measures against the working class. The new cuts and privatizations will have catastrophic consequences for Greece's already impoverished population.

According to the Greek daily *Kathemerini*, the agreement requires the Greek parliament to approve the immediate implementation of 35 "prior actions" before any money is disbursed. The passage of such legislation will trigger an initial €10 billion loan to Greece. All of this money will be used to begin the recapitalisation of Greece's banks, which have been cut off by the troika from external funding since Syriza came to power in January.

Last month, Greek Prime Minister and Syriza leader Alexis Tsipras repudiated the overwhelming anti-austerity vote in the July 5 referendum his government had called and accepted a package of social cuts, regressive taxes and public asset sell-offs that goes far beyond the austerity measures imposed by previous governments, while transforming Greece into a de facto economic colony of the German and European banks. This abject capitulation was endorsed by the Greek parliament, which voted to implement two sets of "prior actions."

The additional "prior actions" now demanded, described by the *Financial Times* as "deeply unpopular measures," include a review of the social welfare system, the phasing out of early retirement for workers in their 50s, the scrapping by the end of 2016 of lower sales tax rates for Greece's islands, a hike in taxes for farmers, the implementation of product market reforms proposed by the Organization for Economic Cooperation and Development (OECD), the deregulation of the energy market, and the implementation of the privatization programme Syriza has already signed on to.

By the autumn, the parliament must pass new collective bargaining, industrial action and collective dismissal legislation that favours big business.

The new bailout agreement conforms entirely to the terms demanded by Europe's banks.

A privatisation fund is to be set up in Athens, into which moneys obtained from the sell-off of state assets will be transferred. This is slated to raise €50 billion, three-quarters of which will go towards recapitalising the banks and paying off part of the nation's €300 billion foreign debt.

Central to the deal is the calculation that it will enable Greece to pay off a €3.2 billion loan to the European Central Bank due on August 20.

Prime Minister Tsipras moved to obtain swift passage of the bailout deal, requesting the parliamentary speaker to prepare an emergency session for Thursday. He wrote in a letter: "The crucial nature of the situation requires the immediate convening of parliament to proceed with the deal's approval and allow the disbursement of the first instalment."

The agreement is scheduled to be discussed at a summit of euro zone finance ministers on Friday.

According to the agreement, Greece, which remains mired in recession, its economy continuing to contract after years of cuts, must produce a primary budget surplus each year through 2018. The targets are 0.25 percent of gross domestic product in 2015, 0.5 percent in 2016, 1.75 percent in 2017 and 3.5 percent in 2018.

Although the agreement reached Tuesday includes the harshest austerity measures yet devised, it is not certain that the German government and parliament will accept it. Stressing that the deal still had to be accepted this week by Europe's political leaders, Annika Breidthardt, a European Commission spokeswoman, said, "We have a technical-level agreement, but we don't have a political agreement. That is what we would need."

The parliaments of several euro group countries, including Germany, must approve Tuesday's deal. The German Finance Ministry has insisted, with every capitulation carried out by Syriza, that even more be handed over to the banks and corporations at the expense of the living standards of the Greek masses.

The *Financial Times* Tuesday evening warned that within the political establishment of some EU nations there were "doubts about Greece's willingness to implement the package," adding that "there are reservations in Germany, the biggest creditor, that negotiators may have cut corners in reaching a deal much quicker than expected."

While Germany on Tuesday said it welcomed Athens's "greater readiness" to do a deal, it was reported that Chancellor Angela Merkel, as late as Monday evening, was still in favour of more concessions being wrung out of Syriza. Merkel reportedly told Tsipras in a phone call that she favoured more time for talks and a "bridging loan" rather than a three-year agreement.

Kathemerini reported, "Assuming the Eurogroup goes ahead, the Greek government's greatest concern is that German Finance Minister Wolfgang Schäuble will reiterate his opposition to a deal and insist that Greece should instead be granted a bridge loan, so it can meet a 3.2 billion euro debt repayment to the European Central Bank on August 20."

The newspaper stated that Merkel also spoke to Tsipras on Tuesday and said she was "skeptical" about the agreement.

German Deputy Finance Minister Jens Spahn told Reuters: "It is decisive that this is a basis for the next few years; it cannot just last a few months. Growth and attractive and reliable conditions for more investments must be the goal."

"It's not just about making savings, that it works for the budget," but about the "'business model,' so to speak," he added.

Another unresolved issue is the role of the International Monetary Fund and whether it will commit to supporting the agreement and co-financing it alongside the European Stability Mechanism (ESM). The *Financial Times* reported: "A draft of the agreement specifies that the ESM, the EU's rescue mechanism, would contribute up to €86bn of the funds—that is the whole lot.

"This wording allows for the possibility that the IMF may not put money into the programme—even though it has helped to negotiate it—out of the fund's concern that Greek debt levels may not be sustainable."

The IMF, while insisting that savage austerity measures be accepted by the Syriza government, has stressed the need for any long-term agreement to include an element of debt relief. Germany has adamantly opposed any write-down of Greece's debt.

The deal reached between Syriza and the troika confirms the bourgeois character of the Tsipras government. It is a devastating exposure of the entire gamut of pseudo-left organisations internationally that supported Syriza at every step and hailed it as the new model for "left" and "anti-austerity" politics, and continue to cover for its crimes against the working class.