Greek parliament votes for new round of austerity measures

Syriza's Tsipras set to call vote of confidence

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Early Friday morning, the Greek parliament passed a fresh round of harsh austerity measures following a 24-hour parliamentary session.

The debate over the new "memorandum of understanding" between the European institutions and the Syriza government was held less than six weeks after the landslide "no" vote in a referendum on accepting further austerity measures. The Syriza-led government responded to the overwhelming rejection of further cuts by moving as rapidly as possible to secure an agreement with the European banks.

The austerity agreement was approved with 222 votes for, 64 against, and 11 abstentions. A total of 43 Syriza deputies did not support the government, with 32 voting against the agreement and 11 abstaining. Seven of those who abstained had voted in support of the government in the last debate on austerity.

Prime Minister Alexis Tsipras relied on the support of his right-wing coalition partner, the Independent Greeks, and the openly pro-austerity opposition parties—New Democracy, PASOK and To Potami—to get the agreement passed. The Left Platform within Syriza, the Stalinist Communist Party of Greece (KKE) and the fascist Golden Dawn voted against the proposal.

In total, the number of MPs in the governing coalition who backed the bailout fell to 118. This is below the minimum of 120 votes the government needs to survive a censure motion in parliament.

Following the vote, Greece's *Skai TV* reported that Prime Minister Alexis Tsipras is set to call a vote of confidence after August 20, when his government is due to make a €3.2 billion debt repayment to the European Central Bank in exchange for an initial tranche of new loans. Were Tsipras to lose the vote, he would be forced to call a snap general election.

On Thursday, the bill was argued over in committee discussions for about nine hours, delaying the start of the main parliamentary debate until 4 am. Led by former energy minister Panagiotis Lafazanis, the Left Platform made a show of opposition while professing loyalty to the government. This opposition is a political fraud, as the Left Platform has played and continues to play a key role in covering for Tsipras and presenting the Syriza-led government as a mechanism for opposing austerity.

Prior to the debate, in a public statement issued together with twelve other Syriza members who are not deputies in the parliament, Lafazanis declared that he was planning to build a nationwide movement "against the new memorandum." The Tsipras leadership responded by saying that Lafazanis had clearly decided "to choose a different path from that of the government and Syriza."

There is widespread talk of expulsions, with early elections leading to some form of new national coalition government.

The measures to be imposed by the Syriza government go far beyond the attacks imposed by previous governments. In the midst of a deep economic depression, the austerity bill will intensify social cuts and regressive tax hikes that target small farmers and poor home owners.

The government has also agreed to privatise huge sections of state property and cut workers' already reduced pensions even further to save more than one percent of gross domestic product over the next one-and-a-half years.

This is only the beginning. The “memorandum of understanding” is a 29-page document with very detailed instructions for the work of the Greek government and parliament over the next three years. It suspends any democratic accountability over the running of Greece’s economy and places its functioning under the direct control of the European Union (EU).

“The authorities will accordingly pursue a new fiscal path premised on primary surplus targets of -1?4, 0.5, 1.75, and 3.5 percent of GDP in 2015, 2016, 2017 and 2018 and beyond, respectively,” the memorandum states. These specifications mean even harsher austerity measures than those already agreed on.

The Syriza government will soon face further demands dictated by officials from the EU, the European Central Bank and possibly the International Monetary Fund, who will make regular visits to Athens.

It is disputed whether figures from the Greek statistics agency, showing slight economic growth for the second quarter of this year, are accurate. But even if they are, Greece remains mired in a slump that further cuts will only exacerbate. Even EU circles predicted this week a decline in GDP of 2.3 percent for this year and 1.3 percent next year.

Regarding Greece’s debt, the memorandum leads to an even bigger burden. Even the optimistic figures of the EU Commission foresee an increase of the debt-to-GDP ratio to 201 percent next year. In 2009, before the so-called rescue packages, the ratio was 130 percent.

Nevertheless, the German government has repeatedly ruled out any debt “haircut” for Greece’s creditors: the ECB and primarily German, French and Italian banks.

German Deputy Finance Minister Jens Spahn told the radio station *Deutschlandfunk* that “under the term debt relief you can also talk about extending maturities, having a period without making interest payments or redemption payments, and we can talk about that, we have always said that.”

At the same time, Germany’s Finance Ministry also made clear that even after the “yes” vote of the Greek parliament, the deal is not guaranteed. The finance ministers of the euro zone will meet today to decide on whether to accept the agreement. If they do, several parliaments will have to approve the decision. A vote in the German parliament is planned for Tuesday or Wednesday next week.

The Greek government is hoping for a new credit programme that would provide the country with loans of up to €86 billion to be able to pay back older loans from the troika (the EU, the European Central Bank and the IMF) and avoid state bankruptcy.

German Finance Minister Wolfgang Schäuble announced Wednesday that he sees a need for further “clarification.” According to a paper of the ministry, Schäuble is demanding a more effective privatisation strategy. Too many measures start too late—in October or even November—rather than immediately, the paper states.

The general reaction from European governments to Syriza’s capitulation, however, was positive. The European institutions issued a statement praising the “very good cooperation of the Greek authorities during the review mission, which has made possible this agreement after several months of negotiations.”

According to spokeswoman Annika Breidthardt, the European Commission is still preparing for the eventuality that no agreement is reached on Friday. Under these circumstances, a bridge credit from the European Financial Stability Mechanism, along the lines suggested by Germany, would be possible in order to avoid an immediate bankruptcy, Breidthardt said. It remains unclear whether the IMF is willing to take part in the new credit program at all.

IMF official Delia Velculescu has called once more for EU states to accept some form of debt relief, concerned that the scale of austerity measures being demanded is unsustainable and may provoke economic collapse and social unrest.