

# Eurogroup approves austerity deal with Syriza-led Greek government

Robert Stevens  
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The euro zone's finance ministers, known as the Eurogroup, approved an agreement Friday evening with the Syriza-led government based on the austerity measures passed in Greece earlier that day.

The Greek parliament passed the 400-page Memorandum of Understanding (MoU) as a precondition for receiving further loans of up to €85 billion. Athens is now set to receive the first tranche of the loan, with the timing to be overseen by the Eurogroup and Greece's other creditors, the European Central Bank and International Monetary Fund (IMF).

As the Eurogroup meeting began, President Jeroen Dijsselbloem welcomed Syriza's passage of measures that will cut the living standards of millions of workers, saying that they were the "strongest and most concrete" agreed to date. He stressed that Athens' creditors would be able to halt payments quickly if a monitoring team in September or October found any sign of a retreat.

Dijsselbloem said in a press conference following the meeting that the measures had been approved and Greece would receive an initial €16 billion loan tranche on August 19. This would cover its immediate funding requirements and finance a €3.2 billion bond repayment due to the European Central Bank the following day.

Klaus Regling, who represented the European Stability Mechanism at the talks, said €10 billion in loans were being made available to go towards the immediate recapitalisation of Greek banks. However, the funds would remain in Luxembourg and only be released to Greek banks as requested.

The Eurogroup met under conditions of rising internal tensions over the terms of the agreement, as well as vocal demands by the IMF that any long-term loan agreement with Greece had to include debt relief aimed at ensuring that Greece will be able to pay back

all of its loans.

IMF head Christine Lagarde participated in the Eurogroup meeting by phone. On Thursday, an IMF official told the *Financial Times*, "There's a need for difficult decisions on both sides and by both sides. Difficult decisions in Greece regarding reforms, and difficult decisions for Greece's European partners about debt relief. I think everybody understands that the IMF can only be [involved] when these decisions on these two sides are taken."

Germany staunchly opposes any debt write-off. Greece owes Germany €87 billion, €20 billion more than the next biggest creditor, France. Germany's position is backed by several other countries, including Finland.

Despite the crushing austerity just passed by Greece, the German government of Chancellor Angela Merkel had also expressed "scepticism" over sections of the agreement it viewed as too lenient to Athens. These include the way in which the scheduled €50 billion privatisation fund will operate and the delay, until autumn, of new laws allowing the mass firing of workers and attacks on collective bargaining rights.

Arriving at the meeting Dijsselbloem said, "There will be questions, there will be criticism, perhaps issues that will have to be clarified or improved." He added that the IMF had agreed to look at Greece's debt sustainability again in October.

Finland's Alex Stubb said of the IMF's proposals, "We're with Germany on this. It's a Catch-22 that we have to solve. The IMF only wants to be involved with debt relief. We want the IMF involved but we don't want debt relief."

Slovakia's Peter Kazimir said, "For us, talking about a nominal haircut is impossible. No way."

The involvement of the IMF in the overall agreement

was left unresolved by the Eurogroup. Dijsselbloem said that the Eurogroup wanted to secure the support of the IMF, but this would only happen once the IMF was satisfied that the Greek government was imposing the austerity agreed and if it saw a basis for future debt sustainability.

Within Greece, Prime Minister Alexis Tsipras is considering moves to restructure the political framework of the government. After losing the votes of nearly one third of his deputies (those in Syriza's Left Platform and others), speculation mounted Friday that Tsipras would call a confidence vote for some time after August 20.

Without the Left Platform's votes, Syriza and its coalition partner, the right-wing Independent Greeks, do not have a majority in parliament. Up to now, Tsipras has counted on the support of the New Democracy-led opposition to pass austerity measures, but ND may not support him in a confidence vote. This could lead to new elections.

In the run-up to Friday's vote in parliament, Panagiotis Lafazanis, leader of the Left Current wing of Syriza's Left Platform, issued a statement along with 13 other individuals from various pseudo-left tendencies. These include Anthonis Davanelos of the Internationalist Workers' Left faction of the Left Platform and Andreas Pagiatsos of the Xekinima tendency.

Xekinima is affiliated with the Committee for a Workers International and is not part of the Syriza coalition.

Also listed are Spyros Sakellaropoulos of the Left Recomposition (ARAN) and Dimitris Sarafianos of the Leftwing Anticapitalist Regroupment (ARAS). These are both component parts of the Antarsya formation, which operates as a separate coalition outside Syriza. Others signing include former leading representatives of the pro-austerity social democratic PASOK party and former and current members of the Greek Communist Party (KKE).

The authors of the statement call for the "overthrow of the policies of the Memoranda, with an alternative plan for the next day, for democracy and social justice in Greece." What is required for this, they state, is the "constitution of a broad political and social nationwide movement and for the creation to of committees of struggle against the new memorandum, against

austerity and against the tutelage of the country."

This is one lie piled upon another. Since January, the Left Platform has been a critical part of what they call the "government that was elected to abolish" the memorandums, with Lafazanis handed control of the Energy Ministry. Others leading figures, Dimitris Stratoulis and Costas Isychos, were given the deputy labour minister and deputy defence minister posts.

Despite their anti-austerity rhetoric, the Left Platform has worked consistently to ensure the survival of the Tsipras government and cover for its right-wing policies. They have remained loyally within Syriza, registering their votes in parliament to avoid bringing down the government.

They have remained within Syriza even after Tsipras removed Lafazanis and the others from their ministerial portfolios amid threats of expulsions.

Having passed the latest memorandum, Syriza is now tasked with imposing savage cuts against the working class, and the Left Platform knows this will provoke a social backlash.

At this stage the Left Platform has no intention of withdrawing from Syriza and only intends to depart the pro-austerity party if they are forced out. The "movement" being established by Lafazanis is the preparation for such an eventuality. The role of such a formation would be to divert social opposition as Syriza or any coalition government it is part of moves to impose levels of poverty unseen in post-war Europe.



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