EU and Syriza prepare mass evictions in Greece

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Just over a week after the Syriza-led government of Prime Minister Alexis Tsipras passed a new series of deep pension cuts, high-ranking European Union (EU) officials threatened to withhold bailout funding to Greece under the terms of the July agreement between the EU and Syriza. EU officials are demanding deeper cuts in exchange for paying out €2 billion from the total €86 billion loan for Greece.

"The payment that was planned for October, of the remaining €2 billion of the first €3 billion tranche, is delayed," a high-ranking EU official told Germany's *Suddeutsche Zeitung*. EU sources said that only 14 of the 48 "milestone" policies agreed to by Syriza had been implemented, and that talks with Greek officials had virtually broken down.

At the center of the controversy stand EU demands for further economic devastation in order to recapitalize Greek banks. They are demanding that Greece tighten its mortgage rules and begin implementing mass evictions of the 320,000 Greek households that are in arrears on mortgage payments.

If bank recapitalization is not done by the end of 2015, a new EU directive will come into force requiring Greek banks to confiscate a portion of all savings deposits over €100,000 (US$110,432) in order to shore up their balance sheets.

One of Tsipras's election promises in Syriza's September reelection campaign was that he would not allow mass evictions. After he trampled election promises in January to end EU austerity and in July not to cut pensions, however, such pledges are utterly worthless. Indeed, it appears that Syriza's aim in the current talks is not to maintain existing protections against repossession, but to negotiate how far these protections will be slashed and how large the resulting wave of evictions will be.

Last week, Greek officials claimed that they were in a "tough battle" with the EU to maintain existing protections from eviction set up since the eruption of the 2008 economic crisis. The primary residences of lower-income and middle-income debtors are protected from repossession, as long as these residences are valued at under a limit of €250,000 (US$285,000).

"This is a major issue which we are in a tough battle over. We have repeatedly stressed that we are committed to protecting primary residences," Greek government spokeswoman Olga Gerovasili told AP last Wednesday.

Gerovasili refused to comment, however, on reports that in its talks with the EU, Syriza was proposing to cut the new protection limit to €200,000, while lenders wanted to cut it to €120,000 or even to under €100,000. If the protection limit were cut to €120,000, 80 percent of Greek borrowers would have no protection from eviction.

EU officials are also negotiating further pension cuts with the Greek government. After the Greek parliament voted a 20 percent cut in minimum pensions to €392 per month and increased penalties for early retirement, Athens floated proposals for systemic reforms that would essentially mean the end to the right to a state-funded pension. Workers would receive instead a minimal state pension but would be forced to pay into another, supplementary pension scheme.

European Commission Vice President Valdis Dombrovskis pressed for further cuts along these lines in a visit to Athens yesterday. Calling for a pension system that is "financially viable in the medium to longer term," Dombrovskis said: "We are talking about a systemic pension reform."

Such plans underscore the deceitful and reactionary character of Syriza's September election campaign.

Having violated its promises to end EU austerity and having trampled the 61 percent “no” vote against austerity in the July 5 referendum, it campaigned on an explicitly pro-EU, pro-austerity basis. It cynically presented its austerity deal with the EU as proof that it would fight the EU harder than its predecessors in office, the right-wing New Democracy (ND) party.

The political agenda being implemented by Tsipras is a vindication of the *World Socialist Web Site*’s warnings that the petty-bourgeois forces of Syriza, schooled in postmodernist opposition to Marxism, would prove bitterly hostile to the working class. Now, Syriza and the EU are collaborating on both designing and implementing even more deep-going attacks on workers’ basic social rights than ND dared enforce.

The EU is continuing to pile political and financial pressure on Greece, making clear that it will demand vicious measures against the workers in exchange for whatever help it gives Greek banks.

Yesterday, the German tabloid *Bild* cited classified internal documents at Deutsche Bank stating that a haircut of Greece’s sovereign debt was “inevitable.” After the latest EU bailout added €86 billion to the debt pile, Greece’s public debt is on track to hit €340 billion this year, or 200 percent of its Gross Domestic Product (GDP). Deutsche Bank reportedly believes that the debt should be reduced by about €200 billion, to €140 billion.

While French President François Hollande backed a proposal for a Greek debt haircut in his speech to the Greek parliament last week, it directly contradicts the positions of other leading EU officials, such as German Finance Minister Wolfgang Schäuble, who insisted during the bailout talks that any “haircut” would violate EU rules.

Statements by other European financial officials made clear, however, that any Greek debt haircut would aim only to create a somewhat more financially viable basis for the looting of Greece.

The EU is currently charging only minimal one percent interest on the nominal value of Greece’s unrepayable public debt. However, European officials are signaling that they would react to the reduction of Greece’s debt by jacking up interest rates, in order to keep up the flow of cash being extorted from the Greek people.

European Stability Mechanism (ESM) chief financial officer Christophe Frankel told Bloomberg News in an interview that interest rates on the Greek bailout would likely rise: “We can’t guarantee that the rate will remain at such a low level. We know that what we charge today is not what we will charge tomorrow and of course is very different from what we may charge in five years’ or ten years’ time.”