

After Syriza imposes billions in new cuts

EU plans decades of austerity for Greece

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After the unanimous vote by Syriza (Coalition of the Radical Left) parliamentarians Sunday to impose a new package of €7.2 billion in pension cuts and tax increases, the euro group of euro zone finance ministers met yesterday in Brussels to discuss plans for restructuring Greek debt.

The meeting came after a three-day strike by broad sections of the working class in Greece against the austerity measures imposed by Syriza and the European Union. Anger is growing against Syriza, which has time and again betrayed its election promises to end EU austerity. After the latest cuts, which boost regressive value-added taxes as well as income taxes for low-paid workers and small businesses, the minimum state pension will fall from €450 to an even more miserable €382 per month.

Initial reports of the plans being discussed in Brussels show that what Syriza is trying to negotiate with the EU is a framework for imposing decades of harsh austerity on Greece. In exchange for extending Greece's debt maturities and capping interest rates and yearly debt payments, the euro group is demanding that Syriza adopt "contingent measures" to automatically impose more austerity if it has any problem meeting its debt repayment schedule. Moreover, the euro group will not fully engage the debt restructuring process until the end of the current bailout scheme in 2018.

These austerity measures are apparently intended to continue for decades in order to bring Greek debt from over 170 percent to 74 percent of gross domestic product (GDP) by 2060.

EU officials made clear that there would be no final deal reached Monday on restructuring Greece's unsustainable debt. "Today we will only have a first discussion on what, when, if and how the debt sustainability or debt relief measures could take place,"

Dutch finance minister and euro group president Jeroen Dijsselbloem said as he arrived at the meeting.

Nonetheless, EU officials indicated that Syriza had largely agreed to "contingent measures" prescribing new austerity to ensure that Greece continues to service its debt. European Commissioner for Economic Affairs Pierre Moscovici said, "A deal needs to address three issues: reforms, we are there; the contingency mechanism, we are almost there; and the debt issue, we are starting the discussion."

Syriza also reportedly abandoned its objections to EU demands that it run a massive budget surplus to raise funds equivalent to 3.5 percent of Greek GDP to service its debt. Though this measure is so harsh that even the International Monetary Fund (IMF) objected that it was unrealistic, Syriza plans to abide by it.

Syriza officials tried to present this deal as a victory for Greece. "We have an important opportunity before us for the country to break this vicious cycle and enter a virtuous cycle," said Greek Prime Minister Alexis Tsipras. Greek Finance Minister Euclid Tsakalotos declared, "This was a very good euro group for Greece, and I think a very good euro group for Europe."

In fact, under cover of restructuring Greece's debt, Syriza is preparing for the imposition of lasting and drastic austerity to further impoverish the working class.

The French business magazine *La Tribune* wrote: "The vicious circle of unreachable objectives and endless austerity is not broken but reinforced by the 'contingent measures.' Behind Alexis Tsipras' cries of victory, this worrying fact should not be forgotten... It is not certain that exchanging debt restructuring for intensified austerity and surveillance is a good deal, and the Greek government may prove to have obtained only a Pyrrhic victory."

The close collaboration between the EU and Syriza to impose more austerity on the working class has once again vindicated the warnings made by the *World Socialist Web Site* about Syriza even before it came to power in the January 2015 elections. It is obvious to ever-broader sections of workers in Greece and internationally that Syriza is a reactionary bourgeois party, an instrument of the Greek ruling establishment committed to defend the EU and Greek capitalism. Workers can defend their basic social rights only in revolutionary struggle against Syriza and all its political allies and defenders.

A recent report in the German financial daily *Handelsblatt* underscores that the EU bailout of Greece was never a program to help the Greek working masses, who lost far more from austerity measures than any benefit they received, but rather a subsidy to the major European banks stolen from European taxpayers. The hundreds of billions that have been spent since 2009 went overwhelmingly to repaying Greek sovereign debt held by European—and primarily French and German—banks.

Of the €215.9 billion spent on the Greek bailout by the European institutions, only €9.7 billion (less than 5 percent) went to the coffers of the Greek government, *Handelsblatt* reported. Of the rest, €86.9 billion went to service debt, €52.3 billion to interest payments, and €37.3 billion to rescue Greek banks.

“The aid packages were first and foremost used to rescue European banks,” European School of Management and Technology President Jörg Rocholl told *Handelsblatt*. “The European taxpayers have bailed out the private investors,” he added.

Syriza’s unanimous vote to impose more austerity on Greek workers as part of this bailout scheme testifies to the utterly reactionary role of its brand of pseudo-left politics.

At a meeting of the Syriza parliamentary fraction on Friday, Tsipras unabashedly came out in favour of the austerity measures he came to power claiming to oppose, cynically arguing that this was the only way to discharge Syriza’s duty to save Greece’s welfare system from collapse. Calling the cuts “progressive changes,” he said, “Our goal is not simply to complete the review by the lenders—that could be, as in earlier years, easily achieved—but to stick to our own obligations in full.”

The so-called “Group of the 53” inside Syriza, which includes Tsakalotos, proposed that the Syriza government step down in a deceitful manoeuvre to pin the blame for its austerity measures on the next government. They are aware that one of the main dangers facing Syriza is its exposure to the explosive social anger in the working class. In a statement it issued, the “Group of the 53” proposed that Syriza “fall heroically resisting the internal or external troika, rather than humiliatingly at the hands of [Greek] society itself.”



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