

Syriza government pushes through new austerity package in Greece

Katerina Selin
23 May 2016

The rightward shift of the pseudo-left party Syriza (Coalition of the Radical Left) has reached a new peak. On Sunday the Greek government pushed an austerity package through the parliament that puts all such previous measures in the shade.

The bill passed with the support of 153 members of parliament from Syriza and the government's far-right coalition partner, the Independent Greeks. "European leaders get the message tonight that Greece meets its obligations," Prime Minister Alexis Tsipras stated in his remarks before parliament just ahead of the vote.

All opposition parties spoke against the new memorandum and voted "no" on Sunday. In recent years, the right-wing New Democracy and the social democratic PASOK pushed the country into a social abyss and implemented each of the EU's austerity demands. They only voted against the package because its passage did not depend on their support, and they are preparing for a change of government that will bring them back to the levers of power.

The opposition of the Greek working class to ever deeper austerity presently finds no expression within the political establishment. In numerous strikes, occupations and demonstrations, the Greek population has shown that it rejects the entire right-wing policies that are being implemented against their will and behind their backs. Syriza has made clear in recent days that it is ready to crush this resistance with tear gas if necessary.

In the week leading up to the vote the Greek parliament had agreed to new cuts in pensions and social expenditure, as well as tax hikes. Syriza then presented draft legislation for agreement this past weekend. Both legislative packages have been pushed through in expedited proceedings.

The draft legislation contained an appendix regarding privatisation measures running to 7,500 pages, which parliamentarians were supposed to have read and

evaluated in just a few days. Any public discussion of the wide-ranging measures has been precluded.

The government is hoping to receive new credits of up to 11 billion euros at the meeting of the European finance ministers on Tuesday. In order to obtain this fresh money, Athens had to meet the brutal austerity diktats of its creditors.

Syriza deputies had already voted unanimously for the austerity measures last week. The unanimous vote of Syriza's 144 deputies for the latest package on Sunday night, together with the nine deputies from the smaller coalition partner, the Independent Greeks, gave the government a majority in the 300-seat parliament.

The relevant parliamentary committees had already debated the draft legislative package and voted for it to proceed on Friday. The opposition voted unanimously against it.

The legislation heralds a further frontal assault on the Greek population. The first measures will come into force this summer.

The government expects 1.8 billion euros more revenue from tax increases. VAT (sales tax) will be increased from 23 to 24 percent starting in June. By comparison, sales tax is only 19 percent in Germany. In July 2015, the government had already raised VAT from 13 to 23 percent. As a result, prices shot up. Now the Greek people will have to dig even deeper into their pockets for food, clothing, shoes, transit tickets, taxis and other goods.

In addition, the lower rates of VAT that previously applied on some of the Greek islands is being raised, hitting residents and their main source of income, tourism.

Taxes on petrol, alcohol, cigarettes, coffee and the Internet will rise. Additional charges will be levied on fixed line telephones and pay-tv, holiday apartments and rented rooms.

The hated ENFIA charge, a levy on land and property introduced a few years ago under pressure from

international creditors, will rise up to 25 percent. In Greece, many blue and white collar workers own their own homes or apartments, and so will be hit by this tax hike.

Syriza's attitude towards ENFIA exposes its political bankruptcy and cynicism. In autumn 2014, hardly a day passed without a Syriza politician proclaiming an end to the ENFIA taxes. Tsipras had stressed on television that ENFIA was “an absurd tax. It cannot be corrected; it can only be abolished.” There was no longer any such talk once he took over the government; today Tsipras is responsible for the increase in this hated tax.

Syriza is also acceding to a demands from the country's lenders for reforms in the pharmaceutical industry. As in other EU countries such as Germany, medications in Greece can only be purchased in pharmacies. About 200 non-prescription medicines will now be assigned to a new category, so that they are readily available in supermarkets. This will mainly benefit the big pharmaceutical companies.

A significant portion of the legislation relates to the government's privatisation plans. A new super-trust, similar to the German Treuhand that oversaw the privatisation of state-owned assets in former East Germany, the Hellenic Company of Assets and Participations, is to privatise Greece's publicly owned assets. It will be largely controlled by the lenders, is to operate for at least 99 years and take in 40 billion euros. Fifty percent of the proceeds are to be used in settling the country's debts and the other 50 percent for the “development” of the national economy.

Four funds will be subordinated to the new super-trust as subsidiaries: the Greek Financial Stability Fund, responsible for the bank bailout since 2010; the Hellenic Republic Asset Development Fund (TAIPED), responsible since 2011 for the settlement and sale of assets; the Public Properties Company, in operation since 1998; and the new Entity for Public Partnership (EDIS).

The EDIS fund will take over public services that are to be privatised. This directly affects three of Athens' public transport providers, the national railway company, the Central Olympic Stadium in Athens and the Post Office. A second round would then privatise water companies in Thessaloniki and Athens, the Greek motor industry, the Athens underground train system, the Public Buildings and Infrastructure Service and the state-owned power company DEI.

After the Syriza government has already completed the acquisition of 14 regional airports by the German Fraport

AG and the sale of the port of Piraeus to the Chinese COSCO, the port of Thessaloniki is soon to come under the hammer.

The new super-trust is thus planning to break up all public facilities and services, subordinating them to the profit interests of private companies. This will inevitably lead to further cuts and a loss of thousands of jobs.

In addition, the government intends to adopt a package of measures that will take effect automatically if budget targets are not met. This “mechanism for budget adjustments,” known in Greece as “Koftis”, would then impose further austerity measures on the country. Although some areas are excluded, wages and pensions, for example, are not.

The cuts mechanism is based on a law derived from the EU stability mechanism, which Syriza had rejected in 2012 and termed unconstitutional because it subordinated “the country to the desperate plan of a German neo-liberal Europe”, as Syriza parliamentary Deputy Dimitris Papadimoulis said at the time in the European Parliament.

But Syriza cares not a jot for what it said yesterday. The promises it made before entering government are being unceremoniously sacrificed to the new round of cuts.

European finance ministers, with Germany's Wolfgang Schäuble at the forefront, are demanding that Greece achieve a primary budget surplus of 3.5 percent by 2018.

Even the IMF considers these expectations illusory and is making any further financial contribution to the bailout programme for Greece conditional on the country being granted immediate debt relief. But Schäuble rejects this. He insists that debt relief be considered only after 2018. Nevertheless, the IMF is expected to participate in the new “support payments” to be agreed on Tuesday.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact