

# Greek Syriza government and European Union finalise more brutal austerity

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Greece's Syriza-led government has reportedly reached an informal agreement with the European Commission (EC) on imposing further austerity measures. An agreement is yet to be officially confirmed by the EC—the executive arm of the European Union (EU)—or Greece.

Greek daily *Kathemerini* announced Friday, “[T]he framework for an agreement could be presented at the next scheduled Eurogroup meeting on April 7,” in order to “allow officials to draft all the measures that Greek MPs must legislate by the next scheduled Eurogroup on May 22...”

Various media reported this week that measures agreed include further crippling cuts to the pensions of 900,000 retirees, worth 1 percent of GDP. Another austerity measure is the reduction of the tax-free threshold to €5,900 from the current €8,636. This will result in many more poorly paid workers, earning as little as €500 a month, being forced to pay tax. The minimum wage in Greece remains at just €683 per month, as Syriza reneged on its pledge to restore it to what is a still paltry figure of €751.

The tax increases are worth a further 1 percent of GDP and, as with the pension cut revenue, will go towards paying off Greece's near €300 billion debt to global financial institutions.

Syriza and the EU are set to adopt most of the International Monetary Fund's (IMF) labour reform proposals, with the exception of collective dismissals. In addition, the privatisation of Greece's energy sector is to be intensified with the sale of 40 percent of the Public Power Corporation's (PPC) lignite and hydroelectric power plants, and Thessaloniki port.

Syriza and EU officials have been in talks for months as to how Greece should implement the country's third austerity memorandum, signed in July 2015, in which Greece is to receive €86 billion to pay off debts. The austerity measures are stipulated as a precondition for the

next tranche of aid to be unlocked, as well as any future discussions on debt relief.

In recent weeks, the spectre of Greece defaulting on its debt and a subsequent Grexit (Greek exit from the EU and eurozone) has again raised its head. This is due to the bankrupt Greek state having to meet a debt repayment on €7 billion worth of bonds that mature in July.

An agreement should have been finalised by the end of last year, with the delay mainly due to disagreements between the EU and International Monetary Fund (IMF) regarding how Greece is to be bled white.

The IMF considers Greece's current debt level as unsustainable and is in favour of some form of debt relief, in return for even more draconian measures being imposed. The role of the IMF in Greece's on-going austerity programme has yet to be formalised.

It is, however, relentlessly demanding further attacks on workers' rights. An IMF report published February complained that Greece's trade union laws “have not been reformed since the 1980s” and that “[t]his could explain the large number of strikes in Greece, which even prior to the crisis far exceeded levels seen elsewhere.”

The report called for Greece's “industrial action framework” to be aligned “with best international practice by setting appropriate quorum requirements for trade unions calling a strike and by allowing for defensive lockouts by employers.” This would in turn “help support investment by limiting costs associated with prospective strikes that may result in the stoppage of production.”

The IMF complained about what it considers to be too restrictive guidelines regarding collective dismissals of workers, which “makes downsizing operations in Greece very costly, with many firms forced to relocate, enter bankruptcy, or implement costly voluntary exit schemes.”

German Chancellor Angela Merkel and her Finance Minister, Wolfgang Schäuble, consider the IMF's participation as politically crucial if Greece's bailout

programme is to continue. According to a report in the German financial journal *Handelsblatt*, “[S]chäuble only wants to pay the next instalment if and when the IMF agrees to get back on board as it had been during the first and second programs. Otherwise, he fears that a rebellion could break out within the ranks of his Christian Democrats’ parliamentary group, which expects the IMF to participate in the Greek bailout.”

However, *Handelsblatt* cites Berlin’s intransigence on the issue of debt relief, stating that the “German finance minister is likely to respond to [the IMF’s] plea with a resounding ‘nein.’ ” Of great concern is that any debt relief will hit the German ruling elite hardest, since it owns the majority of Greece’s debt.

A further obstacle that could prevent the IMF’s participation in the Greek austerity for loans programme is US President Donald Trump’s “America First” policy. This calls into question the entire post-war global capitalist framework, of which the US-dominated IMF was an integral part. Trump recently nominated Adam Lerrick—a vocal critic of the IMF—as undersecretary for international finance at the US Treasury.

Fear of Grexit has already prompted a capital outflow from Greece of €2.8 billion this year. According to the *Financial Times*, this was “the worst two-monthly outflow since the country was brought to the brink of a eurozone exit nearly two years ago.”

The escalating financial crisis forced EU officials to intensify talks aimed at meeting some of the IMF’s demands. Speaking to the Greek online news website Euro2day, an unnamed official said last Tuesday, “The ECB [European Central Bank] has made a sudden turn in its talks with Athens and is now veering towards the demands of the IMF, especially on labour reform.”

The fact that Syriza is once again called upon to oversee a new round of savage cuts is testament to how far to the right the pseudo-left party has travelled since coming to power in January 2015 on an anti-austerity ticket.

Since then Syriza—with its junior coalition partner, the far-right Independent Greeks (ANEL)—has spearheaded the EU and IMF diktats. This culminated in the signing of Greece’s third bailout package in the summer of 2015, following Syriza’s betrayal of the July 2015 referendum result, which overwhelmingly rejected the austerity policies that had been pursued by successive governments since 2010.

Syriza is now widely despised and currently polling at just 15 percent, trailing around 15 points behind the conservative New Democracy (ND).

The hostility of the working class to Syriza is expressed in a wave of recent strikes and protests. On March 15, hospital nurses and doctors staged a 24-hour strike demanding universal, free healthcare, the hiring of more staff and the repayment of wages that have been cut. The strike was accompanied by an anti-austerity rally staged by hospital workers outside the Finance Ministry, which was attacked by riot police.

Others protesting include local government workers, dockworkers and tax authority employees.

The previous week, a protest by Greek farmers opposing tax hikes and pension cuts turned violent after officials from the ministry of agriculture refused to meet delegates. After an altercation, riot police dispersed crowds into side streets by using tear gas.

So thorough has been Syriza’s enforcement of austerity that one of the protests even involved a delegation of blind people, protesting cuts in their disability benefits.

A nationwide movement to prevent home foreclosures has sprung up in opposition to Syriza’s ditching of a pre-election promise to prevent the banks from seizing and auctioning the homes of working-class people.

Syriza is working to deepen its collaboration with the unions in order to suppress growing opposition to its austerity programme. The government ensured the reinstatement of collective bargaining was on the agenda of the negotiations with the EU and IMF.

The pro-capitalist rationale for this was underscored by Syriza Labour Minister Effie Achioglou in an article she penned for the *Huffington Post*. Achioglou said that collective bargaining restoration would result in “the reduction of transaction costs, and the creation of a level playing field for companies in terms of wages, in effect allowing them to focus on issues of productivity, tackling undeclared work, and fostering social dialogue and social peace.”



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