Greece’s Syriza government rushes fourth austerity program through parliament

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Nearly three years after Greece’s ruling party Syriza (Coalition of the Radical Left) contemptuously defied an overwhelming “no” vote in a referendum on its austerity policies, it is once again preparing to impose harsh measures on workers, retirees and young people.

Last week, on June 14, the Greek parliament voted in favour of a legislative package which claims to mark Greece’s exit of the so-called “rescue program” set for August 20. But in fact, the new legislation is the prelude to further social attacks that go far beyond all previous austerity programs.

Of the 298 deputies present, all 154 representatives of the governing coalition of Syriza and Anel (Independent Greeks) voted for the package, while the opposition parties voted against. According to the German business paper Handelsblatt, Greece has to implement a total of 88 reform and austerity measures demanded by its international creditors—the European Commission, the European Central Bank and the International Monetary Fund (IMF).

The measures will result in additional pension cuts of up to 18 percent beginning January 1, 2019. At the same time, pension contributions will be increased. Greek pensioners have already been hit by at least 23 rounds of cuts in recent years. They have protested against the cuts on a number of occasions, only to be attacked by police using tear gas. Due to the drastic level of unemployment, entire families are now dependent on the pensions of parents or grandparents. The new pension cuts will hit all of society.

On January 1, 2020, the tax-free allowance will be reduced from around 8,600 euros a year to between 5,700 (unmarried) and 6,600 (for families with three or more children). This means that workers or pensioners with a monthly income of just 500 euros will have to pay taxes. This measure aims to save 1.9 billion euros.

The reduced level of VAT consumer tax, previously valid for five Aegean islands that were most impacted by the refugee crisis, is also to be repealed on July 1. Prime Minister Alexis Tsipras hopes to raise 32 million euros from the measure.

The austerity package also envisages an increase in the hated Enfia real estate tax for some regions. Syriza had always demanded abolition of Enfia before taking power. This tax affects numerous working-class families who have been saving for years to buy their own home. In addition, the country’s energy market is to be deregulated.

However, the most comprehensive measures of the government bill are the broad guarantees for creditors enshrined in the legislative package. If Greece cannot pay one or more instalments on its huge debt-to-GDP bill of 180 percent over the next few years, creditors will be able to directly draw money from the privatization fund and sell up to 25 billion euros of Greek state-owned property. In effect, the government is mortgaging the country and handing it over on a plate to its creditors.

The privatization fund Hellenic Corporation of Assets and Participations (HCAP), which was set up in 2016 and expected to operate for at least 99 years, now controls 70,000 assets and at least 14 public companies and facilities: the Athens Transport Authority, the Athens Olympic Stadium, the Post Office, the water companies of Athens and Thessaloniki, the state electricity supplier DEI, the Athens International Airport, the Greek salt works, national business and industrial parks, the company of the Corinthian channel, the organization of central markets and fisheries, the central market of Thessaloniki, the Thessaloniki International Fair and Duty Free shops.

The fund is de facto controlled by the creditors with proceeds used primarily for debt repayment. HCAP and its predecessor fund, TAIPED, have already carried out numerous privatizations, from which many companies, e.g., the German company Fraport, have benefitted.

In its medium-term fiscal plan agreed along with the package, the government announced a primary surplus that exceeded the international austerity target of 3.5 percent of GDP. This surplus is allegedly to be used to finance "countermeasures" to benefit the working population, including an increase in the minimum wage. In fact, such promises are worthless and are mere window dressing aimed at disguising the real nature of the austerity policy.

Even if the measures so loudly proclaimed by Syriza and the pro-government media were implemented, they would be mere chicken feed compared to the massive social cuts announced by the government in the same breath. In fact, it is highly unlikely that they will ever be implemented.

According to the Greek online newspaper *ThePressProject*, the countermeasures would come into effect in 2021 and 2022, and then only when the high primary surpluses are achieved, creditors feel there is enough financial leeway and the 3.5 percent target is not compromised. The creditors can also demand extra securities from the surplus to repay debt.

Speaking in Parliament on Thursday, Prime Minister Alexis Tsipras highlighted the interests he and Syriza represent: not those of Greek workers, but rather European and international finance capital.

"We have kept our commitments, we have restored the confidence of the institutions in our country," Tsipras said. His government had taken over a country "in which the average Greek equated the word reform with the word cut. Today, we have launched significant structural reforms of historic proportions, made bold decisions and are in the forefront of the OECD [Organization for Economic Co-operation and Development] with the most important reform agenda."

Tsipras boasted that he and the Syriza government "are being congratulated by everyone in the EU—especially Commissioner Juncker!" Everyone would acknowledge that today Greece is "no longer a permanent problem, but part of the solution." The "end of the crisis" is also a "European success." The creditors promptly rewarded Tsipras' readiness to implement fresh cuts with the payment of a €1 billion tranche from the European Stability Mechanism (ESM) the same day. Klaus Regling, director of the ESM, congratulated the government on its course.

In terms of foreign and defence policy, Tsipras also praised his government as a loyal servant of imperialism: "We had taken over a country that was internationally isolated, and today it is restoring its international leadership both in the Balkans as well as in the unstable region of Southeastern Europe." He was apparently referring to the country's increased NATO involvement and the recent deal struck with Macedonia over the country's name, which now paves the way for the accession of the small Balkan state to the EU and NATO.

The government's approach to negotiating and enforcing the new package followed a typical pattern: fearing popular opposition to the austerity agenda was barely discussed publicly and hurried through committees, despite its size and far-reaching implications. Finance Minister Euclid Tsakalotos (Syriza) issued the mammoth 321-page package just five days before the vote took place.

Workers responded angrily to the new round of austerity enforced by Syriza (now polling under 20 percent) by carrying out a number of strikes and protests last Thursday.

The unions are desperately trying to keep the resistance under control. At the end of May, they called a one-day general strike that had little effect, just like all the other countless general strikes in recent years. On Thursday, they called for a four-hour work stoppage in public service and a demonstration in the center of Athens, which was attended by 3,000 people. The entire public transport sector also joined strike.

Taxi drivers in Athens and Thessaloniki also went on a 24-hour strike. They fear a flexibilization of car rental rules which threatens their jobs. From June 1 auto rentals will be able to rent cars with drivers for short trips, opening up access to the travel market for companies like Uber. Until now, a minimum rental of three hours was required to prevent competition with taxis. According to the strike call by the taxi union, the creditors, in particular the IMF, have demanded the regulation be repealed. Taxi drivers have threatened to extend the strike until the change in law is withdrawn.