Syriza and EU plan decades of austerity measures and privatizations

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At a meeting of euro finance ministers on June 21, the EU states came to an agreement on the formal withdrawal of Greece from the so-called “rescue programs” of the European Commission, the International Monetary Fund (IMF) and the European Central Bank (ECB)—otherwise known as the Troika.

Since 2010, Greece has signed three credit programmes, known as the “Memorandum of Understanding,” which were linked to drastic austerity measures and an unprecedented wave of privatization. This has resulted in an economic depression and a devastating social crisis the likes of which no other European country has experienced in peacetime.

Only a week before the latest euro group meeting, the government of the pseudo-left Syriza (“Coalition of the Radical Left”) adopted another comprehensive austerity package to fulfil the requirements of international lenders.

After the long session in Luxemburg, which went into the evening hours on Thursday, the EU Commissioner for Economic and Financial Affairs Pierre Moscovici declared an “historic moment” and announced pompously: “The Greek crisis is over as of this evening.” Greek finance minister Euclid Tsakalotos (Syriza) also spoke of the “end of the Greek crisis.”

Jean-Claude Juncker, president of the European Commission and one of the chief architects of the austerity mandates, tweeted cynically: “I applaud the Greeks for their resilience and their support for Europe. Their efforts have not been in vain.”

On the same day, the EU Commission posted a promotional video on Twitter which was rightly considered by Twitter commenters to be a mockery of the Greek population. In Orwellian newspeak the video enthused about a growing economy and claimed “a new chapter for Greece” had begun. Thanks to the “reforms” and the “support of EU partners”—meaning brutal austerity measures and silencing by EU diktat—the country had become “more able to compete.”

Greek Prime Minister and Syriza party leader Alexis Tsipras sounded the same note when he gave a talk the next day during a government ceremony at the Zappeion building in Athens. Amid the frenetic applause of fellow party members and coalition partners from the ultra-right Anel (Independent Greeks), he blustered that “our country is opening up a new chapter” and passing into a period in which “social justice,” “democracy,” and “stability and dignity” will replace austerity and uncertainty. “Greece will return entirely to the Greeks,” declared Tsipras, emphasizing his close unity with the ultra-right Anel leader Panos Kammenos.

The grotesque spectacle in the Zappeion, which has aroused nothing but contempt among Greek workers, has its own logic. Syriza and the European bourgeoisie are celebrating eight years of social counterrevolution carried out in the interests of the international financial oligarchy. They have run an entire society into the ground in order to pay out billions to the banks and corporations. This attack on the Greek working class is part of a worldwide redistribution of social wealth from below to the top which has taken place since the start of the financial crisis in 2008.

According to information provided by the EU Commission, 450 individual measures were implemented under the aegis of Syriza in the last three years alone, including innumerable pension cuts, wage cuts, layoffs, tax increases and cutbacks to social, educational and health care sectors.

Greece has gone through a catastrophic recession which has seen a 25 percent contraction of its economic output. One in five are unemployed. According to new polls published by the Greek statistical service Elstat on June 22, during the calendar year 2016 in Greece 34.8 percent of the population was threatened with poverty or social marginalization. Among those who did not hold Greek citizenship, the number rose to 62.9 percent.

More than 21 percent of Greeks suffer from material deprivation. Compared with other EU states, that puts the country in second place, behind Bulgaria. Almost half of all low-income households have indicated they have insufficient heating; 78 percent of them are not able to shoulder unexpected expenses of 475 euros. More than half of all households—and 80 percent of poorer families—cannot afford a one-week vacation.

This is the legacy of three years of Syriza and more than 8 years of austerity policies.

Syriza's claim that the formal withdrawal from the EU "rescue parachute" means the end of austerity policies is an obvious lie. The key elements of the Memorandum policies will remain in place even after the third program is discontinued in August—they will only be repackaged. What is now being touted as the completion of the Memorandum will actually mark a continuation of austerity diktats throughout the coming decades:

• Greece has committed to primary budget surpluses through 2060 (!), which will be squeezed out of the working class through a harsh austerity plan. An annual surplus target of 3.5 percent of GDP is to be maintained through 2022 and, following that, 2.2 percent annually, mainly to serve debt repayment.

• According to the EU Commission, Greece will remain under strict supervision until at least 75 percent of its debt has been repaid. Compliance with austerity requirements decided upon in the previous Memorandum and as part of the new agreement will be monitored by lenders every three months.

• The interest and repayment deadline for 96 billion euros in loans from the second Memorandum will be extended by 10 years—from 2023 to 2033. Because inflation will cause the value of the funds to decline with time, the deferment of debt effectively amounts to a reduction of the debt burden. But given the enormous mountain of debt involved, this is only a drop in the bucket. In the course of the entire "rescue program," which was supposed to lead to debt reduction, it actually shot up from 129 percent of GDP in 2009 to 180 percent today. This vicious circle will continue.

• The EU is granting Greece a financial tranche of 15 billion euros, which is intended to serve as a safety buffer so that the country can survive 22 months without fresh money from financial markets. This financial reserve originates from the third aid package of 86 billion which still has not been fully disbursed. There were initial differences regarding the amount of the financial buffer between German finance minister Olaf Scholz (SPD), who seamlessly carried on the strict EU austerity course of his predecessor, Wolfgang Schäuble, and his counterparts.

• Under strict conditions, Greece will receive a payment of around a billion euros from Central Bank profits. These are the annual profits which the national central banks of the EU rake in from Greek government bonds. What is being presented here as a generous gift was already promised to Greece in November 2012 but never paid.

The agreed-upon measures, hailed by Syriza as debt relief, serve first and foremost to create trust in the financial markets and attract investors to Greece. The goal is for the country to raise money in capital markets instead of receiving loans from the European Stability Mechanism.

The almost 274 billion euros in loan payments which Greece has received since 2010 have flowed primarily into the banks and debt repayment. The day before the Euro Group meeting it was disclosed that the German government has profited greatly from the plundering of Greece: The Federal Bank of Germany has raked in around 2.9 billion euros in profits since 2010, above all from the acquisition of Greek government bonds as part of the Securities Markets Programme of the ECB.

At the same time, major international companies are profiting from massive privatization, deregulation of the labour market, cuts in wages, the elimination of benefits and restrictions on the right to strike.

Should Greece be unable to pay back one or more debt instalments, lenders may seize the privatization authority and sell Greek state property worth up to 25 billion euros.

In addition to this, the parliament adopted in 2016 a set of measures which not only allowed for the formation of a trust fund but also included a "mechanism of budgetary adjustment" called "Koftis" in Greece: If Greece does not meet the terms of its austerity plan, cuts will be automatically enforced, including to wages and pensions.

These devastating policies can only be stopped if the working class breaks politically with Syriza and all of its pseudo-left partners throughout the world. This requires a socialist program and the building of the International Committee of the Fourth International.