As Greece exits bailout, EU demands further austerity

Robert Stevens
21 August 2018

At midnight Monday, Greece formally exited eight years of European Union/International Monetary Fund (IMF) austerity programmes.

Since 2010, four Greek governments have overseen three savage austerity programmes in return for receiving loans ostensibly to pay off Greece's national debt, which stood at €330.57 billion in 2010. Not a single cent of the €289 billion spent in bank bailouts has gone towards reducing Greece's debt, however. Nearly a decade later, Greece's debt has increased to almost €350 billion—over 180 percent of Greece's GDP. The loans went to pay off Greece's creditors, particularly banks in Germany, France, Italy and Spain.

Predictably, European Union (EU) officials tried to present the occasion as a promise of better days to come thanks to the generosity of the EU. European Council President Donald Tusk tweeted: "You did it! Congratulations Greece and its people on ending the programme of financial assistance. With huge efforts and European solidarity you seized the day."

Pierre Moscovici, EU commissioner for economic and financial affairs, said, "Greece can finally turn the page in a crisis that has lasted too long. The worst is over."

The plain truth is that the banks are calculating that Greece will still be paying off these hundreds of billions of euros in debts 42 years from now, in 2060. The exit from the bailout programme only signifies that the EU expects that the Greek government will be able to borrow money from private lenders to finance its debts, as opposed to relying on the EU. In effect, it is a vote of confidence from the financial markets that the Syriza ("Coalition of the Radical Left") government can be relied on to loot Greek workers to pay off the banks.

Any improvement in the conditions of workers in Greece will depend, now as before the bailout, on mobilizing the working class against the EU and the reactionary pseudo-left Syriza government.

Syriza Prime Minister Alexis Tsipras is slated to give a speech today promoting the EU bailout exit. Significantly, he did not make any public statement yesterday on the exit or attempt to present it as a step forward for Greece.

Greece's central bank governor, Yannis Stournaras, told *Kathimerini*, the way forward was to continue EU austerity as far as the eye can see. "Greece still has a long way to go," he said, warning that if there was any retreat "on what we have agreed, now or in the future, the markets will abandon us and we will not be able to refinance maturing loans on sustainable-debt terms."

Some figures give an indication of the brutal conditions imposed in Greece:

• Since 2010, €72 billion in austerity measures have been enforced against a small population of only around 11 million people—the equivalent of about 40 percent of Greece's entire annual economic output. Greece's real GDP has fallen by 25 percent and is almost €64 billion lower than before the onset of mass austerity.

• Household incomes declined by over 30 percent, with more than 20 percent of people unable to afford basic expenses such as rent, electricity and bank loans.

• Today, the average Greek worker receives 23 percent less in wages than he did eight years ago. One in three of those with jobs is in part-time employment, with Greece's minimum wage reduced by 22 percent—from an already paltry €751 to €586 and by 32 percent to €511 for workers below the age of 25.

• Pensions were slashed by up to 50 percent and thousands of workers sacked as state spending and provision were decimated.

• Public-sector spending has been reduced by 26 percent, with the public health budget reduced by 50 percent, public education spending cut by nearly 36 percent and welfare spending cut by 70 percent.

• More than a third of the population is officially at risk of poverty or social exclusion. By 2012, an estimated 400,000 Greeks were visiting a soup kitchen daily.

• From September 2009 to July 2013, nearly 1.1 million jobs were lost. Today, 740,000 Greeks remain out of work since the crisis began. Twenty-five percent of public-sector workers were sacked. One third of families have at least one unemployed member. Nearly seven out of 10 unemployed people have been unemployed for more than one year and a quarter of a million people are classed as "underemployed" and cannot find regular full-time employment. Some 122,000 workers are classed as "discouraged" and have given up looking for jobs. Most new jobs are in part-time employment on poverty level pay. Nearly 360,000 part-time jobs exist today, up 100,000 since the beginning of the crisis.

• Around 500,000 young people have fled the country under conditions in which official unemployment still over hovers at around 20 percent, the highest rate in the euro zone, and is double that for youth.

Klaus Regling, the managing director of the European Stability Mechanism (ESM) to which Greece owes much of its debt, pledged to continue closely overseeing austerity in the country: "The ESM member states and the ESM as an institution take living up to commitments very seriously. We are a very patient creditor. But we do want to be repaid. So we will follow the developments in Greece very closely."

That is, EU inspectors will continue regular visits to the Tsipras government to impose austerity policies and ensure that Greece extracts massive budget surpluses from the population for decades to come.

While Syriza is hated by Greek workers, for the global financial aristocracy, the Tsipras government is an unparalleled success story. It has carried out tens of billions of euros in additional cuts that even previous right-wing governments were unable to implement.

Three years have passed since Syriza came to office in January 2015 with mass support because they had pledged to end EU austerity. Syriza trampled these electoral promises underfoot. Ever since July 2015, they have been planning and imposing EU austerity. Last month, the Syriza-led government signed off on a further round of social cuts in exchange for a loan tranche of around €15 billion that will barely cover Greece's debt obligations for the next two years.

As well as carrying out new pension cuts, with some pensions facing additional cuts of €314 a month from next year, this monstrous party of the ruling elite mapped out a massive bonanza for the richest in society. These include a €700 million tax cut package for businesses, while the tax rate on profits will be reduced from 29 percent to 26 percent. The reduction in the highest income tax bracket for individual taxpayers will result in a €877 million tax break for 2020, and €997 million in tax breaks for 2021 and 2022.

Syriza has carried out the diktat of the super-rich so thoroughly that discussions are now being held in ruling circles on how to keep them in power at all costs, despite their rapid collapse in the polls.

The Greek daily *To Vima* reported last Friday the comments of New Democracy European Parliament member Giorgos Kyrtsos, who said EU officials who are influential on matters concerning Greece are examining a post-memorandum collaboration of the two largest parties. The paper reported, "Kyrtsos said that a question repeatedly raised by his colleagues in Brussels is, 'How can there be collaboration between New Democracy and SYRIZA?'"

He revealed, "One of the scenarios that our European partners are examining as a solution to many problems regarding the Greek programme is a ruling coalition."