

# The legacy of Syriza: Four years of austerity, privatizations, militarism and attacks on refugees—Part 1

Katerina Selin  
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*This is the first of a three-part series. The second part will be posted September 12.*

On July 7, the Greek government led by the “Coalition of the Radical Left” (Syriza) was voted out of office. In its perspective from July 10, the *World Socialist Web Site* described the four-year reign of Syriza to be a “strategic experience for the Greek and international working class.” The pseudo-left party, which before its election in January 2015 campaigned on a platform of ending EU austerity dictates, revealed itself to be an essentially bourgeois force that proceeded just as viciously against workers and refugees as did the social democratic PASOK and the right-wing conservative Nea Dimokratia (New Democracy, ND) before it.

The intention of this article is to depict what the four years of Syriza’s government policy meant concretely for workers, youth and retirees in Greece. Syriza’s “betrayal,” which paved the way for return of the ND to power, was no mistake. Like its European sister parties—among others the Left Party in Germany and Podemos in Spain—Syriza has its roots in the well-heeled petty bourgeoisie that is essentially hostile to the political interests of the working class.

## Austerity packages of the third memorandum

Syriza leader Alexis Tsipras needed less than half a year to toss every promise for which he was elected in January 2015 overboard. He defied the overwhelming opposition of the population to EU austerity demands, which was expressed most clearly in the Greek Referendum of July 5 of that year, and bowed unreservedly to the demands of Greece’s creditors—the so-called Troika of the European Commission, the European Central Bank and the International Monetary Fund—agreeing to the third “Memorandum of Understanding” that went into effect on August 20. It provided for loan payments totalling €86 billion, which Greece would receive in individual tranches if it met the required “reforms” and budgetary cuts.

After its September 20, 2015 re-election, with a historically low 56.6 percent voter turnout, Syriza again forged a coalition with the ultra-right Independent Greeks (Anel).

The government committed itself to continuing the rigorous exploitation of the working class in order to fill the portfolios of the banks and corporations. Of the interest-bearing credits of the memorandum, euphemistically called “relief” and “rescue programs,” between 2011 and 2015 less than 5 percent (€10.6 billion) was accounted to the Greek state budget.

The lion’s share of the money was disbursed as interest payments, debt

repayment, debt restructuring and the financing of incentives for private investors. Creditors earned handsomely. Germany alone cashed in €2.9 billion in interest under the memoranda.

As part of the third memorandum, between 2015 and 2019 at least seven comprehensive austerity packages have been rushed through parliament. According to the EU Commission, the Tsipras government implemented at least 450 individual measures, including countless cuts in pensions, reductions in wages, redundancies, tax hikes and budget cuts across the entire public welfare, education and health sectors. The WSWs has regularly reported on these measures (including May 2016, June 2017, as well as January and June 2018). These measures include:

- \* the increase of the value-added tax (VAT) to 24 percent and the abolition of the VAT rebate for the islands;
- \* raising the retirement age to 67 years by 2021 as well as reductions of early retirement;
- \* massive reductions in retirement benefits and the gradual abolition of supplementary pensions (EKAS);
- \* reduction of social benefits;
- \* reduction of the tax-free allowance from the previous €8,600 to a maximum €6,600 per year;
- \* the implementation of the EU Banking Directive, in particular the resolution of insolvent banks;
- \* the increase of numerous taxes and duties (including fuel, alcohol, cigarettes, coffee, internet and landline telephones as well as PayTV);
- \* the increase of the hated ENFIA tax, a land and real estate tax, whose abolition Syriza had demanded before being elected because it affected so many working families that own a house or small apartment;
- \* the easing of drug sales to the advantage of pharmaceutical companies;
- \* a restriction of the right to strike;
- \* the introduction of so-called “kofitis,” a commitment to automatic cuts and “budgetary adjustments” if savings targets are not met;
- \* the implementation and preparation of numerous privatizations.

The cuts to pensions incited particularly strong resistance. The police cracked down brutally on protesting pensioners and went so far as to use tear gas against them. Syriza’s attempt this spring to campaign among retirees sparked outrage when a cynical promotional video made no mention of the pension cuts under Tsipras and celebrated alleged positive developments in pension policy.

In fact, Syriza has implemented at least 15 pension cuts and increased pensioners’ health expenditures. It is common for a pension to be the only steady income a family has. According to a study from the Hellenistic Federation of Skilled Workers, Craftsmen and Traders (GSEVEE) from 2018, 51 percent of households depend on pensions.

Syriza demoralized and suppressed broad opposition to the austerity

dictates not only with police violence but also with a direct attack on the right to strike. At the beginning of 2018 thousands of workers protested the draconian restrictions to strikers' rights, which were passed on January 15.

By the new rules, future strikes will only be legal if at least half of those members paying union dues participate in the vote and the majority votes to lay down its work. Up until that time it was sufficient for a mere third of members to participate, in some cases even just a quarter. The strike law existing to date was written in 1982, after the overthrow of the military junta.

## Privatizations under Syriza

In 2016 the parliament founded the "Superfund," a privatization agency, largely controlled by the European Union (EU). The Superfund (Hellenic Company of Assets and Participations) is to remain in operation for 99 years and merges a number of daughter companies, including the privatization agency TAIPED. Half the winnings are earmarked to pay off debts, the other half for the development of the economy.

Syriza has completed a number of major projects:

After the EU—with the German government at the helm—juiced the Greek population and drove the economy to the brink, foreign companies smelled blood. Among them was the German air transport company Fraport AG. On December 14, 2015, this company concluded the purchase of 14 lucrative regional airports located primarily on popular tourist islands such as Rhodes, Mykonos, Santorini and Corfu. The possession of these assets was transferred in April 2017.

The company, based in Frankfurt and which is partially owned by the state of Hesse, paid the cut-rate price of €1.23 billion for 40 years of air traffic rights, plus €23 million yearly in leasing fees. Additionally, Fraport promised €330 million in infrastructure investment. The Greek state—and as such the Greek working class—took on countless costs and risks.

Based on the contract of sale, the German financial magazine *WirtschaftsWoche* reported in November 2016 that Fraport is not required to take over airport personnel. In the case of redundancy payments or workplace injuries the Greek state is to foot the bill. In numerous other cases, Fraport is entitled to compensation from the state: for flight cancellations for technical reasons or because of strikes, for increased operating costs due to changes in legislation and for the repairs or replacement of ageing aircraft. Beyond that, the group is exempt from many taxes such as real estate, sanitation, garbage disposal and lighting.

Just months after the deal was signed, Fraport pulled in a significant profit: according to the *Handelsblatt*, the new subsidiary Fraport Greece increased its operating profit by €106 million just in 2017, about one-eighth of the company's total profit of €808 million. As a result, Fraport was able to increase pay-outs to its shareholders by 45 percent. The company simultaneously called upon the Greek government to pay €70 million in compensation for alleged shortcomings in the airports.

Beyond Fraport, other German companies benefited from the privatization. In 2017, the Port of Thessaloniki was leased to an international investor group under the leadership of the German Invest Equity Partners GmbH. Currently there are 120 German companies located in Greece. According to the Greek statistics office, Germany was Greece's largest trading partner.

On August 10, 2016, another long-prepared privatization project was concluded: the Port of Piraeus. The Chinese shipping company Cosco, which had been leasing a large part of the container port since 2009, bought 51 percent of the concession rights for the Port Authority of Piraeus (OLP). In five years' time Cosco will receive another 16 percent

if it makes the agreed-upon investment of €350 million-plus. Cosco is notorious for its exploitation of dock workers, with work-related accidents and 15-hour shifts being commonplace.

December 2017 saw the sale of the state railway company Trainose, which had been €700 million in the red. Syriza had the debt written off before selling the state business for a laughable €45 million to the Italian railway Ferrovie Dello Stato Italiane.

In December 2018, 66 percent of the state natural gas company DESFA was sold to the conglomerate Senfluga. Numerous further public properties were sold under the aegis of Syriza—among others the Elliniko airport property in southern Athens where a luxury quarter is slated to be built; many beaches, estates, marinas and historic buildings such as the market hall Modiano in Thessaloniki. The latter was built in 1925 and was advertised by TAIPED in 2017 as "one of the most important buildings of the interwar period and the largest preserved food market of the historical centre of Thessaloniki" and sold. Slated for sale are likewise the Athens Airport, the interstate highway Egnatia Odos and the water works of Athens and Thessaloniki.

The political scientist Egbert Scheunemann emphasized in his study "Greece's State-Owned Enterprises in Forced Sale," published at the end of 2016, that almost all of the companies privatized to date have been sold below market price, represented profitable sources of state income and were natural monopolies for which no competition existed. Moreover, many of the privatization procedures were notably dubious in nature.

## Social consequences

On August 20, 2018, Greece officially exited the so-called "Rescue Program" of the Troika. Syriza celebrated this day as the "end of the crisis," although the austerity dictates are to be continued for decades. As such, Greece is committed to primary surplus budgets until 2060 and remains under the strict supervision of the creditors.

The catastrophic consequences of austerity and privatization policies under Syriza, and the governments before and after it, extend to all sectors of society. A mere month before the alleged "end of the crisis," the catastrophic wildfires in the vacation region of Mati made a staggering demonstration of the deadly consequences of the massive cuts in public infrastructure, the fire department and civil defence. More than a hundred people died in the flames of Mati.

At around 18 percent, unemployment is still at record levels. According to statistics from ELSTAT more than 30 percent of 15- to 24-year-olds and of 25- to 34-year-olds were jobless in April of this year. Syriza has boasted that the number of employed has risen during its tenure. In fact, however, Syriza created a majority of these positions by making the labour market more "flexible" and expanding insecure working conditions.

According to the Greek Institute of Economics KEPE, less than half of new hires last year were full-time jobs (just 45.7 percent). The remainder consists of part-time jobs (41.7 percent) and work-in-shifts contracts (12.7 percent). KEPE noted that this extends and solidifies the trend from 2017. Moreover, the number of positions that were transformed from full-time to part-time rose significantly.

The Social Justice Index published in 2017 by the Bertelsmann Foundation placed Greece with a score of 3.7, in last place among EU countries. More than a third of the population is threatened with poverty and social hardship.

The effects of social decline are also reflected in the demographics: According to ELSTAT the death rate again rose by 4.8 percent from 2016 to 2017 while the birth rate fell by 4.7 percent in the same period. In

addition, since 2010 more than 360,000 Greeks have emigrated, as KEPE reported in 2018, the primary reasons being lack of prospects, low wages and high unemployment.

While disappointed and furious workers in the last election turned their backs on Syriza, the media lackeys of international finance wept sincerely. *Die Welt* opined that Tsipras had “transformed into a respected statesman” and had “delivered.” Chancellor Angela Merkel, who had travelled to Athens before the election to support the Syriza prime minister, “could long for the epoch of Tsipras at some point,” according to *Die Welt*.

The *Financial Times* wrote openly at the end of June on the benefits Syriza had provided the financial oligarchy. It had firstly improved the conditions for investors and secondly held social opposition in check. In the words of the FT: “As with the experience of Gerhard Schroeder in Germany and Tony Blair in the UK, it tends to be easier for left-of-centre governments to pass through tough legislation. Likewise, Mr. Tsipras has managed to pass tough measures with practically no social unrest for the past few years. This would not have been the case under any right-of-centre government.”

*To be continued*



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