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Greece: Austerity's unexpected allies

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In March 2017, the *Economist* used Alcatraz to symbolise what the Eurozone has become for Greece: 'A prison that keeps people in by making escape too risky.' This powerful image accurately describes how most people in Greece understand their current predicament, especially as the call to exit the Eurozone has been further marginalised (although in truth it never reached significant momentum). It also forms the backbone of Syriza's explanation for the party's embarrassing failure to stop austerity as its fiery representatives promised in distant 2015. The asphyxiating control exercised by the Troika (The European Commission, the European Central Bank, and the IMF) on Greece's economy retains a capacity to deflect complaints about the continuation of austerity in Greece away from the coalition government of Syriza and the right-populist Independent Greeks party/ANEL.

Inherent contradictions

A striking contradiction, however, emerges from this seemingly solid excuse: if Greece's elected government is a mere *executive* tool of the Troika and its invariant commitment to disastrous devaluation, what justification is there for any support or sympathy towards it? Furthermore, how is it that, contrary to all previous austerity-imposing governments since 2010, Syriza has not lost a single MP in the process of legislating further restructuring?

To resolve this gridlock, it is argued that Syriza may have surrendered all control over economic policy but can still effect other changes, such as in the field of human rights[1], and provide a 'social dividend' to those most in need - approximately 3.5 million Greeks received €350 each in the winter of 2017-8. In the end, continues this argument, the only alternative would be a government of New Democracy which means conclusively that any critique of Syriza is nothing but unintended or masked support for the right and a wish to return to *that* version of austerity and bad aesthetics.

These are the arguments heard inside Greece to justify continuing support for a government that has received more praise from the Troika than any pro-Memorandum regime since the crisis started. Outside Greece, the global left that rallied behind Syriza in 2014 and 2015 and dismissed any critique as high-brow, maximalist, Ivory Tower gobbledygook, has opted for deafening silence. When pressed, they cite the impossible situation that the government finds itself in, alongside the (guilt-ridden) narrative that Syriza is at least making some progress in *some* fields.

But the fact is that Syriza's performance has fallen below the international left's radar. One could explain this attention deficit by recognising it as an almost-permanent feature of the left today: frenzied support for the shooting star of the hour (usually accompanied by an appeal to some form of realism as opposed to 'radical day-dreaming'), followed by silent disavowal when that very same realism forces embarrassing capitulations. Alternately, it may repress the fact that Syriza's governance has been so devastating for those who hoped for improvement that closer scrutiny of its 'accomplishments' might further damage a left already struggling to resuscitate itself from decades of defeats.

Accelerating austerity

There is no doubt that Syriza came to power at a moment when the Greek economy was in terrible shape. GDP had fallen by more than 25%, demand had collapsed, and the unemployment rate had risen catastrophically (26% overall, more than 60% for the young). Public sector wage cuts had surpassed 40%, while pensions had been reduced on 12 occasions. Meanwhile, the ratio of debt to GDP had increased from 120% in 2010 to 179% in 2015.

Contrary to pre-electoral proclamations and the recent optimism of the government and its European allies, the situation since 2015 has only gotten worse. Pensions have been cut twice more (with additional cuts promised in future). More than 1 million Greeks have already suffered some form of appropriation due to debt, with another 1.7 million waiting in line - a number that represents only 70% of those indebted to the tax office. One in three face material and social deprivation[2] (Eurostat, 2016), placing Greece third after Romania and Bulgaria. And the slight decrease in the unemployment rate represents a *worsening* of

[1] Significant formal changes have occurred in LGTB rights, but rights are virtually non-existent for refugees: the Minister of Migration cannot even promise that none of them will die this year owing to the appalling conditions in which they are kept.

[2] Defined as being unable to afford at least five of the following: face unexpected expenses, spend one week of annual holiday away from home, avoid arrears (in mortgage, rent, utility bills or hire purchase instalments), afford a meal with meat, chicken, fish or vegetarian equivalent every second day, keep their home adequately warm, own a vehicle for personal use, replace worn-out furniture, replace worn-out clothes, have two pairs of properly fitting shoes, spend a small amount of money each week on themselves, have regular leisure activities, get together with friends/family for a drink/meal at least once a month, have an internet connection.

labour market conditions, reflecting above all an expansion of short-term and part-time contracts at approximately half 2010 wage levels.

There are more examples of social and material experiences of dispossession but this short list forces the conclusion that the Syriza/ANEL coalition has not merely continued austerity at the pace of its predecessors - it has accelerated it. It has effectively *legislated* austerity's inescapability by promising to maintain a budget surplus of 3.5% for the next five years, a target which depends on further cuts (such as heating subsidies and an assistance benefit for low pensioners) and €950 million increases in direct and indirect taxes, all included in the latest budget proposal submitted in December 2017.

This deepening of the devaluation process has been openly celebrated by the Troika. The latest report on the European Stability Mechanism, for example, adopts enthusiastic language notably unlike its usual frugal depictions: 'The Greek economy demonstrated greater resilience than initially expected,' 'labour conditions are improving,' and 'the contribution of net exports is expected to turn positive' (European Commission, 2017). Further praising 'vigorous and exceptional fiscal effort', the report concludes by hailing the Syriza/ANEL coalition for implementing measures 'over and above the commitments agreed initially in the Memorandum of Understanding signed in August 2015'.

This 'over and above' is, unfortunately, directly quantifiable. It refers to the coalition government's decision to implement an austerity measure that all previous governments had avoided owing to its immense social (and economic) cost: auctioning people's houses to manage the toxic accumulation of non-performing loans – 46% of all loans - in the Greek banking sector, which has already received €62.3 billion out of the total €301.9 billion bailout. Until now, banks refrained from classifying non-performing loans, eager to avoid recording what was meant to be a source of income as a loss, which would seriously impede the delusion that banks are only facing a liquidity problem. And politicians feared the social repercussions of such a measure in a country torn by austerity where more than 85% of housing is self-owned. The Syriza/ANEL government's way out of this bottleneck demonstrates beyond doubt where its interests lie.

No more leniency

Thus, despite public assurances that first residences and houses valued below €280,000 would be protected from auctions, the responsible minister was eventually forced to admit that this 'protection' had no actual legal bearing, representing instead a 'gentlemen's agreement' between the government and the banking sector. This hypocrisy was further exposed when official reports indicated that of, the 40,000 houses to be auctioned in the next two years, 65% to 80% represent working class housing valued below €280,000[3]. Syriza responded to protests and blockades of the auctions by penalising participation heavily (3 to 6 months jail for mere attendance) while developing online auctions, thus circumventing the danger of further protests. Adding insult to injury, the government consistently presented those who participated in these struggles as defending wealthy 'strategic defaulters', even though it quickly became obvious that actually wealthy debtors will have their obligations sold off to hedge funds for more lucrative repayment deals. Essentially, the government hopes that the threat of auctions will force debtors to submit to (harsh) repayment schemes, draining their liquidity and squeesing out any remaining unofficial savings. Reflecting their transformation into a pro-austerity apparatus, Syriza's officials had no hesitation calling auctions 'socially beneficial' in their role of 'restoring confidence in the credit system'.

A government which uses the term 'reforms' to mean 'austerity', shows a perplexing enthusiasm for privatisations, and unashamedly characterises worsening of labour conditions as 'growth-friendly', will inevitably be confronted with an outbreak of class antagonism. Meanwhile, the contemporary leniency towards this 'government of the left' deserves to be critically re-assessed: Syriza abandoned any pretence to leniency a long time ago.

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[3] A deal also seems to have been reached between the European Central Bank and the Greek banking sector, under which approximately 75% of the auctioned houses will be repurchased by the Greek banks themselves to deflect a sharp decline in housing prices and, more importantly, to allow them to perform better in the February Central Bank stress tests by recording the newly-purchased houses as bank assets.

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