60 DAYS OLDER AND DEEPER IN DEBT

POSTSCRIPT TO "SYRIZA AND ITS VICTORY IN RECENT GENERAL ELECTIONS IN GREECE"

Dr. Varoufakis (Dr. V. from now on) is another self-proclaimed Marxist among the ranks of SYRIZA –although an erratic one according to his confession, in the sense that he has replaced Marx' s social abstract labour theory of value with a humanist theory of the value of labour.[1] His ambition is to enlist Bloomberg and New York Times journalists, Tory MPs, humanist financiers, SYRIZA activists in Greece and subversive elements in Zagreb to the cause of "saving capitalism from itself", i.e. to the cause of harnessing neoliberal "animal spirits". His false dilemma of *capitalisme ou barbarie* (barbarity in the political context of the EU meaning right-wing nationalism and neo-nazism) aims at the preservation and democratization of the Eurozone and the European Central Bank (ECB). Making use of the imagery of *Matrix*, this hipster economist-cum-social liberal aspired to provide the European populations the "red pill" that takes you deep down the rabbit hole to the desert of the real, i.e. the "truth" about life, society and the "quantification of labour". Based on such knowledge, "people" could start a struggle to reform the policies of European capitalist institutions.[2] After becoming a Finance Minister and a few days of a rhetorical end to the bailouts and harsh austerity politics that had caused "depression, cynicism, disintegration and misanthropy", Dr. V. soon realized that if he and his party were to be accepted in the high echelons of the political personnel of European capitalism they had to put an end to their aspirations and their war of words against the EU official policy. The moment ECB tightened the terms of liquidity provision to Greece, the initial optimism of the new state bureaucracy, to which we had referred at the beginning of our previous text, quickly evaporated. Nobody enters the palaces of capital scot-free.

THE TEN DAYS THAT DID NOT SHAKE THE EUROZONE

By early February, the conflict of positions turned into a spectacle of negotiations between the Greek government and its "partners". Only a few days after we had

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[1] All references and allusions in this paragraph are to: http://yanisvaroufakis.eu/2013/12/10/confessions-of-an-erratic-marxist-in-the-midst-of-a-repugnant-european-crisis/. Thanks to Harry Cleaver for drawing our attention to this paper which was presented at the Subversive Festival in Zagreb in 2013.

[2] Under the guidelines, of course, of his *Modest Proposal for Resolving the Eurozone Crisis* (co-authored with Stuart Holland and James Galbraith). This modest proposal accepts all the constraints on political action imposed by existing European institutions and rejects any kind of social-democratic expansionary Keynesian policy. It merely proposes the europeanisation of four areas of economic activity, precisely within the institutional framework of the euro: banks in need of ESM capital injections, sovereign debt management, the recycling of European and global savings into socially productive investment and prompt financing of a basic social emergency programme. That is, a productive modification of austerity politics, practically based on an ever more so centralised control of the national financial policies by main EU institutions.

finished our previous text, on February 2nd, Dr. V. declared from London that the Greek government does not ask for the write-off of the biggest part of the Greek sovereign debt. On February 5th, during his first meeting with Schäuble, Dr. V. added that he agrees with 70% of the previous “programs” (aka Memoranda). He also said that it’s the “moral duty” of the Greek government not to put the burden of the Greek debt on “European taxpayers’” shoulders.

Actually, the myth that since 2010 the “European taxpayers” have been financing the “lazy Greeks” who live “beyond their means” thanks to loans provided by the EU member-states, the IMF and the ECB, has been very popular and widespread. If, however, we take a look at the way the structure of the Greek sovereign debt has been changed since 2009, we may arrive at completely different conclusions. In 2009, the Greek debt was mainly at the hands of French and German banks that benefited both from the high interest rates of the Greek bonds and the political guarantee that a EU member-state cannot default. The exposure of the French banks was $78bn, while the German banks held Greek bonds worth of $45bn. By 2014, thanks to the initial 2010 bail out programme which consisted of bilateral loans given to Greece by the other EU member-states, and the PSI agreement and the EFSF mechanism that followed, the toxic exposure of the banking institutions had been drastically reduced (e.g. to only $1.8bn for the French banks and $13.5bn for the German ones), and likewise their actual losses. As the banks’ bail-out cost has been distributed across member-states, the latter have increased their share to newly created Greek debt. Even countries with initially very low levels of private exposure to Greek debt, like Italy and Spain, now hold Greek debt worth of €10 and €6.7bn, respectively. However, apart from the initial bilateral loans to Greece which totaled €52.9bn, no Eurozone taxpayers’ money was sent to Greece or anywhere else again as, by the time the second bail-out programme came into play, the Eurozone had put in place the EFSF, its own bail-out fund, which was backed only by guarantee commitments from member states. The EFSF raised money by issuing bonds, so the “European taxpayer” has a liability only in the event of default of any of the fund’s investments.[3]

To sum up: the Greek “bail-out” was in fact a massive bail-out of the French and German banks paid by the European proletarians of the South on the whole but it was presented under the disguise of “solidarity” to the “profligate and work-shy” Greeks shown by this imaginary creature, the “European taxpayers”. Besides, only 8-11% of the money given to Greece so far has been used to cover the needs of the state budget. The rest of it went back to lenders and banks, fuelling the fictitious capital bubble based on sovereign debt speculation.

During the previous decade, before the onset of the crisis, the loans to the South provided the extra money needed to realize the surplus value contained in the

[3] Interestingly, as far as the 2010 bilateral loans are concerned, with the exception of Slovakia, which refused to participate, Germany was the only member-state that provided guarantees to its AAA-rated development bank KFW, which raised the money through bond issuance. The actual cash injections came from the other Eurozone members.

commodities produced in the North. Suffering a fall of 5% of GDP in the first two years of the crisis and a meager recovery after 2012,[4] Germany is convinced that it will successfully get out of the crisis only through the continuation of "debt crisis" in the South, export-oriented restructuring at home and relocation in Eastern Europe.[5] After all, the massive devaluation programme of the EU South, labelled as "debt restructuring" and mercilessly implemented within Eurozone, has also shifted the monetary and capital flows from the "periphery" to the Eurozone "core" countries, allowing the latter to e.g. cheaply finance their budget deficits.[6] That's why Germany is unyielding that its net external surpluses should not be "wasted" to its internal southern markets for its output and be allocated instead in productive and consumptive satellite zones in Eastern Europe.

The long standing effort of the European capitalist class to minimize the post war institutionalized compromises with the working class, the preservation of financial institutions/main instruments of "accumulation by dispossession" and German mercantilism are the main reasons for the continuation of austerity politics (internal devaluation) across the continent.

Coming back to recent events: in the nick of time, the Eurogroup reached an agreement which was formally expressed through two managerial-style documents: "The Eurogroup Statement on Greece"[7] and "The list of reform measures".[8] The latter was submitted by the Greek government, namely Dr. V., and it was accepted by the Eurogroup. These two documents only show that the Greek state's position within the Eurozone's hierarchical interaction between the "core" nation-states and the "peripheral" ones remains on the status of an *internal* "debt colony". The Greek

[4] Germany's economy has expanded by 3.93% in 2010, 3.66% in 2011, 0.58% in 2012, 0.21% in 2013 and 1.47% in 2014.

[5] This process is certainly not a recent one, only sparked by the so-called debt-crisis within the Eurozone. For a brief outline of German Ostpolitik, see: S. Gross, *The German Economy Today: Exports, Foreign Investment, and East-Central Europe*.

[6] Germany is a key example of the way "core" Eurozone countries have profited from the rapid contagion of the debt-crisis across the PIIGS states and the consecutive, equally rapid, drop in government bond yields in the North. It has been estimated that the cumulative interest relief for the German budget will be about €67bn, adding up the interest rate advantages gained in the period 2010 to 2012 and those that Germany benefited from in the next years, according to a paper published by Allianz in September 2012 (http://www.reuters.com/article/2013/05/02/us-eurozone-bailouts-idUSBRE9410CG20130502) -let alone the massive boost of its exports to a record high of €1.13tr, resulting in a €217bn trade surplus, the highest in the world in 2014, due to the weakened euro currency rate. It is not surprising, therefore, that Germany has been enjoying steadily growing current account surpluses since 2009 (reaching 7.5% of GDP in 2013), while for the first time since 1969 a balanced budget has been announced last year. Apart from financing sovereign debt with low, if not negative, actual interest rates (at the same time that, according to the first memorandum, Greece was obliged to interest payments of 5-6%), Eurozone "core" countries' profits have been both significant and multilateral. During 2009-2013 e.g., both Germany and Netherlands had registered the highest increase in new foreign direct investment (FDI) projects among all Eurozone countries. Germany in particular (+1.525 FDIs or a stunning +115%) has surpassed France and now holds the second position among all European countries (after UK). Finland has also lately benefited, thus now becoming the ninth capitalist state among the top investment destinations in Europe (+44% new FDIs in 2013 compared to 2012) –let alone the profits it made on the Greek, Spanish and Portuguese government bonds it holds.

[7] http://www.consilium.europa.eu/en/press/press-releases/2015/02/150220-eurogroup-statement-greece/

[8] http://s.kathimerini.gr/resources/article-files/lista-metarry8misewn.pdf

state, by accepting the English Law and Luxembourg Courts framework, still waives all rights and protections against its assets and has no right to pursue any kind of policy without the prior consent of the "institutions" (aka Troika): "*The Greek authorities commit to refrain from any rollback of measures and unilateral changes to the policies and structural reforms* that *would negatively impact fiscal targets, economic recovery* [sic] *or financial stability, as assessed by the institutions*".

It is quite clear that since the Greek government had long before made the explicit political choice not to push for capital controls and the unilateral cancellation of the debt or threaten its "partners" with an immediate exit from the Euro, it was just a matter of time to succumb to their raw blackmail: during the negotiations the ECB stopped accepting Greek government bonds as collateral; there were also open threats to impose cash withdrawal limits on Greek banks if there was no agreement at the Eurogroup on the 20th February. After all, the forthcoming elections in Spain, Portugal and Ireland, where anti-austerity parties seem to be continuously gaining momentum, left no space for political manoeuvres, gentle words and, more importantly, financial concessions to Greece.

Having been left only with the option of the "blue pill" ("you will return to your bed and awake in the morning believing whatever you want and thinking the whole 'end of austerity' thing is a 'reality' before resuming your 'normal' life") the Greek government argues that the agreement with its "partners", and especially "The list of reform measures", is governed by a "creative ambiguity" which supposedly gives flexibility in terms of the measures to be taken. However, we believe that the two above-mentioned documents are quite clear and demonstrative of the way that the government of SYRIZA, contrary even to its watered down program we analysed in our previous text, has agreed to continue the austerity politics of capital devaluation within the framework of the Memoranda and the "institutions". It is no wonder, therefore, that this "new" agreement is supported by almost all political parties, with the exception of the Stalinist communist party (KKE) and the neo-nazist G.D.[9]

ROBBING PETER TO PAY PAUL

Before elaborating on each one of the parts "dealt with" in the agreement and in order to fully understand the reversal in SYRIZA's stance, we should keep in mind that Dr. V. embarked on the "negotiations" on behalf of a government that had declared that they

1) rejected the extension of the "program" and the €7.2bn tranche, with the exception of €1.9bn worth of profits from ECB bond repayment,
2) accepted no supervision and evaluation processes,

[9] This newly political consensus/alliance –one should also take into account the recent election of SYRIZA's candidate, a key moderate right-wing politician, as the President of Greece– may set the basis for a future all-party "government of national salvation", if this government fails to further proceed with the new round of internal devaluation. This almost unanimous alignment with the main neoliberal principles also sets the basis for the new version of the "theory of two extremes", as it will be argued later on this text.

3) called for a transitional six-month "bridge program", without any austerity measures to ensure liquidity, that would enable them to use funds from the Hellenic Financial Stability Fund (HFSF) and implement at least part of their program, in balanced budgets,
4) demanded that the lenders acknowledged the non-sustainability of the debt and the need to start a new broad negotiation round in the coming period.

What happened instead while “Troika” was supposedly dying a violent death by the hands of Dr. V.? Let’s examine each one of the “successes” the government boasts about:

Sovereign debt management: The Eurogroup Statement on Greece is quite clear: “*The Greek authorities reiterate their unequivocal commitment to honour their financial obligations to all their creditors fully and timely*”. Not only that, but the new Greek government accepts to achieve primary surpluses in order to repay the debt, which simply means that it abandons its main position to go into negotiations for the reduction of the Greek sovereign debt: “*The Greek authorities have also committed to ensure the appropriate primary fiscal surpluses or financing proceeds required to guarantee debt sustainability in line with the November 2012 Eurogroup statement. The institutions will, for the 2015 primary surplus target, take the economic circumstances in 2015 into account.*” Moreover, by accepting primary surpluses, the government undermines explicitly the financial presuppositions of its own program, even in its most recent pre-election moderate version. As more recent estimates show, the 2014 primary surplus amounts to only 0,3% of GDP (compared to 1.5% expected) and so the 2015 budget will have to include further €2-3bn cuts just to reach the 1.5% surplus goal of SYRIZA’s modest proposal.

There is no doubt that with this agreement the Greek government is committed to continue austerity for an indefinite period of time.

Banking system and private debt: One of the most famous SYRIZA’s slogans declared “*Hands off our homes, bankers*”. However, according to the list of reform measures that Dr. V. submitted to the Eurogroup: “*Greece is committed to collaborating with the banks' management and the institutions to avoid, in the forthcoming period, auctions of the main residence of households below a certain income threshold*”. In the same document “*Greece is committed to dealing with non-performing loans in a manner that considers fully the banks' capitalization… the functioning of the judiciary system, the state of the real estate market, social justice issues, and any adverse impact on the government's fiscal position.*” Finally, “*Greece commits to improve swiftly, in agreement with the institutions, the legislation for repayments of tax and social security arrears*”.

The government is trying to devise specific plans for the repayment of private debt, either to banks or to the state. The key feature of these plans is the fragmentation of debtors in many categories, according to their income, with corresponding provisions for the repayment of debts. However, taking into account the terms and conditions as set out in the above-mentioned list of Dr. V. and that the “institutions” must first approve these plans, there is a great likelihood that they will be implemented under much more stringent conditions, as determined by the “institutions”. Another plan of the Greek government is to establish a private debt management institution (namely a “bad bank” scheme) that will buy the non-performing loans from the banks at 50% of their face value. The debtors will then have to pay only a part of the debt, while the rest will be covered by the state. In order to establish this institution, the government wanted to reallocate €3bn from the HFSF. Not only was this demand rejected, but also: “*In view of the assessment of the institutions the Eurogroup agrees that the funds, so far available in the HFSF buffer, should be held by the EFSF, free of third party rights for the duration of the MFFA (Master Financial Assistance Facility Agreement) extension. The funds continue to be available for the duration of the MFFA extension and can only be used for bank recapitalisation and resolution costs. They will only be released on request by the ECB/SSM*”. Just to give an idea of what it means to be blackmailed by the Eurogroup and ECB: €1.2bn out of the remaining €11bn of HFSF that SYRIZA could not use for other budgetary purposes than bank recapitalization, and only after ECB’S green light, correspond to the mere contribution of the Greek state to this fund.

More broadly, pressures on the Greek banking system have been used by the “partners” as blackmail leverage in order to force SYRIZA to accept their terms. In particular, on 4/2/2015, during the negotiations between the Greek government and the Eurogroup, the European Central Bank stopped accepting Greek government bonds as collateral, a move which raised the liquidity costs for Greek banks by 1.5% or ca. by €1bn, since they could no longer directly borrow from ECB with an 0.05% interest rate, but only from the Emergency Liquidity Assistance (ELA) funds with an interest rate of 1.55%. The situation was further aggravated due to a deposit outflow of around €26bn since last December (in total since February 2010 deposits in the Greek banks have been reduced by €100bn, i.e. from €237.8bn to around €138bn). Another means of direct pressure was the denial to have the ECB profits (amounting to €1.9bn), coming from bond purchases in the secondary market during the PSI agreement, be used by the Greek government to cover its financing shortage. Furthermore Greek banks were refused –at least until the list of reforms is evaluated and approved by the “institutions”– the right to independently increase their exposure to Greek bonds, an ECB decision that shrunk even further SYRIZA’s limited financial resources to service the sovereign debt.[10] Some of the consequences of this liquidity strangling will be discussed later on.

Privatizations / nationalizations: In our previous text we said that *“SYRIZA has not changed its position to stop the privatization of public utilities, public enterprises and infrastructure”*. Well, that was before the negotiations with the “partners”. The list of reform measures that was agreed with the Eurogroup is clear: in order “*to attract investment in key sectors and utilise the state's assets efficiently, the Greek authorities will:*

[10] The dead-end situation SYRIZA found itself in was further deteriorated by the building up of tax arrears and non-payment, resulting in €1-2bn losses in revenues since the beginning of the year.

• *Commit not to roll back privatisations that have been completed. Where the tender process has been launched the government will respect the process, according to the law.*
• *Review privatisations that have not yet been launched, with a view to improving the terms so as to maximise the state's long term benefits, generate revenues, enhance competition in the local economies, promote national economic recovery* [sic]*, and stimulate long term growth prospects.*
• *Adopt, henceforth, an approach whereby each new case will be examined separately and on its merits, with an emphasis on long leases, joint ventures (private-public collaboration) and contracts that maximise not only government revenues but also prospective levels of private investment.*"

This change in attitude has caused many reactions within the government and the party but also SYRIZA's rank n' file who had been active in recent years in movements against the sale of public assets (e.g. water). However, it is clear that the dominant faction of capital and its political personnel within the Eurozone do not intend to give up one of their central strategies, i.e. the enforcement of primitive accumulation. Primitive accumulation should not be identified only with the classic form of the violent proletarianization of formerly independent rural populations. It also entails forms of "accumulation by dispossession", i.e. the appropriation of deliberately devalued capital, such as state-owned enterprises and infrastructure, fixed capital and land through the implementation of internal devaluation programs like the one implemented during the last five years in Greece (the very liquidation of those assets in turn further intensifies the devaluation in a vicious circle process).

Public investment: As we said above, the Greek government agreed to pay the debt fully and timely by achieving primary surpluses. In this respect, it is a mere joke to talk about public investment since no funds will be available. The same goes with the funding of **"social economy"**. Only a part of the 2-bn-euro "growth" and "humanitarian" aid package announced by EC on March 20 will be used for subsidizing small enterprises created by unemployed people.

Taxation / expenditures: In the list of reform measures there are only vague measures to crack down on tax evasion and tax avoidance. At the same time, there is not a single word about the promises of the 2015 SYRIZA's program to increase the tax-free income for all natural persons to €12,000, to abolish the extra property tax, the heating oil tax and the poll tax imposed on self-employed workers. During an interview, Dr. V. said that the increase of the tax-free income to €12,000 will be implemented gradually starting from 2015 but *"how quickly will we reach €12,000 will depend on the development of economic aggregates"*.

As we had mentioned in our previous text, after 2012 SYRIZA had only considered freezing the reduction of social expenditures whereas now, among other things, "*the Greek authorities will:*
• *Review and control spending in every area of government spending (e.g. education, defence, transport, local government, social benefits).*

• *Implement legislation to review non-wage benefits expenditure* [sick leave, holiday leave, travel expenses, etc] *across the public sector.*
• *Validate benefits through cross checks within the relevant authorities and registries that will help identify non-eligible beneficiaries.*
• *Control health expenditure and improve the provision and quality of medical services, while granting universal access* [sounds like squaring the circle!]. *In this context, the government intends to table specific proposals in collaboration with European and international institutions, including the OECD".*

In any case, this cannot be considered as freezing but rather as mere continuation of social expenditures reduction.

Wages / labour relations: The list of reform measures is very revealing of the policy that is going to be followed by the government of SYRIZA on wages and labor relations. The depreciation of labor power, which has led to its devaluation after five consecutive years of harsh austerity measures, will be continued but in a "smart" way.

Actually, *"Greece commits to:*
• *Achieve EU best practice across the range of labour market legislation through a process of consultation with the social partners while benefiting from the expertise and existing input of the ILO, the OECD and the available technical assistance".*

As everybody knows, "EU best practice" means the promotion and expansion of flexible, temporary and precarious labour together with the further legitimization of unpaid labour (e.g. internships etc.).

"• Expand and develop the existing scheme that provides temporary employment for the unemployed, in agreement with partners and when fiscal space permits and improve the active labour market policy programmes with the aim to updating the skills of the long term unemployed".

The latter measure refers to five-month subsidized work programs for unemployed, currently with a net wage of €427 for those under 25 years old and €490 for those over 25 years old. During the program and after the end of the five months, the unemployed workers are not entitled to unemployment benefits. What's incredible though is that the Greek government needs the agreement of the "partners" in order to extend this labour power devaluation program!

"• Phasing in a new 'smart' approach to collective wage bargaining that balances the needs for flexibility with fairness. This includes the ambition to streamline and over time raise minimum wages in a manner that safeguards competitiveness and employment prospects. The scope and timing of changes to the minimum wage will be made in consultation with social partners and the European and international institutions, including the ILO, and take full account of advice from a new

independent body on whether changes in wages are in line with productivity developments and competitiveness".

The text speaks for itself in terms of the promised restoration of collective bargaining, which had been abolished by the Memoranda. This "smart" approach refers directly to the so called flexicurity, an Orwellian term that tries to hide and mystify the deregulation of labour legislation. On a practical level it is another well-known strategy of the bosses to exploit more efficiently the working class. No surprise that the European Commission declares that flexicurity is a crucial element of the Employment Guidelines and the European Employment Strategy.

On the other hand, SYRIZA's promise for the immediate restoration of the minimum wage to the levels of 2009 (i.e. €751 gross salary) has become an "ambition" for a gradual increase under specific conditions (competitiveness, employment prospects, productivity developments). In fact it is estimated that the minimum wage will finally reach the amount of €751 gross by 2017, provided of course that Troika (that is the European and international institutions, according to the newly launched jargon) agrees with this increase. Here we should note that Greece is the only EU country where the nominal gross minimum wage decreased by 14% from 2008 until 2015 (i.e. from €794 to €684), according to the latest Eurostat figures.

Benefits: SYRIZA's had promised the restoration of the unemployment benefit to the 2009 levels (€461 for 12 months) and its extension for long-term unemployed workers. None of them is included in the list of the reform measures. In fact there is no reference at all to unemployment benefits. It is important here to point out the fact that while the unemployment rate in Greece is high up to 25.8%, only 8% of the unemployed (or 100,000 out of ca. 1.3 million) receive the 360-euro unemployment benefit.

On the other hand, the Greek government presented as a victory the fact that they managed to include some measures in the list in order to address the "humanitarian crisis" (another Orwellian term for the consequences of the attack on the working class):

"The Greek government affirms its plan to:
*• Address needs arising from the recent rise in absolute poverty (inadequate access to nourishment, shelter, health services and basic energy provision) by means of highly targeted **non-pecuniary measures** (e.g. food stamps).*
• Evaluate the pilot Minimum Guaranteed Income scheme with a view to extending it nationwide.
*• Ensure that its fight against the humanitarian crisis **has no negative fiscal effect".***[11] (Emphasis added).

[11] That's the last sentence of the "List of reform measures" that Dr. V. submitted to the Eurogroup on February 23rd. A comrade in New York made the following apt remark: "*Upon reading that, Wolfgang Schäuble, a tear in his eye, sent a telegram to one Dieter Kaufmann stating: Je suis Charlie. Tout est pardonné !* " See, http://thewolfatthedoor.blogspot.gr/2015/02/24-hours-late-and-240-billion-short.html

The first bill tabled by the government includes measures to address the "humanitarian crisis". It provides for free electricity, rent subsidies and feeding subsidies in the form of food stamps to families who are under the “extreme poverty” threshold. This threshold of “extreme poverty”, or rather extreme misery, is below an 4,800-euro annual income for an average four-member family and below €6,000 for larger families. The cost of the measures is only €0.2bn (as opposed to 1.9bn euros promised by SYRIZA before the elections) and the number of beneficiaries amount to maximum 150,000 families. Although the finance ministers of the other Eurozone countries, led by Schäuble, argued that these measures constitute a "unilateral action" and therefore are not approved, the government is determined to proceed with its charity work and give back the *“victim a hundredth part of what has been plundered from his labour”*.[12]

As far as the Minimum Guaranteed Income is concerned, it is clearly a way of consolidating poverty: the Minimum Guaranteed Income, which had been granted to a limited number of beneficiaries by the previous government, ranges from €200 for a single person to €500 for a family with 4 children. In practice the Minimum Guaranteed Income is offset by other social benefits. For example, if a single person receives the 360-euro unemployment benefit then he/she is not entitled to get the extra €200, because the €360 already exceed the Minimum Guaranteed Income.

Pensions: According to the list of reform measures “*Greece is committed to continue modernising the pension system”*. This means that the government accepts all the pension reforms implemented in previous years under Memoranda. These include, inter alia, pension reductions, increase of the retirement age to 67 years old, abolition of 13th and 14th pension, reduction of employer contributions etc. Furthermore, they will “*eliminate loopholes and incentives that give rise to an excessive rate of early retirements throughout the economy and, more specifically, in the banking and public sectors*” and “*provide targeted assistance to employees between 50 and 65, including through a Guaranteed Basic Income scheme, so as to eliminate the social and political pressure for early retirement which over-burdens the pension funds*”. It is evident that the retirement age will not be reduced, contrary to what has been promised before the elections. Instead the retirement age for those workers, who are entitled to early retirement, will be increased! SYRIZA also wants to “*establish a closer link between pension contributions and income*” which usually means the promotion of a contributory insurance system instead of a redistributive one. In this context, the promise of the new government that the 13th pension will (supposedly) be restored, for all those who receive a pension below €700, can only be qualified as a deceptive charity.

For the moment, however, as Greek banks are not allowed by ECB to further increase their share on Greek debt (ca. €11bn), as discussed before, SYRIZA is targeting the reserves of the Greek pension funds and other general government

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[12] F. Engels, *The Condition of the working class in England*, chapter 13.

institutions (i.e. local administration, hospitals, the fund which manages agricultural subsidies etc.) and tries to reallocate them, by means of short-term state repos issuance, in order to service the debt (for that purpose the astonishing amount of €7.3bn was required only for March and another for April, if short-term government debt roll-over, IMF repayment and hold-out bonds are taken into account). According to the media, ca. €0,85bn (out of the estimated €2,5bn funds' reserves) have been "invested" in such repos so far and then used to fill the financing gap. However, and as long as the "institutions" keep the taps of main liquidity (e.g. ELA) firmly closed, it seems that this means of obligatory internal lending will be further used by the new government, as was shamelessly admitted in SYRIZA's affiliated newspaper (Avgi).

Public sector jobs: First of all, the cancellation of 3,500 layoffs and redundancies has been postponed for later in 2015 and this number will be deducted from the 15,000 new recruitments included in the budget of 2015 by the previous government. This non increase of the public sector wage bill is provided for in the list of reform measures. Also, the process of workers' "mobility" established by the previous government will be maintained. Secondly, the government of SYRIZA has agreed to reform the public sector wage grid in a way that will deepen divisions within the public sector workers, by connecting individual wages to the individual performance and productivity. Furthermore, competition between the workers will be intensified through "*merit-based managerial appointments*" and "*base staff appraisals on genuine evaluation*". Last but not least, as we have already mentioned, non-wage benefits will be cut down (sick leave, holiday leave, travel expenses, etc.) to "*reduce overall expenditure*".

CHASING TWO RABBITS AND CATCHING NONE

One might argue justifiably that the new SYRIZA government's compromise with the cursed Memoranda would render them reliable to their "partners" and despicable to their voters. Quite the opposite, for the time being at least!

Even if they showed how desperately eurocentrist they remain, hoping in vain to reform a European capitalism that stubbornly adheres to devaluation policies as a way out of the capitalist reproduction crisis, their EU "partners" do not seem to trust them. Even after their capitulation and despite Dr. V.'s statements in favor of humanistic social-liberalism,[13] they still represent a potential threat for the dominant EU factions within the EU hierarchical construction due to their heterogeneous political composition and the possible pressure and social/financial aspirations of those masses that turned to SYRIZA after 5 years of harsh austerity.[14]

[13] On March 13th, at Como, Italy, he stated that "*the government is prepared to delay implementation of some of its pre-election promises and is not populist, with the measures of its program targeting those now living on or below the poverty line*".

[14] This explains why the imperialist German state and its media have mistreated Dr. V. to the point of accusing him of harboring anti-Semitic views and expressing empathy for Palestinian suicide bombers. This is not an isolated incident: "structural anti-Semitism", even "leftist anti-Semitism", is the usual ridiculous accusation used by the German state and its media, from the right-wing *Die Welt* to

It is precisely through temporary tolerance that SYRIZA appears stronger than before and well-supported, both from the left and the right of the political spectrum. The most important material reason for the "supportive tolerance" towards SYRIZA's government is the fact that the implementation of the austerity measures agreed by the former government with Troika has been cancelled or at least postponed until June. The list of the postponed measures includes VAT hikes for electricity, drugs, transport tickets, books, hotels, etc.; a reduction of newly recruited public sector workers' wages; the abolition of a substantial benefit provided to low income pensioners; an increase of the minimum years for retirement from 15 to 20 years; the introduction of stricter criteria for inclusion in the arrangement scheme of overdue tax debt, further pension reductions, etc. Also, the majority of the people still hope that even if SYRIZA compromises fully, the measures will not be as hard as they would have been had the former government been re-elected.

Insofar as ideology is a material force, it is equally important that the government of SYRIZA is still perceived in the "public opinion" to be truly negotiating for an agreement with the creditors on better terms for the "Greek nation", contrary to the former governments of New Democracy and PASOK which are perceived by many people as agents of the German interests. Surely, nationalism is prevalent within the Greek working class and, more broadly, within the Greek society –as it is in Germany, of course.

There are five more specific practical and communicative government policies that have contributed to this guarded but continuous support:

-the cancellation of the previous evaluation system of state workers/civil servants which connected performance/productivity evaluation to lay-offs and the relaxation of discipline measures imposed by the previous governments

-the relaxation of final exams in secondary education and the promised abolition of the legislation for the expulsion of university students who fail to graduate 2 years after the normal duration of their studies. Further, SYRIZA promises to abolish certain provisions of the legislation passed since 2011 which promoted the entrepreneurialization of the universities

-the new law for the re-opening of National Broadcasting Company (ERT) which will reinstate all the workers who had been laid off –apart from special consultants and early retired workers– and will reopen all the radio and TV stations that have been closed down without an increase of the relevant fee which is included in the electricity bill. Moreover, the government promises to exempt the consumers who are charged for electricity with the so-called "social tariffs" (i.e. according to low income criteria) from the ERT fee

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the left-wing *Jungle World*, whenever they want to denounce anyone they want to destroy. According to these official theories, states like Greece play a postcolonial underdog game while creditors just do business as usual and simply want "their money back".

-the promise that the new taxation system will be heavier on the rich and that there will be more lenient rules for the arrangement of overdue taxes

-the promise that the extension of the Memoranda (which have been renamed into a “programme”) will be only four-month.

In addition to these, we should point out
-the gradual release of refugees and immigrants without papers from the detention centres: by the 23rd of March the number of detained immigrants had been reduced to 1.371, i.e. a 70% reduction in comparison to their number on the 17th of February (around 4.500)

-the announced penal system reform that includes the abolition of the new type high security prisons (aka C-type prisons), the on parole release for all 15 to 18 year-old juveniles, except from those facing life imprisonment charges, specific measures for imprisoned patients, elderly and people with disabilities that would ultimately lead to faster on parole releases, special measures for drug addicts that would entail rehabilitation programs rather than prison confinement.[15]

-the soft policing of demos (for the first time during an anti-government demo in recent years, on February 26th, the anarchists could smash everything in sight for a long period of time while the police was kept at bay) and occupations of universities and SYRIZA headquarters and radio stations, so far at least.[16]

These three recent developments have created confusion to the militant remnants of the previous cycle of struggles (2006-2012).

One should also add the forthcoming trial and highly probable, if not certain, conviction of key G.D. members. As part of the movement is still busy shadowboxing against the “fascist/totalitarian state and Greek society as a uniform whole” [sic], other antifascists have published pro-SYRIZA communiques exposing fascist nuclei within the state apparatus (e.g. the police) that supposedly cannot be controlled by the new government. One anti-fascist scenario that is shared by many goes even further: extreme right-wing, neonazis and key capitalists are waiting for their chance to overthrow SYRIZA, even by means of a military coup! However, this peculiar situation of serving two masters will not last long. The same Dr. Milios, mentioned in

[15] Apart from the (obvious) political undertones such reforms may have, one should also take into consideration its direct fiscal effects: by targeting prison overcrowding (Greece has one of the highest rates of occupancy levels in EU, see: http://www.prisonstudies.org/highest-to-lowest/occupancylevel?field_region_taxonomy_tid=14) this kind of correctional code reform also aims at minimizing the financial cost of confining (part of) the surplus population. This point of view sheds new light to SYRIZA’s attempt to promote, if not recuperate, grassroots “social economy” structures.

[16] The latter took place in solidarity with the ongoing hunger-strike struggle of political prisoners against high security C-type prisons and counter-terrorism legislation. If this police attitude continues, Greece could become the perfect place in Europe for Drs. Drury and Stott to practice their Knowledge-Based Public Order Policing according to their Elaborated Social Identity Model. See our two open letters: http://www.tapaidiatisgalarias.org/?page_id=105

our previous text, after having long abandoned his maoist version of communization theory, is lamenting now the abandonment of the moderate party program he drafted last September. He also worries that there is a danger that the voters may return to their previous negative attitude towards politics: “don’t believe the politicians whatever they may promise; it’s their profession to lie in order to conquer power”. As a result of his critique of the 20th February agreement, he was recently obliged to resign from his leading position in the party’s economic policy think tank.[17]

It’s rather questionable if *from now on* SYRIZA will continue to be able to recuperate grassroots struggles and tie them into its structures of control. To recuperate struggles means to be able to co-opt and, at least partially, satisfy their demands. As the situationists used to say: “*est récupéré qui veut bien*”. And as time goes by, less and less grassroots collectivities will wish to get tied to the structures of a party that does not wish (or cannot pretend to be able) to satisfy their demands.

Dr. V. and his colleague’s, Jamie Galbraith’s, hope that *“in a year the political landscape of Europe may be quite different from what it appears to be today”* and that this may lead to small-scale Keynesian policies is, for the moment, just that: wishful thinking. But, more importantly, this optimistic futurology serves as an excuse for the continuation of the implementation of austerity policies in the here and now. This politics warns against the danger that insisting on “threats of any kind” towards the EU bureaucracy could alienate “our partners” and destroy “our common home, Europe”. That’s the ground on which the new “theory of two extremes” will be played out in Greece: within the Eurozone, either all nation-states observe scrupulously the iron austerity measures under the dictates of the dominant euro-mercantilist faction of capital/member-states of the “European North” or the twin folk devils of the anti-imperialist/nationalist far-left and the nationalist far right will threaten the unity of Europe. So, “shut up and fasten your belts, otherwise we will all sink into barbarity!”

Only a new insurrectionary, self-reflective proletarian movement that will manage to impose the needs and interests of the proletariat on the capitalist state on a European level can subvert both austerity and moral panics ideology. Surely not a left government which prevailed on the basis of the retreat, the defeat or the recuperation of previous class and social struggles and which moreover is not willing

[17] Dr. Milios is not the only communization theorist inside SYRIZA who abandoned his theory of the destruction of the law of value. Another one is Woland, an (ex?) member of *Blaumachen* and *Sic*. After having spent some odd years devising funny theories about the “era of riots” and the rise of the new revolutionary (non-) subject, Woland has now found something more profitable to do: he has become General Secretary of the Ministry of Economy, Infrastructure, Shipping & Tourism, Director of the Black Sea Trade and Development Bank and Alternate Governor of the European Bank for Reconstruction and Development. One of his many duties is to find the right government policy proportion of commons to privatizations, workers’ rights to capitalist investments. There is also something else which is of importance here. Many of the SYRIZA’s high-profile cadres, who have been appointed as General Secretaries or senior councilors in ministries, used to be *active* participants in the social movements. As such, not only do they have an in-depth knowledge/understanding of the movement and its practices, but they could also make use of their direct (or indirect) communication channels: from the mere acquisition of inside-information to the deployment of the (necessary) means of mediation even further inside the anti-authoritarian milieu and the movement in general. To give just one example, the traditional clientelist system is still being reproduced by partially integrating countercultural, counterpolitics and other informal social networks.

to sacrifice its practical eurocentrism over its theoretical left keynesianism. Neither any faction of the Greek ruling class. The latter has been entangled into an unresolvable contradiction: on the one hand, by submitting itself to the protection of the hegemonic neoliberal/neomercantilist powers in the Eurozone it managed to submit the working class to labour and wage discipline. On the other hand, the ridiculous ideology of “expansionary contraction” in the EU, i.e. the policy of permanent austerity, especially as it has been implemented in its extreme version in Greece, has led to a disastrous devaluation of total social capital and contractionary effects on private domestic demand and GDP from which there seems to be no exit.

Further, it is crucial for the proletarian movement to fight against nationalism of both the left and the right flavour, which is strengthened all over Europe by the policy of supra-national debt terrorism. Nationalism in Greece is not a secessionist one, but nevertheless it prevents any thoughtful rethinking on the reasons why our past struggles against austerity failed.

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