

Greek government announces major pension cuts

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On Tuesday, the Greek government announced a massive cut in pension benefits. The bill was prepared in consultation with International Monetary Fund (IMF) and European Union (EU) officials in a cabinet meeting the night before.

The measure is the latest in a series of cuts carried out by Prime Minister George Papandreou's social democratic government, following the outbreak of the Greek debt crisis. It comes on the heels of a nationally televised May 2 announcement of a €30 billion austerity plan, including massive wage cuts, sales tax increases, and privatisations, in exchange for a joint IMF-European bailout.

The law raises women's retirement age from 60 to 65, to match the age for men, and raises the required pay-in period to receive a full pension from 35 to 40 years. It institutes a 6 percent pension cut penalty for every missing year. The government aims to raise the effective average retirement age from 61.4 currently to 63.5 by 2015, while still allowing the government to assess penalties for early retirement.

The basic state monthly pension is to be cut 10 percent, from €400 to €360 (roughly US\$450 at current exchange rates). Retirees often supplement the state pension with savings organised through their workplaces, though several of these pension funds have gone bankrupt and have been taken over by the state. The 13 pension funds now run by the state will be merged into 3 by 2018 to "generate savings," that is, cut pensions.

Pension benefits will also be reduced by basing them on pensioners' average pay over their working life, as opposed to their final pay at retirement—which is typically much higher.

Starting in 2014, pension benefits are to be indexed to Gross Domestic Product (GDP)—that is, the country's

economic growth. With Greece's economy in a profound slump, and facing the impact of huge wage and job cuts, this is a recipe for further massive cuts.

Other measures include limiting the list of "arduous" professions that allow early retirement and toughening guidelines for disability pensions. Unmarried or divorced daughters of deceased civil servants, bank employees and military staff will lose their pensions at the age of 18—a measure affecting 40,000 women.

The government plans to save a further €3 billion through the existing pension freeze, by increasing taxes on pensions of more than €1,400 a month by 5-10 percent, and by cutting holiday bonuses.

As the law was announced, Papandreou spoke at an event of the Hellenic Federation of Enterprises (SEV) in Athens, defending his government's collaboration with the IMF and EU. He said, "A basic precondition for Greece to exit the crisis is for all of us to work together. We all have the opportunity to leave behind the Greece of yesterday, of parasitism, underdevelopment and of social injustice."

Papandreou addressed the business leaders just 24 hours after he attended an all-party "national council" on the economic crisis. The meeting was also attended by the New Democracy opposition and the right-wing Popular Orthodox Rally.

As social discontent increases in opposition to the brutal austerity measures imposed by the Papandreou government, sections of the Greek media are becoming more vocal in their calls for more authoritarian forms of rule. Writing in the *Eleftherotypia* newspaper on Wednesday, commentator Tassos Telloğlu proposed a new government that would suspend the constitution and basic democratic rights.

He wrote, "This government has to have emergency powers. To put it more simply, the country would be in

a state of emergency without dictatorship, but certain articles of the constitution would have to be taken out or interpreted appropriately. The ability must be there for demonstrations such as those of [Communist Party-linked trade union] PAME in Peiraeus to be declared illegal straight away through court proceedings, the right to strike must be curtailed but also the right for protests that cut across sensitive areas.... Papandreou is inappropriate to lead such a government.”

In *Kathemerini*, Stavros Lygeros doubted that the conservative opposition New Democracy represented a reliable alternative to PASOK. Lygeros wrote: “Popular discontent is continually intensifying, threatening to sweep away the political system. New Democracy does not constitute an alternative solution.” However, he added, “there is the possibility of initiative outside the political system. For a long time, business magnate Andreas Vgenopoulos has been expressing his political views. Even though he denies it, there are many who say that he is preparing the ground for his entrance into the political arena.”

Vgenopoulos is the chairman of the Marfin Investment Group. On May 5, three employees were killed in an unexplained firebombing of a Marfin Egnatia bank in Athens. Vgenopoulos is also a major shareholder of the Panathinaikos football club and the chairman of Olympic Air. He is estimated to have a net wealth of €800 million. He recently made a statement to the effect that “politicians” are “responsible for country’s bankruptcy”.

At the same time, the various middle class organisations in Greece are carrying out a historic betrayal of the working class by cementing their support for Papandreou as he slashes the living standards of the working class. Their main concern is to prevent any independent political mobilisation of the working class against the cuts.

Renewal Wing, a faction of SYRIZA (the Coalition of the Radical Left), is calling for the party to enter into a partnership with the Papandreou government. A report in SYRIZA’s newspaper, *Avghi*, stated that the leadership of SYRIZA had discussed the proposals of the Renewal Wing at a recent meeting. Spyros Lykoudis said that SYRIZA would not oppose the line of the Renewal Wing, stating, “We refuse to go back to being a monolithic party.” *Avghi* commented that the consensus at the meeting was also that there should be

no public statements made on the issue.

Sections of ANTARSYA (Anticapitalist Left Cooperation for the Overthrow) are also spreading claims that various establishment politicians will support workers’ interests. In a Tuesday interview with the British Socialist Workers Party newspaper *Socialist Worker*, Panos Garganas—a leader of the Greek Socialist Workers Party and editor of the Greek paper *Workers’ Solidarity*—said the political establishment was “cracking.”

He said that elements within PASOK had taken up a struggle against the cuts and called on workers to support them. He added, “A political crisis is developing. Two of the PASOK MPs that were expelled are left-wing and popular—Yiannis Dimaras and Sofia Sakorafa.”

Not content with sowing illusions in PASOK, Garganas maintained that there were also forces within the right-wing opposition party New Democracy, in whom the working class could also put their faith: “Most people believe there are many other MPs who feel the same way. And there is also a split in the right-wing New Democracy Party, which opposes the measures. Dora Bakoyannis, a leading figure and former foreign minister, voted for them and was expelled”.



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