

Germany demands Greek austerity as Syriza pledges “frenzy of reasonableness”

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German Finance Minister Wolfgang Schäuble insisted that the new Syriza-led government in Greece had to implement the Berlin-dictated austerity agenda, following meetings Thursday with his Greek counterpart, Yanis Varoufakis.

Schäuble said that “some of the measures announced by Greece” did not “go in the direction we wish to see.” He was speaking at a press conference alongside Varoufakis, representing the new Syriza-led government in Greece. Schäuble rejected Varoufakis’s proposal for Athens to exit the current austerity agreement with the European Union, European Central Bank and International Monetary Fund and for the newly elected government to receive a three-month bridging loan until the end of May in order to prevent economic collapse.

Schäuble said the two sides had “agreed to disagree,” while Varoufakis declared in response that they did not “even agree to disagree. ... We did not reach agreement because it was never on the cards that we would.”

At the press conference, Varoufakis grovelled and begged before Schäuble. He described Schäuble as a “European statesman” whose work and “efforts to unify Europe I have been following with great interest since the 1980s.” He pledged, “From our government you can expect a frenzy of reasonableness” and “a readiness to implement efficient micro-economic reforms that work.”

Of the troika’s programme, Syriza estimated that 60-70 percent of the austerity measures agreed by the last Greek government with the troika were appropriate, but that, “We need to put loan repayments ahead of interest payments.”

He pleaded with Germany and the other EU members, “You may not like us because we are a left-wing party, but use us to implement the European

programme.”

The press conference had a surreal air, as it was conducted under conditions in which the European Central Bank (ECB), under Germany’s direction, had undercut the Greek banking system by announcing that it would no longer accept Greek bonds as collateral for ECB loans. Neither Schäuble nor Varoufakis mentioned this, even as share prices in Athens were collapsing. Shares in Greece’s four main banks fell drastically, at one stage by nearly 30 percent. (See: “European Central Bank tightens its grip on Greece in response to Syriza ‘debt swap’ proposal”)

Varoufakis was well aware of Germany’s intransigent position, after a leaked German government memo rejected reversing a single one of the savage austerity measures introduced in Greece over the past years.

Summing up the document, Greek daily *Kathemerini* wrote, “Germany ... wants Athens to stick to an agreement to reduce general government employment by 150,000, implement pension reforms that establish a close link between contributions and benefits, keep the lowered minimum wage and make wider use of decentralized wage bargaining. Berlin calls for continued privatisations of ports, energy utilities and real estate in particular and fostering foreign direct investment with the aim of getting 2.2 billion euro in revenue in 2015.”

The hard line from Germany is part of a broader campaign in European capitals to tighten the screws on Greece following elections last month. On Thursday French President Francois Hollande defended the ECB action, saying that it had put the responsibility to reduce debt squarely on the shoulders of the government, “and it’s perfectly legitimate.”

Thursday’s events in Berlin are a crushing refutation

of the claims of Syriza that there exists some alternative to austerity within a capitalist framework. Syriza's program is based on the claim that through a process of negotiation they would be able to win support from countries including France, Italy, the US and possibly even Germany, for a pro-capitalist reflationary strategy and economic growth based on Quantitative Easing (QE) led by the European Central Bank.

However, Syriza's pretensions to be an anti-austerity movement have been shot to pieces within just 10 days of it coming to power. This week's series of meetings held between Varoufakis, Syriza leader and Prime Minister Alexis Tsipras and the various representatives of the major European powers have seen one climb-down after another.

Syriza's previous anti-austerity rhetoric and token reform programme was never based on its impact on the broad mass of Greece's population.

The main purpose of any accommodation with the European powers would be to allow Greece to continue to pay off the European banks, while giving the Syriza government more time to pursue "reforms" aimed at opening up the Greek economy more directly to international capital and providing more opportunities for sections of the upper middle class, while implementing some token changes to austerity measures aimed at mollifying intense anger within Greece.

Varoufakis was addressing in Schäuble, one of the most reactionary politicians in Europe who, as the architect of Germany's austerity agenda, bears central responsibility for savage cuts that have devastated the lives of millions of European workers since 2008.

Schäuble has consistently emphasised that the Greek elections would not be allowed to change the imposition of austerity. In the press conference, he said the Syriza government had the right to enact campaign promises as long as it did not break Greece's commitments to the troika.

Syriza endorsed this flagrant attack on the basic tenets of democratic rule, with Varoufakis stating, "Let me surprise you by saying no, I don't think we have an immediate right to implement our programme ... We have a programme and Germany has a programme and there are another 17 mandates and the whole point about Europe is finding ways of combining those mandates ... and [pursuing] European interests."



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