Greece’s Syriza government proposes list of social cuts to European Union

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Just days after capitulating to European Union (EU) demands for austerity, Greece’s Syriza-led government matched its words with deeds. Early Tuesday morning, it presented a promised list of “reforms,” that is, attacks on the working class, as demanded by the EU in Brussels.

In response, the euro group of euro zone finance ministers agreed to extend credit to Greece under the so-called “aid program” until the end of June. Their speedy agreement yesterday afternoon shows that the Greek government's proposed cuts broadly meet the requirements of Brussels and Berlin.

Greek Finance Minister Yanis Varoufakis’ seven-page document could have been written by conservative German Finance Minister Wolfgang Schäuble. In it, the Syriza government confirms not only its complete submission to the hated diktat of the EU, it announces social cuts going well beyond those implemented by previous conservative and social democratic governments.

In his letter to the euro group’s president, Dutch Finance Minister Jeroen Dijsselbloem, Varoufakis wrote pompously, “In addition to codifying its reform agenda, in accordance with PM [Alexis] Tsipras’ programmatic statement to Greece’s parliament, the Greek government also committed to working in close agreement with European partners and institutions, as well as with the International Monetary Fund, and taking actions that strengthen fiscal sustainability, guarantee financial stability, and promote economic recovery.”

The “Greek savings list,” as the German media dubbed it, contains one proposal for cuts after another.

The “Public expenditure” section states: “The Greek authorities will review and control spending in every area of government spending (e.g., education, defence, transport, local government, social benefits).” They will also “identify cost-saving measures through a thorough review of spending by every ministry.”

In the section on “Reform of social security systems”, Syriza pledges “to continue modernising the pension system.” The authorities will “eliminate loopholes and incentives that give rise to an excessive rate of early retirements... [and] consolidate pension funds to achieve savings.”

In the section on “Privatization and management of public assets,” Syriza pledges “not to roll back privatisations that have been completed.” Moreover, “where the tender process has been launched, the government will respect the process, according to the law.”

This is intended to “attract investment in key sectors and utilise the state's assets efficiently” and does not rule out further privatizations. Privatizations that have not yet been completed should be reworked so as “to achieve better conditions and revenue” and “promote competitiveness.”

The document states that “labour market reforms” are intended to create a “better business environment.” To this end, the government effectively abandons calls for an increase in the minimum wage, one of its main election promises. “The scope and timing of changes to the minimum wage will be made in consultation with social partners and the European and international institutions.” In other words, the banks will decide whether or not to raise wages in Greece, having reduced wages for many workers by as much as 50 percent!

Other topics in the paper are the “Fight against corruption”, tax policy, and the health of the Greek and European banks.

Varoufakis’ paper comes as no surprise to those who

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have followed the politics of Syriza. It originates from a man and a government that from the beginning saw their task as saving the EU and European capitalism. Like its predecessors, the Syriza government has submitted to the dictates of the EU and the financial markets, which, even after five years of brutal austerity, demand even greater sacrifices from the Greek population.

According to calculations by the Bank of Greece published in the newspaper *Kathimerini*, Greece needs another ten billion euros in March, most of which will go directly to the banks and international financial institutions. On March 6, government bonds amounting to €1.4 billion fall due; on March 20, a further €1.6 billion must be repaid. In addition, €1.6 billion in loan repayments are due to the IMF.

Only recently, the Greek economics blog *Macropolis* calculated that only eleven percent of the second so-called "aid package" for Greece went to the Greek government. The rest of the bailout was used for loan financing, i.e., it flowed directly to the banks.

Athens' new list of social cuts carries forward the EU debt Memorandum, continuing to bleed the Greek population on behalf of finance capital. In the coming weeks, further concrete proposals for budget cuts are expected from Athens.

IMF chief Christine Lagarde confirmed on Tuesday that Athens' plans were sufficient to continue the aid programme. However, she criticized Syriza's proposals as being insufficiently specific. The IMF director complained that in many areas, "including perhaps the most important," there were no "clear assurances that the government intends to implement the envisaged reforms."

Dijsselbloem said the proposals submitted by Athens were only "a first list" and an "indication" of the cuts the Tsipras government will implement. He believed, however, that the new Greek government was "very serious" about carrying out the cuts.

Even though Syriza agreed to continue the austerity policies of previous Greek governments, Dijsselbloem said it had "quite a different political vision" than its predecessors.

In reality, the agreement between Brussels and Athens underscores the fact that Syriza's "political vision", i.e., pro-EU and pro-capitalist policies dressed up in pseudo-left phrases, is seen by growing sections of the European ruling elite as a strategy to continue with austerity in Greece.

Leading economists are accordingly calling for some verbal concessions to Syriza, so that the party does not discredit itself too quickly as it moves ahead with its reactionary agenda.

In a comment in *Die Welt,* the director of the German Institute for Economic Research (DIW), Marcel Fratzscher, warns, "Greece will emerge from the crisis only when the country takes ownership of the reforms. This can be achieved only if the government in Greece can emerge from the negotiations as a winner as well."

"Rarely in the past 30 years, has support for a government in the country been so great," said Fratzscher. "Europe should seize this opportunity and help the Greek government to convert its popularity into a constructive reform programme, by allowing the government to implement at least some of its campaign promises."

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