

Greek Finance Minister Varoufakis pledges to impose austerity

Robert Stevens
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Since the Syriza-led Greek government agreed with the European Union, European Central Bank and International Monetary Fund “troika” on February 20 to continue austerity, it has still attempted to maintain the pretence of a defiant stance. Two events attended by Greek Finance Minister Yanis Varoufakis on April 9 blew a hole in this political fraud.

Varoufakis spoke at a meeting of the Institute for New Economic Thinking at the OECD headquarters in Paris and later gave an interview to Bloomberg TV. During both he made highly revealing statements regarding Syriza’s pro-capitalist agenda.

Varoufakis is an academic and economist, and his wife, Danae Stratou, is an artist from a family of wealthy capitalists. Their plush apartment overlooks the Acropolis. He has been hailed by sections of the media and his admirers within the more privileged sections of the middle class. After he let loose a few sound bites of rhetoric in his initial talks with the troika, Varoufakis was even described as the “Terminator” who would finally end austerity.

Describing himself as an erratic Marxist, he said Syriza’s mission was to “try to save European capitalism from itself.”

His views were shaped while he was studying in Britain during the 1980s Conservative government of Margaret Thatcher. Varoufakis acknowledged he was bowled over by Thatcherism, which he considered an unstoppable force. He concluded that Thatcherism proved that state ownership and planning doesn’t work and that the working class was finished and had bought into capitalism lock, stock and barrel.

At the Institute for New Economic Thinking event, Varoufakis spoke alongside the American economist Joseph Stiglitz. Like Varoufakis, Stiglitz also wants to save capitalism.

Varoufakis explained that Syriza were “very keen” to reach an agreement as stipulated by the austerity program they signed with the troika.

“We have been trying to do this, to sit down with our partners and prioritise the reforms and even create bills that we will push through parliament tomorrow... and know what we will do for the next four years, three years two years, not just in the short term,” Varoufakis said.

Years after the 2008 global financial crash, he said, it was not just Greece but other European Union states that are bankrupt. There is a “reliance of banks on states and states that don’t have a central bank behind them, in order to bail out the banks. And vice versa of the states relying on the banks for financing.”

On taking office Syriza attempted to pit some of Europe’s major powers, including Britain, Spain and Italy, against the hard-line position of the German government, which had demanded no concessions be made to Syriza.

Varoufakis met British Conservative Party Chancellor George Osborne. He said he was impressed “by the nature of the conversation,” stating that the European crisis has taken such a turn that “the standard distinction between left and right has been blurred.”

“I can have a conversation with George Osborne on economic policy,” he said, as “both the left and the right are willing to look at the problem afresh”. He contrasted this to the “institutional inertia” of the Troika, “which is refusing to come to terms with reality.”

Syriza, said Varoufakis, is trying to convey to the troika that the labour market in Greece is the “Tea Party’s wet dream ... Imagine if in the United States only 9 percent of the unemployed were to receive any unemployment benefits and that only for a few months.

I think the Tea Party would have a party on the streets.”

Syriza wanted labour market regulation as “even if you were a neo-liberal, you have to agree the only way to make the labour market more efficient is you need more regulation, not less.”

Indicating the advantage of using the trade unions to discipline the Greek workforce, he stressed that collective bargaining, “if it is done smartly, is a good way of creating more efficiency and you don’t have to be a left-winger to agree with me.”

So strident were Varoufakis’ policies in favour of the private sector that Stiglitz felt obliged to ask him whether the reforms Syriza were outlining would be compatible with International Labour Organization standards. Varoufakis replied that he would consult with them.

Varoufakis advocated wholesale privatisations, stressing, “We are restarting the privatisation process as a programme making rational use of existing public assets.”

He was unabashed as he called for the private sector to be granted a majority share in all such entities, insisting that the state was not capable of running them. Of privatisation, “which for a left-wing government is supposedly a dirty word,” he stressed, “What we are saying is that the Greek state doesn’t have the capacity to develop public assets ... railways, ports, airports a variety of public assets.”

Varoufakis closely resembles another famous acolyte of Thatcher, former UK Labour Party Prime Minister Tony Blair. His calls for economic revival have nothing to do with any conception of socialism, but are similar to the public-private partnerships embraced by Blair as the cornerstone of the “New Labour” agenda.

He asked, “What are we saying? That we recognise that these public assets cannot be left to the state to manage. We want private public joint ventures. We will give even the majority of public equity to the privateer [sic]”—in return for which he begged for a “minimum investment requirement” for the state to run pension funds and provide “decent working conditions.”

In his interview with Bloomberg, Varoufakis said Syriza was committed to a primary budget surplus, stipulating only that “this should not be excessive because it will crush the private sector.”

Syriza wanted to pay back all the debt owed by the Greek state and there should be “a rationalization on

the different slices of the Greek debt *without any haircuts for anyone but in a way that maximizes the amount of value that our creditors will get back from the Greek state,*” (emphasis added).

Syriza’s austerity agenda means that it is heading for a head-on collision with the Greek working class. He was asked whether the government was prepared for a “political backlash ... from the real people of Greece.

“The risk is that you boys and girls take a bit of a smack from the people of Greece. Are you prepared for that?”

He replied, “We wouldn’t be fit for the purpose if we were not prepared to take the political costs which are necessary to stabilize Greece and lead it to growth...”

What is Varoufakis saying?

The devastating austerity implemented in Greece over the last five years has resulted in the pauperisation of millions of people. Official unemployment remains above 25 percent. Hundreds of thousands of families have no source of income and rely on food banks and charities. Three million people, out of a population of 11 million, have no access to state funded health care.

It is under these conditions that Varoufakis is insisting that Syriza, as he said previously, will “squeeze blood out of stone” to repay its creditors.

As the WSWS has warned, Syriza must be prepared to use the full force of the state to crack down on the mass social opposition such an onslaught will engender. This is the true political character of the party universally hailed as an anti-austerity “workers’ government” by pseudo-left groups such as the Socialist Workers Party in Britain, the French New Anticapitalist Party and the International Socialist Organization in the United States.



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