

# Syriza agrees to EU austerity measures

Christoph Dreier  
24 June 2015

New details were released on Tuesday on the Greek government's proposal to its international creditors. The wide-ranging cuts go much further than all previous plans and will inevitably provoke strong social opposition.

The government, led by the Coalition of the Radical Left (Syriza), provided the heads of European Union (EU) governments with a list of proposed cuts on Monday evening to secure the last tranche of the bailout of €7.2 billion. Without this payout, the highly indebted country is threatened with bankruptcy.

The proposals signify nothing less than Syriza's capitulation before the EU. The Greek government has crossed all of the red lines it formulated when it took power, presenting a comprehensive austerity package which will worsen the already catastrophic social conditions in Greece.

This was why representatives of EU states responded in broadly positive tones to the plans. Even German finance minister Wolfgang Schäuble, who declared at lunchtime on Monday that he had not seen any "substantive proposals", conceded on Tuesday that the proposals were the starting point for further negotiations.

In total, the proposed cuts amount to €7.9 billion over a period of 18 months. €2.5 billion alone is to be cut from pensions. To achieve this, the Greek government will put restrictions on early retirement, increase premiums, and cut top-up pensions.

Up to €1.8 billion is to be obtained by increasing the sales tax on goods which are basic necessities. It is still unclear if the tax on foodstuffs in general will rise to 23 percent, or if there will be exceptions taxed at just 13 percent.

Even the property tax, which was implemented at the urging of the EU and affects many poor people in Greece, will be maintained, although its abolition was among Syriza's main election promises.

All of these measures will mainly affect poor layers of the population. By contrast, taxes on the rich and corporations are only to raise €2 billion of the €8 billion total. The €4 billion military budget is to be cut only by €200 million. Even the previous conservative government cut the budget by more.

The pension cuts in particular will slash living conditions for the poorest Greeks. No social welfare exists in Greece, and unemployment benefits are paid for a year at the longest. Under conditions of an official unemployment rate of over 25 percent and a minimum wage of €700, many people are often dependent upon one pension payment.

The cuts go far beyond what the EU and International Monetary Fund (IMF) demanded from the previous government. Last December, the troika of IMF, European Central Bank (ECB) and EU commission demanded tax increases and pension cuts totaling €2.5 billion in order for the last tranche of the bailout to be paid, which was actually due by the end of 2014.

Last year, former Prime Minister Antonis Samaras (New Democracy) did not dare impose such measures in the face of popular opposition following years of austerity. Instead, he called new elections after the failure to elect a new president. When Syriza was elected to office on January 25 on an anti-austerity platform, the EU then refused to pay out the last tranche.

Only after Syriza promised in February to stick to all obligations agreed with the creditors did the EU and IMF return to the negotiating table. They extended the deadline for the bailout until June 30 and called upon Syriza to draft plans for new austerity measures.

Over this period, the austerity demands of the creditors have multiplied. At the same time, Greece has paid back loans totaling over €10 billion, which the outstanding €7.2 billion had been intended to cover. To do this, the Syriza government plundered the pension

funds and cash reserves of state-owned companies, increasing its dependence on the EU.

Syriza's proposal for cuts on this scale proves the bankruptcy of its perspective. The party hoped to be able to achieve some concessions in talks with the EU. Syriza always accepted the framework of EU institutions and the capitalist system, refusing to mobilise the European working class against the austerity dictates. As a result, it has been transformed within a matter of months into a tool for the imposition of intensified social attacks.

It remains unclear, however, whether an agreement will ultimately be reached. Euro zone finance ministers are due to meet today to discuss the proposals. Until then, technical teams are working on the details. Then on Thursday, the heads of government will meet for a further conference at which a decision could be taken.

The aggressiveness of the EU, and of the German government in particular, in imposing the austerity dictates upon Greece, cannot be explained simply due to conditions in Greece. That country is seen as setting a precedent to justify attacks on the social rights of the working class across the continent.

It was no accident that EU commission President Jean-Claude Juncker presented a joint paper with the heads of all of the important EU institutions just hours before Monday's talks. It contained plans for the expansion of austerity measures across Europe.

One of the paper's main demands is the transformation of the Euro-Plus-Pact into EU law. The pact was adopted in 2011 and obligates all euro area members to increase retirement age and introduce a "debt brake" (balanced budget requirement) based on the German example. If it becomes EU law, the institutions would be able to determine the main lines of economic policy of all EU member states, just as they are doing in Greece.

The measures in Greece are therefore viewed as a test case. European elites are well aware that implementing such attacks will lead to strong social opposition and cannot be implemented democratically. Samaras was voted out of office five months ago for pursuing this course.

It is thus significant that the Greek military has carried out a series of joint manoeuvres with the Egyptian military over the past month. The exercises were officially presented as part of efforts to combat

terrorism in the region.

Under this slogan, the military junta of General Abdel Fattah al-Sisi is mainly combatting social resistance among its own population. Since al-Sisi overthrew elected President Mohammed Mursi and established his dictatorial regime two years ago, thousands of oppositionists have been murdered and tens of thousands imprisoned. In Greece itself, the dictatorship of the colonels, supported by NATO, came to an end just four decades ago.



To contact the WSW and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**