

# EU rejects Syriza's austerity proposals at euro group summit

Robert Stevens  
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Greece's international creditors yesterday tore up new austerity proposals from Athens, demanding far deeper cuts. The move came ahead of last night's emergency meeting in Brussels of the euro group, made up of the eurozone's finance ministers.

The meeting lasted barely an hour before breaking up. The euro group is to resume talks this afternoon, ahead of a two-day summit of European Union (EU) leaders starting tonight.

Earlier Wednesday, Greek Prime Minister and Syriza leader Alexis Tsipras was summoned for talks with International Monetary Fund (IMF) chief Christine Lagarde, European Central Bank (ECB) head Mario Draghi, and European Commission (EC) leader Jean-Claude-Juncker.

On Monday Syriza came up with a new list of austerity measures totalling €7.9 billion, including limitations on early retirement. Initially the EU, ECB and IMF gave a cautious welcome to Syriza's latest concessions, describing them as the basis for further negotiations. But within 24 hours, the creditors countered Syriza's proposals with a five-page edict of "Prior Actions" to be imposed "in consultation with EC/ECB/IMF staff".

The three institutions did not produce a separate document, but used the track changes function in Microsoft Word. Most of Athens' proposals were crossed out in red and substituted by harsher creditor proposals—also underlined in red—mocking Syriza's own self-proclaimed "red lines," that is, austerity measures they were not willing to impose on the Greek people.

Syriza representatives in Athens said what was now being demanded was "Armageddon" and "financial napalm."

Central to the creditors' demands are deeper and

permanent pension cuts amounting to €1.8 billion (1 percent of GDP), to be imposed from next year and VAT sales tax increases.

Syriza's revenue-raising proposals were anathema to the institutions: they were largely based on tax increases, including taxes on corporate profits, with no immediate cuts to pensions.

Berlin, which leads the calls to make an example of Greece to justify austerity policies across Europe, wants all "prior actions" approved by the Greek parliament this month, before other eurozone parliaments even take a vote on any agreement that might materialise.

Greece proposed to increase the effective retirement age to 67 by 2025, having earlier put forward 2036. The institutions are demanding it for 2022. They also insist that a worker can only retire at 62 if he or she paid into the system for 40 years. These measures would become law immediately.

The institutions also want an end to Syriza's proposal of a "solidarity grant" by 2017—a one-off top-up payment for poorer pensioners. Syriza planned to phase it out by 2018, with its termination in 2020.

These demands are a crushing refutation of Syriza's claims to be engaged in "honest" negotiations with the EU, aimed at concluding a "mutually beneficial" agreement. Instead, the representatives of European and global finance capital have demanded that Syriza renege on every pledge they made to "end austerity", prior to their election victory in January.

No democratic or legal barriers are being allowed to stand in the way of savage cuts in working class living standards. This month, Greece's top administrative court, the Council of State, ruled that cuts to private-sector pensions made in 2012, at EU/ECB/IMF insistence, were unconstitutional, violating Greek law and the European Convention on Human Rights.

In response, the latest document states, “The authorities will adopt legislation to fully offset the fiscal effects of the court rulings on the 2012 pension reform.”

The Greek crisis threatens the very existence of the euro currency and EU. Next Tuesday, on June 30, Greece’s existing austerity programme expires. In February, Syriza committed to imposing new austerity measures in return for the remaining loan tranche of €7.2 billion. Without this payout, Greece, with its €315 billion debt, faces bankruptcy and will be unable to repay billions in loans, including a June 30 payment of €1.6 billion to the IMF.

Prior to leaving Athens for talks in Brussels yesterday, Tsipras tweeted, “The repeated rejection of equivalent measures by certain institutions never occurred before—neither in Ireland nor Portugal. This odd stance seems to indicate that either there is no interest in an agreement or that special interests are being backed.”

Tsipras was revisiting comments he made in *Le Monde* last month. After complaining that yet again another batch of “serious concessions” from Athens had been thrown out by the EU, ECB and IMF, Tsipras said this evidenced the existence of a eurozone based on dictatorial edicts.

If this continues, said Tsipras, “elections would need to be abolished in those countries” under austerity programs. “Namely, we would have to accept that the institutions should appoint the Ministers and Prime Ministers, and that citizens should be deprived of the right to vote until the completion of the [austerity] Program.” This meant “the complete abolition of democracy in Europe,” he added.

Noting subsequent comments by Tsipras warning of the threat to democratic rule, this month *Business Insider* also cited a note from Mujtaba Rahman and Federico Santi at the Eurasia Group consultancy, who said the talks between Athens and the creditors were being carried out “in the hope of bringing about regime change.”

With the European Commission talking of an imminent “state of emergency” in Greece and the need to plan for social unrest, the *Daily Telegraph* said Tsipras hinted “that their real goal is to destroy the credibility of his radical-Left Syriza government and force regime change.”

Greek history demonstrates that regime change to defend the interests of international finance capital can mean a return to military rule. As recently as 1974, the fascist “regime of the colonels” was in power in Greece, having overthrown the government in a bloody CIA-backed coup in 1967.

This week Channel 4 News journalist Paul Mason, noting growing political tensions, commented that it has now “become routine for people to start throwing around the words ‘civil war’, and no longer in the jokey way they used to.”

Since the onset of mass austerity in Greece in 2010, there have been constant rumours of coup discussions among high-ranking military personnel. The Greek army, a large conscript force twice the size of the British army, is on a high state of alert.

Since Syriza’s election, the armed forces have been engaged in a series of high-profile military manoeuvres, including “war games”, under the guise of fighting terrorism and “extremism”. These included exercises with the armed forces of the blood-soaked Egyptian dictator Abdel Fattah el Sisi.



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