Tsipras to Germany: German Taxpayers are not paying for Greek Pensions

Alexis Tsipras, the Greek Prime Minister, has rebuffed suggestions that bailout money going to Greece is being spent on pensions and salaries. In a comment piece for the German news magazine, Der Tagesspiegel (read it here in English on the EurActiv blog), Tsipras says that the assumption that Germany is paying for the wages and pensions of the Greek people is *'absolutely false'*.

Tsipras hits out at various empirical claims that are false. First, he denies that 75% of Greece's primary spending goes on salaries and pensions – only 30% of it goes on pensions. He acknowledges that spending on pensions in Greece has gone up: from 11.7% of GDP in 2007 (slightly higher than the 10.4% in Germany) to 16.2% in 2013 (while in Germany the numbers remained almost stable). But the reason for this is that Greece's GDP has shrunk, meaning pensions spending accounts for a constant share of a smaller cake.

Tsipras also points out that in Greece that retirement age is 67, compared with 65 in Germany, although the average exit age from the labor market for men in Greece is 64.4 years, i.e. eight months earlier than the 65.1 years in Germany, while Greek women retire at 64.5 years, about 3.5 months later than German women who retire at 64.2 years.

Tspiras says in his article: *'I wanted to highlight the above – again, not to deny the ailments of our social security system- but to prove that the problem is not one of supposed generous pensions.'*

Tspiras points out that the Greek government has taken steps to get its welfare spending in order, but calls for more time: *'The Greek government submitted specific proposals concerning the social security system's reorganization. We agreed to the immediate abolition of the early retirement option that increases the average retirement age, and we are committed to moving forward immediately with the consolidation of the pension funds, thus reducing their operating expenses and restricting special arrangements.*

As we analyzed in detail during our discussions with the institutions, these reforms function decisively in favor of the sustainability of the system. And like all reforms, their results will not be apparent from one day to another. Sustainability requires a long-term perspective and cannot be subject to narrow, short-term fiscal criteria (e.g. reducing expenditure by 1% of GDP in 2016).'

No-one denies that Greece's welfare system and fiscal position is dysfunctional in many respects. But it would be good to keep some perspective and stick to the facts.

June 25th, 2015 | Eurozone Crisis, Social Conditions | 0 Comments