

Greek parliament approves austerity budget for 2016

By Stefan Steinberg
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On Sunday morning the Greek parliament voted to approve a 2016 budget proposal containing a new round of sweeping austerity measures. The budget was drafted by the Syriza cabinet led by Prime Minister Alexis Tsipras.

The austerity measures were demanded by the troika, which consists of the European Union, European Central Bank and the International Monetary Fund. After being elected at the start of the year on the basis of a pledge to defend pensions and social conditions, Tsipras and Syriza have now agreed to slash Greek public spending by an additional €5.7 billion, including €1.8 billion cuts in pensions and tax increases of just over €2 billion.

The latest cuts come just days after demonstrations in Athens and other major Greek cities to protest against the decimation of social spending and pensions. Many pensioners have already experienced income reductions of up to 40 percent in the past five years of austerity. With unemployment standing officially at 25 percent, many families depend on the pensions of elderly family members as a means of survival.

Aware of the massive popular opposition to austerity, Tsipras sought in the parliamentary debate to win the support of the right-wing opposition for an all-party offensive to enforce his program. The opposition rejected his overtures and the budget was passed with a slim majority of 153 votes in favour, with 145 against.

The overwhelming majority of the €86 billion (\$93 billion) funds promised by eurozone countries in the third bailout for Greece since 2010 will go towards the further recapitalisation of Greek banks and the repayment of loans and interest to Greece's international creditors.

Greek debt is now forecast to grow to €327.6 billion (\$356 billion), or 187.8 percent of GDP (compared to

180.2 percent in 2015). The most recent projection by the banks estimates that Greece will be repaying its growing mountain of debt to creditors for the next 42 years.

The capitulation of Tsipras and Syriza has only served to embolden its creditors to demand even more austerity.

Earlier this month EU and German officials stated that Athens was taking too long to implement a list of 60 further "reforms" demanded by the troika for 2015-16. The German newspaper *Die Welt* cited a report by the German Embassy in Athens dated December 1, arrogantly complaining, "Greece is practically not governed. The country is like a rudderless ship."

This is despite the fact that the Tsipras government has already made major strides towards implementing the troika's demands. Syriza has already raised the retirement age, increased retirees' mandatory health care contribution payments, and scrapped most early retirement benefits. In addition, Tsipras has implemented measures to eliminate protections from eviction for families in arrears on their mortgages.

On Monday troika representatives returned to Greece to finalise details of the 13 so-called "prior actions" that Greece has to pass through parliament by mid-December in order to receive the country's next one billion-euro tranche. At the top of the list is the privatisation and hiving off to international investors of key services and industries, such as the country's main electricity provider, ADMIE.

In addition to insisting on the setting up of a new privatisation trust with the aim of raising a total of €50 billion, the troika is demanding that foreign investors be allowed to sit on the board of the trust to select which companies and banks can profit most from the

sales of national assets.

Other demands insisted upon by the institutions are further wage cuts in the public sector and additional tax increases.

Just two days before the budget vote on Sunday, Syriza's implementation of the austerity programme dictated by the banks received the approval of the US Obama administration. In a visit to Athens last Friday, Secretary of State John Kerry assured Tsipras that the US supported Syriza's economic policy.

"I appreciate the way you have been approaching the economic reform effort and the challenges of the debt," Kerry told Tsipras last Friday at the start of their meeting at Maximos Mansion.

Tsipras thanked Kerry for coming to Greece "during this critical time for the region" when there are "threats to stability in the wider region".

He assured Kerry that in exchange for US support to enforce austerity, Syriza was prepared to collaborate with America in the sphere of foreign policy. Tsipras told Kerry, "I want to show you that Greece remains a [force] of stability in the region."

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