Syriza budget implements dictates of European banks

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On Monday evening, Greek Prime Minister Alexis Tsipras presented a budget draft for 2016 containing sweeping austerity measures, which he described as the "only way" out of the economic crisis facing the country.

The budget contains all the cuts agreed to by the Syriza-led Greek government with its European creditors in July, as part of the so-called Memorandum of Understanding. They include further increases in regressive taxes, cuts in pensions and the abolition of workers' rights.

Despite the country's deep recession and skyrocketing poverty, the government has committed itself to achieve a budget surplus next year. The surplus will be used to repay debt and interest. The billions of euros extracted through spending cuts imposed onto the Greek working class will be transferred to the accounts of the country's creditors.

The budget proposal marks a new milestone in Syriza's capitulation to the dictates of European finance capital and the repudiation of the party's previous promises to end austerity.

When Tsipras signed the agreement with Greece's creditors in July, he declared that he had been forced to implement social cuts. Now he stands squarely behind austerity, arguing that it is the only way out of the crisis. Greece must regain its credibility, Tsipras declared. "We have to tighten our belts."

At a meeting of the Syriza Group last Saturday, Tsipras lined up fully behind the memorandum. "We have to dare to implement the reforms the country needs," he said. "Our main goal is to get out as quickly as possible from supervision and regain access to international markets."

Speaking before parliament on Monday, he claimed that the unconditional implementation of the credit agreement would open up the possibility of restructuring Greece's debts. He said he would argue inside the euro group for increasing the maturity of loans, linking repayment to economic growth and permanently determining the rates of interest. Tsipras has thereby dropped his earlier demand for debt relief in the form of a "haircut."

The draft budget is based on the assumption that the economy will shrink by 2.3 percent this year. A decrease of 1.3 percent has been predicted for 2016. Although the government expects a primary surplus next year, it assumes that the country's total debt burden will rise to 196 percent of GDP by the end of the year. The following year it is expected to rise to 201 percent. The main factor for the increase is the usurious interest rates to be paid to Greece's creditors.

Tsipras' argument that social spending cuts will lead Greece out of its crisis is absurd. The reality is that the austerity measures imposed in recent years have pushed the country deeper into recession and elevated its debt ratio to a fantastic level.

Tsipras' cabinet, meanwhile, is already in the process of implementing the measures. On Monday evening, euro zone finance ministers met in Luxembourg to discuss the implementation of the agreement.

At the meeting Greek Finance Minister Efklidis Tsakalotos set out plans for presenting the 48 "milestones" already specified in the Memorandum to parliament before October 15. These include further cuts in pensions, the privatization of airports and an insolvency law intended to give Greek banks more powers to collect their debts.

The government says it hopes to secure the disbursement of the next tranche of loans of two billion euros by rapidly implementing the program. A first report is due to be presented to the EU institutions at the end of the month to decide on disbursement. Overall, the agreement covers EU loans of over 86 billion euros, 13 billion of which have already been paid to Greece. The government used this sum to repay outstanding loans to the EU and the IMF.

Bank recapitalization was also a central topic in the discussions, although no final agreement was reached. The European Stability Mechanism (ESM) has made available up to 25 billion euros for Greece's banks—money that the banks require because the ECB has capped funding and also applied capital controls.

Due to the deep recession, bad loans totaling around 100 billion euros have now accumulated in the vaults of the country's four major banks. The Greek government has agreed that debt collection laws be amended to allow the banks to either wind down or take over and restructure over-indebted companies. The result will be mass layoffs and wage cuts.

Despite these measures, the capitalization of banks is by no means assured. The ESM has declared that it intends to replace the management of the banks concerned in order to control them directly—a move that the Greek government has rejected up to now.

The social situation in Greece is already disastrous. The daily *Kathimerini* newspaper published internal figures from the tax authorities over the weekend. According to the report, more than 60 percent of the 5.9 million registered households have an annual income of less than 12,000 euros. Before the introduction of Troika-dictated austerity measures in 2010, only 2.8 million households fell into this category. The analysis showed that the income of the country's middle-income population (20-30,000 euros per year) has fallen by about 30 percent.

With its relentless austerity program, the Syriza government has won applause not only from the European bourgeoisie but also from the Greek ruling elite. Last week the chairman of the Hellenic Federation of Enterprises (SEV), Theodoros Fessas, enthused about the new government in the German business daily *Handelsblatt*. He declared that it is more "closed and united" than a government of national unity and is, in addition, supported by the opposition. Syriza has "realized that the fate of our country in the European family is a matter of survival."

The opposition parties have already expressed their support for the government. The conservative New Democracy (ND), the social democratic PASOK and the Syriza split-off, Democratic Left (Dimar), had already secured Tsipras a majority in parliament during the last legislature.

On Sunday, the parliament elected the Syriza MP Nikos Voutsis as new parliamentary president with 181 votes, 26 votes more than the total seats of the coalition. The clear majority was seen as a sign of support for the new government. Tsipras is expected to win his own vote of confidence in parliament scheduled for Tuesday evening.

The emergence of Alexis Tsipras as a thoroughly conventional, right-wing, pro-austerity politician is a vindication of the political analysis of the International Committee of the Fourth International. The *World Socialist Web Site*, well before Syriza's election in January, exposed the pseudo-left organization as a bourgeois, pro-capitalist party based on more privileged sections of the upper middle class that would betray the aspirations of Greek workers and youth.

"While groups like Syriza at times employ radical-sounding or Marxist phraseology," the WSWS wrote earlier this year, "they do so only to cover for right-wing policies and a defense of the capitalist system. In Greece, the pseudo-left has come to power, and its character has been conclusively demonstrated."