Syriza government enforces new budget cuts in Greece

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The budget passed by Greece's Syriza (Coalition of the Radical Left) government for 2019 continues to enforce austerity on behalf of the nation's creditors among the global financial institutions and European Union (EU).

Passed by parliament in December, it was the first budget since Greece formally exited the eight-year loans for austerity programme in August. Since then Greece has been allowed for the first time since 2010 to raise funds in the financial markets. In his speech to parliament, Greek prime minister and leader of the pseudo-left Syriza, Alexis Tsipras, declared: "Today we are voting the first 'post-bailout' budget. A budget of fiscal expansion after eight years austerity. The first budget which is our own."

None of this is true.

Greece has exited the austerity programme in name only. Its budget is still subject to approval by the EU Commission, which it gave one month before the vote in parliament. Moreover, under the terms of the programme the Greek government is required to run primary surpluses of 3.5 percent of GDP until 2022 and then 2.5 percent of GDP until 2060. Failure to meet these targets can mean that the EU can demand that the Greek government impose additional austerity measures.

The burden of maintaining these primary surpluses is borne by the Greek working class with household incomes having been reduced by nearly 30 percent since 2010. Taxation measures imposed by successive governments, with a ballooning especially of indirect taxation, disproportionately hits the poorest in society. Indirect taxation in Greece made up a massive 39 percent of all tax revenues in 2017—the largest such proportion in the EU and compared to 26 percent in Germany. But for the wealthiest, corporation tax is set to be reduced again under Syriza this year by 1 percent, as part of the annual reductions until 2022 when it will be set at 25 percent.

Tsipras' claims of "fiscal expansion" are patently absurd. Apart from a few paltry measures such as earmarking €400 million in housing benefit for 300,000 low-income families this is another austerity budget that reduces even further the social position of an already devastated working class.

Syriza claims that it has cut the tax burden involved in the ENFIA tax, or Consolidated Tax on Property Ownership. The reality is that applying a paltry 10 percent average reduction that mostly applies to lower property bands, Syriza has made this hated tax a permanent feature—after it had pledged to get rid of it before coming to power in 2015. In any event, even such small decreases to the tax will most likely be clawed back the following year given that property bands are set to be revalued in the coming months.

Another attempt of adding gloss to the budget by Syriza was the trumpeting of the fact that the incomes of around 620,000 low-income pensioners on mostly €600 per month will be revalued by an average of €100 more under the new regime that kicked in this year. However, even this paltry increase will not be granted in full from the outset. Instead, it will be increased in instalments over the next five years, which means that the average increase in 2019 for these pensioners will be a paltry €20 euros a month.

The government hailed its decision not to implement planned pension cuts worth around €2.7 billion that were to take place under the new regime and which would have meant cuts of up to 18 percent for 1.4 million so-called "old" pensioners who retired prior to May 2016. This is no consolation for all other "newer" pensioners who will see cuts of one form or another.

Under the new system, all who retired between May 2016 and December 2018 will see cuts of up to 20 percent, while those retiring after 2019 will receive up to 30 percent less than they would have done. These come on top of the total of €67 billion that have been wiped off Greek pensions at the behest of the EU and the International Monetary Fund (IMF) since 2010.

Except for the 620,000 low-income pensioners, pensions will be frozen until 2022, which represents a cut in real terms as incomes will be eroded by inflation. In the case of the "old" pensioners the freeze will extend beyond 2022 until "newer" pensioner incomes have caught up to the same level.

This is also not to say that there will be no pension cuts in the future. For instance, in the case of the "old" pensioners, the amount that was not cut is now accounted for on their statement as a so-called "personal difference" amount. This can be slashed at a moment's notice if stringent budget targets are not met.

Attacks on health spending are set to continue in 2019. Latching onto an increase in the health budget of just €128 million for this year, Syriza Health Minister Andreas Xanthos attempted to turn reality on its head by claiming, "This support is a continuation of the very crucial boost received by the National Health System over the past four years."

The exact opposite is true. Notwithstanding the paltry increase for 2019, the Ministry of Health budget is projected to be €3.9 billion, which is €500 million less than in 2015 when Syriza came to power and around half the level of health spending in 2009—one year before Greece signed the bailout programme with the EU, IMF, European Central Bank troika.

In a statement following the budget, the Panhellenic Medical Association highlighted that health spending in Greece "continues to be very small, around 5 percent of GDP. In contrast, the European average is around 7 percent, while the minimum safe limit for every health system, as we have repeatedly stressed, is 6 percent of GDP."

The vicious cuts imposed on Greece's health system have produced what has been described as a humanitarian catastrophe. According to a study published by the *Lancet* in July 2018, the death rate jumped from 997.8 per 100,000 in 2010 to 1,174.9 per 100,000 in 2016—a 17.7 percent increase in a space of just six years! That these deaths are the direct consequence of the cuts imposed is underscored in the *Lancet* article, which states that "many of the causes of death that increased in Greece are potentially responsive to care, including HIV, neoplasms, cirrhosis, neurological disorders, chronic kidney disease, and most types of cardiovascular disease."

The budget testifies to the extent to which the selling off of public assets has been embraced by Syriza in office. Junking its previous pledges to end the selloff of public assets—that are demanded by the EU and the IMF—Syriza's privatisation drive has surpassed the efforts of previous conservative and social democratic governments. According to figures in the latest budget report, a record €2.1 billion worth of state assets were sold off last year, including €1.1 billion to extend the current concession granted to private shareholders operating Athens Airport for another 20 years.

The budget privatisation target for this year is €1.5 billion. A fifth of the target is already accounted for by the €300 million that will be paid in 2019 by Lamda Development—a real estate group owned by shipping magnate Spiros Latsis—in a first instalment of its €915 million deal to acquire the site of the old Athens airport. Lamda's plan, part of an overall €8 billion investment, is to develop the site in Elliniko, a coastal suburb in the south of the city, into a "Metropolitan Park" that will include shopping centres, luxury hotels and casinos.