Strikes as Greece imposes EU-backed austerity programme

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4 February 2010

Strikes have broken out in opposition to the austerity measures being imposed by the Greek government.

Tax officials are staging a 48-hour strike beginning today to protest government plans to cut their salaries and benefits. The cuts amount to an average reduction of €500 net, per month, per worker. The cuts are part of a wage freeze imposed on all public sector workers who earn more than €2,000 per month, and a paltry 1.5 percent wage rise for those below this level. The average tax liability for tax officials will also rise from 20 percent to 25 percent.

Two 24-hour strikes have also been called by the public sector umbrella union ADEDY for February 10 and 17. The action will be joined by the high school teachers union OLME, whose members also voted for strike action to be held on March 8 in protest at cuts. The hospital doctors' union OENGE will also participate in protest at the proposed cut to the budget for out-of-hours pay.

The cuts are only a part of government plans to impose 10 percent cuts throughout the public sector. Yesterday Prime Minister George Papandreou of PASOK, the Panhellenic Socialist Movement, proposed a package of austerity measures including the public sector pay freeze, fuel duty increases and a possible increase in the retirement age.

Greece has been hit particularly hard by the economic downturn and is going through its biggest crisis since the collapse of the junta in 1974. Public debt has reached record levels and is currently standing at €254 billion. Currently Greece's deficit is 12.7 percent of GDP, four times the maximum 3 percent required of Eurozone members and three times greater than initial estimates.

The spectre of a Greek default has far reaching implications for the integrity of the Eurozone, of which Greece is a member. Finance Minister George Papaconstantinou met with the International Monetary Fund Managing Director Dominique Strauss-Kahn last Friday at the World Economic Forum in Davos. He denied that Greece was asking for aid from the IMF and said he was only seeking technical advice on how to reduce the deficit. The government has also denied reports that it has sought aid from China in the form of bonds worth €25 billion.

From the EU's perspective, IMF and Chinese aid is to be avoided at all costs—given that it implies that it is unable to deal with its own internal problems. Bailing out Greece would undermine the euro's standing in international markets, but if Greece were to go bankrupt, then the crisis could rapidly spread to Portugal, Spain and Italy, where public debt is exceptionally high, and drag the entire Eurozone into the resulting maelstrom.

The EU has been leaning very heavily on Greece to impose savage cuts and pass the cost of the crisis on to the working class. The European Commission (EC) backed Greece's austerity measures yesterday, aimed at cutting the deficit to below 3 percent by 2012, but demanded the government go much further in imposing measures, including "pension and health care reform" and "the wage bargaining system."

The EC announced that it was beginning proceedings against Greece for allegedly reporting faulty statistics after drastically revising its figures last October. The government has until May 15 to adopt legislation forcing it to produce monthly updated public budget reports, or face legal action. The EC also instructed Greece to draw up a timetable for the implementation of its austerity programme by the same date and told it to set aside 10 percent of current expenditure to create a contingency reserve.

The wave of opposition provoked by Papandreou among public sector workers is part of a wider outburst of militant opposition. Last Saturday public sector workers recently made redundant from the infamous “stage” scheme camped outside parliament in protest against unfair dismissal. They were joined by workers currently employed on the scheme, protesting against poor pay and conditions in contrast to permanent public sector staff. “Stage” was set up to supposedly provide work experience and training to primarily young people suffering from high unemployment, currently standing at 18 percent. In reality it was a means of bringing flexible working practices into the Greek public sector through the back door.

There has also been unrest outside of Athens for the last three weeks, as farmers have blocked access to the main Athens-Salonika motorway. The Greek countryside has suffered from chronic underinvestment at the expense of Athens and to a lesser extent Salonika. Demands of farmers include modernisation of methods to tackle high production costs. In his blog, BBC journalist Mark Mardell cited one man who complained about the lack of irrigation, saying, “We still get our water like they did in the pharaohs’ time.”

The government is acutely aware of the danger of widening civil unrest, but cannot risk alienating either the EU or international investors, which have already been speculating on government bonds and driving down their value. To strengthen its position, Papandreou met with all the opposition parties calling for a national consensus behind austerity.

In a televised public address Tuesday, he declared that “Greece is in the eye of a profiteering storm,” because it was seen as the “weak link in the Eurozone.” Ultimately, he stressed, the “speculative game...even has the euro as its target.”

Speaking of a “debt and duty towards our homeland,” he threatened that “to stop the country heading for the abyss...[t]here is no scope for blockades and strikes.”

Antonis Samaras, leader of the opposition New Democracy, and Giorgos Karatzaferis, of the right-wing Popular Orthodox Rally (LAOS), declared their support for the government, while Communist Party (KKE) leader Aleka Papariga and Alexis Tsipras, head of the Coalition of the Radical Left (SYRIZA), stated their formal opposition.

The General Confederation of Greek Trade Unions has come out with populist rhetoric saying that it will fight for the demands of workers who earn less than €2,000. But this serves only to divide the working class and cover its refusal to organise a general mobilisation until the end of February. ADEDY has also tried to defuse public sector militancy through its calling of token 24-hour stoppages spaced out to minimise their impact. The tax officials union has made clear it is prepared to accept reform to taxation rules and freezing of salaries that would imply an 8 percent reduction in the income of its members.