Greek parliament approves further austerity measures

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The Greek parliament passed its 2011 budget at around 1 a.m. Thursday, at the end of the final session of the five-day parliamentary debate. The ruling social democratic Pan-Hellenic Socialist Movement (PASOK) government secured its passage with 156 votes in favour, 142 against. Two opposition parliament members were absent.

It came just days after the International Monetary Fund (IMF) released its €2.5 billion share of a third tranche of funding—part of the €110 billion loan package agreed in May. These funds, and a further €15 billion in February, were made conditional on securing the budget and implementing ever deeper austerity measures. Just prior to the budget, IMF managing director *Dominique Strauss-Kahn* spent two days in Athens in close consultation with the PASOK regime.

Greece has agreed to reduce its public spending deficit to 7.6 percent of gross domestic product (GDP) in 2011. Last month Eurostat revised upwards the 2009 public deficit to 15.4 percent of GDP from the previous 13.6 percent. As a result, the 2010 public deficit is to be revised upwards to 9.4 percent of GDP—which is over the 8.1 percent target agreed with the IMF.

The budget includes "concrete measures of cutting expenditures and increasing revenues, to a total of €14 billion". Health ministry spending is to be cut by €700 million and significant pay cuts imposed at state-run firms. Value Added Tax (a sales tax) is to increase from 11 to 13 percent and its lower level rate, which includes foodstuffs and other items like books, is to be increased to 6.5 percent.

The government also announced that legislation breaking up the "closed shop" professions will be announced early next year. Many workers, including truckers, pharmacists, engineers, lawyers, notaries, accountants, architects, and dentists, will be adversely affected. It is expected that thousands of jobs will go as a result.

In its economic assessment, the Finance Ministry predicted that unemployment will increase from 12.1 to 14.6 next year.

In contrast to the assault on working people, the budget included a boon for the corporations, with the tax-rate of non-distributed corporate profits falling to 20 percent from 24 percent.

These measures come on top of the drastic austerity already imposed on the Greek population in the last year, resulting in an unprecedented decline in living standards.

The parliamentary debate was held as strikes continued in Athens and across Greece. Bus and subway drivers in the capital have been holding rolling strikes for two weeks. Piles of uncollected refuse sacks have also become a common sight over the past three weeks due to an ongoing strike by collectors. On Wednesday, local government employees walked off the job from 11 a.m. until the end of their shift. Other workers participating in strikes for several hours that day included Hellenic Telecommunication employees, and primary and high school teachers.

Despite the opposition of millions to the austerity measures, the trade unions have worked to systematically dissipate any effective struggle against the government. This was once again evident on Wednesday as previously planned strikes were either called off by the unions or scaled down to such a level as to be almost irrelevant.

The General Confederation of Greek Workers (GSEE) and the public sector confederation (ADEDY) held a three-hour stoppage on Wednesday. Even less of a protest than their usual 24-hour strikes, the unions once again issued their standard protests at the austerity programme, whilst proposing nothing in terms of effective opposition.

Even as the main union federations were holding the token protest, their affiliated organisations were busy calling off strikes in the public transport sector. As well as the cutting of public transportation, the government has announced that ticket prices are to be increased by 35 to 40 percent next year. But the stoppages were called off as the business elite demanded the transport run fully during the commercially lucrative holiday season.

The Athens Chamber of Commerce and Industry complained, “The country's businesses and people are collateral victims in the confrontation between the government and vested interests”.

According to *Athens News*, trade unions representing bus drivers called off a strike and instructed members to work on Thursday between 9 a.m. and 9 p.m. A 24-hour strike, scheduled for the same day by workers employed at state-run metro, electric railway and tram lines, was also called off. Industrial action by transport workers scheduled for Friday, the last shopping day before Christmas, was also called off, except for a four-hour stoppage by bus drivers.

The demobilisation of any struggle against the government by the unions is preparing the way for even greater attacks. PASOK’s programme of mass pauperisation cannot be imposed by democratic means. The government has already used emergency legislation and mobilised the army to break strikes by truckers and seamen.

In a warning that such powers will be extended against broader numbers of workers, government spokesman George Petalotis said prior to the budget vote, “Everyone has to show responsibility ... the state has all the powers it needs to protect the public interest”.

Transport Ministry General Secretary Haris Tsiokas said the government was considering issuing civil mobilization orders to the transport workers and others. Under the order, striking workers are effectively conscripted into the army and are forced to work under military command.

The class-war agenda of the government is dictated by a daily worsening economic crisis. Such is the scale of the total overall debt that the austerity measures outlined this year will, according to the government, only decrease total debt level from an astronomical €348.5 billion to €330.4 billion.

Next year the economy is set to shrink by a further 3 percent, following a 4.2 percent fall in 2010.

Just prior to the budget vote, the credit ratings agency Fitch announced that it was likely to reduce Greece's government bonds credit rating next month to junk. Fitch said it had placed Greece on Rating Watch Negative. Its upcoming January review is to “focus on an assessment of Greece's fiscal sustainability in the wake of the measures that the authorities have taken this year under the IMF-EU programme, the outlook for the Greek economy and also the political will and capacity of the Greek state to carry the measures required by the IMF-EU programme through to a successful conclusion.”

Commenting on the Fitch decision, the *Wall Street Journal* noted that it was now “only weeks before the Hellenic Republic loses its last investment grade rating”. As a result of Fitch's warning, Greek bank stocks dropped 5 percent on Monday.

This would be in line with the other rating agencies, Moody's and Standard & Poor's, which already categorise the bonds as non-investment grade, or “junk”. Both are now also considering a further downgrade to a level below junk. Moody's warned earlier this month that it may downgrade due to a “substantial” shortfall in 2010 revenue and the possibility that further loans to Greece may be jeopardised after the European Union raised the country’s debt forecasts in November.

Last year, Greece’s debt as a percentage of GDP was the highest in the EU, at 127 percent of GDP. The EU has forecast that this will increase to 156 percent in 2012.