Greek government to announce billions more in austerity measures

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The Greek government is preparing to announce another €6.4 billion ($9.3 billion) in austerity measures, after Moody's, the debt rating agency, cut the country's credit rating three notches, sending it deep into junk status.

The Greek government responded to the downgrade by stating that it will go through with the austerity measures demanded by the EU and IMF regardless of domestic opposition. "The Government has made absolutely clear that it seeks to build the broadest possible consensus around the significant reforms that need to be made, but that in any case it is determined to implement the difficult policies the country needs to exit the crisis," the government said in a statement Wednesday night.

The downgrade contributed to the general destabilization of the world economy, driving up yields on European government bonds and sending world stock values plummeting. The political fight over the Greek bailout comes as a slew of economic data—including lackluster jobs and consumer sentiment figures in the US—are pointing to a worsening of the economic crisis.

A negotiating team from the European Union, IMF and European Central Bank is set to finish its discussions on the Greek debt crisis in Athens today. Socialist Party (PASOK) Prime Minister George Papandreou is preparing to present his budget plan in a meeting with Jean-Claude Juncker, the head of the eurozone finance ministers, in Luxembourg.

Reuters reported that the agreement would entail €6.4 billion in additional cuts this year alone, citing an unnamed government official. The official said that the money would be raised through a combination of new austerity measures and the sell-off of Greek assets.

The plan under consideration entails the Greek government selling a 40 percent stake in the Thessaloniki Water Supply and Sewerage Company, a 21 percent stake in the Athens International Airport, and its entire 34 percent stake in Hellenic Postbank, reported *Kathimerini*, a Greek newspaper.

The IMF and European banks are demanding that they have significant control over how the sales go forward, who purchases Greek state assets, and for how much. They are insisting that in exchange for further loans to stave off a financial meltdown, the Greek economy must be opened up to direct plunder by the financial elite.

The moves toward further austerity have been met with mass opposition among the population of Greece. Thousands of workers have occupied the centers of Athens and other cities every evening for the past week to protest the measures. Workers at the Hellenic Telecommunications Organization (OTE), the partly state-owned Greek telecom company, went on strike Thursday, and a strike by workers of the Kifissia-Piraeus electric railway (ISAP) is planned for Friday.

Representatives of ADEDY, the main Greek public sector union, with 280,000 members, and GSEE, a private sector union with 450,000 members, said that they are planning a nationwide general strike on June 15.

Sixteen members of PASOK, the ruling party in Greece, sent a letter to Prime Minister Papandreou Thursday urging him to conduct an internal party debate on the austerity plan before it goes to Parliament. Tonia Antoniou, one of the parliamentarians who signed the letter, insisted to Reuters that it did not mean that they would vote against the austerity package.

The aim of the unions and PASOK officials is to head off any independent political movement of workers against the government. In 2010, during the first wave of austerity, the unions played a critical role in ensuring passage of the measures. Since coming to power in 2009, PASOK has led the assault on the working class of Greece, voting near-unanimously to accept every austerity measure demanded by the EU and IMF.

The austerity measures already put in place have cut government workers' pay by one fifth, gutted social infrastructure, and led to the sale of billions in government assets. The consequences have been disastrous. After the austerity measures passed in March 2010, as a precondition for a bailout by the International Monetary Fund and European Union, the country's unemployment rate shot up by another three percentage points, reaching a record high of 14.1 percent.

The press release announcing Moody's downgrade noted that Greece has been unable to raise the amount of funds demanded by the IMF and EU because of the economic impact of previous austerity measures, stating that the “recession was deeper than was expected in 2010, and 2011 growth forecasts have been revised downwards,” as a result.

The release added that, “in the coming weeks, Moody's expects the announcement of further fiscal austerity measures, which are likely to depress growth in 2011.” In other words, the austerity measures will only create new economic problems that will be the occasion to demand further attacks on the working class.