Greek government announces new cuts amid mass opposition

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On Friday the government of Greek Prime Minister George Papandreou announced a new round of deep cuts in spending and social programs to qualify for loans from the European Union (EU) and the International Monetary Fund (IMF). The Greek government is struggling to pay back its debts, as international banks refuse further loans.

The plans aim to cut €6.5 billion in spending in 2011, and a further €22 billion from 2012 to 2015. The government is also planning €50 billion in privatizations. Public firms and assets slated for full or partial sale include: Hellenic Postbank, the ports of Piraeus (near Athens) and Thessaloniki, Hellenic Telecom (OTE), the Athens and Thessaloniki water companies, oil refiner Hellenic Petroleum, electricity utility PPC, and various ports, airports, highways, and mining rights.

These measures are nearly twice the size of cuts earlier agreed to by international authorities and the Greek government. These earlier measures have already had a catastrophic effect on the Greek economy. Unemployment has surged to over 16 percent, while the economy contracted 5.5 percent in the first quarter of the year.

The privatizations and the cuts—a combination of property and consumption tax increases and cuts in public spending and social services—entail forcing the working class in Greece to submit to a naked dictatorship of Greek and international capital. They amount to an unprecedented transfer of social wealth into the hands of the financial aristocracy.

Cuts in social benefits will total €1 billion this year, €1.26 billion in 2012, €1 billion in 2013, €790 million in 2014, and €400 million in 2015. Public sector wage cuts will total €800 million in 2011, €660 million in 2012, €398 million in 2014, and €71 million in 2015. The cuts in public sector wage spending will be carried out through a hiring freeze, wage cuts, and by firing 50 percent of government workers hired on temporary contracts.

Finance Minister George Papaconstantinou also proposed further measures to ensure that the right-wing opposition party, New Democracy (ND), would back the new austerity program. This includes cutting corporate taxes in the new tax bill to be passed in September.

To comprehend the magnitude of these cuts, the figures must be related to Greece’s population of 11 million and the size of its economy—roughly $305 billion in 2010. Scaled to an economy the size of the United States, this would amount to yearly US spending cuts of $250-$375 billion and asset sales of $3 trillion dollars. This would mean cutting funding equivalent to half of the US senior-citizen health program Medicare each year for five years, and selling off roughly 20 percent of the main S&P 500 stock market index.

Significantly, the scale of the cuts is not far removed from proposed deficit reductions laid out by US President Barack Obama in April—amounting to $4 trillion over the next 12 years.

On Sunday tens of thousands once again gathered in cities across Greece to demonstrate their anger at the cuts and their opposition to the main political parties. Mass demonstrations of the so-called “indignants” took place in Athens, Thessaloniki and other cities. The huge Sunday protests have been accompanied by protests involving thousands of people who have gathered in Greece’s main cities every day for more than two weeks.

These protests are modeled on those of *indignados* protestors who have occupied city squares throughout Spain in recent weeks. They are a sign of rising popular opposition to austerity measures imposed by the banks on countries throughout Europe and internationally.

In an effort to regain control over popular protests, Greece’ trade unions are staging yet another one-day general strike on Wednesday. These strikes, carried out by the GSEE and ADEDY unions that are affiliated to the ruling PASOK party, have made no impact on the continual, ferocious cuts carried out by the Papandreou government in alliance with the international financial aristocracy.

The *Athens News* newspaper remarked that the "unions, utterly sidelined during the government's austerity drive, have been taunted into bringing down their flags when they have tried to gatecrash the party. The decision last week of the general workers' union to call yet another 24-hour national strike, this one on June 15, smacks of envy at the success of the popular call to arms."

In opposing the cuts, the working class in Greece and internationally is moving into a struggle against the entire political and financial establishment—a situation with revolutionary implications.

The new character of the demonstrations in Greece was the subject of a commentary by Yiannis Mavris, the managing director of the Public Issue polling agency. Mavris noted: "Broad social rejection of the governing parties and the current generation of politicians is leading to widespread social mobilization. Last month, social participation in all kinds of events and forms of protest more than doubled from 12 to 25 percent, which equates to about 2.2 million citizens."

Mavris's remarks were backed up by a survey conducted by his Public Issue agency on behalf of the *Kathimerini* newspaper. The survey found that only 27 percent of respondents are prepared to back Papandreou's social-democratic PASOK party in an election. PASOK has lost the support of 17 percent of the electorate relative to its vote in November 2009.

The conservative ND had a 4 percent lead over PASOK in the new poll, but its support also fell 2.5 percentage points to 31 percent.

The same poll found that nearly three quarters (74 percent) of sample voters believe that neither PASOK nor ND can govern the country properly. Eighty-two percent said they are currently dissatisfied with their lives, and 87 percent thought that the country is moving in the wrong direction.

Under these conditions, international financial institutions are pressing for a total and unconditional surrender to the demands of the banks. The IMF's senior representative in Greece, Bob Traa, said: "Greece is at a critical juncture and has no time to waste, now is not the time to slow down."

At the same time, Traa made clear that the IMF would make payment of the next tranche of its loan to Greece, due this month, dependent on EU countries coming up with a long-term solution to Greece's deepening economic decline. He said, "I believe there is a summit in Europe by heads of state (in June) where some hard nuts need to be cracked and they need to make some decisions."

Traa also opposed to any restructuring of Greek debt which would involve major banks and investors holding Greek bonds taking losses.

The German government has repeatedly called for some sort of default on Greek debt, in exchange for the massive social cuts. According to a report in the German financial paper *Handelsblatt*, the differences among the major European powers over the future of Greece were so deep that eurozone finance ministers due to meet on June 20 might fail to reach an agreement on further funding for Greece.

A failure to reach an agreement would throw into doubt the upcoming IMF loan to Greece and in turn threaten to plunge the entire European financial system into turmoil.

In another sign of the counter-revolutionary implications of the austerity policies, there is growing talk about possible coups and civil war in Greece.

According to a report in the German *Bild* newspaper, the U.S. Central Intelligence Agency has warned in a report that the austerity measures being imposed in Greece could lead to an escalation of social conflict and a possible coup. From 1967 to 1974, Greece was ruled by a military junta. The article quotes the mayor of Athens, Giorgos Kaminis, who warns of the development of a civil war in Greece: "There's the danger that in a short period of time Athens will resemble the Lebanese capital of Beirut in the seventies."