Greek parliament discusses new austerity in face of mass opposition

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The Greek government, in close cooperation with European politicians, bankers and the International Monetary Fund, is working frantically this week to push through parliament massive austerity measures overwhelmingly opposed by the Greek working class.

The shock therapy is aimed at driving conditions of life for working people back generations. It includes extensive wage cuts for civil servants and public service workers, tax increases and the privatization of 50 billion euros in state assets, which will lead to mass layoffs. One commentator, Will Hutton writing in the *Guardian*, noted, "Greece is being asked to shoulder more economic pain than even Germany in the 1920's."

The vote on the first part of the austerity budget is due on Wednesday, with another vote on the bill's extensive privatization scheme planned for Thursday.

More than 20,000 demonstrators surrounded the parliament in Athens Tuesday, attempting to prevent deputies from entering the building. Some 3,000 riot police responded with tear gas and repeated charges aimed at dispersing protesters.

Greece's public sector trade unions began a 48-hour general strike on Tuesday to coincide with the parliamentary debate. The strike is expected to affect many sectors of public transport as well as public services such as schools, government offices and the courts. Strikes by air traffic controls led to the cancellation of flights, and electrical worker strikes led to power cuts.

The PASOK government of Prime Minister George Papandreou is relying on the unions to contain mass opposition as they have in the past. The unions have been subject to considerable criticism from those taking part in recent mass anti-austerity demonstrations. Following a series of 15 toothless one-day strikes, the bureaucracy has now responded with a two-day strike, which is also being shrugged off by the government and employers.

The European financial elite is determined to see the cuts pushed through, both to ensure the value of Greek bonds and as a precedent for similar measures throughout the continent. Both the European Union and IMF have recently threatened to withhold already agreed to loans if Greece is unable impose the budget.

Two weeks ago, Papandreou responded to pressure from the "troika" (the EU and IMF and the European Central Bank) by proposing to form a government of national unity with the main opposition party, New Democracy. The conservative opposition agrees on the need for massive cuts, but rejects the government's proposal for tax increases on businesses, including small businesses, which will further devastate the electoral base of ND.

New Democracy leader Antonis Samaras turned down Papandreou's offer and has made clear that his party will vote against the budget.

Papandreou also faces potential opposition from a small layer of his parliamentary faction who argue that unleashing even more austerity on the Greek population would lead to the devastation of the party in new elections. Last week a handful of PASOK deputies did not support the government in parliament. In response, Papandreou modified his cabinet to pacify his internal party critics.

After appointing as Finance Minister Evangelos Venizelos, a man with close links to the Greek trade union bureaucracy, Papandreou was able to secure a majority and survive a vote of confidence one week ago.

The PASOK majority in the Greek Parliament is slender, just five. Papandreou may be able to win the support of some members of the opposition in the budget vote. At least one member of New Democracy has indicated that she would consider voting for the austerity measures. Papandreou may also be able to rely on support from five members of the right- wing Democratic Alliance parliamentary faction.

Political commentators are agreed that should PASOK fail to gain a majority for its budget this week, the government would be forced to resign and hold new elections. The absence of a government in Greece at this critical juncture would plunge the European and international finance markets into turmoil, threatening the existence of the euro and the European Union itself.

But even if the government survives, the latest round of austerity measures will only compound the deepening economic crisis inside Greece. Increasingly, the discussion in ruling circles is not *if* Greece will declare bankruptcy but *when* and under what conditions. Since the troika loan of €110 billion to Greece in March 2010, European leaders have consistently stressed their commitment to the euro. Now, however, preparations are being made for a scenario regarded as unthinkable only a year ago.

On Sunday, German Finance Minister Wolfgang Schäuble told *Bild am Sonntag* that the German government was planning contingency measures. In the event of a Greek default, “We would have to see to it that the danger of contagion on the financial system and other EU countries is contained,” Schäuble said, without detailing the measures under consideration. Two weeks ago the president of the German Central Bank indicated that his institution was also drawing up plans for a Greek default. (See, “Germany contemplates ‘nuclear option’ for Greece”)

Whatever the specific outcome, the crisis in Greece is producing an immense intensification of class tensions. While it is currently relying on the trade unions to manage and suppress opposition, the ruling class in Greece and Europe is also considering other measures.

Theodoros Pangalos, the deputy prime minister, warned that if Greece does not have access to the next round of loans, "we face a terrible scenario… a return to the drachma, with banks besieged by terrified crowds wanting to withdraw their savings. We will see tanks protecting banks because there won't be enough police to do it."