Greek workers plunged into social misery

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With Greece verging on a default of its debt of around €330 billion, and facing a forced exit from the eurozone, the PASOK government of Prime Minister George Papandreou is escalating its austerity programme against an already pauperised population.

Since its election in October 2009, PASOK has initiated a social counter-revolution, destroying the living standards of the working class.

Unemployment reached an official level of 16 percent (800,000 people) in June and is in reality nearer 30 percent. It is set to rocket further as the government plans to eliminate as many as 120,000 public-sector jobs through sackings or lay-offs on reduced wages for up to a year. On Monday, the government announced that 3,500 employees from 151 public utilities and state enterprises will enter a "labour reserve pool" and will receive a level of pay that is just over the amount paid in unemployment benefit.

On Saturday, Papandreou used the prime minister's annual speech on the economy at the Thessaloniki Annual International Fair to confirm that thousands of civil servants will lose their jobs and thousands more have their salaries cut. The measures had been decided last week in cabinet, on the basis that Greek access to the latest tranche of the International Monetary Fund's (IMF) second €109 billion loan is conditional on ever deeper austerity measures. An International Monetary Fund/European Union (EU) delegation will visit Greece to assess whether to authorise the sixth loan payment of €8 billion. Without the loan Greece will almost immediately default on its debts.

In what has become a daily ritual, leading government figures attempt to assure the financial markets that Greece is not about to go under. On Friday, Finance Minister Evangelos Venizelos felt obliged to state that Greece would not go bankrupt over the weekend. "The clearest message Greece is sending at this point... is that we are absolutely determined, without taking any momentary political cost into account, to fully meet our obligations to our partners," he said.

On Monday, Deputy Finance Minister Filippos Sachinidis confirmed that Greece only had cash in place to last until October.

Nothing is off the table in terms of the destruction of social conditions. During a press conference in Thessaloniki, Papandreou was asked if he intended to propose the abolition of tenure for the civil service during the proposed revision of the Constitution. He replied, "There should be no taboos on what we discuss".

The austerity measures have fuelled a recession that has seen the gross domestic product fall by 7.3 percent in the second quarter of 2011 compared to the same period in 2010.

According to a report from the GSEE/Adedy trade union federations, more than one million Greeks will be jobless by the end of the year and official unemployment will reach 26 percent in 2012. This is in a country of just over 11 million people, with a working population of around half that number.

National unemployment grew by 95 percent in the first quarter of 2011, compared to the corresponding period of 2008.

New figures compiled by the Elstat agency found that in the northern region of Western Macedonia, where an estimated 20 percent of small businesses have shut down during the recession, official unemployment is now at 22 percent, up from 14.9 percent in June 2010. Over the past three years there had been "a widening in social inequality and a reduction in social welfare and social rights in general," it found, with general incomes down 20 percent and pensions reduced by 25 to 50 percent.

According to a recent Reuters report, the Klimaka NGO estimates that the number of homeless people living on the streets in Greece has soared by 25 percent to 17,000 to 20,000 over the past two years. In Athens, the municipality service for the homeless has reported an increase of about 15 to 20 percent.

The government has legislated drastic attacks on the provision of higher education with its draft education reform bill, passed in parliament on August 24. The bill, presented by Education Minister Anna Diamantopoulou, lays the basis for the privatisation of higher education and the introduction of tuition fees as it allows for UK-style autonomous administration of universities. Free education will be guaranteed only for three years, with fees to be imposed for further years of study. Non-academics and individuals external to universities will be permitted to run institutions that will be assessment-based, with funding based on orientation to industry. Existing national pay scales will be abolished and replaced by productivity-related pay scales.

University budgets have already been cut by 30 percent in 2010 and by another 20 percent in 2011.

Greece is still relying on loan funds from the original €110 billion agreement it signed with the IMF/EU in 2010, but both this and the recent July agreement are in tatters. The *Financial Times* on Tuesday said of the July IMF/EU loan package, "Less than two months later almost every part of the new package—as well as the previous €110bn bailout, agreed last May—is on the verge of collapsing."

The *Financial Times* noted, "To better understand Greece's needs and why its second bailout is under threat, it is more instructive to look at the amount of aid Athens needs to run its day-to-day operations for the next three years: €172bn. Someone—Greek taxpayers, international lenders or private investors—will need to come up with enough cash to fill that hole or Greece will go through a potentially disorganised default."

Earlier this year, the IMF/EU demanded that Athens begin immediate €50 billion euro privatisations. This was readily acceded to by PASOK. On the basis of receiving new loans as part of the July agreement, Athens promised to raise €28 billion in sell-offs of state property over the next three years. So far just one privatisation has been completed—a 10 percent stake in Hellenic Telecom was sold to Deutsche Telekom for €390 million.

The failure to meet its privatisation target is largely due to the fact that state assets will be available much more cheaply in the event of a default.

Such is the scale of the Greece sovereign debt crisis and the debt mountain within the eurozone as a whole that these brutal measures cannot begin to resolve the fundamental problems. An article in the *New York Times* Sunday, "Returning Greece to the Drachma," noted that in 2008, Greek GDP per capita stood at of $30,400 and "was close to the European Union average." It contrasted this with GDP per capita in Bulgaria of $14,000 and in Macedonia of $10,700, stating baldly that this "suggests Greece may require living standards to decline by as much as 40 percent to become competitive."

Recent analysis by the Swiss bank UBS concluded that if Greece exits the euro, each citizen would be hit with a cost of between €9,500 and €11,500 during the first year. This would amount to an unprecedented loss of between 40 and 50 percent of GDP in the first year alone. UBS also found that the population would face a cost of €3,000 and €4,000 per head in subsequent years.

To impose what is required can be accomplished only by authoritarian means. Significantly, the education bill also abolishes the historical Academic Asylum (under which police were prevented from entering academic grounds). This law was originally passed in 1982 followed the brutal murder of student protesters at the Athens polytechnic in 1973 during an uprising against the military junta then in power.

The trade unions are working to ensure that the struggles of the working class do not escalate out of control. Following weekend demonstrations in Thessaloniki by around 25,000 people protesting the government measures, further protests and strikes have been held this week.

On Tuesday, thousands of striking taxi drivers, opposing the "liberalisation" of their profession, demonstrated outside parliament. Civil servants continued strike action in protest at PASOK's plan to slash their jobs and wages, while tax collectors and customs officials concluded a two-day strike. Refuse collectors began another strike Sunday and are demanding the reinstatement of their co-workers whose short-term contracts have expired.

Commenting on the decline in living standards among tax collectors, Yiannis Grivas, the leader of the POE-DOY tax collectors' union said, "We are talking about cuts to our income of 60 percent over the past one-and-a-half years—30 percent last year and 30 percent this year with the new wage structure. Of course we are obliged to protest."

Over the past two years the trade unions have held countless such protests, knowing full well they will make no impact on the continual cuts Papandreou has rammed through.

In a statement this week, the GSEE trade union federation said the government's "labour reserve" measures were "dead-end policies that will even further enlarge the lists of unemployed and the gap in social cohesion". The GSEE revealed its essential role as the main prop of the PASOK regime and the facilitator of its austerity programme by adding, "The government, instead of taking measures that 'open' the window to layoffs, should work to reorganise services and organisations in order to *productively exploit all workers in the organisations and bodies of the broader public sector*." [Emphasis added]