

Newly-installed Greek government pledges continued cuts

Christoph Dreier
15 November 2011

After being sworn in on Friday, Greece's new prime minister, Lucas Papademos, made clear his government would continue the reactionary, deeply unpopular program of cuts implemented by his predecessor, George Papandreou, at the behest of the major banks.

Papademos declared in his first speech to parliament that the main task of his government is "to carry out the decisions of the [October European Union] summit, and to apply economic policies linked to these decisions".

In particular, he discussed job cuts, lowering wages in the public sector and the deregulation of skilled professions. This refers to measures passed by the parliament on October 20 that have yet to be implemented but are required to obtain the last €8 billion tranche from the EU bailout fund, according to Papademos. Without this money Greece could go bankrupt by mid-December.

Papademos, a former vice-president of the European Central Bank, declared that he would make sure "that the international community can regain confidence in our forces". The main aim would be to stay in the European Union and keep the euro as Greece's currency.

He said: "Our membership in the euro is a guarantee of monetary stability and creates the right conditions for sustainable growth. Our membership in the euro is the only choice."

Representatives of the so-called troika that is responsible for the European bailout fund, consisting of the International Monetary Fund (IMF), the EU Commission, and the European Central Bank (ECB) have repeatedly made clear that to continue to have access to credit and to stay within the euro zone, Greece would have to implement even more austerity measures.

Papademos government was installed ~~They~~ the troika for precisely this reason. They wanted the social democratic PASOK, the conservative New Democracy (ND) and the far-right LAOS party to build a government of national unity—led by a technocrat and lacking any democratic legitimacy.

Papademos made clear his priorities: after ensuring the next tranche by implementing the cuts, he will start talks with officials of the troika to reach further agreements. The plans will be unveiled next Monday, when the 2011 budget is on the parliament's agenda. On Wednesday, the parliament will take a confidence vote on the new government.

To carry through current and future austerity measures, Papademos will still rely largely on PASOK, the party that ruled the country over the last two years. Thirteen of Greece's 17 ministries will remain in its hands. Among these is the ministry of finance, which will be run by Evangelos Venizelos, one of the most consistent and ruthless advocates of austerity measures.

PASOK is keeping control of several other key ministries whose budgets will be substantially cut, with Andreas Loverdos keeping the health ministry, where he implemented 36 percent budget cuts in 2011, and Anna Diamantopoulou taking the education ministry.

The government rests on PASOK due to its close connection to the trade union bureaucracy. The unions played an essential role by implementing the social cuts over the last years, doing everything in their power to disorient mass opposition and to keep strikes and protests within safe channels.

The inclusion of LAOS in the new government is a direct threat of violent repression of the working class and a signal of a move towards authoritarian forms of rule. LAOS member Makis Voridis is the new transport minister, and three other LAOS parliamentarians are

taking deputy positions. It is the first time since the collapse of the military junta in 1974 that a far-right party is in government.

LAOS was founded in 2000 by the former ND deputy and notorious anti-Semite George Karatzaferis and became the focal point of far-right and fascistic sentiment in Greece. The party's founding statement calls for decisions to be taken by a council including military officers and Church officials—a thinly disguised call for a military regime.

Voridis is associated the very right wing of the party. In the 1980s he became infamous as “Hammer-Voridis” for attacking protesting students with a hammer. At the time he was an avowed supporter of the military junta that ruled Greece until 1974. After failed attempts to build up a party called the Hellenic Front, which was in close contact with the neo-fascist *Front National* in France, Voridis merged his movement with the more successful LAOS party.

ND leader Antonis Samaras, who initially opposed international calls for a national unity government and hoped to come to power through early elections, made clear that ND will only give limited support to Papademos. He said, “We want this interim government to succeed in its mission and will help it succeed, but how long it stands will depend also on us. And when we say temporary, we mean temporary.”

Samaras also said ND would not vote for any new austerity plans required by international lenders in exchange for further loans to Athens. He said, “Some say that to unblock the [€8 billion] installment, we need to sign a joint statement with all the parties that support this new transitional government. But I will not sign such statements.”

ND apparently hopes that PASOK will continue to take full responsibility for imposing social cuts on the working class, thus shielding ND from popular discontent with right-wing, anti-worker policies. ND has taken over the ministries of defense and foreign affairs, which are less directly targeted for budget cuts.

PASOK's decision to hand over control of the military to the right wing has enormous political significance, however, which is especially clear in a country with periods of rule through military dictatorship.

Earlier this month, then-Prime Minister George Papandreou (PASOK) dismissed the general staff of the

armed forces—named by the previous ND government—amid rumors of a possible military coup. Now the new defense minister, ND's Dimitris Avramopoulos, is in a position to reverse this measure.

The policies of this deeply divided and unpopular government will provoke broad opposition in the working class under conditions of growing economic slump. Venizelos estimated last Friday that the deficit would be 9 percent of GDP this year, which would imply further austerity measures. The EU rescue package of October was calculated with 7.6 percent.

The trade unions and so-called “left” parties—deeply compromised by their support for PASOK—are far too afraid of provoking a mass movement in the working class to call serious protests or strike actions against these dangerous developments. Until now they have only announced a few diffuse and limited actions. The private-sector GSEE union will hold a one-day national strike on the as yet unspecified day when the 2012 budget will be discussed. Like previous strikes of this type, it won't change anything, but serve to let off steam and dissipate opposition from the working class.

Under these conditions, the new government will work under the direct and constant control of the EU and IMF. A source from the troika told Reuters that inspectors of the troika would visit Athens early next week to speak with the new government. They would float the next tranche of the EU rescue package only if the new regime pledged to meet its commitments.

The German government also increased the pressure on the new government. According to a Saturday report in the German magazine *Spiegel*, Germany is preparing a possible Greek exit from the eurozone.

Berlin has prepared different scenarios, ranging from a consolidation of the EU to a collapse of Spain and Italy and a catastrophic impact of the reintroduction of the national currency in Greece itself. If reintroduced, the drachma would dramatically lose its value, national debts would rise, masses of companies would go bankrupt and unemployment would reach astronomic heights.



To contact the WWS and the Socialist Equality Party visit:

wws.org/contact