Unelected prime minister demands more sacrifices from Greek workers

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The unelected Greek prime minister, Lucas Papademos, met with trade union leaders on Wednesday to win their support for a new round of austerity measures in Greece.

Papademos was installed as Greece's new head of government last November following a thumbs down by the banks, financial lobbies and European institutions for his predecessor George Papandreou of the social-democratic party PASOK.

In the course of his own term in office, Papandreou had introduced no less than five austerity budgets, which have plunged the country into deep recession and led to a ballooning of unemployment and social misery. International banks and leading European institutions concluded, however, that Papandreou had not gone far enough in dismantling the country's post-war social system and public services. They engineered his resignation and imposed the technocrat and banker Papademos as head of a new non-elected administration.

Papademos used his new year speech, predictably, to call upon his countrymen to make fresh sacrifices. He repeated the mantra at his meeting on Wednesday with leading representatives from the Greek trade unions and business federations: "We will have to accept limited sacrifices to prevent a catastrophic outcome—we have to give a little now so we do not lose a lot."

In fact, the "little" that Papademos is now demanding represents a fundamental attack on the living standards and rights of Greek workers, who have already borne the brunt of previous austerity measures.

At the Wednesday meeting, Papademos outlined some of the new measures planned. At the heart of the proposals are a downward revision of the country's minimum wage, new cuts to public sector salaries and pensions, and the slashing of holiday benefits. The government is also intent on changing the country's labour law to allow it to accelerate the dismantlement of public services via direct dismissals.

Papademos' list goes on: immediate cuts to social and welfare benefits amounting to around 14 billion euros per year and further cuts in pharmaceutical and medical expenditure. On Thursday, his cabinet held a meeting in Athens to decide on further measures to break up the country's so-called "closed professions," thereby permitting even more sackings.

The background to the government campaign for more austerity was provided by a government spokesman, Pantelis Kapsis, who warned on Tuesday that if the measures demanded by the international banks and International Monetary Fund were not implemented, Greece might quit the euro zone.

The German business newspaper *Handelsblatt* wrote on Wednesday that the "Drachma-horror visions" promulgated by leading politicians had one purpose: "To persuade the population—and above all Greek politicians—of the necessity of accepting the imminent cuts."

The remarks by Kapsis regarding a possible exit from the euro zone were widely reported, but another significant comment he made on the same day received less attention. Nevertheless, it gives an insight into the scenarios that are currently being contemplated by the new Greek government. When asked where new cuts could be made, Kapsis replied: "I don't believe it is easy to impose new taxes, but what does cutting spending mean? To close down the public sector? There is no easy solution."

The union leaders gathered at the Wednesday meeting made clear they had no principled opposition to the cuts demanded by Papademos, but instead called for the burden of cuts to be placed on other sectors. Bloomberg

News reports that after the meeting, Yannis Panagopoulos, president of the General Confederation of Greek Workers (GSEE), declared he was quite willing to discuss with the new government on measures to achieve cuts which did not directly involve wage cuts.

The close collaboration between the government and the trade unions has been an essential element in the implementation of previous austerity packages which have had devastating consequences for Greek workers.

Unemployment is soaring in Greece with an estimated loss of 20,000 jobs per month. Youth unemployment for those between 15-24 is more than forty percent and rising. The latest figures available for the growth of poverty released by the Hellenic Statistical Authority (ELSTAT) deal only with the year 2009. Nevertheless, the report reveals that at the end of that year more than 3 million Greeks (27.7 percent) were living below the poverty line or in a state of social exclusion. An additional 27.8 percent said that they had a hard time covering their housing expenses.

Since then the country has plunged deeper into recession with the loss of hundreds of thousands of jobs. In the month of November the government sacked no less than 14,000 public service workers. Integral to the austerity budgets introduced by former Prime Minister George Papandreou was the hiking of taxes for ordinary workers. There can be no doubt that the spread of poverty has broadened considerably in the past two years.

The Greek Finance Ministry is expected to announce shortly that the country has failed to meet its target of limiting its budget deficit in 2011 to 9 percent of gross domestic product. As a result, representatives of the European Union, the International Monetary Fund (IMF) and the European Central Bank (ECB) due in Athens later this month are likely to demand more measures to slash government spending and public service jobs.

As the country enters its fourth consecutive year of recession, Greece's financial elite are shifting vast amounts of their wealth out of the country. In the course of 2010, Greek millionaires withdrew over 40 billion euros, or nearly $53 billion, in deposits from the country's banking system to park them in "safe havens." This total is equivalent to around 17 percent of the nation's gross domestic product.