Greek government presses ahead with austerity

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Within days of being elected, the Greek coalition government led by New Democracy (ND) has already reneged on the few pledges it was forced to make in order to placate massive oppositional sentiment to years of austerity.

ND, the social democratic PASOK and the Democratic Left had called for the troika—the European Union, European Central Bank and the International Monetary Fund—to extend its demand for "fiscal adjustment by at least two years, so that the fiscal target is met without further cuts in salaries and pensions". They also promised not to implement a 22 percent reduction in the minimum wage.

But last week's European union summit did not even schedule a discussion on Greece's appeal. Instead, European Central Bank board member Joerg Asmussen yesterday spoke for the troika mission to Athens. "If one has identified that something needs to be done, do this quickly", he said. "Don't wait. Don't stretch the pain ... because this is better to restore confidence in an economy."

ND and its partners know what is expected of them. Last Wednesday Labour and Social Insurance Deputy Minister Nikolaos Nikolopoulos revealed that planned cuts to private sector salaries and all pensions will go ahead. "After the application and the completion of the midterm fiscal plan, we will proceed with the gradual restoration of salaries and pensions", he said.

Aware that further devastating cuts in living standards could ignite a social powder keg, Nikolopoulos warned that proceeding with the fiscal plan "will not be an easy proposition at all. On the contrary, it will be very difficult indeed."

Nikolopoulos will be reliant on the trade union bureaucracy, with whom he has the closest links, to continue their role as front-line police in suppressing workers' opposition to the government. The deputy minister was previously chairman of the Executive Committee of the ND Labour Union arm of the Credit Bank Employees' Union and secretary general of the Panhellenic Association of Professional Credit Bank Employees. He was also ND representative to the Athens Labour Centre, the Federation of Bank employees and the main private sector trade union federation, the General Confederation of Greek Labour.

The statement from the Labour Ministry was followed up by a letter from Prime Minister Antonis Samaras to EU leaders.

"With this letter I would like to reassure you that Greece is absolutely determined to fulfil its obligations emanating from the recent bailout agreement", he wrote. "The new government of Greece accepts ownership of the adjustment programme and is fully committed to its targets, its objectives and all its key policies."

The troika has long demanded the raising of tens of billions of euros in privatisations in exchange for previous loans. Samaras pledged to "speed up the implementation of the programme with special emphasis on the privatisation agenda."

While not specifying any particular measures, he raised that "there is a question of some necessary modifications to the programme in order to control unprecedented unemployment and halt the devastating recession Greece is going through for the fifth consecutive year".

However, such modifications "would also ensure that all targets are met", he concluded.

The threadbare promises made in the immediate aftermath of the election were in recognition of the huge vote against the pro-memorandum parties now in government. SYRIZA (Coalition of the Radical Left), which campaigned on the basis that it would overturn the previous memorandum and renegotiate the debt with the troika, won 27 percent of the vote—less than 3 percent behind New Democracy.

The pledges made lasted barely a week. The right-wing daily *Kathemerini* noted the "negative stance of the representatives" of the troika towards the coalition's initial promises. Representatives of the troika are expected to begin meeting with the coalition this week for negotiations. In response, the coalition is anxious to show that it is determined to press ahead with its demands.

The government has reportedly drawn up detailed measures to present to the troika. The GRReporter web site noted June 30 that, according to sources, the government "already has a list that includes 60 state structures, which will be closed or merged with others."

According to GRReporter, the programme will result in the "immediate merger or closure of state structures, includes 60 departments and institutions. These are from the ministry of education and culture, health care, development, and employing over 3,000 workers."

The programme will consist of, "Laying off the employees with fixed-term contracts at the expiration of their contract, regardless of exactly when that will happen," the relocation of permanent civil servants and the "return (if the troika agree) of the so-called 'labour reserve' for employees working with a permanent contract."

Being placed on the labour reserve means a 40 percent wage cut for a year before being fired.

The organisations listed to be terminated provide many vital social services. Their removal will devastate the last vestiges of social and cultural support networks currently available.

They reportedly include the Society for Psychotherapy and psychosocial development "ATHENS", the Greek Council for Refugees, the company Social Cooperative that organises activities for vulnerable groups, the Support Centre for Psychosocial Health, the Society for Psychosocial Research and Treatment "ALILENGII" (Solidarity), the Greek Society for the Study of Alzheimer's Disease and related disorders, the National Centre for Vocational Guidance, the non-profit organization for social assistance "Sinirmos", the Greek Society for the Protection of Persons with Autism, the National Society for Psychosocial Support, the Centre for Physiotherapy "IASIS" and the National Centre for Research and Treatment of Diabetes.

Many other organisations face merger and an uncertain future, including the department for organizing the management of development programmes, employing nearly 1,200 people. Others affected are the National Organization for Medicines, the United Food Control Service and the National Centre for Blood Donation. The future of fully 20 museums, many of world historic significance, including the National Archaeological Museum and the Museum of the Acropolis, are also threatened.

GRReporter comments, "Prime Minister Antonis Samaras has already discussed the matter with Evangelos Venizelos [PASOK leader] and Fotis Kouvelis [Democratic Left leader), during their meeting" at his home.

The other central preoccupation of the government has been to ensure that the recapitalisation of the Greek banking system goes ahead as planned. As millions of workers and their families are forced into abject poverty, with unemployment at more than 20 percent for adults and over 50 percent for youth, the only "bailout" will be that afforded to the Greek banking elite.

As part of the second EU/IMF €130 billion (US$164 billion) loan to Greece, agreed with the PASOK regime, tens of billions have been set aside to recapitalise the banks.

It is estimated that as much as €50 billion will be required to prop up the Greek banking system, several times the current market value of the banks.

The government is only able to press ahead with these measures due to the role played by SYRIZA. The pseudo-left coalition moved rapidly to legitimise a ND-led government, despite it having no popular mandate. SYRIZA leader Alexis Tsipras declared immediately after the vote that "a government should be formed from the core of ND, as it was the will of the people".

Once the austerity government was formed, Tsipras pledged that his organisation would function as a "responsible opposition".

SYRIZA's economic programme defends the EU and calls not for a repudiation of Greece's €350 billion debt, but for its re-negotiation. Tsipras has given his support for the handing over of billions of euros to the banks. *Kathemerini* reported that he "urged the government on Saturday to press for local banks to benefit from the new system of direct recapitalization from the EFSF [European Financial Stability Fund], or threaten to veto the European Union's Treaty for Stability Co-ordination and Governance and refuse to accept the visit of the creditors' inspectors in Athens."