Greek government lays out fresh cuts, privatisations

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The New Democracy-led coalition government in Greece is finalising measures for a further €11.6 billion austerity package. Talks finished Wednesday with a meeting between the leaders of the three party coalition: New Democracy Prime Minister Antonis Samaras, the social democratic PASOK leader Evangelos Venizelos, and Democratic Left head Fotis Kouvelis.

It was announced that no final decision had been reached regarding where specific cuts would be made, only that they had been agreed in principle. Roughly €7.5 billion in cuts had reportedly been agreed by various government departments Wednesday. Further talks are to be held next week to outline a detailed plan.

Venizelos said some prospective measures could only be finalised after the next meeting with the troika—the European Commission, the European Central Bank and the International Monetary Fund. Troika representatives are due back in Athens on July 26.

The proposed cuts are equivalent to 5.5 percent of Greece's GDP.

The negotiations follow those held last week between Stournaras and other cabinet members, in which he reportedly gave ministers in charge of three-quarters of government spending a week to outline drastic cuts. The *Financial Times* commented last week, "Two successive election campaigns derailed the budget, leaving Athens to cover a €3billion funding gap—equal to 1.5 per cent of gross domestic product—before it can expect to receive any further disbursements from its second bailout package."

Several government departments have already had their spending stripped to the bone. Central government funding for municipalities has been cut 62 percent since the beginning of 2009. According to the right-wing daily *Kathemerini*, the Labor Ministry was asked to produce €5 billion in savings (€3 billion from benefits and €2 billion from pensions), while the Finance Ministry is demanding further cuts from Health Minister Andreas Lykourentzos.

A loan payment of €2.4 billion due to be paid in June was withheld because of the elections, with the *FT* reporting that another €4.1 billion tranche due in August is likely to be delayed until September. This is conditional on the government's 2013-15 programme being approved by the European Commission and the IMF.

Previous talk of the government "renegotiating" the terms of Greece's €350 billion debt has been unceremoniously ditched, as the troika has insisted that the brutal onslaught against the jobs, wages and conditions of the working class continue.

The coalition is drawing up its new cuts package under direct EU supervision. In a letter to cabinet ministers published Monday, Samaras warned, "In the next few days, the Ministry of Administrative Reform and Electronic Governance, in cooperation with the EU's Task Force for Greece ... will begin an evaluation of the structures of all ministries and the bodies under their jurisdiction, with the aim of reforming them."

Calling for deep cuts in public spending, he continued: "The result of the evaluation will be an overhaul of services through the merger or closure of inactive units and services, with the aim of rationalizing the operation of ministries and curbing unnecessary expenses."

Cuts being considered include a reduction of the upper limit of pensions to €2,400, from €2,770, saving €1.5 billion. A cut in salaries for those earning around €2,200 is also being mooted.

There are plans to unify and slash all social benefits.

GR Reporter states, “In cases of an income and properties above the defined limit, the people will lose the right to receive social benefit or any other benefit received from the state. According to the memorandum, in the next two years the resources for social payments will have to be decreased by 3.1 billion euros.”

It adds that, “in order to save 6.3 billion euros, cuts are planned in the subsidies towards the insurance funds, hospitals, universities, self-governing bodies, government structure enterprises and other institutions, as well as a dramatic decrease in the resources for health care.”

A further €2 billion is to be raised by closing or merging state bodies, sacking part-time workers, and expanding the labour reserve. Being placed on the labour reserve means a 40 percent wage cut for a year, before being fired.

A raft of privatisations is to be imposed, with 28 state companies already primed.

The hated special property tax is to be legislated to last at least another year, and prices for heating fuel are to be increased to the same level as petrol.

State spending could fall by as much as 30 percent. Even then, there is no guarantee that whatever the coalition comes up will be accepted by the troika. Its mood was summed up in comments made by euro group Chairman Jean-Claude Juncker this weekend. Replying to a question of whether Greece should exit the euro zone, he told German news magazine *Der Spiegel*: “The fact is that the Greek government has not implemented the program as agreed.”

Any further extension of the date for repayment would cost billions more, he said.

The new austerity measures—the equivalent of taking a further €1,054 from every man, woman and child in Greece—will result in further social devastation.

Unemployment reached a record high of 22.5 percent in April. In the last year alone, it has risen from 16.2 percent. Youth unemployment stands at 51.5 percent. In some parts of Greece, up to 80 percent of the population are without work, with many eating in soup kitchens or scavenging for food.

There is a deliberate policy of denying the unemployed any form of subsistence. Dimoulas Constantine, a lecturer at Panteion University in Athens, told the *World Socialist Web Site*: “According to the estimation of the Labor Institute of GSEE [the private sector trade union federation], the unemployment benefit of 360 euros per month is provided to more or less 165,000 unemployed for a period of 12 months maximum, while the officially unemployed are about 1.2 million people, of whom more than 50 percent are out of work for more than one year.”

Constantine explained, “The very high level of youth and long-term unemployed is the main reason for the rudimentary coverage of unemployed people with social insurance benefits. According to the Greek law, an unemployed person has to pay social contributions for at least 160 working days during a period of 15 months, distributed in two years (80 working days per year) before having the right to the unemployment benefit.

“This rule very simply means that the new entrants in the labour market—youths, the long term unemployed and the undeclared workers (mainly women)—have no right to any benefit. But these three sub-categories are the more rapidly increased subgroups of the unemployed in Greece.”

Only a small fraction of the unemployed now receive any financial support, he said: “Leaving aside the very low level of the unemployment benefit, before the crisis it was provided to about 30 percent of the unemployed and nowadays it is provided to less than 15 percent.”