Greek government plans further cuts

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On Monday the Greek government announced it would only publish the details of its new austerity package, comprising cuts of around twelve billion euros (US$14.8 billion) later in August. Meanwhile Athens is shifting personnel inside the security services and re-equipping the police force to prepare for the violent suppression of expected protests.

Initially the main budget cuts demanded by the troika—the European Central Bank (ECB), the European Commission, and the International Monetary Fund (IMF)—were to be announced yesterday. After a meeting of the leaders of the ruling parties, the announcement was postponed. Government sources reported that some points had not yet been settled.

The conservative New Democracy (ND), the social democratic PASOK, and the small Democratic Left (DIMAR) agreed on the extent of the cuts. However, the latter party preferred drawing them out over four years instead of two, as Prime Minister Antonis Samaras had already considered proposing. According to the daily *Kathimerini*, PASOK suggested adopting cuts of 6 billion euros for 2013 for a start and postponing the adoption of the 5.5 billion euro cuts scheduled for 2014.

However, details made public so far suggest that the disputes inside the government are about how to enforce the cuts and not about their contents, which are almost exclusively directed against workers and the poor.

As early as last week, there had been reports that the three parties had agreed on cutting the Labor Ministry's budget by five billion euros and slashing spending on hospitals by 300 million euros. The Greek government has been unable to provide health care for the population for some time. In northern Greece hundreds of hospital doctors are mounting work-to-rule protests against wage cuts.

It is also likely that there will be a massive cut in wages at public enterprises, such as energy companies. Current calculations suggest that wage cuts of between 30 and 50 percent are planned. This is also a step toward privatizing the companies, which wage cuts make more attractive to investors.

On top of this, state pensions are to be slashed once more. The agricultural insurance fund's benefits are to be lowered from 360 euros to 330 euros monthly, and all other benefits above 1,000 euros are to be cut 15 percent. All pension payments will be capped at 2.200 euros. The increase in retirement age from 65 to 67 years will add to existing cuts.

With youth unemployment running at over 50 percent and unemployment insurance very limited, small pensions are often a family's only income. These cuts will devastate millions of families.

The wealthy layers of society are being spared, however. According to official figures, Greek millionaires have transferred 16 billion euros abroad within the past two years, without any serious measures being taken against them.

Greece's richest entrepreneurs, the shipping company owners, do not pay any taxes on their earnings, which are exempted from taxation on the grounds that they are international under a rule incorporated into Greece's constitution in 1967, the first year the junta of the colonels was in power.

The government also presented a bill empowering the Greek cabinet to close all universities without parliamentary approval.

"It is impossible for a country [like Greece] with a population of 11 million people to afford about 40 universities when other countries, such as Israel, have just seven or eight," education minister Costas Arvanitopoulos told Mega TV. He said Athens would quickly make use of the law.

All these measures, as well as the delay in announcing the cuts, were agreed with the troika. On

Tuesday morning Samaras, PASOK-appointed Finance Minister Giannis Stournaras, and other cabinet members met to discuss further proceedings. Troika representatives announced that they would stay in Athens until the cabinet approved the austerity package.

In addition to new cuts, the troika also monitors the implementation of previously adopted cuts that have not yet been fully implemented during the election campaigns due to massive popular resistance. Whether the next tranche of European aid is disbursed to Greece will depend on their report. Otherwise, the country faces bankruptcy within weeks.

On 20 August, an ECB loan will fall due which Greece cannot pay for from its own resources. Deputy Finance Minister Christos Staikouras said on Tuesday that the country's cash reserves were almost down to zero.

"We are certainly on the brink. We haven't received the tranche that we were entitled to," he said on state television channel NET.

Citing several insiders of the Greek government and the troika mission, news agency Dow Jones Newswires reported that Greece has to raise another 30 billion euros in addition to the existing cuts in order to meet its obligations to the troika. This results from the fact that the recession has been much worse than predicted.

Under these conditions European countries are increasing the pressure on Greece. Last week European Commission President José Manuel Barroso declared that Greece could only stay a member of the European Monetary Union if it delivered "results, results, results."

"Words are not enough, deeds are more important," Barroso said during his visit to Athens.

German Finance Minister Wolfgang Schäuble told the *Welt am Sonntag* newspaper that the terms of the loan could not be changed. These were already "very lenient. I cannot see that there is still room for further concessions." He said it would not help "to speculate about money or time."

In addition, the voices arguing for Greek bankruptcy and its exclusion from the euro zone within the German government are increasing in number. After Minister of Economy and FDP leader Philipp Rösler called for refusing to extend any further assistance to Greece last week, vice party leader Michael Fuchs (CDU) now joined in.

"Greece cannot be saved, that's simple math," he told business magazine *Wirtschaftswoche*. He and Rösler also received support from CSU Chairman Horst Seehofer.

Although this position is gaining influence in leading circles in Germany, such statements are also intended to increase the pressure on the Greek government. The troika wants the austerity package to be enforced as quickly as possible, in the face of enormous public opposition.

For this reason Nikos Dendias, Minister for Civil Protection, has announced an increase in police forces in urban neighborhoods by 1,500 officers. He also wants to buy 100 new police cars and 60 motorcycles. He has appointed Athanasios Andreoulakos as General Secretary of the Ministry.

During the 1967-1974 Greek military junta, Andreoulakos was a member of a military tribunal that sent at least six resistance fighters to jail.

The resignation of Army Chief of Staff Constantinos Ziazias and his replacement by pro-ND General Mikhail Kostarakos must be seen in this context. The Conservative government is obviously working to develop its close ties with the army.

The most important instrument the Greek government can rely on against the resistance of workers, however, is the biggest oppositional party, the Coalition of the Alternative Left (SYRIZA).

Having announced that they would support protests against austerity measures, they are doing whatever they can to subordinate these protests to EU institutions and make them come to nothing. The party's representatives keep repeating their mantras that the loan agreements with the EU could be made more humane. During the election campaign they also supported spending money to re-equip the police.