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New Round of Measures for Austerity in Greece

By RACHEL DONADIO and NIKI KITSANTONIS

ATHENS — Facing mounting pressure from the foreign lenders keeping it solvent, the Greek government on Wednesday announced additional — and deeply unpopular — austerity measures, including scaling back the public sector and cutting pensions.

Greece's so-called troika of foreign lenders — the European Central Bank, European Commission and International Monetary Fund — have required the measures as a condition for releasing the next installment of $11 billion in aid that the country needs to meet expenses starting in mid-October. Fears of a Greek default have shaken world markets and revealed deep fissures in the European Union.

Finance Minister Evangelos Venizelos told Parliament on Wednesday that Greece had no choice but to continue with its austerity program in order to appease the financial markets. "The markets are blackmailing us and the circumstances are humiliating us," he said.

He added that the government would do everything possible to keep the country "out of danger." In a rare about-face, Mr. Venizelos, a Socialist Party stalwart who is widely seen as holding the reins of Prime Minister George Papandreou's government, said that Greece was fortunate to be under foreign supervision.

“The Greek people are suffering, the country is upset and depressed but also dignified and proud,” Mr. Venizelos added.

Coming just months after the government passed an earlier package of unpopular austerity measures, including tax increases and wage freezes, the new measures are wildly unpopular and touch for the first time on two pillars of Greek society — the civil service and family homes — further squeezing a society in which one in five workers is employed by the public sector.

A growing number of Greeks are increasingly confused and upset by the ever-evolving and expanding measures. On Wednesday, Greece’s two main labor unions called 24-hour general strikes for Oct. 5 and 19.

“Last year, we were prepared to make these sacrifices, we recognized the need,” said Antonis Karanikas, 48, the head of a public-sector entity that evaluates insurance claims made by farmers, as he participated on Wednesday in a peaceful protest by public-sector workers in Athens.

“But what the government is trying to do now is without a real plan,” he added. “It’s creating a sense of panic among a large segment of the Greek population.”

After a seven-hour cabinet meeting on Wednesday, the government issued a statement detailing the new measures, but it failed to confirm, or flesh out, a new property tax announced earlier this month. Originally, Mr. Venizelos said the tax would range from 50 cents to about $14 a square meter, or 11 square feet, depending on the value of the property and the building’s age. But there has been some debate about increasing the top of the scale to $28.

The tax would be levied through electricity bills in order to thwart evasion. But the powerful union that represents the public energy utility said it would oppose the tax, making its implementation uncertain.

On Wednesday, the government also announced that it would lower the threshold above which income is taxed to $6,800 annually from about $11,000. It would also cut pensions above $1,600 a month and pensions above about $1,400 a month for retirees younger than 55.

On Wednesday, the government said it would move ahead in October with placing about 30,000 civil servants — or 3 percent of the public work force — on a so-called labor reserve program in which their wages would be cut for 12 months, after which their positions could be terminated.

Labor unions and the center-right opposition have criticized this as a back door to firing. Under the Constitution, public-sector workers cannot be fired.

Ilias Mossialos, the government spokesman, said that talks between Greece and its foreign lenders would pick up again next week when the foreign inspectors return to Athens. Talks broke down this month when the lenders said they were unconvinced that Greece could meet its deficit reduction targets in view of the slow pace of carrying out the austerity measures.

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