

Spain follows Greece -- people reject severe austerity cuts

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Bickering Europe teeters on brink

MADRID — Tens of thousands protested against austerity cuts in Spain and Denmark Tuesday as Germany's powerful unions warned of mass action and Hungary became the latest debt-ridden nation to slash spending.



Spanish citizens vent their anger over unjust cuts

Tensions also mounted between European Union governments over how to reduce spending with Britain rejecting an EU plan for all national budgets to be seen by other countries before they are passed.

In Spain garbage was left uncollected and high-speed trains delayed as civil servants went on strike to protest Socialist Prime Minister Jose Luis Rodriguez Zapatero's plan, which includes an average pay cut of five percent this year and a freeze next year.

Unions said three quarters of Spain's 2.6 million public workers heeded the strike call but the government put participation at just 11 percent.

Spain has ordered 65 billion euros (78 billion dollars) of spending cuts in a bid to slash the public deficit to the EU limit of three percent of gross domestic product by 2013 from 11.2 percent last year.

Thousands of people marched through the streets of the Spanish capital on Tuesday evening in one of 60 marches held across the country by civil servants and their supporters.

Ana Garcia Lago, 40, a teacher and mother of three whose husband is unemployed, said she joined the strike because her monthly salary of 1,600 euros will be reduced by around 150 euros this month.

"If I think about it I start to cry. We make it to the end of the month because we had savings which we are eating up," she told AFP at a rally outside the economy ministry in Madrid while others chanted "Zapatero resign!".

Denmark's deficit reduction plans brought some 40,000 people to a rally outside parliament in

Copenhagen, Danish police said, where union organisers blasted the government for endangering the country's social benefits.

Prime Minister Lars Loekke Rasmussen last month proposed an austerity plan, subject to parliamentary approval, that would cut off jobless benefits after two years, freeze development aid and set a ceiling for family benefits.

In Germany, industry, trade unions and the media criticised Chancellor Angela Merkel over the 86 billion euros of budget cuts she ordered between 2011 and 2014.

"It is not the poor who have lived beyond their means -- it is the rich who have," said the head of the German Federation of Trade Unions, Michael Sommer.

Even big business joined the assault, with German banks and the airline industry slamming a tax on financial transactions from 2012 and a levy on flights.

"These are serious times, these are difficult times. We cannot afford everything we would like if we hope to plan for the future and that is why the budget has been laid out like this for the coming years," Merkel told reporters as she announced the cuts Monday.

In Budapest Prime Minister Viktor Orban stepped into the budget slashing fray, unveiling swingeing public spending cuts amid market concern that Hungary's situation was comparable to that of debt-stricken Greece.

At the same time Orban proposed tax breaks for families and a flat-rate tax of 16 percent for individuals, while imposing a new levy on the finance sector.

"Eighteen months ago, the state came to the aid of banks which then made significant profits in 2009. Now it's the banks' turn to do their bit to help solve the current problems," Orban told parliament.

European finance ministers on Monday agreed a new 525 billion dollar fund for debt hit nations and EU president Herman Van Rompuy said they also agreed a right to oversee national budgets, but Britain rejected any such move.

"The budget will be presented to parliament first," British Financial Secretary to the Treasury, Mark Hoban, insisted in a statement as EU finance ministers held the second day of a meeting in Luxembourg.

France had demanded that Britain fall into line with other EU nations.

However, Fitch Ratings warned Britain that it needs to put its public finances in order much quicker as it faces a "formidable" fiscal challenge.

The new British government of Prime Minister David Cameron announced Monday that Britain's finances were "even worse than we thought" as he warned of "painful" cuts to tackle the record deficit he estimated at 770 billion pounds (1.12 trillion dollars, 930 billion euros).

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