

Protests and riots in Greece precipitate political crisis

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Demonstrations and protests continued in a series of Greek cities Tuesday four days after the shooting down of a 15-year-old boy by police in Athens Saturday evening. Confrontations between large crowds and the police intensified following the funeral in Athens of Alexandros Grigoropoulos, who was shot dead at point-blank range by police. Schools and universities across Greece closed down for the day.

The two largest union federations in Greece, the Greek General Confederation of Labour (GSEE) and the Greek civil servants union federation (ADEDY), have called for a 24-hour strike Wednesday and a mass rally in front of the parliament building in Athens. Public transportation and air travel, among other services, are expected to be affected.

Since the weekend, demonstrations and clashes between police and thousands of students have spread rapidly from the Greek capital of Athens to its second-largest city, Thessaloniki, and other urban centres such as Patras. Rioting has also broken out in Trikala in the country's agricultural heartland.

Over the course of Sunday and Monday protesters attacked and burnt down shops in Athens' three main shopping centres: Panepistimiou, Stadiou and Skoufa. Guests were evacuated from two luxury hotels in the vicinity and police used tear gas to drive back protesters from Kolonaki Square—the residence of many members of Greece's political elite.

The announcement by state authorities that one policeman will be charged with the murder of Grigoropoulos and another policeman charged as an accomplice to murder has done nothing to abate the anger of demonstrators. Increasingly, the protests, which initially centred on the issue of police brutality, have expanded into broader demonstrations directed against the Greek government.

On Monday demonstrators protested in front of the parliament building in Athens and burned down the Christmas tree which stood there. On Tuesday demonstrators once again protested in front of the Greek parliament, with deputies inside the building fearful that the complex could be stormed and occupied by the angry crowd.

The protests have already spread beyond Greece. In Berlin demonstrators occupied the Greek consulate on Monday and in London five men were arrested after protesters clashed with police outside the city's Greek embassy.

Confronted with a growing political crisis, the Greek government is currently preparing to take harsh measures to put down the protests. Sections of the Greek media and leading politicians are conducting a deliberate campaign to brand the protesters as “anarchists,” “extremists”

and “terrorists” and create a climate in which the police and state forces can violently suppress the growing opposition movement.

In a front page article on Monday, the conservative *Kathimerini* newspaper denounced the Greek state for taking a too lenient stance towards the demonstrators. The paper declared: “Athens was at the mercy of flames and the uncontrolled action of hooded youths for a third consecutive night ... displaying a power vacuum and the inability of the state to ensure order.”

On Monday the Greek prime minister, Costas Karamanlis (New Democrats), accused “extremists” of exploiting the police shooting and announced there would be no leniency for the rioters. He pledged to take “immediate” action, declaring: “The state has a duty to protect society and its citizens.”

The government has denied reports it is preparing to declare a state of emergency, but interior minister, Prokopis Pavlopoulos, has indicated that the authorities will take a firm stance. Following a three-hour emergency cabinet meeting on Monday, Pavlopoulos declared: “What is happening both for the economy of our country and our democracy is unacceptable. We will not tolerate these events. We will do what we must.”

On Tuesday the prime minister met with opposition parties and the Greek president to seek a joint approach to ending the crisis. Concerned that the wave of protest could challenge the Greek parliamentary system, the leader of the opposition Panhellenic Socialist Movement (PASOK), George Papandreou, has called for new elections as a means of defusing the situation.

The current spate of demonstrations has been described as the most violent and widespread protests since the overthrow of the Greek military junta in 1974. Nevertheless, they did not come out of the blue. In recent years Greece has been wracked by demonstrations and revolts. The country's most recent general strike took place just six weeks ago and this year has already witnessed the widespread occupation of universities and schools by students and school pupils.

The general strike held on October 21 brought large parts of the country's infrastructure to a halt. The strike involved workers in air traffic, urban transport and the public service—all protesting the conservative government's draft budget for 2009 and the Greek government's recent €28 billion (\$37 billion) bank bail-out.

Greece has been described by some commentators as a tinderbox waiting to explode. The country's protracted economic plight has worsened dramatically in the past few months in light of the international financial crisis.

The shooting of Alexandros Grigoropoulos by a police force notorious for its brutal treatment of students, immigrants and the unemployed was the spark which ignited the current conflagration. Even during the protest demonstrations accompanying the general strike in October, squads of Greek police used tear gas to drive students and workers from the premises of the university of Propylaea.

The Greek daily newspaper *Ta Nea* pointed out that the often violent protests of the past days represented much more than the revolt of a handful of anarchists and drew attention to the social sources of the crisis: “The death of the student was only the catalyst. It was the fuse for the great explosion. The explosion conceals a compressed desperation. ... Many young people live with the unbearable knowledge that there is no future, that the future is a bricked-up window. Somewhere out there a blind fury is lurking ... Not violence, but desperation appears to be the origin of our story” (8 December 2008).

Hard hit by the finance crisis

Although the Greek banking system, and in particular the National Bank of Greece, is allegedly not overly exposed to “toxic” US investments, the Greek government moved quickly to prop up the country’s banks with a massive €28 billion (US\$37 billion) bail-out.

Greek banking is particularly sensitive to the problems of neighbouring economies and financial markets. The National Bank of Greece has recently been involved in a merger with Turkey’s Finansbank. A deepening of the financial crisis in Turkey will have immediate repercussions for the balance sheet of the National Bank. Other banks in Greece have expanded recently through acquisitions in the Balkans, Russia and Ukraine—all countries suffering severe financial setbacks.

The Greek economy has also been hit in other ways by the present crisis. The country has little in the way of a developed industrial base and its economy is heavily dependent on international services such as shipping and tourism. Greece’s tourism industry has already been hit by a decline in the number of bookings by European holiday makers. The situation facing the shipping industry, which controls nearly 20 percent of the world’s merchant fleet, is even worse.

According to shipping broker Francois Savaricas (ACE Chartering), 25 percent of the world’s fleet is at anchor because it is uneconomical to trade: “The lack of liquidity in the banks means there’s no cargo moving, and so from one day to the other, there’s been no volume, no cargos and no movement for the ships.” One basic measurement of the shipping trade—the Baltic Dry Index, which provides an assessment of the price of moving major raw materials by sea—has plummeted from a record high of 11,793 points in May to a nine-year low of under 900 point at the end of November.

With a fifth of the Greek population already living below the poverty line prior to the current financial crisis, both unemployment and poverty levels are expected to rise dramatically in the next week and months.

It is above all this social decline and the lack of any prospects which have driven Greek youth and broad layers of working people onto the

streets in protest.

At the same time a number of newspaper commentaries have indicated that the events in Greece are a portent of what may come in other countries:

The Italian daily *La Repubblica* clearly ascribes the riots in Athens to the economic crisis, and warns: “The storm of riots that has convulsed Greece for the past two days is the first violent reaction in the West to the economic crisis and the inadequacy of government measures to combat it. ... The tragic episode on Saturday ... must be seen in the context of the crisis and the fears it has stoked among weaker segments of society. ... This Wednesday [the day of the general strike] could be a decisive day for Greece: the first major gale with which the economic storm has hit the West.” (8 December 2008)

And in a blunt commentary, Britain’s right-wing *Daily Telegraph*, warns investors to take serious heed of the events in Greece. The article in Monday’s edition, headlined “Investors are wrong to ignore the Greek riots,” says of the clashes and demonstrations in Greece: “That may sound like a little local difficulty. But the tensions created by unemployment, marginalised youth and incompetent governments are far from exclusively Hellenic.”

The article continues: “[T]his uproar is unprecedented—even for Greece ... The protest is no longer limited to an anarchist fringe. There is widespread anger at the government.” The *Telegraph* then goes on to warn its well-heeled readers: “Similar outbreaks are possible in other countries. Recessions are always tough on the young. ... Social protests have sometimes changed the world. Think of the French and Russian revolutions. But even lesser shifts can cause trouble for investors.”

The article criticises the complacency of the investment community in the light of such events and concludes that investors “should now also be thinking about social risk.”



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