

Greek prime minister reshuffles cabinet

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On January 8, the Greek government of New Democrat Prime Minister Costas Karamanlis completed a cabinet reshuffle.

The past month has seen widespread protests, demonstration and riots by students in opposition to the police killing of 15-year-old Alexis Grigoropoulos, and the government's programme of economic and social austerity. At the same time, there has been a growing militant movement by workers in many sectors protesting wage freezes, privatisations, the rising cost of living, pension cuts and mass redundancies.

The Karamanlis government has a majority of just one in the 300-member parliament and the regime is deeply unpopular. It has been embroiled in a series of political, corruption and financial scandals since its election in 2004 and reelection in September 2007. These have included a controversial land swap deal with a Greek Orthodox ministry and the conviction of a senior government aide for attempting to harbour a criminal in a major drug-dealing case.

A poll published January 8 in the daily *Kathimerini* found that support for the government had sharply decreased since April. According to the poll 38.5 percent of respondents would vote for the Pan-Hellenic Socialist Movement (PASOK) in the next general election, up 8 points since April. Karamanlis's New Democracy (ND) was placed second with 32.5 percent. They were followed by the Coalition of the Radical Left (SYRIZA) at 12 percent, the Communist Party of Greece (KKE) with 8 percent, and the People's Orthodox Alarm (LAOS) with 4 percent.

Less than half of the previous cabinet members (seven out of 16) have been retained. But those remaining include the ministers of foreign affairs, defence and the interior. The changes see the removal of Economy and Finance Minister George Alogoskoufis, who was associated with a series of spending cuts, unpopular budgets and privatisations implemented in an attempt to keep Greece's public debt within European Union-imposed limits. Alogoskoufis was replaced by his former deputy Yiannis Papathanassiou.

Papathanassiou is closely associated with the policies of Alogoskoufis and gave him a glowing tribute on assuming his post. He was the head of the Athens Chamber of Commerce from 1993 to 2000 and the vice-chairman at gas company DEPA in 1993.

Karamanlis said of the new government, "We have an uphill

struggle ahead of us as 2009 is going to be a difficult year. The global economic storm is unprecedented in postwar years.

"We know that certain political forces, as well as some trade union leaders, have engaged in a game of demagoguery and populism. But we will not toy with the country's future. We have chosen the difficult path of responsibility and we will succeed."

Addressing the mass student protests that began following the police killing of Grigoropoulos on December 6, Karamanlis warned ominously, "We will decisively deal with the phenomena of catastrophic violence."

Interior Minister Prokopis Pavlopoulos added "that the police force would be given the resources it needs to carry out its duties."

Summing up the content of the reshuffle, the Athens daily *Ta Nea* editorialised that "the faces changed in order to calm reactions, but there is not the slightest direction toward changing policies."

An economist at a large Greek bank said of the reshuffle, "We do not expect any significant change of fiscal policy given the bad state of Greek finances and very limited room for manoeuvre."

Costas Panagopoulos of the Alco polling agency said of the incoming economy and finance minister, "The new minister must deal with a very difficult situation—the crisis reaching Greece, public borrowing at high rates, a market fearing the worst, but also the displeasure and scepticism of a society that believes government economic policy favours the rich and not the middle class or the poor."

"It's a tough task but the man comes from the markets, and is capable. (The PM) chose a man who knows the markets and the ministry, signalling that he is not changing policies but persons."

Karamanlis also announced the establishment of a new Inter-ministerial Committee on Economic Policy. The committee is charged with coordinating the government's policy in the economy, finance and development sectors. The committee consists of Karamanlis himself, Economy and Finance Minister Papathanassiou, Development Minister Costis Hatzigakis, and Environment, Town Planning and Public Works Minister George Souflias. Also attending its first meeting was George Provopoulos, the governor of the central bank, the Bank of Greece.

The reshuffle occurred just days after the shooting of a policeman, who was part of a police unit of three officers outside the Culture Ministry, close to the Exarcheia district in Athens. The January 5 shooting of 21-year-old police officer Diamantis Mantzounis, who received several gunshot wounds, was used to demonise protesting students and the "radical left." Interior Minister Pavlopoulos said the attack targeted "democracy and the rule of law."

The police speculated that a group known as "Revolutionary Struggle" were the most likely to have carried out the shooting. They said that weapons used to shoot at the police unit were linked to two previous shooting attacks on police stations in 2007 and an incident on December 23 last year, when two gunmen hidden within the grounds of Athens University opened fire on a police bus. Immediately following the shooting, dozens of people were rounded up and arrested.

PASOK leader George Papandreou visited the police officer in hospital and condemned the shootings "as a democrat and as an ordinary citizen."

SYRIZA parliamentary leader Alekos Alavanos said that "the Left defends with its identity the innocent victims of violence and it also defends the younger generation and, in this sense, SYRIZA's solidarity for policeman Diamantis is absolute."

On Thursday, Alavanos called for the establishment of a parliamentary committee that will focus on what he called the "radical democratisation of the police."

Greece to enter into recession

According to numerous economic analysts, the Greek economy will officially enter a recession this year. This follows economic growth that has averaged about 4 percent a year for a decade. The UBS investment bank predicted in November that Greece's economy will officially be in recession in 2009, showing negative growth of 0.1 percent. The bank noted that a major factor in its forecast of a recession was the Greek economy's major dependence on foreign funds.

Dimitris Daskalopoulos, SEB industrial federation president, recently warned that the government's €28 billion plan to increase liquidity at Greek banks would not stave off a recession. He said, "The measures for supporting bank liquidity were necessary but incomplete.... Measures for support of the real economy and low-income citizens were delayed. As a result, the prospect of an economic recession is nearing."

"The global crisis accelerated the advent of the Greek crisis, bringing to the surface all structural problems that hinder Greece's growth," he added.

Last week the National Statistics Service announced that the value of Greek exports had fallen by 15.5 percent in November, compared with the same month in 2007. The value of export-

deliveries totalled €1.353 billion in November, down from €1.6 billion in November 2007. The value of import-arrivals stood at €4.029 billion, down from €4.815 billion in 2007—a decline of 16.3 percent.

Greece currently has a public debt burden equal to more than 90 percent of its GDP. This figure is the second-highest in the Eurozone after Italy. It is estimated that this year the government will spend some €12 billion, about a sixth of its budget, on servicing that debt.

Virtually every social index points to a sharp polarisation in Greek society. Around a quarter of under-20-year-olds are unemployed and live below the poverty line. Unemployment in the 15-24 age group is 24.3 percent. For college graduates, the rate of unemployment is even higher, at 28 percent. Having studied for many years many youth are forced to take poorly paid work such as driving taxis, as bar staff or working at petrol stations.

The number of long-term unemployed made up 52.2 percent of the total jobless figure for the last quarter of 2008. On January 2, a Greek woman made the national news after threatening to kill herself by jumping from the ancient Acropolis monument in Athens, after she had been made redundant. She was formerly a contract worker at the Greek Ministry of Culture.

At least a third of Greeks live close to or under the poverty line. Statistics compiled by the General Confederation of Greek Workers (GSEE) show that there are 832,456 poor households in the country, which adds up to 2,088,000 people out of a population of just over 11 million. According to lawyer Melina Mouzouraki, some 500,000 households pay more than half their income to cover their debt. The level of debt owed by hundreds of thousands of people places them close to net poverty, even though they are not officially considered to be poor.



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