Strikes and demonstrations in Greece against austerity measures

Stefan Steinberg
19 December 2009

A series of strikes and protests by public service workers took place in up to 60 cities and towns across Greece on Thursday. The protests were organized by the PAME (All-Workers Militant Front) trade union organization, which is affiliated to the Greek Communist Party (KKE). The actions were supported by the Coalition of the Radical Left (SYRIZA).

In Athens, an estimated 5,000 workers, primarily from the public sector and including teachers, took part in a march to the Greek parliament. The strike was joined in the capital by the ESYEA journalists union, resulting in the closure of many national newspapers and severely restricting radio and television news reports. The national news agency Ana also suspended its news service.

The strikes were pointedly not supported by the country's two biggest unions—the General Confederation of Greek Workers (GSEE), with 600,000 members in the private sector, and the Supreme Administration of Greek Civil Servants Trade Unions (Adedy), with 200,000 members in the public sector. Both union federations include large numbers of transport workers and both have close relations with the social democratic Panhellenic Socialist Movement (PASOK), which heads the Greek government. These two federations are expected to play a key role in implementing the harsh austerity measures recently announced by the PASOK government to tackle its debt crisis.

Although there is currently friction between the two union federations that back the government and the PAME, KKE and SYRIZA, none of the latter organizations represent an alternative to PASOK and its austerity program. The main concern of the post-Stalinist KKE is to prevent any expansion of protests which could seriously threaten the country's trade union and social democratic bureaucracies. The right-wing character of the KKE, which briefly entered a coalition with the conservative New Democracy party in 1989, is demonstrated by its condemnation of youth protests a year ago as the work of "violent criminals run amok."

For its part, SYRIZA—an alliance of Greens, Maoists and other middle-class "left" groups—merely offers a version of reformist protest politics. Following the recent election, SYRIZA leader Alexis Tsipras went so far as to telephone PASOK leader and current Prime Minister Georgios Papandreou to congratulate him on his party's victory and wish him all the best.

Demonstrators marching on the Greek parliament in Athens on Thursday shouted: "Don't forget your promises Georgios," referring to the pledges made by Papandreou in the recent election campaign. Prior to taking office, Papandreou and PASOK conducted an election campaign promising a range of measures to curb the privileges and wealth of the country's ruling elite.

Upon coming to power in October, PASOK was immediately subjected to pressure from the international banks and the European Union to implement a draconian austerity program to slash the country's budget deficit and public debt, at the expense of the country's working population. The credit rating company Fitch promptly downgraded the country's debt rating, thereby increasing the interest on its borrowings.

The European Union and the European Central Bank intervened to warn that they would not provide new loans to bail out the Greek economy.

Six months ago, then-German Finance Minister Peer Steinbruck declared that Europe might have to come to the assistance of the Greek economy in order to prevent a collapse of other Eurozone economies. Following the election of Papandreou, however, a very different tone was struck by German Chancellor Angela Merkel.

After being warned by the chairman of Germany's biggest bank, Deutsche Bank, that Greece was one of a number of "time bombs" left ticking by the international financial crisis, Merkel declared unequivocally that there would be no European bailout for Greece. The German government and the European Central Bank are concerned that any additional financial aid for Greece could be a precedent for other highly indebted countries.

According to Norbert Barthle, a senior budget spokesman in Merkel's parliamentary faction, "It's not the job of the EU to rescue bankrupt states. Greece is the current problem child, but it's not an isolated case, it's just the tip of the iceberg." Barthle went on to note that other European countries with similar problems included Italy, Spain, Ireland, Latvia and Hungary.

The German chancellor and the European Central Bank have indicated that the EU may even assume direct control of Greek financial policy—an unprecedented violation of national sovereignty.

Although Papandreou strived to assure the banking community and the EU that his government was intent on reducing its deficit (currently 12.7 percent of gross domestic product) to below 3 percent by 2013, Brussels has made clear it wants to see more concrete measures. Fellow EU members and credit rating agencies have urged Greece to follow the example of Ireland and implement far more draconian measures, including major cuts in public sector wages and welfare benefits.

In his crisis speech to the nation last Monday, Prime Minister Papandreou sought to respond to the combined pressure of the banks and the EU by announcing a number of measures aimed at slashing public spending and raising tax revenues. The "painful" measures he outlined would hit public sector workers and salaried staff especially hard.

The response by the banking community to Papandreou's speech was prompt. Too little detail on the attacks to be carried out on the population was the general verdict of financial circles to the prime minister's proposals. On Wednesday, Standard & Poor's cut Greece's credit rating to BBB+ from AAA-, and Moody's is expected to follow suit.

According to the British *Guardian* newspaper, the decision by Standard & Poor's to downgrade Greek debt was prompted by "the prospect of social unrest wrecking long overdue structural reforms."

Despite the limited scale of Thursday's strike in Greece, the international financial markets and the EU are worried that social discontent could spill over to other countries as unemployment and economic instability increase. This week Greece registered a sharp increase in its unemployment rate and share prices tumbled on the Greek stock exchange.

The fiscal crisis in Greece has already had repercussions for the euro, which has fallen considerably this week, sliding to $1.44 against the US dollar, its lowest exchange rate in three months.

The situation in Greece is being observed with concern across the continent and also from the other side of the Atlantic.

In its latest bulletin on Greece, the US security think tank Stratfor concludes: "We can, therefore, expect the following year to continue to be a highly volatile one for Greece. Greece already has had a turbulent end in both 2008 and 2009, with an increase in violent anarchist activity and outbursts of social unrest. The rest of Europe will be nervously watching how Athens' budgetary measures are received by both international investors and the Greek public."