Protesters, police clash in Athens demonstration

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Greek workers and youth took to the streets of Athens once again on Wednesday to protest a new round of austerity measures to be introduced by the social-democratic (PASOK) government of Prime Minister George Papandreou. The demonstration was accompanied by the second general strike to be held this year and the tenth since the outbreak of the international finance crisis in 2008.

The event expressed both the overwhelming popular hostility to Papandreou's cuts, and growing mistrust of the policies of the Greek unions and their political supporters. Controlled by PASOK, the main union federations have cynically called one-day strikes to let off steam, while they negotiated the cuts with Papandreou.

The 24-hour strike closed schools and brought public transit to a halt around the country, particularly affecting train and ferry services. Television networks and radio broadcasters took part in the walkout, and printing presses came to a standstill with journalists agreeing not to publish the country's newspapers until Friday. Teachers, civil servants, nurses, college and university staff also struck in 14 cities across the nation.

Air traffic controllers also staged a walkout, grounding flights for four hours. At the start of Greece's tourist season the country's two main flight operators, Olympic and Aegean, were forced to cancel or delay nearly 50 flights.

According to the figures of the General Confederation of Workers of Greece (GSEE) up to 100 percent of all workers at the country's refineries, shipyards and ships, 95 percent in ports, 90 percent in construction, 80 percent in banks, and 85 percent in public utilities and state organisations (DEKO) went on strike.

Turnout for the main demonstration in Athens called by the GSEE and the federation of civil servants' unions ADEDY was estimated at around 20,000.

This figure is notably smaller than the attendance at previous demonstrations and indicates growing disillusionment with the unions, whose protests offer no perspective for political opposition to Papandreou. The unions used the protest Wednesday to march demonstrators through the city centre and hand a resolution to parliamentary representatives.

Since the outset of the Greek crisis, the trade unions have played an utterly cynical role. None of their one-day strikes were called on a perspective of political opposition, let alone with a perspective of bringing down the Papandreou government. Last summer the unions refused to organise any sort of solidarity action for truck drivers, whose strike represented a real threat to the Greek government.

On Wednesday, a section of youthful protesters broke off from the main march headed by the unions. They proceeded to the government offices where heads of the European Union and the International Monetary Fund were meeting with government officials to work out the next stage of the country's austerity program.

Police then intervened with tear gas and baton charges to violently break up the crowds of youth chanting slogans against the unceasing series of austerity measures demanded by the banks.

In the subsequent clashes, two protesters were seriously injured. One 31-year-old suffered severe head wounds and was reported to be in critical condition in an Athens hospital on Thursday following brain surgery. Another 29-year-old demonstrator also received treatment at one of the city's main hospitals for serious injuries.

In all, hospitals across the capital treated dozens of demonstrators for injuries sustained during the rally. A total of 24 protesters were detained by police. A number of commentators noted that the extent of the injuries suffered by demonstrators indicated a change of tactics on the part of the police in favour of a "no holds barred" strategy.

Anger and discontent is mounting across Greece, as living conditions for broad layers of the population become increasingly intolerable. The country now has an official unemployment rate of over 15 percent with youth unemployment at 30 percent. A series of increases in basic taxes, combined with wage cuts of up to 15 percent, have led to a complete collapse in consumption, a drastic decline in revenue for the state and prolonged economic recession.

According to the Greek chamber of commerce, the first three months of this year witnessed a drop of between 25 percent and 30 percent in public consumption. This follows a decline of 25 percent in 2010. The result of plummeting economic activity is a collapse in small businesses, seen by financial commentators as the only hope for a turn to economic growth.

The plight of small businesses is evident by walking through the streets of Athens, where the number of boarded up shops increases daily. According to official figures, the number of businesses to close in Greece last year totaled 56,037, with business closures exceeding 10,200 in the first two months of this year.

Stuck in a spiral of recession and growing debt, Prime Minister George Papandreou has now introduced a new tranche of austerity measures aimed at slashing a further €23 billion ($32 billion) from public and private spending. In addition, his government has pledged to raise €50 billion through the privatisation of state interests, including a commitment to fully privatise the Hellenic Telecommunications Organisation, the country's main electricity company, and the Athens airport.

At the same time, it is increasingly apparent that the current EU-IMF strategy for Greece is not enough to satisfy the bond market investors and the rating agencies, who are speculating on a Greek default on its loan repayments. On Wednesday the Greek daily *Kathimerini* reported that the IMF is currently putting together a new €80-100 billion rescue package.

As the financial aristocracy in Greece and internationally have refused to take any losses arising from the economic crisis, they insist this is the only alternative to "restructuring" Greek debt—that is, for the Greek state to default.

This option is hotly contested inside Europe. German banking and financial circles have actively indicated their support for a debt restructuring, but this is fiercely opposed by the European Central Bank and in particular the French finance ministry. They fear that such a move could trigger a collapse of the French and European banking sector.

On Wednesday, French Finance Minister Christine Lagarde indicated she could support another bailout for Greece, but was absolutely opposed to any form of restructuring. She told the French daily *Le Figaro*: "We totally exclude [restructuring] in any form. … Nobody wants to keep funding countries in difficulty like this. But we absolutely must do it, because a sovereign debt restructuring would send such a negative message to investors that the whole zone would suffer..."

Speaking on behalf of the European Central Bank, Italian ECB member Lorenzo Bini Smaghi was even blunter. He told the Italian paper *La Stampa* that restructuring Greek debt would not only lead to a collapse of the Greek banking system, but also initiate "a true economic meltdown" far beyond Greece's borders.

In Germany, however, opposition is growing inside the ranks of the conservative government to any further bailout of Greece. According to a report in the *Süddeutsche Zeitung* Thursday, a growing number of deputies from both the Christian Democratic Union and the Free Democratic Party were no longer prepared to support the line of the chancellor, should she agree to further financial aid for Greece.

Leading financial figures have also entered the debate. A few days ago Hans-Werner Sinn, head of the Munich-based IFO Institute for Economic Research, renewed his call for Greece to quit the single currency. Sinn justified his demand by warning of major social upheavals if the Greek government continues to impose austerity: "If Greece decides to attempt a so-called internal devaluation—that is, by cutting salaries and prices within the country—it would risk setting off civil war."

All of the options presently under discussion—a new loan for Greece attached to more austerity, a restructuring of Greek debt, or Greece's departure from the euro zone—would have immeasurable consequences for the working population of both Greece and Europe as a whole.