

Greek stocks in free fall as early presidential election called

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The Greek stock market fell by almost 13 percent on Tuesday, after Prime Minister Antonis Samaras called early presidential elections.

The election will be held over three rounds starting December 17. If Samaras' candidate Stavros Dimas loses, a general election will follow that could lead to the fall of the coalition government.

Greece's Attica Bank lost more than 26 percent of its share value and Piraeus Bank 17 percent. The drop was the biggest one-day fall on the Athens exchange since December 1987, larger than the 9.7 percent drop of October 2010 at the peak of the Greek debt crisis. When it was feared that the government would be forced to default on its debt and exit the euro zone.

Investors rushed to sell off Greek government bonds. By Wednesday the three-year yield on a Greek bond had risen to 9 percent. This means the money markets that the government had recently made great play of returning to in order to borrow are now effectively shut off to it once again.

The run on the Greek stock market reverberated through global markets, with London's FTSE 100 falling by more than 2 percent and Germany's Dax by 2.1 percent. The US Dow Jones Industrial Average also fell temporarily by 158 points (0.88 percent).

Greece's political crisis hit markets already falling due to the continued decline in oil prices and a precipitous fall in Chinese equities. The markets later recovered, but it says much about the fragile state of the world economy and the crisis in Europe that the election of a Greek president, a mainly constitutional figurehead who generally plays an insignificant role, can trigger such turmoil.

The president is elected by the members of parliament, and a three-fifths majority is required. Under the constitution, if parliament fails to elect a

head of state, general elections are immediately triggered. Samaras's decision to bring forward the presidential election is a last-ditch attempt to avert a general election that the opposition SYRIZA (Coalition of the Radical Left) party would almost certainly win.

SYRIZA recently stepped up its calls for presidential elections to be held immediately. The presidential election was due to be held in February, but Samaras has calculated that, with the deepening of Greece's economic crisis, he could not expect to win a few months hence the number of parliamentary votes he is presently counting on.

Central to Samaras's decision is a desperate effort to placate the International Monetary Fund (IMF), European Central Bank (ECB) and European Union (EU), who criticised the government's budget, passed Sunday, for being insufficiently austere. On Monday, Greece was allowed a further two-month extension of its current loan agreement at a meeting of eurozone finance ministers. The *Financial Times* said the extension was so the government "can implement further tough measures including tax rises and pension cuts before agreeing separate precautionary credit lines from the EU and International Monetary Fund."

Samaras's conservative New Democracy (ND) party and its social democratic coalition partner PASOK have 155 votes between them in a 300-seat parliament. Samaras is expected to gain support from up to 17 independent MPs who have left the coalition since 2012 in opposition to elements of successive cuts programme bailout reforms. This means the government still needs to find up to nine votes from the right-wing Independent Greeks and their former coalition partners, the Democratic Left (DIMAR).

DIMAR split from the coalition last year. The crisis worsened on Wednesday, with DIMAR leader Fotis

Kouvelis announcing that his party's deputies would not vote for Samaras's candidate.

The response in the markets testifies to the concerns of the financial elite that the fall of their client government could result in a renewed growth of social opposition to austerity in Greece, Europe and internationally. In the immediate aftermath of 2008's global financial crash and the bailout of the banks, Greece was used to pioneer austerity on a mass scale. As a result, the working class has suffered the most devastating decline in living standards anywhere in the world. The average Greek family has lost about 40 percent of its income, with unemployment shooting up to nearly 30 percent, and more than 60 percent for young people.

SYRIZA, which formerly polled a few percentage points, has now reached 27 percent and is ahead of ND in many polls. The defeat of ND could see it follow PASOK, which is spiralling into oblivion. Current polls suggest PASOK would only receive 5 percent in an upcoming election.

Any illusions that workers may have in SYRIZA are misplaced. The use of anti-cuts rhetoric under leader Alexis Tsipras is a political fraud. In the two years since the election, SYRIZA has been steadily rowing back on even the few reformist demands it previously put forward. Tsipras has spent the bulk of his time travelling to Washington, Berlin, London and other capitals, to reassure the political leaders of the main imperialist powers and the banking elite of SYRIZA's absolute commitment to paying back Greece's mountain of debt.

This week's *Bloomberg Business Week* noted: "A central plank of Tsipras's plan to keep both voters and bond investors happy is a pledge to honor all Greece's commitments to the private sector. Debt owned by private investors 'doesn't come into' negotiations aimed at alleviating Greece's debt load, John Milios, Syriza's head of economic policy, said in an interview."

However, such reassurances are far from enough to convince global speculators that SYRIZA will be able to stem mounting social unrest in the face of the destruction of every last social gain the working class has ever won. The *Financial Times* editorialised Wednesday, "Samaras must win the presidential vote he has called for next week" and warned Greece's

parliament that an early general election "would be highly destabilising for Greece and possibly the eurozone. While Mr. Tsipras has moderated his anti-bailout rhetoric in recent weeks to reassure investors, he and his party are politically immature, with no experience in government."

Whatever happens over the next period, the underlying tendency is of an escalation of the class struggle not just in Greece but throughout Europe and internationally.

Sections of the Greek ruling class are already moving to put in place the necessary means to confront and smash a resurgent movement of the working class. This week, Panayiotis Baltakos, Samaras's former cabinet secretary, forced to resign from the government in April, announced his intention to form a new far-right party called *Rizes* (Roots), which will be based on "our traditions, the Orthodox Church, the Security Services and the Armed Forces."



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