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Greek prime minister accepts 'share of blame'

By Kerin Hope in Athens

Costas Karamanlis, Greek prime minister, on Tuesday said he accepted “a share of the blame” in a corruption scandal involving a Mount Athos monastery that has contributed to continuing social unrest 11 days after the killing of a teenager by police.

Mr Karamanlis said he failed to appreciate the seriousness of events at Vatopedi, a wealthy Orthodox monastery which exchanged tracts of farmland in northern Greece for state-owned property in Athens.

Opinion polls indicate that concerns about corruption – in particular regarding Vatopedi – and about social injustice and the economy are among the reasons for an unprecedented eruption of violence in Greek cities, led by university students and groups of self-styled anarchists.

The police officer who shot dead 15-year-old Alexandros Grigoropoulos on December 6 has been charged with murder.

The level of street violence has subsided over the past few days with attacks aimed at police stations rather than shops and commercial premises.

On Tuesday, youths attacked a police station in Athens and set fire to a police bus and several patrol cars. A group of students later occupied the state television building for several hours and interrupted a news broadcast.

The Vatopedi deal, carried out under the auspices of a state-owned real estate company, undervalued the Athens properties by almost €200m, according to evidence presented to parliamentary hearings over the past three months.

“I know that this scandal has caused distress to many people ... and I promise that we will take every possible measure to make sure nothing like this can happen again,” Mr Karamanlis said.

But a parliamentary committee investigating the scandal led by members of the governing New Democracy party, ruled on Tuesday there were no grounds for prosecuting politicians – an outcome that is likely to fuel renewed street protests.

In northern Greece, farmers blocked the main highway to central Europe for several hours in protest against low product prices and increasing costs for inputs.

Trade unions and students plan more protests this week as parliament debates the 2009 budget this week.

The growth rate is projected to fall from 3.2 per cent to around 2.5 per cent of gross domestic product next year, but the country is not expected to fall into recession.

However the government has little margin for increasing spending on education and social benefits in response to the unrest following a sharp rise in debt financing costs.

Spreads on Greek 10-year bonds this week touched 200 basis points above the equivalent rate for German bunds, the benchmark for lenders.


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