

Protesting Austerity: The Effect of Reform Legislation on Riots and Strikes

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Introduction

Collective actions such as striking or protesting can be viewed as a bargaining instrument that is used to persuade another party to take or avoid a specific action (*instrumental motivation*), and as a consumption good that allows the decision-making group to communicate a certain message (*expressive motivation*).

Instrumental and expressive motivations might lead to the same collective action, but when they do not and expressive motivations dominate, this can impede information aggregation in collective bargaining or lead to expressive action traps, in which a collective action is made thanks to the favorable votes of individuals who, if pivotal, would vote against it, which in the case of strike activity can create unnecessary social burden.

Identifying whether strike activity is expressive or instrumental is challenging. The likelihood a union's protest being pivotal in a negotiation is unobserved, and therefore the instrumental value of a strike, is also unobserved.

This paper studies the effect of new legislation on strike and protest incidence during a period of fiscal reform in Greece. Using daily information on strike and protest incidence and parliament operations between 2010 and 2017, I identify the protest and strikes that are associated with new reformative legislation submitted for vote in the Hellenic parliament.

During the studied period a battery of austerity bills were submitted in the Hellenic parliament for vote. As a reaction, the larger unions representing whole geographical regions or production sectors (federation unions) called for strikes and protests against the austerity measures. These protests had expressive but potentially limited instrumental value. I find that the call to protest was quite successful: during the period the parliament voted in austerity measures, strikes and protests by larger unions jump from close to zero to 1.15 strikes per day, whereas they remain close to zero for unions representing workers from a single corporation.

Data

The sample spans the period from 2010 to 2017 and covers every city in Greece. I exploit four sources of data to analyze the extent to which protest incidence and duration is affected by new bills votes in the Hellenic Parliament.

My data span 2435 days, between October 13th, 2010 and June 13th, 2017. For each day, my data contain information on how many protests took place, who organized each one and how long each one lasted. On average, there are 1.15 protests every day. The highest being 37 protests in a day and the lowest zero. 0.17 bills are passed every day on average, the highest being 8 passed bills on a day and the lowest zero.

During the period covered I observe 745 submitted bills, 144 of which were drafted and submitted by the Ministry of Finance. I identify 29 reform-related bills, 13 of which are related to State Budget and the rest are austerity bills and memorandum agreements with the European Stability Mechanism and international creditors.

Descriptives

Table 1: Protests by Category

	Protests	Percentage
Single Union Strikes	301	10.67%
Other Strikes	1415	50.14%
Transport Strikes	827	29.31%
Riots	279	9.89%
Total	2822	100%

Table 2: Daily Protests

Variable	Obs	Mean	Std. Dev.	Min	Max
Single Union Strikes	2453	0.12	0.39	0	4
Federation Union Strikes	2453	0.58	1.43	0	24
Transport Strikes	2453	0.34	1.10	0	12
Riots	2453	0.11	0.40	0	5
All conflicts	2453	1.15	2.46	0	37

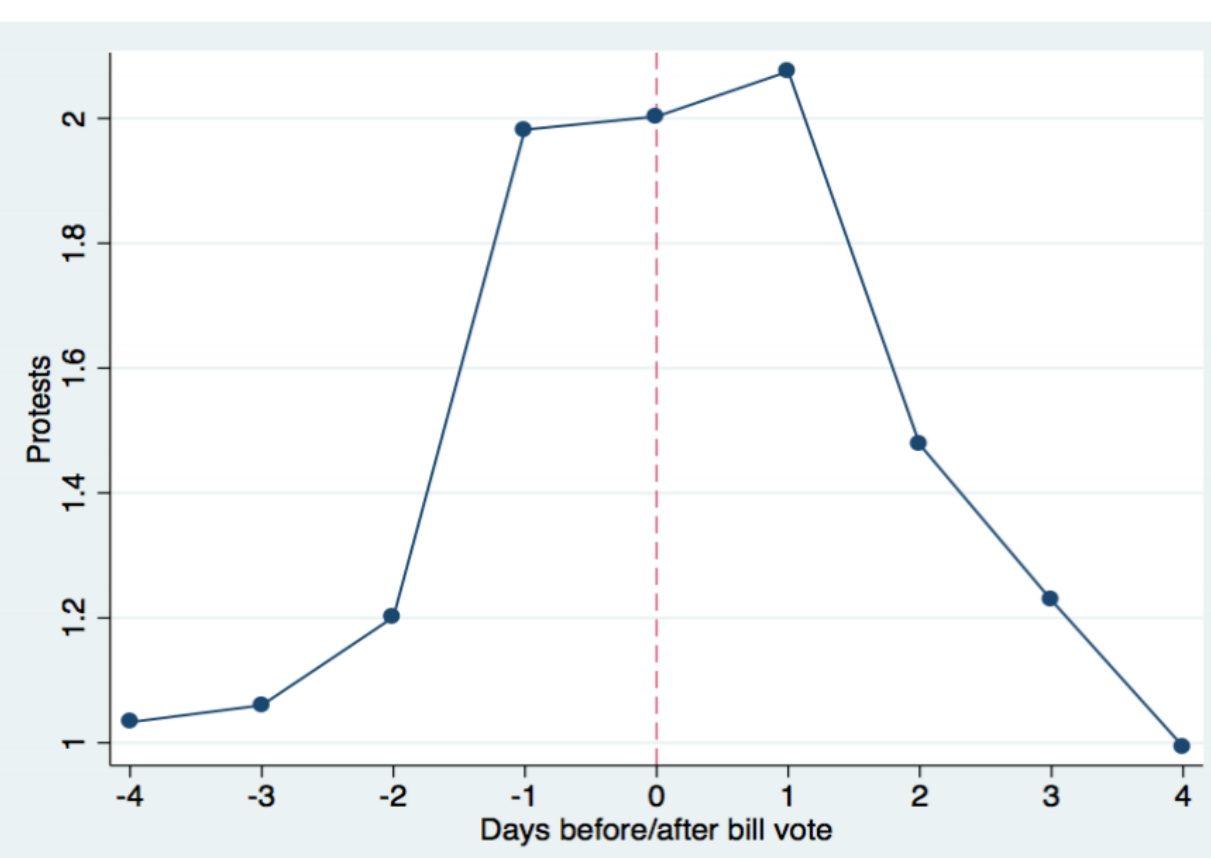


Figure 1: # of Protests/Conflicts Around Bill Vote

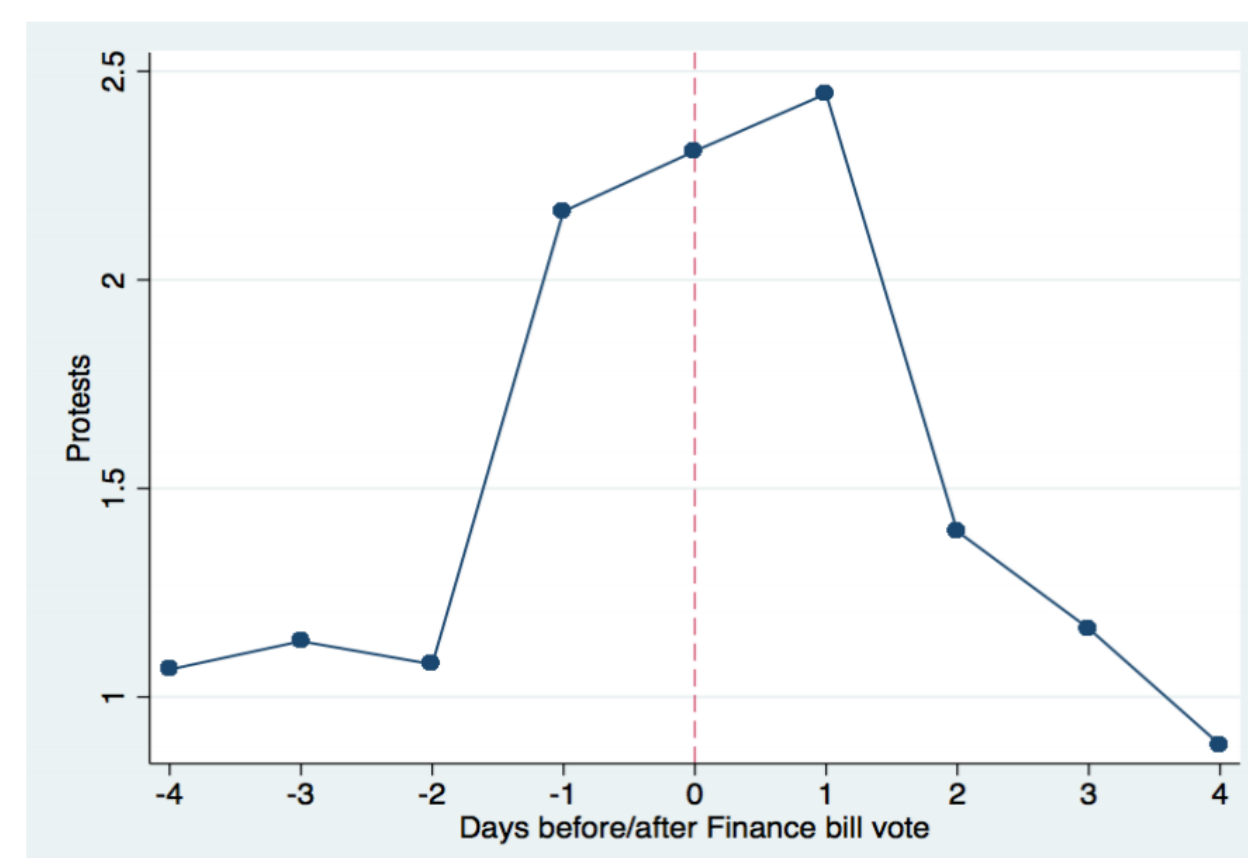


Figure 2: # of Protests/Conflicts Around Finance Bill Vote

Empirical Methodology

The identification strategy is based on a generalized difference-in-differences (DID) design which compares outcomes on affected and non-affected days, before, and after bill votes. I estimate the following specification to obtain the mean effect of days with at least one bill voted compared to days without any bill voted:

$$Y_{dmy} = \alpha_0 + \sum_{t=d-4}^{d+4} \alpha_1 \mathbb{1}(Bill_t) + \alpha_2 Z_d + \alpha_3 M_m \times Y_y + \epsilon_{dmy}$$

Outcomes: the number of all protest incidents, the number of public transportation strikes, the number of federation union strikes, the number of single-corporation union strikes, or the number of riots in day d , month m , and year y .

Variable of Interest: a binary variable equal to unity when a bill vote is taking place in day t and zero otherwise. I focus on a window between four days prior and four days after the day of the bill vote.

Controls: I control for a full set of day-of-week fixed effects, month-of-year-specific year fixed effects, and prime minister fixed effects. The interactions between month-of-year and year take into account that bill voting pattern might differ between months. Thus, I flexibly capture month-by-year and month-of-year patterns, seasonal effects, and long-run time trends. By additionally including fixed effects for all cities, I account for time-constant differences between cities.

Main Results

Table 3: The Effect of Bill Vote on Protest Incidence

VARIABLES	(1) All Conflicts	(2) Single-Corporation Union Strikes	(3) Federation Unions Strikes	(4) Transportation Strikes	(5) Riots
4 Days Prior	0.294* (0.160)	0.026 (0.036)	0.113 (0.116)	0.175** (0.087)	0.004 (0.041)
3 Days Prior	0.308* (0.175)	-0.021 (0.034)	0.262** (0.114)	0.051 (0.099)	0.041 (0.041)
2 Days Prior	0.481** (0.187)	0.014 (0.036)	0.255** (0.116)	0.222** (0.094)	-0.012 (0.037)
1 Day Prior	0.720*** (0.168)	0.028 (0.029)	0.369*** (0.111)	0.235** (0.092)	0.079** (0.032)
Day of Bill Vote	0.623*** (0.168)	0.050* (0.029)	0.281*** (0.109)	0.261** (0.111)	0.037 (0.036)
1 Day After	0.409** (0.171)	0.013 (0.035)	0.141 (0.098)	0.187* (0.109)	0.080** (0.033)
2 Days After	0.263 (0.204)	0.004 (0.040)	0.087 (0.128)	0.223* (0.116)	0.003 (0.045)
3 Days After	-0.069 (0.328)	0.034 (0.077)	-0.200 (0.178)	0.082 (0.152)	-0.037 (0.127)
4 Days After	-0.009 (0.305)	-0.042 (0.088)	0.272 (0.195)	-0.166 (0.214)	1.729** (0.036)
Month X Year FE	YES	YES	YES	YES	YES
Controls	YES	YES	YES	YES	YES

Conclusion

Bill vote in the parliament is strongly associated with protest incidence during a period of fiscal reform.

Protest incidence is observed even after a reform bill is voted in, suggesting the existence of expressive motivation behind protests, particularly riots.

Further results (not shown here) reveal that the level of reformative penetration of bill (captured by the number of pages in the bill) is positively associated with the protest incidence.