

# Greece: New PASOK government to move quickly to impose austerity measures

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The Panhellenic Socialist Movement (PASOK), led by former foreign minister George Papandreou, emerged as victor in the parliamentary elections held in Greece on Sunday. The party gained 44 percent of the votes and 160 seats in the country's 300-seat parliament.

The election had been called at short notice by the outgoing prime minister Kostas Karamanlis and his conservative New Democracy party in an attempt to create a mandate for a broad austerity programme aimed at stemming the country's growing decline resulting from the impact of the global financial crisis on the Greek economy. Karamanlis, who resigned from the post of party leader shortly after conceding defeat, had announced the early election halfway through his second four-year term in an attempt to regain his party's dwindling popularity.

In the event, Karamanlis failed to win a mandate for his own party, and the task of implementing the extensive austerity measures demanded by international banks and the European Union now falls upon the shoulders of PASOK.

The hugely unpopular New Democracy government had been enmeshed in a series of political scandals and had been widely criticised for its handling of the latest series of wildfires that encroached on the outskirts of Athens this summer. In the election, New Democracy received slightly less than 34 percent of the vote and just 92 parliamentary seats.

The Greek Communist Party (KKE) emerged as the third-largest party in the election with 7.4 percent and 20 seats, a decline compared to 2007 (8.2 percent and 22 seats). The extreme-right Popular Orthodox Rally (Laos) was able to increase its share of the vote to 5.6 percent (compared to 3.8 percent in 2007) on the basis of support from sections of former New Democracy voters.

The misnamed Coalition of the Radical Left (SYRIZA) saw a decline in its support from 5 percent in 2007 to just

4.4 percent on Sunday, giving it 14 seats in the new assembly.

The Ecological Greens, who announced ahead of the election that they were willing to work with either PASOK or New Democracy, failed to make it into the parliament, winning 2.4 percent, just short of the 3 percent threshold for representation in the Greek parliament.

The decline in support for the KKE and SYRIZA indicates that supporters from both parties switched their allegiance to PASOK on Sunday. For its part, the SYRIZA leadership has made no bones about its support for PASOK. Following the election, SYRIZA leader Alexis Tsipras immediately telephoned PASOK leader Papandreou to congratulate him on his party's victory in the elections and wished him all the best.

While close supporters and party apparatchik celebrated the PASOK victory, it is clear from election trends and a number of commentaries that the vast majority of the electorate was voting against the proclaimed austerity measures of New Democracy rather than expressing any real confidence in PASOK and its leadership.

Like in no other European country, Greek politics has been dominated by the two political dynasties represented by Karamanlis and Papandreou. Both men have faced off one another in no fewer than three national elections, and they are both the scions of political clans that have dominated Greek politics for a half century.

Both the father and grandfather of George Papandreou, 57, had been prime minister before him. George's father, Andreas, was elected to the post on no fewer than three separate occasions. While his father espoused a policy largely based on social conciliation and fierce nationalism, son George, who was born in the United States while Greece was under military rule, ushered in a more pro-American and pro-European foreign policy combined with the forms of austerity policies associated

with US neo-liberal business circles.

George Papandreou was foreign minister in the PASOK governments that governed Greece between 1996 and 2004. Drawing on the type of “modernisation” policies advocated by former British Prime Minister Tony Blair, PASOK, under the leadership of Costas Simitis, set in motion a process of deregulation and privatisation of broad areas of public service. The party also implemented a series of cuts to the country’s welfare and education systems. This policy was then essentially adopted and intensified by the New Democracy government of Karamanlis when he took power in 2004.

The appalling conditions prevailing at many schools and universities, which sparked a broad mobilisation of youth and riots at the end of last year, are largely a result of policies and cuts implemented by PASOK. While pursuing blatantly free-market policies, PASOK has the advantage of close links to the country’s trade unions—in particular, the General Confederation of Greek Workers (GSEE). Apart from ritual protest demonstrations and strikes, the GSEE did nothing to oppose the privatisations begun in the 1990s.

Now, the Greek ruling class is banking on PASOK and the trade unions to enforce the pro-business and anti-welfare policies that Karamanlis was unable to effectively implement.

Under these conditions, Papandreou can be expected to rapidly junk his election campaign promises of a €3 billion stimulus package combined with above-inflation wage and pension increases, higher taxes for the wealthy, a review of the privatisation of flag carrier Olympic Airlines and the sale of the government’s stake in the OTE telecom company. Based on the past record of PASOK, Papandreou’s campaign promise to put an end to political corruption is also worthless.

Instead, he will be forced to borrow heavily to service the country’s ballooning debt, which is set to exceed 100 percent of GDP in 2009. The Greek economy is heavily dependent on shipping and tourism, which have both been severely hit by the international economic crisis. The country’s GDP is expected to contract in 2009, while its budget deficit will probably exceed 6 percent of economic output—double the euro zone maximum of 3 percent and still growing.

Further problems are also looming for Greek banks, which have invested heavily in the Balkans and are threatened by the shrinkage in the economies of a number of eastern Europe states. According to Standard & Poor’s, Greek banks face the highest long-term economic risks in

western Europe.

Warnings over the consequences of surging debt have come from both the European Union and International Monetary Fund, which have instructed Greece to adopt structural measures to boost competitiveness and correct its fiscal imbalances. At the same time, Greece has a rapidly increasing rate of unemployment, with especially poor prospects of work for young people.

A further massive onslaught against the living conditions of the Greek masses is unavoidable under conditions in which both of the country’s leading bourgeois parties are highly discredited. Recent polls have noted that as many as nine of ten Greeks do not trust either PASOK or New Democracy, and abstentions in this latest election were especially high amongst young people.

In a commentary written before the election, the *Katherimini* newspaper gave its own assessment of the extent of alienation of the broad mass of the population from the established political parties. Warning of an election that could be a “turning point in modern Greece’s history,” the newspaper complains, “The campaigning by the two main parties—and by the smaller ones, which gather their importance only from their ability to be spoilers or kingmakers—has been abysmal: No party leader managed to inspire anyone beyond the party faithful, no party proposed anything resembling a solution to the country’s problems.... The parties are exhausted—and their leaders and platforms are not up to the challenges.”

It is only a matter of time before PASOK begins to implement radical austerity measures that in turn will inevitably provoke a reaction by broad layers of the population. SYRIZA and the KKE have proved on numerous occasions their allegiance to PASOK and their fealty to Greek big business and finance. A progressive solution to the growing social and political crisis in Greece is only possible through the construction of a section of the International Committee of the Fourth International based on an international socialist programme.



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