

Greek prime minister proposes government of national unity as protests spread

Stefan Steinberg
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Yesterday Greek Prime Minister George Papandreou announced he would reshuffle his cabinet and call for a vote of confidence in his government to ensure the implementation of his austerity program.

Earlier in the day, he had proposed a pact with the country's conservative opposition party, New Democracy (ND), to form a national unity government. Such a government would continue to impose the sweeping cuts and privatisations demanded in Greece by the banks and the so-called "troika"—the European Union commission, the International Monetary Fund and the European Central Bank—in exchange for further loans.

Papandreou had told ND leader Antonis Samaras that he was prepared to stand down as head of government if ND joined with Papandreou's social-democratic PASOK party in a national coalition.

In the event, Papandreou announced on Greek television yesterday evening that the opposition had leaked details of the planned coalition, and that he was withdrawing his offer. For his part Samaras declared that his party could not cooperate with PASOK as "they have lost the trust of both the Greek citizens and the markets."

Papandreou's proposal came as tens of thousands took to the streets of Athens in a day of action called by the country's main trade unions and supported by the so-called *Aganaktismeni* ("Indignants") protest movement. The declared purpose of the demonstration was to form a human chain and shut down the parliament.

In the middle of the day, police fired tear gas and intervened to violently disperse demonstrators who had assembled to blockade the Greek parliament, to protest the brutal austerity program being imposed by the banks and the Papandreou government.

Inside the building, parliamentary deputies were discussing the latest fiscal plan put forward by the Papandreou government, involving a fresh round of spending cuts, tax increases and the privatization of many

key state-owned industries and services.

Outside, the streets surrounding the parliament building resembled a military encampment. A huge contingent of riot police confronted protesters in downtown Athens' Syntagma Square and nearby streets. Fire engines were deployed in the parliament's courtyard, and the main entrance to the parliament was blocked off by high metal fencing and police vans and buses.

From behind the barriers, the crowd—including young and old, and many families with children—chanted "Resign, resign" to the assembled parliamentarians. Protesters at the front of the crowd shook the railings defending the parliament. When some members of the crowd threw objects at the parliament building, police responded with tear gas.

The previously peaceful rally of more than 25,000 began to break up when riot police fired off rounds of tear gas. Syntagma Square was filled with clouds of choking gas, which quickly covered the square.

The demonstrations brought together supporters of the *Aganaktismeni* movement, which has held daily protests in Syntagma Square for the past three weeks, with members and supporters of the country's main trade union bodies.

The trade unions had called their own one-day general strike, paralysing public transport throughout the country. Large protests also took place in a number of other Greek cities. In the northern city of Thessaloniki, an estimated 20,000 demonstrated.

In Athens scuffles with police also broke out when protesters confronted cars bearing Papandreou and the Greek president, Karolos Papoulias. Around one hundred people booed as Papandreou travelled the short distance to the presidential mansion by car for talks at midday with the president.

Details of the talks were not revealed, but Papandreou undoubtedly informed the president of his intention to call

for a government of national unity. His own majority in parliament is shrinking, with two PASOK deputies declaring that they planned to vote against the government's fiscal plan. This would reduce the party's majority to just four seats.

Agreement to the PASOK fiscal plan is a precondition for further loans to the Greek economy by the troika.

After Papandreou's proposal to form a national unity government and offer to step down as prime minister, some media commentators have implied that Papandreou was reacting to pressure from the mass demonstrations and dissent inside his own party. More importantly from the standpoint of Papandreou, however, there have been repeated demands for such a national coalition from his real constituency: the Greek and international financial aristocracy.

All-party agreement to austerity measures was a condition raised by the troika and the banks during the recent elections in Portugal. Only two weeks ago, the head of the Eurogroup Jean Claude Juncker declared at an EU finance meeting: "In the case of countries with difficulties, it would be wise for the principal political forces of those countries to agree on the path to follow. That's what we did in Portugal. That's what happened in Ireland, and that's what we would like to happen between the political parties in Greece".

Threats, advice and proposals for a future Greek government were accompanied by a further tightening of the screw on the Greek economy. On Monday night, the Standard & Poor's rating agency slashed Greece's credit rating from B to CCC, plunging the country to the very lowest rating for all of the 131 states to which Standard and Poor's assigns a sovereign debt rating.

One day later, the same agency also cut its rating for four Greek banks to CCC from B.

Now Papandreou is seeking to put the advice of Juncker and the banks into practice. At the same time, some media reports already make clear that the program to be carried out by such a government of national unity would be even more draconian than the austerity measures already planned by the PASOK government.

In its Monday edition, the daily *Kathimerini* ran a commentary in its business section which declared: "It is therefore imperative that the government listens to the proposal of Antonis Samaras, the leader of the conservative party, and joins forces in a bid to change the means of attaining the goals of the midterm economic program in consultation with Greece's EU partners and the IMF."

The commentary notes that the "country needs strong leadership," adding: "The two leaders will have to convince Greece's partners of the country's commitment to reforms and fiscal discipline by laying out a simple plan."

The main elements of this plan are to impose mass layoffs mainly on the public sector, not the private sector, and to cut business taxes, not the consumption taxes that hit workers hardest.

The plan also requires that "the two leaders should make a commitment to carry out the privatization plan within the agreed timeframe."

The proposal for a government of national unity made by Prime Minister Papandreou exposes the bankruptcy of the perspective encouraged by the Greek trade unions and middle class organizations: the idea that mass pressure and spontaneous protests are sufficient to force the Greek parliamentary parties to change course. In fact, the Greek political elite has reacted to a series of one-day general strikes (fifteen in total and three so far this year) and numerous demonstrations and protests by closing ranks and pressing for more cuts.

The drive to form a government of national unity in Greece makes a mockery of the democratic process. As in the collapse of the Portuguese government in March, this measure is being taken at the initiative of the banks, to provide a political setting in which a new government can continue with spending cuts opposed by the overwhelming majority of the population.

Such a government would rest upon the full power of the state and assume semi-dictatorial powers to enable it to crush popular resistance.



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