

Papandreou cancels referendum on Greek austerity plan

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4 November 2011

Greek Prime Minister George Papandreou has cancelled his plan for a referendum on the decisions of the October 26 European Union summit and agreed to form a transitional government of national unity. This government will have the task of implementing the drastic austerity measures demanded by the EU and organizing early elections once they are carried through.

On Thursday night, Papandreou started negotiations on a joint government with the conservative opposition party, New Democracy (ND). It is not clear if he will remain prime minister. He has denied any intention of resigning, but there are also reports that the transitional government will consist exclusively of experts, excluding politicians.

As a possible successor to Papandreou, the former vice president of the European Central Bank, Lucas Papademos, has been mentioned by an Athens radio station. According to other rumors, EU circles have proposed Kostas Simitis as a successor. Simitis is a member of Papandreou's ruling PASOK party and served as prime minister from 1996 to 2004. He has close connections to Germany, where he studied and taught as a professor.

Papandreou retreated from his proposed referendum under massive pressure from German Chancellor Angela Merkel and French President Nicolas Sarkozy. After he had announced his plans to hold a referendum, they summoned him to Cannes on Wednesday, the night before the G20 summit.

Merkel and Sarkozy made clear to Papandreou that they will not tolerate any interference of the Greek people in the austerity measures dictated by the EU. They openly threatened him with expulsion from the euro zone. They warned him that a rejection of the EU decisions would inevitably lead to Greece's exit from the currency union and into state bankruptcy. A referendum can only decide whether Greece leaves or remains in the euro zone, but not the contents of the recent bailout deal, they insisted.

They also cut off Greece's access to international funds, threatening the Greek government with immediate bankruptcy. They blackmailed Papandreou by blocking the disbursement of the next portion of the rescue package adopted in 2010, a disbursement which had already been approved. The eight billion euros will not be paid before Athens has agreed to implement the austerity measures decided on in Brussels.

"Our Greek friends must decide whether they want to continue the journey with us," Sarkozy said during a joint press conference with Merkel, from which Papandreou was excluded. "We want them to stay inside the euro, but they must obey the rules." Otherwise they would receive "not a single cent" from French and German tax payers.

France's Europe minister, Jean Leonetti, was even blunter in an interview with RTL radio, stating: "Greece is something we can get over, something we can live without."

Merkel, who had previously been reluctant about contemplating the possibility of a Greek exit from the euro, also indicated that she would accept such an exit. "We have made clear once again: The referendum is about nothing less than the question of whether Greece wants to stay inside the euro zone – yes or no", she said. If the Greek people decided "no", the other euro countries would respect this. "We are prepared", Merkel said. "The primary task we are committed to is the maintenance of the euro as a stable currency."

After his meeting with Merkel, Papandreou promised to hold the referendum in early December rather than in January. The vote would be about remaining in the euro zone, an aim that is supported by a majority in Greece. Before, Papandreou had planned to hold a referendum on the austerity package agreed to with the EU. This package has provoked mass resistance in Greece.

But by this point, Papandreou had already lost the support of his own party.

Finance Minister Evangelos Venizelos, who had supported Papandreou's line previously and travelled with him to Cannes, came out in opposition to the referendum after the meeting with Merkel and Sarkozy. "Greece's place within the euro is a historic conquest which cannot be questioned. The acquired right of the Greek people cannot be put to a referendum", he wrote in a statement. The program to stabilize the budget had to be implemented without delay.

Two PASOK MPs, Eva Kaili and Elena Panariti, announced that they would not support the Prime Minister in a vote of confidence scheduled for Friday. After the resignation of another MP, Milena Apostolaki, Papandreou had lost his majority in the 300-strong chamber.

Thirty MPs from both the governing and opposition parties published an open letter demanding the abandonment of the referendum, a government of national unity and early elections.

Finally, opposition leader Antonis Samaras piped up. Until now his conservative New Democracy (ND) had strictly refused to vote for the austerity measures, because it wanted to force early elections.

Speaking on television, Samaras now insisted that the referendum on Greece's membership in the euro should not be allowed to take place. Instead, parliament should approve the austerity measures demanded by the EU. As a trade-off for the support of ND, he demanded the formation of a national unity government and subsequent early elections.

When the cabinet finally met for a special session on Thursday afternoon, Papandreou was largely isolated. PASOK MP Dimitris Lintzeris had publicly described him as a "thing of the past", and several ministers had distanced themselves from his referendum plans. Only Defense Minister Panos Beglitis continued to support him.

The cabinet meeting decided to cancel the referendum and to start negotiations on a government of national unity.

The way Papandreou was forced to retreat—and possibly to resign—has all the hallmarks of a political coup. It demonstrates that the austerity measures implemented by the European Union to save the euro and the banks are incompatible with democratic principles.

Papandreou himself has implemented the EU's austerity measures with brute force against the massive resistance of the Greek people for two years. He decided on a referendum for tactical reasons. He wanted to compel the

opposition and the unions to openly admit their support for the austerity measures, and he wanted to make the electorate support his austerity measures by threatening them with an impending state bankruptcy.

But in the corridors of the European banks and governments the sheer idea that the Greek people could have a say on the austerity measures was met with horror. The international press denounced Papandreou's plan as "madness" and described him as a "lunatic".

The main task of a government of national unity—no matter if it is led by Papandreou, another PASOK politician or a technocrat—is the exclusion of any political opposition. Inside parliament there will be no more opposition, and those who oppose the austerity measures outside parliament will be prosecuted, oppressed and criminalized as enemies of the "national interest". Elections will only be held after the austerity measures are implemented.

The European Union has shown its real face as well. It does not embody the unity of Europe, but the dictatorship of the most powerful European financial interests. During the dispute over the failed European constitution, much ado was made over the question of whether European decisions should be decided by unanimous consent or by a simple majority. Now, nobody cares about such subtleties. Merkel and Sarkozy unabashedly dictate the line. Important decisions are taken within two-party summits, while insubordinate heads of government are summoned and disciplined like school-boys.

Greece is the preparation for similar attacks on workers all over Europe and around the world. From the standpoint of the banks, the financial and debt crises can only be resolved by driving back the living standards of workers by decades. Presently, the ruling elites rely mainly on the support of Social Democratic parties like PASOK, trade unions and various pseudo-left organizations, who reject the overthrow of capitalism and oppress any form of international solidarity. Should they lose control, the ruling elites will not hesitate to use more violent methods of oppression.



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