

# Conflicts emerge in formation of new Greek government

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The resignation of Finance Minister-designate Vasilis Rapanos and the appointment of Yannis Stournaras have brought to light conflicts in the formation of the new Greek government. One week after the elections, in which a clear majority once again voted against the austerity measures prescribed by the EU, coalition partners cannot agree on how to enforce further social attacks. At the same time, the EU is also increasing its pressure to implement the agreed cuts quickly.

The conservative New Democracy (ND) had the highest vote total at just 29.6 percent, but because of the undemocratic electoral system it was awarded 129 of the 300 parliamentary seats. Although a coalition with the social democratic PASOK would have been enough to form a government, the new Prime Minister Andonis Samaras decided to include the small Democratic Left (DIMAR) in the government.

It was under these conditions that Rapanos (PASOK) was chosen as the new finance minister. He has close ties to the governing party of the last three years, largely responsible for implementing the social cuts. He often served as a consultant on issues of economic policy. Most recently, he was CEO of the private National Bank of Greece, not only the largest creditor of the Greek state, but with €6.9 billion, the largest beneficiary of the bank bailout in May.

DIMAR and PASOK proposed their other cabinet seats be filled by non-partisan “experts” and did not put forward any party politicians. But more than any other, Rapanos was seen as the representative of the banks and creditors in the government.

He justified his resignation on grounds of poor health; last week, shortly before he was sworn in he suffered a dizzy spell. He has several chronic diseases.

According to various reports, however, the real reason was his dissatisfaction with the new cabinet.

When he was asked to be finance minister, he had expected that the government would consist mainly of technocrats, according to the *Financial Times*. As in Italy, such a technocrat government would enforce the measures necessary in the eyes of the banks and European powers without regard to party political interests.

Rapanos’ decision was likely due to the appointment of two ministries—economy and labour—with which he would have had to work closely as minister of finance. With Kostis Hatzidakis and Giannis Vrotsis, these went to conservative politicians.

The resignation also expresses a general dissatisfaction by the European lenders with the formation of the new government. Samaras has chosen not to appoint technocrats and instead is relying on old cliques and networks.

The new Foreign Minister Dimitris Avramopoulos opened the way for Samaras to become the chair of ND through his resignation in 2009. In return, Samaras appointed Avramopoulos his shadow foreign minister at the time. Similar stories can be told about almost every minister in the new government.

In addition, on Saturday the new government announced not only that it would reduce taxes for the wealthy, but also convert the pending layoffs in the public sector into early retirement. In the past, the senior civil service has been one of the most important social supports of the two traditional Greek parties.

In order to implement these measures, the government plans to ask the troika comprising the European Central Bank (ECB), European Commission (EC) and the International Monetary Fund (IMF) for an easing of credit arrangements. In concrete terms, the cuts are to be extended by two years.

With the continuation of nepotism and strengthening

of the old boys' network, ND and PASOK intend to create conditions to impose new cuts on the working class. The government is simply afraid it will lose control otherwise.

Rapanos' resignation is a sign that the representatives of the banks and the Troika do not agree even with such small concessions, but are instead calling for further cuts.

On Sunday, speaking in the tone of a colonial master, German Finance Minister Wolfgang Schäuble (Christian Democratic Union) told the tabloid *Bild* that the "most important task" of the new government of Prime Minister Antonis Samaras was now to "implement the already agreed programme quickly, immediately and without hesitation, instead of asking again, what more the others could do."

Last week, the Greek news magazine *To Vima* reported that officials from the Troika had complained that some 50,000 too few civil servants had been sacked over the past two years compared with what had been agreed. Official unemployment in Greece is already almost 23 percent, and more than 50 percent among young people.

In a telephone call on Monday, President Barack Obama also put Samaras under pressure. He said the new government should implement all the necessary reforms and work closely with the Troika.

The short visit to Athens by the Troika planned for Monday was postponed to early July because of Rapanos' resignation and the prime minister having to undergo an eye operation. For this reason, Greece will probably not be the focus of discussion at the EU summit at the end of the week. Behind the scenes, however, all the strings are already being pulled.

PASOK has now put forward Yannis Stournaras as the new finance minister. The 55-year-old was also a banker, and is now an economics professor at the University of Athens. He was a member of the Greek Central Bank and chair of the Greek commercial bank.

Stournaras is considered to be extremely business friendly and participated in the negotiations for Greek accession to the euro. He is also chief of the pro-employer Institute of Economics and Industrial Research. His stated goal is to retain Greek membership in the euro zone by all means. However, in contrast to Rapanos, he has spoken in favour of a renegotiation of credit arrangements.

A "compromise candidate", the selection of Stournaras makes clear that there is no fundamental difference between the line of ND and that of PASOK. Both parties want to continue the austerity measures and enforce them against the people, as they did under Prime Minister George Papandreou since December last year in the previous joint coalition.

The conflict over the manner of implementing these measures reflects the increasing aggressiveness with which the ruling elite is willing to continue the austerity policy. The logical consequence of this policy is the open oppression of any working class resistance. With Dimitris Elefsiniotis and Panagiotis Karampeloas, the new government now also includes two retired military officers.

In its plans, the government is able to rely on the largest opposition party SYRIZA (the Coalition of the Alternative Left). SYRIZA participated in the elections in order to channel workers' resistance, and if necessary, even to enter the government to implement EU diktats.

After the election, its leading candidate Alexis Tsipras hastened to congratulate Samaras and defended his election—despite lacking a majority—as a "decision of the people". He assured Samaras that SYRIZA would be a "responsible" opposition that would not call for strikes or demonstrations.



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