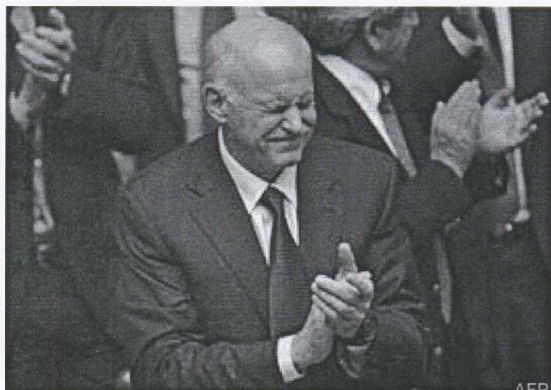


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# Greece moves towards unity government

By Kerin Hope in Athens



George Papandreou, the Greek prime minister, has held talks with president Karolos Papoulias before launching negotiations to form a coalition government to approve the €130bn international bail-out agreed at last week's European Union summit and take the crisis-hit country to elections early in 2012.

“In order to create this wider co-operation, we will start the necessary procedures and contacts soon,” he said outside the presidential palace, Reuters reported on Saturday.

The opposition leader Antonis Samaras, who has rejected the prime minister's coalition proposal, is to meet the president on Sunday.

Mr Papandreou survived a vote of confidence on Friday, but his future as Greek prime minister seems likely to be shortlived. Analysts say a new government could be in place within 10 days.

Mr Papandreou made clear in his speech to parliament that he was prepared to hand over the premiership of the interim government to another socialist politician, most probably Evangelos Venizelos, the deputy prime minister and finance minister.

“A crisis needs a flexible approach ... but we don't want to be rushed into elections,” Mr Papandreou said. “I don't care if I'm not re-elected. I'm not wedded to my chair.”

After a day of threats by rebel socialists to bring the government down, Mr Papandreou eventually secured the support of all his lawmakers, with 153 votes in favour in parliament to 145 against, with two abstentions.

Analysts said that Mr Papandreou's willingness to give up the premiership had turned the tide in his favour, though he is expected to stay on as the Pasok leader.

The premier has been blamed for the socialists' plunging popularity, with recent opinion polls showing Pasok trailing by around 8-10 points.

His decision to bypass parliament and call a referendum on Greece's membership in the euro infuriated Mr Venizelos and other prominent cabinet ministers, even though it was later reversed.

“The challenge now for Mr Papandreou is to arrange a smooth transition that will provide comfort to Greece’s European partners and give markets a breathing space,” said one analyst.

The coalition negotiations ran into difficulty even before they started, with Antonis Samaras, leader of the main opposition conservative party, immediately rejecting the proposal, saying elections should be held within six weeks.

Two left-of-centre leaders, Alexis Tsipras who heads the Syriza party and Aleka Paparriga, the communist leader, said they were not prepared to join a government that would have to implement further harsh austerity measures.

That leaves George Karatzaferis, leader of the rightwing Laos party, and Dora Bakoyannis, head of a conservative splinter group, as possible participants.

Both parties backed Greece’s previous bail-out agreement but the two leaders are expected to drive a hard bargain in seeking cabinet posts.

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