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Humiliating end to Greece's social reformer

By Kerin Hope in Athens

Greece's debt crisis has swept away its prime minister barely two years after he came to office as a traditional socialist promising a burst of spending on pensions, healthcare and education.

George Papandreou will be remembered by Greeks with more than a trace of bitterness as the man who smilingly declared "the money's there", even as the financial storm clouds were gathering.

Ending a week-long political crisis, Mr Papandreou was due to resign the premiership on Monday. He will make way for a non-political leader tasked with implementing Greece's €130bn bail-out and then taking the country to elections early next year.

He has become the first Greek prime minister in almost 50 years to be forced out of office by his own cabinet, having abandoned a plan to hold a referendum on the bail-out after it was roundly criticised by European leaders in Cannes during the G20 summit last week.

The 59-year-old Mr Papandreou is expected to stay on as leader of the governing PanHellenic Socialist Movement, at least for the moment. But he was unlikely to lead the party into the elections, one senior socialist said on Sunday.

His downfall will probably also mean the end of his chairmanship of the Socialist International, a global umbrella for left-of-centre political parties.

Even by the standards of Greece's turbulent politics it is a humiliating end to Mr Papandreou's premiership, even though he can claim, along with the leaders of Ireland and Portugal, that he was felled by events unprecedented in postwar Europe.

Critics say Mr Papandreou's handling of Greece's financial crisis was marked by indecision and delays, first in recognising the size of the problem, then in seeking international assistance. "The markets can wait," said Mr Papandreou, dismissing soaring spreads on Greek debt amid sustained shorting by international hedge funds.

He still insists that reckless public spending by his conservative predecessor was responsible for Greece's disastrous plunge towards bankruptcy, overlooking the damaging impact in the past 15 months of his own government's foot-dragging over reform.