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## Greece unites to face the storm

For the second time in a week, Greece has pulled back from the brink. Having toyed with, and dropped, a referendum on the latest European rescue package, the country's politicians have now pulled back from early elections. George Papandreou has agreed to stand down as prime minister, paving the way for a national unity government. Its make-up is to be decided today.

It is now crucial that Greek politicians bury their differences – if only for a few months – and back the latest rescue package from the European Union. It should be remembered that while the deal agreed a couple of weeks ago will involve more austerity in Greece, it also entails massive loans to the country and a 50 per cent write-down of Greek debt held by private bondholders – and therefore some badly needed partial relief from the crushing burden of debt.

If the new government fails to approve this deal, the promised billions from Europe will not arrive in December. At that point the Greek state could well be unable to pay salaries and pensions and Greece would be on the brink of a disorderly default.

The extraordinary political contortions through which Mr Papandreou was forced last week suggested that he was no longer capable of staving off such an outcome. As such, he was right to step aside.

Given the need for stability, the best replacement would be a coalition government based around the two main centre parties.

But even that would not be without problems. The main parties, Pasok and New Democracy, are both products of the patronage-driven system that is supposed to be dismantled by the structural reforms to which Greece has agreed. Whether they are able, or willing, to put aside their own interests and implement such reforms remains to be seen. Moreover, government by the two main parties would increase the chance that the political extremes will become the repository for the rage and despair that further austerity is likely to provoke.

Clearly, at some point, ordinary Greeks will need to have their say on the country's current plight. But now – with a crucial bail-out package at stake – is not the time to go to the voters. Even the voters themselves seem to agree with that. Opinion polls show much stronger support for the formation of a coalition government than for holding snap elections now. Greek politicians should listen to the people and concentrate on governing – rather than campaigning and jostling for office.

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