

# FINANCIAL TIMES

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## New Democracy ekes out win in Greece

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By Tony Barber and Kerin Hope in Athens



Antonis Samaras, New Democracy party leader, smiles at supporters in central Athens after his party came first in the national Greek election

Greece's centre-right New Democracy party scrapped its way to victory over Syriza, its radical leftist opponents, on Sunday in an election pivotal to the efforts of European leaders to hold the eurozone together.

According to interior ministry projections, with 97 per cent of votes counted, New Democracy was set to take 29.7 per cent of the vote and 129 seats in the 300-member parliament, compared with 26.9 per cent and 71 seats for Syriza.

Asian markets reacted positively to the election outcome. Japan's Nikkei 225 stock average and Hong Kong's Hang Seng posted sharp gains in morning trading. The euro rose to \$1.2748, the most since May 22, before trading at \$1.2684 as of 4am in London, up 0.4 per cent from the close in New York on Friday.

In spite of Syriza's strong performance, European governments were sure to be relieved that a party dedicated to overturning the terms of Greece's international financial rescue appeared to have fallen short of victory.

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But their relief will be tempered by an awareness that even New Democracy and its likely coalition partners are determined to secure some easing of the austerity measures demanded in return for the €174bn agreed in March.

The projected result made it likely that New Democracy would try to form a government with the socialist Pasok party and Democratic Left, a more leftwing party.

Conceding defeat, Alexis Tsipras, Syriza's leader, said: "Overthrowing the bailout is the only viable solution. From Monday we will resume the struggle against it."

Pasok was set to take 12.3 per cent of the vote and 33 seats, and Democratic Left was set to win 6.2 per cent and 17 seats. With a combined total of 179 seats, a three-way, New Democracy-led government would have a comfortable parliamentary majority, but it would be an uneasy formation comprised of politicians with little experience of working together in a coalition.

The eurogroup of the single currency bloc's finance ministers welcomed the provisional results.

"[We are] convinced that continued fiscal and structural reforms are Greece's best guarantee to overcome the current economic and social challenges and for a more prosperous future of Greece in the euro area," the group said in a statement.

"The eurogroup expects the Troika institutions [the IMF, ECB, and EU] to return to Athens as soon as a new government is in place to exchange views with the new government on the way forward."

The economic adjustment programme agreed between Greece and the Eurogroup is the basis upon which to build to foster growth, prosperity and jobs for the Greek people

Sunday's vote was the second Greek election in six weeks, and each has exposed deep fissures in an electorate enduring its fifth consecutive year of recession, mass unemployment and severe cuts in wages and pensions.

Leaders of the G20 group of advanced and emerging economies are to meet in Mexico on Monday for discussions on how to prevent the Greek crisis from destabilising the eurozone and global financial system.

- Jose Manuel Barroso and Herman van Rompuy

Although Greece's eurozone partners may accept a limited revision of the rescue plan, Europe's efforts to contain the wider debt and banking sector crisis rest on parallel moves to advance political and fiscal union in the eurozone that will be reviewed at a Brussels summit on June 28-29.

New Democracy's predicted victory made it likely that Antonis Samaras, the party's leader, would claim the right to be prime minister.



“The Greek people voted today to stay on a European course and remain in the eurozone,” Mr Samaras said. “There will be no more adventures; Greece’s place in Europe will not be put in doubt, the sacrifices of the Greek people will bear fruit.”

Mr Samaras arouses a certain mistrust among other European leaders, partly because of his reluctance over the past two years to give explicit support to the rescue plan. But he is also identified in Europe, together with other New Democracy and Pasok politicians, as responsible for the economic mismanagement and patronage system that brought Greece to its knees.

One of the new government’s first tasks will be to persuade Greece’s creditors to release a €1bn tranche of money that they withheld after the previous, inconclusive election held on May 6.

Without this tranche, the Greek state would run out of money to pay public sector wages and pensions by July 20, ministers in the outgoing government said.

The interior ministry’s forecasts showed the rightwing Independent Greeks party with 7.6 per cent of the vote and 20 seats, and the neo-fascist Golden Dawn with 6.9 per cent and 18 seats. The hardline Communist party was set to take 4.5 per cent and win 12 seats.

Pollsters said Syriza had seized votes from both Pasok and the communists.

#### Relief in Berlin over Athens result

Wolfgang Schäuble, German finance minister, welcomed the preliminary results of the Greek election saying that “if confirmed” it was a vote for “far-reaching economic and fiscal reforms”. He promised the support of the rest of the eurogroup of finance ministers to carry out the programme, writes Quentin Peel in Berlin.

In a statement issued on Sunday night reflecting the profound relief at the result felt in Berlin, Mr Schäuble said that the troika of officials from the European Commission, European Central Bank and International Monetary Fund would visit Greece as soon as a new government was formed to reassess the rescue programme.

But the German finance minister also reminded Antonis Samaras, leader of the New Democracy party that came top of the Greek poll, that he had “declared to the eurogroup his commitment to the objectives and to the central measures” of the programme. It was a clear warning from one of the strictest finance ministers in the eurozone against any attempt to renegotiate its principal debt and deficit targets.

“This programme, developed and agreed with Greece, has only one goal,” Mr Schäuble said. That was “to put the country back on the path of economic stability and prosperity.”

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