

# Epic election win may not leave Simitis much room for manoeuvre

Narrow victory may hit Greek reforms, writes **Kerin Hope**

**I**t was Greece's closest-fought general election in memory. At the Panhellenic Socialist Movement headquarters in central Athens, analysts predicted victory by a slim margin. But Costas Simitis, cautious as ever, waited until almost 3am on Monday before emerging to confirm Pasok had won.

For the 64-year-old prime minister, it was an unprecedented achievement – the first time in modern Greece that a political party had won a third successive term.

Just a few hours earlier, Costas Karamanlis, the conservative leader, had rushed to announce that "Greece has turned a page" after exit polls gave his New Democracy party a slender lead. He spoke too soon.

But the narrow margin of Pasok's victory, with 43.7 per cent of the vote to 42.8 per cent for New Democracy, suggests that Mr Simitis may trim his ambitious plans for reform. With 158 seats at most in the 300-member parliament, Pasok will have little room for manoeuvre.

Claiming victory, Mr Simitis said the new government would "put social welfare at the top of the agenda", an acknowledgement that the government's tight fiscal policies, required to qualify for membership of the euro, had



Arms and the man: Socialist leader Costas Simitis waves to supporters after his victory

Picture: Reuters

alienated many socialist supporters.

Pasok has already pledged more funding for education, Healthcare and employment, as well as a substantial increase in pensions, all to be paid for out of a sizeable revenue surplus projected this year.

Mr Simitis is betting a more generous social policy will offset the impact of structural reforms to be launched after Greece's expected entry to the euro in January. Until now, Pasok's militant unions have been delaying the liberalisation of telecommunications and electricity markets as well as slowing the government's privatisation programme.

**T**he biggest test will be pension reform, an issue that Mr Simitis decided to postpone until after Greece joined the euro-zone following a bruising collision with the unions. Given Pasok's slender majority, the temptation will be to patch up the heavily-indebted pay-as-you-go system once again rather than launch a radical restructuring.

For Mr Karamanlis, 43, New Democracy's near-miss bodes well for the future. His party made most gains among dissatisfied farmers, but also attracted a high percentage of new voters in Athens and the northern city of Thessaloniki.

Mr Karamanlis won his party's leadership three years ago

on the strength of his name. His late uncle, also Costas Karamanlis, secured Greece's entry to the former European Economic Community as prime minister and also served as president. Following New Democracy's strong performance, he will have an easier task to rally the party's nationalist and liberal factions.

"We have a consensus with the government on membership of the euro and market liberalisation," said George Alogoskoufis, the conservatives' spokesman on the economy. "But we expect to take a tough line in parliament."

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## Nearly man

Costas Karamanlis, boss of Greece's conservative New Democracy party, is at last being taken seriously. The nephew and namesake of the rightwing prime minister who steered Greece into the then European Community, lost Sunday's general election by a whisker. But young voters flocked in, so Karamanlis might make it next time round.

The next election might not be so far off. The Socialists' term lasts four years but their eight seat majority is too slim for comfort. What's more, few Greek politicians want to hold a poll just a couple of months before Athens is due to stage the Olympics.

Preparations for the games are well behind schedule. Some International Olympic Committee members are already muttering darkly about "contingency plans" – perhaps including shifting the Olympics to Seoul – if the Greeks don't get their act together soon. The betting is on an election at least 18 months early.

Karamanlis scored this time with youthful voters by touring crumbling high schools in the provinces and pouring drinks in a Thessaloniki bar. But he'll have to inject a bit of a work ethic into his party.

It's been so long since New Democracy looked like serious contenders for office – they've held power for only three of the past 19 years – that many deputies spend their evenings at bouzouki clubs and their mornings in the gym. They'll have to put in a few more hours in parliament if New Democracy is to claw its way back to office.