

Greece's prime minister

Under attack

ATHENS

The survival of Greece's modernising prime minister cannot be guaranteed

COSTAS SIMITIS, the unassuming Socialist prime minister who pulled Greece into the euro-zone, may be running out of steam. Barely half-way through the current parliamentary term, his Pan-Hellenic Socialist Movement, better known as Pasok, is trailing behind the right-of-centre opposition by almost ten percentage points. For the first time the prime minister's approval rating, hitherto always higher than his party's, has dipped below that of Costas Karamanlis, the untested leader of New Democracy, an old-fashioned rightish party that has been out of government for 18 of the past 21 years.

That seems odd. By most measures, Mr Simitis has not been doing badly. He says Greece's economy should grow this year by nearly 4%; some foreign watchers think 3.2% more realistic. Either way, that is a lot faster than the euro-zone's widely predicted average of 1.3% or so. Greece's budget should show a modest surplus of between 0.4% and 0.8% of GDP. The European Union is still lading out much of the €25 billion (\$23 billion) in aid allocated between 2000 and 2006 to help Greece, still the EU's poorest country, catch up a bit more before the cash starts being redirected to poorer new members from Central Europe. And preparations for the Olympic Games to be held in Athens in 2004 are at last picking up speed after an



Simitis tires of fending them off

embarrassingly muddled start.

Greeks are even starting to feel less twitchy about their old regional rival, Turkey. Some are even investing there. Last month Nikos Christodoulakis, a close confidant of Mr Simitis, became the first Greek finance minister to visit Ankara, Turkey's capital. He followed the example of George Papandreou, the foreign minister, who oversaw a rapprochement with Turkey in the emotional aftermath of earthquakes that hit both countries in 1999.

True, Greece is still blocking the official launch of the EU's nascent rapid-reaction force because of lingering suspicions over an agreement among other NATO countries that Turkey, which is in NATO but not the EU, should be able to veto EU access to NATO firepower. As Mr Simitis feels the political heat at home, he is sounding more populist abroad.

On the other hand, since March Greek and Turkish diplomats and lawyers have been quietly talking, for the first time in decades, about settling a clutch of disputes over the Aegean Sea, or, if that is not possible, how to package them so that the two countries can ask the International Court of Justice at The Hague to adjudicate.

Yet Mr Simitis is under attack from all sides. A hard-left faction which re-elected him party leader at a Pasok congress last October wants to put off reforms needed to make Greece more competitive within the euro-zone. The trade unions, which overwhelmingly back Pasok, have forced Mr Simitis to water down proposed reforms of Greece's state pension system.

Meanwhile, businessmen complain that the government is reneging on its promise to simplify and reduce taxes. Employers want looser labour rules. So do young Greeks, a good quarter of whom have no job; all told, 11% of Greeks are jobless. And people increasingly tell pollsters that they are fed up with having to bribe petty officials to get permits and licences.

Worse still, Mr Simitis has to keep potential successors within Pasok at bay. He has run the show for six years but is still keen to win a general election due early in 2004 so that he can host the Olympic Games in August. Leading Pasok people hint that the election will be held six months early, after Mr Simitis has presided over the EU in the first half of next year.

Costas Laliotis, a former public-works minister who is Pasok's secretary-general, thinks Mr Simitis is already an electoral liability and should go now. Mr Laliotis is an unlikely successor: he does not speak English and attended only one ministerial meeting in Brussels while in the cabinet. But he would like to pull the party's strings. At least four ministers would be in the running. The infighting is already undermining Mr Simitis's efforts to get decisions implemented.

For the moment, Mr Papandreou is the

firm favourite to take over. American-born and British-educated, he is the modernising Mr Simitis's natural successor and would appeal to a wide range of Greeks in a general election. Many go-ahead people would plump for him, while many old-fashioned nationalists would give him the nod as son of the much more populist Andreas Papandreou, who ran Greece off and on for 11 years until he died in 1996. The younger man, now 49, has tried to avoid getting embroiled in party intrigue but no longer bothers much to disguise his differences with Mr Simitis. Mr Papandreou would like to proceed faster to hug Turkey more warmly, while the prime minister remains more cautious.

Mr Simitis may survive at least until local elections in October. Voters are then likely to kick Pasok in the teeth after its long stint in power. Dora Bakoyanni looks likely to be elected mayor of Athens under New Democracy's banner. If Pasok is humiliated across the country, Mr Simitis's achievements of sound economic management at home and improving Greece's credibility abroad will probably not be enough to save him from the chop at the hands of his party. ■