

23:23 18 Jan Simitis at helm in Greece, cabinet shake up ahead

By Costas Paris

ATHENS, Jan 19 (Reuter) - Greece turned a political page on Friday after reformer Costas Simitis replaced socialist party founder Andreas Papandreou as prime minister.

Simitis, 59, nicknamed "the Chinese" in the media for his short stature and oriental looks, is a tough technocrat who won the premiership under a reform banner.

"There is need for new ideas and a change in the way of governing. We will be judged in next year's elections and we will win," Simitis said shortly after his ballot victory.

He received a standing ovation from the parliamentary group of the Panhellenic Socialist Movement (PASOK) which elected him to replace Papandreou, 76, who resigned in ill health this week.

President Costis Stephanopoulos is due to give him a mandate on Friday to form a new government.

Simitis, a German-educated lawyer and economist, was the only candidate for the premiership who did not promise blind faith to Papandreou's policies.

His election brought an air of renewal to PASOK for the first time since it was founded by Papandreou in 1974.

Simitis has held major ministries in all socialist cabinets and is best remembered for his 1985-87 term as economy minister, when he tried to put a lid on Papandreou's free-spending welfare policies.

In recent years he has called for more development funds, more privatisation, a realistic foreign policy in the Balkans and greater compliance with European Union standards.

The first indications of how sweeping his reforms are likely to come in the next three days when he forms his government. Key ministries, such as foreign affairs, labour and social security, industry and health, look certain to change hands.

Theodore Pangalos, the outspoken former European Affairs minister, could be named foreign minister. Vasso Papandreou, the former European Commissioner for social affairs, could be named labour minister.

Pangalos has called for closer ties with traditional enemy Turkey and has a sound knowledge of European affairs despite his candid views, which have often enraged European partners.

In 1994, for instance, he described Germany as "a giant with bestial strength and a child's mind", for which he was forced to apologise publicly while in charge of Greece's EU presidency.

Simitis looked certain to keep Economy Minister Yannis Papandoniou and Finance Minister Alexandros Papadopoulos, both committed to economic convergence with the EU and credited with slashing inflation below double digits for the first time since 1973.

Simitis, who enjoys the confidence of the markets, was expected to push forward the long overdue partial privatisation of the state telecommunications company OTE and the Public Petroleum Corporation (DEP).

It was still unknown whether he would give cabinet posts to his two main rivals in the succession race -- Interior Minister Akis Tsohatzopoulos and Defence Minister Gerassimos Arsenis, both close colleagues of Papandreou.

"I think they will both be in the new cabinet," press minister Telemachos Hytiris told Reuters. "He has to maintain the balances within PASOK."

Maintaining balances may prove Simitis' toughest task. PASOK is ravaged by inner-party rivalries and has been held together only by Papandreou's undisputed authority and his three election wins in 1981, 1985 and 1993.

Simitis, though, is seen as the only socialist who can lead PASOK to victory over the conservative opposition party in the 1997 elections.

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