



Written by [Bruce Walker](#) on May 24, 2011

Greek Opposition Party Rejects EU Bailout Plan

National self-determination remains very much alive in Europe. People such as the Greeks and the Finns — who suffered for centuries under the rule of great empires before they established their own small nations — are resisting the attempts of European Union bureaucrats and politicians to tell them how to run their homelands.

For instance, the [True Finns Party](#) — which made surprising gains in recent elections based largely upon their calm but firm insistence that Finns alone should determine what is best for Finland — is saying that their nation should not be helping the EU bail out those member states now facing bankruptcy because of improvident pensions and enormous welfare expenditures.



Also, Greece's New Democratic Party, the principal opposition to the Panhellenic Socialist Movement now governing the country, has explicitly rejected the austerity program which the European Union said is the price for the latest financial bailout of Greece.

There are no less than five political parties in Greece that have seats in the Hellenic Parliament, the national legislature. The New Democracy Party is considered to be the leading party of the "Right" in Greece, and news stories routinely refer to it as the "conservative" opposition. It is quite clear that those ideological terms mean very little in European politics. The need for austerity today in this ancient country is because of the utterly irresponsible spending of Greek governments for many years. Any party of limited government in Greece would be telling the people that the size of government needs to be drastically cut and deficits dramatically reduced. The reason for this move away from statism is not to please European Union nabobs or to acquire another bailout, but rather because it is in the best interests of the Greek people.

Ominously, the European Union has said that in Greece, as in Portugal a few weeks ago, any bailout is contingent upon support for the bailout from not only the government in power, but also the opposition party. In essence, the EU is demanding that nations surrender not only sovereignty in areas such as trade and currency, but also their rights to determine their own course through national elections.

Shortly after the Greek government announced that more cutbacks in the budget would be needed to meet targets set in the last bailout, Prime Minister George Papandreou began meeting with the heads of all the major opposition parties to seek agreement. Those cuts would need to be \$8.4 billion for this year. The austerity plan also includes privatization of much of the Greek economy.

The European Union is concerned because the austerity program, which will run to the year 2015, would have to be carried out two years past the next general election. If the New Democratic Party won that election, then the austerity program might end before the EU's completion date. Amadeu Altafaj Tardio, spokesman for the EU's Monetary Affairs Commissioner Olli Rehn, said that is "very



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important for us that the political groups in Greece set their disagreements aside, and clearly and unambiguously support in public the objectives and main policies of the economic policy and program for Greece." He added that the European Union was not seeking "a detailed agreement, but there should be a political agreement on the political nature of the program." Jean-Claude Juncker, Chair of the Eurozone Finance Ministers, asked the Greek political parties to follow the example of Portugal, whose major political parties collectively endorsed the bailout plan.

New Democratic Party head Antonis Samaras has called for a renegotiation of the bailout deal, arguing that the government's direction was wrong. He liked the privatization of government operations in the austerity plan, but was opposed to higher taxes and felt that tax cuts, not tax increases, were the best way to grow Greece out of its current crisis. After meeting with the Prime Minister, Samaras declared: "The government lacks the courage to restart the economy and is not considering a renegotiation. It is repeating the same mistake, and exceeding the limits of the Greek economy and of our people. We remain opposed."

Even if the European Union comes up with the latest loans, many financial analysts doubt that Greece can handle a government debt that is now \$476 billion and a government deficit of 10.5 percent of its annual budget. Default or another radical restructuring of loans appears increasingly certain.

According to the investment rating agency Moody's, " ... a default is likely to have adverse credit rating implications for Greece, possibly some other stressed European sovereigns, and the Greek banks, regardless of the efforts made to achieve an 'orderly' outcome. The full impact on Europe's capital markets would be hard to predict and harder still to control." Moody's also indicated that this sort of practical default would affect ratings for other struggling European nations such as Portugal, Spain, and Ireland (the other "PIGS" nations).

Other "PIGS" are indicating problems with their bailouts. Earlier this month, [Irish Minister for Energy](#) Pat Rabbitte said: "Quite frankly the (interest) rate on Ireland must be reduced and in my own view the debt must also be rescheduled but that's another issue."

On the other hand, political parties in nations which are, effectively, funding the bailout are showing increasing unhappiness. The True Finns Party has already, flatly, opposed future bailouts. In the Netherlands, the fifth biggest economy in the European Union, Member of Parliament Geert Wilders expressed frustration that the Dutch government was not being included in the talks related to the pending Greek bailout: "It is a humiliation and an insult that the Netherlands is being bypassed for talks about Greece," he told a news agency. Other Dutch politicians agreed. Former development aid minister Bert Koenders and former foreign minister Jaap de Hoop Scheffer both insisted that all the European Finance ministers should have been included in the talks.

Complicating the problems of the major Greek opposition party flatly opposing the bailout, and rising political parties in nations which do not have unpayable government debt, such as Holland and Finland, expressing unhappiness with the bailout, the arrest of the International Monetary Fund head [Dominique Strauss-Kahn](#), casts a shadow on any international consensus of how to feed the PIGS.

Meanwhile, nations which have tended to their own business, such as Switzerland, are enjoying strong currencies and high bond ratings.

Photo: Greek Prime Minister George Papandreou arrives at the cabinet meeting in the Greek Parliament in Athens, Monday, May 23, 2011.



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