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TAGS: PGOV, PREL, GR
SUBJECT: CONTRARIAN FORMER FM PANGALOS ON MACEDONIA,
EDUCATION REFORM, PASOK POLITICS

Classified By: AMBASSADOR DANIEL SPECKHARD. REASONS 1.4 (B) AND (D).

1. (C) In a cordial introductory meeting wit Ambassador, former PASOK Foreign Minister (196-1999) Theodoros Pangalos -- known during his tenure at the MFA for a sharp tongue and undiplomatic approach -- said he thought the name issue between Greece and Macedonia was "ridiculous" and a "disaster from the beginning." Now that the Republic of Macedonia had been created, he argued, the Macedonians should be allowed to use whatever name they wished. Indeed, Greece should be honored by Macedonia wanting to use the name. As for Greek fears of irredentism, these too were "ridiculous" and stemmed from the Greek right's memories of the civil war and fears of communist forces coming into Greece from the Slavic

countries. As for the way out of the current impasse, Pangalos said the U.S. should not worry about Greece blaming the U.S. for not solving the problem (though he offered no reason to back up the assertion). He said he thought the Nimetz proposal was a reasonable approach and noted that he had told FM Bakoyannis that PASOK would not "exploit the issue." PASOK would criticize the government for its handling but would not manipulate the substance of the issue to Greece's detriment.

2. (C) On education reform, Pangalos took a similarly maverick view. In contrast to his party's opposition to the ND government's efforts to change Greek law to allow private higher educational institutions, Pangalos said everyone knew the current system of public universities in Greece was "b.s." and that private institutions should be recognized. He noted that even his leftist professor second wife (he has been married three times and said his personal life was a "disaster") refused to send their son to a Greek university, opting instead to send the boy to the UK. He said Greece was number three in the world (after India and China) in terms of the number of students it exported. But the Greek left -- including his own party -- had hitched itself to the policy of opposing private universities. Particularly guilty was the Synaspismos party, which had taken a demagogic approach to the issue and was just inflaming the situation.

3. (C) Finally, Pangalos offered an assessment of the current political situation in Greece and the PASOK party's fortunes. He asked rhetorically why PASOK was doing so poorly even though, as opposition, its fortunes should be rising as the government increasingly got into trouble. Pangalos attributed PASOK's slide, first, to changing economic conditions. Since joining the EU, Greece had seen rapid economic growth, which created and benefited the middle class, making them wary of changing political leadership. At the same time, the government -- beginning under PASOK PM Simitis -- had to limit deficit spending in line with EU rules. This hurt pensioners, new graduates, and others on the lower end of the economic ladder who were a natural PASOK constituency but were angered by what they perceived to be PASOK's complicity in cutting government support. PASOK also suffered from poor leadership and poor leadership decisions. George Papandreou was honest and direct, but he was a poor communicator and not a leader. At the same time, PASOK was doing a bad job in pitching itself to voters, who perceived PASOK and ND as the same. From that perspective, Pangalos argued, Greek voters saw little reason to bother switching governments.

4. (C) COMMENT: Pangalos avoided the sharp language that

characterized his statements as FM, but he was not shy in taking positions at variance with his party and, indeed, most of the Greek political establishment. Our conversations with Greeks indicate that a very small percentage would agree with Pangalos on the Macedonia name issue. The overwhelmingly more common position is one of opposition to compromise. And Pangalos is unlikely to voice in public the opinions he voiced with us.

SPECKHARD

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