

European
Elections monitor

Great Uncertainty just one Month before the next Greek General Elections

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(with Stellina Galitopoulou)Analysis
1 month before
the poll

On 31st October last Prime Minister George Papandreou (Panhellenic Socialist Movement, PASOK) announced the organisation of a referendum on the rescue plan for Greece approved by the European Union on 27th October in Brussels. The latter aimed to help Greece pay off its debts but obliged the country to submit to economic supervision and to implement a stricter austerity regime. The announcement was the source of stupor and indignation in Greece and across all of Europe – it sent the European, American and Asian stock exchanges into disarray and surprised the financial markets. “*It’s suicide*”, declared Michalis Matsourakis, chief economist at the Greek Alpha Bank, who perceived an attempt on the part of George Papandreou to break out of his solitude and the political crisis that was undermining the country as he pushed the opposition parties, which until now had categorically refused to support the strict austerity measures taken by the government, to adopt a position on the European plan, in order to calm the social protest movement that went together with a sharp decline in living standards. The Prime Minister, who was finding it increasingly difficult to find support within his own socialist party and the ministers of his government, had already suggested to the opposition that they create an alliance in the shape of a government coalition in June 2011. The right however, rejected this proposal.

In the announcement made by George Papandreou the European authorities perceived a gamble, which threatened the rescue plan over which Athens European partners had found it difficult to come to agreement. “*George Papandreou calculated badly as far as the international reaction was concerned, which shows he was panicking*,” declared political analyst Georges Sefertzis.

On 9th November 2011 Georges Papandreou was finally forced to resign. He was replaced two days later by Lukas Papademos, former Vice-President of the European Central Bank and former Chairman of the Greek Central Bank, who formed a national unity government after an agreement was reached between the three political parties: the PASOK, New Democracy (ND), and the far right People’s Orthodox Alarm (LAOS). The new Prime Minister is an acknowledged expert, which reassured Greece’s creditors and partners in the euro zone and a true connoisseur of the European institutions. It was his task to save the country from bankruptcy and to avoid its exit from the euro; he called on the “*unity and cooperation of all of the parties*” in order to complete his work. Two Deputy Chairmen of New Democracy, former European Commissioner for the Environment (2004-2010) Stavros Dimas and former Mayor of Athens, Dimitris Avramopoulos, made their debut in government. The party then held six posts in the new team. LAOS had four ministers, an all time first in the country’s history. Outgoing Finance Minister Evangelos Venizelos (PASOK) retained his post.

“I am taking over at the most difficult time in our country’s modern history. Everything is still uncertain,” stressed Lukas Papademos as he spoke to the Vouli (parliament) on 14th November. The new prime minister, who gave up his salary, won the majority of 255 votes in parliament. 38 MPs voted

against the new government and seven abstained. The Communist Party (KKE) and the Radical Left Coalition (SYRIZA) qualified Lukas Papademos’s government as anti-constitutional and illegitimate, and demanded the organisation of early general elections.

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The government led by Lukas Papademos was to complete the operation that comprised wiping out part of the country's debt and to ensure the introduction of a second rescue plan put forward by the euro zone. "*His mandate is to finish by 12th April*" (when the exchange of agreement bonds on the restructuring of the Greek debt will be completed), the government's spokesperson, Pantelis Kapsis announced. The Prime Minister always said that he did not want to serve the two remaining years of his mandate. "*The goals set for the next five months* (i.e. the exchange of a part of the debt with private creditors that is supposed to wipe out 100 billion € of the country's debt and to prevent bankruptcy) *have been achieved,*" declared the New Democracy leader, Antonis Samaras.

On 11th April last Prime Minister Lukas Papademos announced that the next general elections would take place on 6th May. Greece's European partners fear that this election will be to the advantage of the extremist parties (both right and left) or radical groups who are against the rescue plan and would have preferred the elections to be postponed. A recent poll shows that "the punishment" of those responsible for the crisis is the main motivation of a majority of Greeks (41.9%) in going to ballot on 6th May next. Slightly more than one quarter (29.5%) say they will give their vote to a party which seems the most competent to bring the country out of the crisis and 21.7% say they will vote for a party that is able to form a stable government and to undertake the necessary reforms.

An economic crisis of historic size

Just a few weeks after the victory of the PASOK in the previous elections on 4th October 2009 - with the slogan "There is money!" (Lefta uparxoun!) - the new Prime Minister George Papandreou revealed that Greece's deficit totalled 12.7% of the GDP - instead of the 6% announced by the previous government led by Costas Caramanlis (ND). The falsification of public accounts by the previous governments was brought to light and threw doubt over Greece's transparency with regard to its European partners. Market confidence was shaken and the ratings agencies downgraded Greece, which led to an increase in the interest rates at which Athens could borrow money. George Papandreou then presented his first austerity plan designed to reduce the country's deficit below the 3% GDP mark. At the beginning of 2010 the European Commission placed Greece under surveillance and the Euro-

pean heads of State and government guaranteed Athens their support. In April 2010 the country did however find itself unable to pay its bills and unable to honour its debts. George Papandreou was officially forced to ask Brussels for help.

In May 2010 Greece received 110 billion € from the IMF and the EU (a loan over three years). In exchange the government had to implement major austerity measures that were designed to save 30 billion € in 2012 (notably thanks to the privatisation of several state companies, the final goal being set at 50 billion € by 2015). Civil servants' salaries fell by 25% and retirement pensions by 10%; taxes increased (VAT rose to 23%). The number of obligatory semesters to be worked in order to be entitled to a retirement pension increased and many bonuses were abolished. Finally 30,000 civil servants were dismissed (the goal being to drop down a total of 100,000 within three years) and the government decided to stop replacing nine newly retired civil servants in ten).

However this plan did not enable the Greek economy to recover growth and it did not succeed in dissipating fears regarding its public finances. In 2011 the budgetary deficit was higher than planned, growth weaker than expected and many of the planned structural reforms had still not been implemented. On 26th and 27th October the European Council decided to draw up a second aid plan of 130 billion € in Athens' support.

The second plan was set in place in February 2012 in an emergency, since Greece absolutely had to reimburse 14.4 billion € in treasury bonds that had come to maturity before 20th March, otherwise it would have found itself unable to continue payments. This wipes out a part of the private debt by reducing the nominal value of the Greek State bonds by 53.5% (held by banks and investment funds) to a total of 107 billion €, i.e. half of the 206 billion € in loans subscribed to by the banks, insurance companies and other financial funds (Greece's total public debt lies at over 350 billion €, an amount that was reviewed upwards and which is an all time record). This has also been the biggest restructuring operation in history). Greek Finance Minister Evangelos Venizelos thanked the private creditors "*for having shared the sacrifices made by the Greek people in this historic effort.*"

In exchange for their loss the international and Greek banks won a 30 billion € guarantee on the new bonds that will be

issued. The financial rescue plan also went hand in hand with a new series of austerity measures: a 22% reduction in the minimum salary (586€ over 14 months), a 10% reduction in complementary pensions (the deficit of the pension funds is beyond 4.5 billion €). Athens has promised to save 3.3 billion €. Interest rates on loans granted to Greece have fallen and the added-value on Greek debts will be paid to Athens so that the country's funding requirements will be reduced (1.8 billion € in all). Several structural reforms have to be implemented including that of the civil service whose employees must be reduced significantly; likewise tax collection to counter tax evasion (flushing out those who do not pay the abolition of a number of tax rebates and the creation of new taxes). The government also has to make further cuts in public spending. Public utility tariffs have been increased (+50% on electricity for example) and privatisations must continue at a faster pace. *"In 2012 private investments will rise to at least 9 billion €,"* declared Lukas Papademos.

According to financial analysts if Greece implements the planned reforms to reduce its living costs, it should achieve a primary surplus of 1.1% in 2012 – which will be a first in years (i.e. apart from servicing the debt). The goal is however an ambitious one given the present economic situation (GDP declining by 5.5% in 2011 and by 2.8% forecast in 2012). The government published its goals in terms of the public deficit: -6.1% in 2013, - 5.1% in 2014 and - 4.2% in 2015. Then the public debt should have dropped to 286 billion € i.e. 126% of the GDP. *"The Greek economy has a difficult year ahead, from an economic, social and even a political point of view. It faces ten years of enormous sacrifice,"* indicated Savvas Robolis, professor of economics at the Panteion University of Athens.

The idea behind providing aid to Athens is to bring the country's debt level – which represents 160% of the GDP at present – down to 120.5% in 2020, i.e. a level deemed sustainable long term, so that the country can make a return on the markets mid-term. The 2012 budget that includes further tax increases, a reduction in civil servants' salaries and a reduction in the number of civil servants was approved 258 votes in support, 41 against.

"In order for the EU and the IMF to support Greece they must be certain that efforts will be maintained long term, that this does not just apply to the immediate future, but

to this government also future governments," declared the President of the European Commission, José Manuel Barroso, adding *"It is not a sprint but a marathon. This is why it is important to have absolute trust – because in the end it is a question of trust."* *"Our position in Europe is non-negotiable. Greece is and will remain part of a united Europe and part of the euro zone,"* indicated Prime Minister Lukas Papademos, who said that he was aware that this *"participation involved obligations."* Most Greeks (around 80% according to the most recent polls) support their country's membership of the euro zone. According to a poll undertaken mid February 82% of those interviewed placed the blame for the economic crisis on their government. Only 9.3% of them accused the markets and speculators and 6% blamed the IMF and the EU. *"90% of the crisis is a political problem,"* declared Panagiotis Korliras, Chairman of the Centre for Economic Planning and Research (Kepe).

Since 2008 the country has been experiencing an economic recession. All Greeks are facing a downturn in their living standards at present. Every citizen knows someone in their immediate circle (either family or friends) who has lost their job; 150,000 jobs have been destroyed in the civil service over the last three years; many shopkeepers have had to close and are not entitled to any unemployment benefits. This, the most recent problem, affected 21% of the working population in December 2011 (10.2% in December 2009). Half of young people under 24 are unemployed, which is equivalent to an increase of 41.2% in one year according to figures released by the Greek Statistics' Authority (ESA). Between 2000 and 2010, whilst productivity stagnated, salaries rose in Greece by 54% (28.7% in Portugal and 18.6% in Germany). The black economy represents around one third of the official economy and the cost of tax evasion is estimated at 13 billion € per year. The Greek economy is due to contract by 4.5% in 2012 and the country's deficit is due to total 10.6% of the GDP.

"The government that takes office after the next general elections will have to continue the policy to consolidate public finance and reduce spending by 12 billion € in 2013 and 2014", warned Lukas Papademos adding, *"the aim is to limit wastage and not to reduce salaries even more. This year and the beginning of next year will not be easy but we have to continue working so that the sacrifices made by the Greek people are not in vain."*

The reasons behind the disaster

"The cause of the Greek debt lies in the confusion on the part of the country's leaders between the idea of credit and that of income," indicates Nicolas Bloudanis, a historian who adds *"belonging to the single currency enabled Greece to borrow at low rates and therefore the political class strengthened its electoral base by recruiting increasing numbers of civil servants."*

Since the return of democracy in 1974 both of the biggest parties, which dominate political life and have succeeded each other – the PASOK and New Democracy (ND) and have indeed consolidated the patronage system, which has been the trademark of the Greek State since the 19th century, thanks to the employment a great number of civil servants.

The Greek economy is controlled by the State and because of this it is not very operational. The public sector is atrophied (the State employs 45% of the working population) and the private sector comprises very small companies or really big maritime armament companies. The Greek economy's catastrophic situation can be explained in part by the profligacy of spending but also by the major structural weaknesses in the national economy.

The drying up of public funding and also European funds, that had been generously given to Athens since its entry to the EU in 1981 (but which the country did not use to develop its productive system and to improve the productivity of its industries), has placed the economy in great difficulty. Moreover the country's accession to the euro zone, which enabled Athens to borrow on the markets under the same conditions as Germany, only added to the growing deficit. According to a writer, Nikos Dimou, *"the problem is mainly cultural. For years people have seen the State swell and take on half of the country in its employ. They have become accustomed to receiving money from the State and Europe. Tax evasion was not seen as a crime but a right."* In Greece the State has always been seen as a distributor of money and privileges rather than as a regulatory body that can raise and redistribute taxes.

Greece's political, judicial and economic structures cannot be compared with those of other European

countries. They have discouraged entrepreneurship and foreign investment and have demonstrated their ineffectiveness in the face of corruption. The country has always fostered tax exemptions rather than granting services funded by taxes. This policy has led to corruption (several financial scandals have come to light over the last few months) and impunity which many political or administrative figures have benefited from, which in turn has led to strong feeling by the Greeks with regard to the political and judicial institutions. *"In Greece the State is an authoritarian State, of which we have to be wary,"* says Nicolas Bloudanis. *"Given the State's inability to rise to the challenges the country faced, in the 19th century the Greeks invented "Evergitism", a tool to smooth out social inequalities,"* stresses Anastassios Anastassiadis. Evergitism is the name given to a social policy undertaken via private means.

The issues at stake in the general elections

The Greek political class has now mainly been discredited. Over the last few months many politicians, including the President of the Republic, Carolos Papoulias, have been booed by the population and suffered showers of projectiles during public events. The general elections on May 6th may fragment the political playing field. The two main parties - PASOK and ND – are running at their lowest ebb in terms of popularity since 1974, the year when the country returned to democracy (around 35% each). According to a survey by the pollster GPO undertaken at the beginning of April, the percentage of citizens who believe they are not represented by the existing political parties lies at 25%; 50.4% of the Greeks believe that neither of the leaders of the two main parties, Antonis Samaras and Evangelos Venizelos – is qualified to become the next Prime Minister.

Ahead in the polls, New Democracy (ND) hopes to take advantage of the Greeks' discontent after two years of strict austerity. Antonis Samaras is asking the electorate to give him an absolute majority *"so that he has the necessary strength to negotiate abroad."* Many analysts believe that a national unity government (an ND-PASOK coalition) would be beneficial to Greece

but Antonis Samaras is having none of this. The two main Greek parties have had a difficult relationship for decades. *"I want to have a free hand. A clear majority is necessary in order to govern the country properly,"* declared the ND leader who wants to reassure his European partners and repeats that he will scrupulously respect his country's commitments, ie the framework and goals of the second aid programme. He does however hope to be able to renegotiate the conditions of its completion after the elections. Antonis Samaras wants to establish his party on the right, demonstrating extremely firm positions over immigration and security in order to reduce potential voter defection over to LAOS, notably by those who accuse ND of having approved the transfer of national sovereignty. This far right party put forward the name of Lukas Papademos in 2009 to lead the government and to bring Greece out of the crisis. He earned his stripes as a responsible political partner by approving the international rescue plan of May 2010 with the PASOK. However the party voted against the second plan in October 2011. Two new parties have recently been formed on the right. The Democratic Alliance (DS) was founded by former Foreign Minister (2006-2009) and the former Mayor of Athens (2003-2006), Dora Bakoyannis. The Independent Greeks Party (AE) was created on 24th February by former Maritime and Islands Minister Panos Kammenos. Both of these leaders are former ND members. Dora Bakoyannis was banned from it on 6th May 2010 after having voted in support of the first rescue plan (Antonis Samaras party was against it) and Panos Kammenos left it after having refused to provide his vote of confidence to Lukas Papademos.

"I took some difficult decisions. They might have cost me politically but they were worth it," declares George Papandreou. His successor at the head of PASOK, Evangelos Venizelos gave up his mandate as Finance Minister so that he could undertake his campaign. The PASOK is indeed at an all time low in the polls. When he was elected on 18th March Evangelos Venizelos (replaced by Filippos Sachinidis (PASOK)) admitted that PASOK owed the Greeks *"honest apologies for our errors and our omissions."* It is due to be the main loser in the election on 6th May, even though it will be required in the formation of the next government.

On the left two new parties have also been created: the Democratic Left, led by Fotis-Fanouris Kouvelis, which supports the agreement to reduce the Greek debt held by private creditors but is against the new austerity programme, which it wants to renegotiate, and the New Social Contract Party, led jointly by Luka Katseli, former Economy Minister (2009-2010), Employment and Social Security Minister (2010-2011) (excluded from PASOK after having refused to approve the reduction of the minimum salary), and Haris Kastanidis, former Justice, Transparency and Human Rights Minister (2009-2011), Interior (February-November 2011), which promises to lighten the present government's austerity plan.

On the far left the Radical Left Coalition (SYRIZA) is divided over the question of taking part in a national unity government. The party is asking for an increase in taxes on ship owners (Greece has the biggest merchant fleet in the world) and it wants the European Central Bank to have the right to print money. *"It is a question of seeing whether there is an alternative in Europe, not just in Greece,"* stressed Alexis Tsipras, the leader of the SYRIZA group in Parliament and chair of one of its components, Synaspismos. *"Wealth is there but we cannot tax it; the Swiss banks are concealing 600 billion € held by Greeks, a sum that is higher than the country's debt,"* he added.

Finally the Secretary General of the Communist Party (KKE), Aleka Papriga declared: *"We do not intend to work with SYRIZA because we have different goals. This party is a member of the system, we aren't."* The Communists are against Greece's membership of the euro zone and the rescue plan.

The Greek Political System

The Vouli (Parliament) is unicameral and comprises 300 members, elected by proportional representation for 4 years in 56 constituencies. Voters can choose from a list and express their preferences. 51 constituencies appoint 288 MPs, the remaining 12, called national representatives since they represent all of Greece – an honorary position – are elected using the results of each of the political parties nationally. The electoral

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system of enhanced proportionality guarantees a 70% level of representation for the political parties who have the right to sit in Parliament (i.e. any political party winning at least 41% of the vote is guaranteed to hold the majority in the Vouli.

It is obligatory to vote in Greece up to the age of 70. Abstention can lead to a term in prison ranging from one month to one year.

5 political parties are represented in Parliament at present:

- The Panhellenic Socialist Party (PASOK), that won the general elections on 4th October 2009. Founded in September 1971 by former Prime Minister (1981-1989 and 1993-1996) Andreas Papandreou, the party has been led since 18th March last by former Defence Minister (2009-2011) and former Finance Minister (2011-2012) Evangelos Venizelos. It has 160 MPs ;
- New Democracy (ND), centre-right, founded in October 1974 by former President of the Republic (1980-1995) and former Prime Minister (1955-1963 and 1974-1980), Constantin Caramanlis, is led by Antonis Samaras. It has 91 seats;
- The Communist Party (KKE), founded in 1918 that emerged from the Socialist and Workers Movement, is communist and anti-European; it is led by Aleka Papanigou, with 21 seats;
- People's Orthodox Alarm (LAOS, which means

people), a far right party founded in 2000 by journalist Georgios Karatzaferis, a former member of New Democracy, has 15 seats;

- the Radical Left Coalition (SYRIZA), a far left party founded in 2004 of the merger between Synaspismos and several leftwing groups (including the far leftwing of PASOK, communist sympathisers and ecologists). It is led by Alexis Tsipras, and has 13 seats.

The most recent polls reveal the explosion of the Greek political landscape that has been dominated since 1974 alternately by PASOK and ND. In the most recent survey by GPO for TV channel Mega on 11th April, Antonis Samaras's party, ND, is due to win 18.2% of the vote ahead of PASOK, 14.2% of the vote. The Communist Party is credited with 8%, the Independent Greeks Party, 7%, the Radical Left Coalition 6.2%, the Democratic Left, 5.9%, LAOS 4% and finally the neo-Nazi party Chryssi avghi (Golden Dawn) led by Nikolaos Michaloliakos, slightly more than 3%, which is vital if a party wants to be represented in parliament.

Neither of the two "main" parties will be able to form a government alone, the "small" parties will therefore find themselves in the position of kingmaker. "These general elections are difficult and vital for the future and are the start of a new period, the most important since 1974," stressed Thomas Gerakis, Director of the Marc research institute.

Reminder of the general elections of 4th October 2009 in Greece

Turnout: 70.92% (it is obligatory to vote in Greece)

Political Parties	No of votes won	% of votes won	No of seats won
Panhellenic Socialist Movement (PASOK)	3 012 373	43,92	160
New Democracy (ND)	2 295 967	33,48	91
Communist Party of Greece (KKE)	517 154	7,54	21
People's Orthodox Alarm (LAOS)	386 152	5,63	15
Radical Left Coalition (SYRIZA)	315 627	4,60	13
Green Ecologists (OP)	173 449	2,53	0
Others	157 620	2,30	0

Source : Greek Interior Ministry <http://ekloges-prev.singularlogic.eu/v2009/pages/index.html?lang=en>

The Greek General Elections should confirm the fragmentation of the political landscape

It is an ailing country that will be going to ballot on 6th May next to re-elect the 300 members of Parliament. Indeed Greece is experiencing a deep economic crisis that has overturned all of its structures, notably its political institutions.

"This government's main goals have been reached. We have avoided the imminent danger of default and have created better conditions for the reconstruction of our economy," declared outgoing Prime Minister Lukas Papademos on 11th April last as he spoke on TV announcing the next general elections that will be taking place 17 months ahead of time.

"Not only will the choices we make define what kind of government we shall have after the elections, they will also define the country's future for the next few decades. The country has to choose the path that will guarantee its position in the EU and the euro zone, the path leading to the consolidation of the country's economy and to structural reforms," added the head of government.

32 parties are running in the general elections on 6th May next, +9 in comparison with the previous election on 4th October 2009.



The Economic Crisis

In May 2010 Greece was forced to call on the IMF and the EU for aid. The country received €110 billion from the two institutions and had to implement a great number of austerity measures designed to make savings of €30 billion in 2012 (privatisation of several state companies, a 10% reduction in civil servants' salaries and retirement pensions, tax increases, reduction in the number of civil servants etc.). However, weak growth, the slow implementation of structural reforms and the reduction of the budgetary deficit obliged Athens to accept a second aid plan of 130 billion € approved by the EU on 26th and 27th October 2011, which obliged the country to accept economic supervision and to implement an even severer austerity cure that came into force in February 2012. The main target of the aid to Greece is to bring the level of the country's debt, which represents 160% of the GDP, down to 120.5% in 2020, deemed sustainable long term so that the country can return to the markets mid-term.

On 25th April last Athens finalised the restructuring of its sovereign debt held by private creditors (the share held by banks and investment funds).

The Political Crisis

On 9th November 2011 Prime Minister George Papandreou (Panhellenic Socialist Movement, PASOK) was forced to resign after having said he wanted to organise a referendum on the rescue plan to Greece approved in October by the EU. The announcement caused stupor and indignation in Greece and across Europe and led to disarray on the world stock exchanges. On 11th November he was replaced by Lukas Papademos, former Vice-President of the European Central Bank and former Chairman of the Greek Central Bank, who then formed a national unity government after agreement, was reached between the three political parties: the Panhellenic Socialist Movement, New Democracy (ND), and the far right People's Orthodox Alarm (LAOS). Lukas Papademos, who is an acknowledged expert, which reassured Greece's creditors and partners in the euro zone, wanted to succeed in saving the country from default and prevent its exit from the euro zone by completing an operation to cancel out a part of the country's debt and by ensuring the implementation of the euro zone's second rescue plan.

The Greek political class is in disgrace at present. Several politicians, including the President of the Republic, Carolos Papoulias, have been booed by the population and suffered showers of projectiles during public events over the last few months. This rejection mainly concerns the two "big" parties (ND and PASOK), who, in the Greeks' opinion, are responsible for the economic crisis and for having accepted the austerity plan. In the polls these two parties are at their lowest ebb in terms of popularity since 1974, the year in which the country returned to democracy: they share no more than 35% together whilst on 4th October 2009 they won 77.4% of the vote, 79.9% on 16th September 2007 and 86% during the election on 7th March 2004. "In comparison with 2009 the two main parties have lost around 35% of their electorate: 25% for PASOK and 10% for ND to the benefit of the small countries both on the left and the right," declared Thomas Gerakis, director of the pollster Marc.

The Electoral Campaign

The general elections on 6th May should confirm the fragmentation of the political landscape. The two main parties are accused of having managed the State badly and have largely been discredited. The population often has the impression that although salaries and pensions have been reduced and that many reforms have been implemented, the political elites retain their privileges. Guy Verhofstadt, chair of the Alliance of Liberals and Democrats for Europe (ALDE) group in the European Parliament criticised the Vouli (the Greek Parliament) for having granted a €29 million advance to the political parties for the 6th May election. "Why should we continue with the second Greek rescue plan if the two main parties show no sign of wanting to change the system?" he asked. We should note that the two main parties attempted to gain parliament's approval for the cancellation of part of their debt held by private debts and to reduce the interest rates on what remained of it (from 8% to 4%). They had to give this project up given the reaction on the part of civil society and the media. On 10th April the President of the European Commission, José Manuel Barroso stressed that "the cost of Greek politics is scandalous. The cost of funding the political parties is one of the highest in Europe."

In 2011 they received €54 million: 27.8 went to the PASOK, 17 to ND, 5.2 to the Communist Party (KKE), 4.4 to the People's Orthodox Alarm (LAOS), 3.9 to the Radical Left Coalition (SYRIZA) and 1.8 to the Greens.

ND leader Antonis Samaras blames the country's present problems on its socialist rival. "We did not do certain things that we should have done but PASOK did things that it should not have," he declared. "We privatised Olympic Airways (the national airline) but we did not privatise enough," he struggled to admit. From now on he plans for the privatisation ('or the outsourcing) of the tax services "If necessary we shall call on private audit companies to help us collate taxes," indicated Antonis Samaras, who also pleads for a flat rate company tax of 15% (which is at 23% at present). He wants to bring income tax down from the present 45% to 32% and reduce VAT from 23% to 19% to stimulate consumption and the labour market.

The main rightwing part is trying to ride the wave of Greek discontent but may suffer because of the rescue plan and especially because of the austerity cure that the country is obliged to implement. "We are just asking for a modification to some policies to promote and growth and to halt the recession," declared Mr Samaras, who it seems is trying to play the Irish card: opposition leader Enda Kenny (Fine Gael, FG) won the general elections on 25th February 2011 in Ireland by campaigning on a renegotiation of the restructuring of the Irish banks' debt and the conditions set by Dublin's creditors.

Antonis Samaras is promoting five goals in these general elections. The first is to "put an end to the climate of despair and misery," that reigns in Greek society; the second is to say clearly how Greece will revive growth; the third, assert the differences that exist between New Democracy and the other political parties; fourthly the rightwing leader wants to convince the Greeks that he has the means to bring the country out of this crisis and that he needs a strong majority to do this. Finally he says that he is telling the truth (and will tell the truth) to the Greek population. New Democracy regularly insists that it wants to govern alone, which, just one week before the election, seems impossible.

The party has also revised its list of candidates: only half of them will be first time candidates.

The Democratic Alliance (DS) founded by former Foreign Minister (2006-2009) and former mayor of Athens (2003-2006), Dora Bakoyannis, and the Greek Independents' Party (AE), formed on 24th February by former Maritime and Islands Minister, Panos Kammenos (he and Dora Bakoyannis are both former ND members) may take votes from the main rightwing party. Mr Kammenos declared *"We prefer death rather than working with PASOK or ND in a coalition government."*

The main threat comes essentially from LAOS, a far right party founded and led by journalist Georgios Karatzaferis (former ND members), which approved the first rescue plan in May 2010 but which stood against the second in October 2011. The present rise of the migratory issue in political debate does indeed favour this far right party.

One of the most recent decisions taken by the Vouli, the only chamber in Parliament, on 10th April, was the adoption of an amendment which plans for the creation of a closed detention centre for illegal immigrants just outside of Athens, which is the first of 30 announced by the Minister for Civil Protection, Michalis Chrysohoides (PASOK). The latter qualified the issue of illegal immigrants as *"time bomb for both society and the country."*

Indeed the latest polls show that the neo-Nazi movement Chryssi Avghi (CA, Golden Dawn) led by Nikolaos Michaloliakos, may rise above the 3% mark of the vote necessary to be represented in parliament. The movement which is anti-Semitic and xenophobic, that was founded in the 1980's by supporters of the leaders of the military dictatorship that governed Greece from 1967 to 1974, have formed militia that operate in the poor parts of Athens and on several occasions, have been accused of attacks on immigrants or on *"Greeks of foreign appearance"*. Nikolaos Michaloliakos was elected to the city council of Athens in the last local elections on 7th and 14th November 2010 with 5.3% of the vote. The party that won 0.29% in the last general elections on 4th October 2009 privileges direct communication with the population to whom they offer

real protection against attack, or the guarantee of social services, which in their opinion the State can no longer afford to provide.

"Greek society is a laboratory in the development of the far right. We are in the midst of an unprecedented financial crisis, society is fragmented and there is no a strong civil society, and corruption is rife on all administrative levels," says Nicos Demertzis, a political analyst from the University of Athens. *"Parliament cannot become a venue for fascist or nazi nostalgia,"* declared the PASOK leader, former Finance Minister Evangelos Venizelos. *"We do not want to see the neo-nazi salute in Parliament, we do not want to see those who believe in violence rewarded. We are calling on all of the country's political forces to condemn violent acts, to resist and create a front to protect our democratic institutions. Tolerance helps to hatch the snake's egg,"* said the party's spokesperson Fofi Gennimata.

On the left, the new PASOK leader, Evangelos Venizelos, hopes to turn the page on the crisis as quickly as possible and reposition his party in the centre of the political spectrum. To do this he will however have to gain time and succeed in renewing his party's executive. Although the PASOK is due to be the grand loser on 6th May it might prove indispensable in forming the next government..

"The Socialists are struggling, but will not disappear from one day to the next, just because there is no serious alternative," analyses historian Elias Nikolakopoulos.

What kind of government will there be after May 6th?

One thing is certain: putting the next government together will be difficult. The question runs like this: will Greece have a national unity government rallying the ND and PASOK or will the next government coalition bring together several political parties, i.e. the "small" parties gathered around a "big" coalition of both right and left?

The "small" parties on the left – the Communist Party (KKE) led by Aleka Papatrifa, the Radical Left Coalition (SYRIZA) led by Alexis Tsipras and the Democratic Left (DIMAR) led by Fotis-Fanourios Kouvelis – have set

conditions that are difficult for the socialists to accept – for a government alliance with PASOK.

The possibility that the general election will not enable a clear victory for anyone and that the political crisis will continue, and even worsen, is the political analysts' greatest fear but it is also that of international leaders and the financial markets. A strong executive is indeed a vital condition for the implementation of the rescue plan and to enable the country to recover budgetary balance and social peace.

In a poll by KAPA Research published on 20th April for the newspaper Ta Nea most Greeks (59%) said they wanted the next government to rally both the left and right. Moreover three quarters of those interviewed (77%) say that the next government should do everything possible to maintain Greece in the euro zone (13% want to return to the drachma).

The tables below show the voting intentions recorded in the last three polls by KAPA, RASS and Marc. The column on the right presents the results won by the parties in the last general elections on 4th October 2007.

If the general elections took place on Sunday for which party would you vote?

	KAPA Research	RASS	Marc	2009 Results
Panhellenic Socialist Movement (PASOK)	19,1	17,1	17,8	43,92
New Democracy (ND)	25,5	24,1	21,9	33,48
Communist Party (KKE)	10,6	8,7	9,2	7,54
Radical Left Coalition (SYRIZA),	9,1	10,3	11	4,60
Popular Orthodox Alarm (LAOS)	4	3,4	4,2	5,63
Independent Greeks Party (AE)	7,7	9,4	10,4	
Democratic Left(DIMAR)	5,4	8,4	8,8	
Golden Dawn (CA)	5,2	4,3	5,2	0,29

Who would make the best Prime Minister?

	KAPA Research	RASS	Marc
Antonis Samaras (ND)	25,8	29,2	15,5
Evangelos Venizélos (PASOK)	26,7	28,6	15,1

Do you support the formation of a coalition government after the general elections on 6th May next?

	KAPA Research	RASS	Marc
Yes	59	40,2	46,4
No	41	59,8	53,6

Source : *Kathimerini*, 20th April 2012

"The last months have shown that in the face of serious problems and enormous risks, we can work together and overcome our differences," declared outgoing Prime Minister Lukas Papademos on 11th April last, adding: "I am sure that society will invest in creation rather than deconstruction. We must take advantage of the sacrifices we have made over the last few years and not destroy next year what we have succeeded in achieving this year."

At a time when ten political parties may be represented in the Vouli, i.e. double the present figure, the fragmentation of the political landscape of a country, which has been based on a two party system since its return to democracy in 1974, is the only thing we can be certain of in this election. "Nothing will surprise me in these general elections," insists Takis Michas, a political journalist for the daily Eleftherotypia.

The government and pro-European parties collapse in the Greek General Elections.

The two «main» parties, the Panhellenic Socialist Movement (PASOK) and New Democracy (ND) collapsed in the general elections on 6th May in Greece. Whilst together they won 77.4% of the vote in the general election on 4th October 2009, they only took 32.1% of the vote three years later, making it difficult to form a government coalition.

Results

Both parties were punished for having accepted the drastic austerity measures in the two rescue plans for Greece laid down by the IMF and the EU (in May 2010 and October 2011).

ND came out ahead with 18.85% of the vote and 108 seats (+ 36). PASOK was devastated in the election winning only 13.18% of the vote (41 seats - 88). The two parties have only won 149 seats ie -2 in comparison with the absolute majority in Parliament (151).

PASOK was beaten by the Radical Left (SYRIZA) which won 16.78% of the vote (52 seats, +41 seats); this puts an end to the country's two party system in force since Greece's return to democracy in 1974.

As soon as the results were announced the SYRIZA leader immediately called for the formation of a coalition against the conditions set on the country by the IMF and the EU in exchange for their financial aid. "Thanks to their vote the Greek electorate have given a mandate for a new dawn for our country in which solidarity and justice will replace the barbaric measures of the rescue plans," declared Alexis Tsipras, who supports the freezing of Athens reimbursement

payments and the renegotiation of the rescue plan. "To say that our membership of the euro is in danger is a total lie, it is blackmail that is being exercised by the parties that support the rescue plans and a tool that aims to pressure people into accepting measures which will bring us misery," he repeated during the electoral campaign. The Communist Party (KKE) led by Aleka Papariga, which took 5th place with 8.48% of the vote (26 seats, +5) did however reject the offer of forming a coalition with the Radical Left.

The Independent Greeks' Party (AE) created on 24th February last by the former Maritime and Islands Minister, Panos Kammenos, took fourth position with 10.6% of the vote (33 seats). The Democratic Left (DIMAR) created at the end of June 2010, led by Fotis Fanourios Kouvelis, won 6.1% of the vote (19 seats).

However the Democratic Alliance (DS), founded by the former Foreign Minister (2006-2009) and former Mayor Athens (2003-2006), Dora Bakoyannis, just like the far right party, the People's Orthodox Alarm (LAOS) founded and led by Georgios Karatzferis failed to rise over the 3% threshold, which is vital to be represented in Parliament. They won

2.6% and 2.9% of the vote respectively. LAOS is undoubtedly paying for its participation in the outgoing government.

One of the events in this election is the result achieved by the neo-Nazi party Chryssi Avghi (CA, Golden Dawn), led by Nikolaos Michaloliakos, which won 6.97% of the vote (21 seats). *"You have insulted me, pushed me to one side, humiliated me but I have won. Now all foreigners can out of my country! The hour of fear has come for the traitors of the motherland,"* declared its leader on the announcement of the results. He also said that his party was going to fight *"to counter the foreign finance sharks and the slavery imposed on Greece by the IMF and EU rescue plan."*

This result has had the effect of a thunderbolt in a country with a particularly strong anti-fascist tradition. The nationalisation of the banks having received State aid, the re-examination of the national debt, the immediate arrest and expulsion of all illegal immigrants, the surveillance of the Greek borders by the army and the setting of anti-personnel mines on the Turkish border are the main lines of the programme set out by Chryssi Avghi, which wants a *"nationalist"* party to *"protect the Greeks"*.

"It is a fascist party that expresses the most extreme trends," indicates Georges Prevelakis, a professor of geopolitics. According to Gerassimo Moschonas, a political scientist at the Pantheon University Athens, the party is prospering because of the economic crisis and also because of immigration. The country, which has around one million migrants out of a total of 11 million citizens, was, in 2010 the entry point of around 9 out of 10 immigrants into Europe. In 2011, 55 000 migrants were arrested in Greece after having crossed the river Evros (that separates Greece from Turkey) ie +8000 in comparison with 2010. *"All of those who voted for Chryssi Avghi are not fascists. They are people who wanted to express their rage; it is an anti-system vote. Many will realise that Chryssi Avghi is a neofascist party,"* indicated Panagiotis Sotiris, professor at the University of the Aegean.

It is obligatory to vote in Greece, but turnout was slightly down in comparison with the last general elections on 4th October 2009. It totalled 65.1%, i.e. -5.82 points less than 3 years ago.

New Democracy leader, Antonis Samaras, who asked his fellow countrymen for a majority so that he could lead Greece without requiring the PASOK's support, lost his wager. On the announcement of the results he called for the

constitution of a *"government of national salvation"*. *"We are ready to assume the responsibility of forming a government of national salvation with two goals: to keep Greece in the euro zone and to refine the rescue policy to create growth and to relieve Greek society,"* he declared.

PASOK leader, Evangelos Venizelos, who failed in his bid to contain his party's collapse also called for a government of unity. In his opinion it has to have a clear pro-European orientation, whilst retaining the possibility to renegotiate the terms of the agreement signed with the IMF and the EU. *"Greece is going to experience a new period of turbulence"* said one of the PASOK leaders, Panos Beglitis.

"A pro-European, pro-reform government coalition is possible but Greece will continue to navigate in uncharted waters," analyses Thanos Dokos, the General Director of the Hellenic Foundation for Foreign and European Policy (Eliamep). *"In Greece the true line of division does not lie between left and right but between the haves and the have-nots,"* declared Georges Sefertzis, a political analyst who forecasts *"the collapse of the present political system"*. The results of the election on 6th May have led many analysts to forecast another early election next autumn.

The president of the Republic, Carolos Papoulias, is due to ask Antonis Samaras, the ND leader, to form the next government. He will have three days to put a team together. In the event of failure the Head of State will then have to turn to the leader of the party that came second, i.e. Alexis Tsipras, the leader of SYRIZA.

Antonis Samaras, who will soon turn 61, is a graduate in economy. He entered Parliament for the first time in 1977 as an ND MP. In 1989 he was appointed Foreign Minister but resigned from the government, as did all of the ministers in his party the following year. Re-appointed to his post two months later he was relieved of his duties for having defended a hard line in the conflict between Athens and Skopje over the name of Macedonia (refusal to see neighbouring Macedonia called this, (since this is the name of a northern Greek province), out of fear that Macedonia would claim rights over some Greek territories.

Antonis Samaras then quit ND which brought the government down ; he then created the party, Political Spring. He returned to his original party in 2004 and in the same year was elected MEP. In 2009, he was appointed Culture Minister in Constantin Caramanlis's government (ND). After his party's defeat in the general elections on 4th October 2009

he was elected head of ND with 50.18% of the vote against former Foreign Minister (2006-2009) and former mayor of Athens (2003-2006), Dora Bakoyannis (39.76%) and Panayiotis Psomiad (10.06%).

Just a few days ago the outgoing Prime Minister Lukas Papademos called on the next government to "ensure the effective application of the reforms approved over the last few months." "Everyone agrees to say that these laws will only make sense and produce results if they are applied. But past experience in this area has not often been encouraging. In these general elections Greece's strategic orientation and

its future for the next few decades will be in the balance," he added.

The next government will indeed have to decide in June on more than 11 billion € of additional savings in 2013 and 2014 and have them adopted by Parliament. It will also have to address the preparation of a new fiscal law and the reform of the legal system.

In the daily To Vima published on 6th May Antonis Samaras admits that Greece quitting the euro may now be a reality: "the immediate danger has been avoided but it has not been totally removed."

Results of the General Elections on 6th May 2012 in Greece.

Turnout: 65.1% (it is obligatory to vote in Greece)

Political Parties	No of votes won	% of votes won	No of seats won
Nouvelle démocratie (ND)	1 183 851	18.85	108
Coalition de la gauche radicale (SYRIZA)	1 051 094	16.78	52
Mouvement socialiste panhellénique (PASOK)	827 459	13.18	41
Parti des Grecs indépendants (AE)	664 737	10.6	33
Parti communiste de Grèce (KKE)	531 293	8.48	26
Aube dorée (CA)	437 005	6.97	21
Gauche démocratique (DIMAR)	382 650	6,1	19
Alerte populaire orthodoxe (LAOS)	182 023	2,9	0
Alliance démocratique (DS)	160 280	2,6	0
Autres	851 004	13,4	0

Source : Greek Interior Ministry <http://ekloges.ypes.gr/v2012a/mobile/level.html?lang=en>

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