



# Europe has its eyes set on the Greek general elections on 17th June

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**D-7**  
7 days before  
the pool

The Greek are being called to ballot on 17th June next to renew the 300 members of the Vouli, the only chamber in Parliament. After the vote on 6th May last the political parties did not manage to form a coalition government. Whilst the two "main" parties – New Democracy (ND) and the Panhellenic Socialist Movement (PASOK) – have dominated the country since its return to democracy in 1974, the election led to the break-up of the political arena: together the two parties only won 32.1% of the vote (77.4% in the previous election on 4th October 2009). Greece, which was already suffering a serious socio-economic crisis, now has to face a political one. For the first time since 1974 the general elections will not be dominated by the left/right split: the vote on 17th June is bringing into opposition parties that support the rescue plan of 130 billion € signed during the European Council on 27th October 2011 which introduces many austerity measures, with those who are against it, the latter declaring that they still want to be part of the euro zone.

The wish to remain in the euro zone is one that is shared by all of the political parties which differ however over the policy to implement in order to do this: on the one hand New Democracy, PASOK, the Democratic Alliance (DS), Drasi (Action), support the austerity policy, the deregulation of the economy and structural reform. On the other hand the Radical Left Coalition (SYRIZA), the Communist Party (KKE), the Democratic Left (DIMAR) and the Independent Greeks (AE) support greater State intervention, the nationalisation of the banks and of some companies and an expansionist fiscal policy.

*"The Commission and the European Central Bank are working on an emergency plan in the event that Greece should quit the euro zone,"* declared European Commissioner for Trade, Karel de Gucht. The outgoing Greek Prime Minister (2011-2012), Lucas Papademos said that Athens abandoning the euro could not be ruled out. *"Although this kind of scenario is highly unlikely and not very desirable for Greece or for any other country, we deny that preparations are being made to limit the potential effects of Greece's exit from the euro zone,"* he declared to the daily *The Wall Street Journal* on 23rd May, adding however that this would have *"catastrophic effects"*. The credit ratings agency Fitch reduced the country's long term debt rating (from B- to CCC) stating that there was an *"increased risk of the country's exit from the euro zone."* The agency Standard & Poor's believes that there is one chance in three that the country might have to resolve to quit the euro zone within the next few months.

## The Radical Left Coalition

Taking second place in the general elections on 6th May last,

the Radical Left Coalition (SYRIZA) is challenging all of the austerity measures that result from the rescue plan of May 2010 and October 2011. The party wants an audit of the public debt, nationalise all of the Greek banks and is firmly against the austerity policy included in the Memorandum, challenging the fact that is the condition sine qua non for Greece's membership of the euro zone.

*"The first decision taken by our government will be to repeal the Memorandum and the laws that result from this. I do not believe that the rejection of the austerity policy will mean that our country will exit the euro zone,"* declared SYRIZA leader, Alexis Tsipras. *"Imagine that euro zone comprised a chain of 17 links: if one of them breaks of course it would be destroyed and the entire chain with it. As a consequence it is quite absurd to think that we can continue to destroy Greece and maintain the euro zone,"* » he explained. Alexis Tsipras is suggesting a revival of the economy via consumption, an increase in retirement pensions and an increase in the minimum salary to 751€ (against a present 586), a reduction in VAT on basic foodstuffs and the tourist industry, an increase in unemployment benefits to 461€, the abolition

of the 58 tax exemption clauses granted to ship owners, the introduction of a minimum salary and universal social cover, the reorganisation of the economy by the State: the creation of 100,000 public sector jobs (in education and healthcare notably), public investments to create jobs, the creation of a state banking body to support struggling companies and the refusal to privatise the railway sector, the ports of Piraeus and Thessaloniki. SYRIZA intends however to continue budgetary consolidation and maintain the rate of social spending to a total of 43% of the GDP (the Memorandum sets it at 39% maximum).

*"The contradiction lies with those who believe that the Memorandum and remaining within the euro zone can work together. The pseudo-dilemma of the election on 17th June is not between the euro and the drachma but between austerity and hope, between continuing a disaster, which the Memorandum is and opening up another path that entails its annulment,"* maintains Alex Tsipras. He wants *"to refound Europe on the basis of social cohesion and solidarity."* *"European leaders have a great amount of responsibility in this: they either accept a return to the 1930's with chain bankruptcies in Europe and the worrying rise of neo-Nazi movements (the neo-Nazi party Chryssi Avghi (CA, Golden Dawn), led by Nikolaos Michaloliakos, won 6.97% of the vote and 21 seats on 6th May) or they put all their cards on the table and change policy,"* he indicated. In his opinion after the population's rejection of the parties supporting the Memorandum on 6th May last Athens no longer owes anything to its institutional creditors. *"The Memorandum is a text that will lead to hell, it was annulled by the vote of the Greek people on 6th May,"* stressed Alexis Tsipras who added, *"there is nothing to negotiate in the Memorandum because you don't negotiate with hell. If we want to maintain a joint monetary policy we cannot content ourselves with punishing the countries in debt and the election result on 6th May proves that we cannot force political choices on people. No population can be led into a kind of voluntary suicide."*

If SYRIZA manages to win the general election on 17th June it will however find it hard to form a majority against the Memorandum. For the time being the Communist Party is refusing to cooperate. The Greek system grants a bonus of 50 MPs to the party that wins. However this is not enough to

form a government majority if a party wins less than 20% of the vote. Doubt hovers over Alexis Tsipras party's ability to form alliances and therefore to govern, which might make it less attractive to the Greeks, who, in their majority, are aware that the Europeans might decide to suspend their aid. Athens' creditors seem to be prepared to give some leeway – the new French President, François Hollande (Socialist Party, PS) and German Chancellor Angela Merkel (Christian Democratic Union, CDU) have said that they are prepared to accept a staggering of the austerity measures requested of Greece – but neither seems ready to relinquish the Memorandum. Moreover an annulment of the debt would not be enough to put the country back on the right path, since it is riddled with corruption and clientelism and the Greek economy is cruelly lacking in terms of competitiveness. Athens cannot afford not to make structural reforms unless it wants to impoverish itself long term.

### **A difficult campaign for the traditional parties**

For the traditional parties it has been difficult to win the people's confidence. They have been campaigning playing on people's fear and they are trying to make them see that if SYRIZA wins it will lead to the country's exit from the euro zone.

New Democracy, led by Antonis Samaras (centre-right), which focused on its traditional electorate, on 6th May has widened its base by receiving four leaders of the People's Orthodox Alarm – LAOS – within its fold. This party, led by journalist Georgios Karatzaferis, absorbed the Democratic Alliance, founded by Dora Bakoyannis. It hopes to attract the greatest number of those who are undecided, which might upset SYRIZA's programme and more widely those of the parties which are against the Memorandum.

*"We have called for a wide patriotic front in order to unite all those citizens who will not allow our country to fall into the hands of populism, to be led to bankruptcy and to international isolation and to be forced to leave Europe,"* declared Antonis Samaras. *"We shall defend the future of our country and its European prospects. Our aim is to bring our country out of the crisis and to keep it within Europe and the euro zone,"* he added. *"The goal is to create a credible, national*

front to renegotiate some parts of the Memorandum," maintained Dora Bakoyannis.

PASOK has adopted a low profile in this campaign. It is putting forward a six point programme, which plans not to reduce salaries and retirement pensions, to protect collective work contracts, to increase liquidities on the markets, the release of private and public investments in infrastructures, to implement the European decision of 27<sup>th</sup> October 2011 regarding the aid package to Greece and finally to fight youth unemployment by mustering funds from the European Social Fund. "SYRIZA's proposals will lead Greece out of the world economic system," declared Evangelos Venizelos.

According to the latest polls the battle is continuing between the Radical Left Coalition and New Democracy. According to the poll by Public Issue, SYRIZA is due to win the general elections with 31.5% of the vote (and 134 seats in Parliament) ahead of New Democracy which is due to win 25.5% of the vote (68 seats) and PASOK that is due to win 13.5% (36 seats). However the MRB institute credits the party led by Antonis Samaras with 23.9% of the vote SYRIZA 22.5% and PASOK 21.6%.

"The polls paint a picture of a tightly run race. But nothing has been written in stone, differences are too small. In such a fragile political landscape nothing will be known until the last minute," indicates Dimitris Mavros, the MRB's Director. "On 6<sup>th</sup> May last 6 people in 10 voted for a different party

from the one he/she voted for two and a half years ago. It was a protest vote. According to our polls 25% of the electorate will vote on 17<sup>th</sup> June for a different party from the one they voted for three weeks ago," stresses Costas Panagopoulos, director of the pollster ALCO.

Thomas Gerakis, director of pollster Marc, is forecasting an extreme polarization in the election on 17<sup>th</sup> June, which in his opinion, might witness the disappearance of the small parties to the benefit of New Democracy and SYRIZA. "In the next general election the stakes will be different. And even though this is still a hypothesis I believe that we shall see a further, even more surprising division of political forces," declared Thanos Dokos, general manager of the Hellenic Foundation for Foreign and European policy (Eliamep). He added "Since February last there has not been any more major demonstrations against the government's policy. The vote was enough for the expression of anger." "We have to hope that the election will lead to a majority that is able to form a government than can apply the Memorandum measures" stressed Gerassimos Moschonas, a political expert at the Pantheon University of Athens. Finally, Stathis Kouvelakis, professor of Political Philosophy at King's College, London, says that the country is experiencing a "nightmare situation". "Greece looks more and more like the Weimar Republic," he stressed. He fears that "Greek political life will veer sharply to the right," and that there will be a trend towards a discourse that is increasingly hostile to foreigners.

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