

A stylized world map composed of a grid of grey dots, with several dots highlighted in red to represent specific countries.

Greece's Painful Political Transition

Analysis of the Upcoming National Elections

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- The 6 May general elections in Greece promise to be like no other in the country's recent history. Since 1974, the country has been governed almost exclusively by centre-left PASOK and centre-right New Democracy, which have usually gathered more than 80 percent of the vote. However, opinion polls indicate this could be halved on May 6 and neither party will be able to form a government on its own.
- The sharp decline in the two parties' popularity is a result of the damaging impact of the crisis, the unpopularity of some of the measures agreed with the European Union and International Monetary Fund and a disenchantment with the established political system.
- Greece's parties have split into two broad camps: those who are willing to adhere to the EU-IMF loan agreement, or Memorandum, and those who oppose it and want it changed or scrapped. The options for coalition agreements after 6 May are limited since few parties are willing to cooperate with New Democracy and PASOK as that would entail implementing further austerity.
- Beyond the EU-IMF memorandum, other crisis-related issues such as growth and jobs, immigration and social cohesion have prominent positions on the electoral agenda.
- After five years of recession and two years of tough austerity, Greek society is in a state of flux. This has generated a sense of doubt that is reflected in the uncertainty about what will emerge from the period of political transition that Greece is going through.



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1. The Last Days of the Political Old Guard

The parliamentary elections due to take place in Greece on 6 May promise to be a watershed in the country's political history. For only the second time since the mid-1970s, it is highly unlikely that either the centre-left PASOK or the centre-right New Democracy will be able to gather enough support to form a government on its own.

Since last year, opinion polls have been showing a rise in the popularity of the three left-wing parties: the dogmatic Communist Party (KKE), the hard-left Coalition of the Radical Left (SYRIZA) and the more moderate Democratic Left. A new party, Social Pact, was formed this March by MPs ousted from PASOK: it might also draw some PASOK supporters.

On the right, New Democracy faces a threat from the nationalists of the Popular Orthodox Rally (LAOS) and the newly-formed Independent Greeks, which was also set up by deputies forced out of the conservative party. Beyond that, a number of smaller parties, including the neo-fascist Chrysi Avgi and the Ecologist Greens appear to be on the cusp of entering Parliament.

Greece is witnessing the end of the era in which just two parties took turns in running the country.

PASOK and New Democracy have dominated Greek politics since the fall of the military dictatorship in 1974, garnering more than 80 per cent of the vote at most elections. Barring an unsuccessful five-month coalition between ND and leftists in 1989, these two parties have shaped Greece over the past 38 years. Recent surveys suggest that support for both parties could sink to record low levels at the upcoming elections. A survey by one of Greece's leading polling companies, Public Issue, published on 20 April,¹ indicated that combined support for the two parties might struggle to reach even 40 per cent.

1. Public Issue: »Political Barometer Number 104, First Half of April 2012«, available at: <http://www.publicissue.gr/2002/varometro-apr-2012-3o-ektakto-kyma/>.

Table 1

Year	PASOK %	New Democracy %	Both parties %
1974	13.58	54.37	67.95
1977	25.34	41.84	67.18
1981	48.07	35.88	83.95
1985	45.82	40.84	86.66
1989 (June)	39.13	44.28	83.41
1989 (November)	40.67	46.19	86.86
1990	38.61	46.89	85.50
1993	46.88	39.30	86.18
1996	41.49	38.12	79.61
2000	43.79	42.73	86.52
2004	40.55	45.36	85.91
2007	38.10	41.84	79.94
2009	43.92	33.48	77.40

Over the past four decades, PASOK and New Democracy have built an economic model based largely around the public sector and a prevalent patron–client relationship between the parties and voters, either on an individual level or as professional groups or unions.

Spending on civil servants' salaries, public procurements and social benefits grew steadily from the early 1980s and formed the basis of interaction between politicians of these two parties and the public. Through hirings in the public sector and constant legislative interventions often aimed at favouring particular groups, PASOK and New Democracy extended Greece's labyrinthine bureaucracy. This benefited a number of professional sectors, such as notaries, lawyers, civil engineers and accountants, who gained guaranteed work and income as their services were required for even the most basic operations in the private sector.

Both parties also pandered to trade unions and other professional groups in the private sector and shied away from serious structural reforms, such as an overhaul of Greece's pension system or the liberalisation of closed professions. Furthermore, PASOK and New Democracy took advantage of the lack of transparency with regard to party funding and an absence of political accountability – characterised by a law that grants MPs and ministers

immunity from prosecution – to develop questionable and sometimes corrupt relationships with private companies and businessmen.

The course of Greek politics over the past four decades has largely been defined by what Stavros Lygeros, author of the book *From Kleptocracy to Bankruptcy*, refers to as the »unwritten social contract«. In other words, many voters were willing to turn a blind eye to waste and corruption in the public sector and broader inefficiencies, such as tax evasion, in the private sector as long as the politicians responsible rewarded them with civil service jobs, public procurement contracts or social benefits or by leaving alone the profitable enclaves created by some professional groups.

However, the economic and social devastation wreaked by the economic crisis over the past few years has shattered the social contract that Lygeros describes. The lack of public money and the pressure for structural reforms applied by the »troika« comprising the International Monetary Fund, the European Central Bank and the European Commission, however, mean that Greek politicians have lost their traditional policy tools. Meanwhile, there is a growing realisation among many in Greece of the damage the country has suffered as a result of the unquestioning support that New Democracy and PASOK have enjoyed since the 1970s.

The final factor that has undermined support for the two main parties is the unpopularity of the measures adopted, first by PASOK and then by the coalition government as part of the two bailouts Greece has agreed with the Eurozone and the IMF. While support for structural reforms remains strong, the deepening recession Greece has been suffering since 2008 has eroded people's confidence. Only a minority now believe that the country is on the road to recovery and that PASOK or New Democracy have convincing ideas about how to deal with a crisis that is destabilising Greek society.

There is little doubt that the economic crisis and the positions the parties have taken for and against Greece's loan agreement with the Eurozone and the IMF – known as the Memorandum – will reshape Greek politics. The past couple of years provide strong evidence that the political game is changing and that the country is going through a turbulent transition. It is against this background of eco-

nomie, political and social flux that the upcoming elections will take place.

With the two main parties finding it hard to attract combined support of about 40 per cent, Greece is on track for the sort of election result that it has not seen in more than six decades, as Yiannis Mavris, the CEO of Public Issue,² explains.

»In Greek political history, such low percentages for the two main parties were last recorded 62 years ago during the first post-civil war elections, held in 1950,« he wrote in a recent analysis. »Today's fragmentation of the political powers can take on such ideological and political proportions that it will be similar to the fragmentation of the 1950 elections. Then, it was the result of Nazi occupation and the Civil War; today it will be the political and electoral result of implementing the EU-IMF Memorandum.«

The signing of the first memorandum in May 2010 and the second agreement in February 2012 are landmarks because they defined the way Greece will tackle its economic crisis, the country's position in the EU and the relations between the parties and the electorate. While the past few years have brought unprecedented turbulence to Greece's relations with its European partners, this hardly compares to the political and social unrest experienced within the country.

In May 2010, a wedge was driven deep into Greek politics. The PASOK government drew support only from LAOS in its decision to sign the Memorandum. New Democracy's decision to oppose the agreement saw the creation of an anti-Memorandum camp with roots in the political mainstream, not just on the hard left or right. As a consequence, the political debate over the past two years has been coloured very much by the broad themes of pro- and anti-Memorandum at the expense of discussion of specific measures or generating new ideas to deal with the crisis. The harshness of many of the fiscal policies that have been adopted since 2010 has turned this rift into a chasm between parties that are willing to continue with the current economic methods and those that flatly reject them.

2. »The dominant trend towards fragmentation in party governance« by Yiannis Mavris, 2 April, 2012, available at: <http://www.mavris.gr/2691/varometro-analysis-mar-2012/>.

2. A Fragmented Political Scene

Greece does not have to wait for the elections in May to discover how fragmented its political system has become during the economic crisis. From March this year, nine parties were represented in Parliament, which is a record for post-1974 Greece, where the maximum was usually five or six. This proliferation of parties has been prompted by the intense pressure the crisis and the unpopularity of the fiscal measures has put on Greece's traditional groupings.

New Democracy has split into three: former Foreign Minister Dora Bakoyannis set up the liberal Democratic Alliance in 2010 and MP Panos Kammenos, who was ousted in February 2012 for voting against the terms of Greece's second bailout, has formed the nationalist Independent Greeks.

PASOK has also spawned two other parties: the left-wing Social Pact, which was formed by former Socialist ministers Louka Katseli and Haris Kastanidis in March 2012 and the tiny People's Chariot led by former centre-left MP Yiannis Dimaras, who in April 2012 joined forces with the Independent Greeks.

Four MPs left the Coalition of the Radical Left (SYRIZA) in 2010 to form the more moderate, pro-European Democratic Left, which is vying with the Independent Greeks to be the most successful of the new parties at the upcoming polls.

Democratic Left and Independent Greeks have attracted enough MPs (10 each) from PASOK and New Democracy, respectively, to form parliamentary groups. This gives the two newcomers more rights within Parliament and the ability to compete for more media airtime during the campaign.

The ninth party represented in Parliament is the right-wing, nationalist Popular Orthodox Rally (LAOS), which was briefly a junior partner in the current coalition government.

A particularly significant aspect of the current fragmentation of the political scene is that the new parties which have been created are almost exclusively products of splits in the established groups, rather than emanating from new movements with fresh political personnel. More so

than at previous polls, Greece is seeing candidates who are not career politicians stand for election: economists, engineers, activists and entrepreneurs are among those who have joined the race in recent weeks. There is even a party – Dimiourgia Xana (Creativity Again) – that boasts of the fact that it does not have any politicians, just business people, on its ticket. Its slogan, »Politics without politicians«, catches the public mood, which has turned against established political figures, very well. But these are fledgling developments, which may flourish in elections to come. For now, it is a question of how the existing parties weather this crisis of public confidence. The outcome of these general elections can be regarded only as a transitional phase in Greek politics, in which the established parties are being pulled apart and it is not yet clear whether newer, stronger versions will be rebuilt or whether they will be replaced by something different.

For the time being, it is quite likely that PASOK and New Democracy will have to cooperate to form the next government. In itself, this adds another element of uncertainty as Greece's two biggest parties have no history of cooperation other than their participation in the interim government formed last November. The 20 April Public Issue opinion poll indicated that New Democracy is in the lead but that its support is slipping and PASOK, somewhat rejuvenated by former Finance Minister Evangelos Venizelos replacing George Papandreou as leader, is enjoying a small bounce. The combined total of 35.5 would give the two parties a total of 154 seats in the 300-seat Parliament.

Table 2

Party	Percentage
New Democracy	21.5
PASOK	14
Coalition of the Radical Left (SYRIZA)	13
Communist Party (KKE)	11
Independent Greeks	11
Democratic Left	9.5
Chrysi Avgi	5.5
Ecologist Greens	3.5
Popular Orthodox Rally (LAOS)	3
Democratic Alliance	3

Some analysts expect that support for PASOK and New Democracy will rise slightly and may surpass a combined total of 40 per cent when the elections come around, but there is little doubt that their votes will be severely limited compared to the past. They are expected to struggle to convince a majority of the Greek people that pursuing the course set by the EU-IMF Memorandum is the best way to exit the crisis. Few of the smaller parties will attempt to match them in this task, opting instead to attack the austerity and outside influence implied in the terms of the bailout.

2.1 The Pro-Memorandum camp

PASOK

The crisis has proved traumatic for PASOK in particular. Since 2010, it has gone against the principles that made it a major political force in the 1980s, by making life difficult for the middle class it helped create – through higher taxes and a failure to stop the economic decline – and beginning to dismantle the extensive state machinery that many of its supporters had played a part in constructing after obtaining jobs in the public sector.

The austerity and structural reforms agreed to as part of Greece's first bailout and mirrored in the second package have caused deep conflict within PASOK. Some ministers have tried to put off any changes that would displease the party's supporter base as long as possible. The decision of George Papandreou's government in 2010 and 2011 to make up for the lack of structural reforms through continuous fiscal measures meant that the Socialists avoided upsetting one constituency in the civil service but enraged another in Greece's middle class.

Papandreou's perceived poor handling of the crisis and inability to appreciate the impact his government's policies were having on ordinary Greeks saw his popularity ratings and those of the party plummet to record low levels. Early this year, a Public Issue poll showed the centre-left party on just 8 per cent, a number that would have been unthinkable a year earlier.

Since then, however, Evangelos Venizelos has replaced the forlorn Papandreou and the party's fortunes are experiencing a mini-revival. Almost 250,000 PASOK supporters turned out to vote for Venizelos on 18 March, even

though he was the only candidate in a farcical leadership race. The confirmation that PASOK supporters are still showing an interest in the party in such surprising numbers has helped to galvanise the Socialists. In the space of just a couple of weeks in March, PASOK's support went up from 11 per cent to 15.5.

Much of PASOK's support had drifted to Democratic Left and one of Venizelos's tasks will be to win back as much as possible ahead of the elections. Having been responsible for some unpopular measures as finance minister, including an emergency property tax levied through electricity bills, Venizelos is unlikely to rely on personal popularity to improve the party's standing. What he has in his favour, however, is durability and persistence.

Venizelos, who has been with PASOK since the early 1990s, has rebuilt his career after unsuccessfully challenging for the party leadership in 2007. Over the past few months, he has had confrontations with the troika, his Eurozone counterparts and representatives of his own party. He has also become a figure of derision for much of the public. But at the end of all this, he is still standing and has become president of his party. The fact that Venizelos has been through this testing experience is a significant bonus for a largely discredited and disorganised PASOK. Venizelos's task will be to ensure the party does not slide any further and to convince some of its core support to return.

As a result, PASOK offered little during its campaign in terms of tangible policy. Instead, it focussed more on the fact that it sacrificed itself by taking tough decisions over the past few years, which makes it a suitable and responsible member for a future – probably coalition – government that will face equally difficult choices. In his first speeches as party leader, Venizelos reaffirmed his commitment to the terms of the second bailout and insisted that this was the only viable option for Greece to exit the crisis. He suggested, however, that Greece should negotiate a one-year extension to the fiscal adjustment program. Venizelos urged voters to make PASOK the leading party in the elections, even without a clear majority, so he could have the right to form the next government and agree with the troika the extension of the deadline to 2015.

New Democracy

New Democracy leader Antonis Samaras, on the other hand, faces a much more complicated task. Samaras has moved his party further to the right since taking charge of the conservatives following their demoralising electoral defeat in October 2009. The party has taken a much tougher stance on national issues and immigration, while welcoming into its fold members of the right-wing Diktyo 21 think tank and, recently, two cabinet members from the nationalist LAOS: Makis Voridis and Adonis Georgiadis, who both have a strong far-right past.

This shift away from the middle ground that won Samaras's predecessor, Costas Karamanlis, two elections in 2004 and 2007 has not helped the party's popularity. In fact, since taking over as ND leader, Samaras has hardly ever bettered in opinion polls the conservatives' disastrous showing of 33 per cent in the 2009 elections, which was the party's worst ever performance at the ballot box. Also, despite more people declaring their intention to vote in the elections, New Democracy has seen its share of the electoral pie decline.

The main problem Samaras faces in these elections is to justify switching his stance from being staunchly against the first Memorandum to voting for the second one. Samaras has argued that the two are not comparable since the second contained the debt reduction element in the Private Sector Involvement (PSI) and money for the recapitalisation of Greek banks. However, opinion polls seem to indicate that his argument is not holding much sway with voters who are affected by the austerity measures in the second package just as much as they were by those in the first.

»New Democracy came into direct opposition with its social base the moment it voted for the new Memorandum,« writes Stavros Lygeros.³

The irony is that, despite ND's shift to the right over the past few years, it is still leaking votes to the right as a result of the emergence of the Independent Greeks. In just over a month, New Democracy's support declined about 7 percentage points to 21.5 per cent, according to the Public Issue poll. The conservatives appear to be trapped.

3. »The post-election landscape on rails«, Stavros Lygeros, *Kathimerini* (2 March 2012), available at: http://www.kathimerini.gr/4dcgi/_w_articles_kathpolitics_1_02/03/2012_430751.

»This party was led into a dead-end through its initial anti-memorandum crusade,« writes political analyst and former adviser to Karamanlis, Yiannis Loulis.⁴ »This strategy prevented it from presenting itself as a responsible, trustworthy power that could take advantage of George Papandreou's failed attempts at reforms. At the same time, it fed some of its supporters in populist terms and they are now switching to Panos Kammenos's party [Independent Greeks], which is claiming to be a genuine anti-memorandum party.«

Samaras began his campaign by calling on voters to give him a clear majority so New Democracy will not have to enter into a coalition. The conservatives focused on the fact that Greece has a poor history of coalition governments. Samaras also favours a greater focus on growth and has suggested that he might try and swap some of the measures in the EU-IMF programme to ease the burden on taxpayers. He said money could be found by tackling waste in the public sector more effectively. He has insisted there will be no further cuts to pensions if he is prime minister.

The Big Two: Differences in Style, Not in Substance?

In effect, for Greek voters there is very little separating PASOK and New Democracy in terms of their position on the key issue: the EU-IMF Memorandum. Having both supported the second bailout, and what many Greeks see as its onerous terms, the contest between Greece's two parties of power is mostly one of style rather than substance. New Democracy tries to differentiate its position by arguing that it was right to oppose the first bailout because it focussed too much on austerity. PASOK counters that it shouldered the responsibility for agreeing to the first memorandum to prevent a disorderly and chaotic bankruptcy. Samaras claims that as prime minister he will fine-tune the second Memorandum by tempering some of the more painful fiscal measures, replacing them with cuts that will not eat into voters' income or damage growth. Venizelos insists that he will bring stability as the Europeans trust him more than his ND rival. Combined, their message to Greek voters is that they have already shown how responsible they are by taking the political

4. »Polls and the known unknowns«, Yiannis Loulis, available at: www.ekloges.gr, 27 March 2012, available at: <http://www.johnloulis.gr/default.asp?siteID=1&pageID=8&tablePageID=4&langID=1&entryID=620>.

hits that came with voting for the second bailout, which means that, unlike the opposition parties, they can be trusted to see the project through.

2.2 Memorandum Moderates

The departure of nationalist LAOS from the coalition government led by Loucas Papademos before the vote on the second memorandum in Parliament in February 2012 left PASOK and New Democracy standing alone in terms of providing political support for the new loan agreement.

However, although none of the other parties voted for the deal, a couple remain more moderate in their opposition. They are electoral newcomers Democratic Left and Democratic Alliance.

Created in June 2010, when four MPs walked out of SYRIZA to create a more moderate, pro-European grouping, Democratic Left has seen its popularity grow significantly over the past few months. Its leader, Fotis Kouvelis, who served briefly as justice minister in the past, is a mild-mannered politician by Greek standards and has the highest approval rating of any party leader (51 per cent) going into the elections. Democratic Left has managed to provide a home for those voters looking for a left-wing group that wants Greece to remain in the euro, that is in favour of some reforms but which supports a less onerous method of tackling the crisis.

Among Kouvelis's alternative proposals are a five-year growth plan supported by EU structural funds and the European Investment Bank, as well as investment bonds. He has also suggested that a large part of Greek debt should be transferred to the European Central Bank, to allow Greece a longer time to repay it. Like Samaras, he has also suggested that the 11 billion euros of savings due to be agreed with the troika in June do not need to come from spending cuts but can be gathered by even modest progress in tackling corruption, tax evasion and waste.

Kouvelis has rejected the idea of being the third member of a coalition government with PASOK and ND unless there can be agreement on specific policies. However, a more straightforward cooperation between PASOK and Democratic Left cannot be ruled out if the elections re-

sults give these two parties a large enough share of the vote. One of Kouvelis's tasks in this election campaign has been to convince voters that his party is not just a subsidiary of PASOK, but has its own, separate identity.

The small, liberal Democratic Alliance, led by former Foreign Minister Dora Bakoyannis, has also been somewhat conciliatory in terms of its approach to the Memorandum. While its MPs did not support the new bailout in Parliament, the party supports many of the reforms agreed as part of the deal. In fact, in some areas – such as reform of the political system and the public sector – it demands more changes than PASOK and ND. However, Bakoyannis has also called for more emphasis on growth. The former New Democracy politician, however, remains the least popular of the party leaders and has found it difficult to convince voters she wants to change a system that she herself has been part of for many years and which her father, Konstantinos Mitsotakis, served as prime minister in the 1990s.

While Democratic Alliance would be a potential coalition partner for PASOK or New Democracy, even though Bakoyannis was ejected from the conservative party for voting in favour of the first Memorandum, opinion polls suggest the centrist party will not win enough votes to enter Parliament.

2.3 The Anti-Memorandum Camp on the Left

The past few months have seen a noticeable rise in support for the three leftist parties. The growing dissatisfaction with PASOK and New Democracy, as well as the pain caused by the austerity measures, are the main reasons behind this trend.

The Communist Party (KKE) and SYRIZA have benefited from the shift in support. The dogmatic KKE has seen its backing rise slowly but steadily on the back of its strong opposition to the EU-IMF Memorandum. However, there appears little scope for it increasing much more following party leader Aleka Papariga's call for Greece to leave the euro and the EU. Although this differentiates KKE from the other leftist parties, it is not a position that has wide support. Papariga has also told voters that she has no intention of either taking part in or leading a coalition government after the elections.

Although SYRIZA has been highly critical of the EU, it has stopped short of calling for a Greek exit. The party has, however, called for Greece to be allowed a moratorium on its debt and for the EU to put together a »Marshall Plan« to help the country return to growth. SYRIZA, led by Greece's youngest party president, Alexis Tsipras, has adopted a staunch anti-memorandum stance and in some cases has proposed completely opposite policies, such as calling for more Greeks to be employed in the civil service. Like KKE, it has enjoyed a steady rise over the past few months. Tsipras has recently made failed attempts to get the leftist parties to work together on their election strategy to prevent competition between them in one-seat constituencies. With less than two weeks to go to the elections, he also made a surprising approach to the Independent Greeks, saying that he would accept their support in a confidence vote if there is a possibility of forming an anti-memorandum government after the elections. SYRIZA is vying for third position at these elections, which could lead to Tsipras gaining the right to form a coalition government if Samaras and Venizelos fail to do so. The possibility of a party on the hard-left cooperating with one that is regarded as being on the hard-right is an indication of how the status quo in Greek politics has been overturned.

»Rage is erasing ideological dividing lines«, writes Yiannis Loulis.⁵ »It is worth noting that the voters who claim to belong to the middle ground are three times as many as those who claim to belong on the right or left. Yet many of these middle ground voters show their displeasure for the two main parties by supporting small, extreme parties that can absorb their anger.«

Loulis highlights the fact that although polls show most Greeks are in favour of structural reforms that the left does not favour, support for these parties is growing. This prompts the question of whether this shift to the left is a momentary reaction to the failure of PASOK and ND or whether it is part of a more substantial change in Greek politics.

A Public Issue opinion poll on 1 April⁶ showed that of the 48 per cent of Greeks who want a coalition government

5. »The Left: retreating ideologically but winning electorally«, Yiannis Loulis, *Imerisia*, 31 March 2012, available at: <http://www.johnloulis.gr/default.asp?siteID=1&pageID=5&tablePageID=1&langID=1&entryID=621>.

6. Public Issue: »Political Barometer Number 102, Second Half of March 2012«, available at: <http://www.publicissue.gr/1967/varometro-mar-2012-2o-ektakto-kyma/>.

after the elections, 21 per cent want that administration to come from cooperation between the leftist parties. The prospect of the three parties working together, however, seems a non-starter. KKE is adamant it will not work with anyone, while Democratic Left is the product of a split within SYRIZA.

2.4 The Anti-Memorandum Camp on the Right

One of the noticeable developments in recent weeks has been the apparent collapse of the Popular Orthodox Rally (LAOS) in the opinion polls. LAOS and its populist leader Giorgos Karatzaferis appear to be paying the price of entering the interim government last November but then quitting the administration shortly before the crucial parliamentary vote on the second bailout.

Karatzaferis had spent much of the past two years pleading with PASOK and ND to form a coalition government to push through reforms, so his decision to quit once he was part of such an administration undermined his attempt to appear responsible. According to the Public Issue poll, LAOS has dropped to the 3 per cent threshold for entering Parliament. Karatzaferis has attempted to justify his departure from the coalition by blaming politicking between New Democracy and PASOK rather than his opposition to structural reforms. However, his portrayal of the Memorandum as a tool that foreign powers can use to exercise influence over Greece means that LAOS presents a rather confused picture to the public in terms of where it stands on the bailout. Karatzaferis's chameleon-like qualities mean that his participation in another coalition government cannot be ruled out but his party's declining popularity may mean LAOS will not enter Parliament.

One of the reasons for this is the rise of the neo-fascist Chrysi Avgi. In previous years, LAOS had a virtual monopoly on populist, nationalist rhetoric but Chrysi Avgi takes this to a new, more aggressive level that reflects the extraordinary circumstances Greece is living through. The party had just 0.29 percent of the vote in the 2009 elections but won its first seat on Athens municipal council in November 2010 and has used this as a platform to promote its message, which includes the expulsion of immigrants from Greece.

Chrysi Avgi has concentrated its efforts on areas of Athens and other cities where there are a large number of immigrants, besides which locals fear for their safety due to rising crime. Public Issue indicates that support for Chrysi Avgi has risen over the past few months – largely due to voters deserting LAOS – and the neo-fascists could get enough support to enter Parliament.

However, both LAOS and Chrysi Avgi look set to be eclipsed by the Independent Greeks. Founded by outspoken MP and New Democracy outcast Panos Kammenos, one of the party's main areas of focus has been pressing Germany to settle its putative Second World War debts with Greece. Reflecting a debate that has been pushed by some commentators and public figures, Kammenos claims that Germany should pay Greece reparations for damage inflicted during the war and for the loan the Bank of Greece was forced to provide to the Nazi regime. Some estimates put the combined figure at more than 150 billion euros, not including interest.

It is worth noting that Kammenos launched his party at Distomo in central Greece, a town where more than 200 Greeks were murdered by Nazi troops. He argues that the EU-IMF memorandum is an invasion of Greece's sovereignty and that PASOK and ND betrayed the country for signing it. He has said he would force the head of the IMF mission to Greece, Poul Thomsen, to leave the country and would nationalise the Bank of Greece.

Beyond his strong nationalist line, Kammenos also favours reforms in the public sector and a reduction in VAT to 15 per cent, both of which are likely to appeal to New Democracy voters. Kammenos moved very quickly to attract another nine MPs from ND to his party and will be a force for the conservatives to reckon with at the upcoming elections.

2.5 Smaller Parties and the Winning Threshold

Greek electoral law means that the small parties that fail to get 3 per cent or more of the vote to enter Parliament could end up deciding these elections.

The parties that are on the borderline of making it into the House include Democratic Alliance, the Ecologist Greens, who have been unable to build on almost get-

ting into Parliament at the last elections and a number of new, as well as old, movements.

According to the new law that will apply at these elections, the first party past the post will get a bonus of an extra 50 seats in Parliament but the ultimate result could still depend on what percentage is derived from adding together all the parties that fail to pass the 3-per cent threshold.

If support for the parties that remain outside Parliament combines to make 3 per cent, then the winning party or the parties that will form a coalition will need to get 39.2 per cent of the vote. If the unsuccessful parties garner a combined vote of 10 per cent, the threshold for the winning party or the coalition drops to 36.4 per cent. The latest Public Issue poll predicted that the non-parliamentary parties would get a total of 9 per cent.

However, it should be kept in mind that any single-party or coalition government will be looking for a buffer of several seats to ensure that it will not be hostage to any of its own MPs during crucial votes in the months to come. The ideal scenario for the next government would be to have at least 180 seats, which means that bills could pass through Parliament with a qualified majority. However, this is likely to require combined support of 49 per cent at the polls. For 160 seats, the two parties would need approximately 42 per cent of the vote. PASOK leader Venizelos has said during the election campaign that the next administration should have at least 50 per cent of the vote, which could mean a third party joining the coalition.

If PASOK and New Democracy are to cooperate to form the next government, the percentage each receives in the May ballot is likely to be crucial in the exact form this administration takes. If the difference in support for the two parties in terms of electoral percentages is small, then it is quite likely that PASOK will block Samaras from becoming prime minister. In this case, a more neutral figure, such as the current premier Loucas Papademos, could be appointed. Samaras is thought to oppose the re-appointment of Papademos and the name of the current Foreign Minister Stavros Dimas, who previously served as European Environment Commissioner, has been mentioned in media reports as an alternative. If there is no outright winner, the leader of the first party will be given three days to form a government. If he fails, this right

will then pass to the second party and then to the third if there is no successful conclusion. If all three fail, new elections will be called.

For PASOK and New Democracy, these elections are going to prove a major challenge but working together afterwards, especially with a slim majority, could be even more difficult. PASOK is looking to find its feet after a heavy battering over the past two years, while ND is susceptible to attacks, and possible defections, towards its right.

In his initial campaign speeches, Samaras has rejected the idea of a coalition with PASOK and suggested that he would only accept an outright majority for his party, meaning that a second round of elections would have to be held. Undoubtedly, there is an element of politicking to this claim as it would take a substantial turnaround for New Democracy to achieve a clear majority and Samaras would leave himself open to accusations of stubbornness and putting his own interests ahead of the country's if he insists on fresh elections. However, it is a further reminder

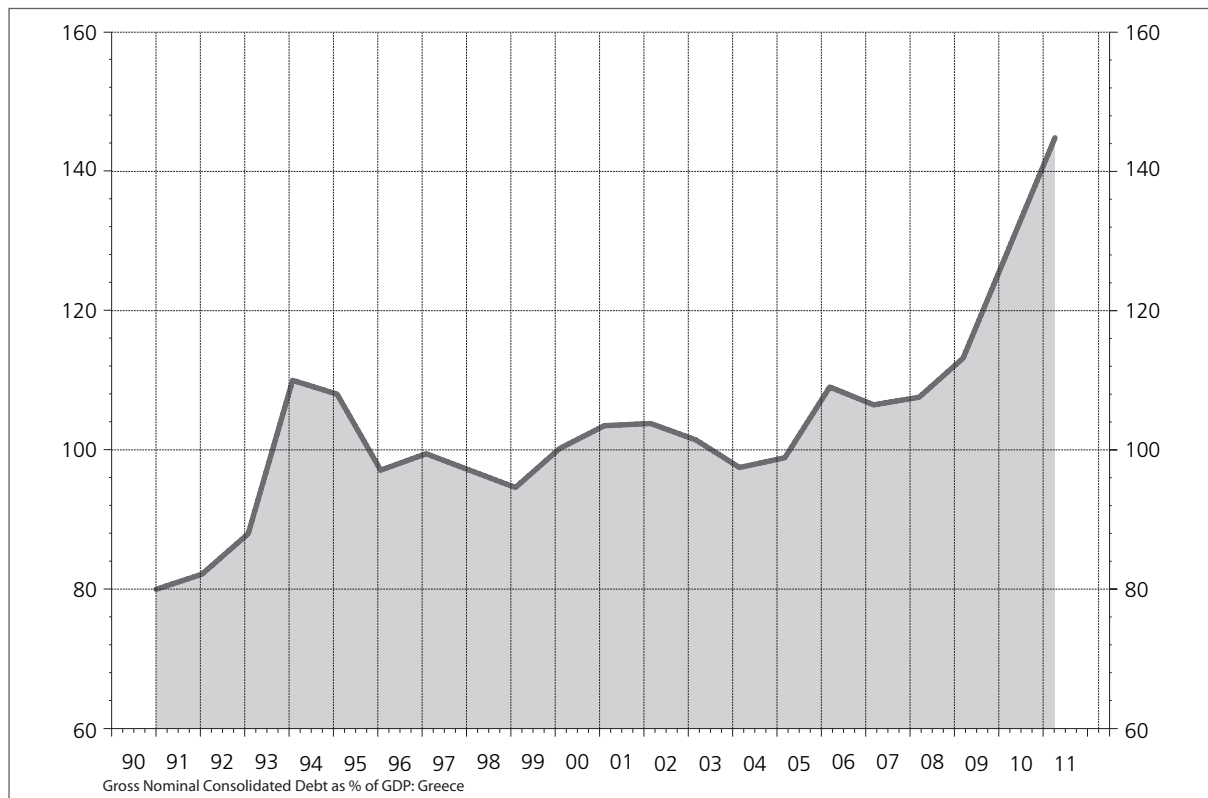
of the difficulties there will be in cooperation between PASOK and ND if the election result reflects recent opinion polls.

3. Elections through the Prism of the Crisis

One of the legacies of the failure of the PASOK and New Democracy governments to address Greece's economic weaknesses since the 1970s has been a steadily growing public debt. It was this mounting debt, along with the realisation that the public deficit would reach double digits (eventually 15.4 per cent of GDP) rather than the previously forecast 6 per cent, that triggered the Greek crisis in late 2009.

Although the responsibility for this particular failure rests largely with the New Democracy government that had been in power from March 2004 until October 2009, when PASOK returned to office, opinion polls have consistently shown that voters assign blame for the unravel-

Figure 1: Greece Gross Public Debt as % GDP



Source: Thomson Reuters Datastream – Eurostat

ling of Greek public finances to all previous administrations, regardless of their political background.

The unpopularity of some measures and the worsening state of the economy led to support for the PASOK government that signed the loan deal collapsing. A coalition government was formed in November 2011 between PASOK, New Democracy and LAOS under the premiership of former ECB vice president Loucas Papademos.

Papademos was given the task of negotiating a second bailout worth 174 billion euros with Greece's lenders and concluding the Private Sector Involvement (PSI) programme, which cut just over 100 billion euros from Greece's debt pile. However, the May elections will be held under the long shadow cast by the economic crisis and the methods used by the Greek government and its lenders to tackle the problem. The negative economic conditions, the terms of the bailout, the response from the Eurozone and Greece's future in the single currency and the EU will be the dominant themes of this election campaign.

4. Dominant Election Themes

Greece's economic meltdown and the problems this has caused for the vast majority of Greeks will be high on the campaign agenda for these elections. However, several issues that follow on from this – such as Greece's position in the Eurozone and the EU, and the country's faltering social cohesion – will also grab attention.

4.1 Austerity

Since late 2009, Greeks have paid a high cost for the economic and political failure of previous decades. Their government has applied the most stringent austerity programme seen in Europe for many years, leading to substantial cuts in wages, benefits and pensions.

There is quite often a misconception abroad as well as within Greece that the fiscal measures taken over the past few years have had little impact. In fact, they have made a discernible difference to Greece's public finances. One can get an idea of the strides that have been made by looking at the 6.5 per cent reduction in the budget deficit between 2009 and 2011. More specifically, the

general government deficit fell from 15.8 per cent of GDP in 2009 to 9.3 per cent of GDP in 2011.

The reduction in the primary budget deficit – which excludes the cost of interest payments on the public debt – fell from 10.6 per cent of GDP in 2009 to 2.4 per cent in 2011. This is a reduction of approximately 19 billion euros in two years. This sort of adjustment has rarely been seen in a national economy.

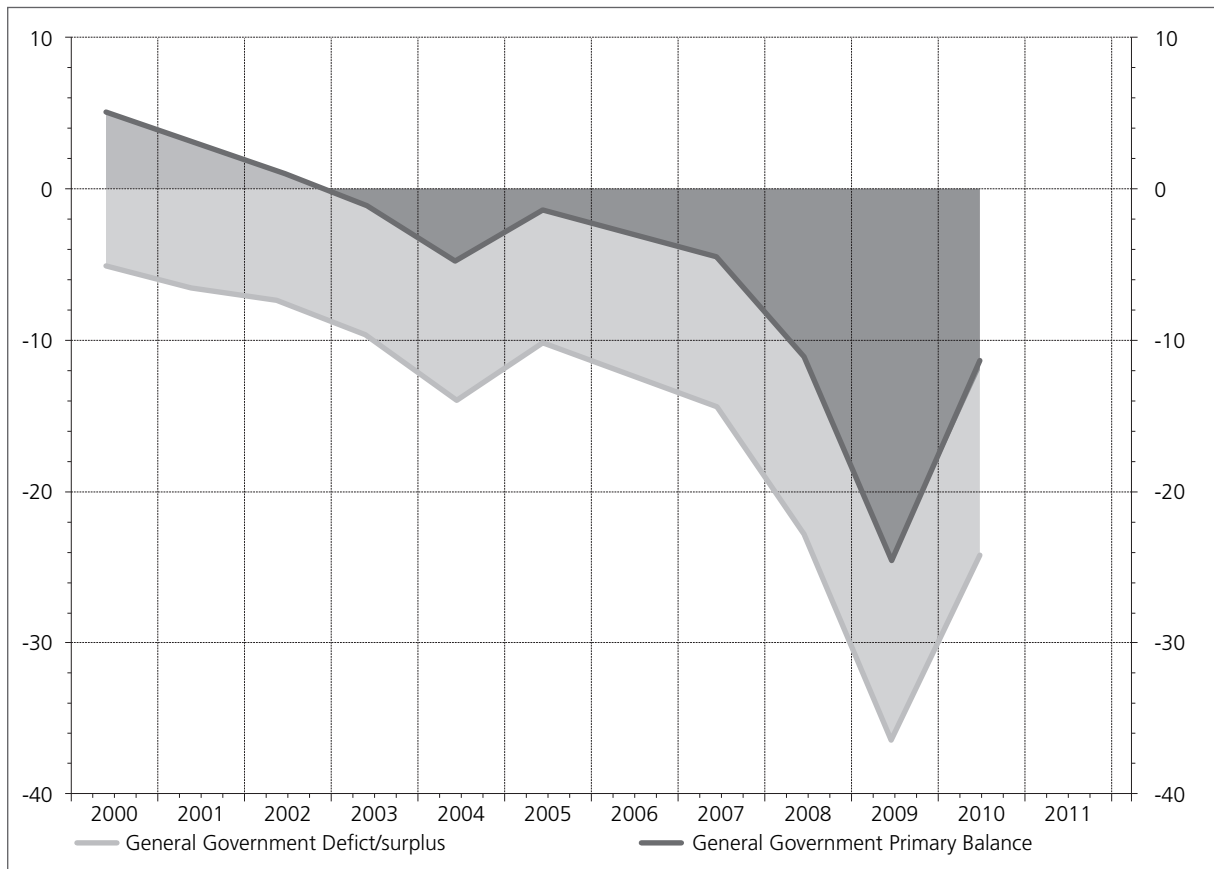
Greece appears to be on course to achieve a primary budget surplus next year, which will help give it a little more fiscal freedom. But the manner in which the deficit has been reduced has proved contentious.

One of the main criticisms of the PASOK government, which was in power until November 2011, is that it focussed on raising revenues through extra taxes rather than making savings in the public sector, either through cutting waste or by reducing the number of civil servants. The rise in direct and indirect taxes, as well as pay cuts in the public and private sectors, have led to Greeks' real disposable income falling by an average of 23 per cent between 2009 and 2011. The National Confederation of Greek Commerce (ESEE) estimates that more than 60,000 businesses have shut down since the crisis began and that up to 160,000 jobs will be lost in the commercial sector this year.

The extensive impact the measures have had on the Greek economy and people's daily lives is one of the reasons behind PASOK's dramatic fall in popularity. The persistent emphasis on revenue-raising measures at a time when the Greek economy was suffering led to most households feeling unfairly squeezed. The lack of progress in overhauling the public sector and pushing through structural reforms meant that many Greeks felt they were carrying a disproportionate burden because PASOK was unwilling to make changes that would have brought the party into direct confrontation with part of its supporter base in the civil service and labour unions.

In the eyes of most Greeks, the Troika is also seen as having imposed unnecessarily tough austerity measures, which have worsened the country's recession. This has led to the creation of two broad political camps: those who support the EU-IMF memorandum and those who oppose it. PASOK has become synonymous with the unpopular measures adopted over the past two years. New

Figure 2: Greece Primary and Total Budget Balance (EUR bln)



Source: Thomson Reuters Datastream – Eurostat

Democracy attempted to exploit this by voting against the first loan agreement and arguing in favour of growth-boosting measures, but since becoming part of the coalition government and voting for the second bailout in February, it has become much more difficult for the conservatives to differentiate their position.

The leftist parties and those representing the popular right have taken anti-Memorandum positions. This includes LAOS, which was part of the coalition government but quit before the terms of the second bailout were voted through Parliament. A Public Issue opinion poll in March indicated that 52 per cent disagreed with Parliament's decision to approve the loan agreement.

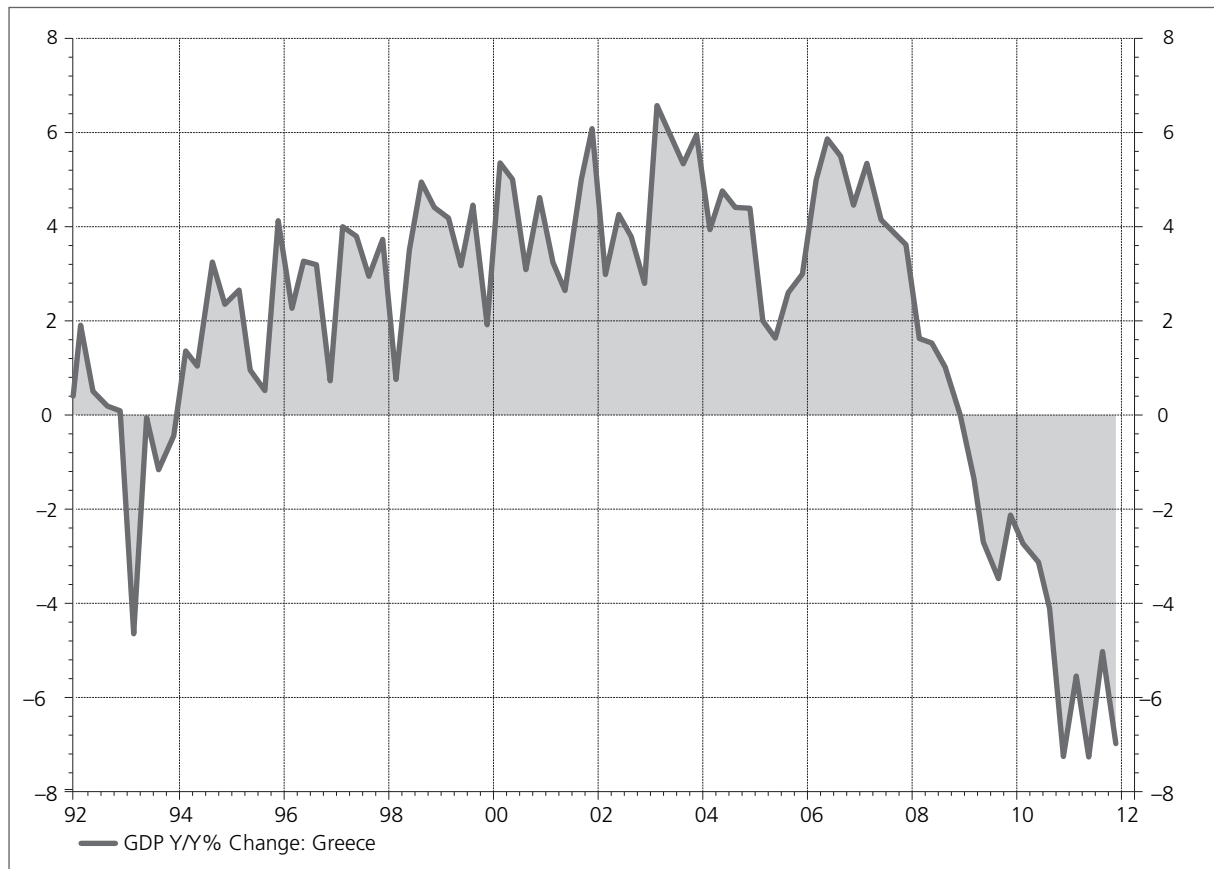
4.2 Growth and Jobs

The Greek economy has been in recession since 2008 and GDP shrank by 6.8 per cent last year. This means

that output has dropped by about 16 per cent since the pre-crisis peak and Greece is on course for one of the deepest depressions the developed world has seen. With the economy forecast to shrink by at least another 4.5 per cent this year, Greece would surpass the contraction seen in Argentina after it defaulted on its debt in 2001 and close to the 24 per cent drop recorded in Latvia a few years ago. During the Great Depression, the US economy shrank by 29 per cent. Greece has already surpassed the 12 consecutive quarters of negative growth experienced by the Americans in the late 1920s and early 1930s.

The issue of how Greece could return to growth is very prevalent in public debate ahead of the elections. Apart from having a very practical element, such as the creation of jobs and resuscitation of domestic demand, the discussion about growth also has a psychological aspect. Greeks desperately need to be given some tangible, believable hope in their future. In Public Issue's poll on 1

Figure 3: Greece Gross Domestic Product Y/Y% Change



Source: Thomson Reuters Datastream – Eurostat

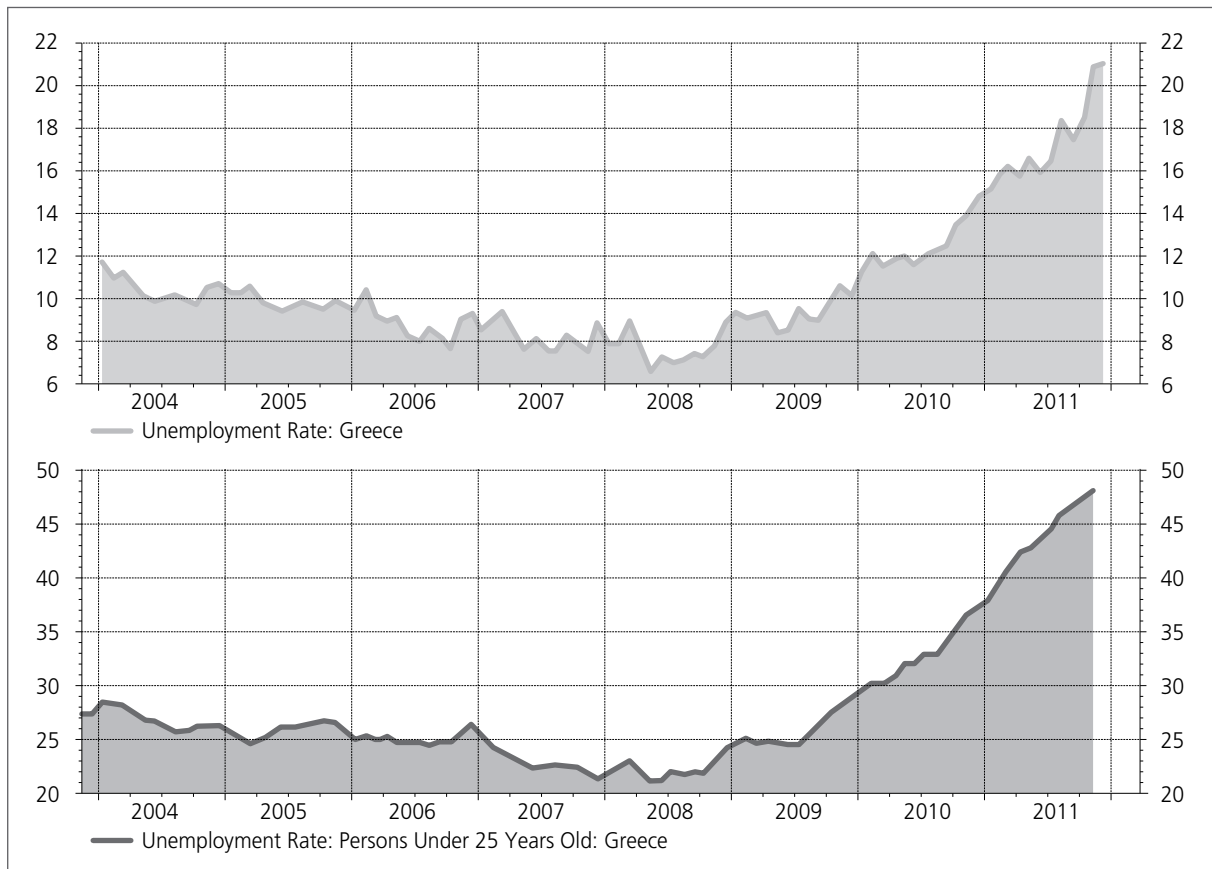
April, 87 per cent of those responding were dissatisfied with their lives.

Given the length of the recession and the slow pace of some reforms, it is becoming increasingly difficult for parties to convince the electorate that structural changes will pay off and trigger a new round of growth in the future. There is also a sense that Greece lacks a comprehensive economic plan for the future, one which would identify the sectors of the economy that need to be nurtured and the policies that could be deployed to do this. There have been spasmodic proposals in the past: under George Papandreou's leadership, PASOK supported the idea of »green growth«, but few practical steps were taken to encourage this. His successor, Evangelos Venizelos, has spoken of the need for a »national reconstruction plan«, but has not gone into detail about what this might consist of.

Venizelos stresses the importance of a bank recapitalisation plan. Greece is expected to announce the details of the scheme in the summer, which is expected to inject up to 50 billion euros of capital into the liquidity-starved domestic banks. Venizelos says this will help local businesses as they will have access to funding and be able to invest and expand. However, as if to emphasise the absence of a comprehensive growth strategy, by mid-April no party had provided even an outline of how these 50 billion euros will be used to benefit Greek businesses, despite the fact that the banks in question will essentially be nationalised.

There have been some recent developments in terms of Greece obtaining constructive assistance from the EU for growth-oriented projects. A 1 billion euro guarantee fund to provide working capital for small and medium-sized enterprises is due to be set up in April with the help of the European Commission and the European Investment Bank. Efforts have also been made to speed up the

Figure 4: Greece Total and Under 25 Years Old Unemployment Rates



Source: Thomson Reuters Datastream – Eurostat

allocation of about 12 billion euros in EU structural funds that are available to Greece by the end of 2013.

New Democracy has advocated across-the-board tax cuts as a way of stimulating the economy. Its leader, Antonis Samaras, favours a 15 per cent flat rate for individuals and businesses. He also wants VAT rates, which have risen since 2010, to return to their pre-crisis levels.

Both PASOK and ND back the idea of Greece making better use of EU structural funds. Parties on the left and right are calling for a let-up in the intensity of the austerity measures and some have advocated the creation of a Marshall Plan for Greece to boost investment in the economy.

One of the most damaging effects of the crisis has been the rapid increase in unemployment. The jobless rate has doubled since the start of the crisis and stood at 21 per cent in December 2011, which is roughly twice the Euro-

zone average. More than 1 million people are now without jobs in Greece, which has a population of about 11 million.

For the first time, statistics showed that more people in the 15–24 age group were without a job than with one. Unemployment in that age group rose to 51.1 per cent, twice as high as three years ago.

This rapid rise in unemployment has created great pressure within Greek society as more families find it difficult to make ends meet and young people doubt whether they have a future in Greece.

From March, unemployment benefits were reduced by 22 per cent, in line with the cut in the minimum wage that the government agreed with the Troika. Basic monthly unemployment pay for Greeks who do not have children is 360 euros, for those with one child it is 396 euros and for people with two children it reaches 432 euros. These

benefits are paid only for the first 12 months of unemployment.

There can be little doubt that the increase in the jobless rate has pushed more people towards the smaller parties, particularly on the Left, which has opposed austerity and called for more measures to boost growth. The increasing difficulties faced by those out of work, such as few prospects of finding new jobs, reduced benefits and loss of social insurance. This is a dangerous mix that affects more than 1 million Greeks, whose votes at these elections could prove decisive.

4.3 Other Issues

Euro, the European Union and Greek sovereignty

»A large silent majority – and they are not the people demonstrating in the streets – understand that the price stability that the European Monetary Union entails and the fiscal discipline that it requires imply benefits for the country, and that the adjustment process is going to be more effective within the euro than outside,« Prime Minister Loucas Papademos told the Financial Times in an interview this March.⁷

In a sense, Papademos is correct to underline that, despite going through some very painful adjustments, the majority of Greeks believe that they will have a better future within the Eurozone than if the country returned to the drachma. Surveys have consistently backed this up, such as the Public Issue poll in September 2011,⁸ which indicated that 63 per cent of Greeks still felt positive about the euro, which was a rise of 5 per cent from May of that year.

One of the factors driving Greeks' support for the euro is the fear that the economic situation would worsen under the drachma. Two-thirds of respondents in the Public Issue poll said things would get worse for Greece if it re-adopted the drachma. The CEO of Public Issue, Yiannis

Mavris,⁹ noted at the time that there was growing support for the euro among younger age groups, salaried professionals and the unemployed, despite the fact that they have been hit hardest by the crisis. Mavris suggested that they see the euro as an anchor of security in the current turbulence.

»The deepening of the current debt crisis into which Greece has sunk and the ensuing massive wave of (financial and geopolitical) insecurity that has swept the country go a long way to explaining the change in this social attitude,« he said.

There are, however, a couple of less quantifiable elements to the enduring support for the euro. One is the fear that a return to the drachma would resuscitate a dying political system that many Greeks would like to see become extinct. At a time when the crisis has sounded the death knell for the use of public money by politicians to buy political support, a return to the drachma would put control of monetary policy and the printing presses back in the hands of the same politicians that led Greece to the brink of collapse.

There is also concern that a return to the drachma would signal the end of any effort to reform the country and correct the chronic problems that have afflicted it for the past few decades.

Nevertheless, some Greeks are opposed to the euro: the Public issue poll indicated that 34 per cent have a negative view of the single currency. Those most amenable to the idea of returning to the drachma are supporters of the Communist Party and of LAOS, according to the survey, which was conducted before the emergence of the eurosceptic Independent Greeks.

LAOS and Independent Greeks are equivocal on the issue of euro membership. While neither party advocates an exit from the Eurozone, both dress up the debate about the single currency in nationalist terms and place it within the wider context of Greece's position within the European Union. Both are highly critical of some EU partners, Germany in particular, who they accuse of exploiting Greeks through the bailouts.

7. Transcript of Loucas Papademos interview with the Financial Times, 18 March 2012, available at: <http://www.ft.com/intl/cms/s/0/9b3f8d50-70df-11e1-8456-00144feab49a.html#axzz1rd4nwL5b>.

8. Public Issue: »Greeks, the euro and the drachma, Number 2,« 25 September 2011, available at: <http://www.publicissue.gr/1883/euro-sept-2011/>.

9. »A three-month appraisal of trends in public opinion«, Yiannis Mavris, 25 September 2011, available at: <http://www.publicissue.gr/1885/euro-analysis-2011/>.

A similar approach is adopted by the Communist Party but it is far more open about its opposition to membership of the EU, as well as the Eurozone. »We are not just focusing on the currency. Our view is complete disengagement from the European Union,« KKE leader Aleka Papariga said in an interview with Skai TV in March. She suggested that the changes triggered by the Arab Spring would provide Greece with new partners in North Africa and the Middle East if it leaves the EU.

The debate about Greece's position within the Eurozone and the EU has become inextricably linked to the issue of sovereignty. It is clear to most Greeks that the country's sovereignty has been severely compromised, if not completely lost as a result of the bailouts.

The discussion about Greece's lost sovereignty has provided an ideological base camp for Panos Kammenos's Independent Greeks, who argue that the bailouts are a tool for foreign powers to access Greece's mineral wealth. LAOS has used a similar argument.

Parties on the left have also tapped into the issue of sovereignty. SYRIZA and the Democratic Left have argued that Greece should push its Eurozone partners for a less onerous solution to its debt problem and that the country should seek alliances with other states, particularly in the South, to counteract the dominance of the core countries, particularly Germany, in the decision-making process.

New Democracy's Antonis Samaras has also toyed with idea of outsiders trying to exploit Greece. In what was essentially his first campaign speech to party members on 7 April, Samaras spoke of interests abroad »who want tomorrow's government to be weak and easily controlled«, favouring a coalition after the elections.

PASOK's Evangelos Venizelos has frequently spoken of the need for Greece to be seen again as an »equal partner« within Europe and has made it fairly clear to voters that Greece's sovereignty will be compromised as long as it relies on outside financial assistance and is not able to live up to its commitments.

Public sector reform

Reform of the public sector in the sense of reducing bureaucracy, shutting down public organisations that are not productive and evaluating civil servants with a view to reducing their numbers have generally had broad support from voters. In fact, one of the frustrations that many Greeks feel is that measures to improve the efficiency of the country's public administration have been too slow.

An opinion poll conducted by Kapa Research for *To Vima* newspaper in September 2011¹⁰ suggested that three in four people were disappointed with the then Socialist government because it was not implementing the reforms it had promised. Three-quarters of respondents supported the creation of a new unified pay structure in the civil service and nine out of 10 approved another public sector reform, which was the creation of an electronic prescription system for medicines designed to combat waste and corruption.

PASOK's inability to implement many of the reforms it promised while in government in 2010 and 2011 is another reason why many of the party's voters, particularly those who represent the middle ground, appear to have deserted it. Typical of PASOK's trouble in overhauling the public sector was a much-discussed »labour reserve« scheme, which was designed to reduce the number of civil servants by 30,000. They were to be given 60 per cent of their normal wages for a year before being fired or allowed to retire. In the end, only a few hundred public sector workers were inducted into the scheme before it was abandoned amid arguments between ministers.

New Democracy has also failed to convince voters that it is serious about public sector reform. It opposed even the labour reserve scheme and has been equivocal about whether it supports plans to reduce the number of people working in the public sector by 150,000 by 2015. The conservatives, who also have some strong supporters in the civil service, have hinted that they might try to introduce alternative measures to reduce public expenditure.

In contrast, New Democracy has been a much more enthusiastic supporter of plans to raise revenues from the

10. Kapa Research poll on political developments for *To Vima* newspaper, 4 September 2011, available at: <http://www.tovima.gr/politics/article/?aid=417702>.

sale of state assets. It has been highly critical of PASOK for making only minimal privatisations over the past two years. During the election campaign, Samaras pledged that: »Anything that can be privatised, will be privatised.«

On the left, KKE and SYRIZA have opposed public sector sackings, while Independent Greeks and LAOS have backed privatisation and overall reform of the civil service.

Structural reforms

There is also opinion poll evidence to suggest that some of the key reforms in the private sector have substantial support. The Kapa Research poll, for instance, indicated that 80 per cent of Greeks favour the liberalisation of several dozen closed professions, such as road haulage, taxis, pharmacies and the services provided by lawyers and civil engineers.

The privileges enjoyed by members of some of these professions, such as barriers to newcomers and minimum fees, are concepts that most Greeks who work in the private sector are unfamiliar with. Their existence is one of the elements that stoke a feeling of unfairness in Greek society as it underlines that over the years different groups have been able to build up benefits for themselves at the expense of others as a result of the pressure they have exerted on political parties and politicians.

Again, the absence of decisiveness within the political system in dealing with this issue during the crisis has cost both parties some of the middle ground support that they counted on in previous years. PASOK has borne the brunt of people's frustrations as it has laboured to open up the professions in question. However, New Democracy has not established itself as an enthusiastic proponent of change. A prime example is the effort to reform the taxi sector. Two PASOK ministers and now one from New Democracy have spent more than a year trying to come up with a formula to liberalise cab services. While it is questionable whether Greece needs this particular reform, given that Athens has more taxi permits than New York, both parties have shown themselves to be extremely susceptible to pressure from the drivers' union, which is opposed to new licenses being issued, as it would reduce the value of the permits they hold.

While reluctant to implement reforms that have broad appeal, PASOK and ND have accepted some less popular changes. These include a reform of labour laws that allows employers to bypass collective contracts and a 22 per cent reduction of the minimum wage.

Giving employers the ability to sign individual or company-specific pay deals with their employees has proved an unpopular move because many Greeks feel that it will lead to business owners becoming too powerful. Collective wage bargaining was introduced in Greece only in the early 1990s. Previously, salaries had been set in a rather opaque manner by the government. The advent of collective wage bargaining was also seen as one of the few ways in which Greece's rather reactionary unions could make a positive contribution to labour relations and workers' daily lives.

There is also a fear that removing the unions from the wage bargaining process will lead to wages falling substantially. The reduction of the minimum wage, which was demanded by the Troika, is expected to work its way through the private sector and affect most workers. This comes on top of nominal wages falling by more than 5 per cent since the crisis began, although the reductions for many public and private sector workers have been far more substantial.

The fact that the 22 per cent reduction was rejected by unions and employers but then imposed by the Troika has singled it out as one of the main ideological battlegrounds ahead of the elections. Opponents of the economic formula that Greece is being encouraged to pursue, which includes the parties to the left and right of New Democracy and PASOK, argue that the Troika's insistence that Greek wages need to be reduced further to increase competitiveness underlines that the country is on the wrong track.

Some of the opposition parties, particularly KKE and LAOS, dress the argument up in populist terms, claiming that the Troika will not be satisfied until Greek salaries drop to the same level as in Bulgaria. Others, such as Democratic Left, argue that constant wage reductions will only intensify the recession as tax revenues and aggregate demand will suffer.

PASOK and New Democracy have been unable to put forward a convincing argument with regard to how these

wage cuts will help Greece gain competitiveness, particularly when other reforms – such as reducing bureaucracy (the World Bank ranks Greece as 100th out of 183 countries in terms of ease of doing business¹¹) – are progressing slowly.

Immigration

The issue of illegal immigration moved towards the top of the political agenda in March this year in spectacular fashion. Just days after being reappointed as Citizens' Protection (Public Order) Minister Michalis Chrysochoidis, a member of PASOK, announced the creation of 30 reception centres for illegal immigrants. A few days later, police began rolling operations in central Athens aimed at rounding up undocumented migrants. On 1 April, Chrysochoidis and Health Minister Andreas Loverdos, also of PASOK, announced that all immigrants entering Greece would have to obtain a health certificate.

This represented a substantial shift in policy for PASOK. One of the first major laws that the Socialists passed when they came to power in late 2009 was to allow second generation migrants, whose parents had been living in Greece legally, to apply for Greek citizenship. PASOK later reduced the number of social security credits that immigrants would need to claim public health care.

The much harder line taken by Chrysochoidis and Loverdos can be attributed to New Democracy's tough stance on immigration and the rise of neofascist Chrysi Avgi in the opinion polls.

Under Antonis Samaras's leadership, New Democracy has hardened its approach to immigrants. It opposed the citizenship law, which has only led to a few thousand applications being submitted and has insisted from the start that it would repeal it as soon as it gets into power. While it is undoubtedly consistent with Samaras's wider ideology, ND's approach to the immigration issue is also seen as an effort to secure the right-wing, nationalist vote.

Until recently, the conservatives did not want to be outmanoeuvred on the issue by the nationalists of LAOS, whose leader Giorgos Karatzaferis has always adopted a populist – sometimes bordering on the racist – posi-

tion with regard to immigration. In the language used by LAOS, migrants are very closely associated with crime, disease and a sense of lawlessness in central Athens and other city centres. Similar language has been adopted by Samaras.

»Our cities have been taken over by illegal immigrants, we have to reclaim them,« Samaras told members of his party towards the end of March. New Democracy also faces a threat on the right from the newly formed Independent Greeks, another party that is prone to populist rhetoric.

There is little doubt that PASOK and New Democracy have also been alarmed by the rise of Chrysi Avgi, which won its first seat on Athens municipal council in 2010 and is now threatening to gain enough support at the upcoming elections to enter Parliament. Chrysi Avgi has taken advantage of the fear felt by many Greeks living in inner city areas, where migrants often congregate.

Greece's inability to set up an effective immigration policy, combined with the fact that, along with Italy, it is the main entry point to the EU for undocumented migrants, means that the issue of illegal immigration has grown in importance. The Hellenic Foundation for European and Foreign Policy (ELIAMEP) estimated in 2011 that there were 1.1 million immigrants living in Greece (about 10 per cent of the population), of whom 400,000 were undocumented. For a country of Greece's size, this is a substantial number and there is growing feeling among voters that a comprehensive solution, not just the creation of reception centres, needs to be found. One of the areas of debate focuses on the Dublin II Regulation, which requires asylum seekers to be processed in the country that is their point of entry in the EU. Many Greeks feel that this puts a disproportionate burden on their country and cements the sentiment that the EU is not doing enough to help address the situation.

Social cohesion

In terms of the most extreme signs of the impact of the crisis on Greek society, the indications are particularly bleak. For example, experts believe that a 40 per cent rise in suicides since the crisis began can largely be attributed to it. Some 1,800 people killed themselves between 2009 and 2011. This is equivalent to the population of

11. World Bank, »Doing Business« Report 2012, available at: <http://www.doingbusiness.org/reports/global-reports/doing-business-2012>.

a small island and in a society that is unaccustomed to suicides – Greece has one of the lowest suicide rates in Europe – this phenomenon has had a deep impact.

On 4 April, a 77-year-old retired pharmacist shot himself in Syntagma Square in Athens, just a few metres from Parliament. In his suicide note, the man criticised the government and said he was suffering serious financial problems. His act has intensified the debate over the impact of the austerity measures and has polarised Greek society, with some seeing the pensioner's death as an example of the brutality of the economic policies that are being followed.

Another unfamiliar experience for Greeks is the sight of homeless people on city streets. It is estimated that since 2009, there has been a 25 per cent increase in the number of homeless people in Greece. They now number more than 20,000 but the government is in the process of trying to establish exact figures. Most in this group are referred to as the »new homeless«, who have been forced onto the streets because of financial problems rather than drugs or drink. There is a fear that these numbers will grow as more people find it impossible to keep their homes.

Even more pronounced is the number of people who are unable to feed themselves. The Church of Greece says it feeds up to 250,000 people a day. Numerous other schemes are run by municipalities, non-governmental organisations and volunteers.

Other problems include the number of people out of work who are unable to accumulate the social security credits needed to access free or subsidised public health care. Several hundred thousand people are now uninsured and some have turned to organisations such as Doctors of the World – which normally sends volunteers to Africa and Asia – for medical care. Medicine shortages have also been reported as Greece tries to overhaul the system for prescription drugs for outpatients.

The Greek state has proved unable to deal with the magnitude of the problem and in many cases NGOs or volunteers are stepping in to provide social care. While this has a positive aspect in terms of increasing social awareness, it clearly is not a long-term solution. The fear is that these mounting problems will erode social cohesion and

patience with the government and the fiscal adjustment programme.

The overstretching of Greece's social fabric has damaged trust in PASOK and New Democracy as many Greeks look at the fact that they paid among the highest social security contributions in Europe over the past few decades but have ended up with inadequate social care. This dissatisfaction and anger can only benefit the smaller parties of the left and right.

5. Protest and Participation

Public protest has been a common way for Greeks to express their dissatisfaction for decades but even by this standard, the past couple of years have been exceptional. Greece has witnessed hundreds of protests, some tiny, others notable for their mass participation, since 2010. These demonstrations have had three broad themes: protest against the failure of the post-1974 political system, protest against the ideological and practical implications of austerity and protest against specific austerity measures or structural reforms that affect particular groups, such as taxi drivers, hospital doctors and seamen.

Death, destruction and violence have accompanied some of these protests. In the first major demonstration against the austerity measures being adopted by Greece as part of its first EU-IMF bailout, three people were killed in a fire at a bank in central Athens on 5 May 2010. A construction worker who was part of a Communist Party-affiliated union died of heart failure on 20 October 2012 during an anti-austerity protest on the second day of a general strike. That day was marked by fighting between self-styled anarchists and Communists, who had attempted to keep the demonstration peaceful.

Athens witnessed some particularly ugly scenes on 29 June 2011 when MPs were voting on a new round of austerity measures, the so-called Mid-term Fiscal Plan, designed to produce about 30 billion euros of savings. Police were heavily criticised for what seemed to be the clumsy handling of a largely peaceful protest that degenerated into a running battle with rioters that lasted several hours. Amnesty International expressed concern about the amount of tear gas used by police on that day. Public property and businesses in Athens suffered several million euros' worth of damage. There were equally

chaotic scenes in the city centre on 12 February 2012 when Parliament voted on the terms of Greece's second bailout. Again, a large and peaceful gathering was broken up by clashes between rioters and police. The rioting led to a historic cinema being burnt and dozens of other businesses being attacked and looted.

However, it would be wrong to dismiss the protests seen in Athens and other cities since 2010 as just a normal – and sometimes brutal – part of the usual political scene in Greece. At times, these demonstrations have possessed largely unprecedented characteristics. On 25 May 2011, for instance, a few hundred protesters calling themselves *Aganaktizmenoi* (Indignant) gathered in Athens's main Syntagma Square. Inspired by the Spanish *Indignados*, the *Aganaktizmenoi* were not brought together by a particular political belief or a specific political party. It was a movement – organised mainly through social media – that sought to express disapproval of the political elite that had ruled Greece since 1974 and led the country to the verge of collapse. The movement's non-partisan nature, its mix of ages and political backgrounds and its peaceful, democratic gatherings, which included public discussions, represent a landmark in the history of Greek protests.

Although the *Aganaktizmenoi* movement petered out by August, it had left its mark on the political scene. Several hundred thousand people gathered in Athens on 5 June and another huge protest was held 10 days later as MPs began to debate the Mid-term Fiscal Plan. There can be little doubt that this broad form of protest played a significant part in the decision of then Prime Minister George Papandreou to offer to resign on 15 June in a bid to form a unity government with New Democracy. In the end, his attempt failed and he reshuffled his cabinet instead but the stage had been set for street protests to have an even more dramatic effect.

On 28 October 2011, a few thousand protesters prevented the annual military parade, held to mark Greece's entry into the Second World War, from taking place. It was the first time the parade had been cancelled and the scenes of President Karolos Papoulias being heckled by the crowd left a lasting impression. The protest heaped more pressure on Papandreou's beleaguered government and it is no coincidence that three days later the prime minister proposed holding a referendum on the new support package Greece had agreed with its Eurozone

partners. The decision to call for a referendum led to Papandreou being forced to resign and his government collapsing to be replaced by a coalition involving New Democracy and LAOS.

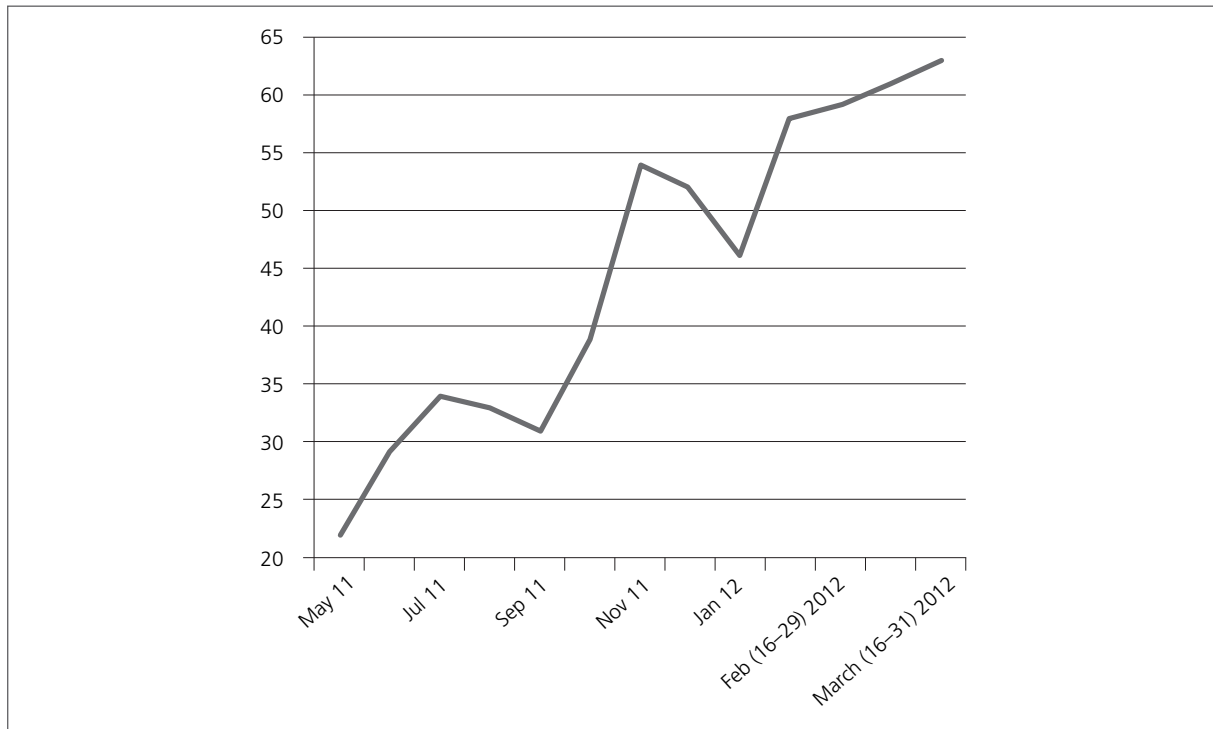
The effect that public protests had in precipitating these political events cannot be discounted. In conjunction with the remarkable times that Greeks are living through, they may also have a longer-term impact, which is to make much more active citizens of people who had either been living in a comfort zone or had felt detached from the political process.

The social turmoil that the crisis has generated has forced most Greeks to think more deeply about their lives and the state of their country. In the Greece of 2012, one is never far away from a discussion between friends, and often strangers, about the economy or politics. Public Issue's survey of 1 April 2012 confirms an unusually high number of respondents (66 per cent) expressing an interest in political issues and 80 per cent saying they were involved in regular discussions about politics. This means that the upcoming elections have become hotly anticipated by Greek voters.

The most recent poll held in Greece was the local elections of November 2010. One of the most notable features of that vote was the extremely high abstention rate of roughly one in two. Until last summer, opinion polls had indicated that roughly one in three voters intended to miss the general elections. It seemed to confirm the electorate's dissatisfaction with the political system. But over the past few months, galvanised by the impact of public protests and the growing number of political parties, the number of those intending to cast a vote in the upcoming ballot has increased dramatically. According to Public Issue, roughly one-third of the people it questioned in January said they would not vote or would cast a blank ballot but by the end of March this proportion had dropped to less than one-fifth.

Another indication of the growing interest in these elections is that the number of Greeks who think the country needs elections has risen sharply over the past year. According to Public Issue, just 22 per cent of Greek felt early elections were necessary in May 2011. At the end of March 2012, this number had almost tripled, to 63 per cent. The sharpest rise can be noted following the summer of the *Aganaktizmenoi* in 2011 and George Pa-

Figure 5: Voters who want snap elections (in %)



pandreou's call for a referendum and the ensuing political fallout in November of that year.

The public's growing interest in political developments and the simmering frustration with the state of affairs are two additional elements that promise to make the May elections in Greece unlike any others in recent times.

6. A Difficult and Uncertain Transition

Greece is poised to host its mostly hotly contested elections for several decades on 6 May. A devastating economic crisis and intense disagreement over how this should be confronted have caused the sort of political fragmentation not seen in the country since the years following the Second World War and ensuing Civil War.


Austerity-weary Greeks face an excruciating choice. They can vote for either of the two established parties, PASOK and New Democracy, which have lost the trust of a large percentage of the population, which now associates them with the structural and economic weaknesses that led Greece into such an unenviable position, but which also appear as the guarantors of some semblance of sta-

bility through their commitment to stick to the EU-IMF memorandum and keep the country in the Eurozone.

The alternative is to vote for smaller or newer parties that have not been tainted by approving the unpopular measures contained in the loan agreement but which offer few realistic alternatives and tend to be heavy on populist rhetoric.

In between, there are some moderates attempting to bridge the chasm but voting for them entails embracing the concept of a coalition government, which is still foreign in Greek politics.

Support for the anti-Memorandum camp has increased as Greece's economic situation has deteriorated. Reform-minded Greeks, meanwhile, are growing frustrated with the inability of PASOK and ND to make decisive structural changes. In both cases, there is a clear sense of fatigue with the current political establishment. These elements mean that great uncertainty surrounds the outcome of the 6 May elections. However, most analysts believe PASOK and New Democracy will be in a position to form a coalition government after 6 May.



The main reason for this is that despite the pain most Greeks have gone through over the past few years, they still remain overwhelmingly in favour of changing the way their country works, particularly in terms of public sector reform, and of remaining firmly within the euro and the EU. In the absence of a substantial political movement or movements that reflect these views and which is staffed by politicians that have not risen through the established system, PASOK and New Democracy still appear – at this stage – to offer Greeks the best hope of the stability many would like to see.

The brief, unproductive history of coalition governments, the pressing timetable for reforms and fiscal measures, the rapidly deteriorating economic situation and the apparent polarisation of the two main parties mean that even an election result that would allow PASOK and New Democracy to work together to form a new administration provides absolutely no guarantee of success. Greece is entering a period of political and economic transition in which there will be no foregone conclusions. The 6 May elections will be the first landmark on this perilous path.



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