

The good, the bad and the ugly and the outcome of the Greek elections

Author : Christos Kourtelis

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The recent elections in Greece divided people between the pro-bailout and the anti-bailout parties. Marginally, Greeks decided to support a coalition of three parties (the center-right New Democracy, the center-left PASOK and Democratic Left) which claimed that the bailout is the only viable (and hard) way to return to development.

Since the end of the dictatorship in 1974 the first two parties could form single party governments to pursue their aims, but for many these two elections marked the end of this era, as many Greeks turned their back to these parties. For long time now, it was commonly known that the agendas of the two parties were gradually converging about the development of the Greek economy. Especially after mid-1990s the debate between them regarding the economic landscape of the country was about the technocratic skills that each party possesses, not about the orientation of Greece. In rhetoric, both parties were promising free market reforms, which were partially implemented. These reforms primarily dealt with the privatization of the state companies and with the macroeconomic adjustment of the Greek economy, which needed to meet the convergence criteria in order to enter the Eurozone. The critics of these policies argue that the privatizations were slow and the statistics were falsified, thus the country should never enter the Euro area.

However, two other issues deserve mentioning here. The slow privatizations and the debatable adjustment of the country were hardly followed by any changes of the inefficient taxation system or of any policies to improve the competitiveness and operation of the Greek private and public sectors. These issues were 'extremely hot' to be touched as they have served the clientelistic nature of the Greek political system for decades. All the political parties of the Greek parliament have used the public sector to provide jobs to their members and they were silent against tax evasion. Tax evasion was used by every sector of the private economy as a means to be more competitive. So, any deep reforms would be followed by high political cost.

The persisting problems regarding these two issues did not only increase the account deficits of the country, but were used in the election campaigns of every party. The epitome of this situation was the famous comment of George Papandreou, who stated that 'there are money' in this country to foster development and growth. A few months after his position in power, he asked help from the IMF and in response the troika asked for severe austerity measures in order to get the country back in track. This inconsistency between the rhetoric of the socialist leader and the reality gave to

the party the lowest percentage of its history. PASOK gained a mere 13,2% of Greek votes in May and the final nail in the coffin of the 'bad guy' came with an even lower 12,28% in June. As an outcome of this situation, PASOK decided to support New Democracy for the creation of a coalition government, but without any participation in it. The following months will be crucial for the party and even its existence is aligned with the performance of the current coalition.

The other victim of the recent elections was LAOS; an extreme right party, which had more than 5,5% in the elections of 2009. Only by few votes the party did not manage to reach the 3% entry level for the parliament in May. This result led many of its main figures to seek a safe political roof in New Democracy and in June things got even worse, as the party received only 1,58% of Greek votes. This situation has brought LAOS very close to its end. Yet, the 'ugly' guy of the Greek politics was hanged, but did not die at the end. The voters of this party (along with many others) voted an even more radical right party; the Neo Nazi Golden Dawn (Chrysi Avyi), which took from an insignificant 0,2% in all the previous elections, an unexpected 6,97% in May and a 6,92% in June despite the criticism that it received by the mainstream media and politicians.

The decline of LAOS, the anti-establishment rhetoric and the anti-immigration spirit that informs Golden Dawn were the main drivers behind its success. Yet, what happened with the 'good guy' of the Greek elections? From 4,6% in the last elections, the Coalition of Radical left (SYRIZA) got a magnificent 26,89% that brought the party to the second position. During the period between the two elections SYRIZA was even heading in some opinion polls and it was in the main focus of the media, which reproduced the criticisms of the mainstream parties against the Radical Left by accusing the party for its dangerous anti-European agenda.

This polarization worked and now New Democracy is called to keep the country in the Eurozone and to bring it back to positive GDP rates. The development of the Greek economy is expected to start at the end of 2013, a difficult task for the new government. Scholars from every side of the political spectrum highlight the problems of the austerity measures, which carry all the problems of the typical SAPs (Structural Adjustment Programmes) that have been implemented in many developing countries. Under this notion, Greece is not the first experiment in this process. The main difference that makes the Greek case unique is that the country is tight to a strong currency and does not have the power to devaluate it. In a nutshell, the logic of these measures is to make the country more competitive by cutting the labour wages and by minimizing the state. Macroeconomically, the main idea that complements these measures is to bring the balance of payments in equilibrium. The implications of these measures to the unemployment rates and to the welfare state cannot be discussed here and they are well known. The proponents of these policies consider them as necessary (and temporary). However, as the cases of the developing countries that have implemented these programmes show, these policies did not bring the expected results. Actually, the countries that have developed during the last decades, such as China, and the South East Asian tiger economies, have followed policies that were different from the SAPs.

These theoretical and practical problems of the austerity programme and the 'convenient' position

of SYRIZA as the main opposition party can give to it the time it needs to structure a consistent and persuasive agenda in order not only to keep its existing voters, but to claim the first position in the next elections. Yet, in order to do that it must go far beyond its current orientation. Tsipras did not need to deal with the contradictions that emerged from his agenda during his election campaign, as the party won many votes in the last two elections almost by default. The austerity measures, the inconsistency of the two main parties and the presence in political positions for decades of the same personalities turned Greeks to alternative choices. SYRIZA and his young leader have been the most convenient option, because the other parties carried many problems. The Greek Communist Party (KKE) and the extreme right parties propagandized emphatically the same anti-EU message. The other two parties (Independent Greeks and Democratic Left) received fewer votes than SYRIZA mainly because they derive from New Democracy or resemble PASOK.

(To be continued...)