



Weekly Briefing

Greece Political briefing:
Tsipras' political plan and the new election
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Abstract

The month of September 2018 does not find Greece in a pre-election period. The dramatic wildfires of July forced Prime Minister Alexis Tsipras to shelve plans for a snap election. Despite this necessary political decision, Tsipras celebrated the exit of Greece from the bailout in August 2018 and travelled to the country's second biggest city – Thessaloniki – to attend the International Fair and gives promise for a relief from austerity measures. The possibility of an early election before September 2019 remains high and will take place in a highly polarized political climate. The main opposition party, New Democracy, is having a clear lead in opinion polls but Tsipras will not easily abandon the political battle to remain in power.

On 21 August 2018 Greek Prime Minister Alexis Tsipras announced the country's exit from the bailout. In order to give the first post-bailout speech he travelled to the island of Ithaca. His decision was symbolic. In Homer's poem *The Odyssey*, the King of Ithaca, Odysseus, returned home from the Trojan War after a 10-year voyage lost at sea. Tsipras sought to make a comparison between the end of Odysseus's adventure and the supposed end of Greece's economic adventure. In one of the phrases he used he mentioned: 'We have left the Symplegades behind' connoting the bailouts are over.

Tsipras is only partly right. The third and final bailout Greece received in August 2015 expired three years later, in August 2018. This means the country will theoretically need no additional loans from the EU and the IMF – with the exception of some funds to be possibly used from the so-called cash buffer. The cash buffer will help it cover the sovereign financial needs for circa 22 months following the end of the program. However, Greece's exit from the bailout does

not mean the return to normalcy might be smooth. The country needs to pay back its creditors in the following decades. Therefore, the path of austerity and structural reforms is irreversible. In order to guarantee the successful normalization of Greece, the European Commission has activated the enhanced surveillance framework stipulating quarterly review missions. The review missions will identify risks and address them early.

Tsipras appeared triumphant in his Ithaca speech. He presented himself as the leader of a country who signaled the end of the bailout period. But the deadly July wildfires changed his political agenda. The possibility of an early election had been high before those fires. Tsipras might have called it on the occasion of the exit from the bailout for September 2018. Seeing the dramatic impact of the deadly wildfires on the Greek society, he had to reconsider though. Instead of calling a snap election for September, he proceeded with a government reshuffle on 28 August. Tsipras also decided to give emphasis on the speech he would give at the beginning of September at the Thessaloniki International Fair. The Thessaloniki International Fair is an exhibition where Greek politicians do traditionally present the economic agendas of their political parties tending to exaggerate and offer easy promises that can hardly be implemented.

The Greek Prime Minister spoke in Thessaloniki on 8 September and sought to boost the social profile of the government. In so doing, he announced plans to lower the VAT and the property tax as well as social security contributions for self-employed professionals and farmers. The main political ambition of Tsipras is to avoid or delay the enforcement of pension cuts his government has already voted for the years 2019-2020. In the press conference he gave in Thessaloniki the day after, on 9 September, he expressed his hope he could persuade Greece's creditors to accept this delay (or cancellation if possible) on the grounds of two arguments. The first is that Greece is creating a surplus exceeding the 3.5 percent of GDP target and thus has the potential to save some money. And the second is that the measure of pension cuts is

regarded as counterproductive for a country endeavoring to achieve steady growth after years of recession.

Well-informed Greek newspaper Hi Kathimerini reports the European Commission could be prepared to examine a scenario. According to this scenario the final decision about the pension cuts could wait until the announcement of the definitive fiscal data of 2018 by Eurostat in April 2019. If this happens, the Greek government will gain valuable time to prepare its election plan. Generally speaking, SYRIZA does not want the national election to take place after pension are enforced. This development will contradict Tsipras's will to persuade public opinion he cares more about (poorer) pensioners in comparison to his main political opponent, the leader of New Democracy Kyriakos Mitsotakis. It will also downplay his argument that Greece is becoming financially independent after exiting the bailout.

When will the next election take place?

In the press conference of the Thessaloniki International Fair Premier Tsipras was asked by a Greek journalist about the next national election. He said his priority is for it to take place by the end of the governmental term, in September 2019. However, he also mentioned 'everything will depend on the course of things'. This reference reinforces scenarios for a snap election. The Prime Minister has already presented the political dilemma Greek citizens have to ponder about. The dilemma is whether Greece will move forward or it will return 'to bailouts, the bankruptcy, overspending and corruption'. Tsipras – despite the setback of the first six months of 2015 – is still considering SYRIZA a fresh and transparent political party as opposed to many old-guard politicians who are part of New Democracy's core.

The majority of analysts dealing with Greek politics almost exclude the possibility of the national election to take place in September 2019. Although the common will of both SYRIZA and its coalition partner – Independent Greeks – to stay to in power is unquestionable, their damage is expected to increase pro rata temporis. Two other scenarios seem more plausible. In

particular, SYRIZA could either surprise New Democracy by calling an early election by the end of 2018 or it might combine the organization of the national election with that of the European and the municipality election in May 2019. The first option highly depends on the results of negotiations with Greece's creditors about pension cuts. The second is grounded on SYRIZA's hope that – in May 2019 – the frustration of Greek citizens with its bailout policies might affect their voting behavior in the European and the municipality elections but not the general parliamentary one.

The first opinion poll after the deadly wildfires was conducted by Marc company in September 2018 and was presented in the Sunday Proto Thema newspaper on 9 September. In the 'intention to vote' question 26.5 percent of respondents plans to vote for New Democracy and 16.9 percent for SYRIZA. Also, the majority of respondents (73.6 percent) is not satisfied with the recent government reshuffle and Mitsotakis (38.4 percent) is considered more suitable for the position of the prime minister than Tsipras (25 percent). Although New Democracy generally enjoys a clear lead, its political rallying ability (82.6 percent) is almost double than that of SYRIZA (46.5 percent). Also, the main opposition party is continuously failing to attract disenchanted SYRIZA supporters who had voted for it in the national election of September 2015. For the time being, New Democracy seems unable to largely benefit by SYRIZA's political damage and sees its supporters largely come from the conservative political spectrum but not from broader political strata of the society.

In view of the next national election – irrespective of its date – SYRIZA is heavily investing in a polarization political climate. The objective is to persuade its 2015 voters to support it – instead of choosing the option of abstention or voting for a small anti-systemic political party. Tsipras' speech in the Thessaloniki International Fair as well as the answers he gave to journalists during the press conference reflect his determination to attack New Democracy for its sinful past and associate Mitsotakis with neoliberal positions. The Prime Minister hopes his message will motivate SYRIZA's 2015 supporters to vote for

it in order to prevent New Democracy of Mitsotakis coming to power. In the final account, these supporters will have to compare the two main political parties and decide which could be the lesser of two evils in a period of economic calamity.

Conclusion

Greek Prime Minister Alexis Tsipras missed out the opportunity to link a September 2018 snap election with the celebration of the country's exit from the bailout. The impact of the July 2018 wildfires did not allow him to make this political decision immediately after 21 August. However, he is prepared to politically fight hard to remain in power by promising a relaxation of austerity measures and contrasting his allegedly social agenda with the neoliberal profile of leader of New Democracy, Kyriakos Mitsotakis. Speaking at the Thessaloniki International Fair, Tsipras – for the first time – did not publicly exclude the possibility of an early election before September 2019. The polarization climate he is cultivating can help him and the SYRIZA party to enhance its political rallying and increase chances to remain in power.