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Greece: Election and Aftermath

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Summary

Prime Minister Simitis of Greece called an early election for April 9, 2000 because he believed that his government's achievement in meeting the criteria for entry into the European Monetary Union (EMU) would return his PanHellenic Socialist Movement (PASOK) party to power. PASOK's narrow victory endorsed Simitis's decision, but the opposition New Democracy's (ND) strong showing also validated Costas Karamanlis's leadership of that party. The election continued a trend toward bipolarism, as votes for smaller parties, except for the Communists, declined appreciably. Simitis reappointed most key members of his previous government, and brought in close allies and technocrats to carry out a revitalized domestic agenda. In foreign policy, the government will try to continue the Greek-Turkish rapprochement, to help stabilize the Balkans, and to move closer to Europe through the EMU and the European Security and Defense Policy. Greek-U.S. relations are warm, but intermittently troubled by differences over the future of the former Yugoslavia, terrorism and counterterrorism in Greece, and minor issues. This report will be updated if developments warrant.

Introduction¹

On February 4, 2000, Prime Minister Costas Simitis called an early election for April 9, six months before his government's term was to expire. On March 9, parliament reelected President Costas Stephanopoulos and Greece applied for membership in the European Monetary Union (EMU) single currency zone. Simitis believed that the prospect of EMU entry and his early support for the popular President would strengthen his PanHellenic Socialist Movement's (PASOK) chances with voters, especially contrasted with the opposition New Democracy's (ND) delayed decision to support Stephanopoulos. Victory, however, was more difficult to obtain than the Prime Minister had anticipated.

¹ Some analyses in this report are based on meetings with Greek officials, academics, businessmen, and media during the author's trip to Greece in January 2000. For background, see also, CRS Report 96-821, *Greece: A New Political Era*, by (name redacted).

Election

The political spectrum in Greece has narrowed. On the far-left is the Communist Party of Greece (KKE). On the left is the Coalition of the Left (SIN). The center left is represented by the PanHellenic Socialist Movement (PASOK), while the center right is held by the New Democracy party (ND). There also are parties formed by splinters of the two main contestants: the Democratic Social Movement (DIKKI), which is somewhat to the left of PASOK, and the Liberal Party, whose policies are essentially identical to ND's. Political Spring (PolAn), a nationalist offshoot of ND, did not compete in the election.

The campaign was dull by Greek standards. The most gripping issue involved the declining stock market,² prompting ND charges against the government for encouraging unrealistic expectations by small investors who suffered most and PASOK attacks ND for manipulating the market by encouraging politically motivated selling. ND argued that the government's performance in education, health services, job creation,³ and crime-fighting was deficient, due to PASOK neglect in its single-minded pursuit of joining the EMU. However, ND, too, favors EMU membership. PASOK responded with promises of 300,000 jobs, pension and wage increases, and other benefits. The lack of a foreign policy debate compared to past elections was striking, and may indicate a popular consensus on foreign issues. Public interest appeared low, but voter turnout was 75%.

Election Results

Party	1996		2000	
	% of Votes	Seats	% of Votes	Seats
PanHellenic Socialist Movement (PASOK)	41.49	162	43.79	158
New Democracy (ND)	38.12	108	42.76	125*
Communist Party of Greece (KKE)	5.61	11	5.51	11
Coalition of the Left Progress (SIN)	5.12	10	3.19	6
Democratic Social Movement (DIKKI)	4.43	9	2.69	0

* Includes two Liberal Party seats.

The election was a cliffhanger. In the end, the two major parties were separated by barely 1percent of the popular vote, although PASOK retained a respectable edge in parliament due to a weighted formula for allocating seats. A trend toward bipolarism, manifest in previous elections, was reinforced when DIKKI failed to gain the 3% of the vote required for parliamentary representation, and SIN almost missed the mark. DIKKI represents PASOK's mostly discarded, socialist, populist past, while voters seem to prefer the centrist, pragmatic, modern PASOK. Defectors from DIKKI split between those who returned to PASOK and others who still resent the changes Simitis had made in PASOK and, paradoxically, chose ND. SIN, on the other hand, had so changed its views that they had become almost the same as PASOK's; voters agreeing with SIN, therefore, might as

² Overall, the market dropped approximately 30% between September 1999 and the election.

³ The unemployment rate for 1999 was 11.7%.

well vote for PASOK.⁴ Of the small parties, only the KKE retained its hard core of true believers.

Voters who wanted a change from PASOK and felt that 17 out of the last 20 years was long enough for it to have been in power chose ND. The 43-year-old ND leader Costas Karamanlis, who has never served in government, has moved his party toward the center. ND's views on many issues are similar to those of PASOK, although ND would reduce the role of the state in more sectors and more sharply than the ruling party and sometimes voices strident nationalism.

Political Impact

Simitis has been personally credited with PASOK's victory, and it appears to have strengthened his position within the party. Simitis's two main internal party challengers from 1996 no longer challenge him. Minister of Defense Akis Tsohatzopoulos has been loyal to the Prime Minister, voicing discreet criticism on rare occasions. Former Education Minister Yerasimos Arsenis lost popularity attempting reforms in that troubled sector and is not in the new government. Pretenders to the leadership after Simitis include Tsohatzopoulos, Minister of Foreign Affairs George Papandreou, and Minister of Interior Vasso Papandreou, and all fared well in the polls. But Simitis has no current rivals.

On the other side, ND's strong showing and gains endorsed Karamanlis's leadership and style, and may have strengthened his position within his party. His potential challengers include Dora Bakoyianni, daughter of former Prime Minister Costas Mitsotakis and shadow foreign and defense minister, and the ambitious and popular mayor of Athens Dimitris Avramopoulos, who refused to rejoin ND for the election. Liberal Party leader Stephanos Manos had formed an electoral alliance with ND, but opted to remain independent in parliament. In May, Karamanlis may have squandered some hard-won political capital and sparked party division by unilaterally purging a rightist ND member, mainly for insulting ND spokesman and Karamanlis ally Aris Spiliotopoulos.

The fate of SIN is uncertain. PASOK probably will continue to try to attract SIN followers, and the KKE may do the same. The KKE base is as constant as its opposition to Greece's membership in the EU and NATO. The party is likely to remain troublesome, mobilizing street demonstrations and having an impact greatly disproportionate to its electoral strength. It is the main voice of anti-Americanism, and led opposition to the NATO campaign against Yugoslavia and to President Clinton's November 1999 visit to Greece.

Government Appointees and Program

Simitis has retained his "heirs apparent" in their same powerful positions: Foreign Minister Papandreou, Defense Minister Tsohatzopoulos, Interior Minister Papandreou, and Finance Minister Yannis Papantoniou. The major cabinet change and political shock is the absence of the brilliant, ambitious, and outspoken, former Minister of Development

⁴ Some SIN politicians appear to agree. A former SIN leader was PASOK's candidate for mayor of Athens in the last regional elections, and SIN defectors were included on PASOK's parliamentary lists.

Evangelos Venizelos, who rejected the Ministry of Justice because it lacks a high profile regarding issues of public interest. Simitis brought back the equally outspoken former Foreign Minister Theodoros Pangalos, who had resigned in February 1999 over the Ocalan fiasco⁵ and became a party gadfly. Pangalos is now Culture Minister. Simitis also placed close allies and technocrats in other posts essential to fulfilling his election promises, notably the Ministries of Labor, Health, Education, Development, and Transport. The Prime Minister has personally assumed responsibility for shaping up Greece's lagging preparations for the 2004 Olympics, an issue of national honor.

The last Simitis government⁶ had a remarkable record of economic achievement in meeting the EMU convergence criteria.⁷ It cut inflation from double digits and reined in deficit spending. The new government faces public expectations that it will address a domestic agenda on health, education, employment, and social security reform. It must also work to ensure that the Olympics are successful. All these programs require heavy public spending. At the same time, however, Greece will be constrained by the EMU criteria, even after it enters the EMU in January 2001. Public debt is already 104% of gross domestic product and Simitis promised tax cuts not rises, which eliminate borrowing and taxes as sources of funds. The government hopes to find resources in economic growth, European Union funding, a budget surplus, and revenue from the privatization of state power, telecommunications, and other enterprises and banks. Unions, socialist stalwarts, and communists will likely oppose each offering. Simitis faced down opponents in his first term and will likely have to do so again.

Foreign Policy, Including Relations with the United States

Turkey. Foreign Minister Papandreou has pursued a rapprochement with Turkey, Greece's traditional rival. Popular goodwill has supported this initiative. In December 1999, Greece chose not to oppose a European Union (EU) decision to affirm Turkey's candidacy for membership. Greece and Turkey subsequently aided each other during devastating earthquakes in summer 1999. They cooperate in the Balkans and have reached agreement on nine so-called "lesser" subjects, such as environmental cooperation, maritime safety and educational exchanges. Business ties are flourishing. In early June 2000, Greece and Turkey successfully participated with 10 other countries in NATO's "Dynamic Mix" exercise in northern Greece and the Aegean, with Turkish troops landing on Greek soil for the first time. However, the two governments have deferred discussion of Aegean sovereignty and Cyprus – issues at the crux of their antagonism. Greeks

⁵ The Greek Embassy in Kenya gave safe haven to Abdullah Ocalan, the leader of the Kurdistan Workers Party (PKK) terrorist group. Turkish agents seized Ocalan as he was en route to the airport in Nairobi.

⁶ Simitis first became Prime Minister in January 1996, when Andreas Papandreou resigned the post due to ill-health, and took the country to elections in September 1996.

⁷ These include: average inflation rate for one year no greater than 1.5% above that of the three European Union members with the lowest inflation rate; stable currency exchange rate not devalued against another EU currency for two years; a non-excessive budget deficit, using reference values set at 3% of gross domestic product and government debt at 60% of GDP; average long-term interest rate no more than 2% above the three best EU inflation performers for one year. See, CRS Report RL30107, *European Monetary Union and the United States: An Overview*, by Arlene Wilson.

generally are troubled by what they consider Turkey's obstinacy on these matters, and some Greek commentators are annoyed by the lack of a Turkish "gesture" to reciprocate Greece's EU decision. They have suggested that a suitable act might be the reopening of the Greek Orthodox seminary on the island of Halki or rescinding the "casus belli."⁸ (The latter refers to Turkey's 1994 decision to go to war should Greece claim a territorial sea of 12 nautical miles in the Aegean. Turkey contends that an extension of Greece's territorial waters from six to 12 miles would transform the Aegean into a "Greek lake.") Greek officials themselves rarely seek a Turkish "gesture," and say that Turkey's conformity to EU membership criteria and international legal standards over time will lead to the resolution of major bilateral issues. It is uncertain, however, how long the patience of public opinion molders and the public will last.

Balkans. Greece aims to play a pivotal role in promoting Balkan stability through economic development and democratization. In 1999, the government committed \$320 million for reconstruction efforts in southeast Europe. Greek businesses are major investors in the Balkan countries and the government encourages their expansion throughout the region.

Greece has good relations with its Balkan neighbors. It is trying to compromise with the Former Yugoslav Republic of Macedonia (FYROM) in an ongoing dispute over the FYROM's name, which stems partly from the fact that Macedonia also is the name of a northern Greek province. The dispute has been superseded by marked advances in trade and investment since a 1995 compromise accord on related issues normalized relations. Meanwhile, Athens is attempting to distance itself from the Milosevic regime in Belgrade and, in a move that is controversial at home, has reached out to Milosevic's domestic political opponents. Greece has cordial ties with Albania despite anxiety that the unsettled situation in Kosovo could lead to a Greater Albania.⁹ Greece insists on the inviolability of borders in the region, and may be greatly concerned should trends toward the independence of Kosovo or Montenegro accelerate. Greek troops are serving in Bosnia, Albania, and in the U.S. sector in Kosovo. Greece is a member of the Southeast Europe Brigade (SEEBRIG) seven-nation regional task force¹⁰ and of the Southeast European Cooperation Initiative (SECI) that seeks to normalize regional trade.

Europe. The Simitis government maintains that Greece's expected entry into the EMU next January and role in an evolving European Security and Defense Policy are key to bringing it to the center of European Union decision-making. Greece's orientation will become ever more focused on Brussels as integration within the EU deepens.

⁸ Turkish officials have not indicated willingness to make a "gesture." Some believe that Turkey had made one when it stopped blaming Greece for its role in the Ocalan affair, and observe that Greece never apologized. Others argue that Greece had no choice in December 1999 but to go along with the will of the EU majority on Turkey's candidacy. Still others remark that the rapprochement has been reciprocal, noting Turkish Foreign Minister Ismail Cem's actions and Turkey's signature on agreements alongside that of Greece. Some Turks want to reopen Halki for reasons unrelated to Greece's EU vote, but see obstacles caused by disparate governing coalition partners and parliament.

⁹ See CRS Report RS20149, *Kosovo: Greek and Turkish Perspectives*, by (name redacted).

¹⁰ Greece, Turkey, Italy, Albania, FYROM, Bulgaria, Romania.

United States. U.S.-Greek relations are good. Greece is a NATO ally. The United States was concerned about but understanding of Greece's reaction to the Kosovo conflict, when the Greek government did not oppose or participate in NATO's action and the Greek public overwhelmingly disapproved of the campaign. The U.S. and Greece now share a common interest in Balkan stability and democratization as well as in improving Greek-Turkish relations. Greece last received U.S. military aid in FY1997 and has diversified its arms purchases, but remains a major market for U.S. weapons. In 1999, Athens decided to purchase Patriot anti-missile missiles for \$1.2 billion and 50 F-16 fighter aircraft, with an option to purchase 10 more, for more than \$2 billion. U.S. companies are major investors in Greece and bilateral trade is growing, with the balance favoring the United States.¹¹

Difficulties in the relationship are few, but irritating. U.S. officials have repeatedly criticized Greece for its failure to counter terrorism.¹² More anti-American terrorist incidents occurred in Greece than elsewhere in Europe in 1999. Most were bombings or threats against U.S. government and private interests. The Revolutionary Organization 17 November is believed to be the main perpetrator. The U.S. State Department reported that terrorists act in Greece "with impunity" as no terrorists have been arrested, convicted, or sentenced, and plans for modernization of counterterrorism police have not been implemented. The Congressionally-mandated National Commission on Terrorism recommended that the Department consider putting Greece into the "not fully cooperating" category of countries and imposing stringent sanctions as an incentive to improve its inadequate responses to terrorism. (The Administration said that it is not considering sanctions.) The Greek government views the U.S. assessment as unfair, and some Greeks suggest that fulfilling U.S. demands would infringe on Greek sovereignty.

A somewhat related issue involves Greece's ineligibility for the U.S. visa waiver program.¹³ Greece does not meet requirements for machine-readability of passports, and perhaps compromises U.S. law enforcement interests because of its poor performance in counterterrorism and border controls. Twenty-nine countries, including all other EU members, participate in the program and some in Greece question its continuing exclusion. Periodically, Greek violations of U.S. intellectual property rights also surface as a bilateral issue.

For its part, Greece seeks to have the United States play a more assertive role in resolving the Cyprus issue, by pressuring Turkey to compromise and to prevail upon the Turkish Cypriots to do the same. Greek accusations that Washington values its relationship with Ankara more than its ties with Athens, however, have become less common.

¹¹ In 1999, Greece exported \$350 million in goods to the U.S. and imported \$640.5 million in goods from the United States. U.S. State Department, Bureau of Economic and Business Affairs, *Country Report on Economic and Trade Practices, Greece*, 1999, March 2000.

¹² See, U.S. Department of State, Office of the Coordinator for Counterterrorism, *Patterns of Global Terrorism*, 1999, released April 2000, and the National Commission on Terrorism, *Countering the Changing Threat of International Terrorism*, released June 5, 2000.

¹³ For background, see CRS Report RS20546, *Immigration: Proposals to Reauthorize and Make Permanent the Visa Waiver Pilot Program*, by (name redacted).

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