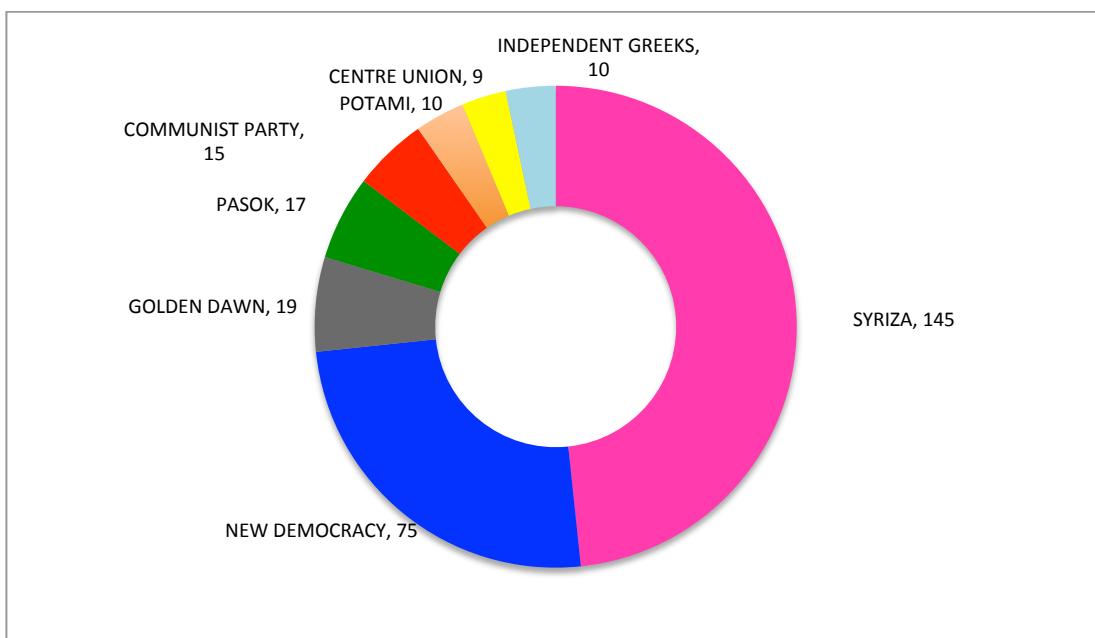


GREEK ELECTIONS SEPTEMBER 2015: DÉJÀ VU

The new elections confirmed the dominance of SYRIZA and Mr. A. Tsipras personally in the political process in Greece. The Greek people have decided to give him a clear second chance. Now, the most likely scenario will be a coalition government of SYRIZA and ANEL. This will have the advantage that those who have negotiated the deal with the creditors they will also have to implement it. There will be no excuses or third parties to blame. It is probably what the creditors themselves wished to have happened.

PROVISIONAL STRUCTURE OF NEW PARLIAMENT



We expect a government to be formed by Wednesday and then we will find out whether Mr. A. Tsipras has learned from his mistakes. A repetition of incompetent appointments will cost him dearly this time. There is not going to be any time for negotiations or redrawing of policies. Two issues are of paramount importance for the survival of the country:

- The implementation of the MOU cannot wait, as the first evaluation will start soon. The MOU was enacted during the summer and people have not realised what exactly means for their welfare. It is a very demanding

policy agenda that will create tensions especially within the electoral basis of SYRIZA. There is no short cut to this implementation effort.

- A recovery in Greece will come from the private sector and the new government will have to build bridges with the entrepreneurial class stopping the war of attrition that was going on for months. The return of trust will be an uphill struggle. Investors will be waiting to see the steps taken by the new government.

SYRIZA has now a more solid parliamentary group. Mr. A. Tsipras got rid of the most radical elements of his party. It remains to be seen whether the severity of some measures will test the unity of the SYRIZA party again before the end of the year.

New Democracy has just survived but the second defeat in row is disastrous and should mobilise new forces within the old party of the right. There is no scope for cosmetic changes. A radical change in direction is required with more coherent policies and fresh political personnel, which will develop a more attractive story to tell to the voters. The old guard must retire and new faces from the productive parts of the society should take the lead creating a new centre right party with solid modernist and European credentials.

The rest of the political forces in the centre left part of the spectrum need also a major lifting. POTAMI has lost its drive as the failure to create a more democratic party and the lack of clear direction had a major impact on the result. As soon as the voters realised that SYRIZA has turned its back on the drachma POTAMI has lost much of its appeal. PASOK on the other hand has recovered. It is probably the time to create a more unified party of the centre left which in the future will attract dissatisfied SYRIZA voters. This may be a medium term project but it can have a major impact on direction and the structure of Greek politics in the future.

The voters in Greece do not vote on policies but they rely on instinct. Very often they are mistaken and they pay a heavy price. The contradictions in behaviour

are chaotic from the referendum to todays vote. There is no scientific explanation. People have been also caught to be lying, as some of them (at least 8-10%) were too embarrassed to say to the pollsters what they intend to vote. It is not the first time. Greece has always been very low on trust and nothing has changed over the last year to make people more honest.

The result of the elections has not materially changed many things in Greece but it has definitely secured the dominant position of SYRIZA, which may be a blessing in disguise if this party decides to leave behind the years of adolescence.

S.T. 20/09/2015