

# Intelligence brief | 6 November 2013

Political risk assessment for Greece, autumn 2013

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## Summary

On 18 September 2013, the Greek anti-fascist rapper Pavlos Fyssas was stabbed to death by a suspected member of the far-right Golden Dawn party. His death provoked a series of protests that eventually led to government action and the 28 September arrests of several Golden Dawn MPs and party members, including the leader of the party, Nikos Michaloliakos. Michaloliakos, the party's deputy leader, Christos Papas, and MP Yannis Lagos have been remanded in custody and three MPs have been released, though they are still charged with crimes including murder, attempted murder and blackmail.

Before his arrest, Michaloliakos threatened the political establishment with destabilisation through early elections. Although he is charged with belonging to a criminal organisation, he is still an MP and retains a constitutional right to withdraw his party's 18 MPs from parliament. This would result in early elections in the electoral areas currently held by Golden Dawn and possibly national elections.

However, the likelihood of this scenario occurring is assessed as *low* and the Greek political system can be considered relatively stable at present. Although the impact of such a move would be *high*, the overall current political risk in Greece is assessed as *medium*.

## Background

On 18 September 2013, 34-year-old anti-fascist rapper Pavlos Fyssas was stabbed to death by an alleged member of Greece's far-right Golden Dawn (Chryssí Avgí) party. His death was condemned by all parliamentary parties, including Golden Dawn, which through its MP Ilias Kasidiaris stated that it had nothing to do with the incident. All the other parties attributed responsibility for the murder to Golden Dawn.<sup>1</sup>

On 19 September, Greek Prime Minister Antonios Samaras condemned Fyssas's death, stating that '... this government is determined to not allow the descendants of the Nazis to poison our social life, to commit crimes, to terrorise and to subvert the foundations of the country that gave birth to democracy!'<sup>2</sup> Mass protests with tens of thousands of participants followed on 25 September.

<sup>1</sup> [http://news247.gr/eidiseis/koinonia/eglima/anakoinwseis\\_twn\\_kommatwn\\_gia\\_th\\_dolofonia\\_pauloy\\_fussa.2416935.html](http://news247.gr/eidiseis/koinonia/eglima/anakoinwseis_twn_kommatwn_gia_th_dolofonia_pauloy_fussa.2416935.html)

<sup>2</sup> <http://www.tovima.gr/en/article/?aid=530880>



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In a 26 September television interview, the leader of Golden Dawn, Nikos Michaloliakos, left open the possibility of a resignation of all of his party's MPs, a move that would lead to early elections in the electoral areas currently represented by the party. Michaloliakos stated that 'we can take this country to elections every month in order to protect our party'.<sup>3</sup>

There were mixed reactions to this possibility across the parliamentary spectrum. From the government's side, Vice President Evangelos Venizelos argued that early parliamentary elections are out of the question and that there are legal mechanisms to prevent such an event from taking place. Fotis Kouvelis, the leader of the Democratic Left party (DIMAR), which has been consistent in its support for the government's austerity policies, vowed that his party will support legal measures to prevent the occurrence of early elections. In contrast, at a 29 September rally, Alexis Tsipras, the leader of the main opposition and left-wing party SYRIZA, claimed that 'elections would be a blessing'.<sup>4</sup> The other two small parties, the Communist Party and the centre-right and anti-austerity Independent Greeks, have adopted the same line as SYRIZA.

An ongoing investigation of Golden Dawn was launched and the leader of the party and four other prominent party MPs were arrested on 28 September and the party's deputy leader, Christos Papas, surrendered to police the following day. The ongoing investigation resulted in 31 charges being laid against Golden Dawn MPs on October 2, including murder, extortion and money laundering. On the same day, three of the arrested MPs were released because they were not judged to be a flight risk or likely to commit new crimes, though the fourth, Yannis Lagos, was remanded in custody, as he is likely to be called on to provide additional details to magistrates. The next day, Michaloliakos and Papas were also remanded in custody.

The investigation of Golden Dawn is taking place within a wider political and economic context in Greece that must be understood.

The troika of international lenders (the European Union, European Central Bank and International Monetary Fund) have given the Greek government an ultimatum. This includes measures that essentially cut pensions to cover a funding gap in the country's insurance funds (estimated by the Troika at €1.5 billion), which the Government is strongly against; the privatisation of the Athens and Thessaloniki water supply authorities; and the eventual transfer of 25,000 public sector employees into a so-called mobility scheme on reduced pay for eight months, at the end of which they will be dismissed if they have not been transferred to a new position. This last measure, in particular, has been resisted by universities, unions and public sector workers challenging the constitutionality of the move.

<sup>3</sup> <http://www.skai.gr/news/politics/article/242739/mihaloliakos-boroume-na-pigainoume-ti-hora-kathe-mina-se-ekloges/>

<sup>4</sup> <http://www.tovima.gr/politics/article/?aid=532525>

## Political risk

In order to assess the current stability of the Greek political system and the likelihood of early elections, it is first necessary to establish:

- whether the government has the legal mechanisms that it claims it has,
- the political incentives for preventing such elections from occurring,
- any evidence for political instability, and
- the level of public support for Golden Dawn.

It should be underlined that Michaloliakos and the others arrested still retain their legal status as MPs and they can only lose this status once a final judicial decision has been taken. They can, therefore, in theory withdraw from parliament and force by-elections as threatened by Michaloliakos. Yet even if this were to happen, parliament can pass laws to prevent the repetitive resignation of MPs. In fact, there is a consensus among Greek legal scholars that according to article 51 of the constitution, parliament can pass laws that allow it to operate with 200 MPs instead of the current 300. Furthermore, DIMAR has already stated that it will back necessary government measures – this support gives the government a 56% majority in parliament in this matter.

It is clear that the government is strongly against early elections. The reasons are not hard to understand. Some of the Troika-prescribed economic measures mentioned earlier have to be implemented by December 2013. Given its reluctance to implement any new cuts, especially cuts to pensions, due to fears of political instability, the government is implementing other measures in order to achieve the budget surplus it desires. This includes the mobility scheme, water authority privatisations, the exit to capital markets and the issuing of 50 year government bonds. Some of these are deeply unpopular moves.

Early elections would also pose a problem for the government's legitimacy. The government fears that by-elections would result in parliamentary gains for SYRIZA and consequently a loss of the government's parliamentary majority. Its position as a minority government would likely lead to national elections. Golden Dawn is deliberately playing on this fear of de-legitimation with its resignation threats in an attempt to blackmail the government into ending the investigations against the party.

It is important to understand the government's strategy in the aftermath of Fyssas's death. A number of statements made by officials seem designed to portray the government as a pillar of political stability, democratic legitimacy and law and order. They also try to paint those opposed to the memorandum policies as extremist, as the alternative is chaos and disorder. In fact Prime Minister Samaras and Vice President Evaggelos Venizelos have both made statements attempting to link in people's minds the violence and threat to law and order posed by Golden Dawn and wider opposition to the government's economic policies.

It seems that this strategy may be working in some sense. A 6 October poll by Palmos Analysis found that 52% of respondents believed that an exit from the memorandum with the Troika should be the government's highest priority, a very high 77% believed that the government's policies will not lead to growth from 2014 onwards and 77% believed that the government is responsible for the delay in tackling Golden Dawn. However, when asked who would be more suitable as prime minister, 41% answered current premier Samaras, 27% the leader of SYRIZA, Tsipras, and 30% said neither.<sup>5</sup> This suggests that the Greek public does not support the government's policies but at the same time does not see any alternative to the current situation. Although the strategy seems to be simply perpetuating existing attitudes rather than having any significant impact, as a May 2013 ALCO poll from before Fyssas's death found more or less the same results.<sup>6</sup>

This does not mean that there are no challenges. There are the legal appeals already mentioned, which pose a serious problem for a government that claims to represent democratic legitimacy, as the appellants claim the mobility scheme is unconstitutional. But past memorandum reforms have met with opposition that has subsequently receded – a trend that is likely to continue.

SYRIZA has expressed its support for the work carried by judicial authorities and specifically their confidence in the legal system. They are adopting the government's strategy so as not to appear extremist but will likely politically exploit the legal appeals brought by public sector workers. While they have vocally supported the idea of early elections, it is highly unlikely that they will continue seriously entertaining the idea given the public opposition and will likely instead adopt a 'wait and see' approach. However, divisions and stalemate between the various factions of the party make predicting their actions with any certainty difficult.

The release of the three Golden Dawn MPs on 2 October is reported to have sparked panic in government circles, with ministers fearing a repeat of the June 2013 protests that followed the government's decision to shut down state broadcaster ERT. They also feared that Golden Dawn might appear as the victim of political persecution because concerns were raised over the legality of the government's actions. In order to calm the situation, government and opposition spokespeople and officials have stated that judicial authorities should be left alone to carry out their investigation and reminded the public that the MPs were still charged and that this was, in fact, the first time that any Greek MPs had been held in temporary custody.

It seems that they need not have been overly concerned. A 4 October poll by ALCO showed a fall in support for Golden Dawn. A 6 October poll by Palmos found that 66% of respondents considered Golden Dawn a criminal organisation and 88% disagree with their actions.<sup>7</sup> Golden Dawn's credibility has been weakened, their MPs have been stripped of their immunity and state funding for the party has been cut. Two of their members were killed and a third seriously injured in a drive-by shooting outside the party's offices in Athens on 1 November. However, despite these setbacks, they remain the third largest party in terms of support.

<sup>5</sup> [http://www.palmosanalysis.com/index.php?l=1&menu\\_id=2&page\\_id=1&news\\_id=71](http://www.palmosanalysis.com/index.php?l=1&menu_id=2&page_id=1&news_id=71)

<sup>6</sup> <http://issuu.com/alcopolls/docs/alcomay2013/1?e=7276305/2559729>

<sup>7</sup> [http://www.palmosanalysis.com/index.php?l=1&menu\\_id=2&page\\_id=1&news\\_id=71](http://www.palmosanalysis.com/index.php?l=1&menu_id=2&page_id=1&news_id=71)

## Conclusion

The Greek public oppose early elections and support the current prime minister in the absence of alternatives. There is no evidence of a serious rift within the governing party, which has as its disposal legal measures to resist repeated resignations and early elections. While opposition to memorandum policies, such as the mobility scheme, has been manifested in the courts, past opposition to such policies has eventually receded. Finally, the opposition SYRIZA party has not been able to offer up a workable alternative to the memorandum policies nor do they have a strategy for forcing the government to resign. Therefore, while the impact of political instability would be *high*, the likelihood of such instability occurring is assessed as *low*. Consequently, the overall current political risk in Greece is assessed as *medium*.

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