

Greece: Changing of the guard after the snap election

As anticipated by opinion polls, Greece's New Democracy party won over the incumbent Syriza by an ample margin, and will be able to run the country by itself. Focus will soon shift to the 2020 Budget Draft, to be disclosed in September



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ND easily wins unusual July snap election

On Sunday, Greeks were called to a snap election to renew their 300 seat Parliament. As a quick reminder, the current Greek electoral system attributes 250 seats on a proportional basis, and the remaining 50 seats as a bonus, to the party obtaining the relative majority. The system includes a 3% minimum parliamentary representation threshold.

For once, opinion polls had correctly anticipated the outcome, pre-announcing a neat victory for the centre-right New Democracy (ND) over the radical left Syriza. New Democracy did indeed win, coming first with 39.9% of votes, while Syriza came second with 31.5% of votes. The relative majority of votes allowed ND to win the 50 seat bonus.

With 158 seats out of 300, ND will be able to run the country by itself

On the eve of the vote, observers were very much focused on the number of parties breaking the 3% representation threshold, as this would be decisive in determining whether or not ND would be in the position to reach an absolute majority. The poll results show that, beyond ND and Syriza, only four other parties broke the 3% threshold: Kinal (8.1%), the KKE (5.3%), the Greek Solution (3.7%) and MeRA25 (3.4%).

ND was thus able to get 158 seats, topping by a 7 seat margin the 151 absolute majority threshold. As smaller parties towards the end of the campaign had increasingly shown little inclination to cooperate with the big ones, Mitsotakis, the leader of ND and next Prime Minister, will likely choose to run the country alone.

Mitsotakis will be sworn in today. He will then announce the composition of the cabinet, which will be sworn in tomorrow. The new Parliament will convene on 17 July.

New PM Mitsotakis aims at more investment and lower taxes, likely looking into 2020 and beyond

As for his next steps, these will likely follow the line set in the campaign, but not without some difficulties. Mitsotakis' very first statements after his ample victory reiterated his campaign slogans of more investment, lower taxes and a better job market. This is easier said than done in the current closely-monitored post bailout programme environment. He will soon be confronted with the fiscal impact of the last measures approved by the outgoing Tsipras government, which could have jeopardised the attainability of the 3.5% primary surplus target for 2019. We believe Mitsotakis will not try to enforce changes in 2019 but will instead concentrate on the draft of the 2020 budget, which will possibly be drafted in time for the Thessaloniki international fair to be held between 7 and 15 September. As calls for tax cuts and more investment are also coming from the Italian government, the 13 September Eurogroup meeting might offer an interesting, if imperfect, viewpoint on Europe's reaction to the first real attempts to change the direction of European governance after the May elections. Interesting times ahead.

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