



## Critical Choices Await Greece's New Government

*By Ian Lesser*

The center-right New Democracy party won a striking victory in last Sunday's snap elections in Greece. Winning almost 40 percent of the vote, it has been able to form a majority government on its own. New Prime Minister Kyriakos Mitsotakis has moved quickly to name a cabinet that contains many party stalwarts, but also a fair number of technocratic appointees and even some former socialist politicians. The electoral outcome will have important implications for Greece, Europe, and the United States.

First, coming on the heels of last month's European Parliament elections, the results in Greece suggest that the rise of populist parties is neither inexorable nor sustainable in many settings. Golden Dawn, once seen as among the worst and most vigorous of Europe's extreme-right movements, failed to reach the three percent threshold to enter parliament. Just a few years ago, the party enjoyed double-digit support. Formerly governing Syriza, which became less populist and leftist over time, is now the main opposition party, having received 31.5 percent support. In many ways, it has taken over the mantle of the center-left held by the socialist PASOK party before its collapse.

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New Democracy's victory has been welcomed by the business community and international investors. After a year of economic stringency and a very slow return to growth, Greece and its EU partners are looking for new approaches that can put the country back on track. Mitsotakis now faces a difficult balancing act in meeting the expectations of an exhausted society and those of economic conservatives in key EU countries. Like his predecessor, he will be keen to secure some relief from Greece's still onerous debt burden. The country's eurozone partners may now find it harder to say no.

Second, the new government faces some critical choices when it comes to policy in the Balkans and the Aegean Sea. Part of New Democracy's electoral success derived from its ability to appeal to nationalists of the right and the left, and there is no shortage of these across the country. The so-called Prespa agreement on the name of the Republic of North Macedonia, which paved the way for the country's NATO membership and perhaps,



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eventually, EU accession was a signal achievement for the previous government. But it also offered a rallying point for nationalist forces in Greece, and New Democracy took full advantage of this in its campaign. In a similar vein, the party struck a hawkish note on Cyprus, energy issues in the Eastern Mediterranean, and relations with Turkey.

With the elections won, it is a reasonable bet that Prime Minister Mitsotakis, Foreign Minister Nikos Dendias, and others in the government will revert to a more nuanced approach. None are strident nationalists, and Greek interests argue for a careful approach. Political atmospherics aside, Athens has a stake in continuity when it comes to the Prespa agreement. North Macedonia offers significant economic opportunities for trade and investment. Its Euro-Atlantic integration will also clearly contribute to Greece's wider economic and security interests. An early signal of support for the agreement by the new government would also pay dividends in relations with the EU and United States.

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The situation in the Aegean Sea is more complex, against the backdrop of an increasingly assertive Turkey, growing nationalism and sovereignty-consciousness on all sides, and the deterioration of Ankara's relations with the West. Greece and Turkey have benefited enormously from the détente that has prevailed since the high-tension days of the early 1990s. Yet, the potential for conflict arising from brinkmanship, including the risk of accidental confrontations at sea or in the air, is now higher than it has been for decades. Here too, the new government would be well-advised to pursue a strategy of engagement and risk-reduction—and to keep its EU and NATO partners on board.

Finally, the new government will face choices in transatlantic relations. These are unlikely to be stressful for several reasons. Prime Minister Mitsotakis was educated in the United States and knows the country well. He comes from a part of the Greek elite inclined to favor transatlantic relations as a matter of values and interest. On this front, and surprisingly, his leftist predecessor Alexis Tsipras paved the way. In recent years, the Syriza government quietly encouraged much closer foreign and security policy ties with the United States. From energy geopolitics to expanded access to naval and air facilities at Souda Bay on the island of Crete, the previous government skillfully set aside the reflexive anti-Americanism of the Greek left to develop a deeper strategic relationship with Washington.

At a time of multiple foreign policy frictions across the Atlantic, the increasingly close Greek-U.S. relationship is a notable exception. The new government has every reason to maintain and extend this situation. The United States also has a sustained stake in closer ties as a hedge against instability in the eastern Mediterranean and the Levant as well as uncertainty in relations with Turkey.

Given its cultural affinity and economic ties with Russia, Greece is never going to be in the front rank when it comes to taking a hard line with the regime in Moscow. But the Mitsotakis government may have an easier time than its predecessor in staying with the transatlantic consensus on sanctions and other issues related to Russia. China may be more of a challenge for Greece's transatlantic relations to the extent that the government moves to unblock further Chinese activity in the port of Piraeus in pursuit of a more open approach to foreign investment in general.

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The result of the elections can be a positive development for Greece, for the region, and for transatlantic relations. The new government will be given the benefit of the doubt on both sides of the Atlantic. After years of austerity, Greece's partners should be prepared to help. A more flexible attitude toward the country's finances and debt should be part of the equation. Solidarity with Athens in managing its continued refugee challenge should be another. On the Greek side, it will be important for the new government to move away from nationalist electoral rhetoric in the interest of stability in the neighborhood at a time of growing risk.

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