

Country Reports on Political Corruption and Party Financing

GREECE

INTRODUCTION

Greece, officially known as the Hellenic Republic, is the southern-most country on the European mainland. It occupies an area of 131,940 square kilometres and has a total population of almost 11 million people, nearly 40 per cent of which resides in the capital, Athens.

Greece was liberated from the Ottoman Empire in 1831 since when its political system has been a parliamentary democracy. After the Second World War and up until 1949, Greece experienced a civil war between the nationalist and the communist forces. In 1967 a military junta ruled the country for seven years. The sudden downfall of the dictatorship and the triumphant return of Konstantinos Karamanlis to Greece and to power on 24th July 1974 ushered in a new era in the political history of the country. A government of national unity (with the participation of politicians from the main political parties of the period prior to 1967) was formed and all political parties were legalised, including the Communist Party, which had been banned since 1947. In a plebiscite held on 8th December 1974, 69.2 per cent of the Greek people voted against the restoration of the monarchy. The consolidation of the democratic system of government was rapidly and decisively completed with the enactment of the constitution of the third Greek Republic.

The present constitution, which was adopted at the beginning of June 1975 organised the powers of the state in a modern and effective way, marking a break with the past both at a social and political level. The Greek Parliament amended the Constitution twice, in 1986 and in 2000.

The head of the Greek state is the president, who is elected by Parliament. The President, who has limited political powers, may hold office for a maximum of two five-year terms. The basis of the political system is a 300-member *Vouli* or parliament. Parliamentary sessions normally last for four years, followed by elections held on the basis of a direct, secret, and universal ballot. The country is divided into 13 administrative regions (nine mainland and four insular). These are further subdivided into 51 *nomoi* (prefectures), each with an elected *nomarkhis* (prefect).

The two largest political parties are the center-left *Panhellenic Socialist Movement* (PASOK), and the center-right *New Democracy* (ND) party. Other political parties together tend to attract about 20 per cent of the vote, which is exercised by more than 75 per cent of the electorate. The most prominent among these parties are the *Communist Party of Greece* (KKE), the *Coalition of the Left* (SYN) and the *Democratic Social Movement* (DIKKI).

Before 1967 the political system, instead of promoting political parties, spawned a factionalism based on the patronage of prominent individuals. After 1974 the system changed. This was mainly due to PASOK's structure, which gave it a base of grassroots support other parties lacked. Besides its strong central committee, PASOK had local party

offices and cadres in towns and villages across Greece. This system proved very effective in organising support and validating the claim that the party was not based, like the others, on networks of patronage. Today all parties use the same model of organisation.

Legal status of parties

Political parties are at the heart of the Greek political system. They are explicitly recognized by the Constitution which provides in Article 29 that:

‘1. Greek citizens possessing the right to vote may freely found and join political parties, the organisation and activity of which must serve the free functioning of democratic government. Citizens who have not yet acquired the right to vote may participate in youth sections of parties.

2. The financial support of parties by the state and the publicity of electoral expenses of parties and parliamentary candidates may be provided by law.

3. Manifestations of any nature whatsoever in favour of political parties by judicial functionaries, the military in general, members of the security corps and public servants, as well as the active support in favour of a party by employees of public law legal persons, public enterprises and local government agencies are absolutely prohibited’.

Factors influencing costs

Increasingly since 1989 electoral campaigns have been conducted mainly via television. Since most of the TV stations are privately owned, the cost of campaigns is exceptionally high. There are no accurate numbers of the total level of funding in the last general election, in 2000.

I. THE PROBLEM OF POLITICAL FINANCE SINCE 1980

1. The major corruption scandals

A major scandal erupted in 1988–1991. It concerned the period of government of former prime minister Andreas Papandreou, during 1985–89. The scandal involved *inter alia*:

- The bribing of the vice president of Papandreou’s Government by a Greek banker
- The purchase of French defence missiles for the Greek army

The case of the bribe by the Greek banker was tried by the Greek courts at a time when the whole issue had become highly politicised. The former vice president died in the court room during the trial. Three other politicians were sentenced for minor offences.

During the past years there has been a continuous discussion about corruption, which involves politicians and media barons. The last scandal emerged in April 2003 when a minister of government was forced to resign after being accused of accepting free housing from a leading businessman.

2. The major changes in legislation on political finance

There have been four attempts to legislate political expenditure since 1980. The first one took place in 1984. Since 1996 there have been three different attempts to control the financing of political parties and candidates. The last attempt was Law 3023 of 2002.

- a) There is an obligation upon political parties to publish their balance sheets annually. Candidates who are elected MPs, as well as runner-up candidates have to disclose their expenditure during the election period within 40 days after the elections.
- b) Donations to political parties exceeding 600 euros per year cannot be anonymous. There are certain prohibitions concerning donations by companies, physical persons who are not Greek nationals and media-owners. Individuals cannot donate more than 15,000 euros per year to a political party, and more than 3,000 euros per election period to a candidate. There is a limit imposed upon candidates' expenditure during the election period. The limit depends on the size of the constituency.
- c) State support is provided to parties who have elected representatives in the Greek parliament or the European parliament.

Law 3023/2002 provides for a semi-independent investigation of the expenditure of candidates after the election period.

3. The major recent court decisions

There have been no major court decisions since 1995.

4. The public debates

There have been a number of debates in the Greek press and the parliament concerning political finance. The main issue was the enormous power wielded by certain media barons and their involvement in other aspects of economic life of Greece.

II. TRANSPARENCY

1. Reports on finance by parties and candidates

Political parties have to publish their balance sheet annually. They are also obliged to put 80 per cent of their annual income into bank accounts. These bank accounts have to be made known to the 'Inspection Committee'.

Candidates who were elected MPs, as well as runner-up candidates, have to disclose their expenditure during the election period within a period of 40 days after the elections. They are also obliged to make use of bank accounts for the 60 per cent of money used during the election period. These bank accounts also have to be made known to the 'Inspection Committee'.

Up until now there has been no enforcement of the legislation. Parties have simply published their balance sheets, which have been checked by chartered accountants. In practice nobody has ever checked the accuracy of these balance sheets. In the past, the elected candidates simply declared that their expenditure was below the limit established by law. Nobody checked the accuracy of the reports.

2. Access to reports

The balance sheet of the parties is published annually in two Athens newspapers. The statements of the candidates are published after they are handed to parliament. Expenditures are also published after being handed to parliament. Nevertheless, the official expenditure is considered to be totally different from the unofficial.

3. Publication of sources and amount of donations

The amount of donations to parties is included in their balance sheet. All the records for both candidates and parties are presented to the Inspection Committee. Nevertheless, the obligation to present all records for donations to candidates and parties to the Inspection Committee is new and not yet practised. In practice large donations are kept secret. Sometimes, main contributors receive coupons from the finance campaign of the parties as evidence of the payment of large donations.

III. FINANCE

1. Donations

a) Limits on individual donations to candidates or political parties

The limits are the following:

- 15,000 euros per year for political parties.
- 3,000 euros per electoral period for candidates.

Donor who exceed this amount may face imprisonment of up to one year and a penalty of up to 15,000 euros.

Non-Greek citizens, state enterprises, private companies, local government authorities and owners of media are forbidden to offer donations to the parties.

b) Limits on corporate donations to candidates or political parties

The new legislation does not allow corporate donations, with the exception of companies that are totally owned by political parties.

c) Trading in influence

No relevant legislation.

2. Public finance and media

a) Direct state subsidies to parties

A direct subsidy of 0.10201 per cent of the annual income of the state is offered every year to the parties. During the election period an extra 0.022 per cent of the annual income of the state is also offered. This money is distributed in accordance with the seats held by each party in parliament and in the European Parliament.

b) Indirect State Subsidies to Parties

The state offers free postage and free telephone calls up to a certain limit.

c) Media Space and State subsidies

The new legislation adopted in 2002 has provisions concerning free media space to political parties or candidates. During the election period the media are obliged to offer free airtime for political parties to present their political programmes. The time is allocated equally between all the parties. No other political messages are allowed to be presented via the media. In reality, however, this system is not yet being implemented. The benefits are, in theory, provided to all parties.

The new Inspection Commission, which has been adopted in accordance with Law 3023/2002, has powers to check whether the provisions concerning the presentation of political parties' programmes via the media are respected. There is as yet no evidence of that such provisions are being implemented.

d) Abuse of Power

There are no similar provisions.

3. Limits on Expenditure

The expenditure of each party during the election period cannot exceed 20 per cent of the annual state subsidy offered to all of the parties. If the political party does not respect this provision it can be subjected to a penalty equal to double the amount by which the party exceeded the expenditure ceiling. If the party exceeds the ceiling by more than 50 per cent, it will lose the following year's state subsidy as well as facing the fine. If the party does not receive any state subsidy the penalty can amount up to 75,000 euros.

There are also limits for candidates. These limits are based on the population of the constituencies. The minimum amount for very small constituencies is 15,000 euros.

All these provisions are new. In practice no independent organ has ever checked the expenditure of the parties during the election period.

IV. OVERSIGHT, SANCTIONS AND ENFORCEMENT

1. Oversight institutions

The new legislation adopted in 2002 provides for the establishment of a semi-independent body called the Inspection Commission. This Inspection Commission consists of three judges elected by the Greek High Courts, and one MP for each of the parties participating in the Greek parliament. The president of the Inspection Commission is the president of the parliament. This body is supposed to examine the expenditure of parties and candidates. If there are deviations from the legal obligations of parties and candidates, the Inspection Commission presents a report to the Greek High Court, which takes the necessary measures.

This system is not yet practised, however. Given that at least three parties participate in parliament, the non-parliamentary members of the Commission will be in the minority.

2. Independence of Prosecutors and Judges

The public attorneys intervene if there are specific accusations. In practice there has been no similar case presented before the Greek courts.

V. CONCLUSION

Since 1996 there have been three different attempts to control the financing of political parties and candidates. The continuous change of legislation is a clear indication that the previous laws were unsuccessful. The last attempt was Law 3023 of 2002. This law is very recent (25 June 2002) and has not yet been tested. Therefore, no conclusions can be drawn yet.