

What's Next for Greece? Debating Syriza's Options

April 3, 2015

In the weeks following its historic victory in the Greek elections on January 25, 2015, Syriza has been engaged in a bitter struggle. Syriza wants to implement the anti-austerity program it proposed to the Greek people during the election campaign; European elites have declared this to be impossible, and have thrown roadblocks in the way of even the most minimal of the party's promised reforms—going so far as to challenge Syriza's right to give food and restore electricity to the poorest sector of the population in the midst of the country's profound humanitarian crisis.



As the conflict between Greece and the International Monetary Fund, European Commission and European Central Bank (the three formerly known as “the troika,” now renamed “the institutions”) has deepened, Syriza's popularity within Greece has soared. At the same time, however, an intense debate is emerging among Syriza members and supporters as to what strategy to follow in light of the relentless pressure from European leaders, with no immediate prospect of a positive change. The New York-based Campaign for Peace and Democracy, which has been actively engaged in support for the Greek anti-austerity struggle since 2012, organized a public forum held on February 6, 2015, titled “After the Greek Elections: The Future of Austerity in Greece, Europe and Beyond,” with speakers debating different perspectives.

CPD now follows the forum with further discussion of Greece's options, beginning with Syriza's 2014 Thessaloniki Program, the basis on which the party campaigned for the January 25 elections, and an overview by Sarah Leonard that provides context for the policy debate, plus nine selected articles representing differing viewpoints. The first by Tom Walker is followed by interviews conducted by Sebastian Budgeon with Stathis Kouvelakis and Costas Lapavistas. Next are articles by Michael Roberts, Kouvelakis, Barry Finger, James K. Galbraith and Maria Margaronis. Each article is preceded by a brief introduction and summary. We are grateful to Barry Finger for preparing this introductory material. The articles are followed by links to the report of the Hellenic League for Human Rights documenting the horrific human rights abuses produced by the austerity crisis, and to an extensive ongoing reference list on the Greek situation provided by the Canadian Socialist Project.

Readers may find it helpful in understanding the array of technical terms and references to consult a glossary provided here that was featured in *The Wall Street Journal*.

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Syriza's Thessaloniki Programme (September 2014)

Both an election platform (statement of priorities) and a governmental action program for national reconstruction by the Coalition of the Radical Left (SYRIZA), the Thessaloniki Program, released in September 2014, is a set of policy proposals designed to reverse austerity, relieve the humanitarian crisis, deepen democracy and revive the Greek economy within the formal context of a balanced budget. The program calls for a European New Deal, a European debt conference to write off part of the existing debt and to restructure remaining debt obligations based on future growth. It calls for expanded public investment financed off-budget (free from the restrictions of the Stability and

Growth Pact) by the European Investment Bank. It was declared to be “not negotiable” by Syriza’s party leader, Alexis Tsipras (*Greek Reporter*, Jan. 12, 2015).

Sarah Leonard, “How Greece Put an Anti-Austerity, Anti-Capitalist Party in Power”

The author reconstructs the social and economic backdrop behind the rise of the first anti-capitalist party to attain power in postwar Europe. Leonard describes the Greek debt crisis as nothing less than a hostage situation, in which the Greek people are being commanded to submit not only to having their resources appropriated but also to having their futures pulled out from underneath them by the demands of the German banks. The humanitarian crisis is depicted in graphic detail both at the macro and the personal levels. Syriza’s success is analyzed not as a fluke but as the culmination of protracted roiling unrest and resistance rippling throughout society—an atmosphere of pervasive defiance giving rise to a broad Social Solidarity movement. But, Leonard warns, socialism arising from the depths of despair also has a grim doppelgänger. For waiting in the wings, should Syriza falter, will not be the discredited forces of the political center, but neo-fascist reaction. And this dynamic of left-right polarization is being paralleled throughout the eurozone, with much now hinging on Syriza’s success.

Tom Walker, “No, Syriza has not surrendered”

Walker navigates between opposing assessments of Greece’s agreement with the banking elites: that Syriza has suffered a major defeat against those who celebrate it as a “decisive step, leaving austerity, the bailouts and the troika.” He asserts that the government negotiated an agreement that, most importantly, staved off an imminent economic collapse. It cancelled the previous government’s planned cuts to pensions, scrapped VAT rises on food and medicine and carved out a framework permitting an increase in public spending if paid for by a more vigorous enforcement of taxes. The agreement is, on balance, a compromise rather than a rout. Syriza is unlikely to move forward, however, if left to struggle in national isolation.

Sebastian Budgeon and Stathis Kouvelakis, “Greece: Phase One”

In interview format, Stathis Kouvelakis, a member of the central committee of Syriza and professor of political theory at King’s College London, acquaints the reader with the meteoric rise and internal complexities of the Greek far left, including the origins and background of the forces that coalesced to form Syriza, as well as those that remain external to it such as the Greek Communist Party (the KKE). This interview took place before the elections, but at a time when the likely results were already apparent. Kouvelakis argues that the strength of Syriza resides in its hybridization of the traditions peculiar to the Greek Communist movement with the novel forms of spontaneous resistance that have emerged in the fight against austerity. Particular emphasis is given to the Left Platform forces within Syriza, which see accessing governmental power not as the culmination of social mobilization but as a means of igniting struggles from below. Kouvelakis foreshadows arguments that rapidly rose to prominence after the latest disappointing rounds of negotiations over the debt memoranda, namely that those not ready to break with the eurozone, tie their hands in advance.

Sebastian Budgeon and Costas Lapavitsas, “Greece: Phase Two”

Costas Lapavitsas, a renowned Marxist economist formerly associated with SOAS (School of Oriental and African Studies, London), currently a member of the Greek parliament elected on the Syriza list (though not a party member), clarifies his differences with the Syriza leadership in this wide-ranging interview. He explains why he is skeptical of the prospects of ending austerity and writing off the Greek debt while remaining within the confines and restrictions of the European monetary union.

Political advancement, he argues, requires changing the institutional arrangements that straightjacket the Syriza government. Since a reform path is not possible within the eurozone, control over fiscal policy through rupture (i.e., Grexit, leaving the eurozone) according to Lapavistas, is the only path forward if socialists are to fulfill their election commitments. He calls for a negotiated, consensual exit and suggests that this should be the focus of the next round of negotiation.

Michael Roberts, "Greece: Keynes or Marx?"

This is a reply to the Lapavistas interview, "Greece: Phase Two." Roberts argues that a Grexit should not begin and end with controls over capital flows, legal in any case under current EU rules, and bank nationalization. He suggests that renewed mastery over fiscal policy resulting from a break with the eurozone will not be sufficient to place Greece on a firm growth path. He notes that Argentina, as a case in point, broke from its dollar denominated currency in 2001 only to find itself with a short-lived recovery made possible by an export-led boom, not applicable to Greece. Roberts suggests that a replacement of big capital, not just banking, with public ownership and workers' control presents a more dynamic alternative, particularly because Greek capitalism, suffering from a massive over-investment relative to profits, is in no position to turn the economy around.

Stathis Kouvelakis, "A Reply to the Sophists"

Reposted as "The Reality of Retreat"

According to Kouvelakis, the sophists in question are Étienne Balibar and Sandro Mezzadra, and their sophistry consists in two propositions. The first is that Syriza has no mandate to quit the eurozone, but instead has two affirmative interlinked mandates—to break with austerity and to do so precisely while remaining in the European Monetary Union. The other sophistry is the contention that any assertion of national sovereignty (Grexit) as a more propitious arena for struggle by Syriza, will also isolate and weaken other progressive forces, such as Podemos, within the eurozone. Kouvelakis argues in answer to these assertions that remaining in the European Monetary Union will only strengthen the troika, while fragmenting the alliance that brought Syriza to power and sapping its power to resist. It is a struggle that remains on enemy territory, in an iron cage as Kouvelakis has elsewhere characterized it. Conversely, an exit from the existing framework which makes a democracy accountable to its citizenry impossible would embolden other forces who already are in or might initiate the process of "hegemonizing" the national terrain as the focus of struggle. Real internationalism cannot be disconnected from the concrete realities of struggle, argues Kouvelakis. It is the troika (the institutions) that has colonized the member nations. By asserting sovereignty and giving expression to the popular mandate to end austerity, Greece will be sustaining the spirit of rebellion and resistance in a "democratic, popular, non-nationalist sense, open to the outside world."

Barry Finger, "Can Greece Defy the troika?"

The author acknowledges that efforts by the Greek government to reorient the debt architecture towards supporting economic growth and recovery have failed for lack of a cooperative partner in the troika. If it wished to, the European Central Bank could readily internalize outstanding debt, recapitalize the banks and support the spending decisions of the new government. Instead, the monetary union presently exists as a bankers' bludgeon to shrink the welfare state and bring the eurozone in line with the far less worker-friendly economic frameworks of the United States and China. There are, nevertheless, stopgap measures that Syriza can pursue that might allow at least part of its program to be realized. It can securitize anticipated taxes and spend them internally as a parallel currency pegged to the euro. With it, Greece can support infrastructural investment, pay public servants and maintain health services. It can jumpstart the economy and reduce the debt to

GDP ratio by expanding its tax base. More importantly, it can free euros for the importing of food, fuel and medicine. It can transform the eurozone from a monetary union into a looser monetary federation.

James K. Galbraith, “Reading the Greek Deal Correctly”

Galbraith presents a stark assessment of the negotiations prospects. “The only choices were an agreement with conditions, or no agreement with no conditions.” And Greece was under the gun. It had to come to terms with the troika or face a collapse of the Greek banking system, and, by extension, the economy. The final agreement extends the “Master Financial Assistance and Facility Agreement,” which was the framework for past assistance. The bulk of this, argues Galbraith, consists of provisions concerning taxation enforcements and modernization of the public sphere that are not problematic for Syriza. Both sides always understood the commitment to a 4.5 percent primary budget surplus as a nonstarter. And Syriza is in compliance with the International Labor Organization (ILO) with regard to labor reform, which puts it on firmer legal ground than its adversaries. As for privatizations, Syriza does not oppose them per se, but only those that create private price gouging monopolies and/or those whose terms of sale are giveaways that add little to the public coffers. If Greece is to stay in the eurozone, expansion can only come through better tax collection, from private investment or from the European Investment Bank. A large scale Keynesian stimulus was never realistic. The Greek government achieved what it needed to do under the circumstances. It extended its scope of maneuver while building the prospects of its anti-austerity eurozone allies in Spain, Ireland and Portugal.

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Maria Margaronis, “After Last Week’s Deal with the troika, What Next for Syriza?”

The author sees the four-month agreement that the Greek government signed with the “institutions” as fraught with creative ambiguity. Syriza extracted a crucial reprieve from the requirement to run a 4.5 percent primary surplus (taxes minus spending net of interest payments on the national debt), permitting room for fiscal expansion. It also won the right, subject to approval, to design its own reforms. She nevertheless also acknowledges that neo-liberal labor market revisions and privatizations approved by previous governments, but repudiated at Thessaloniki, remain as points of contention. Margaronis shares the opinion of others that Syriza’s mandate is to end austerity and restore lost rights, while remaining in the eurozone. But she also suggests that the agreement is, on balance, a modest victory for Greek socialists who applied a democratic wedge to pry open doors heretofore locked by the banking autocracy. In so doing, Syriza provided hope to democratic oppositionists and anti-austerity activists throughout Europe.

For further research and information, check out Downgrading rights: the cost of austerity in Greece published by the Hellenic League for Human Rights, which gives an extensive account of the economic, social, social, cultural, civil and political rights violations caused by the years of Greek austerity, and the Canadian Socialist Project’s very helpful ongoing listing of articles on the situation in Greece and Europe.

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