

Lessons from Greece: Was, and Is There, an Alternative? The Left confronts Greece's financial crisis

Monday 10 August 2015, by [FIDLER Richard](#) (Date first published: 7 August 2015).

Contents

- [Syriza, a new party of the \(...\)](#)
- [II. Syriza's program for \(...\)](#)
- [A new, 'nightmarishly harsh'](#)
- [III. Was there an alternative?](#)
- [IV. Where now?](#)
- [Is it time for a Grexit?](#)
- [Is Grexit key to resisting \(...\)](#)
- [A proposal for a new political](#)
- [... and in Europe](#)

On January 25 Syriza, the Coalition of the Radical Left, emerged with a plurality of 36% of the popular vote in Greece's national legislative election, winning 149 seats, two short of a majority, on a radical anti-austerity program. With the support of ANEL, a small right-wing but anti-austerity party, it formed a government.

Five-and-a-half months later, fresh on the heels of a July 5 referendum in which the Greeks had reaffirmed their opposition to austerity by a majority of 61%, Prime Minister Alexis Tsipras surrendered to the country's international creditors. Three days later, government leaders — while professing their own reluctance and opposition to the imposed "agreement" — voted with the same capitalist parties and politicians they had defeated in January to accept even greater austerity. The terms of surrender include a far-reaching loss of sovereignty, rendering Greece a debt colony of the eurozone.

Syriza is now sharply divided, 32 of its MPs, most of them associated with the party's Left Platform, having voted No (a further 7 abstained) to the first batch of the brutal austerity terms imposed by Greece's creditors: the European Central Bank, the European Commission, and the International Monetary Fund. Now committed to implementing these and impending measures imposed by these creditors, known as the Troika, Tsipras lacks a parliamentary majority and is dependent on the votes of his neoliberal opposition.

This is a stunning defeat for the people of Greece and for Syriza, whose election to government was the first major breakthrough in Europe for a new, ostensibly anticapitalist, party formed in the period of neoliberal austerity.

Tsipras correctly lays primary blame on the Eurozone lenders' unyielding opposition to any renegotiation of the huge debts, mainly owed to the banks (and behind them, the Troika) incurred by previous neoliberal governments. The fruitless attempts by the Greek government to seek substantial relief from the Troika's draconian memoranda have been amply documented in the

media. Writing from Athens on July 17, Tariq Ali, among many others, described the strategy of the European Union leadership, and its consequence [1]:

“When capitalism went into crisis in 2008, the scale of the disaster was such that Joseph Stiglitz [former chief economist at the World Bank] was convinced it was the end of neoliberalism, that new economic structures would be needed. Wrong, alas, on both counts. The EU rejected any notion of stimulus, except for the banks whose recklessness, backed by politicians, had been responsible for the crisis in the first place.” Taxpayers in Europe and the United States gave trillions to the banks. The Greek debt by comparison was trivial. But the EU didn’t want to make any shifts that could damage the process of financialisation that they had insisted was the only way forward. Greece, the weakest link in the EU chain, went first, followed by Spain, Portugal, Ireland. Italy was on the brink. The Troika dictated the policies to be followed in all these countries.

“Conditions in Greece have been horrific: a quarter of a million Greeks applied for humanitarian relief to buy food and help with rent and electricity; the percentage of children living in poverty leaped from 23 per cent in 2008 to 40.5 per cent in 2014 and is now approaching 50 per cent. In March 2015 youth unemployment stood at 49.7 per cent, 300,000 people had no access to electricity and the Prolepsis Institute of Preventive Medicine found that 54 per cent of Greeks were undernourished. Pensions dropped by 27 per cent between 2011 and 2014.” Syriza insisted that this constituted collective punishment, and that a new “deal” was needed, one that aimed to bring some improvement to the conditions of everyday life.

“The EU has now succeeded in crushing the political alternative that Syriza represented.”

The Troika leaders evidently hoped to isolate the government and ultimately to force its defeat as a demonstration to anti-austerity parties elsewhere in Europe that There Is No Alternative (TINA).

However, it is also clear that Syriza, as a party, was not prepared to address the strategic challenges it would encounter in attempting to implement the program on which it had been elected — which attempted to reconcile opposition to the debt repayment and austerity with continued membership in the Eurozone. In that light, I want to address three major aspects: the debate over strategy and program within and around Syriza and how that was reflected in the months since the January election; the prospects for a recovery and revitalization of the Greek left in the coming period; and some promising initial reactions to the Greek events in the European left.

In doing so, I will canvass some of the suggestions made concerning the measures the government might have taken to reinforce its bargaining position and to strengthen Greek workers’ ability to fight for a sovereign and progressive alternative to eurozone domination. Among other things, this should correct the misrepresentation that the Syriza left and other critics have simply called in recent months for an “immediate Grexit,” that is, an immediate and unilateral break from the Eurozone. [2] Since I have no firsthand knowledge of Greece, I rely on the contributions of various protagonists in this epic battle.

Syriza, a new party of the anticapitalist left

In the wake of the government’s acceptance of the bailout terms, the focus will now be on what can be done in the coming weeks and months to fight the new austerity, and whether it is possible to re-imagine a strategy for a left government capable of resisting the country’s new neocolonial status and rebuilding a left alternative, whether as Syriza or in the form of some new regrouping of Syriza militants with other currents in the left and popular movements.

But to understand what is possible at this stage, I think it is useful to begin with a look at the nature of Syriza and its early debates. The formation of Syriza, a new party albeit with deep roots in Greece's political culture, was a major step forward in uniting the fragmented Greek left. (For an outline description of each of the radical left organizations and their relations to each other historically, see [Map of the Greek Radical Left \[3\]](#).)

The early history of Syriza is explained in a couple of informative articles by Panos Petrou, a leading member of the International Workers Left (DEA, by its initials in Greek), a revolutionary socialist organization that cofounded Syriza. These are entitled, respectively, *The Making of Syriza* (June 11, 2012 [\[4\]](#)) and *Where is Syriza Headed?* (December 19, 2012 [\[5\]](#)). Reading these articles, which I won't attempt to summarize, I am struck by the many similarities between the formation of Syriza and the regroupment process that led to the formation of Québec solidaire during the same period, although of course in each case there are distinctive histories reflecting their different circumstances and component groupings.

The story is picked up by another member of the DEA within Syriza, Sortiris Martalis, in a report to the March 2013 meeting of the International Committee of the Fourth International [\[6\]](#). I quote from it extensively, boldfacing for emphasis some passages that are especially pertinent to current debates:

"There are six points that I want to highlight.

1. SYRIZA has a history going back more than a decade. Its foundation, in 2001, was the result of the conjunction of two elements. The first was the united action of revolutionaries and reformists in the movement against the effects of capitalist globalization. The second concerned the left reformist party Synaspismos' search for electoral alliances to overcome its weakness —the party risked not reaching the threshold of 3 percent necessary to have seats in the Greek parliament.

These two elements gave us the possibility of implementing a united front tactic. [...]

During the last decade, SYRIZA has gone through numerous different phases. There has been united action in movements like the one which succeeded in 2007 in blocking efforts to change the Constitution to allow the privatization of the universities, or the youth revolt that began in December 2008 with the killing of a 15-year-old student, Alexandros Grigoropoulos, but [which] also took place in a wider climate of corruption, diversion of public money and beginnings of a social crisis.

SYRIZA has also known divisions, as during elections to the European parliament in 2004 or during the national elections in 2010. These divisions took place when the reformist leadership attempted to create an alliance with the social democratic party PASOK.

SYRIZA can't then constitute a general model if we consider this coalition of independent forces, with their newspapers and their organizations, outside the context of the social and political movement of resistance. Another factor is the political support won by the left in Greece. This —and I speak of the left, not the center left — represents around 33 percent of the national vote, comprised of SYRIZA, the Communist Party, or KKE, and ANTARSYA, the Front of the Anti-Capitalist Left. Beyond this, there are around 45 radical anti-capitalist organizations.

2. If we want to explain SYRIZA's success, we should keep in mind that the working class in Greece has waged many struggles in recent years to defeat the policies of the ruling class: more than 29 general strikes, most lasting for 24 hours and three lasting for more than 48 hours; the occupation of government buildings; the movement of the Greek indignados, who occupied the parks, including Syntagma Square outside parliament in Athens; the "We will not pay!" movement against unjust

taxes, price increases for public transportation, tolls to use the motorways and privatized roads, and so on.

[...]

Despite these struggles, it is true that the resistance movement has not succeeded in reversing the policy of the ruling class. That is why it sought to do so through the ballot box when the situation presented itself in May and June 2012. Working people used SYRIZA as a tool to this end — and not the KKE, which had previously recorded votes twice as high as SYRIZA's totals.

Three reasons lie behind the vote for SYRIZA:

- SYRIZA was active in the movement, unlike the KKE, which applied a profoundly sectarian policy.
- SYRIZA provided a political alternative with its demand for a government of the left.
- SYRIZA called for left unity — in particular, unity between SYRIZA, the KKE and ANTARSYA, despite their differences, and starting from the needs expressed by the popular majority.

We should also not forget that during the inter-election period, from May to June, SYRIZA firmly resisted all pressure to join a government of “national salvation” with the bourgeois parties.

3. It seems right now that working people see SYRIZA as a political instrument they can use, in addition to the struggles they participate in. The comrades of the KKE and ANTARSYA made an elementary error in seeing SYRIZA's proposal for a left government as something that would simply manage capitalism. ...

SYRIZA has argued for the transitional objective of a left-wing government in the specific situation of Greece on the basis of programmatic agreement of all parts of SYRIZA on cancelling the Memorandums — the [...] austerity plans concocted by the troika and a sector of the Greek ruling class — and overturning the austerity policies of the ruling class.

[...]

4. It is obvious that the reformist leadership of Synaspismos has an approach which envisages the constitution of a left government as the result, above all, of purely electoral tactics. That is why it adapts to the pressure of “realism” and tries to win votes by approaching social democratic political forces — or more precisely, those originating from a social liberal politics.

With the aim of conducting a clear, transparent and loyal opposition to this tactic, we formed, at the last conference of SYRIZA, the Left Platform, which brings together the “left current” of Synaspismos and the forces of the “RProject,” creating a left opposition supported by 27 percent of delegates at the conference.

RProject represents a quarter of the Left Platform. It amounts to a “red” network of activists and organizations which lead struggles not only in the national political field, but also inside the local structures of SYRIZA and workplaces, as well as in the trade unions, where a reorganization is taking place under the pressure of the economic crisis and the government's attacks. The RProject is trying to build an alliance of forces sufficient to constitute an obstacle to the adaptations and oscillations of the reformist-oriented leadership of Syriza.

Our basic program for Syriza is:

- Unilateral cancellation of the Memorandums, as well as cancellation of the loan agreements, and the overturning of all the austerity laws;
- An increase in wages and pensions in a manner that takes account of the depth of the crisis, plus defense of public schools and hospitals;
- Nationalization of the banks and the renationalization of the big public enterprises that have already been privatized—like, for example, an important part of the port of Piraeus, which is now in the hands of the Chinese enterprise COSCO;
- Increased taxation on capital;
- A fight for the return of capital that has left the country;
- Control over capital flows.

This amounts, in fact, to a transitional program, opening the possibility for the working class and its allies to win a clear majority behind advancing in the direction of the overthrow of capitalism. This socialist perspective should emerge with more clarity during further struggles — and within the debates that should accompany them — on both the national level and the European level.

5. The main difference with the comrades of ANTARSYA, a coalition of anti-capitalist groups that got 0.33 percent of the vote in June 2012, revolves around the fact that SYRIZA does not support an exit from the eurozone or the European Union.

ANTARSYA's main argument is that the euro is an instrument of the ruling class, and therefore Greece must leave the currency. **We think that Syriza holds a more correct position: "Not a single sacrifice for the euro."**

Let us leave aside the fact that a minority section of the ruling class supports an exit from the eurozone, hoping that, through a currency devaluation that would follow, it can reduce wages still further.

Also, can anyone give me an example of a currency that is not an instrument in the hands of the ruling class? I don't even want to focus on the effects of an exit from the euro that will favor sectors of the Greek economy with significant funds outside Greece and that will harm the working class, small peasants and so on.

The left should begin the difficult resistance to austerity and not involve itself in the dilemmas — whether to keep the euro or go back to the drachma — of the ruling class. If, in addition, we do exit the euro, it must be accompanied by a powerful movement in defense of wages and pensions, and with a strategy of extending the struggle beyond Greece, synchronizing it, in different forms and rhythms, with other countries of the so-called periphery, and by building links with the most combative sectors of the German and French working classes, among others.

6. My final point concerns the fight against the fascists — the neo-Nazis of Golden Dawn. This amounts to a significant front of struggle. The essential point is that the fascists have failed, at least up until now, to win the streets and public areas, apart from specific actions.

But maintaining this advantage depends on one thing: it is necessary that the initiative remains in the hands of the left, which has succeeded, for now, in responding with united action in this area —

with the exception, once again, of the KKE, which acts in a sectarian manner, although debates have begun within it about this policy.

The struggle must be organized on an international and European scale. Wherever the chain is broken, the conditions will exist to build a stronger European left. If the weak link is Greece, I hope that we will respond well to win the first stage, which will require massive solidarity to be consolidated.

To summarize the approach: Fighting to take the government “on the basis of programmatic agreement of all parts of SYRIZA on cancelling the Memorandums” and fighting austerity, while advancing a transitional program that entails “not a single sacrifice for the euro,” but not proposing an exit from the eurozone or the EU (as Antarsya proposes).

What, then, was the relationship of forces among the various tendencies within Syriza before this year’s election victory? What were the major issues of debate within the party? Some indication can be gained from the party’s first congress, held July 10-14, 2013, just over a year after it had nearly won two national elections — falling just short of the center-right New Democracy party and pushing the main center-left PASOK into a distant third place. Again, I rely on a participant’s report, this time by Panos Petrou of the Internationalist Workers Left (DEA) [7]. It may well foretell the conflicts that will develop within Syriza in the wake of the leadership’s decision to implement the Troika program notwithstanding its own disagreement with that program.

That congress adopted a political resolution that still constitutes the “full program” of Syriza [8]. From its opening paragraphs it registered its identification as part of “the great social and political movement of subversion.” Syriza, it said,

“has been established as a unified, democratic, multi-tendency, mass party of the contemporary Left for the strengthening of an already powerful popular movement of subversion with the aim of cancelling the memoranda, erasing most of the debt and implementing a program of social and productive reconstruction. This alternative radical social and political plan — which will express and be based on the alliance between the working and popular classes, on the one hand, and the middle classes of the town and the countryside, on the other, and which will be structured by the needs of and give voice to the large groups of the socially, economically, and educationally excluded — will lead to the Government of the Left and will support it when it is in power.”

At the congress the Left Platform proposed amendments advocating repudiation of the entirety of Greece’s debt; “nationalization under workers-popular control of the whole banking system and all strategic sectors of the economy”; for a “united front of left-wing parties, including the Communist Party and ANTARSYA”; and stating that “a left-wing government... must be ready and prepared for a rupture with the eurozone and the European Union.”

These amendments were rejected. “They won from 30 percent to over 40 percent of the vote,” Panos Petrou reported. “The amendments on repudiating the entire debt and on being prepared to leave the eurozone proved to be the most popular — they were supported by over 40 percent of delegates, a higher percentage than the organized forces of the Left Platform.”

However, said Petrou, “this should not be interpreted as the SYRIZA Congress deciding to ‘moderate’ the party’s program.... The document was basically the same one that passed at last year’s preparatory conference.”

It appears that despite the scepticism within Syriza about Greece’s ability to defeat austerity within the strictures of eurozone membership, there was little real discussion in the party before its

election on how to prepare both the party and public opinion for a possible exit from the eurozone. [9]

II. Syriza's program for government... and what it faced

Syriza's election platform, known as the "Thessaloniki Program," set forth a set of proposals for immediate action by a Syriza government [10]. It asked voters for a strong mandate to negotiate with Greece's creditors:

- Write-off of the greater part of the public debt's nominal value;
- A "growth clause" in repayment of the remaining part, so that it is growth-financed and not budget-financed;
- A moratorium in debt servicing to save funds for growth;
- A "European New Deal" of public investment financed by the European Investment Bank.
- Quantitative easing by the European Central Bank with direct purchases of sovereign bonds.
- Action on the issue of the Nazi Occupation forced loan from the Bank of Greece.

"On the basis of this plan," the program said, "we will fight and secure a socially viable solution to Greece's debt problem so that our country is able to pay off the remaining debt from the creation of new wealth and not from primary surpluses, which deprive society of income." And Syriza promised to lead in recovery and reconstruction by, among other things:

- Immediately increasing public investment by at least €4 billion;
- Gradually restoring salaries and pensions, to increase consumption and demand;
- Investing in knowledge, research and new technology;
- Rebuilding the welfare state, restoring the rule of law and creating a "meritocratic state."

The choice before voters, it said, was between "European negotiation by a SYRIZA government, or acceptance of the creditors' terms on Greece by the [outgoing] Samaras government."

Syriza committed to establish a "National Reconstruction Plan" that would "replace the Memorandum as early as our first days in power, before and regardless of the [debt] negotiation outcome." It was focused on "four major pillars to reverse the social and economic disintegration, to reconstruct the economy and exit from the crisis." These were (1) the humanitarian crisis, (2) restarting the economy and promoting tax justice, (3) regaining employment, and (4) transforming the political system to deepen democracy.

This was the program on which Syriza was elected to government.

Much of this program — correctly gauged to respond to the concerns and interests of the widest numbers of austerity victims, and to offer them immediate relief — was actually implemented in legislation and administrative measures in the months following the Syriza election victory. For a list of the main accomplishments (and shorter lists of unfulfilled and unkept promises) as of June 18, see "A Handbook to the First Months of Syriza-ANEL government." [11]

Unfortunately, many of these accomplishments (perhaps most) are now annulled under the terms of the Troika dictat, and will be reversed as the government duly proceeds to implement its draconian measures.

As indicated, the priority for the Syriza leaders upon taking office was to obtain relief from the Troika that would facilitate implementation of the rest of its program of emergency measures.

However, the government was in a weak bargaining position. Its position in government was tenuous; elected with a 36% plurality vote, it had to rely on the votes of its right-wing governmental partner ANEL. And its economy was already devastated by a debt load equivalent to 175% of its GDP. It faced a largely hostile corporate media in Greece as elsewhere. The state institutions were dilapidated, infused with a culture of deceit and corruption [12], and will have to be rebuilt from top to bottom.

The new government had no support among the other 18 European governments involved in the debt relief negotiations. Southern European governments, already implementing harsh Troika-imposed conditions, feared a Greek success would expose their own acceptance of austerity to their electorates and boost the electoral prospects of anti-austerity parties. Germany, supported unconditionally by some other governments (Finland, Netherlands, for example) was determined to maintain its control of the eurozone, the main underpinning of its hegemony in Europe. Social Democratic (actually social-liberal) government leaders, like France's Hollande, did not want to antagonize Germany, correctly fearing that they might be next in line for harsher austerity measures.

Finally, Syriza was faced by the weakness of the anti-austerity left in Europe, incapable of mounting substantial and sustained actions in support of Greece — many on the left still (like a majority of Greeks) enamored with the European Union as a paradigm for modernized and progressive globalization.

Despite the lack of bargaining clout, the new government fought strenuously in the months following its election against Troika resistance to its demands, determined to reach an accord with the eurozone. Meanwhile, its reserves were declining rapidly as capital fled to safe havens; it is estimated that Swiss banks currently hold Greek private deposits of €80 billion — the amount of the total debt at stake in the new Memorandum! [13]

And both Syriza and the social movements were in suspended animation from February to June while awaiting the outcome of the negotiations. [14] Little information was available. The Troika insisted on complete secrecy — impeding the government from publicizing its proposals — while publicly denouncing the Greeks as having made no proposals!

After the Troika's "take-it-or-leave-it" ultimatum on June 25, a desperate Tsipras unexpectedly called a referendum asking voters to indicate whether they approved (Yes) or disapproved (No) these conditions. The overwhelming No (OXI) vote of 61.3% to 38.7% (in a turnout of 62.5% of the electorate) constituted a huge victory for the government in the face of the hysterical right-wing campaign centered on threats that a No vote would lead to a "haircut" on Greek bank deposits, a collapse of the banking sector followed by aggravated depression of the Greek economy and a Greek exit from the eurozone with a new, strongly devalued currency. [15]

Since there was no other option on the ballot, it is only a rough indicator of public opinion at that point. However, the hectic one-week campaign for the No, which mobilized tens of thousands in the streets, indicated shifts in attitudes toward the Eurozone and the EU, and certainly stronger opposition to the Troika's austerity program than registered in the January election.

In the wake of the referendum victory the main opposition party leader, Samaras of New Democracy, resigned. Tsipras then played his last card. He met with the pro-austerity opposition leaders and together they agreed he should return to Brussels with an altered version, ratified by Parliament, of the plan previously submitted by the Troika — and rejected hours earlier by the voters — “coupling fiscal restraint and structural reforms with substantial debt restructuring and in immediate negotiations on a new three-year memorandum.” [16]

A new, ‘nightmarishly harsh’ Memorandum

What they got was even worse in some respects. Reporting from Athens, Leo Panitch said the final “agreement,” imposed on Tsipras after a gruelling all-night session of what had earlier been termed “fiscal waterboarding,” was similar to the new Greek proposal, but “the terms of conditionality to obtain the debt relief and investment funds that might be released over the course of this new three year memorandum are nightmarishly harsh.”

Here are the major terms, as summarized from a leaflet distributed by the Red Network [17], an alliance of socialist organizations that is the leading force in Syriza’s Left Platform:

“1. The IMF does not leave. Greece is committed to ask for the “support” of the bloodthirsty organization from March 2016 (when the current financing agreement with the IMF expires), in questions of supervision, as well as financing!

2. The base of the value-added sales tax is broadened in order to increase revenues, with food bought in restaurants transferred to the highest tax rate. The hated Unified Property Ownership Tax (ENFIA) remains in place for the entire duration of the program. ...

3. No more collective bargaining agreements. For those who don’t understand the formulation about conforming to “best practices and EU directives” as mentioned in the agreement, there is also the clear-cut formulation, “Labor market policies should not return to past policy settings which are not compatible with the goals of promoting sustainable and inclusive growth.” Massive layoffs are explicitly foreseen.

4. An “Armageddon” in the state pension system. [Reductions in social security payments; freezing of pensions at current levels until 2021; retirement age ceiling increased to 67 years by 2022, with some exceptions; pensioners’ contribution to health funds increased from 4% to 6%, etc.] ...

5. Real estate property worth 50 billion euros will be transferred to TAIPED (Public Utilization Fund of Private Properties), which gains full autonomy from government interference. This property will be liquidated to pay back the debt and recapitalize the banks. In current price estimates, half of the Peloponnese is estimated at 50 billion. Twenty-five billion will certainly be channeled towards debt repayments (it is, of course, doubtful that this figure can be amassed). It is a lie that this fund will function under exclusive Greek control; the fund “will be managed by the Greek authorities under the supervision of the relevant European institutions.”

6. Any government involvement in running the banks is prohibited. Thus, the last instrument of some form of independent policy on the part of the public sector is forbidden. The banks will be recapitalized in order to hand them over to the private sector!

7. Electricity distribution is handed over to big capitalists, with all the consequences this entails for the energy security of the population, the quality of service and, most importantly, the price of electricity.

8. The activation of automatic mechanisms of public spending cuts are foreseen in case of deviation from goals regarding primary surpluses (everyone knows the goals are unrealistic, so new cuts — in pensions, wages, social welfare programs, etc. — should be considered inevitable).

9. Sunday is explicitly a working day from now on.

10. Liberalization of closed professions as prescribed by the agreement. The only ones mentioned in it are passenger and vehicle ferryboat services in order to allow the entry of foreign capital into Greek shipping.

11. What remains of popular and national sovereignty has vanished. The cynical passage in the agreement reads: “The government needs to consult and agree with the institutions on all draft legislation in relevant areas with adequate time before submitting it for public consultation or to parliament.”

12. Excluding the humanitarian crisis law, all other measures adopted by the government in the last five months must be revised. The re-hiring of the cleaning workers at the Ministry of Finance, of workers in public television, school guards and other municipal workers are all up in the air.

13. The financing needs of the resulting bailout will approach 90 billion euros, according to the agreement.

14. If any part of the agreement does not proceed as expected, the fault will lie exclusively with Greece.

15. The agreement admits that there are concerns regarding the sustainability of Greek debt. But where does the problem with the debt lie? “This is due to the easing of [austerity] policies during the last twelve months, which resulted in the recent deterioration in the domestic macroeconomic and financial environment.” Subsequently, any “haircut” — that is, a restructuring and reduction — of notional debt is ruled out. Only longer grace and repayment periods are envisaged.

16. Investment package: This is not worth 35 billion euros, as supporters of the agreement have written boastfully. In the next five years, the European Commission, in tandem with the Greek authorities, will “mobilize” sums up to 35 billion (via different European programs) for investments. The only guaranteed money envisaged for investments is...1 billion euros, a sum that — even if adequately managed by the government — is truly ridiculous in a country with a 27 percent unemployment rate.”

Business commentary, both in Greece and abroad, is largely in agreement (with a few exceptions) that the new memorandum will not even allow the Greek economy to grow. European correspondent Dick Nichols, writing in *Links, International Journal of Socialist Renewal* [18], cites a typical assessment:

“Christian Odendahl, chief economist at the Centre for European Reform, believes that the Greek economy will be 4.2% smaller by 2018 because “Greece’s third bailout is bound to fail for the same reasons that the two last programs did. A government who ... claimed to be ending austerity will now be forced to do the opposite.”

The majority of economists consulted by European financial media incline towards this position....

The prospects are very sombre. With the Greek government now committed to running a primary surplus — the government budget balance before interest payments — of 1% this year, leading to 3.5% by 2018, seriously increased domestic public investment is ruled out, leaving nearly everything

dependent on the “animal spirits” (Keynes) of the investing class....

A harbinger of the kind of “recovery” Greece can expect will come soon when the bond traders who snapped up Greek public debt when its price slumped during the moments of greatest political tension will make a killing as demand for the asset returns."

Was Tsipras obliged to sign this “agreement”? At that point, on July 13, it must be said that he had few options. As he put it, in a July 29 interview with a Greek radio station [[19](#)],

"[In] Brussels several terrifying scenarios were put on the table. I knew that during the 17 hours in which I had to wage this struggle, alone, under difficult conditions, if I did what my heart wanted to do - to get up, bang my fist on the table and leave - the foreign branches of Greek banks would collapse on that very day. In 48 hours the liquidity that allowed €60 daily withdrawals would dry up and, worse, the ECB would decide on a reduction of the Greek banks' collateral and would even demand repayments that would have led to the collapse of the whole banking system. In that case, a collapse would have meant not a reduction of savings but their disappearance.

Despite all, I waged this struggle trying to reconcile logic and passion. I knew that if I got up and left I would probably have to return under still more disadvantageous conditions. I was facing a dilemma. World public opinion was proclaiming “#ThisIsaCoup”, to the point that it became the leading hashtag on Twitter worldwide that night. On the one hand, there was logic; on the other hand, political sensibility. On reflection, I remain convinced that the right decision was to opt for the protection of the popular classes. Otherwise, harsh reprisals could have destroyed the country. I made a responsible choice."

In the end, he told the newly re-established public broadcaster Greek Radio-Television (ERT): “It is my responsibility that I signed a text I did not believe in, but I am obliged to implement this text. I shall not escape from my duties.” However, by resurrecting, together with the opposition pro-austerity leaders, the plan that the voters had just rejected, Tsipras had made his bed with the Troika.

As John Milios, Syriza’s former chief economic advisor says, “The government transformed the 61.3% ‘no’ into an 83% ‘yes’ in the parliament and agreed to the memorandum.”

The Syriza-led government had staked its entire strategy on convincing the Troika that it must grant serious debt relief. That strategy failed. Tsipras says that “what happened is a defeat for Europe” and that “the message is that there is no meaning in elections.” [[20](#)]

But it is above all a defeat for Greece, and for Syriza, which lacked a strategy to build on the courage and determination to fight austerity so magnificently displayed by the Greek masses in the referendum.

III. Was there an alternative?

Critics on the left, in Greece and elsewhere, argue that the government might well have achieved a more favourable outcome, but only if its negotiating stance had been backed from the beginning by a bold strategy based on combining citizen mobilization with unilateral action that would have limited the options available to the Troika. This would have comprised (among other things) suspension of debt payments immediately upon taking office, socialization of the banks, creation of an electronic currency for internal Greek use, and reform of taxation.

I find substantial support for this view in the position taken by the Truth Committee on Public Debt established in April by the Greek Parliament on the initiative of its Speaker, Zoe Konstantopoulou, a leading member of Syriza. The committee was coordinated by Eric Toussaint, President of the Belgian-based Committee for the Abolition of the Third World Debt (CADTM). Toussaint was a key advisor to Ecuador's President Rafael Correa when his government defaulted on its debt to private bondholders in 2008, buying back a major share of it at just 35 cents on the dollar. (Ecuador, by the way, is part of the dollar zone; the Yankee buck is used as its national currency.) [21]

In "Greece: Alternatives to the Capitulation," [22] Toussaint explains what the Committee had already found when it issued a preliminary report on its audit:

"The Truth Committee on Public Debt established by the President of the Greek Parliament has documented in its preliminary report [23]"

The "sovereign measures of self-defense and economic recovery" mentioned by Toussaint include the following actions by the government:

"1. Turning the Greek banks (the government is the major shareholder in the big banks accounting for 80% of the Greek banking sector) into public-sector companies, followed by an "orderly liquidation" that protected small shareholders and savers while recovering the cost of "cleansing the banks from major private shareholders who have caused the crisis and then abused public support."

2. Retrieving control over the central bank by firing the current CEO appointed by the previous neoliberal government.

3. Creating an electronic currency (denominated in euros) for internal use in the country.

The public authorities could raise pensions and salaries in the public services and grant humanitarian aid to people by opening credit accounts for them in electronic currency that could be used for several kinds of payment: electricity and water bills, payment for transport and taxes, purchases of food and basic goods, etc. Contrary to a baseless prejudice, even private businesses would do well to voluntarily accept the electronic method of payment as it will allow them to sell their goods and settle payments to the government (payment of taxes and for the various public services they use). The creation of this additional electronic currency would reduce the country's needs in euros. Transactions in this electronic currency could be made by mobile phones as is the case today in Ecuador.

4. Maintaining restrictions on capital flows.

5. Dissolution of the agency tasked with privatizing state property.

6. Levying heavy taxes on the income and assets of the richest 10% of the population.

7. Significantly reducing taxes on small incomes and wealth and on essential goods and services. Providing basic utility services (public transport, electricity and water) free of charge.

8. Establishing "substantial deterrents" to tax evasion.

9. Rebuilding public services destroyed by years of austerity (e.g. health and education) and paving the way for the necessary ecological transition.

10. Providing active support to small private ventures that are key to the Greek economy.

11. Issuing public debt securities within national borders to finance, for example, “massive development of public transport to replace private cars; developing the use of renewable energy; creating or reopening local railway services throughout the urban and semi-urban sectors of the country; renovating, rehabilitating or constructing public buildings and social housing while reducing energy consumption and providing quality amenities.” "

Asked by Rosa Moussaoui, special correspondent in Athens for *L'Humanité* [24], whether this alternative amounted to an exit from the euro, Toussaint replied:

“I don’t think so. The choice was not necessarily between Grexit and remaining in the Euro Zone equipped with a new austerity plan and continuing to pay the debt. It was possible to stay in the Euro Zone by disobeying the creditors through legal means. Human rights violations are at stake here. The Greek authorities should have suspended the debt payment; retrieved control over the Bank of Greece ...; and created a complementary electronic currency that could have helped to cope with the liquidity crisis, whilst remaining within the Euro Zone.”

However, as Toussaint notes in “Alternatives to the Capitulation”:

“[T]he Greek people will soon understand that if they want a future that includes justice and emancipation, Greece must get out of the euro zone. In this case, the above propositions remain valid, especially the socialization of banks similar to the nationalization of France’s banking system after the Liberation. These measures should be combined with a significant monetary reform, inspired by the system implemented by the Belgian government after World War II. This reform will specifically aim at deflating the incomes of those who got rich at the expense of others. The principle is simple: during the changeover to another currency, there should be no automatic parity between the old and the new currency (the existing euro against a new drachma, for example) beyond a certain limit.”

And he succinctly sums up the consequences of the government’s concessions to the Troika [25]:

“Contrary to claims that in return for these detrimental concessions Greece will get three years of respite and will significantly boost its economic activity, it will in fact be impossible to create the primary fiscal surplus announced in the plan considering the continued check on household purchasing power and public expenditure.

Harmful consequences are inevitable: in a few months or early next year at the latest, creditors will attack the Greek authorities for failing to comply with their commitments in terms of primary fiscal surplus and will introduce new demands. Neither the Greek people nor their government will have any respite. The creditors will threaten to bring the promised disbursements to a halt if new austerity measures are not implemented. The Greek authorities will be caught up in a spiral of concessions."

Many of these recommendation were echoed in a statement submitted by the Left Platform at the July 10 meeting of Syriza’s parliamentary caucus [26].

Toussaint writes as if the measures his committee recommends are still possible, notwithstanding the new memorandum. This seems unlikely if — as all the evidence indicates — the government adheres to its commitment to the Troika to implement its terms.

IV. Where now?

The Syriza left now faces a huge task of preparing not only to win back the party for its members but to help build the mass movement against austerity, the potential for which was demonstrated in the referendum No vote.

The left has a solid base in the party. Besides the more than 30 MPs who have voted against the Brussels “accord,” it was opposed in a statement signed by 109 of the 201 members of the Central Committee [27]. (One has since revoked his signature.) The party’s youth group has issued a strong denunciation of the leadership’s capitulation and criticized its lack of “an alternative plan of rupture that could have functioned both as part of the negotiations and as a choice for the government” [28]:

“Parallel to this, the long indulgence in the technical aspect of the negotiations, waiting for an “honorable compromise” that was considered to be certain, left no space for the enthusiasm and dynamism that the participation of society would have created, against the dominance of the technocrats and the pursuit of a political exercise unperturbed by change. Furthermore, we refrained from “unilateral” actions that could have shifted the field of conflict towards the interior, consolidated our relationship with the people we represent, given the starting signal for new struggles, guaranteed the means to ensure the implementation of our programme.”

However, in accordance with the logic of the Troika memorandum and its impositions, Tsipras promptly moved to free himself and the party of interference from the left.

He has fired six ministers and vice-ministers, members of the party’s Left Platform, replacing them with Syriza members favourable to the agreement. He sought and received the resignation of a spokesman for the Syriza parliamentary caucus who had also voted against the agreement and had called (along with 54 other MPs) for a plenary debate in parliament on the preliminary report of the Debt Truth Audit Committee.

The Central Committee met July 30 for the first time since the referendum to discuss how Syriza would deal with the Memorandum. The left called for a special congress of the party to discuss the measures before the full austerity package came to a parliamentary vote around August 20. Sortiris Martalis of the DEA and Red Network in Syriza reports, in *Socialist Worker* [29]:

The Left Platform called for a continuous congress — that is, a congress of the same delegates who attended the last congress. That way, the party could meet before the government signed any further austerity agreement.

But Tsipras said that the party should have a special congress in September or October — after a new agreement is signed. He also said that he will ask for a referendum for all the members of the party as to support his policy or not.

At the Central Committee meeting, 17 members of the Communist Organization of Greece (KOE) resigned from the Central Committee, accusing the leadership of transforming SYRIZA from being a party against the memorandums to a party that supports the memorandums.

Tsipras has said that Syriza MPs who do not comply with the party’s “collective decisions” should resign their seats [30]. There is speculation now that he may call an early election. Will he deny nomination to supporters of the party’s left wing?

Meanwhile, Greece has resumed payments to the IMF and is preparing to repay the ECB. And the government is ramming through parliament the legislation demanded by the Troika.

On July 13, the Brussels agreement was adopted with the support of the pro-austerity opposition parties after only four hours of debate, overriding the Speaker's objection that sufficient time had not been allowed to debate the agreement in depth before voting.

On July 22-23, the first set of laws — 977 pages of legislation presented to the MPs 24 hours in advance — was put to a vote. It enacted a reform of the legal system that the creditors insist on and the previous government had tried unsuccessfully to introduce in the face of near-unanimous opposition by the Greek Bar. Again, the Speaker objected, noting that

“the fact that it is precisely this legal text that foreign governments chose as a condition to start negotiations towards a third Memorandum of Understanding shows the extent of their contempt towards the principles on which parliament, popular sovereignty and indeed democracy ought to operate.” [31]

Tsipras has asked for the resignation of the Speaker, Zoe Konstantopoulou. She has refused.

The government's acceptance of a new memorandum opens a new situation in Greece, one of renewed and greater austerity, with a government and parliament that have effectively surrendered their sovereignty. The focus of resistance necessarily shifts to the streets, and the left must look for every opportunity to help lead and generalize this process. At the same time, debate is needed on the programmatic demands that can articulate a viable alternative in this period.

Is it time for a Grexit?

In view of the clear demonstration in recent months that it is impossible to defeat austerity within the eurozone, this debate entails developing ways in which to broach the issue of Greece's departure from the euro — a “Grexit” — as a credible and realistic perspective that is accepted by the Greek masses.

In a recent article [32], Sam Gindin and Leo Panitch (friends and comrades of mine in the Socialist Project) call for “constructive pressure on the Syriza government... pressing Tsipras to inaugurate this new phase by actively linking the government and the party with the solidarity networks, with the aim of deepening and expanding them in every community.”

While that is certainly a correct orientation for Syriza's left in this period, in view of Tsipras's actions since his about-face it seems far-fetched to believe that he and his government will lead in doing this. That said, Gindin and Panitch devote much of their article to absolving Tsipras of charges of “capitulation” to the Troika, and they attack the left for implying “that there was a viable alternative centered on an immediate eurozone exit (“Grexit”) that the government should have undertaken.” The charge is repeated more than once:

“The Left Platform “advocates for an easy immediate Grexit....”

“The central problem is that even the most detailed plans now being advanced are presented as a set of alternative policies, but in fact amount to demands for an immediate political revolution. They fail to confront whether this is possible given the balance of forces inside Greece....”

As I have indicated, a host of measures could have been taken short of a Grexit. In fact, most of those who see Grexit as a necessary and inevitable outcome of the crisis propose Grexit as a result, not a premise, of a series of transitional measures that will convince the majority of Greeks that Grexit is doable, although certainly not “easy” or “immediate.” One example of this political

approach is the work of Eric Toussaint and his Truth Committee on Public Debt, specifically denounced by Gindin and Panitch as “the most detailed plans” which, they claim, offer only a “technical response to a political problem.”

Gindin and Panitch say they themselves “believe that leaving the eurozone will eventually be necessary,” but they seem to think this issue should not be raised because Greek public opinion continues to support Tsipras. They take this as a given, and still look to Tsipras and his supporters as inaugurating actions that can, over time, rally public opinion to non-eurozone alternatives. “They see the struggle in terms of an internationalism based on each country adding to the ‘little fires’ that Syriza started and which will lead to changing the European Union,” they write.

But the new memorandum forces Tsipras and his government to be firefighters, implementing the further impoverishment of the nation and overcoming resistance to it, not the inspiration for new fires. And if indeed the European Union can be changed, why should Greece “eventually” have to leave the eurozone?

In the wake of the Troika coup, there may well be a greater audience for alternatives to the euro and the EU in Greece. However, as many in Syriza know, a quick or “immediate” Grexit should not be the focus of the left response to the new memorandum.

As John Milios, until recently Syriza’s chief economic advisor, points out in a recent interview [\[33\]](#):

"Austerity and neoliberalism are not an issue of the euro alone. If one country changes its currency, the working class of this country does not come to power or end austerity...."

However, the problem facing the Greek working class is not a technical problem that can be resolved by a simple rearrangement of the monetary policy of the country, such as the choice of currency. I can easily imagine a situation where a Greece that exits the euro cannot find the necessary reserves to support the exchange rate of its new currency and takes a loan from the eurozone or others. But any loan in the present phase of capitalism means an austerity memorandum. So, who is going to finance the country in order to support the exchange rate of the new currency?

Second, devaluation of the new currency would most likely favor the exporters. But the working class does not belong to the exporters."

The interviewer interjects: “They [the working class] need fuel, food, and medicine.”

"Yes, meanwhile, the exporters are the big capitalists and they are simply going to raise their profitability. This is similar to internal devaluation via cutting wages. Are they going to increase our wages because they have more profits? This is not about finding a trick to make Greek capitalism more effective...."

[T]he wealthy and large enterprises ... have already sent their money abroad. This small fraction of society will be favored by a new devalued currency. The working class, on the other hand, will face the devaluation of its purchasing power.

In the course of social change that challenges neoliberalism and capitalism, there will be no reason to stop because Greece has the euro. In this case, a new currency may be needed to support this new course. But we have to start from this course, not vice versa. This is why I regard the question of exit to be secondary.

Speaking not in theoretical but political terms — that is, how to change the relations of political and

social forces — I regard the euro to be a non-issue. I do not participate in discussions about the currency because they put aside the major question of how to overthrow the long-running strategy of Greek and European capitalists to promote austerity."

Michel Husson, a leading French Marxist economist, argues along similar lines. [34] It may be, he says, that there is no choice but Grexit at this point. "It's debatable. But this does not mean we should deduce from that a new strategic orientation for Europe as a whole. This binary choice — either a form of capitulation, or Grexit — is a shortcut that eliminates all the intermediate choices in building the relationship of forces."

"The key question for Greece, says Husson (I paraphrase), is the non-sustainability of the debt. The measures to be taken as a priority are a unilateral moratorium, then a total or partial cancelation of the debt. But does this necessitate an exit from the euro? I don't follow the logic.

Suppose Greece exits the euro, but continues to pay the debt. If the debt is to be paid in euros, it costs more in drachmas, owing to devaluation. Of course, this amounts to a partial cancelation, say, of 20%, but that is legally excluded. Lex monetae does not apply. [35]

Fixation on the currency, Husson adds, is dangerous in that it downplays a whole series of issues having to do with the relationship of class forces, which does not stop at borders. Greece is not a "proletarian nation" under the European yoke, it is a social formation structured by class relations. The amount of capital that has fled Greece in the last ten years is equivalent to the total Greek debt. This has nothing to do with the euro and a return to the drachma would not alter anything.

Instead of criticizing Tsipras for not having prepared a plan B (likened to Grexit), he should be criticized for not having instituted capital controls on the very first day in office, which he refused to do in order to reassure the institutions of his good will.

What is needed first (says Husson) is default on the debt, the necessary condition for a reorientation of the Greek economy, followed by nationalization of the banks, capital controls, and possibly creation of a parallel currency. This is a coherent program involving fundamental breaks with the European rules of the game, but it does not necessitate a priori a Grexit."

Is Grexit key to resisting austerity?

That said, there is at least one prominent voice in Greece who calls for making Grexit the axis of an anti-austerity strategy: Costas Lapavistas, not a member of Syriza but elected to parliament in January on its list. He is a professor of economics at the School of Oriental and African Studies, University of London. On the eve of the election, he co-authored *Against the Troika: Crisis and Austerity in the Eurozone*, [36] a detailed study of the European Monetary Union that predicts its imminent disaster and outlines an alternative path for Greece.

An important book, *Against the Troika* makes a strong case for the revival of national currencies as an alternative to the euro as constituted. The authors refer to "a kind of 'impossible triad' that would be faced by a Left government in the periphery [of Europe]."

"It is impossible to have all three of the following: first, achieving effective restructuring of the debt; second, abandoning austerity; and third, continuing to operate within the institutional and policy framework of the EU and particularly the EMU. A Left government would be wasting its time and energy — not to mention undermining itself politically — if it attempted to achieve the 'impossible triad'. The real aim ought to be to achieve deep debt write-offs and to change economic policy

drastically, while negotiating a new relationship with the EU and the EMU.

The most powerful lever available to the EU, therefore, would be the interruption of ECB liquidity. Unfortunately there could be no decisive response by a Left government to the liquidity threat within the confines of EMU. This is ultimately the reason why the 'impossible triad' holds."

Lapavitsas sees two possible tactics that could be employed by a left government to strengthen its position vis-à-vis the lenders. The "national central bank would provide Emergency Liquidity Assistance for a period, even in the face of opposition by the Eurosystem. Similar tactics would be to declare a bank holiday followed by restrictions in bank operations, while appointing a Public Commissioner for the financial system."

"Finally, the government of the Left could impose capital controls. It is worth stressing that taking these measures is perfectly plausible within the confines of the EMU, and indeed the EU has itself deployed them at various times in the course of the crisis.... Their adoption would demonstrate the determination of a Left government to achieve its primary aims, thus allowing for more effective confrontation with the EU. They would also be important to forestalling the emergence of a massive crisis that could potentially result in a bank run.

Such measures would also be useful in preparing the ground for exit from the EMU, if the country was eventually forced in that direction. It ought to be restated, nonetheless, that these measures could not decisively solve the problem of liquidity as long as the country remained in the EMU. The only real solution for that would be to create capacity to generate liquidity autonomously, which would mean introducing a new national currency. It is of great importance for a Left government to be clear on this score."

Lapavitsas suggests that to create the necessary liquidity, the government could issue short-term paper (scrip), denominated in Euro, that could be used to initiate the emergence of a parallel monetary system, "even if still in Euro."

And a left government should be prepared for confrontational exit from the eurozone, he says.

"The first step in this process would probably be the declaration of default on the debt, which could take a variety of forms but the content would be the same: cessation of payments of interest and capital and a unilateral call for negotiations on what will be paid and how. Settling the issue of debt would of course be a long-drawn-out process that would require popular mobilisation, a Debt Audit and strong legal support.

It cannot be overstressed that the path of confrontational exit requires political legitimacy and active popular support, if it is to be handled successfully by a government on the Left. It is important that the government should make it clear that exit would be forced on it by the EU refusing to accept reasonable terms on writing off debt and lifting austerity. It is also important to obtain open political support by putting the issue squarely to the electorate and the organised labour movement."

This is not a proposal for "immediate Grexit." But it does involve a public commitment from the outset that the government is prepared to take measures leading to that outcome. As a general outline, it is a useful canvassing of the potential steps. However, as Lapavitsas emphasizes, its application should not be detached from the political context. It was correct for Syriza to campaign for office on a promise to seek a solution to the crisis within the eurozone. But it lacked a strategy to respond to the foreseeable obstacles it would face in the negotiating process, the issue that the authors usefully explore in this book. It should be required reading for every European left activist. Clearly, many of these issues and possible responses have been posed sharply in the months since

Syriza's electoral victory, and they inform to varying degrees the alternate approaches we have discussed here, including those of the Debt Audit Committee.

A proposal for a new political project in Greece...

In a remarkable balance-sheet of the recent Greek experience, Stathis Kouvelakis, a member of Syriza's Central Committee, offers these observations on "What now should we do?" [37]

"At this moment ... Greek society at large is still in a state of post-traumatic shock. Our camp has been stunned by the reversal of the dynamic sparked by the thunderous "no" of the referendum, all within the space of a few days. When we move outside of the activist circles and the more politicized layers of society, we see that contradictory feelings are prevalent. There is a mixture of disillusion, anger, and profound unease about what is to come, but also a margin of tolerance of the choice that has been made by the government and by Tsipras himself.

The nodal point for recovering from this climate and for a restart is the following one: the 62 percent for "no" is at the moment deprived of any structured expression. Its political consolidation and articulation is the number one immediate task for all of us. This political consolidation cannot be viewed as the linear extension of any existing formations — neither Syriza nor Antarsya nor other formations or sections of those groups.

We should now speak in terms of a new political project. A new political project that will be class-based, democratic, and anti-Europeanist, and in a first phase will take the form of a front, open to experimentation and to new organizational practices. A front that will bring together moves from above and initiatives from below — similar to those that sprang up during the struggle around the referendum with the creation of the "committees for the No," but also afterwards....

As regards its goals, as they were recently summarized in a fine article by Eleni Portaliou, my comrade of many years, the undertaking is centered on the following basic axes:

- The liberation of the country, and the Greek people, from the shackles of the eurozone, with immediate elaboration of a plan for exit from the memoranda and euro and across-the-board confrontation with the EU that, in my own view, should go as far as withdrawal.
- The reconstruction of this ruined country — of its economy, of its state, and of its social fabric — headed by the working classes and the popular bloc, who are called on to lead this process.
- This project is profoundly class-based. It will be grounded in the leading sectors of the working class who voted "no" and rejected austerity by more than 70 percent in the referendum of July 5, and its backbone will be constituted by forces coming from the best traditions of the workers and of the revolutionary movement in their multiple expressions.

At the same time it is also national."

By "national," Kouvelakis explains that he is referring to the "national-popular" in the Gramscian sense — "that the laboring masses must emerge as the leading force in society, that they must become 'the nation' in order to reorient that 'nation' in a different direction.

"The project is also national in the sense that at this moment there is a problem of national sovereignty in Greece — that is to say, of the existence of popular sovereignty and of democracy itself. The new agreement that has been signed by the Greek government doesn't simply perpetuate

troika rule, it deepens it. We are now in a situation where the Greek state and any elected Greek government essentially do not have in their hands a single lever to exercise any policy at all."

... and in Europe

The Grexit debate is fundamentally a debate over whether capitalist austerity — and capitalism — can be overcome within the international institutions through which capital exercises its hegemony. In the last analysis, there is no enduring solution within the confines of the Greek state to the country's financial crisis or the brutal austerity that accompanies it. This perception is clearly expressed in a noteworthy statement by two radical parliamentarians of Die Linke (The Left Party), the German counterpart of Greece's Syriza [38].

For Nicole Gohlke and Janine Wissler, [39]

"The capitulation of the first genuinely leftist government within the European Union since the outbreak of the economic crisis to the German government and the other European governments that follow Germany's lead is ultimately our own defeat, and a defeat for the entire European left as well.

We must take this moment to rethink the central strategic premises that have guided our politics these past months, i.e. our principled "yes" to the EU and our categorical "no" to leaving the eurozone.... As a party of the European Left, we are obligated to discuss this question with our comrades throughout the continent and in Greece in particular. We cannot abandon them in this difficult situation....

Since being elected, Alexis Tsipras was blackmailed by the rest of the European heads of state, to whom he ultimately capitulated. He admitted as much to the Greek Parliament. His defeat is not a personal failure, nor is it due to some sort of egotistical drive to retain power on his part.

Nevertheless, the central premises of the Greek government's political strategy — the non-negotiability of staying in the eurozone while simultaneously rejecting a politics of austerity — would not (and could not) have had any other result. Ultimately, this strategy gave the Greek government no choice but to submit to the diktat of Merkel and Schäuble. We supported our Greek comrades in their strategy and had hoped that some sort of middle path could be found, but in retrospect we have to concede that no such middle path existed...."

Remaining in the eurozone, say Gohlke and Wissler, "has forced the Syriza government — at least for now — to switch tracks from being a bitter enemy of austerity to the executive organ of the troika dictatorship in Greece." Syriza, and the Left in Europe, needed a Plan B that would point the way toward a "left-wing Grexit."

It is no easy matter to conceive of a "self-determined, left-wing Grexit," they concede. "In the short term, a Grexit could mean a deepening of social fault lines, economic collapse, and further impoverishment of the Greek people." In addition to the economic arguments, there is the political challenge: how to convince the majority of the population that Grexit is necessary?

"It is undeniably the case that when asked if they would like to remain in the Eurozone — decoupled from the austerity program that remaining in the eurozone entails — a majority of Greeks respond with "yes." But would the same be true if this question were posed with a clear focus on the link to austerity?"

The Greek people's preference for what seems like the easier solution (i.e., remaining in the eurozone while ending austerity) is not necessarily incompatible with a readiness to accept the consequences of a Grexit should it prove necessary — particularly if breaking with austerity while remaining in the eurozone proves to be impossible. This is precisely what the 61 percent of Greeks who voted "oxi" in the referendum on July 5 expressed.

Although Alexis Tsipras sought to emphasize that the referendum was not primarily a vote on the question of Greece's preferred currency, for most Greeks it was clear that they were making a choice between remaining in the eurozone (and thereby continuing austerity) on the one hand, and a clear rejection of the offer made by the "institutions" (and thus the possibility of a Grexit) on the other....

The message that emerges from 61 percent of the population voting "oxi" in the referendum is amplified by the very real relation between social position and voting behavior: the financially disadvantaged and socially marginalized voted against the deal in huge majorities. The referendum thus seems to indicate that remaining in the eurozone unconditionally is not necessarily a goal shared by the majority of the population, but is rather a project of the ruling and propertied classes of Greece."

The Die Linke MPs note that some of their Greek comrades "demonstrated their willingness to think boldly and take risks."

"For example: in the heat of sharpening contradictions immediately before the referendum, [then Finance Minister] Yanis Varoufakis suggested a raft of unilateral counter-measures to the prime minister's cabinet as a reaction to the European Central Bank's closing of Greek banks.

His suggestions can be read as a first step towards a self-directed exit from the eurozone. He suggested: 1) printing Greek promissory notes or announcing the government's intention to introduce a separate currency (still tied to the euro), 2) enacting a haircut on Greek bonds held by the ECB since 2012, and 3) taking control of the Greek central bank."

Could actions like this — a rudimentary Plan B — have won the support of a majority of the population? It is of course difficult to say, they admit. "The lack of a strategic alternative to remaining in the eurozone, however, not only weakened our negotiating position, but was also disorienting for people looking to the new government for hope and inspiration both in and outside of Greece."

The mistake of not having a Plan B, however, "is the responsibility of the entire European left."

"In light of this mistake, we must engage in thoroughgoing self-reflection and self-criticism. For our common defeat suggests that truly left politics in Europe can from now on only be oriented against the institutions of the EU. It follows that, for a socialist government in the European periphery, left politics may only be possible outside of the straightjacket of the Eurogroup altogether."

It is probable that the Greek events are provoking similar rethinking about the European Union and its monetary system in other parties of the European left. For example, the Portuguese Bloco de Esquerda (Left Bloc) issued a statement "Democracy against financial colonialism" on July 26, in the name of its National Committee [40]. The Bloco, like Syriza, is an alliance of far-left parties with independent socialists.

The statement denounces the European Union as an undemocratic device designed to "institutionalize the neoliberal order" using the single currency (the euro) as a key mechanism. The Portuguese left opposed this form of European integration, says the Bloco, but once it was

completed sought to reform it through creating a “better relationship of forces” nationally and internationally.

However, the Left must learn from the Greek experience. “The Left that commits to refuse austerity and the Fiscal Pact must be empowered and prepared to restore all sovereign options essential to respect for national democracy.”

“The Bloco de Esquerda, as we have always said... rejects more sacrifices in the name of the single currency. To express this alternative is, more than ever, a battle for democracy: putting the fiscal pact to a referendum and starting a process of public debt restructuring are essential steps in this direction.”

Even if this results in a break with the European Monetary System, the Bloco is committed to building the broadest possible alternative around the forces fighting austerity and for democracy, the statement concludes.

The debate over the lessons of the Greek experience is continuing, and will extend to other countries, not just those in the European Union. It is of great importance to socialists everywhere as we seek to elaborate credible strategies not only to defeat neoliberal austerity but to prepare the transition to a post-capitalist future.

Richard Fidler, August 7, 2015

My thanks to Art Young for his helpful collaboration in preparing this article. The usual caveats apply.

P.S.

* <http://lifeonleft.blogspot.ca/2015/08/greece-was-and-is-there-alternative.html>

Footnotes

[1] See on ESSF (article 35614), [Diary from Greece - The EU, a family? “Now I’ll vote ‘No’”](#).

[2] See, for example, The Syriza Dilemma, by Sam Gindin and Leo Panitch: <https://www.jacobinmag.com/2015/07/tsipras-debt-germany-troika-memorandum/>

[3] <http://www.leninology.co.uk/2015/02/map-of-greek-radical-left.html>

[4] See on ESSF (article 25675), [[>art25675](#)].

[5] See on ESSF (article 27474), [Greece: Where is Syriza headed?](#).

[6] See on ESSF (article 28776), [Greece: The role of the left in Syriza](#).

[7] See on ESSF (article 29409), [Greece: The battle for Syriza goes on](#).

[8] See on ESSF (article 35615), [Greece: Political Resolution of the 1st congress of Syriza](#).

[9] I leave aside the contributions of Costas Lapavistas, not a member of Syriza but currently a Syriza MP, a prominent opponent of Greece's continuing membership in the eurozone. His views are discussed later.

[10] See on ESSF (article 33957), [Greece: Thessaloniki Syriza's governmental program](#).

[11] <http://www.analyzegreece.gr/tales-from-the-streets-of-athens/item/237-a-handbook-to-the-first-months-of-syriza-and-government>

[12] <http://www.theguardian.com/world/2014/dec/03/greece-corruption-alive-and-well>

[13] Carlos Enrique Bayo , "Los 80 mil millones que necesita Grecia están en Suiza... y son griegos," in La hora de la justicia fiscal.

[14] See on ESSF (article 35616), [EU, Greece and Syriza: The Denouement](#).

[15] "Greek bailout referendum, 2015."
https://en.wikipedia.org/wiki/Greek_bailout_referendum,_2015

[16] Panitch, op. cit.

[17] See on ESSF (article 35617), [Greece: What's in the new Memorandum? - "A list of atrocities."](#)

[18] <http://links.org.au/node/4527>

[19] <http://links.org.au/node/4539>

[20] Ibid

[21] See Felix Salmon, "Lessons from Ecuador's bond default."
<http://blogs.reuters.com/felix-salmon/2009/05/29/lessons-from-ecuadors-bond-default/>

[22] See on ESSF (article 35453), [Greece: Alternatives to the Capitulation - Some emergency measures](#).

[23] See on ESSF (article 35179), [Executive Summary of the report on the Greek debt](#)] made public on 17 and 18 June 2015 that the debt claimed by the present creditors must be considered illegitimate, illegal and odious. The Committee has also shown that its repayment is unsustainable. On the basis of arguments derived from international and domestic law, the Greek government should have taken a sovereign decision to suspend debt repayment for the time that the debt audit takes to run its full course.

Such a suspension of debt payment is quite possible. Since February 2015, Greece has paid €7 billion to creditors without receiving the €7.2 billion previously agreed upon in the bailout program that ended 30 June 2015. Other amounts that should have been paid to Greece have not been transferred: the interest earned by the ECB on Greek securities, the projected balance for the recapitalization of banks, etc. If Greece suspends debt payment to its international creditors, it will save nearly €12 billion by the end of 2015 and the creditors would be compelled to make

concessions. A radical reduction in the amount of debt could lead the way either to negotiation or to repudiation.

Contrary to the widespread claim that suspending payment would result in exiting the euro, it would have been possible to stay in the euro if a series of sovereign measures of self-defense and economic recovery such as a strict control on banks, currency, and taxation (see below) had been implemented. It would have been perfectly possible to eschew the ECB's, the Eurogroup's and the EC's unacceptable and illegitimate injunctions. The Tsipras government decided otherwise, and this has led to a tragic subordination to EU supervision, to more austerity and to the selling off of the Greek national heritage. [[For further details, see Ilias Bantekas, "The Artificiality of Greek Debt and its Odious Nature."

<http://greekdebtruthcommission.org/wp/?p=82>

[24] See ESSF (article 35472), [Eurogroup coup d'état: The ECB destabilized the Greek economy to subject Greece to creditors' demands.](#)

[25] See on ESSF (article 35519), [Greece: The First Consequences of the Capitulation.](#)

[26] See ESSF (article 35432), [The Alternative to Austerity - Elements of program for Greece.](#)

[27] See on ESSF (article 35437), [Greece: a majority of Syriza's Central Committee members reject the agreement.](#)

[28] See on ESSF (article 35502), []>art35502].

[29] Available on ESSF (article 35570), ["Opposing the newest austerity plan in Greece".](#)

[30] <http://www.ledevoir.com/international/europe/446291/grece-tsipras-envisage-de-tenir-des-legislatives-anticipees>

[31] See on ESSF (article 35519), Eric Toussaint [Greece: The First Consequences of the Capitulation](#) and Zoe Konstantopoulou (article 35503), [Grèce : Le Parlement vote sous le chantage et la menace - Lettre au Président de la République et au Premier ministre.](#)

[32] <https://www.jacobinmag.com/2015/07/tsipras-debt-germany-troika-memorandum>

[33] See on ESSF (article 35618), [How to end the Humanitarian Crisis in Greece.](#)

[34] See on ESSF (article 35539), [Quel plan B - La « bonne drachme » ? Modeste contribution au débat sur la Grèce.](#)

[35] Lex monetae is a Latin phrase which means that a sovereign state chooses which currency it will use and that the meaning of units of above-mentioned currency is determined by the law of the country whose money is in question. The concept has been identified as a potential problem if the Eurozone breaks up or a member state decides to leave it, since debts in euros may turn into debts owed in another currency. Conversion would be at a rate determined by the nation in question, and no party to a contract or transaction will have the right to default on it. (Wikipedia).

[36] Heiner Flassbeck and Costas Lapavitsas, *Against the Troika: Crisis and Austerity in the Eurozone*, Foreword by Oskar Lafontaine, Preface by Paul Mason, Afterward by Alberto Garzón Espinosa (London: Verso, 2015). Available as an e-book.

[37] See on ESSF (article 35619), [Greece: Turning “No” Into a Political Front. Some lessons from Syriza — and where we go from here.](#)

[38] See on ESSF (article 35620), [Seen from Germany, lessons from Greece: Escaping the Euro Dream - The Terms of the Debate.](#)

[39] Nicole Gohlke is an MP for Die Linke in the German federal parliament and a member of the state executive of the party in Bavaria. Janine Wissler is chairperson of the Die Linke parliamentary group in the Hessian state parliament.

[40] See on ESSF (article 35540), [Lessons of Greece: Resolution - Democracy against financial colonialism.](#)