

Another act in the Greek tragedy?

There will be a General Election in Greece on 25th January and its result will be watched with some degree of apprehension in the rest of the Eurozone.

The Greek Parliament has been dissolved before the end of its term because it has been unable to agree on who the next Greek President should be. The candidate nominated by Antonis Samaras, the Prime Minister, was the former European Commissioner Stavros Dimas. However, in each of three successive ballots, Mr Dimas failed to secure the necessary 180 votes.

The post of President is largely ceremonial, wielding little power. However, the law states that in such circumstances, new elections have to be called, so Greek voters will have to go back to the ballot boxes after barely 2½ years.

The last election, held in June 2012, took place when the country's strings being pulled by the so-called "Troika" – the European Central Bank, the European Commission and the International Monetary Fund. Greece was in its fourth year of a recession which saw the country's economy shrink by 25% overall. The government was bust and the loans provided by the "Troika" came with strings attached – widespread privatisation and a drastic slashing of the state budget including thousands of public sector redundancies. This has caused great hardship for the Greek people. Anecdotal evidence talks of children scavenging for food in school litter bins, a sharp increase in the suicide rate and shortages of essential drugs in Greek hospitals.

At one stage, it appeared that Greece might exit the Euro. The ability to devalue a country's currency reduces the debt

burden and makes exports more competitive. Tied to the single currency, Greece did not have this option. Its government debt was already pretty substantial before crisis struck – in fact, even when Greece applied to join the Euro, the books had to be fiddled to enable the country to meet the necessary criteria. The recession therefore only compounded a long-standing problem.

In the 2012 elections, PASOK, the Greek Socialist party, bore the brunt of the voters' anger. The dominant party in the period following the end of military rule, it is now a shadow of its former self, polling only 13.2% at the last election and expected to lose half its remaining seats this time round. Like many socialist parties in the EU, its loyalty to the great European project is unwavering. When George Papandreou, the former prime minister and PASOK party leader, provided a rare exception to this rule by threatening to offer the Greek electorate a referendum on the Troika's austerity policies, opposition from Brussels forced him to resign. Lucas Papademos, a former ECB Vice President, was appointed to succeed him and he became Prime Minister without ever having stood for office in his life. Significantly, Papademos had been Governor of the Greek Central Bank at the time the country made its flawed application to join the Euro.

Although Papademos' caretaker coalition was eventually replaced by a government headed by Samaras and the centre-right New Democracy Party at the 2012 elections, this has not meant the end of socialism in Greece. Enter the firebrand Marxist Alexis Tsipras and the Syriza party – or rather coalition, as Syriza – Συνασπισμός Ριζοσπαστικής Αριστεράς, (SYnaspismós RIZzospastikís Aristerás) in full, means "Coalition of the Radical Left". It is a ragbag alliance of, among others, left-wing populists, Greens, Maoists and Trotskyites, all united in their opposition to Troika-imposed austerity. Tsipras once insisted he will tear up the current agreement with the Troika the day Syriza enters office,

calling it "barbarous". He has since toned down his language but still intends to seek a re-scheduling of Greece's debt and to reverse the swingeing public sector job cuts imposed in the last two years – a classic socialist "Tax and Spend" policy that Greece can ill afford with its government debt standing at over 175% of GDP. Furthermore, some of Tsipras' colleagues have not toned down their rhetoric one iota. One Syriza MP, Yiannis Milios, said that whereas "New Democracy and PASOK have decided to pay up, ...we are saying that we might not pay. We might not pay because we will negotiate and say that this [bailout] program is not sustainable."

In a nation still reeling after six years of harsh recession, Syriza has struck a chord. Even though anyone looking back over the last 100 years of history will recognise that Marxists, Maoists and Trotskyites have a much better track record of creating problems rather than solving them, the party has enjoyed a consistent lead in every opinion poll since the snap election was called. "The future has already begun," Tsipras proclaimed after the elections were announced. "You should be optimistic and happy."

Prime Minister Samaras has urged voters not to rock the boat and has warned that a Syriza-led government's refusal to meet Greece's debt obligations could lead to a default and ejection from the Euro. This is where things really start to get interesting. Although opposed to austerity, Syriza professes itself to be pro-EU and pro-Euro. However, its support is not unconditional. Panagiotis Lafazanis, the Syriza deputy leader stated in October that the movement must "be ready to implement its progressive programme outside the Eurozone if need be."

In 2012, a determined effort was made to keep Greece in the Eurozone at all costs for fear of a domino effect if the country defaulted on its debt and returned to the drachma. There were concerns that a default by Spain or Italy might follow which would result in the collapse of the entire single

currency. Two and a half years later, the Eurozone is still in a bad way, but the ECB believes the single currency bloc can better withstand the shock of "Grexit". However, Ambrose Evans-Pritchard, writing in the Daily Telegraph (http://www.telegraph.co.uk/finance/comment/ambroseevans_pritchard/11319525/Greek-expulsion-from-the-euro-would-demolish-EMUs-contagion-firewall.html), maintains that the "firewall" is nowhere near as robust as senior EU politicians believe it to be. The evidence suggests he is correct. There is great alarm in Germany at the prospect of a Syriza victory. Wolfgang Schäuble, the German finance minister, made it clear that in his view, "there is no alternative. If Greece takes another path, it will be difficult. New elections will not change the agreements we have struck with the Greek government. Any new government will have to stick to the agreements made by its predecessor."

Yiannis Milios replied that Germany was seeking to overturn Greek democracy. "Nothing is stronger than the sovereignty of the people", he said. "If the Greek people decide to change policy by voting for Syriza, we are obliged to respect the people's will. Mr Schäuble is forgetting this democratic principle." It is interesting that George Papandreou has returned from the dead, leading a new party called "Allagi". In spite of his offer of a referendum on the austerity measures in 2011, Papandreou is still viewed by the electorate as a spineless individual who caved in to the Troika. He is unlikely to receive many votes, but could it be that he is acting as a "spoiler" for Syriza? Indeed, in view of a recent piece in Huffington Post, allegedly written by Papandreou which encouraged meek acceptance of the Troika's austerity measures, some commentators are wondering whether his attempts at a comeback is being sponsored by the EU or even the USA in a desperate attempt to derail Syriza.

But even in the unlikely event of this move succeeding, waiting in the wings in Spain is *Podemos*, another recently

formed far-left party which came out of nowhere to win 5 out of 54 Spanish seats in the European Parliamentary elections. The party's name translates into English as "We can", which hints of Barack Obama, but its role model is rather Alexis Tsipras. On hearing of the news that elections were to be held in Greece, Pablo Iglesias, the leader of *Podemos* tweeted, "2015 will be the year of change in Spain and Europe. We will start from Greece. Come on, Alexis! Come on, Syriza!"

The Eurozone might survive the departure of Greece, but Spain, where elections are due to be held later this year, is a different matter. Like Syriza, *Podemos* is pro-EU and even reasonably pro-Euro, but what if Syriza wins this election in Greece, maintains its stance against the Troika, precipitates a Greek expulsion from the Eurozone and then a Greek recovery? *Podemos* might then alter its stance on the Euro. Meanwhile, Beppe Grillo's Five Star Movement in Italy and Marine le Pen's *Front National* in France make no pretensions to be pro-Euro. They too would benefit politically from a successful "Grexit".

As we have noted, the powers-that-be in Brussels will do their utmost firstly to deny Syriza victory and if this fails, will try to persuade Tsipras to compromise, but it is only a matter of time before one anti-establishment party in an EU member state will find itself in power and will refuse to give in to pressure. With opposition to the EU rising in much of Western Europe, the forthcoming election in Greece looks set to herald a particularly fascinating and unpredictable period in politics. On this note, Happy New Year!