

# Syriza wins in Greece. What are the implications for the Eurozone?

As widely expected, the anti-austerity Syriza alliance won the Greek General Election on 25th January. Syriza fell just short of an overall majority, but appears to have secured a deal with the Independent Greeks party to form a new government. This is an unlikely alliance, as this small party is right of centre and agrees with Syriza only on its opposition to the austerity measures imposed on Greece as a condition for a bailout by the so-called “Troika” – the European Central Bank, the European Commission and the International Monetary Fund. However, for better or worse, Greece now has a government which has pledged to stand up to its creditors and seek at least a partial forgiveness – or write-off – for the country’s debt, which stands at a staggering 175% of GDP. Given that the Greek people have been through a recession worse than the 1930s and seen GDP shrink by almost 25% in five years, they can hardly be blamed for turning to anyone who promises to offer some hope for the future.

But what are the implications for the country and the eurozone as a whole? The first question is whether the coalition will hold. While Germany is government by a “grand coalition” of left and right, Syriza is not a “mainstream” centre-left social democratic party like Germany’s SPD but an association of Maoists, Trotskyists, Marxists and Greens. It is probably the most left-wing party to have been voted into power in Western Europe since the fall of the Berlin Wall. The Independent Greeks, being conservative and nationalistic, are hardly the most obvious or suitable bedfellows for such a party. Any hint that the coalition may collapse before it has even got off the ground will only plunge the country into insecurity and talk of fresh elections. If it does hold, will

Alexis Tsipras and his enthusiastic but inexperienced team be able to turn Greece around? Given the amount of ideological far-left baggage the party brings with it into government, this is unlikely. Let's face it, Marxists, Maoists and Trotskyites don't have a particularly good record at creating successful, prosperous economies. Venezuela, which boasts one of the world's most left-wing administrations to have gained power through a (reasonably) democratic process, is currently suffering from an annual inflation rate of over 60% and has had to raise interest rates to over 19% to prevent a currency collapse.

Then comes the tricky question of the relationship with the rest of the EU. Comments on the election results from Northern European Eurozone members have been very stern in tone and quite uncompromising. Angela Merkel has insisted that the new Greek government must stick to the commitments made by its predecessors. Jeroen Dijsselbloem, the Dutch finance minister and chairman of the Euro Group was equally forthright. He stated that he would work with the new Greek government but there would be no softening of the line on austerity. "Membership of the eurozone also means you comply with all that we have agreed with each other," he insisted.

Will there be any give and take on either side? Fudge and compromise are part and parcel of EU horse trading. For established political parties and their leaders, it is grist to the mill, but what of a party that has never been in government before? – especially a party that won a victory pledging NOT to compromise? Tsipras' rhetoric in his victory speech is not the sort of language Brussels likes to hear: - "Greece is leaving behind the destructive austerity, fear and authoritarianism. It is leaving behind five years of humiliation and pain...The verdict of the Greek people, your verdict, annuls today in an indisputable fashion the bailout agreements of austerity and disaster...The verdict of the Greek people renders the troika a thing of the past for our common

European framework.” It’s pretty uncompromising stuff, but what if it comes to a standoff? Syriza, like most left-of-centre-parties, claims to be strongly pro-EU, but will Syriza’s more hard-line members and supporters allow Tsipras to be bulldozed by the EU juggernaut? What if he stands his ground and Greece is expelled from the Eurozone?

While unofficially, some politicians, especially in Germany, state that life would carry on for the other 18 countries without Greece and that a default would not cause the same problems as would have been the case at the height of the Greek debt crisis in 2010-12. But what if Greece then prospers outside the Eurozone? Admittedly, as has been stated, this looks pretty unlikely, but suppose after expulsion Greece, in a subsequent election, voted in a different party that turned the Greek economy around. Would other nations be tempted to leave too?

It is hard to say. Norway and Switzerland have shone for many years as a beacon of light showing how well a nation can do outside the EU completely, but so far, only in the UK are there many people keen to point this out and to suggest that their country ought to follow suit. However, as last May’s European Parliamentary election shows, increasing numbers of people are across the entire continent falling out of love with the EU. Once a nation effects a successful exit from the EU or even the Eurozone, the failure of the whole EU project will become apparent to all and sundry. That is inevitably going to cause a few worries in Brussels, but after years of ignoring referendum results that go the “wrong” way, can the EU élite really be surprised if voters discover other ways of expressing their discontent? General elections are due this year not just on the UK but also in Denmark, Poland, Estonia, Finland Portugal and Spain. In the latter country, a similar hard-left party, *Podemos*, has been rising in the polls and has also been closely watching Syriza’s progress. “Greeks finally have a government, not a Merkel envoy” was the reaction of one

*Podemos* official to the result. Interesting times ahead,  
indeed!