

# Greece: National Economic Collapse and the Neoliberal Backlash, Syriza Holds On, The Left Is Weakened

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*The Greek tragedy of national economic collapse appeared to be turning into farce with the re-election of Syriza at the end of September. The leftist party had been first elected only seven months earlier on the promise to end the austerity measures forced on Greece by the troika of the European Union (EU), International Monetary Fund (IMF) and the European Central Bank (ECB) in exchange for \$339 billion in bailout loans (see *March Monitor*). Reforms to that point had devastated the Greek economy causing it to shrink by 25% and increasing overall unemployment by the same amount, and pushing youth unemployment to 48%.*

Syriza has now been returned to power after pledging to enact arguably more severe austerity measures than the ones it had first been elected to oppose. A month after the July 5 referendum, in which Greeks overwhelmingly (61.31%) rejected the troika's bailout plans, Alexis Tsipras, Syriza's leader, signed a third memorandum of understanding with Europe, in which his government agreed to significant tax hikes, drastic pension cuts and wide-ranging privatizations that exceed many of the structural reforms undertaken over the previous five years. When some of his own party members rebelled against this clear betrayal, ending Syriza's coalition majority in parliament, Tsipras called an election.

The party took 35.5% of the vote in September, winning 145 seats in the 300-seat Greek parliament—only slightly lower than its January performance—allowing Syriza to again govern in coalition with the right-wing Independent Greeks party, which won 10 seats. Syriza's closest rival, the right-wing New Democracy party, got 28% of the vote, but the more important voice came from the many people who did not vote. This election saw the highest abstention rate in Greek history (45%), signifying widespread dissatisfaction with Syriza and the Greek political system in general. This is particularly remarkable in a country where voting is compulsory.

Cyprus-based author and news commentator Andreas C. Chrysafis, who supported Syriza in January, told me “the Greeks can take no more austerity—they have reached rock bottom and that is why they did not vote; they no longer trust the system.

The Greek debt is not sustainable and only a madman would believe that it is. It was a bad mistake by Tsipras to betray the trust of the people, which is unforgivable. I do not support Syriza any more nor do I support the current political mentality of the Greeks.

The central contradiction brought out by both of this year's Greek elections has been the electorate's desire to end the EU's austerity measures, but to also stay in the EU. Syriza reflects the pro-EU stance of most Greek voters, which hobbles its attempts to negotiate a better deal, with fewer neoliberal concessions, in return for badly needed loans.

According to former Syriza finance minister, Yanis Varoufakis, who was removed by Tsipras as Greece's chief negotiator with the troika in April, the government must now "implement a fiscal consolidation and reform programme that was designed to fail."

In a *Guardian UK* commentary on the September election, Varoufakis explained: "Illiquid small businesses, with no access to capital markets, have to now pre-pay next year's tax on their projected 2016 profits. Households will need to fork out outrageous property taxes on non-performing apartments and shops, which they cannot even sell. Substantial [value-added tax] rate hikes will boost VAT evasion. Week in week out, the troika will be demanding more recessionary, anti-social policies: pension cuts, lower child benefits, more foreclosures."

Chrysafis warned, "If the Greek government and the political elite insist on introducing all of the Troika's [bailout] conditions, the Greek people will rise up and possibly topple the government for a new start. They did that before with the Greek junta [the military dictatorship which ruled from 1967 to 1974] and would not hesitate to do it again." The author says a similar wave of antipathy is affecting politics in other parts of Europe.

The Communist Party of Greece (KKE), which has long warned that Syriza was no different from the other pro-austerity mainstream parties (New Democracy and the social democratic PASOK) that have perpetuated Greece's economic crisis, won 15 seats in the Greek parliament in September. Plato Routis, the party's representative in Toronto, told me the Communists are, "the only party in the Greek parliament that opposes austerity and Greece's membership in the EU and in NATO.

But we go further because the main issue is about who controls the economy and the means of production. We want to nationalize the big banks, major corporations including shipyards, and the natural resources of Greece. We will strongly oppose all austerity measures that Syriza will try to impose and do this inside and outside parliament by mobilizing the people against them. We have close relations with the All-Workers Militant Front (PAME), the most militant trade union confederation, which will be supporting our efforts.

Routis said he considers the EU a trap that has robbed Greece of its political and economic independence and demolished the country's industry. He thinks that this independence must be regained if Greece is to recover economically.

Greece is a rich country, contrary to popular belief. We grow wheat, vegetables, sugar, cotton and we have oil, bauxite and chromium. Some years ago we were not only self-sufficient in food production but were exporting food so Greece has the resources to sustain its population.

In fact, the Communists are not as alone in some of these plans as Routis suggests. The new Popular Unity party, a splinter group of former Syriza radicals, also plans to steadfastly resist new austerity measures, but will support the party when it introduces social measures such

as legalizing gay marriage or implementing more welcoming immigration rules.

In an interview with *Jacobin Magazine*, Popular Unity member Stathis Kouvelakis claimed the one benefit of Syriza's catastrophic first seven months in power was that "political illusions have now dissipated," in that it convinced the Greek and EU people "of the brutally undemocratic and pernicious character of the European Union. It provides a peerless practical demonstration of this."

Like Routis, he believes Tsipras was afflicted with a "Europeanist blindness.... He had not understood that the interests of the EU leaders could be contradictory and antagonistic. For me he proved his genuine blindness—he was truly naïve."

Varoufakis gives the situation a slightly different spin. "During the first six months of 2015, when we were challenging the troika's monopoly over policy-making powers in Greece, its greatest domestic supporters were the oligarch-owned media and their political agents. The same people and interests who have now embraced Tsipras!" he wrote in his post-election column. "Can he turn against them? I think he wants to but the troika has already ensured that his main weapons have been disabled (with, for example, the disbandment of the economic crime fighting unit, SDOE)."

Routis told me more could be done for the Greek economy outside the EU, notably because this would give much financial authority back to the government. "For instance, tourism is a big industry in Greece and we could get a lot more tourists if we were able to devalue our currency," he said. "Our biggest industry, which is shipbuilding, has been destroyed and so has sugar and garment production. With control of our economy, we would be able to start the process of reviving these and other industries to create employment and generate income."

Corruption and military spending are also significant drains. Routis pointed out that Greece would save billions by leaving NATO, where a lot of Greek wealth is being spent. In addition, he emphasized that the Greek oligarchy "has been draining billions of Euros out of the country for the last 20 years," storing it in offshore tax havens. "Syriza promised to destroy this oligarchy, but did nothing about it. Through nationalization we will extinguish the power of this elite."

In spite of its anti-austerity position, which most Greeks share, and its commitment to rebuilding the Greek economy to benefit the majority, the KKE remains stuck at 15 seats in parliament, which is the same number it had before the election, placing it fifth among parties. Alarmingly, Golden Dawn, a neo-Nazi party with criminal connections whose leaders are in jail for murder, won an extra seat in September's elections, placing it third among parties with 18 seats.

Routis explained that the KKE's limited voter base stems partly from the fact that despite five years of brutal austerity, Greeks are not yet ready to leave the EU, so they vote for the lesser evil, Syriza, as opposed to the mainstream New Democracy and PASOK, which are largely blamed for the economic mess. "People would like to give Syriza another chance because it has only been in power for seven months", he said.

Varoufakis suggested Europe's refugee crisis might have played a role as well. "A comparison [by the conservative opposition] between the welcome afforded to the thousands of ship-wrecked people in recent weeks with the concentration camps built by the

Samaras government explains why disappointed progressives swung back to SYRIZA in the polling stations,” he wrote.

The pro-austerity, pro-EU parties were not above fear-mongering, says Routis. Their line of argument suggested that “without the EU the Greeks would lose whatever little money, jobs or property they have left at present and become isolated internationally.

There is also the fact that the Greek people have not felt the full pain of EU-enforced austerity yet, which will come with the implementation of the third memorandum during the coming months. It is true that Greeks have suffered a lot during the last five years of austerity, but there is even greater suffering to come.

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