



Commentary

No. 28/ 9 November 2015

Greece as an example of “post-politics” in the eurozone

Filippa Chatzistavrou and Sofia Michalaki

The past six months of negotiations between Greece and the EU/IMF have tested the unity, limits, stamina and financial interdependence of eurozone member states. Greece has emerged wounded from the fray, but Prime Minister Alexis Tsipras has established beyond doubt his dominance in Greek politics, against all odds, and in defiance of partisan competitors at home and his counterparts' wishes in the rest of Europe. Beyond the political significance of Syriza's victory, this third vote of confidence in seven months brings certain characteristics of both Greek and EU politics into sharper relief. This commentary briefly outlines these characteristics and the wider impact they may have for the EU.

Towards personality politics

In the September 2015 legislative election, Greeks did not vote for Syriza, or for any political programme, but for the politician Alexis Tsipras himself. The failure of Greek and European elites to tackle the devastating six-year crisis greatly contributed to this shift towards personality politics in Greece, occupying much of the left's ideological and political space.

Soon after his electoral victory in January 2015 Alexis Tsipras announced that Greece was leaving behind five years of painful austerity and promised that his new government was ready to negotiate, for the first time, a just, mutually beneficial and viable solution with his European counterparts. He added that Syriza's victory would also transform the entire EU. After seven months of harsh marathon negotiations with the 'institutions' (the EU and IMF) that led to closed banks, capital controls, a deal leading to a third bailout memorandum¹ and

¹ The 1st Memorandum of Understanding (MoU) on financial assistance to the Hellenic Republic to cope with the Greek government-debt crisis was signed on 3 May 2010 by the then Prime Minister George Papandreou and

Note: Post-politics refers to the analysis of the foundations of society since the 1990s based on the Shumpeterian critique of market individualist forms of governance-beyond-the-state that combines the politics of consensus, public managerialism and supranational technocracy.

EPIN Commentaries offer concise, policy-oriented insights into topical issues raised by the debate on the political integration of Europe. The European Policy Institutes Network (EPIN) is a network of think tanks and policy institutes based throughout Europe, which focuses on current EU political and policy debates (see <http://www.epin.org>). Unless otherwise indicated, the views expressed are attributable only to the authors in a personal capacity and not to any institution with which they are associated.

Filippa Chatzistavrou is a Research Fellow at the Hellenic Foundation for European & Foreign Policy (ELIAMEP) and External Collaborator, University of Athens. Sofia Michalaki is a Junior Research Fellow at ELIAMEP.

Available for free downloading from the CEPS (www.ceps.eu) and EPIN (www.epin.org) websites

© Copyright 2015, EPIN

finally to snap elections for the second time in 2015, Syriza has shown that it can change and Alexis Tsipras's political leadership has been consolidated at the national as well as at the European level.

In a context of systemic failure, Syriza's first victory in January 2015 was the driving force behind its transformation from a radical left grassroots party to a moderately progressive governing party. Parts of Greek society – not left-wing but nevertheless weary of Greek politics and the downward economic spiral – decided to give Syriza a chance and voted for the party.

Tsipras represents a new kind of leftist Bonapartism,² projecting himself as an unrepentant fighter who believes in state capacity and regular popular consultation and support. He managed to expel, bloodlessly, all known or suspected opponents and dissidents from Syriza and keep under his control a party whose political base remains still very much left-affiliated.³ Tsipras runs the country with the backing of a loyal core of influential⁴ political staff.

A hard blow to Greek parliamentarism

Political discourse in Greece had been polarised under the pro-memoranda and anti-memoranda, anti-austerity flagship until the first pre-election period of 2015. At the end of the seven-month negotiation period, the Syriza-led coalition government made unexpected concessions, thus silencing the anti-Memoranda rhetoric and normalising the party's public discourse. This strategic shift tore the party apart and narrowed voters' maximalist expectations.

The outcome of the domestic political game has, in effect, become increasingly determined by EMU membership. Dominant eurozone member states and European institutions managed to confine the national political system within certain boundaries. In the September 2015 election, the left-right dividing lines in national politics were clearly marked in the political programmes of peripheral parties, but are less visible in the programmes of the parties in power. Voters responded to the huge and unprecedented parliamentary consensus that was shaped during the ratification of the third bailout agreement in the Greek Parliament, on the

by the European Commission on behalf of the Eurogroup, the ECB and the IMF. On March 1st the 2nd MoU was signed by the Greek government under the then Prime Minister Lucas Papademos and the three institutions. The 3rd MoU was signed by the first SYRIZA-led left coalition government on 12 July 2015.

² The term 'Bonapartism' is used in its broadest sense to mean a centralised and rather authoritarian executive relying on the regular consultation of the people through plebiscites, and thus based on the fusion of elites and popular support.

³ Nine factions from the anti-capitalist, libertarian and revolutionary left, as well as the radical environmentalist left decided to leave the party right after the ratification of the third bailout agreement. Nevertheless, SYRIZA continues to be a platform of movements drawing inspiration from 'Eurocommunism', the radical left, the reformist left, socialism, 'ecosocialism' and feminism. Factions still loyal to the party are now being supplanted by blocks such as the so-called 53 block, which seems to be filling the gap left by the Left Platform. Although the 53 block come from the former wider group of MPs who were close to the president, they now represent the interparty left-wing opposition. The most prominent MPs of the 53 block are the Minister of Finance Euclid Tsakalotos and former government spokesman Gabriel Sakellariades. Numerous MPs from remaining factions and the 53 block are positioned to the left of the leading group. Alexis Tsipras has managed to control the party and proceed smoothly to implement the third memorandum, with no-one questioning his leadership.

one hand by giving a second chance to Alexis Tsipras and on the other by their conspicuous abstention.⁵

Syriza has made clear that the implementation of the third memorandum is a one-way ticket to safeguard Greece's participation in the EMU. The party's main electoral promise is to manage the implementation of the measures prescribed by the new Memorandum and at the same time to alleviate the burden on the shoulders of the less well-off. Under this flagship, two diametrically opposed parties: left-wing Syriza and the sovereigntist right-wing ANEL, managed to form a coalition government for the second time in seven months, agreeing to implement a more or less centre-right governmental policy under the guise of a compulsory but temporary compromise before the ultimate victory against conservatism and austerity policies in the EU. Anti-memoranda discourse is now left to the Greek Communist party (KKE) and the neo-Nazi Golden Dawn. All other parties represented in the Greek parliament have voted for ratification and are more or less expected to back the implementation of the third memorandum.

The politics of consensus in Greece is expected to assure political stability for a while, but social fragmentation will deepen unless active growth policies are adopted and implemented.

The economic governance of EMU – a ‘post-political’ space

Participation in the EMU was and still is considered to be an opportunity; a gateway to a promising future and the chimera of belonging to the most advanced and prosperous European countries. But things have to be sacrificed in the name of monetary policy. The EMU is far from being an optimal currency area – it is a construction based on positivist and deductive principles with no room for manoeuvre.

Under the leadership of Tsipras Syriza abandoned the promises of the so-called Thessaloniki social programme⁶ in just a couple of months, even though at the start of 2015 the Syriza president stated that the programme was non-negotiable. The minimum wage and pensions could not be restored, a tax-free threshold could not be introduced, and tax reductions were out of the question – in fact VAT levels have been raised. Even the much-hated ENFIA private property tax, which Syriza promised to eliminate, will be in force for years to come. During the September 2015 election campaign, Syriza had no other choice but to shift public discussion towards managing the austerity demanded by the bailout programme and focusing on the existing inequalities to alleviate the burden of the less well-off. This shift in strategy confirms once again that the hands of governments are tied regarding the Stability Pact and economic policy. Any unilateral fiscal initiative with expansionary impact is therefore either out of the question or under close surveillance.

Furthermore, the economic governance structure of the EU offers the parties in power, especially those of highly indebted eurozone member states, the political legitimacy to resist the inflationary demands of trade unions and accept employers' capital-friendly policies, leading to labour market deregulation and pro- free-market regulation, which is far removed from left-wing ideology. The central role of the state and its intervention in market economy is unfairly and unhistorically associated exclusively with the communist era. The antidote to

⁵ There were 1,500,000 fewer voters than in the 2009 elections and 600,000 fewer than in the July 4th referendum.

⁶ The Thessaloniki programme is a manifesto first presented by Alexis Tsipras at the Thessaloniki International Trade Fair on 13th September 2014 proposing a set of policies oriented towards reversing austerity measures, while maintaining a balanced budget.

the crisis is supposed to be measures that support salary deflation; low purchasing power; a hyper-flexible under-regulated labour market; and a weak social security system. These measures completely restrict any room for manoeuvre left open for ‘socially sensitive’ policies.

Denationalising fiscal administration within the EU budgetary surveillance framework

The third memorandum imposes even stricter conditions than the previous two as far as the functioning of the state apparatus is concerned. It requires the institutional and operational independence of key sectors of the Greek public revenue and tax control administration as well as the creation of an independent Fiscal Council and the introduction of a semi-automatic mechanism of spending limits. The five presidents of the EU published a report in July 2015 on the completion of economic governance that assumes the same logic. The report proposes the transfer of important aspects of the European Commission regulatory and enforcement powers to independent agencies, as well the establishment of an automatic budgetary mechanism regulating the euro area, which would be activated when a country exceeds its debt and deficit ceilings.

The first Syriza-led government tried to challenge the principle of the full independence of fiscal authorities. At that time the government was opposed to the creation of autonomous entities, as required by previous memoranda. It rather supported their functional autonomy and operational self-sufficiency within the state’s central executive organisation, underlining the importance of keeping it under governmental supervision. The July 2015 memorandum, however, leaves no room for discretion to the second Syriza-led coalition government. Under this agreement, the Greek government has to proceed with the restructuring of key administrative services that guarantee the independent status of these services vis-à-vis the government.

Eurozone membership is not negotiable

For the second time in seven months Alexis Tsipras has been rewarded with a vote of confidence by the Greek electorate for being willing to lead tough negotiations with the country’s lenders and to support the euro currency. Common sense attests to the fact that the country was not ready⁷ for a politically organised eurozone exit – in any case this would have contravened European treaties; and this even if Wolfgang Schäuble’s ‘generous’ proposal of ‘time-out’ had been accepted. If Alexis Tsipras had attempted to go down the route of a euro-exit, no doubt he would have terminated his promising political career at the beginning.

Tsipras’ second electoral victory made clear that eurozone membership is based on a kind of hard monetarist policy. In other words, eurozone membership depends on the state’s receptivity to incorporate austerity measures in all their facets. Strange as it may seem, the vast majority of Greek voters – for the time being – do not question membership of the eurozone, although they disagree fundamentally with its value system and know that there is no room for manoeuvre or discretion in national policy-making within this area of cooperation.

The difficulty of the first Syriza-led government to conclude the long negotiation process with the EU/IMF in July 2015 introduced a whole new discussion into Brussels circles. The

⁷ Yanis Varoufakis would most probably have confirmed this.

question of the legal revocability of eurozone membership in the event of member state non-compliance has been raised, promoting the idea of a euro – not as a common and international currency, as an enabler of European economy and growth – but mainly as a disciplinary lever. The discourse will intensify and the various sides are ready to protect their rights and interests. The UK’s hard Euroscepticism and proposition for the recognition of a multi-currency union may find numerous allies among right-wing populist and left-wing parties in other member states, as long as attitudes towards instances of fiscal misbehaviour in eurozone member states are maintained. The future of EMU may therefore not be as predictable and propitious as it was some years ago.

Conclusion

Time will show the importance of the aforementioned shifts in EU politics and also test the soundness of the foundations of the EMU as a zone of cooperation, where member states can effectively defend the rights flowing from their membership of the euro area and the EU.

But if there is one thing that the various and fragmented interests may agree on is that Syriza has managed to ‘Europeanise’ the Greek question. This is a real success. Syriza’s contribution, and perhaps legacy, lies in the notion that the Greek crisis is a European crisis and should therefore be resolved within the EU by a reformed and socially sensitive EU. The high-risk political activism undertaken by Syriza’s leadership in the first half of 2015 has (re)opened the debate about what kind of Europe we live in, and contributed to the creation of a discourse in Europe that has so far been the preserve of established elites.