

Greece's expected exit from the 3rd adjustment programme: Whose victory?

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• Opinion

• By [Haris Golemis](#) | 20 Sep 17 | Posted under: [Greece](#) , [European Union](#)

- **Two months ago, on 25 July, the Greek government borrowed 3 billion Euros in the bond market at the very high rate of 4.625%. There was a big debate in the media, the Parliament and generally the Greek public space on whether this “exploratory” exit to the markets was a success of the Tsipras government.**

I don't intend to participate in this discussion, which anyway took place already in April 2014, when investors lent the then Samaras government¹ exactly the same amount at a rate of 4.75%. The only difference is that the roles have been reversed and the arguments put forward by the government of SYRIZA and Independent Greeks (ANEL) today are exactly the same to that of New Democracy and PASOK three years ago and vice versa, with both supporting the view that the limited borrowing at generous interest rates is was the first step towards the permanent return of Greece to “normality”, i.e. to the financial markets, and its “liberation” from the Memoranda and the humiliating guardianship of the Troika.



Independently of this pseudo-confrontation, which in any case is scarcely relevant to the main argument of this article, one thing is for certain: Antonis Samaras and Yiannis Stournaras² were not able to put the country on the right track since their government fell in December 2015, while for Alexis Tsipras and Euclid Tsakalotos³ this is a bet that they can win. Therefore, if at the end of the 3rd Adjustment Programme or the 3rd Memorandum, on 31 July 2018, Greece will be able to borrow regularly and at reasonable rates from the markets, many will speak of another “success story” after those of Ireland, Portugal and Cyprus⁴. However, I am afraid that this achievement will not be credited only to the present government, which still denies undertaking the “ownership” of the programme it signed in July 2015, although it faithfully implements it (plus the additional policy measures demanded by the lenders in each review). In a wider, inter-temporal context, this achievement will be considered as one more ideological and political victory of the European authoritarian neoliberalism that was relaunched, even more aggressively following the systemic crisis, with the so called “new economic governance” of the European Union⁵.

The expected future ability of Greece to cover its financial needs through the financial markets will be the fourth and most difficult, due to the strong social and political resistance in this country, full implementation of all neoliberal, recessionary and “reform” policies included in the Memoranda, aiming to internal devaluation and supposedly an increase of a country's productivity: big reduction of wages and pensions, severe cuts in public expenditure including the budget for health and education, violent attack against the new and old petty bourgeoisie, privatizations of public enterprises, land grab, reactionary reforms of labour legislation resulting to a substantial reduction of trade-union power and a big increase of

labour flexibility, poverty and inequalities.

It seems that it has fallen to the government of SYRIZA and ANEL to successfully close the circle of Memoranda that opened by the Papandreou⁶ government in 2010 and was continued by the governments of Papademos⁷, Samaras and Tsipras. Following this development, it is sufficiently easy to understand the envy of New Democracy and the centre-left modernizers (PASOK, Potami) as well as their effort to discredit government's economic achievements, in complete contrast to the praises of EU officials and even of Mr. Schauble who cannot be considered as a close friend of Tsipras, his party and government.

The second defeat of SYRIZA

When difficulties to complete the second review of the 3rd Programme started to increase, I expressed the view that the government should not give in to the lenders' inadmissible demands, which were far in excess of what has been agreed with them in July 2015, especially those insisting on the legislation of more harsh cuts to pensions and a further lowering of the tax-free threshold. These two measures, adding up to 3.6 billion Euros or 2% of GDP, are to be implemented in 2019 and 2020, after the end of the programme in 31 July 2018 and at least one year after next elections which cannot take place later than September 2019⁸. This means that the present Parliament was asked to vote measures which would bind the next Greek government. It is worth noting that this completely undemocratic demand was publicly rejected by the Prime Minister himself⁹, by Euclid Tsakalotos before him¹⁰, as well as by the Central Committee of SYRIZA as one can verify by reading the political document of its meeting on 11 February 2017. However, after some time we learned informally that the IMF had warned the Greek negotiating team that if these measures, plus the imposition of ridiculously high primary surpluses (3.5% of GDP) for the years 2019-2022, were not voted by the Parliament it would not give its consent to the conclusion of the second review. Following the IMF ultimatum, the government decided to succumb to the lenders' new blackmail, trying to partially compensate for the cuts with a set of equivalent (i.e. 2% of GDP) so called "counter-measures", which would be implemented also in 2019 and 2020, but on the condition that the government had achieved the agreed primary surplus targets. After a short period, the Central Committee of SYRIZA ratified the agreement by an overwhelming majority, negating its previous decision. Finally, the agreement was voted by all members of the Parliamentary Group of SYRIZA and ANEL in violation, according to my view, of their voters' mandate, which was that the government would implement only the measures included in the 3rd Memorandum, trying at the same time to counter their effects through a "parallel programme". My view is that this was the second big defeat of SYRIZA after that of July 2015.

There were additional reasons why the government should not have accepted the ultimatum. The voting of additional austerity measures, not included in the programme of SYRIZA for the September 2015 elections, would inevitably feed further its opponents' accusation that it lacks credibility, putting this party of the radical Left in the same footing with the demagogic actors of the old political system, i.e. New Democracy and PASOK which in the past were giving promises to the voters for "better days", only to increase austerity when they took office. It would also undermine even further the confidence in SYRIZA of popular strata which have already been distancing themselves from the party due to the increase in austerity, despite the big efforts of some government ministers to rescue what can still be rescued from the clutches of the Memorandum. Finally, giving in to the new lenders' blackmail would estrange SYRIZA even more from the social movements both in Greece and in Europe. It seems that those of us who claimed that the government's process was not "path dependent" following the signing of the third Memorandum in July 2015 "with the gun to its head" and that resistance was possible even after this "coup", were wrong¹¹. Tsipras and SYRIZA are determined to swallow the bitter pill, as the only way out of crisis.

The expected Greek government's exit from the 3rd Memorandum, which should be added to the victory of SYRIZA in January 2015, its subsequent capitulation in July that year, as well what I call its "second defeat" in June 2017, gives rise to serious questions regarding not only the strategy and the programme

but also the identity of the radical Left in Greece and in Europe. This reflection cannot fail to include the issues of the actual differences between the radical Left and the left Social Democracy, the ability to implement an anti-austerity not to speak of an anticapitalist programme in the present EU but also out of it, internal party democracy and the role of the leader, social and political alliances at national and European level and finally the relevance of a confrontation between realistic transformative utopia and the view that capitalism is the end of history. It will be for the future to show if SYRIZA has anymore the will and ability to remain and be active in this, admittedly malleable, political space or that it will be substituted, when the time is ripe, by another political formation.

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Notes

This text is an enhanced and revised version my article entitled “[Eine epithia i epistrofi stis agores?](#)” (“Is the return to the markets a success?”), published on 27 July 2017 in the Greek daily newspaper / *efimerida ton syntakton*.

1. Antonis Samaras, leader of the right-wing party of New Democracy (ND), was the Prime Minister Greece from June 2012 until December 2014, initially heading the coalition government of ND, PASOK and Democratic Left (DIMAR) and of the first two parties, since June 2013, when DIMAR left the government following the closure of the national television ERT. Following the victory of SYRIZA in the January 2015 elections, he resigned as ND leader and since then he is a deputy of this party in the Greek Parliament.
2. Yiannis Stournaras was Minister of Finance in the aforementioned three party government under Samaras until June 2014, when he resigned to become Governor of the Bank of Greece (the Greek Central Bank), a position that he holds until today.
3. Euclid Tsakalotos is Minister of Finance in the present government, a position he holds since 6 July 2015 following the resignation of Yianis Varoufakis after the NO vote in the 4 July Greek Referendum. He was Alternate Minister of Foreign Affairs in the first Tsipras government and its lead negotiator with the Troika since April 2015.
4. It is noteworthy, however, that, according to the rules of the Eurozone, following its exit from the Adjustment Programme, immediately after this happy event Greece will be put under “increased surveillance” until it pays off 75% of its debt.
5. For a thorough analysis of EU economic governance, you can read Christakis Georgiou’s ePaper “[Economic Governance in the EU after the Eurozone Crisis](#)”, at transform! europe website.
6. George Papandreou was Prime Minister of Greece from 2009 to November 2011 and leader of PASOK from 2004 to March 2012. Since 2015, he is the leader of the Movement of Democratic Socialists. From 2008 until today he is the President of the Socialist International.
7. Lucas Papademos, before becoming Prime Minister for six months (November 2011-May 2012), was for ten years the Governor of the Bank of Greece, i.e. the Central Bank (1994-2002) and, for eight years (2002-2010), a Vice President of the European Central Bank. In May 2017, he was the victim of a terrorist attack with a letter bomb which he fortunately survived with injuries to his leg, stomach and chest.
8. Usually, Greek governments do not exhaust their terms and it is not impossible that elections will take

place in 2018, i.e. the present Parliament will legislate for two years after its end of term.

9. In an exclusive interview he gave to the newspaper *I efimerida ton syntakton*, on 25 January 2017, Alexis Tsipras was firm in denial to accept the blackmail: “We have stated explicitly that there is no question of legislating even a euro additional measures to those provided in the agreement, all the more so for the period after the end of the programme”.

10. In a letter of the Greek finance minister addressed to the Eurogroup before its meeting on 9 May 2016, one can read the following: “...There is no constitutional way to vote contingency measures and in discussions I had with colleagues I was informed that the same applies also to other member countries... [T]his package cannot be imposed by the current coalition government, nor any other democratic government that I can imagine”. In an [interview given to me in December 2016 and included in the transform! 2017 Yearbook](#), Tsakalotos was adamantly clear: “...[W]e will not legislate up front new anti-social measures to be implemented in the post-programme period, that is in 2019 and beyond”.

11. Most of the arguments against the signing of the agreement for the 3rd review of the adjustment programme are included in my article “Ohi ipohorisis stin diapragnatefsi. Epistrofi stis rizis” (“No concessions in the negotiations. Return to the roots”), was published on Sunday 19 February 2017 at the weekly newspaper “Epohi” which supports the 53+ tendency of SYRIZA.