OXI (NO) to the Attempted Coup in Greece*

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On 14 February 2015 in the *Economic & Political Weekly*, I posed the following question (Öncü 2015):

Some used to claim that the EU (European Union) was a progressive ethical project of civilisation based on liberal market principles, standards of democratic governance and the rule of law. Others used to claim that the EU was an anti-democratic imperialist project of the international finance capital under the hegemony of Germany.

Given what has been going on in Greece, I wonder which one?

Since then, a few things have become crystal clear. One, the EU is under the hegemony of Germany; two, it is hardly civilised and, hence, cannot be a project of civilisation (borrowing from Mahatma Gandhi, I say, it would have been a good idea), and three, it is hardly democratic.

What was the Referendum About

About 64 % of the eligible Greek voters participated in a referendum on 5 July 2015. The referendum was called by the governing Syriza leader and Prime Minister Alexis Tsipras on 26 June. Technically, the referendum was about the 25 June offer of the "Troika" to the Greek government. The Troika represents the international creditors of Greece and consists of the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF). It has been in charge of "managing" the ongoing European debt crisis that started in Greece in May 2010.

The referendum question was 74 words and I have no doubt that most voters did not even read the question. Quite likely, most did not even know that the offer they voted had already expired on 30 June 2015.

But they all knew what the real question was: whether to say no, or to bow down to the dictatorship of finance capital under which they had been suffering dearly since the beginning of the crisis.

And of the votes that were valid, 61% was "oxi" (no) and 39% was "nai" (yes).

Failed Medicine

Since the onset of the crisis, Greece had gone through two "bailout" programmes the Troika structured; one in May 2010 and the other in March 2012. Despite these two "bailouts" Greece has been in depression since the beginning of 2009. From its peak in 2008, the Greek Gross Domestic Product (GDP) is down about 27%, unemployment is above 25%, youth unemployment is above 60%, and the Greek debt to gross domestic product (GDP) ratio is about 180%.

In return for these programmes, the Troika demanded some, so-called, fiscal, structural and financial reforms. What was demanded in the name of fiscal reforms was more and more austerity, that is, less and less spending by the households and the government. Furthermore, the structural reforms required, among other things, cuts in retirement and other social benefits, further reducing the purchasing power of the households.

How can an economy grow if its households and government spend less and less, unless its firms increase their spending substantially? Why would its firms increase their spending substantially, if they cannot sell what they produce to the rest of the economy and, after a devaluation of the currency (which cannot be done under the euro), to the outside world?

Does one need a PhD in Economics from a top Western university to see that an economy cannot grow if all of its sectors spend less and less? Would spending less and less not deepen an ongoing depression? Of course, it would, and it did.

Yet, the "civilised" Troika plutocrats--many of whom with PhDs from "respected" American and European universities--either pretend that they believe reducing spending can increase growth or they are ardent believers of some religion which says it can or, maybe, they have a different agenda.

Indeed, rather than bailing out Greece, these programmes bailed out the pre-2010 creditors of Greece--mainly the German and French banks. According to data from the Bank of International Settlements (BIS), while as of December 2014 the German and French bank exposures to Greek debt were €10.6 billion and €1.3 billion respectively, the corresponding exposures as of March 2010 were €32 billion and €52 billion respectively. Indeed, 92% of the €240 billion "bailout" loans to Greece since May 2010 went to European and Greek banks.

No one can doubt that this is a bailout. But, of the banks, not of Greece.

Syriza's Challenge

Since it formed a coalition government with the 13-seat nationalist Anel party on 26 January 2015, Syriza has been in negotiations with the Troika. Although Syriza is supposedly a coalition of the radical left, what they have been asking from their creditors has hardly been radical. Leaving the euro in an "unfriendly" fashion and defaulting on their debt have never been in their cards. They have stated from the beginning that they had no intention to leave either the euro, that is, the Eurozone, or the EU. They have claimed that they were for a Europe of the people, not for a Europe of finance capital.

All they wanted was some breathing space to put their economy back on track to meet the basic needs of their people for a modest but decent life that they have been lacking since the beginning of the ongoing depression and to be able to pay a portion of their debt, all of which is not payable under any condition.

Whenever Syriza wanted to increase the taxes on the wealthy to stop their tax avoidance and reduce the burden of the needy, they were opposed by the leaders of the EU and asked to do the opposite. Despite that they backed off in almost every step of the negotiations, they eventually became an "unreliable negotiating partner" in the eyes not only of such hardliners as the German Finance Minister Wolfgang Schäuble and the Dutch Finance Minister Jeroen Dijsselbloem, but also of other officials who had been more sympathetic to the Greek government's aims in the past. Indeed, there have been rumours that some EU leaders even expressed their interest in seeing Syriza go –

although not in public – and the discontent of Schäuble and Dijsselbloem with their negotiating partner--the then Greek Finance Minister who resigned (was he sacked?) on 6 July 2015 despite the "oxi" vote on 5 July--Yanis Varoufakis has been public knowledge. In these negotiations, Syriza did not ask anything more (if not less) than what they promised to their voters.

If what the "civilised" EU leaders did that I described above is not disrespecting the democratic choice of the Greek voters and, hence, democracy, I do not know what else can it be called.

Coup Attempts Continue

One of the tools Syriza's negotiating partners have used against Syriza has been the liquidity lines provided by the ECB to the Greek banks. Since under the euro Greece lacks a central bank that can provide liquidity to its banks independently of the ECB, the Greek banks are in the hands of the Troika. If the ECB pulls the plug and freezes the liquidity lines to the Greek banks, not only the Greek banking system, but also the Syriza government collapses.

Indeed, any government in any country collapses when the country's banking system collapses. This is what I called the attempted coup in Greece in the title of this article.
And it appears that the coup attempt is still continuing, despite the verdict.

A very "civilised" ultimatum to Greece came from a special Eurozone summit in Brussels on 7 July 2015. "Strike a new deal with the Eurozone creditors or face a banking collapse, a humanitarian emergency and the start of an exit from the euro." The EC President Jean- Claude Junker even said, "We have a Grexit scenario prepared in detail". This can only mean "We know how we will kick Greece out of the euro". I doubt that, and in all likelihood it will be the euro that will suffer more and possibly fall apart, but this is what Junker said.

The deadline Syriza is given to strike the new deal is 12 July 2015 and only two players may stop this ongoing attempt at a coup, to which the Greek voters said "oxi" on 5 July.

No Conclusion Yet

The minor player is the IMF or, rather, the US, the major shareholder of the IMF. On the same day Tsipras called the referendum, that is, on 26 June, the IMF stated the obvious: the Greek debt is not payable and, hence, has to be restructured. If this is a signal of a split between the US and Germany, the hegemon of the EU, then the IMF can play some role in stopping this attempted coup, although this possibility appears less likely as it might lead to some political complications.

Therefore, the major player is Syriza. It is up to Syriza to stop this coup attempt to which the Greek voters said "oxi". Whether Syriza can rise to the task and do that remains to be seen. No matter what, however, one thing is for sure: The number of those who claim that the EU is an anti-democratic imperialist project of the international finance capital under the hegemony of Germany will keep increasing.

Reference

Öncü, T Sabri (2015): "Greece, Its International Creditors and the Euro," *Economic and Political Weekly*, 14 February, pp 10-13

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http://www.epw.in/web-exclusives/oxi-no-attempted-coup-greece.html