

A Pyrrhic Victory for Pro-Bailout Parties; Time To Leave the Euro

by Dean Andromidas

The “victory” of the pro-bailout parties in the June 17 Greek elections will not save the euro. The pathetic leaders of Euroland might have slept a little less fearfully upon hearing the news that center-right New Democracy (ND) narrowly defeated the left-wing anti-memorandum party Syriza. Nonetheless, the jubilation in the markets on the following Monday didn’t last out the morning. By noon, Spain’s benchmark 10-year bond yields shot up above 7%, fueling fears that Spain and Italy will be next in line for a mega-billion-euro bailout.

The elections will prove to be a Pyrrhic victory for the pro-bailout parties, in view of the fact that more than 55% of the population voted against the bailout and the brutal austerity demands attached to the so-called “memorandum of understanding” signed by the previous government. In a post-election statement, Syriza leader Alexis Tsipras once again slammed the current austerity policies of the EU while calling for a “Marshal Plan” for Europe.

If the new government continues to do the bidding of the EU leadership in Brussels, to “save the euro” and the British Empire’s Inter-Alpha banking system it was designed to serve, it will only be yet another government hated by the Greek people. It will control a parliamentary majority, but its legitimacy will erode as it continues to be besieged by demonstrations and strikes by the trade unions, other constituency groups, and the millions of youth who are suffering 55% unemployment.

In reality, the election represented an extraordinary result for the two major anti-memorandum parties: Syriza, also known as the Coalition of the Radical Left, and the nationalist Independent Greeks. Syriza, a coalition of more than a dozen groups, received more than 27% of the vote, or 71 seats in the Parliament, up from 4.5% and 13 seats in 2009. The

right-wing Independent Greeks won 20 seats. Led by former ND Deputy Panos Kammenos, the party was only formed a few weeks before the first-round May 6 elections.

But New Democracy will hold 129 seats; under the Greek Constitution, the party with the highest number of votes receives 50 extra seats in the 300-seat Parliament. ND actually won 79 seats, only 8 more than Syriza. The Pan Hellenic Socialist Party (Pasok), which won 44% of the vote in 2009, with almost 160 seats, collapsed to 12.5% of the vote and just 33 seats.

In announcing his party’s refusal to join a government not willing to repudiate the memorandum, Tsipras said Syriza will remain the core of the popular, anti-memorandum majority, and will continue to oppose austerity measures and the sell-off of state assets. He blamed the unprecedented attacks on his party, and the psychological terror exercised by the “unholy alliance” of the domestic and international political elite, for the party’s defeat.

In his post-election statement, Independent Greeks leader Kammenos called on his supporters to continue the fight against the “memorandum of national humiliation and economic impoverishment of the Greek people” with their “only weapons: the power of our souls, our passion for dignity, and our desire for a better tomorrow.”

New Government of Illusions

New Prime Minister Antonis Samaras put together a three-party coalition government that he claims will renegotiate the memorandum and conditions of the bailout, while doing everything possible to “stay in the euro.” Any renegotiation will be on the modalities of just *how* the Greek population is being crushed, which will continue to be dictated by the infamous

“Troika” of Greece’s creditors: the European Commission, European Central Bank, and the International Monetary Fund.

Under the Troika’s “reforms,” the Greek economy has collapsed over the past three years, shrinking by 30%, wages cut by 25-50%, and official unemployment doubling to 23%—but in reality much higher, with tens of thousands of university graduates and other young people fleeing the country to seek jobs in Germany, Great Britain, France, or anywhere else. Almost 160,000 jobs have been lost in the construction industry during the crisis, declining from 400,000 people in 2008, to 242,000 currently, the lowest number since 1998.

The Troika’s “reform” of the national health system has led to outright genocide against the Greek people, with hospitals losing hundreds millions of euros in funding, leaving them with shortages of personnel, medicines, and equipment. The failure of the government to reimburse pharmacies has led to a massive shortage of medications. The situation is so severe, that the Medical Association of Athens appealed to the United Nations, declaring that “thousands of Greek patients are in a dramatic situation, and hospitals are currently unable to meet pharmaceutical care needs because of a default by one of the biggest insurers. . . . This problem is literally crippling our society, especially the elderly population. The situation is even more dramatic for tens of thousands of citizens who are battling with serious diseases such as cancer.”

A physician at the university hospital in the Athens suburb of Haidari, interviewed by Reuters, said there was a lack of basic examining room supplies, such as cotton, catheters, gloves, and examining table paper covering. “Sometimes we take a bed sheet instead and use it for several patients,” said a radiologist who specializes in cancer screening. Staff cuts have left physicians seeing as many as 40 patients in a shift, and many people are still unable to get treatment before it is too late to save them.



Greek’s new government, a coalition of the pro-bailout parties, has a very short life expectancy, if it continues to impose the Troika’s murderous austerity policy. The photo shows a recent mass demonstration against cuts to health-care. Inset: Alexis Tsipras, leader of the anti-bailout Syriza party.



While the coalition deal was sealed in the Parliament, across the street hundreds queued in a central Athens park for free vegetables. Cretan farmers handed out some 2,700 packages of produce, 10 kilos each, in cooperation with the capital’s municipal authorities.

The new government is a coalition led by New Democracy, and will include Pasok, led by Evangelos Venizelos, and Fotis Kouvelis of the Democratic Left. But fearing the wrath of the population, the two latter parties have opted to stay out of the Cabinet!

The most recent post of the new Finance Minister, Vassilis Rapanos, was as head of the private National Bank of Greece; a Canadian-trained economist, he served as an advisor to the government in its negotiations to join the euro. Non-party technocrats now head the Ministry of Environment and Energy, the Ministry of Justice, Transparency and Human Rights, as well as the Ministry of Agriculture and Food. Their first task will be to implement another EU14.5 billion in budget

cuts over the next two years, which will begin with the first 11 billion to be slashed this year.

Greece Must Leave Euro's 'Deadly Embrace'

The debate over a real alternative for Greece is already taking place, but outside this government.

The 86-year-old Greek freedom fighter and composer Mikis Theodorakis has called on Greece to leave the "deadly embrace" of the Eurozone. In a post-election commentary posted on the website of his movement, "The Spark," Theodorakis, wrote that as a result of these elections the "asphyxia which Greece has been suffering, with over 3,000 suicides and countless protests, will continue." Therefore, the anti-memorandum parties and forces must seek a unity on the common goal to "rid the country from the shackles of the Memorandum, the Troika, the IMF and European banks...."

On the same website, on July 17, Theodorakis' fellow resistance fighter, Giorgios Kassimatis, professor emeritus of constitutional law at the University of Athens, penned an article on Greece's right to declare a debt moratorium: "Since ancient times it has been the principle under public international law that every state has an obligation to treat first the economic defense and basic survival needs of its people ... before it pays its debt or other financial obligations...." He added that while this principle was recognized under the Greek Constitution and international law, it is not recognized by the "colonial mentality of English private law," which is why its creditors want Greece to put its debt obligations under English law.

Kassimatis then detailed the internationally recognized legal procedures which can be followed for Greece to suspend its debt payments and renegotiate its debt based on this principle. In fact, in 1936, Greece successfully suspended loan payments on a large foreign loan, after winning a decision of the international arbitration court where it was stated that "the primary duty" and "ultimate obligation" of the nation was to its own preservation.

On June 19, Syriza's Tsipras called for a "Marshall Plan" for Europe, in an interview the Russian online publication Ekho Planety. Under the headline "The Old World Needs a 'Marshall Plan,'" Tsipras was quoted as saying: "The Eurozone is a chain with seventeen links. If one link breaks, things will be bad not only for it. The whole chain will be destroyed. And the destruction of the euro is not a joke.... Therefore we are saying to our

European partners: quit acting like ostriches; get your heads out of the sand. Admit your mistakes, change the direction of your policy; dump the austerity policies that are killing us. And we are prepared to discuss a common pathway and a common perspective. We want it to be one of stability.

"First of all Greece needs to abrogate the agreements signed by the previous, failed government. Of course we will respect international law and all agreements based on democratic procedures. But we propose a radical revision of the terms of issuing credit. There should be international monitoring. Our government and the creditors have to take into account the requirements for restructuring the entire Greek economy. The previous measures have simply killed it. The target of credits must be the economic development of the country.

"At the same time we shall combat the crisis on a European-wide level. We shall take part in developing solutions for the debt crisis, which has affected not Greece alone. Currently Spain, Portugal, Ireland, and Italy are in a difficult situation. Imagine: Italy's debt is 1.9 trillion euros, whereas that of Greece is 350 billion euros.

"We will push for the resources being allocated to Greece and other nations of southern Europe not to just evaporate, but to be invested. Today Europe needs a new 'Marshall Plan,' in order to stabilize the situation."

'An Economic Miracle in the Mediterranean'

While the debate in Greece is going in the right direction, the anti-memorandum forces must continue to tell the truth—that it is the euro and European policy that are bankrupt, and a danger to the people of Greece and all of Europe. The only policy that will work is a massive financial reform and creation of national credit systems based on a Glass-Steagall-style separation of banking institutions that serve the real economy, from those that are responsible for the unpayable, illegitimate, speculative debts, including the Greek national debt. Thus, credit institutions would be formed to implement the LaRouche movement's draft "Program for an Economic Miracle in South Europe, the Mediterranean Region, and Africa."¹ This program is already circulating in Greece, and will soon be available in the Greek language.

1. See *EIR*, June 8, 2012.