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Cyprus

# Are there vegetarian lions in the EU?

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**However small the Cypriot state is, the whole course of developments on the recent bank heist in the island offers us a good chance to evaluate some critical points about the response of the left on a number of questions that are raised about the nature of the current crisis and the response of the left.**

## **Has the EU become a fan of the Soviet economy?**

The Russian prime minister Medvedev said that “The EU in Cyprus is like Bolsheviks in Soviet Russia”. It is paradoxical indeed to listen to the EU’ s officials to speak about the hypertrophy of the Cypriot banking system; the very same people who have been speaking about the supremacy of the free market. It is even more paradoxical to listen to EU ministers speaking about the casino-economy of Cyprus and saying that the bankers should pay for their defaults; the very same people who encouraged the banking bubbles and saved the European banks with public money.

The left has no reason not to welcome the decision that the banks' stakeholders, the big investors, the off-shore companies should pay for that. But still this is not the essence of the EU policy; and in any case it is not at all a kind of socialist policy. Firstly, because the critical question, where the “erased money” will go, remains. In the case of Cyprus it will not go to the social services or anything like that. It will just go to the abyss of the Eurozone for covering the huge monetary-credit bubble. It is not a redistribution of the wealth. It is once again the very classic recipe of the Troika to reduce the economic cycle of one country. Secondly, it is because this reduction of the national income at the end of the day will hit the working class. If the big capital funds lose about 40% of their investment, the insurance funds of the workers will collapse together with a number of small-medium enterprises. The unemployment will rise. And the upcoming memorandum will reduce the workers' wages for a second time. Thirdly, the competition between various capitalist interests is part of capitalism. Medvedev and the Russian capitalists should know that.

In fact the case of Cyprus indicates a new tactics for the EU. Since 2008 it is the first time that EU has charged the bank stakeholders in such a climax. This is not because of their social sensitivity. It is just because the crisis in Eurozone is still there and the competition is still increasing. No matter whether the statement of Dijsselbloem (“The Cyprus deal is a template for the future”) is true or not, the case of Cyprus is a *de facto* recognition that the so-called rescue mechanisms like the EMS have failed. It is obvious that this is a new stage where the inter-capitalist and inter-imperialist conflicts will grow.

The dream of Jean Monet of a European federation based on a functional harmony of the European states is again at stake, because no functionality can override the class character of the current imperialist EU. And that is not because EU is very soviet, but because it is very capitalist.

## **Is renegotiation with the capitalist institutions a good tactic for the left?**

In the name of realism, the majority of the European left keeps at the hard core of its programme the idea that the peoples' resistance and the change of the balance of the political forces could lead to a successful negotiation with

the EU and thus challenging –or at least shaking– its neoliberal agenda. On 18 March 3 2013 Yannis Milios, responsible for the Economic Policy of Syriza, stated “One negative vote of the Cypriot Parliament will bring “war” inside the European institutions. The neoliberal centres of power will be forced to retreat and it is likely that a reversal course of the negative march of the last 5 years will begin”. [1] The next day the Cypriot Parliament said “No”, but this did not really force the EU institutions to change their mind. In fact there was not even a (re)negotiation. The initial EU plan (and an even worse) came the following week and was approved by the very same Cypriot Parliament. All the supposed Messiahs like Russia, China, the alliance of the European South, etc. were proved to be illusionary.

Should the left continue to reproduce the idea of effective negotiations with the capitalist institutions or should it focus on the development of a political alternative beyond these institutions? Cyprus is surely a strong example against the first hypothesis.

## Is euro a currency that can be reformed?

Once again in the case of Cyprus the entire debate concentrated on the question of the euro. The blackmail of the EU was based on that. The Cypriot government used it as a pretext to cover its acceptance of the current agreement and of the future memoranda. M. Sarris, the Cyprus finances minister, stated “Indeed, we cannot say that we have won a battle. We have avoided though a disastrous exit from the Eurozone”. [2]

The Communist Party of Cyprus (AKEL) argued for a solution “without Troika but within the Eurozone”. Does AKEL really not know that one component of the Troika is the ECB that controls the euro? Does really AKEL ignore that the final agreement was achieved on the basis that ECB would stop providing any euro to the Cypriot banks? The obvious answer is no. Akel is fully aware that all the blackmail of the Troika was based on the euro. Nevertheless the respect of AKEL towards the Eurozone is the limit of its political willingness to propose an antisystemic alternative.

Some leftist economists in Europe claim that a probable exit from euro would mean a devaluation of 50 per cent and would be worse than a 7 per cent haircut on the deposits of the working class people. Posing the question in this way is the worst method for the left, simply because in the end it will lead the left to agree with the finance ministers like Sarris, Stournaras, Guindos, Gaspar, etc. that “at least we save our euros”. However the working class people do not just have the option of choosing either hard austerity or disaster. Getting out of this false dilemma is not an economic issue but a political struggle and the left that is not ready to identify the political role of the euro, it is simply the one which cannot give this struggle.

The exit from euro is not a good economic idea as well. Yet it is a necessary political step for an antisystemic and workers’ alternative. It is the only way that the argument over the public control of the banking system can be implemented. It is an inevitable condition for the left who is actually fighting to change the balance of forces now and does not postpone the fight for one remote and uncertain future.

The case of Cyprus shows us that respecting euro (regardless it comes from the right-wing Dissy or the left-wing Akel) can have only one result: accepting the austerity. It shows us also that there are various interpretations for the exit from euro (middle-class, nationalistic and capitalist as well). An anticapitalist approach should not ignore that. But it is still essential for the anticapitalists in Europe that there can be no radical answer if we do not state in a clear way that euro is part of the weaponry of the enemy. And still one anticapitalist answer to the blackmails of the capitalist class (bank run, devaluation, etc.) should be the mobilization of the peoples’ movement and not a recapitulation to the euro framework.

## Is a left government always a left solution?

One additional particularity of Cyprus is the fact that the country was led to the memorandum and Troika by a so-called left government led by Akel. Akel is a party that in Greece is affiliated with both Syriza and KKE. Especially for Syriza, the left government of Cyprus was presented as a model for its respective proposal, some leading economists of Syriza almost justified the first Cypriot memorandum (as a fair negotiation with the Troika) and Syriza supported the policy of Cyprus on the energy issue in Eastern Mediterranean (although it was based on a strategic alliance with the State of Israel and against the interests of the Palestinian people). [3]

Certainly the political system and the social background in Cyprus are very particular and not really comparable with the rest of the European countries. But still there are some lessons to be drawn from this experience of Akel governance: to speak in the name of communism or other radical declarations is not enough. A left government can exist as such only under the condition that it paves the road of rupture with the ruling economic and political framework. And this requires an extra-parliamentary and extra-institutionalist action that can produce new structures of workers' self-organization.

“To be radical is to grasp things by the root.” The root of a political answer defending the workers' interests is to start challenging capitalist property and the hegemony of their institutions. Shortcuts are not likely to exist. And in any case we must be aware of our enemy: in the capitalist jungle the lions are not vegetarian.

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[1] In Greek on the [Left.gr website](#).

[2] Euronews "[Cyprus agrees EU bailout deal](#)."

[3] H Ayth (in Greek) [here](#) and [here](#).