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Greece

# The Consequences of the Capitulation

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### **Very quickly after the Greek government and parliament capitulated to the creditors (European Commission, ECB and IMF) changes were made to the government.**

Alexis Tsipras replaced six ministers and vice-ministers (members of the Left platform within Syriza) who opposed the 13 July agreement by Syriza members who were favourable. Alexis Tsipras also sought and received the resignation of one of the spokesmen of the Syriza parliamentary group, Athanasios Petrakos, who also voted against the agreement and called, along with 54 other MPs (originally 49; [see here](#)), for a parliamentary plenary debate on the conclusions of the preliminary report of the Debt Truth Audit Commission, which had been presented to parliament on the 17 and 18 June 2015. It is the prerogative of the Prime Minister to choose his fellow ministers, but it is not his prerogative to choose the spokesmen for the Syriza parliamentary group. The group itself chooses its spokesmen.

Helped by new loans from the European institutional creditors, in the framework of the 20 July agreement, Greece has re-established its repayments to the IMF and is preparing to repay the ECB.

Other unfavourable developments are probable.

Alexis Tsipras and the Syriza wing in his favour seriously risk adopting policies that justify the unacceptable capitulation. Henceforth they are dependent on the support of New Democracy, To Potami (the new right-wing party favourable to the European institutions and austerity) and PASOK to have a parliamentary majority. This could change if Tsipras turned his back on his capitulation and called for a new vote in parliament to reject the agreement. We would like to believe this can happen but it seems frankly unlikely, even if the MPs who voted against the agreement continue to vote against laws that will cause longer and greater austerity. New Democracy, the principal conservative party (the same tendency as Merkel, Juncker and Rajoy), and the creditors will impose their will.

In May 2015, Alexis Tsipras promised the Syriza Central Committee that he would not sign any agreement without first informing them. He did not keep his word. During a Central Committee meeting held on 24 May 2015, 75 members had voted for more radical policies (suspending debt repayments, nationalising the banks, taxes on big fortunes, renewed labour rights ([see here](#) in French)). Ninety-five committee members voted against these policies. Alexis Tsipras did not call any Central Committee meeting between 13 and 15 July. On the 15 July, about twelve hours before the parliament capitulated, 109 Central Committee members signed a letter expressing their opposition to the 13 July agreement. The party's two principal regions, Athens and Thessalonika, also said they opposed the agreement along with the Syriza national youth organisation. Later, more than ten other Syriza regions announced their opposition to the agreement. Nevertheless the promised meeting never took place. For a party in the grips of such dramatic choices such a meeting would be democratically essential.

When a political leader goes in this direction, the result can be mortal: democratic principles in the parliamentary group and in the party have been restrained in order to push the new framework through.

The change is radical and will cause many disastrous consequences. In the next ten days I shall give an explanation of how this happened, although I am not able, at this moment, to give a full analysis.

Among the causes of the disastrous outcome there is, of course, the stubbornness of the creditors; there is also the strategy chosen by the Syriza leaders and by Alexis Tsipras and his government: the refusal by Tsipras to clearly and

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explicitly question the legitimacy and legality of the debt, the continued debt repayments, the failure to understand the importance of a popular audit of the debt (even though he officially supports the audit), the refusal to touch the interests of the big shareholders in the Greek banks that are responsible for the banking crisis and to take steps of self-defence in the face of the creditors' inflexibility and aggressiveness, the lack of contingency plans (which may have included the exit from the euro) and public explanations of the reasons for them, the illusion that negotiations could prevail on the creditors to make enough concessions to allow Greece to turn away from austerity, the refusal to start a constituent process in order to democratically change the Greek constitution, the failure to understand the role of popular mobilisations that should have been encouraged, and others. I will explain why the most urgent choice was not whether or not to remain in the Eurozone, but rather whether to negotiate without strength or to make a priority of taking the following five steps:

1. suspend debt repayments while continuing to audit the debt;
2. resolve the banking crisis, which means entering into conflict with the big shareholders who caused the crisis;
3. create a parallel currency;
4. increase humanitarian measures to add to those already taken since February 2015;
5. create new sources for the public treasuries by strong measures on the privileged, especially on the richest 1% and major tax evaders (see larger list of measures [here](#)).

In the new period we are now entering, the Greek government has become complicit in fundamental human-rights violations in contradiction with Greece's international engagements. Such rights as to a decent wage, a decent retirement benefit, decent jobs and working conditions, fully comprehensive health and educational services, respect for democratic choices like the 'No' pronounced on the 5 July ([see here](#)). Of course the creditors (the fourteen Eurozone countries that advanced loans to Greece tied to unacceptable conditions under the auspices of the European Commission, the ECB and the IMF) are fully responsible for the violations that are committed, but as from now the Alexis Tsipras government will be in direct complicity with the creditors because he gave in to their stubbornness and will subject to their prior consent all important laws and measures that he intends to pass before the Greek government. There will be clashes between the Tsipras government and the creditors but the trap has sprung and I don't believe Tsipras will be prepared to make the about-turn that his conscience requires and a large part of Syriza are demanding. I hope I am wrong.

The 13 July agreement will increase the debt by more than €80 billion. This new debt will be just as illegitimate, illegal, odious and unsustainable as the previous ones because it is contracted under the same conditions of continuing policies that are in violation of human rights.

I would like to come back to the parliamentary session, which I attended, during which the 13 July agreement was adopted. At the beginning of the session the President of the parliament called for a time of debate sufficiently long to discuss the agreement in depth before voting. In accordance with an alliance between Syriza, the Greek Independents (ANEL), PASOK, New Democracy and To Potami the parliament rejected this proposition and accepted the creditors' dead-line to vote the agreement before midnight of 15 July. That meant about four hours to present the agreement, allow a small number of MPs to speak and then vote. For three hours the Prime Minister, and most of the Ministers and Vice-Ministers, were absent. PASOK, New Democracy and To Potami were delighted to take an active part in concluding the agreement. They all referred to the conditions of the agreement that were tougher than those in the agreement put to referendum on 5 July and for which they called for a 'Yes' vote. They accused Syriza of falsely leading the people to believe that it was possible to get free from the straitjacket of

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austerity, thus minimising the disaster of their past administrations. The speaker for Golden Dawn denounced the agreement because it did not respect the democratic decision of the 5 July referendum, claiming that his party was the only one that was really resisting the creditors. The Communist party, that called for abstention in the referendum, denounced Syriza and the agreement and proposed to suspend debt repayments. Kamenos, President of the independent Greeks and Minister of Defence, declared that the 13 July agreement was a 'capitulation', the result of threats and a full-blown coup d'état. He added, 'Greece has capitulated but will not surrender (sic)' before calling on all the majority MPs to vote in favour of the agreement, thus putting pressure on the Syriza MPs who intended to vote 'No'. All the Syriza speakers were in favour of the agreement except Zoe Konstantopoulou. The Minister of the Economy, Stathakis, held that the agreement had three positive points: the debt could be restructured (in fact it is going to increase, as mentioned above); the reduction of the fiscal surplus imposed by the creditors; the banks will be saved. Otherwise, he recognised that the rest of the agreement had largely negative points. Remember that in 2013 he declared that only five per cent of Greece's debt was odious. It was also he who on the 12 July 2015 said that the Syriza MPs who had not supported the agreement should resign. Zoe Konstantopoulou said that the population had refused the 5 July agreement and that choice should be respected [see her full speech in French translation](#)).

Alexis Tsipras, who entered the house at nearly midnight, explained that he had signed the 13 July agreement under threat. He recognised that the agreement was bad but nevertheless said there were three positive points: the debt would be restructured; the banks will be saved; the €35 billion promised under the Juncker plan would help Greece to improve its economy in the next years. None of these three points can be taken seriously. The new President of New Democracy said they supported this agreement and that it was because of the irresponsibility of the Tsipras government that the creditors had hardened their demands.

Finally, the vote was taken. All the PASOK, New Democracy, To Potami and Independent Greeks voted favourably. All the MPs from the Communist Party and Golden Dawn voted against the agreement. The 149 Syriza MPs were split: 32 voted against (including several Ministers, Vice-Ministers, Zoe Konstantopoulou, the President of the Parliament and ex-Minister of Finance Yannis Varoufakis ([see his explanation \(French translation\)](#))). Seven abstained. Thus the agreement was adopted thanks to the pro-austerity right wing, the capitulation of Alexis Tsipras and a large favourable Syriza vote.

Over the following two days, Zoe Konstantopoulou and myself took part in two public conferences to present the preliminary results from the debt audit commission. The first conference, at the Faculty of Economics, was attended by an audience of 350. The second, at the Faculty of Law, was attended by 250. The entire audiences were unanimously against the agreement.

It is difficult to see what will be the size of the protests over the coming months. As was to be expected, the general strike called by the civil servants' union (which is very divided, having officials in all the Parliamentary political parties) for 15 July was not largely followed. On the evening of the 15 July, as the Parliament was assembling, the left-wing protests in the streets were harshly suppressed (the first time since 25 January 2015). The police made dozens of arrests and about twenty protesters are to be brought before courts on 22 July. On 22 July the Greek government must decide on new laws that correspond to creditors' conditions. A new difficult situation will arise.

We have entered a new phase.

Under these very difficult conditions it is necessary to reinforce solidarity with the Greek people.

Post scriptum: During the night of 22 to 23 July, the Greek Parliament adopted two bulky laws in a context that is bleakly reminiscent of the darkest days of the Troika (2010-2014).

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The President of the Greek Parliament expressed outrage at the fact that MPs had received the 977 pages of these two laws less than 24 hours before and were not allowed to propose amendments (see Zoe Konstantinopoulou's letter to Alexis Tsipras and the President of the Republic [in French translation](#)). The text bears on a reform of the legal system that the creditors insist on and the previous government had already tried to introduce. In December 2014, lawyers all over the country had been invited to voice their opinion through a referendum organized by the General Assembly of Greek Bar leaders. Over 93% had voted against. Several magistrates had also opposed the reform. As noted by Zoe K, the fact that it is precisely this legal text that foreign governments chose as a condition to start negotiations towards a third Memorandum of Understanding shows the extent of their contempt towards the principles on which a parliament, popular sovereignty and indeed democracy ought to operate.

The other measure that creditors thus impose on the Greek Parliament changes the law on private households' debts and on companies' bankruptcy in order to better protect the banks. In case of bankruptcy banks are the first creditors to be paid on the available assets whereas previously it used to be the wage-earners and retired workers of the company. As for mortgages, banks' privileges towards indebted households are reinforced so that they can more easily make use of foreclosures and sales.

31 SYRIZA MPs (including the President of the Parliament) voted against and five abstained. The laws were adopted with a majority of 230 'Yes' votes including those of the SYRIZA MPs who approved the measures and of the four right-wing parties (New Democracy, PASOK, ANEL (independent Greeks), and To Potami). The reason for the difference between the vote on 15 July and the vote on 22 July is that Yannis Varoufakis, the SYRIZA MP who courageously opposed the first part of the 'agreement' on 15 July, voted 'Yes' on the 22nd. Yet Varoufakis was not in favour of the two laws he eventually sanctioned. This clearly shows that part of the SYRIZA MPs who support the PM and his right-wing allies actually vote against their convictions.

*Translated by [CADTM](#)*