



## Greece Election 2015: An Insight into Syriza Victory

*Dr. Dinoj K Upadhyay\**

With the victory of Syriza party in general election, a new government has been formed in Greece on explicit anti-austerity plank. The new Prime Minister, Alexi Tsipras openly opposed austerity measures imposed on Greece and pledged to renegotiate the huge international bailout. In a keenly contested election, Syriza party came to power with around 36 per cent vote share and 149 seats in 300-seat parliament, just two short of an absolute majority. After the general election victory, Alexi Tsipras promised to 'end Greece's five years of humiliation and pain', and said, "Greece will now move ahead with hope and reach out to Europe, and Europe is going to change. The victory is clear. We will bring an end to the vicious circle of austerity." As it was predicted, the victory of left wing, anti-austerity Syriza would have a 'ripple effect' across the European Union (EU), and it could 'potentially shift the macro-economic agenda for all of Europe,' as Eleni Panagiotarea, Research Fellow, ELIAMEP, noted. In the wake of rise of the Eurosceptic and far-right parties in the European parliament elections 2014, political verdict in favour of Syriza and popular support for anti-austerity approach may impact the dynamics of eurozone politics.

Currently, Greece faces huge economic and social challenges. Its economy has shrunk by 25 per cent since the start of the euro zone crisis and unemployment has soared to 25 per cent. It is a matter of great concern that half of youth is unemployed. The

country's debt rose to 175 per cent of its GDP. Thousands of businesses had been closed. Austerity measures had serious social and health consequences. Yanis Varoufakis, the new Finance Minister of Greece, told that the austerity regime had been "fiscal water boarding policies that have turned Greece into a debt colony." Prime Minister Alexi Tsipras has vowed to tackle the country's "silent humanitarian crisis" by enhancing the minimum wage, reducing taxes and encouraging hiring in the public sector. The people of Greece have given their verdict; now the onus is on the new government to translate its promises into actions and relieve people from the economic hardships. Although Alexis Tsipras has started scrapping key privatization projects and reversing many of the unpopular measures, it would be extremely difficult for him to fulfill the promises in the prevailing economic situation.

The EU appears to be cautious towards the policies of the new Greece government. This government is not finding support for abandoning the austerity stand in the EU. The EU's leaders have demanded that Greece should stick to austerity and reform policies. The President of the European Commission, Jean-Claude Juncker has ruled out the option of cancelling Greece's huge debt. He explicitly mentioned, "We respect the popular vote in Greece, but Greece must also respect others." He also stated, "Tsipras promises that Greece will not accept austerity any more. The euro countries respond that there will be no more credit if Greece abandons its commitments." The European Central Bank (ECB) has also toughened its stand by restricting financing to Greece's banks. The ECB would no longer accept Greek government bonds as collateral for lending money to commercial banks; consequently, access to cash would be more expensive for Greece's banks. The ECB has indicated to get the deal done, either way, it would have implications.

Yanis Varoufakis has visited several European capitals in order to garner support for his government's bid to renegotiate the massive bailout. Germany refused to cancel Greece's debt. Other countries, such as Finland indicated that Greece's loan payment period could be extended, but cancelling the debt would not be possible. The Italian Prime Minister, Matteo Renzi gave encouraging statement for Greece and also supported Greece's

stand on renegotiating the bailout. The victory for Syriza in Greece, as analysts believe, can boost other populist parties, like Beppe Grillo's anti-Euro Five Star Movement in Italy and the Podemos Movement in Spain. The creditors fear that such demand may arise in the countries under the austerity measures. Thomas Wright, Director, Project on International Order and Strategy, Brookings has argued that the mainstream parties are being discredited due to German economic orthodoxy imposed on the eurozone, and this led to the rise of populist hard line parties.

Syriza victory may create friction in the EU policy towards Russia, particularly economic sanctions on Russia over the Ukraine crisis. Greece opposed the call for more sanctions against Russia. Mr. Tsipras has already termed the EU sanctions against Russia as 'shooting itself in the foot'. The Russian Ambassador to Greece, Andrey M. Maslov was the first foreign dignitary to meet Alexis Tsipras after his inauguration. Before elections, Mr. Tsipras visited Russia in May 2014. He does not support NATO's further expansion to the East and advocates for a constructive policy by the EU towards Russia.

To conclude, how the European politics would shape up would depend on how Brussels and Athens would decide the course of actions in future. As recent trends reflect that Greece wishes to remain in the eurozone, but it would not be agreeing to the austerity measures. The European leaders also are insisting on a deal and hope that Greece would stay in the single currency zone. The German chancellor, Angela Merkel expressed, "I want Greece, despite the difficulties, to remain part of our story." In time to come, it will be seen whether the EU and Greece would be able to find out workable solutions for their crisis or choose a path of collision, which may cause a serious risk to economic stability in the EU.

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*\* Dr. Dinoj K Upadhyay is Research Fellow at the Indian Council of World Affairs, Sapru House, New Delhi.*

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