

When is a 'No' really a 'Yes'? Why the referendum result could help Greece secure a deal

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Greece is expected to present new proposals aimed at reaching a deal with its creditors following the 'No' vote in the country's referendum. Writing from Greece, [Michael Cox](#) notes that although there is still substantial uncertainty over what the result of the referendum means in practice, the solid backing Greek Prime Minister Alexis Tsipras received in the vote has secured his domestic support base, ensuring that he has never been in a better position to implement a deal. However he notes that with the country's banks fast running out of financing, the next few days should prove decisive in shaping the outcome of the crisis.



Most foreign – that is to say western – commentary on the Greek crisis has followed a predictable pattern. The Greeks, we are told, are like errant children. They were even childish enough to vote 'No' in the referendum last Sunday. But then children can't be expected to be responsible. But help is at hand in the shape of Greece's more 'responsible' neighbours to the North. But Greeks can be very Greek. They might refuse the advice on offer. And what if they did? Well Greece could easily become Argentina on the Aegean.

Only a few pundits have managed to move beyond this tale of wise parents and badly behaved Greek brats. One, surprisingly, has been Niall Ferguson. In a [recent piece](#) in the Financial Times, Niall advised everybody to calm down. No great lover of the European project himself, Ferguson did at least inject a note of sober realism into the debate. Syriza cannot escape the logic of the market. Nor he continued does it want to leave the EU or the euro. Their resistance is doomed to failure therefore. And compared to what's happening in the Middle East, Greece is pretty small beer anyway.

Nobel prize winner Paul Krugman – no friend of Ferguson or indeed the euro – had a rather different take on things. If the Greeks accepted Europe's terms and voted 'Yes', he [opined](#) in The New York Times, then worse would follow for Greece in the shape of 'more austerity, more disasters, and a crisis much worse than anything we've seen so far'. If however they voted No (as in the end they did) then this might at least send a message to those complacent elites up North. And that message would be clear: continue with your current deflationary policies and disaster beckons – and not just for Greece.

But what does the 'No' vote urged on Greeks by Krugman actually mean in practice after the referendum itself? Over the next few days we will no doubt find out. Anything is possible. However, in conversation with a number of well-informed Greeks at a recent symposium, one had the very distinct sense that 'No' may in fact turn out to be a blessing in disguise. It might even end up meaning 'Yes'.

With the explosive Greek Finance Minister now out of the picture – last seen leaving the Ministry on his motor bike – and with a secure base at home following the 60 per cent landslide in the referendum, the Prime Minister has never been in a better position to strike a deal not a million miles away from that which has been on the table for weeks. That at least is how a number of shrewder (though still fearful) people here in Greece are now beginning to interpret the 'No' vote.

But three things would now have to happen if an agreement is to be had. First, the Europeans, or more precisely the hardliners amongst them, would have to be convinced that Grexit would be an economic and geopolitical catastrophe for Europe as a whole. But this would mean many would have to change their outlook: to start thinking and acting like strategists rather than accountants.

Second, there has to be some long-term debt relief or restructuring as urged by the IMF and already agreed to by the Greek leadership. The Greek Prime Minister has of course made this the cornerstone of his drive to get some form of acceptable deal with Greek's EU creditor partners.

And finally voices other than those with a German accent have to be raised more forcefully. So far the only player in the game for the Greeks seems to be Germany. Indeed, they have become as passionately obsessed by the Germans as the majority of Germans have become impatient with the Greeks – especially following the referendum. But things could and need to change. Not for the first time in history the future of Europe might be in French hands.

But the facts on the ground in Greece itself leave the government with few if any options. With the Banks running out of money, the queues at the ATM machines getting no shorter, thousands of small businesses staring disaster in the face, and the Greek economy fast reverting to cash only, Syriza looks very much as if it has finally reached the end of the road. The next 24 hours should prove decisive.

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Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.

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