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Greek-22: the paradoxical situation of the Greek problem

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“Greek-22” is a paradoxical situation in which a desired outcome is impossible to attain because of a set of inherently contradictory conditions. The current article covers developments in the Greek situation during the past two weeks, starting from the call of a referendum in Greece on June 27th up until the long Euro summit of July 12th.



The not-so ambiguous vote of an ambiguous referendum

Polls are doomed to oblivion. Authoritative as they may appear to be up until an election—or a referendum for that matter—takes place, once the result is declared nobody really cares to go back and check the validity of their predictions. Yet, the clear verdict in the Greek referendum came as a big surprise, as all indications had been pointing towards an unpredictable derby contested down to the last vote. It is interesting to see how this purportedly close race turned into a landslide victory for the “no” camp, regardless of where this “no” may lead to in the negotiation process. In a paradox way, Greeks responded with a clear “no” to an unclear question with an even more unclear use value.

PM Alexis Tsipras’s call for a referendum in the early hours of June 27th—five months and two days since the Greek people trusted him to bring from Brussels a better deal than the previous governments did—came as a bolt from the blue, as most people were under the impression that some sort of agreement with the Institutions was close. The referendum was scheduled for July the 5th, leaving only a few days for the electorate to think upon a highly complicated and hugely important issue for the country. In the time that elapsed between Tsipras’s sudden initiative and the referendum day, there was so much ambiguity about what voters were asked to decide upon. This vagueness was perhaps most obvious in the slogans of the two large demonstrations held simultaneously a couple of days before the referendum day in the city center of Athens, only a few miles away from each other. Proponents of “yes” chanted in favor of staying in Europe; proponents of “no” chanted against further austerity measures. Rarely are referendum questions so vague. This was the first time in more than forty years that Greeks were asked to decide by referendum. In almost all previous occasions throughout the 20th century, referendums in Greece were about restoring or abolishing monarchy and the question was pretty much clear: do you want the King or not?

By contrast, the wording of the 2015 referendum question was lengthy and vague, and scenarios about the outcome of the voting result were open to guess. Greeks were asked to decide whether they accept or reject the bailout terms that international creditors had proposed, despite the fact that immediately after the announcement of the referendum the suggested accord was withdrawn, rendering the whole process in a sense pointless. Nevertheless, the Greek Premier openly asked people to vote “no” to what he saw as an ultimatum towards the Greek democracy, and said that he considered the referendum as part of the negotiation process, not in lieu of it. Much to the contrary, proponents of “yes”, as much as most prominent European leaders, argued that the real question was about Greece’s membership in the Eurozone, if not in the European Union itself. In essence, the Greeks were not asked to reply to the question itself, but to the man who posed the question. In other words, the real question was: do you still trust me?

So, how did Greeks feel about it? It is interesting to see what polls showed, up until the day before the referendum took place, and then compare it to the voting result. During the tense week before the referendum, the Greek populace appeared schizophrenic. The mood was best described by a phrase used by many different people: my mind says “yes”, my heart says “no”. That is “I don’t want to get kicked out of Europe, but I don’t like being blackmailed either.” It should not have come as a surprise then that, according to polls conducted hastily after the referendum announcement, the Greek electorate appeared evenly divided in two: about 40% would vote “yes”, 40% would go for “no”, with the rest being either ambivalent or willing to abstain. Up until the referendum day, the general impression was that the “yes” vote was slightly in the lead. According to the latest polls conducted on Friday but released only after the end of the election process on Sunday, the “no” vote appeared to be slightly ahead. What a surprise it was then when the eye-popping result came out with 61,31% voting “no”, and 38,69% voting “yes”. What this translates into is a difference of as many as 1,3 million people.

So, the question is who is this 61% of Greeks who voted “no”? Here are some observations based on the Ministry of Interior data and the findings of Metron Analysis, an independent survey company. First of all, the “no” vote appears consistent throughout Greece. The electoral map is impressively homogenous, as every single district in the country voted for “no” by more or less the same amount. There was not a single district throughout the country in which the “yes” vote took more than 42%. An area where one can find considerable divergence is the electoral district of Attica—by far the largest district in Greece. The richest suburbs of Attica, where one can find the highest GDP per capita and the highest property value, voted clearly for “yes”, whereas the poorest municipalities of Attica, where unemployment is sky-high and most small businesses have closed down, voted massively for “no”. Still, if the whole district is taken together, the result is the same with the rest of the country: 59,7% for “no”, 40,3% for “yes”.

Second of all, most Greeks seem to have voted along party lines. This is to say that people voted in the referendum the same way they did in the January elections. The “no” camp brought together some strange bedfellows: the ruling radical left SYRIZA party, the conservative right-wing co-governing ANEL party, and the ultra-nationalist Golden Dawn party. To the “no” camp should be also added the supporters of the Greek Communist Party, who voted massively for “no” (67%) despite the fact that the official position of the party was to cast a null vote. The “yes” camp drew all centrist parties together: the liberal conservative New Democracy party, the social-democratic PASOK party, and the centrist Potami party. Statistics show that the majority of each party’s voters followed the party’s line. However, this indication should be handled with caution. The matter at hand was not as much about ideological conflicts, as it was about standing by the government in its all too risky gamble or standing against it thus asking essentially for new elections. Another determinant factor in people’s vote choice was that the “yes” camp was identified with all those political figures considered responsible for the current situation. It is no coincidence that the two biggest political parties of the recent past—New Democracy and PASOK—have fallen from an aggregate of 80% in the 2009 elections to an aggregate of 32% in the 2015 elections. In that sense, the fact that all ex-prime ministers from 2000 onwards openly sided with the “yes” camp, did probably more harm than good, as they have been all considered highly responsible for the shambles of the Greek economy.

A third interesting finding is the emergence of a generation gap. Young people massively voted for “no” (67%, with the number being even higher among university students—75%), whereas older people voted “yes” (59%). This should come as no surprise, as youth unemployment in Greece ranks among the highest in EU countries and young people see no prospect of finding a job in their home country. On the other hand, older people were mostly concerned about rumors of a “haircut” on their lifetime savings. A final finding with great interest, albeit with not so surprising results, comes from taking social class as an indicator: working class voted “no” by a huge difference (72%), lower middle class leaned towards voting “no” (53%), upper middle class leaned towards “yes” (52%), while upper class voted “yes” *en masse* (73%). Yet, numbers are not telling the entire truth.

Referendum questions are by definition polarizing. Nevertheless, the Greek society is not as dichotomized as people tend to believe. The reason is that the contest was not between two equally promising options. The choice was rather between worse and worst; that is between a painful bailout agreement and a Grexit. The last time the Greek society was seriously divided was in the early Cold War period, when the choice was between two different political systems and ways of thinking. Now, there was no such dilemma. On the contrary, a closer look at the arguments of the two sides reveals that they do have more in common than they think. Yes voters certainly do not want the country’s European trajectory to be set at risk, but they do not like austerity measures any more than no voters. The latter have had more than enough with austerity measures, but their vote does not equal to leaving the Eurozone, let alone the European Union. The two sides further share a big disappointment about the governments of the recent past, as well as a deep concern about the country’s future. They do certainly have their disagreements about the handlings of the incumbent government, but it will not be so hard to reconcile.

In sum, it appears that the rough past weighted more heavily than the uncertain future in people’s mind. Ambiguous as the referendum was in terms of its actual use in the negotiation process, the result was not so ambiguous as people believed it would have been. The result made rather clear that the Greek electorate trusted the ruling coalition government. This is what history will remember it for, whether for good or bad. In any case, the referendum was not the final scene, but merely another chapter of the Greek drama. The chorus was asked and a clear reply was given; it was then time for the heroes to act.

In the wake of the referendum

The battle of the referendum did not come without casualties. On the “yes” camp, the opposition leader Antonis Samaras got the message of public discontent with his policies and resigned the same night the vote was taken. On the “no” camp, the most famous finance minister of recent times, Yanis Varoufakis, stepped down from his position, allegedly after pressure from the European leaders, but also in a show of goodwill from the part of the Greek government. Apparently, his iconoclastic and controversial attitude was considered as part of the problem, in a proof that the complicated Greek issue is about much more than just economics. It is mainly political, and has been increasingly getting personal. Thus, nonconformist Professor Varoufakis was replaced by low-key Professor Euclid Tsakalotos. It remains doubtful, however, whether this was a change of substance, rather than merely of style. The new finance minister said in the parliament that the Greek government is after an agreement that will be better than the one Greek people rejected in the referendum. He also brought with him a dose of pragmatism saying that better does not mean easy. The agreement, if reached, will be difficult. But it is, still, better than non-agreement.

Prime Minister Alexis Tripras knows all that very well. As he put it, “for six months now we’ve been in a war, in which we lost some difficult battles. Now I have the feeling we’ve reached the boundary line. From here on there is a minefield, and I don’t have the right to dismiss this or hide it from the Greek people.” Thus, Tsipras wanted, first, to sign the treaty that ends the war, and then he would figure out how to dodge the minefield of implementing the agreement. Just like in Thucydides’ Melian dialogue, Tsipras has come to realize that even between partners “the strong do as they can and the weak suffer what they must.” The question is how much suffering is compatible with the principles of the European Union.

Had one not followed the referendum campaign and just read about Mr. Tsipras reform proposals sent to Brussels on Thursday, he would have guessed that the Greek Premier had campaigned for “yes”. Greece had been asked to make clear proposals ahead of a weekend of summit meetings that could determine Greece’s future in the Eurozone. Even if in defiance of his own beliefs and promises, Tsipras appeared resolved to make concessions to reach an honorable compromise. Note that “honorable” is an important qualifier. There were many indications that during the Sunday Euro summit Germany was mainly seeking to humiliate Greece. Mr. Tsipras went to Brussels ready to exploit the capital that the Greek people granted him through the referendum, as long as he did not lose face completely. If anything, the referendum outcome was a personal triumph for the Greek Premier. The first polls after the referendum showed that, if parliamentary elections were held right away, SYRIZA would win by a huge margin: 38.5% to 19.1% for the conservative party. They also showed that, the vast majority of Greeks (84%) want to stay in the Eurozone. So, the mandate of the Greek people is not for rupture, but for an economically sustainable deal within the Eurozone. This should explain why Greece’s reform package could be nothing else but virtually identical to the one Greeks had overwhelmingly rejected four days earlier. With one crucial difference: debt restructuring. The Greek government sees debt restructure as a prerequisite of success for reforming Greece—Varoufakis’s lasting legacy. The Europeans consider it as a reward to be awarded only after reforms have been implemented.

It is not only the Europeans that should be convinced by Mr. Tsipras’s proposals, but also some members of his own party. Friday’s vote in the Greek parliament presented us with another paradox. Tsipras won overwhelming support for the package with a majority of 251 votes in the 300-seat parliament, but suffered some important losses in his own party. This was a pyrrhic victory for as many as seventeen members of the ruling coalition did not back the plan, including two ministers and the speaker of parliament. What the vote result showed was that the implementation of any potential bailout agreement might not be possible because, without seventeen votes, the government no longer has the confidence of the elected parliament. Where this result might lead to is either a cabinet reshuffle or a new round of elections. It may not be too far in the future for this to happen, as Eurozone ministers gave Greece until Wednesday July 15th to pass twelve new laws.

Trust was the word of the day at the emergency summit of Eurozone leaders on Sunday July 12th. Earlier the same day, another Eurozone finance ministers’ meeting ended in failure. The choice would be political, as it should be. The Euro summit would not be just about restoring trust in the credibility of the Greek government to implement the measures. The tug of war between Eurozone hawks and doves, with France and Italy lining up with Greece against Germany and the northern and eastern Europeans, shows that this has been critical time not just for Greece, but also the Franco-German relationship and even the political union itself. The United States has no say in the table, but its clear wish to not “lose” Greece cannot be ignored.

Greek-22 is a paradoxical political problem. Greece has a huge debt problem that cannot be solved by the measures it is asked to implement, but without those measures things could go worse. The Eurozone leaders ask from Greece to pretend that the debt problem is manageable in order to approve a loan that pays for these measures. On July 12th, nineteen Eurozone leaders stayed up all night to sort this out. But, beware of solutions. Whatever sort of agreement is reached at the Euro summit, it is not going to solve the Greek-22 riddle that easily. This was not the final act. There is more to come.

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