MISSION IMPOSSIBLE OR AN ABSOLUTE BEGINNER? SYRIZA'S EUROPEAN POLICY CHOICES ON THE WAY TO GREECE'S 3rd BAILOUT PROGRAMME

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Introduction

January 2015 brought Syriza to power on the promise to annul Greece's 2nd economic adjustment programme (the 2nd bailout programme or Memorandum of Understanding, MoU, with the troika of creditors – European Commission/ ECB/ IMF) and manage the apparently impossible task of ending austerity while keeping the country in the eurozone.

In the 6-month bailout talks, the government's negotiation strategy, implemented by Prime Minister Tsipras and Finance Minister Varoufakis, was to push international partners and lenders to the edge in the effort to obtain a better deal for Greece. Syriza's combative leftist-patriotic tone was directed towards consolidating its political imperium at home as well as formulating a heterogeneous alliance abroad, including anti-austerity Keynesians, European left-radicals, British Eurosceptics, the Spanish Podemos, Latin-American leftist sympathizers, and even far-right populists (after all, the ultra-right populist "Independent Greeks"/ANEL party has been Syriza's coalition partner in both Tsipras governments). However, this loose and heterogeneous alliance of sorts produced nothing close to a sufficient or credible shield against the eurozone institutional and political status quo, which had been overwhelmed by the never-ending Greek crisis for five years.

Arguably, Syriza's extravagant electoral promises, its inadequate preparation for government, and poor understanding of the Eurosystem (all of which have been admitted at various opportunities by Syriza officials), combined with Varoufakis' radical and outspoken negotiation style, produced the opposite result and isolated the already cash-strapped country. Tsipras's decision to call a referendum and support the "No" vote, thus leading to capital controls, ignited the Grexit scenario, and came very close to realising the hidden agenda of European conservative circles for a core eurozone. On the brink of a catastrophic bankruptcy, and divested of any possible ally in the EU, Tsipras finally signed Greece's third bailout programme. The paralysing negotiation up to June 2015, the near-death experience of the referendum and the lasting impact of the capital controls that followed ended up reversing the fragile recovery of 2014, adding two more years of recession to the country's already depressed economy.

This essay assesses Syriza's European economic policy and its limitations, with a focus on three particular aspects: European institutions and globalisation constraints, Syriza's political agenda and ideological identity, and finally the negotiation tactics followed by Tsipras and Varoufakis.

Syriza's painful trilemma

A fundamental eurozone rule is that single monetary policy requires prudent fiscal policies in member states, leaving little space for flexibility. From the day Greece came close to defaulting and delegated its fiscal policy to the troika, no Greek government has taken full ownership of the adjustment programme. State reform stalled, governments were reluctant to surrender political control over public administration, powerful interest groups continued to enjoy favourable regulatory treatment, tax administration reform and the crackdown on tax evasion progressed at an underwhelming pace. Horizontal spending cuts and heavy taxation were the last resort to keep the programme relatively on track and avoid the political cost of deeper structural reforms.

Social and political unrest have contributed to five snap general elections and one referendum since 2009. Major opposition parties, be they the centre-right ND in 2010-11 or the radical left Syriza in 2012-14, practiced inflammatory anti-austerity, "anti-Memorandum" populism. Any support for even the most glaringly necessary and sensible government reforms was automatically rejected by the opposition. Nationalist sentiment was systematically ignited against the "occupation forces" of the troika; hate speech against the 2010-14 government officials, divisive rhetoric, and media sensationalism carried the day. Of course, right after the elections, expectations would meet reality, and the new government would begin implementing the deal with the troika or sign a new one. However, neither PASOK nor ND raised the bar of popular expectations to such unrealistic levels as Syriza did.

A comparison between Syriza's political agenda and the country's undertaken obligations in the context of the second bailout programme revealed serious inconsistencies and glaringly improbable assumptions. Like the two government coalition parties in the past, Syriza claimed it could have it all together: a primary budget surplus and more spending, and the abolition of the new progressive property tax (also known as ENFIA). When in opposition, Syriza promised to overcome those contradictions by abolishing the MoU and repealing its implementing legislation, and pledged to eliminate tax evasion "within a few months". Syriza also claimed it would strengthen Greece's position in the eurozone by pursuing the popular demand that the country's public debt be written-off at the expense of (official sector) creditors without any special memorandum, obligations or conditions.

Very few things in real world governance can be hoped to be achieved without compromises and concessions. To secure more of one thing you need to sacrifice another. "There are no solutions, only trade-offs", as

Thomas Sowell has put it. In supranational settings that inevitably constrain national sovereignty, the challenge of democratic politics is for policies to be "packaged" in such way that losses in one area can be offset by gains in another. European integration has moved forward through "grand bargains" and positive-sum package deals where everyone stood to gain something, though not necessarily to the same extent. Those able to maximise their gains are not just the stronger players but those who know how to promote their interests by cultivating effective coalitions, building trust and credibility, and pursuing mutually beneficial compromises. That should leave no room for intransigence, rigidity and grandiose denunciations.

Occasionally, external constraints present themselves in the form of a "trilemma" or an "impossible trinity". Dani Rodrik (2011: xviii) has articulated the well-known "trilemma" of the globalised economy. In his words "we cannot simultaneously pursue democracy, national determination and economic globalization". Out of these three desired objectives, a government can only have two. It is impossible to have all three at the same time, one must give.

In the context of the eurozone, further economic integration competes with national sovereignty and democratic politics. The pre-crisis EMU had nurtured hopes that another impossible trinity could actually occur: no bailout of member states, no euro exit, no default. The well-known banking and sovereign debt crisis (promulgated by a "sudden stop" of capital inflows to the periphery) brought the eurozone leaders before this unwanted trilemma and urged them to introduce financing mechanisms overnight to avert collapse. After 2010, Greece, Portugal, Ireland and Cyprus all sacrificed significant degrees of economic sovereignty to avoid a disorderly default and secure their stay in the eurozone through a bailout agreement dictated by the troika.

As a result of unprecedented – by contemporary European standards – fiscal constraints, national political systems experience painful tensions. The euro-crisis and the subsequent interference of the troika lenders in national decision-making have pushed national democracies towards breaking point. International reports (e.g. European Parliament) have revealed considerable concessions in the democratic process and, especially, in the realm of social rights in the countries undergoing austerity. There have been painful compromises in the operation of national parliaments: voting legislation without sufficient debate, lack of social dialogue and transparency, and so on. So too in the exercise of national sovereignty, as the weakness of borrower countries shifted power in Europe to non-accountable institutions and in favour of the creditors.

Fiscal rules were no longer a case of national decision-making. The troika sets the fiscal targets and leaves some space to the sovereign to decide between painful alternatives. Popular mandate and general elections face the unchangeable "pacta" of the adjustment programmes. People gradually lose hope in the democratic process and the political elites. Reforms become associated with cuts and layoffs in the eyes of the average citizen. Low voter turnout, social radicalisation and segmentation of the political system favour nationalist and populist forces that use simplistic narratives and extremist hate-rhetoric to corner their opponents as "traitors", "Germanophiles" or "Merkelists", as has been the case in Greece.

Weakening national democracy could be tantamount to its strengthening in the face of globalisation, if the transfer of national control ends up reinforcing the common European roof. Given the stalled process towards a genuine economic (let alone political) union for the eurozone, this has not yet been the case. On the contrary, the common eurozone roof is still broken and the EU has lost face in the indebted states, having been depicted as the reinforcer of an unprecedented, unjust and harsh austerity.

Although both the socialist PASOK in 2009 and, more vociferously, the centre-right ND in 2012 came to power by rejecting austerity and promising "growth", it was Syriza (from the left) and the Independent Greeks (ANEL) (from the ultra-right) that played the "anti-memorandum" and "anti-establishment" card most forcefully. Both aimed at appealing to disillusioned voters who sought an economic alternative after five years of recession and a clear break with the old establishment parties (PASOK, ND) that were deemed responsible for the country's surrender to the creditors' will.

Syriza came to power faced with its own trilemma, its own impossible trinity: remaining in government, sticking to its electoral pledges (annul the MoU), and keeping Greece in the euro (Pagoulatos, 2014b). Simplified, it promised to govern by ending austerity without sacrificing the euro. Given that Greece was already bound by the 2nd adjustment programme, it was impossible for all three to happen at the same time. One would have to give. Tsipras chose to stick to power, and a disastrous euro exit would be impossible to handle.

Sadly, the lack of any solid plan of how to implement an economic programme whose numbers did not even add up (as Varoufakis later admitted) became evident soon after the new government had been notified by the Eurogroup leaders about its institutional and contractual obligations under the second MoU. Predictably, Syriza's electoral pledges to restore wages and abolish property taxes were sacrificed, but not before the country had undergone its near-death experience of closed banks, capital controls, and a fully detailed, commission-drafted Grexit manual on the eurozone table.

Syriza also overlooked the fact that alternative scenarios on the future of the eurozone had resurfaced during the crisis. An intellectual debate was already unfolding, producing or updating approaches of differentiated integration. Most notable among those who had seriously questioned the irreversibility of euro-membership for Greece were members of the prominent German Council of Economic Advisers and the German finance minister himself, Wolfgang Schäuble.

The Greek crisis relapse in 2015 accentuated the pre-existing tension between core and peripheral member states. According to proponents of the idea of "core Europe", states that are dysfunctional, unwilling or unable to follow common rules or to ensure sufficient economic performance should be left behind. Syriza's combative and uncompromising tone, combined with the lack of any proposal of seriously elaborated reforms, provided Schäuble with a pretext to unfold the "Grexit" option on the negotiation table and explicitly question Greece's eurozone membership. Hence the Tsipras-Varoufakis idea to implicitly blackmail the eurozone with default or Grexit in order to extract more concessions became the equivalent of threatening someone holding you at gunpoint with suicide.

Discovering the limits of the left: Are left-wing policies feasible within the eurozone?

The European Single Market is constraining – monetary union even more so – upon leftist policy objectives. The euro was never cordially embraced by the left and especially by its radical version, as it came with anti-inflationary policy requirements, provisions of low budget deficits, independent central banks and a cosy relationship with the world of finance (Vlachos, 2014). The introduction of the euro demanded a historical compromise between national sovereignty and the markets, the latter being a traditional foe of the anti-globalisation left.

In reality, the euro divided the European left into two camps. On the one hand, the reformist centre-left or the governing social democrats, like the socialist PASOK in Greece, chose to adjust their national economies towards meeting the convergence criteria dictated by the Maastricht Treaty to avoid the risk of being excluded from the EMU. For European social democrats, EMU participation constituted a major national political objective, as well as a necessary gateway to Europe's political and social unification that could address inequality and humanise class struggle in the future. Others, like the Greek socialists or the Italian progressives set the euro as a programmatic priority in order to strengthen their electoral influence among the middle class and higher socioeconomic strata (Moschonas, 2001: 358). At the same time, access to cheap credit, market liberalisation, booming public investment and the high growth rates that came with the euro for almost a decade accommodated the efficient financing of social welfare; hence the euro was generally acknowledged as a contributor to social and economic development.

On the other hand, the small group "European Left", comprising reformists, radicals and neo-Marxist leftists, greens and anti-globalisation movements, was always expressing scepticism about the euro as a neoliberal project that undermines social solidarity. For them, the EU, let alone the eurozone, exacerbated tensions between Brussels and the nation states or between the North and the South and was constantly undermining the bottom-up formation of a real democratic "Europe of the Peoples". Although this left alliance was using populist overtones against the status quo of powerful multinationals and the democratic deficits of the EU, it never explicitly or unanimously rejected the euro. With the exception of few intellectuals and despite its often sovereignist approach, European Left did not prompt national governments to abandon the eurozone for fear of a rollback into the dark days of nationalism and conflict in Europe.

In the context of the "impossible trinity", left-wing Eurosceptics in Greece, Spain, Italy and Portugal have demanded a lot from the EU (debt relief, euro bonds, more budget funds, a new Marshall Plan), while refusing to make any strong commitments to the eurozone. They have pursued rights with a minimum commitment to obligations or (as the Syriza slogan for the 2014 European Parliament elections had it) "no sacrifice for the euro". Obviously, no Europe of solidarity can be built without commitment to national policy responsibility, and no debt mutualisation and risk-sharing can ever occur without guarantees of fiscal discipline.

After 2008 and under the leadership of Tsipras, Syriza gradually marginalised its pro-EU reformist faction and acquired the identity of a protest party, evolving into a diverse coalition of leftist reformists, old socialists, neo-Marxists, communists, unionists and social activists, united under a populist rhetoric often reminiscent of the nationalist overtones of Andreas Papandreou's PASOK in the 70s and the 80s. Tsipras became the left's iconic figure against austerity and the European Left party's candidate for president of the European Commission in the 2014 EP elections. As Greece was digging deeper into the crisis, Syriza was growing as an amplifier of European Left's anti-austerity protest rhetoric and at the same time, as a revival of the old patriotic version of PASOK, conveying messages of national self-determination, popular dignity and liberation from the onerous "Memoranda". Although Tsipras never explicitly supported Greece's return to its former national currency, the drachma, neither did he ever embrace the euro without caveats and in a convincing manner.

In addition, Syriza maintained another unique characteristic. It actually abolished the frontier between the left and the right in Greece following its decision to partner with the Independent Greeks (ANEL), a far-right nativist party with xenophobic, bigoted and anti-West rhetoric. This partnership might have puzzled Western eyes (even Podemos have expressed their scepticism), however it demonstrates the "mutant" identity of Syriza and its opening up to some sort of Balkan exclusivist nationalism rather than the inclusive populism of Podemos or similar movements in Latin America.

This identity, Matsaganis (2015) argues, was built through the exploitation of "the politics of resentment" combined with "long held, widely shared beliefs about Greece's (exceptional) but proper place in the world" ("cradle of civilisation", "birthplace of democracy", etc.). This postmodern political cocktail was served to the electorate with simple and clear messaging: there is one enemy (the troika, international creditors and their Greek allies) who can be defeated with one solution (abolition of the bail-out agreement), so that people can claim back their dignity, their sovereignty and their democracy. This narrative, already amplified by the heterogeneous movement of the Greek "indignados", which occupied Athens' central square in the summer of 2011, gave birth to a social coalition: a new political "brotherhood" between the radical left and the far-right, legitimising their struggle against the old parties, the establishment, and the "occupiers" of the country (i.e. the troika lenders).

In theory, the left should normally seek to reduce poverty and inequality, increase opportunities for the weak, and strengthen social and intergenerational justice. A serious progressive government would seek to make its interventions stick for the longer term through, for example, a permanent minimum guaranteed income scheme rather than temporary clientelistic handouts to the poor. It would also try to make sure that such interventions would be sustainable in the face of economic downturn and certainly avoid introducing measures that would accelerate a macroeconomic deterioration. Furthermore, a modern left should be able to appreciate the fact that the social crisis in a country like Greece in 2015 is mainly and directly associated with intolerably high levels of unemployment. So with unemployment at 26%, the government's first concern should not be to raise the minimum wage, but rather to foster the incentives that can create jobs, new businesses and investment. The priorities of the left under high unemployment are not the same as under full employment (Pagoulatos, 2015).

What is a left-wing government to do if obliged to maintain a framework of austerity? As Pagoulatos (2015) has argued, it should at least aim at a fair distribution of the costs of austerity, and at growth-enhancing policies. It should tax wealth progressively and keep VAT high on consumption, but reduce employer contributions in order to provide incentives for hiring and employment in the formal labour market and not in the informal economy. A leftist government should thus be at the forefront of seeking to increase investment (public and private), reform the state, streamline the performance of the judicial system, complete the land register, improve the various "ease of doing business" indicators, aim at better linking education and training with the job market, raise the average size of businesses (as micro-firms tend to be identified with informal employment), and strengthen exports and the tradable sectors, all towards "left-wing "left-wing" objectives: to raise overall productivity, enhance competitiveness and export-oriented growth, and offset pressures towards competitive wage deflation, instead allowing instead wages to rise over time as productivity improves. All this, however, requires a serious – that is social-democratic or progressive – left (Pagoulatos, 2015). Needless to say, very little if any of the above have been pursued by the Tsipras government.

Although Syriza had softened some of its positions to fit into the costume of the "party in power" and win the 2015 general election, it continued to accommodate radicals and proponents of euro-exit among its leading party officials. In Tsipras's first cabinet, some of them were appointed in key ministries. As negotiations with the troika were underway, the ministers of infrastructure and labour, the speaker of the parliament and many MPs were using populist anti-euro and anti-EU overtones on a regular basis. Communication with the business community was sparse, suspicion or hostility to private investment hardly disguised. The mass shutdowns and exodus of firms from the country following the imposition of capital controls in summer 2015 were treated as inevitable and barely averted. Verbal clashes with the lenders, invocations of the Greek anti-Nazi resistance in WWII, claims for war reparations against Germany or the establishment of a special parliamentary committee to declare Greece's public debt "odious and illegal" (a category that applies to tyrannical and kleptocratic regimes) were utilised as propaganda items for domestic consumption. The civil war and cold war epos of heroic albeit futile resistance of the left was exploited to the full.

So, despite Tsipras's successful campaign to internationalise the anti-austerity message of Syriza and the European left, it was the post-referendum experience of summer 2015 when any illusions of a so-called "left-wing alternative" to the euro and the Memorandum collapsed. The economy fell apart following an erratic, even farcical, five-month negotiation; the country underwent a near-death experience with closed banks and an imminent threat of either chaotically defaulting within the euro or ending up outside its confines. The outcome was to sign up to a painful 3rd bailout and MoU, which had been made heavier and more onerous as a result of the severe economic deterioration.

Was an old-school left-wing policy alternative ever possible inside the euro? Not under the objective constraints of integrated markets, trade globalisation and the free movement of capital in a small, open economy overdependent on imports and consumption and lacking natural resources. Not under the constraints of a bailout conditionality and the limitations on national economic sovereignty. Not under a Eurosceptic and nationalistic political narrative or an old-school Marxist governing style that was alienating the country from its euro-partners and the government from its potential ideological allies, i.e. European social democrats. And certainly not under short-sighted, ill-designed policies that focused on the political control of the state and neglected private sector incentives, private investment, job creation and public sector modernisation.

A more pragmatic, progressive approach by Syriza would have utilised the global anti-austerity momentum and advocacy for debt relief to placate the markets, close the deal with the lenders, join the ECB's QE programme, benefit from available European investment funding, maximise fiscal flexibility to limit austerity, conclude a debt relief agreement in exchange for credible reforms (such as collecting revenue from tax evasion), and focus on job creation. In a series of interviews that followed the events of summer 2015, Tsipras acknowledged that his government should have seized the mainstream anti-austerity momentum and concluded the deal soon after its January election. Instead it chose to play for time. But close to the brink, the weaker side (or the one standing to lose the most) will inevitably be the one forced to blink first.

Syriza's negotiation: Holding a gun to its own head

In the first half of 2015 Syriza engaged in a lengthy negotiation with Greece's lenders to change the terms of the agreement and fulfil its electoral promise to end austerity. Following months of unsuccessful talks, Tsipras resorted to a referendum on the draft plan proposed by the eurozone lenders.

Tsipras and the eurozone began to negotiate from different standpoints. Tsipras-Varoufakis sought to amplify the "end austerity" message in the international arena in an effort to forge intellectual and political alliances and exert pressure on the European institutions. They sought to deliver – at least rhetorically – Syriza's electoral promises and to negotiate a better agreement, to consolidate domestic support while keeping the party and the heterogeneous government coalition united. They politicised the policy agreement (2nd MoU) signed between Greece and the three institutions (European Commission, ECB, IMF) and questioned Germany's leadership.

The Tsipras government exhibited an overall cavalier attitude towards eurozone rules, norms and decision-making processes. They argued that the democratic will of the Greek people against austerity should be adhered to by the European institutions. Their argument was perceived as ignorant and condescending by the other 18 elected eurozone governments. Tsipras sought to engage in separate meetings with European leaders such as German Chancellor Merkel, Commission President Juncker, and ECB President Draghi, asking them for a "political solution", implying that no decisions should be made by the institutions and the troika.

Several symbolic moves exacerbated tensions. Tsipras's visit to Vladimir Putin on June 18th conveyed a message that Greece was looking for alternative sources of finance and opportunities outside the EU framework.

Struggling itself economically under the sanctions imposed by the EU, Russia was of course unable to bail out cash-strapped Greece. Similar efforts directed towards China and even Iran were also doomed to fail.

In Athens, technical negotiations were essentially halted, as the institutions were demanding concrete figures and the government officials were responding with generic commitments and vague lists of ill-thought-out reforms. Review meetings took place in hotel rooms to demonstrate that troika officials were not welcome on government premises.

On the other hand, the eurozone held the keys to Greece's liquidity. The government resorted to seizing cash from all general government entities in order to pay salaries and pensions and meet funding needs, as the Eurosystem's credit line was tied to the progress of the programme. Political uncertainty caused capital flight and froze business activity.

As expected, the eurozone partners were not willing to accept a solution outside the agreed programme framework and eurozone rules. Socialist leaders were advising Tsipras to negotiate an improvement of the existing programme, to respect his country's obligations and strike a deal before it was too late. The German government, obsessed with moral hazard, was bound not to yield to Syriza's demands, as it would also face great difficulties in its own Bundestag and a domestic public opinion that was growing increasingly irritated by the over-publicised tactics of Tsipras-Varoufakis. German social democrats were siding with Merkel; even leftist parties like Podemos and Die Linke were carefully distancing themselves.

Various experts have assessed the Tsipras-Varoufakis negotiation strategy as inefficient from the start. By framing the negotiation between Greece and the EU as a power struggle, Tsipras fell victim to the "fixed-pie bias" trap, "a systematic mistake that does not allow people to expand the pie and build win-win agreements" (Arvanitis, 2016). Tsipras-Varoufakis were hoping the EU would capitulate to their demands and sign a new deal, a misperception based on overconfidence, poor understanding of EU politics and poor bargaining tactics. A good negotiator would never threaten the other side in the absence of the Best Alternative To a Negotiated Agreement (BATNA). The costs of negotiation failure were far from symmetrical between Greece and the eurozone. Greece's best alternative was a catastrophic default sliding towards Grexit, hence the threat was turned against Greece, not against the EU. Schäuble's offer of a humanitarian aid package to cushion the effects of Grexit was the epilogue to Varoufakis' ill-conceived strategy.

Indeed, as Matsaganis (2015) has observed, "(Varoufakis') brinkmanship rested on the assumption that Grexit ... would be costlier for the country's European partners than for Greece itself". That might have been true in 2010, when French and German commercial banks were exposed to the bulk of Greek public debt. Certainly it was not in 2015, when the eurozone firewalls were functioning and the ECB's asset purchasing (QE) program was ready to absorb any systemically important shocks. Thus the Greek government could not have credibly threatened to default in order to obtain more generous bailout terms. "That would have relegated Greece to the status of a pariah state, cut off from the markets, its people facing untold hardship" (Matsaganis, 2015). As Tsebelis (2015) has noted, "in all bargaining situations, the most impatient player has to make the most concessions. The Greek government [was pointing out] that a failure in negotiations would be detrimental to the EU as well as to Greece. That might be true, but not over the same time frame".

After four months of unsuccessful bargaining, in June 2015 the Greek government ended up faced with only two options: agree (and violate Syriza's programmatic redlines) or default (and manage the chaos of a slide towards Grexit). Tsipras delegated the critical decision to the people and imposed capital controls. With the banks shut down and a new recession cycle *ante portas*, the referendum's resounding "No" (62%) was addressed against a new round of austerity but not against the euro: over 70% of Greeks continued to support the euro as a safety net against geopolitical insecurity and a much steeper deterioration of economic conditions in the country.

The activation of the Grexit scenario by the German finance minister, amplified by the severe costs on the economy, led Tsipras to a capitulation that would have been far less costly for the economy and less humiliating for his government had his initial demands and expectations been more realistic. A week later, on July 13th, Tsipras signed the third bailout programme, committing Greece to three more years of austerity and structural reforms.

An epilogue

Syriza's meteoric rise to power combined populist rhetoric with a fervent critique of eurozone austerity and a poorly conceived negotiation strategy that exacerbated Greece's relations with its lenders and ended up further deteriorating an already enfeebled economy. Syriza's claims lacked programmatic depth and demonstrated an insufficient understanding of actual European political and institutional dynamics.

Instead of capitalising on the momentum of its historic victory and the spreading backlash against austerity, Tsipras and Varoufakis ended up in what was perceived to be a game of chicken with the eurozone. This triggered patriotic sentiment at home and inflamed leftist rhetoric against eurozone orthodoxy that isolated Syriza further from mainstream European political forces and even from like-minded parties.

From a programmatic and ideological standpoint, Syriza failed to provide a consistent policy alternative or to engage further with mainstream progressive political forces in Europe. The latter were advocating a moderate and forward-looking negotiation strategy that could benefit Greece in 2015 (growth-enhancing reforms, participation in QE, milder austerity, debt relief). However, polarising tactics and successive mistakes paved the way towards the critical referendum that set Greece on the course of sharp economic deterioration.

Syriza's delusions derailed the Greek economy and dragged it back into recession after a fledgling recovery in 2014. Although the core of exporting companies survived capital controls, small and medium-sized enterprises suffered significant losses and thousands moved their domicile to neighbouring countries. The downward trend of unemployment decelerated. A new 3rd bailout programme, approved by 80% of Greek MPs, is to be disbursed to Greece until 2018 under strict conditionality. It includes measures and structural reforms which Syriza had fervently opposed in the past, such as pension reform, heavy taxation, privatisation of public assets and public administration reform. Although Tsipras won the September 2015 election on the pragmatic pledge to implement the bailout agreement, it remains to be seen whether the delusions of the recent past have been cast aside along with the leftist radicals and communists who left Syriza or whether they will resurface in the negotiations with Greece's partners and lenders.

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