AN OLD CRISIS, A NEW GOVERNMENT AND THE CREDITORS: *"PLUS ÇA CHANGE, PLUS C'EST LA MÊME CHOSE"?*

Dimitris Katsikas
Head, Crisis Observatory, Hellenic Foundation for European and Foreign Policy (ELIAMEP)
dkatsikas@eliamep.gr

Introduction

The Greek crisis was the catalyst that sparked the wider Eurozone debt crisis that engulfed a number of countries, primarily in the European Union (EU) periphery. However, as other crisis-stricken countries have started to recover and gradually emerge from the crisis, the Greek crisis continues unabated and remains to date the most difficult and challenging to resolve. Over the past seven years the country has suffered a tremendous economic downturn, losing more than 25% of its output. The deep and prolonged recession has led to an unprecedented social crisis, as unemployment rose to a peak of 27% in 2013, with poverty and social exclusion rates following suit. These developments have had a profound effect on the Greek political system, which has gone through a major transformation since 2009. The two parties that dominated the modern democratic, post-junta period, the centre-left PASOK and the centre-right New Democracy saw a dramatic decline in their popular support, with the former being almost completely wiped off the Greek political map. New parties have been created during the crisis and old fringe parties have risen to prominence.

The emergence of Syriza as the undisputed winner of the national elections in January 2015 represents a defining moment in this transformation of the Greek political scene. Syriza, active in various guises in Greek politics since the early 1990s, was a fringe party of the radical left, whose electoral ambition was to reach the 3% public vote threshold in the Greek parliament. All this changed with the coming of the crisis. Adopting an aggressive populist rhetoric, which denounced the austerity-inspired policy programme imposed by the country's creditors as the root cause of Greece's problems, Syriza gradually increased its popular support, becoming the major opposition party in the 2012 elections and eventually the principal governing coalition partner in January 2015. What is more, Syriza's dominance of the new Greek political scene was emphatically reaffirmed, both in a referendum called during the negotiations on a new bailout agreement in July 2015 and a snap election in September 2015, despite the complete U-turn in terms of policy that had transpired in the meantime.

The aim of this paper is to document this turnaround in policy, in order to see to what degree, if at all, the Syriza-ANEL government's demands have affected the EU's approach to dealing with the Greek crisis and have balanced pro-austerity policies.[1] The next section will introduce some of the key characteristics of the Greek crisis which, as will be shown, is an old crisis, both in terms of origins and duration. Next, a review of Syriza's policy programme and stance before the 2015 elections will be presented, followed by a structured comparison of pre-election objectives and claims with the basic parameters and policy measures outlined in the bailout agreement, which the government has been implementing since October 2015. Following the analysis of the new government's record, the next section will briefly review and discuss the stance of the creditors vis-à-vis the new government. A concluding section considers the evidence and offers the rather sombre conclusion that nothing has essentially changed in the way the Greek crisis is being handled since the change in government; indeed if anything can be said to have changed, it is not the stance of the Eurozone towards Greece, but rather the policy, rhetoric and, ultimately, identity of Syriza itself.

An old crisis

Although one could hardly dismiss the notion that the policy conditionality imposed on Greece by its creditors is responsible to a significant degree for the depth and duration of the Greek crisis, the root causes of the crisis are much older and more structural and have to do with the characteristics of the Greek growth model and political economy. Greece's growth for a long time was fuelled primarily by domestic consumption of non-tradable products and services (Figure 1).

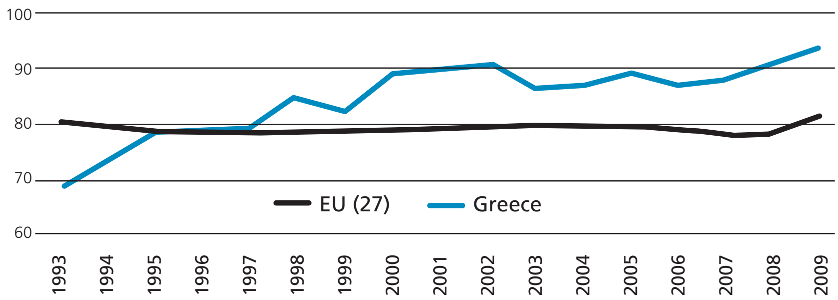
Such levels of consumption were made possible through Greece's twin deficits. Successive governments' "largesse" led to a derailment of public finances as expenditures rose, while revenues remained flat and in some years declined, driving the fiscal deficit to an unprecedented 15.2% of GDP in 2009 (Figure 2). It is noteworthy that this happened during a period of high growth rates, which means that simply retaining the same levels of expenditure and taxation should have led to a reduction of the fiscal deficit.

A similar picture emerges when one examines the external balance of the country. Greece imported most of what it consumed, a tendency that led to an increasing current account deficit, which peaked at the level of 14.9% in 2008 (Figure 3).

Greece was able to sustain the twin deficits through the increased indebtedness of both the public (Figure 4) and private sectors (Figure 5). Following Greece's entry to the Eurozone, in an era of excess liquidity and complacence about the evidently divergent paths of the economies of the Eurozone member states, especially on the periphery, the international financial markets were eager to provide cheap credit to both the Greek state and the Greek banking system.[2]

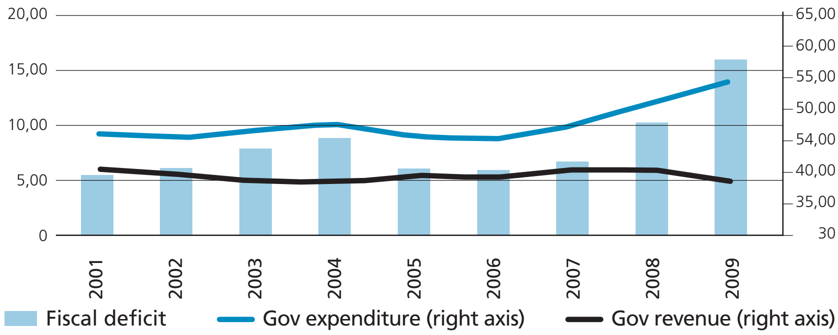
1. ANEL (Independent Greeks) is a party of the nationalist and populist right. It is essentially a splinter party from New Democracy, the centre-right pole of the Greek political system and was formed in 2012, following New Democracy's endorsement and vote in parliament on the 2nd bailout agreement and MoU.
2. Greece's entry into the Eurozone led to a spectacular decline of Greek government bond spreads throughout the 2000s. Effectively, the Greek government was able to borrow at rates very close to those of Germany, despite the fact that, as evident from the analysis above, the Greek economy suffered from serious structural problems.

Figure 1. Consumption (%GDP)



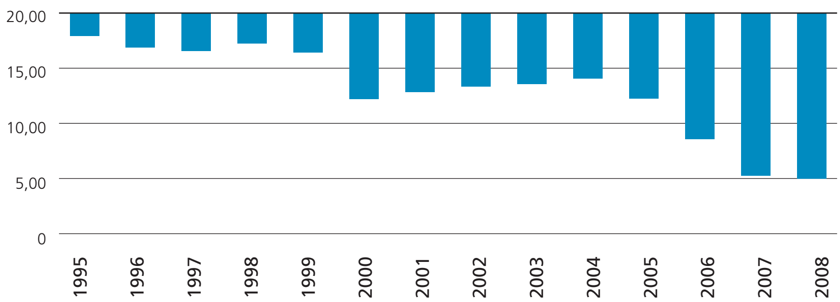
Source: Eurostat.

Figure 2. Greece's Fiscal Performance (% of DGP)



Source: Eurostat.

Figure 3. Current account balance (% of DGP)

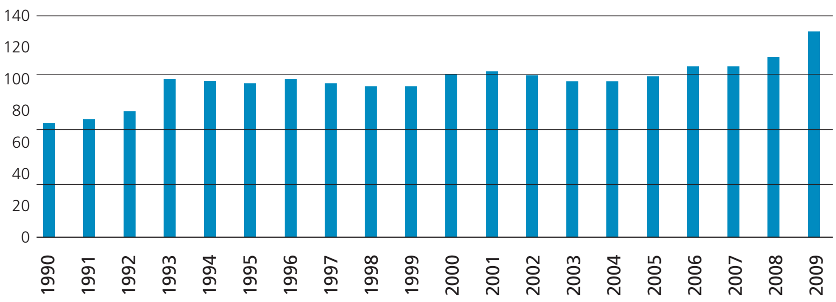


Source: IMF.

In this context, the debacle over the fiscal deficit in late 2009 was enough to spark the crisis. Following a change in government after the October elections, the Greek state's fiscal deficit was revealed to be more than twice as high as the previous government's projections. This news, which completely undermined the already weak credibility of the country, came in the aftermath of the global financial crisis when investors

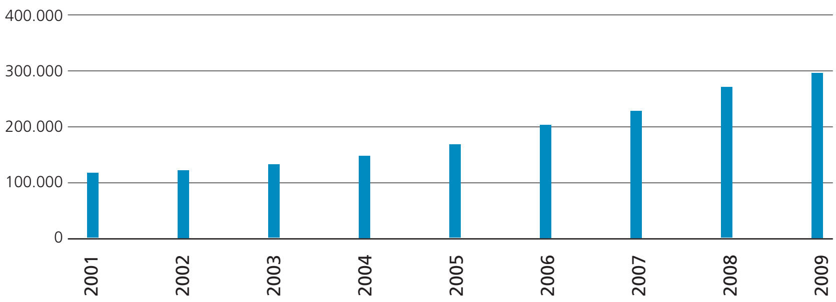
– who had suffered tremendous losses during the crisis – were increasingly turning to quality and safe assets, which Greek government bonds were no longer considered to be. The inability of the Greek government to quickly a comprehensive plan that would reassure the EU and the markets made matters worse and in a few months Greece lost access to market funding and was forced to request official lending in the spring of 2010. With the conduits of market credit closed off, Greece's consumption-oriented, debt-sustained growth model collapsed.

Figure 4. Public debt (% of DGP)



Source: Eurostat.

Figure 5. Credit to domestic economy* (mil. euros)



*Includes funding given by the Greek financial system to the government, private companies and households.
Source: Bank of Greece.

The Greek government signed a Memorandum of Understanding (MoU), which detailed the specific fiscal, financial and structural policies to be implemented, under the supervision of three organisations: the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF), which together form the so-called troika. An array of factors, such as the inappropriateness of the memorandum policy design, which is partially responsible for the unprecedented recession that afflicted the Greek economy, the poor implementation record of significant reforms by the Greek government and the polarised and intense political climate cultivated by the opposition parties, led to continual problems in the implementation of the programme, which ultimately led to its abandonment and the signing of a second bailout agreement in early 2012. Following the election of the Syriza-ANEL government, which pursued a different negotiating strategy, the second bailout programme also expired without being completed in June 2015. It was replaced by a third bailout agreement and a new MoU approved by the Greek parliament in August 2015. All in all, through these three agreements Greece has borrowed a total of €331 billion.

A new government

The reason for this brief exposition of Greece's economic problems before the crisis is to demonstrate that although one can have serious reservations about the appropriateness of the MoU policies for Greece, particularly in terms of their priorities and timing, these policies were not what brought Greece to a crisis. This is an important point to make because it undermines the dominant rhetoric employed by most of the opposition parties during the crisis, including the current government coalition partners, Syriza and ANEL.

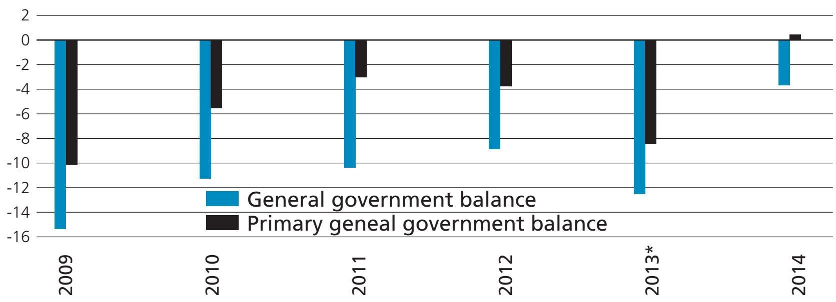
Opposition parties during the crisis adopted a populist rhetoric, which to a large degree comprised elements of blame shifting and exclusivity with regard to other groups, often with significant intensity (Vasilopoulou et al., 2014). This strategy does not constitute a change for Greece, as populism has been the dominant strategy of political parties in Greece in the modern democratic, post-junta (*metapolitefsi*) era (Pappas, 2014). Indeed, one of the core features of populism is the pronouncement of a single issue as the main factor that explains all problems in a society and the accompanying identification of certain groups – the *others* – as responsible (Pappas, 2014, 2015); it follows that the removal of the *others* from power is a prerequisite for society's deliverance from its problems. In the case of Greece during the crisis, the single issue that was pronounced the source of all of Greece's problems was the MoU. Opposition parties led a fierce confrontation with successive governments on the grounds of an anti-MoU campaign, which split society along a MoU/anti-MoU dividing line and increased polarisation to unprecedented levels.

The critique of the problematic policy recipe offered by the MoU made by opposition parties was often legitimate and shared by many experts both inside and outside Greece; however, it was typically couched in an aggressive, populist and all too often Eurosceptic discourse and unaccompanied by any realistic alternative policy proposals. Accordingly, opposition parties did not offer the slightest consensus in parliament, systematically rejecting all legislation brought by the government, even when there were positive signs in terms of restoring growth potential or addressing social grievances. Of course, such tactics were facilitated by the usual practice of successive governments bringing to parliament voluminous legislative packages, with a margin of only a few days (or even hours) for the MPs to consider before voting on them. All in all, the democratic functioning of the Greek parliament during the crisis has been one of its most important casualties and the responsibility for this falls to all political parties as well as the troika.

The rhetoric of Syriza and ANEL prior to 2015 proved very popular.[3] Syriza rose to the position of major opposition in 2012 and ultimately won the elections in 2015, while ANEL has retained a solid presence in parliament in successive elections.

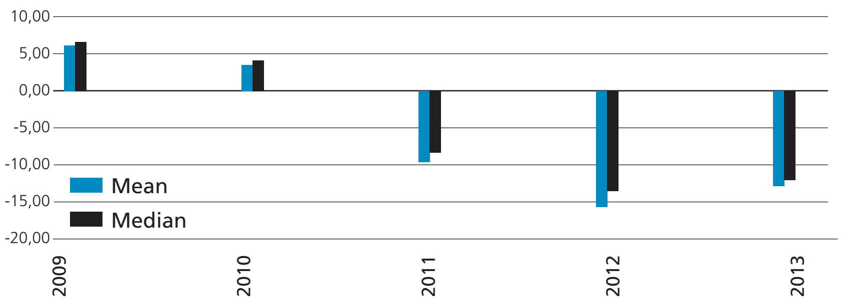
3. It has to be said that while the rhetoric of Syriza and ANEL were quite similar in substance, they were couched in somewhat different terms, which among other things reflected the very different ideological origins of the two parties. Thus, while ANEL adopted a very hostile and aggressive stance, emphasising the loss of national sovereignty and targeting both the Greek governments and the EU establishment – especially Germany – Syriza presented the same critique in the context of a more positive message, which advocated the possibility of creating a "new Europe", free from the fetters of German-led austerity. For more details on the attitudes and public discourse of Greek politicians and parties see Zafiropoulou et al. (2015) and Katsikas (2015a).

Figure 6. General Government Fiscal Accounts 2009-2014 (% to GDP)



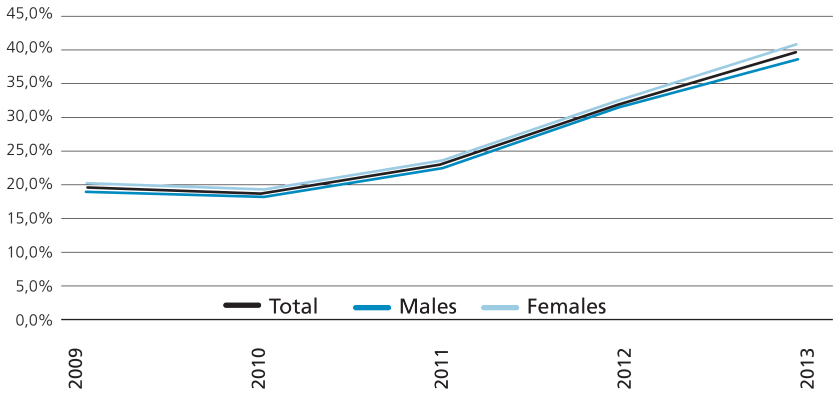
*In 2013, the figures appear to increase, primarily due to the recapitalisation of Greek banks. Without this one-off expenditure (this and a number of other items are not included in the deficit definition of the MoU), the general government deficit was estimated at 3.2% and the primary balance exhibited a 0.8% surplus (European Commission, 2014).
Source: European Commission.

Figure 7. Annual changes in mean and median disposable income (%2009-2013)



Source: Katsikas et al., (2015).

Figure 8. Poverty rates in Greece using a fixed poverty line* (%2009-2013)



* In periods of large movements of the economy (upwards or downwards), the comparison between people's economic situation now with that of a few years back (before the change) can provide us with better insights into the development of poverty. This is accomplished with the use of a fixed (as opposed to relative) poverty line (60% of the median disposable income reported in 2009 (income of 2008), adjusted for inflation).
Source: Katsikas et al., (2015).

The decline in disposable incomes and the rise of poverty (and social exclusion) rates have been truly unprecedented. The frustration and anger of large parts of society found expression in the aggressive anti-MoU discourse of opposition parties of all hues.

Once in power, the new government engaged in lengthy negotiations to change the terms of the agreement between Greece and its creditors. However, the government's negotiating strategy presented serious problems. More specifically, it was characterised by three important negotiating mistakes:[4]

(a) The government delayed the conclusion of the negotiations for too long. Time always runs in favour of the more powerful party in a negotiation. Given that throughout the negotiation period there was increased uncertainty as to its outcome, the real economy stalled as investment and consumption decisions were suspended, while Greek citizens began to withdraw their deposits from the banks effectively causing a "slow" bank run. Under these circumstances, the Greek banks started to depend on the emergency liquidity assistance mechanism (ELA) for their liquidity and ultimately for their survival, whereas the Greek government became increasingly dependent on the disbursement of funding by the creditors. In other words, with every additional day of delay the Greek government was becoming more dependent on its counterparts in the negotiation. The fact that the first months of negotiations were wasted on purely symbolic issues (such as the new name of the troika, or the place the technocrats would meet) resulted in a prolongation of negotiations which undermined the Greek side's bargaining power, while at the same time increasing the cost of any agreement, due to the recession, uncertainty and the resulting decline in government revenues.

(b) The government adopted the strategy of "creative ambiguity". Again, it is well known that ambiguity always favours the more powerful party in a negotiation. For several months, the Greek side refrained from submitting concrete proposals in the negotiation and pursued a "political" solution. Specific commitments at the very beginning of the negotiation by a government with a fresh popular mandate for renegotiation, could have been the basis of a fair agreement, especially since external conditions (the quantitative easing programme, Juncker's investment plan and economic recovery in the eurozone) left considerable room for optimism that the implementation of the agreement would be more easily achieved in the medium term.

(c) The Greek government lost its credibility. Following the debacle with the Greek statistics which sparked the crisis, the credibility of Greek governments was low. Nevertheless, the new Greek government was given the benefit of the doubt due to the fact that it had not exercised power in the past, which was taken as evidence of its independence from vested interests and its distance from the questionable practices of the ruling parties of the past. This stock of credibility was quickly depleted, however, as a series of actions gave rise to doubts about the intentions of the Greek government: declarations by leading ministers expressing their opposition – often with harsh wording – to the content and direction of ongoing negotiations, at the same time as the finance minister and the prime minister himself were declaring progress in the negotiations and an imminent agreement; double-talk, with statements of utterly different content

4. The following section is largely based on Katsikas (2015b).

and style when addressed to domestic audiences and when abroad; implementation of unilateral actions, such as the reinstatement of civil servants, even though the government had committed to abandoning such plans based on the agreement of February 20th 2015; delay in the submission of specific proposals as described above, and so on.

The result of this unsuccessful negotiation was the debacle of the summer of 2015, when the deadline for reaching an agreement expired, leaving the country without a programme, and therefore without funding and the banks without access to ELA. Predictably the country defaulted on an IMF payment, the banks were closed and capital controls were imposed to prevent a bank run and capital flight. Despite the fact that the government won a hurriedly conducted referendum on a proposed draft agreement, with 61% of people rejecting the agreement (as was the government's proposal), the immediate danger of a Grexit ultimately led the government to sign an agreement for a new bailout programme, accompanied by a new MoU. The agreement was approved by the Greek parliament in August 2015.

The new MoU continues where the previous left off, adding new austerity measures to make up for the negative developments in the economy and the banking system in 2015. Whereas before the January elections the projection was for the Greek economy to grow by 2.9% in 2015 and 3.6% in 2016 (European Commission, 2014), the current projections are for zero growth in 2015 and a new recession of 0.7% in 2016 (European Commission, 2016). Moreover, the situation in the banking system deteriorated further following a slow bank run between late 2014 (once early elections were announced) and June 2015, which led to almost €40bn leaving the system, while non-performing loans increased to 42% of the banks' total loan portfolio (Bank of Greece, 2015).

The turnaround in terms of policy was truly dramatic. As Table 1 makes evident, virtually all Syriza's pre-election promises were abandoned; the policies adopted following the signature of the 3rd bailout agreement are the same that Syriza and ANEL consistently condemned for the preceding five years. The government has defended itself by saying that this was an emergency situation and that there was no other alternative. However, the TINA argument was the basic argument also employed by the previous governments and at the time was dismissed by the opposition parties as a strategy intended to present the people with a false dilemma: membership of the eurozone with a policy programme or Grexit. It is the same dilemma that was now being invoked by the government to justify the signature and implementation of the 3rd bailout agreement. In view of these developments, the prime minister, Alexis Tsipras, called for a new round of early elections in order to obtain a popular mandate for implementing the programme. Syriza won again, but lost several hundred thousand voters as participation rates plummeted to approximately 55%, the lowest in the *metapolitefsi* era. The reversal of policy and rhetoric was so dramatic that it led Syriza to an internal crisis and eventually to a split, with some of the most prominent anti-MoU figures of the previous years leaving Syriza to form a new party, Popular Unity, keeping faithfully to the anti-austerity line of argument, even if that meant a Grexit. The new party failed came close to but failed to reach the 3% threshold and was left out of the Greek parliament in the September elections.

Table 1. A new government: Pre-election promises and post-election policies	
Syriza's pre-election programme*	**3rd bailout agreement#**
Fundamental priorities	
Abolish MoU and repel MoU legislation	New (3rd) MoU/ Autumn 2015: abolition of first half of 2015 laws that abolished 2nd MoU legislation.
Write-off of majority of public debt** • Growth clause • Moratorium/ grace period	Debt restructuring along the lines of the 2012 agreement: "… in line with the spirit of the Eurogroup statement of November 2012, the Eurogroup stands ready to consider, if necessary, possible additional measures (possible longer grace and payment periods) aiming at ensuring that gross financing needs remain at a sustainable level. These measures will be conditional upon full implementation of the measures to be agreed in a possible new programme and will be considered after the first positive completion of a review" (Euro Summit Statement, July 12, 2015).
Main policy objectives	
Stop austerity policies	Continuation of austerity policies, primarily based on the revenue side (€5.7bn worth of measures for 2016 alone).
Undo neoliberal structural reforms	Continue and complete previous MoU reforms: • Product markets: Implement pending OECD toolkit recommendations from previous MoU – with some exceptions – and proceed with implementation of toolkit II; • Labour Markets: Deliberation with European and international organisations to modernise Greek labour market, according to best practices – no return to previous status quo.
Undo privatisations • Stop further privatisations • Retake, where possible, control of previously privatised public corporations of strategic importance (energy, telecommunications, ports, trains, etc.) • Public control of banks***	Continuation of previous privatisation programme, including all major strategic assets (airports – contract recently signed – ports, train company, etc.): • Overall target of €50bn revived, over the course of loan's life; • Establishment of fund for privatisation proceeds –50% will repay bank recapitalisation (much less required following recent recapitalisation), 25% for debt reduction and 25% for investment; • Banks recapitalised mainly with participation of private investors; state's participation reduced substantially; value of previous capitalisation wiped out, but debt remains.
Basic policies in key policy areas	
Fiscal targets • Balanced primary budgets (with the exception of public investment)†	Continuation of primary surpluses policy – somewhat milder, but with significantly worse GDP outlook: • Primary deficit 0.25% in 2015 - Primary surplus: 0.5% in 2016/ 1.75% in 2017/ 3.5% from 2018.
Tax policy • Reduce indirect taxation (esp. VAT) • Increase the tax-free limit to €12,000 for all • Abolish property tax	Austerity policies based primarily on revenue side – increased burden of taxation: • Increased VAT; • No change in tax-free regime; • Retention of property tax and revenue target; • Overall: increased focus on tax policy and reform; in 2015 already more than 10 measures that increase tax burden.
Pension system • No further pension cuts • Restore 13th pension • Reduce retirement age	New reductions in both supplementary and main pensions made and more expected: • No return to previous regime; • No reduction of retirement age; • Overall, an entirely new pension system to be introduced, almost certainly with reduced payments across the board.
Labour market • Restore minimum wage to pre-crisis levels • Restore unemployment benefits to pre-crisis levels • Abolish market liberalisation measures	• No restoration of minimum wage or unemployment benefits to pre-crisis levels; • Deliberation with European and international organisations to modernise the Greek labour market – no return to previous status quo.
Private debt and arrears • Seisachtheia: Full write-off for bank loans of households that cannot repay them • Abolish forceful seizure or liquidation of property for bank debts (including primary residence foreclosures) • Repayment plan for arrears to the state • No buyout of bad loans from distressed funds	• Assistance for very poor households that cannot repay their mortgage loans; • New legislation which protects only the primary residence of the most "vulnerable" groups (25% of loan-holders) defined using income and assets criteria; • Repayment plan introduced in spring 2015; it improved previous scheme, but recent changes introduced, which make it less debtor friendly; • New provisions for specialised companies – Greek and foreign to buy bad loans; creation of secondary market for bad loans.

* According to Syriza's policy programme. ** According to September 2014 "Thessaloniki" policy programme. *** According to the declaration of Syriza's founding political conference, 2013 (not included in pre-election programme). † According to updated "Thessaloniki" policy programme, January 2015. # According to new MoU and related legislation during the autumn of 2015.

The creditors

What has the creditors' stance been during this time? Greece's European counterparts seemed to receive the new government with a relatively sympathetic attitude during their first meetings in February. There appeared to be a degree of acknowledgment and understanding of the social impasses that austerity had produced in Greece, an issue prioritised and made visible to an international audience by Syriza. Accordingly, in an early preliminary agreement in February, Greece's creditors conceded a reduction of the targets for primary fiscal surpluses for the coming years, which meant that the new government would have to implement much reduced fiscal consolidation (austerity) measures. This has to be credited as a success to the Greek government, but one which was not, however, capitalised on, as the handling of the negotiation, as argued previously, led to a collapse of the government's credibility.

It seems that since the beginning of the negotiations the Greek side conceived of them as a game of "chicken", i.e. a negotiation where both sides appear unyielding until someone succumbs. Beyond the obvious observation that in such an unbalanced negotiation, in terms of power, there could only be one winner (and that it was not Greece) it is a mistake to view the negotiation in this way in the first place. Negotiations like these, which take place between the Greek government and its European partners, are "repeated games", where *ex ante* knowledge that the same parties will have to negotiate again in the future makes the issue of credibility a top priority, as well as a requirement to achieve better results for everyone. The adoption of tactics that reduce credibility inexorably leads to negative results. Over the course of the next few months the Greek government failed to produce a concrete, detailed and quantified plan for dealing with the crisis and was continuously seeking a "political solution" to the negotiation. This frustrated its European counterparts and led to some unprecedented scenes in several of the Eurogroup meetings that followed, with the Greek finance minister, Yanis Varoufakis becoming completely isolated and scorned by his colleagues. This also meant that gradually the negative attitude of many Eurozone countries towards Greece hardened considerably, and the idea of Grexit re-emerged for the first time since the 2012 elections. In the run-up to the events of the summer of 2015, the hard line became the dominant approach among Greece's creditors and the Greek government was left with very few allies. In the dramatic European Council of July 12th, the possibility of a Eurozone exit was proposed for the first time to a Eurozone government as a potential solution. Ultimately, and predictably, the Greek government had to capitulate and accept a new bailout agreement.

The third loan agreement and accompanying MoU that was offered to Greece effectively continued where the previous one had stopped. The approach continued to be the same, with fiscal consolidation the top priority, albeit with reduced fiscal targets in the short-term, which were by now deemed necessary given the downturn of the economy during the negotiating period, the closure of banks and the imposition of capital controls. From 2018 onwards a fiscal target of primary surpluses of 3.5% has replaced the previous, slightly more ambitious target of 4.5% as the way to ensure debt sustainability, although the IMF's debt sustainability analysis shows this to be unrealistic without additional measures, including debt restructuring (IMF, 2015).

As is evident from Table 1, policy in all significant issue-areas continued for the most part along the same principles and priorities as before, including the issuing of public debt, the privatisation programme and most of the structural reforms. A €35 billion "growth" package was offered to Greece, which did not, however, bring new funds but effectively included resources that Greece was already entitled to from the 2014-2020 EU budget; the main difference was added flexibility and speed in the use of the funds. All in all, the picture from Greece is a repetition of the same policy recipe, which faces similar failures in dealing with the need to consolidate the fiscal position of the government in a recessionary environment with very high unemployment, an ongoing social crisis and political polarisation and uncertainty. The haggling over the first assessment of the programme is all too reminiscent of previous assessments, with tough bargaining between the government and the troika going on for months, while the economy is mired in uncertainty. Despite the obvious shortcomings of the recipe, the failure of the previous Greek government to implement reforms following the European elections of 2014 and the suspension of the programme during the new government's negotiation, combined with the completion of the Portuguese and Irish programmes and the projected successful exit of Cyprus from its own programme (despite the fact that Cyprus signed a MoU much later than Greece and under extremely difficult circumstances, which included capital controls, bail-in and the closure of the country's second largest bank), all seem to have reinforced the view of those who think that it is not the recipe which is the problem, but rather its implementation in Greece. In this context, barring any major exogenous developments (e.g. related to the refugee crisis), it is highly unlikely that the creditors' views on the handling of the Greek crisis will change.

Concluding remarks: Plus ça change, plus c'est la même chose?

For many people, particularly on the left, Syriza's victory in January 2015 was a welcome development, which had the potential to shake up the European status quo and help bring about a change of the widely criticised austerity recipe, which has become the policy canon for dealing with the Greek and the wider Eurozone debt crisis.[5] One year after Syriza's rise to power, one can hardly dispute the fact that these hopes have not been borne out. In a drastic turnaround of policy amidst dramatic circumstances during the summer of 2015, Syriza not only did not abolish the austerity-based MoU, as was its fundamental pre-election promise, but on the contrary, signed a new 3-year loan agreement, accompanied by a new austerity-inspired MoU.

A cursory review of Table 1 clearly demonstrates the adhesion of the Syriza-ANEL government to the previously followed recipe, despite all pre-election promises and post-elections claims to the contrary. The answer to the question of whether something has changed in the handling of the Greek crisis following Syriza's advance to power is therefore unequivocal: nothing has essentially changed. The same approach, the same priorities and the same policy measures have been adopted as before.

If something can be said to have changed, it is Syriza itself. It now employs all the argumentation and communications tactics of previous

5. See for example, Gow, David, "Tsipras and Syriza's Win Reboots European Social Democracy", *Social Europe*. January 26th 2015 [date accessed 05.01.2016] http://www.socialeurope.eu/2015/01/syriza/ and Jones, Owen, "Greece's radical left could kill off austerity in the EU". The *Guardian*. December 22nd 2014 [date accessed 05.01.2016]. http://www.theguardian.com/commentisfree/2014/dec/22/greece-radical-left-austerity-syriza-poll

governments that implemented MoUs. Indeed, the turnaround has been so dramatic, so much in contrast to what the party was campaigning for all the previous years and so much against its pronounced core ideological pillars, that most of its prominent members have been forced to abandon it, some setting up Popular Unity, while others left the political scene altogether. The rapid rise of Syriza to power and its course thereafter offer significant insights into Greek politics. Beyond that, however, and irrespective of the many faults of the Syriza-ANEL government's negotiating approach, the complete reversal of policy that Syriza was forced to accept also sends a sombre message on the state of democracy in Europe, as well as on the state of the left itself. It seems that whatever the ideological orientation and policy preferences of elected governments the policy package promoted by the creditors and the EU institutions is fixed and non-negotiable, with little if any room for flexibility. On the other hand, it is obvious that the prevalence of this policy straightjacket is also due to the left's inability to articulate realistic and effective policy proposals that address the economic rigidities of EU peripheral economies while catering for social cohesion and reducing economic inequality.

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