

# The "*Works and Days*" of Syriza's first week in power

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The new notorious coalition government of SYRIZA's radical left and ANEL's far-right send an unequivocally message: they mean business. Syriza wants to implement its (economic) program. Nobody ever doubted that they would. The question was if they could. The first week shows that they cannot. Syriza asks for a conference on debt and a drastic debt "haircut". They will most probably get neither.

## **Austerity measures are dead! Long live austere life!**

The accomplishments of the Greek government's first week in power are really impressive. Greece's premier was an international star, with an insuperable charm, even before he became premier. Now, he is a world class superstar! His picture adorns the front pages and covers of the largest international newspapers and magazines.

However, now he faces a stiff competition. His finance minister is a cosmopolitan chap. He is emerging as a new Greek international celebrity, both in style and in lovely grimaces. He has become a pop idol or better a rock star. High school girls were waiting to see and cheer him outside the finance minister building during his first day at the office. They love the way he dresses, he talks, he walks, he rides his motorcycle and above all his casualness. Most probably, he holds the world record of attractiveness among all finance ministers. Like the ancient Greek poet Hesiod (see *Works and Days*), he offers moralizing advice on how Greeks should lead their lives: ***Austerity measures are dead! Long live the austere life!*** Just to note that austerity measures (austere life) exist when a government is "forced" to balance the budget (or generate primary surplus) to pay for its debt when the economy is in a recession (GDP grows with less than 2% p.a.). The Greek government has promised to continue with the austerity measures, with or without the "troika". It is the only pre-election promise that will keep!

## **A conference on debt is rejected**

Unfortunately for Greece's economy, these qualities are not much appreciated by those who make the harsh decisions, which, alas, determine the economic future of all Greeks, but especially the future of those little girls, who were waiting, with shivering excitement, to see and cheer him.

One of them is Jeroen Dijsselbloem, also known as Mr Euro. Last Friday, he came to Athens and met with the Greek premier and his finance minister. He was not impressed at all. One of the issues discussed was Syriza's proposal for a European conference on debt. Mr Dijsselbloem, dressed very formally, told the casually dressed Greek finance minister, in front of all the national and international media, that his proposal for a conference is useless. Mr Dijsselbloem bluntly stated that the eurozone has a conference. It is called Eurogroup. The Greek finance minister did not utter a word.

Making matters worse, Portugal and Spain also discard Syriza's idea. They did not even have the courtesy to wait for the Greek finance minister's charming explanations. Cyprus, France and Italy politely reject the idea as well. Before the elections, the Greek premier wanted to unite the south European countries. He succeeded. They are all united against his government. It is interesting to see what his Plan B is on this issue. Most probably the issue will be forgotten.

## **Syriza wants a new "haircut" for the Greek sovereign debt**

Syriza does not like Greece's debt haircut of 2012. They fancy a new one. The deeper the better. The problem is that Greece's hairdressers do not like deep haircuts. Actually, they like the current haircut. And here comes the Greek drama. The fight over the debt haircut might result to a decapitation of the Greek economy's head.

One of these hairdressers, Ms Merkel, has stated, with all possible and unambiguous tones, that a "haircut" is out of the question. She insists on the implementation of the agreement between the Greek government and the so called "troika". But Greece's cool premier and even cooler finance minister despise the three representatives of Greece's creditors. They do not want to meet them, because, inter alia, all wear ties! The French finance minister

Michel Sapin, meeting his Greek homologue in Paris last Sunday, proposed to rename the troika to a "trio" or "quartet". More seriously, as I explained elsewhere, the debate over Greece's debt is similar to [Aesop's ass](#). It is not an economic issue but a political one. Under certain and very realistic economic hypotheses, the current deal on Greek debt is the best of all possible arrangements, "haircut" included.

But the Greek premier does not like it. He came up with a very shrewd idea. He stated that Greeks voted for his program. He cannot betray them as did all his predecessors. The Greeks demand a new "haircut", with or without(?) the consent of Greece's "loan sharks" creditors, who, by the way, are the taxpayers of the other eurozone countries. They too democratically elect their premier and gave their government the mandate not to change Greece's "haircut". A real democratic stalemate indeed. I have described elsewhere what are [the real options for the Greek sovereign debt \(see Table 5\)](#). In a nutshell, Greece's sovereign debt must be paid by the Greeks according to their wealth! This is a real patriotic and proud stance. To beseech the other eurozone countries for (debt) forgiveness is a humiliation.

And now what? The Greek government is desperately looking for a face-saving arrangement with its eurozone partners. Most probably they will get it. But, first, they would have to beg for it. The Greek premier is urgently asking for support from all possible sources. It is not an accident that he renewed the contract with the well known "blood-sucking" French-American financial consulting company, Lazard, to help him out. The same company was hired by the Greek "traitor" Vagelis Venizelos in 2011, the ex Minister of Finance at the time, who will be remembered as the holder of the world record of debt "haircutting" and debt restructuring. Unfortunately, Mr Venizelos does not have the glamour of the current Greek premier and his finance minister. It seems that ***all men are not created equal!***

The Greek premier and his charming finance minister implores the Americans, the British, the French and the Italians for a debt "haircut". It works! On Sunday night Mr Obama, in an interview with CNN, was asking the world to give Greece a chance! The ex King of Greece joined the chorus. Both are not Greece's creditors. Those who are have not yielded. So the Greek premier has decided to beg in person. His second week in power will be spent on going around Europe soliciting help. For Greece's sake, I do hope he succeeds but I doubt

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it. Even his finance minister realized that after visiting Paris and London. In an interview to FT he used the term debt swap instead of debt "haircut".

But my fellow Greeks be prepared to live an austere life! Your only consolation is that the morally repugnant austerity measures will be abolished not only with a balanced budget but with a primary surplus, albeit a small one. After all, 36.34% of Greeks voted for Mr Tsipras and his lovely finance minister. By the way, this percentage is the lowest ever of a ruling party since the collapse of dictatorship in 1974. It does not really matter that the 41.09% of his notorious coalition government with the far-right lags behind the 42.52% obtained by what Syriza calls the despicable "pro-austerity" political parties of Greece. And with this percentage he wants to change Greece and conquer Europe. A modern Alexander the Great going west!