Oxi and Nai. What the Greek crisis tells us about financial power and politics.

On the referendum of July 5, the Greek polity was asked whether they were prepared to surrender the anti-austerity policy agenda of their Syriza led government in order to get more loans. The Greeks answered this question with an emphatic OXI (NO). Prior to the referendum Yanis Varoufakis, then the Minister for Finance, argued that the stronger the NO vote, the more bargaining power the Greek government would have with her creditors to seek a viable re-structure of Greece's debt. Surely, Mr Varoufakis seemed to believe, the Eurogroup would not shamelessly ride rough shod over a decisive expression of the political voice of a sovereign European state. Mr Varoufakis also claimed that the refusal of Eurozone financial institutions to extend normal operational terms to the Greek banks for the week prior to the referendum was an overt act of national intimidation, intending to influence the outcome of the referendum towards a YES vote. Mr Varoufakis implied that the anything but subtle subtext of this actions was 'play by our rules or else we will kill your banks, and then what will you do?' Before the referendum Alexis Tsipras also urged the Greek people to vote NO as a display of national pride in the face of the creditors demands for humiliating and damaging austerity terms.

It now seems clear that Greece's Prime Minister, Mr Tsipras, did not expect the NO vote to win. Immediately after the referendum, and with Greek banks under siege from their European creditors, Mr Tsipras entered negotiations with Eurozone financial institutions in Brussels (the troika), entirely giving up his anti-austerity agenda in a desperate attempt to secure another bailout package for Greece. Mr Varoufakis resigned as Finance Minister at this juncture. As Mr Tsipras saw it, he had no choice but to secede, whatever the Greek people had said, for if he could not secure a further loan from the troika the Greek banks would fail and Greece would be pushed out of the Eurozone into financial chaos and, possibly, into social and political anarchy. So less than two weeks after the decisive OXI (NO) vote, the Greek Prime Minister persuaded the Greek parliament to say an emphatic NAI (YES) to the devastating terms of surrender mandated by the troika, which entailed more far reaching austerity measures than Greece has ever had before. So Prime Minister Tsipras has now abandoned Syriza's original policy objective as unwinnable, even though two weeks ago over 60% of voting Greeks made it clear they backed their government's original policy objective.

What is really going on here?

Watching this drama unfold in the mass media, an easy to digest morality tale is often presented to us. This morality tale goes along these lines. The Greeks are – let us be frank – economically unproductive, they don't pay their taxes, their government must have done something stupid to be in such a massive debt hole, and everyone knows that Greece's institutions are riddled with cronyism. What we now see is that the Greek state has maxed out its credit card, a number of times, has got other credit cards to pay off its original debts, and just doesn't want to get taken to the cleaners. Consistent with this refusal to face the consequences of their indiscretions, the Greeks elected Syriza in January this year to try and bargain with their creditors, hoping they could somehow pull off a deal with the troika that would let them off their debt repayment hook. Unsurprisingly, the wealthy and hard-working

Germans – who have forked out the largest packages of bail-out monies to Greece – could not see what grounds the Greeks had to complain, and refused, point blank, to negotiate any type of debt restructure with Syriza. Whilst the July 5 referendum shows that the Greek populace does not want to accept the austerity terms of the troika's conditions for receiving more loans, clearly they must get those loans so that they can keep their banks open (so that they can continue to 'service' unpayable and ballooning public debts with a shrivelling economy subjected to higher taxes, the sale of all state assets, reductions in already basic pensions for the old, and even less basic support for the 25% of the workforce who are now unemployed). But this NO vote is just whistling in the wind. The realities are, whoever has the money has the power, and the creditors are being very generous to Greece to bail them out at all. So Mr Tsipras has simply given in to inevitability and the Greeks should stop complaining, accept reality, and work their way out of their debt troubles.

You may have noticed the bracketed section in the above paragraph. I put that in brackets because whilst it is a well-known part of the public story about Greece's current situation, it is, necessarily, bracketed out from the easy to digest morality tale of Greece's irresponsible desire to escape austerity and the assumed fiscal righteousness of the Eurozone creditors. The fact is, morality has exactly nothing to do with what is really going on between Greece and the troika.

What is really happening here is caused by the impossible economic architecture of the Eurozone and by the determination of the dominant financial powers within the Eurozone to keep control of the banking sector in Europe so as to protect their own interests, come what may to the struggling southern polities and economies of Europe. This is a clear case of finance determining politics and the mass media largely supporting the status quo by framing this situation in simplistic moral terms.

This tendency for finance to be the real centre of power, for financial power to be politically and socially unaccountable, and for finance to have no regard for nationally framed economic realities, is not something restricted to Europe. Even so, here we see it in very stark terms. And the thing that is most tragic about this is that Syriza provided Europe with a unique opportunity to sensibly moderate the politically and socially unaccountable nature of financial power, and to discipline merely financial power via making it accountable to some pretty basic economic and social realities. By crushing Syriza's attempt to negotiate a realistically viable debt restructure, Europe is unlikely to get this opportunity to re-work an unworkable system again. And if something is not done towards mitigating financial power with social, political and economic reality, the sad truth is, destruction is on its way to Europe. Ironically, finance is, finally, dependent on real economies and social stability, so the interests of finance can only be properly advanced by reconnecting financial power with social, political and economic reality. If Dr Schäubler thinks he will secure German financial interests by either crushing Greece or ejecting them from the Eurozone, I fear that history will show him to be profoundly wrong.

Dr Paul Tyson

Honorary Assistant Professor,

Theology and Religious Studies, Nottingham University