

Ending the Humanitarian Crisis

By John Milios & Michal Rozworski



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Greece continues to be in flux. On July 5, the Greek people went to the polls and voted over 60% against austerity. One week later, the Greek government agreed to a new [memorandum](#) in principle after an all-night negotiation that was described at times as “[mental water-boarding](#).” Finally, last Wednesday, the first pieces of enabling legislation were passed by the Greek Parliament with a [large rebellion](#) of Syriza members of parliament voting against the laws.

Since then debate has raged inside and outside Greece about the future of the eurozone, the political strategy chosen by the Syriza leadership, and the future of this first government of the Left in post-crisis Europe. This interview with [John Milios](#), conducted by Michal Rozworski, is an important intervention into this debate.

John Milios is a longtime activist and a prominent figure within Syriza. Until early this year, he was the party’s chief economic advisor. He is also on Syriza’s central committee and was one of the 109 members of the committee (out of 201) who signed a [letter](#) last week opposing the new memorandum.

Here he discusses Greek Prime Minister Alexis Tsipras’s decision to hold the July 5 referendum, the anti-austerity course not taken by Syriza, and how the slogan “people over profits” can become a concrete reality in Greece.

What is the situation one week after the memorandum was agreed to and two weeks after the referendum?

When the referendum was proclaimed, we saw an election campaign that had class and social characteristics. There were two “Greeces” fighting each other. On one side, you had roughly the poor, wage-earners, the

unemployed, and the small entrepreneurs, while on the other you had the capitalists, the managerial class, the higher ranks of the state, and so on agitating for Yes.

Ultimately, a broad coalition of the social majority saw the referendum as a chance to express their commitment not to continue with austerity and neoliberalism. All this happened in a situation of fear and terror arising due to the European Central Bank's [choice](#) to not extend Emergency Liquidity Assistance (ELA) to the Greek banks. A lot of people saw this as a scare tactic and started withdrawing money. Ultimately, it led to a bank holiday.

So the Greek people voted with the banks closed and in an atmosphere of fear that declared voting "no" would lead to disaster. There was also intense mouth-to-mouth blackmail from employers pressuring workers to vote "yes." Despite this fear and propaganda, 61.3% voted "no."

How has this result been carried forward today?

I think the referendum was a political mistake by the Tsipras administration. My personal view is that Tsipras, or if not him, then a majority of the government that put strong pressure on him, wanted to sign the memorandum. They estimated that the result of the referendum was going to be what the polls were forecasting: 50–50, or a small majority for "no." This would have given the political legitimization to sign the memorandum.

But what happened in the referendum was extraordinary, and it opens up the question for the future. The government transformed the 61.3% "no" into an 83% "yes" in the parliament and agreed to the memorandum.

I see a red line passing through the politics of this government from the first moment. They thought that they could govern as before the crisis. That is, the major issue is a recession, and austerity is simply a false policy that causes a further reduction of effective demand.

I personally think that this analysis is [completely wrong](#). Capital has no other means to come out of a crisis on its own except by curtailing costs per unit product by all means. There are two ways to do this: reductions in labor costs — that is, austerity — and reductions in materials and capital costs.

Even the second is recessionary in the short term. For example, let us imagine that all of industry reduces by half the use of petroleum, gas, and energy needs in general. What is going to happen to the energy sector? It'll shrink.

Capitalism works through a continuous reshuffling of the relation of forces. This government did not realize that if it wants to be a government of the working people, it would have to follow a policy from the beginning that does not talk about development and recession in general, but seeks alternative ways to promote the production of goods and services.

This would include cooperative schemes, opening closed factories or enterprises in the service sector, as well as a tough and just tax system to redistribute income and wealth in favor of working people. Such measures should be goals in themselves, not just means to exit the crisis. The key question is, out of crisis in favor of whom?

What are the barriers to such measures on the level of the Greek economy?

Through the memoranda, the character of the Greek economy has changed in part. It has become more like a Latin American economy — that is, a dual economy, where a section of the population is excluded.

There has been a very large increase in profits due to austerity. Through privatizations and extreme neoliberal policies, private capital has gained opportunities to enter what used to be the public sector. And, in the last months of 2014, we saw positive growth rates and a reduction in unemployment. As Marx says, there are no permanent crises.

The question is how a society comes out of crisis. Profits have increased and capital is more centralized as small enterprises have closed down. For example, there is a concentration of retail trade into big malls and big chain stores.

Austerity is the *correct* policy for capitalist development in favor of the most aggressive interests of capital. It's a means of creative destruction. They knew there would be a big recession, and this recession cleared away inadequately-valoring capitals, small enterprises, civil rights, workers rights, trade union rights and parts of the public sector — whatever was necessary.

What we used to describe as the European social model now appears as a bad joke. It's a pity that this government that had a completely different program was forced to take on these policies: to become a government of capital, to continue the policies of previous governments and to have the people fight against it.

There's a tension between what is internal to Greek society and the economy, and the negotiations with Europe that attract headlines. I think that's been part of your analysis the whole time: that we shouldn't focus so much on the negotiations, that this is a class project.

You are right to pose this question. There are two points here. First, for whom are the Europeans fighting? Are they fighting just to collect the old debts of the Greek public sector? My answer is no, they will never [collect this debt](#) in its entirety. They know this and that's why they've started slowly discussing debt restructuring.

They are fighting for European integration in the form of a neoliberal Europe in each and every country. They are fighting for the Greek capitalists but also for the capitalists of other countries. They don't want to allow for the formation of an alternative within the eurozone.

The second point is that European integration plays a very important role in promoting neoliberal policies. In a way, it functions as a trap for a government that wants to pursue policies in favor of the people. This follows not from the fact that many countries have the same currency, but from the fact that the European Central Bank deliberately does not function as a lender and money-maker of last resort.

The ECB does not support the public sectors of eurozone members with borrowing, and so nearly the only way to cope with fiscal problems during crises is austerity. It has deliberately put all eurozone countries in a state of default risk to further a neoliberal agenda.

How possible is it then to take this different stance of an internal reworking of the economy as a response to crisis when you have the potential for default, when you need more loans just to repay creditors, and when your banks can be shut by a political institution like the ECB? Is there another strategic road that could have been or could still be followed?

I think there was another strategic road, and it was available from the first moments this left government came to power. In short, one step was to create state revenue by taxing the rich. This also means combatting corruption as well as combatting smuggling of petroleum and tobacco products. This government has not done much on this, even though it was a major point in our program.

The second big issue is default. We needed to say to the Europeans, "Look, we have an electoral program and you have a structure in the eurozone that forces each country to deal with its fiscal problems by itself. When a country cannot manage its problems, then you give it a loan but under the conditionality that it follows very harsh austerity policies. We do not agree with this course because we are a democratic country, and the people voted differently. We have started creating state revenues by other means and we're sorry, but since you haven't given us the tranches of what we have agreed in the past for financing, we cannot pay our debt obligations — neither to the IMF nor the ECB."

The Greek government finally reached this position and [delayed a payment](#) to the IMF last month. Before then and without receiving the financing that it was due, it gave more than €7 billion, or over 3 percent of GDP, to the creditors. The government should have delayed these payments since at least February and demanded a new program.

In the meantime, it could have run primary surpluses and resolved its fiscal problems on its own by taxing the rich. The financial problem of paying the creditors could have then been tackled by another program that didn't contain austerity.

When Syriza took power, the banks were in much better condition; since then, Greek households have sent more than €41 billion abroad. All forms of deposits in Greek banks are now €120 billion. Before the crisis, this figure was €230 billion. The Bank of International Settlements has calculated that Greek households have a net financial position of €250 billion. This is a surplus of forms of deposits minus all private debts held all over the world.

These data shows that the Greek middle class and the rich sent money abroad since long before Syriza's electoral victory, but this process has accelerated ever since the endless negotiations.

Given a different start as I outlined, the result could have been much better. Of course, you cannot be sure of anything unless you try. But I am confident that there could be, and should be, another way.

What happens now that the banks are in this fragile state, the deposits have left, and there is a new memorandum that is being implemented? Can the memorandum be implemented by a party of the Left, especially over a space of years? Will the government have the support of the party? Is there room to maneuver?

The government has put me and put us all in a peculiar situation: in [a rupture](#) between our political views and our stance as part of the working majority, on one hand, and as members of Syriza, on the other. According to what I've said so far, the policy of this government now is a policy in favor of capital and one that promotes the neoliberal agenda. It is, by definition, against what Syriza believes and what 61.3% of the people have demanded.

This is not a problem for Syriza alone but a problem for all the people who have been mobilized in the past months, and especially in the past weeks to support No in the referendum. The question before this 61.3% is, what shall we do now? Remember too that, without the closed banks and the fear campaign, this 61% would be even bigger.

I have definitely decided that I belong to this part of society and I will continue to fight against austerity and those measures of the government which resemble the measures of past governments. On the other hand, I do not want to see a split in the party. I want to take part in the discussions that have now opened.

A majority of the central committee of Syriza continues to support the No stance and includes comrades from nearly all fractions or ideological streams. We are telling the government to find another way out of this crisis and not sign the new memorandum.

However, I'm sure the government has made its decision and will sign. This makes the situation difficult: I don't want more austerity from a Syriza government but I also don't want a split within Syriza. This is a very difficult situation to be in and it cannot be resolved by one person. We have to discuss among each other, in the party and with the people.

Despite this, I'm not pessimistic. Can this situation, which is a big disappointment for those who believed in Syriza, function as a starting point for another course where the people themselves in relations of direct democracy start taking their present and their future in their own hands?

Can we start creating new decision-making and productive structures? Can we put into use again the factories and enterprises which remain closed due to the crisis? Are we going to have a movement from below, which is what we need now? Can the old slogan "people over profits" become a concrete reality in Greece?

This movement could not only put pressure on the government and ask it to [change course](#), but start changing society by attempting to put into practice an end to the neoliberal agenda and challenge capitalism itself.

How is this related to the very concrete debate over exiting the euro? By not talking about it, you seem to be suggesting it's a secondary question.

Austerity and neoliberalism are not an issue of the euro alone. If one country changes its currency, the working class of this country does not come to power or end austerity.

Though as I've already stated, the eurozone, via the peculiar, inconvenient actions of the ECB, plays an important role in promoting and stabilizing neoliberalism. If a strategy undertaken by a political mass movement that puts an end to such policies passes through an exit from the euro, then I don't see why this would be a problem.

However, the problem facing the Greek working class is not a technical problem that can be resolved by a simple rearrangement of the monetary policy of the country, such as the choice of currency. I can easily imagine a situation where a Greece that exits the euro cannot find the necessary reserves to support the exchange rate of its new currency and takes a loan from the eurozone or others. But any loan in the present phase of capitalism means an austerity memorandum. So, who is going to finance the country in order to support the exchange rate of the new currency?

Second, devaluation of the new currency would most likely favor the exporters. But the working class does not belong to the exporters.

They need fuel, food, and medicine.

Yes, meanwhile, the exporters are the big capitalists and they are simply going to raise their profitability. This is similar to internal devaluation via cutting wages. Are they going to increase our wages because they have more profits? This is not about finding a trick to make Greek capitalism more effective.

I highlighted the large positive net financial position of Greek households earlier in order to show that the wealthy and large enterprises (which are not included in this figure for households) have already sent their money abroad. This small fraction of society will be favored by a new devalued currency. The working class, on the hand, will face the devaluation of its purchasing power.

In the course of social change that challenges neoliberalism and capitalism, there will be no reason to stop because Greece has the euro. In this case, a new currency may be needed to support this new course. But we have to start from this course, not vice versa. This is why I regard the question of exit to be secondary.

Speaking not in theoretical but political terms — that is, how to change the relations of political and social forces — I regard the euro to be a non-issue. I do not participate in discussions about the currency because they put aside the major question of how to overthrow the long-running strategy of Greek and European capitalists to promote austerity.

The question is not recession versus growth in general, but redistribution of wealth, income, and power to the benefit of the working class; in other words, growth for the many, not growth for the sake of profits.