

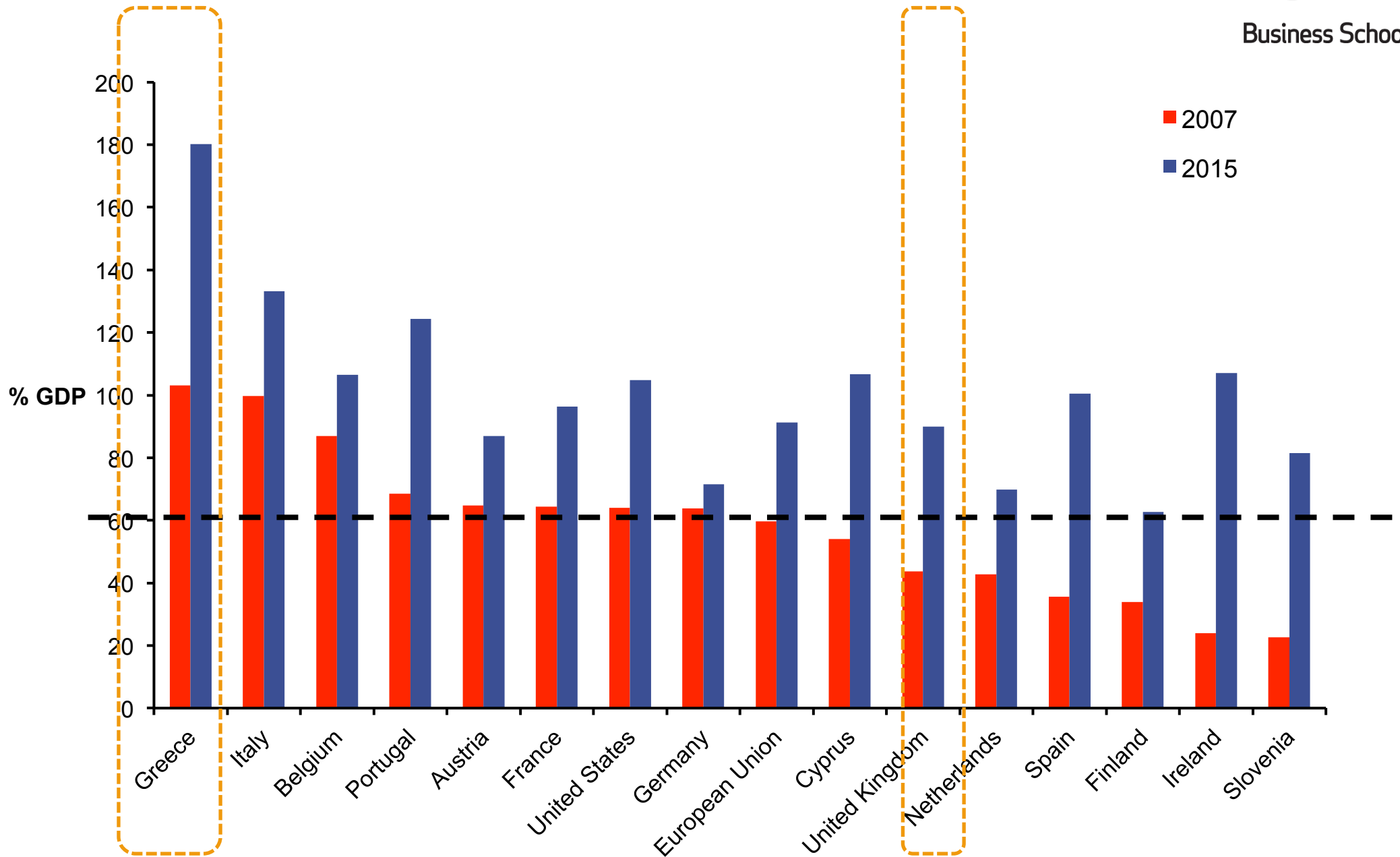
# Lessons from the Eurozone crisis in Greece

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# Greece...



# ... and the Eurozone (sovereign debt overhang)



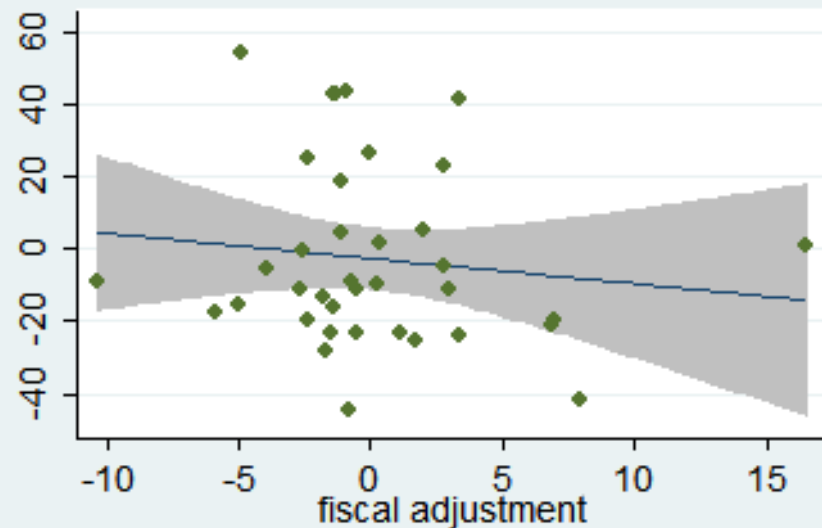
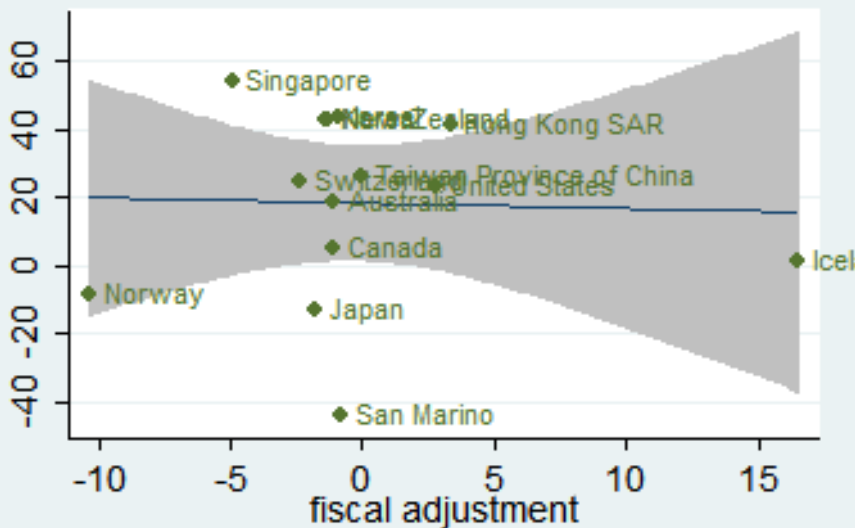
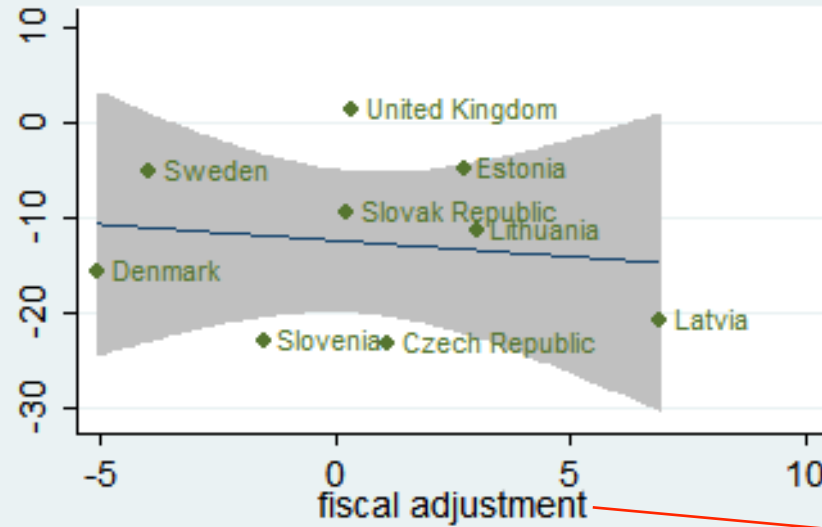
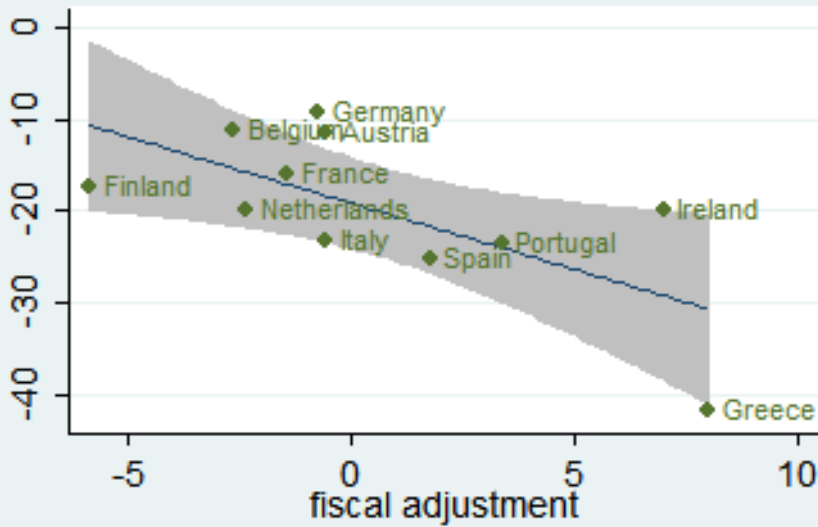
# ... and the Eurozone (sovereign debt overhang)

1. The Greek sovereign 'default' unmasked the fatal weaknesses in the architecture of the EA, after a first phase of exorbitant and unreasonable optimism: *“the fundamentals of the euro area economy remain sound and the euro area economy does not suffer from major economic imbalances” (Trichet in 2008).*
2. The Greek sovereign 'default' was practically the first sovereign default of a developed capitalist economy, several decades after West Germany's defaults in 1948 and 1953 in the wake of World War II. It smashed the belief that had gradually gained the status of being the norm in international economics: no one could imagine, even as a working hypothesis, a sovereign default of a developed capitalist economy and, in particular member of the EA.
3. Recession-led policies use sovereign debt as means to secure austerity strategies and further reinforce neoliberal reforms throughout Europe. Sovereign debt is a serious issue in most of the EA economies (link to corbynomials).

# Irrational policy responses?

Increase in GDP (%)  
between 2008 and 2015

## Recession-led reforms



Change of primary balance as % of GDP between 2008 and 2015

# GREXIT-BREXIT: issues (and striking differences)

**‘Europe’ cannot change:** *Syriza’s negotiations is a proof of...*

1. Underestimates the policy dynamics
2. Does not take into consideration the shifts in Syriza (gradual fade of anti-austerity targets and rhetoric)
3. Austerity policies do not originate from ‘Europe’; austerity is not externally imposed on Greece or the UK (critique of dependency)

# GREXIT-BREXIT: issues (and striking differences)

**Rising inequality:** *could a right-wing political setting be a solution?*

1. Inequality is in the agenda of mainstream politics (IMF, OECD etc.)
2. Tackling inequality presupposes a policy shift
3. The right-wing led exit, based on xenophobic rhetoric, will be against the solution

# GREXIT-BREXIT: issues (and striking differences)

## **Democracy/Sovereignty:** *could a right-wing political setting be a solution?*

1. The issue of *democracy* is gradually back in the agenda, grassroots movements. This was the background of Syriza's rise.
2. The question of democracy should primarily be addressed against domestic political institutions. We should differentiate from the naïve right-wing perception of politics as a foreign threat to domestic democracy.
3. Could a right-wing and xenophobic BREXIT be an answer to the issue of democracy (rhetoric question)?



# GREXIT-BREXIT: issues (and striking differences)

## Europe's Polanyian moment

1. Illusions that a nationalist turn (collapse of gold standard) could be an answer to the social question.
2. Reversing time (retreat to national state) is never a progressive answer for the working classes, both in practical or strategic terms.
3. In this sense, I personally remain an anti-Brexiter.