

A New European Narrative. Syriza needs mobilized support to defeat its creditors — and the far right

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On Thursday, Germany refused any negotiations with Greece, and the European Central Bank (ECB) refused to accept Greek bonds as collateral (since there are no guarantees that the Greek government will carry out the “adjustment” plan). Although this does not amount to an immediate push to kick Greece out of the eurozone, it is certainly a threat in that direction.

In order to understand the motivations behind this recalcitrance, and the competing interests at work, Germany’s special relationship with the euro must be understood. The eurozone’s stated goal was to create a currency strong enough to build a unified European financial bloc that could compete with the US and China.

However, this was never the full truth. This “unified” bloc has always been composed of competing nation states, and the big, industrialized countries at the center have been keen on making the peripheral economies dependent on the core.

With the introduction of the single currency, there was a devaluation of Germany’s deutsche mark in comparison to the other national currencies. This meant not only that labor value was diminished, but also that the country’s manufactured products became cheaper and more competitive in the world market.

The resulting overvaluation of the southern countries’ national currencies solidified them as peripheral economies and established export markets for German products. Their productive sectors destroyed, the peripheral economies became dependent on imports, especially from Germany.

Germany, then, clearly benefits from Greece’s presence in the eurozone; a Grexit is not in its economic interest. Nonetheless, German Chancellor Angela Merkel is sending a veiled threat that this is what might happen. Why?

Syriza’s victory and Podemos’s rise have presented Germany with a conundrum. If Germany accepts the anti-austerity demands, writes off a significant part of the Greek debt, and reformulates the way in which the loans and interest rates are set, it would not only risk the economic stability of the German finance system, but would be an admission that its austerity policies have been a complete failure.

This could cause a domino effect in Europe, bolstering left forces that seek to profoundly reshape the structures and dynamics of the European Union (EU). A Grexit in these conditions would likely mean a more severe economic crisis in Germany and, therefore, the polarization of society. Situated in this position, Merkel knows that the only way to stop a rising left is to augment the Right. In France, England, and Germany, conservative forces have the upper hand, while in Greece, the Left hasn’t won hegemony in what’s still a heavily polarized society.

Across the Atlantic, President Obama has indicated some support for the Greek government, saying that the time for austerity in Europe is over and the time for growth must begin. But what is Obama's motivation, if any, in backing a government of the Left?

The US has no interest in a European financial crisis triggered by the failure of Greece's banking system. This would imperil the aims of the TTIP trade agreement, which is intended to strengthen the economic position of the US and the EU.

Obama also knows that Russian President Vladimir Putin is available to finance Greece if all other financial options fail. Such a move would not be out of benevolence, but realpolitik. After Ukraine, Obama does not want Russia to have another ally in the European continent, much less one belonging to the EU (exiting the euro, of course, does not mean exiting the EU).

Greek Prime Minister Alexis Tsipras has accepted Putin's invitation to meet in May. This is leverage that the Greek government can use to try to force Germany to accept its demands. At the same time, Merkel has been summoned to the White House for an emergency meeting on February 9.

It would be politically naive to suppose that Obama would accept a government of the Left that has the ability to provoke a political hurricane across Europe. Even if Obama is prioritizing US domination, he is aware of the dangers that Syriza poses to the political and economic hegemony of European capitalism.

The question that remains open is if Obama and Merkel can find a way to prevent the growth and success of the Left, while at the same time keeping Russia out of the picture. This is where the political dispute starts: how to prevent the rise of the (semi-moderate) right in Europe, which would be a much better solution for all the parties involved — with the exception, of course, of the people of Greece and Europe.

As I have argued before, Syriza's position to not build their electoral program around the currency question and exiting the EU is not a weakness, but a strength [1]: if Greece is forced back to its national currency — and wages drop as a result — the blame will be placed on European elites, not on Syriza.

On Thursday, 15,000 rallied in Athens to back the government and its position in negotiations. Syriza will need this kind of strong, mobilized support — and more — from the Greek people to prevent it from backtracking. Greek society remains very split, and this victory of the Left could easily be turned upside down if Syriza fails to fulfill its electoral program.

There are more pro-government demonstrations in the works. Some have floated the idea of a referendum on whether the government should continue the negotiations. Other actions of support and solidarity must occur in the upcoming weeks and months to revitalize the movement and strengthen the government's hand against its creditors. Concrete acts of international solidarity are also necessary, including demonstrations, strikes, and donations to solidarity organizations.

Finally, there is a very clear challenge for the German left. Active resistance to Merkel's impoverishing policies is urgently needed, as is avoiding the trap of defending the national economy against Greece's demands out of a fear of Grexit-induced crisis in Germany. This resistance must occur at all levels: the political and economic, across social movements, in both the trade unions and Die Linke. Only an organized left can change the public narrative around the euro and beat back an ascendant far right.

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P.S.

* <https://www.jacobinmag.com/2015/02/syriza-merkel-euro-far-right/>

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Footnotes

[1] <https://www.jacobinmag.com/2015/01/syriza-election-european-left/>