NEOLIBERAL EUROPE IN CRISIS: SYRIZA'S ALTERNATIVE

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The recent financial crisis is without precedent in the postwar period, a fact acknowledged by the majority of economists. At the same time, the crisis is a marginal moment that unveils and helps us rethink the workings of contemporary capitalism.

This paper describes the development of the Greek economy since the outbreak of the Euro-crisis and compares it to Euro-area (EA) averages. The paper then presents a critique of mainstream arguments concerning the issue of current account balances and offers an alternative explanation. This critique focuses on comparatively high growth in Greece before the crisis as a factor inducing capital imports and it also points to continuing tax revenue shortfalls due to Greek governments' insistence on neoliberal policies favouring capital and wealthy households, and the clientelist tradition of the Greek state. As an alternative to the austerity policies imposed by the Troika—which consists of the International Monetary Fund (IMF), the European Union (EU), and the European Central Bank (ECB)—the last part of the paper presents policy proposals of the coalition of the Radical Left known by the acronym SYRIZA that follow from the preceding analysis and fall into line with alternative economic policies as they are discussed not only in Greece, but all across Europe.

The crisis has hit Europe and the Eurozone severely—26 million people are unemployed, of whom 19 million are in the EA and 1.5 million in Greece. In Greece, the crisis has become devastating after implementing the Measures of Fiscal Adjustment contained in the bailout Program, known as the Memorandum of Understanding (MoU), which the Greek Government and the Troika signed in May 2010. Two additional Memoranda followed in 2012.

Diagram 1: Unemployment Rate in Greece and the Euro-area

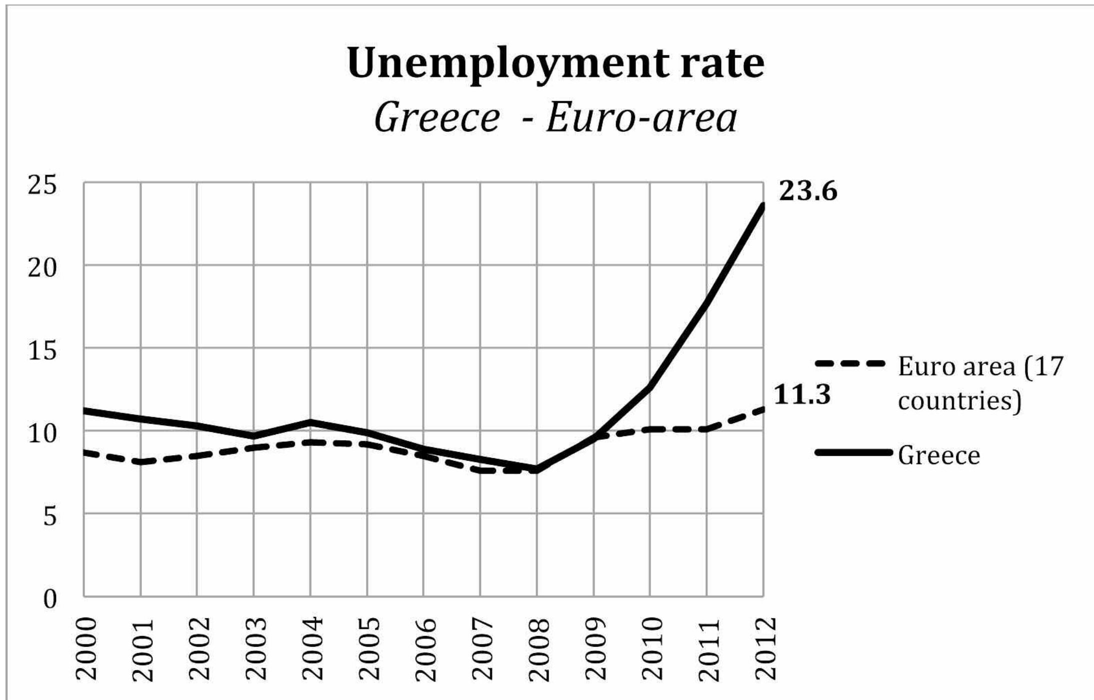


Diagram 2: Growth Rates in Greece and the Euro-area

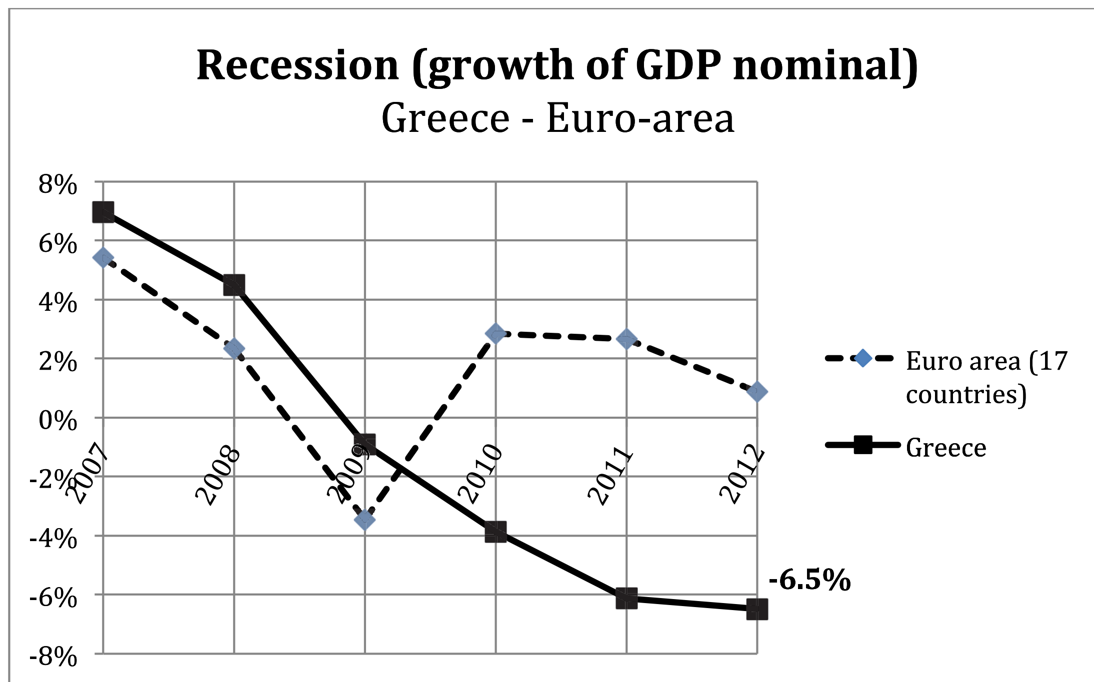


Diagram 3: Real Unit Labour Costs in Greece and the Euro-area (2005–2013)

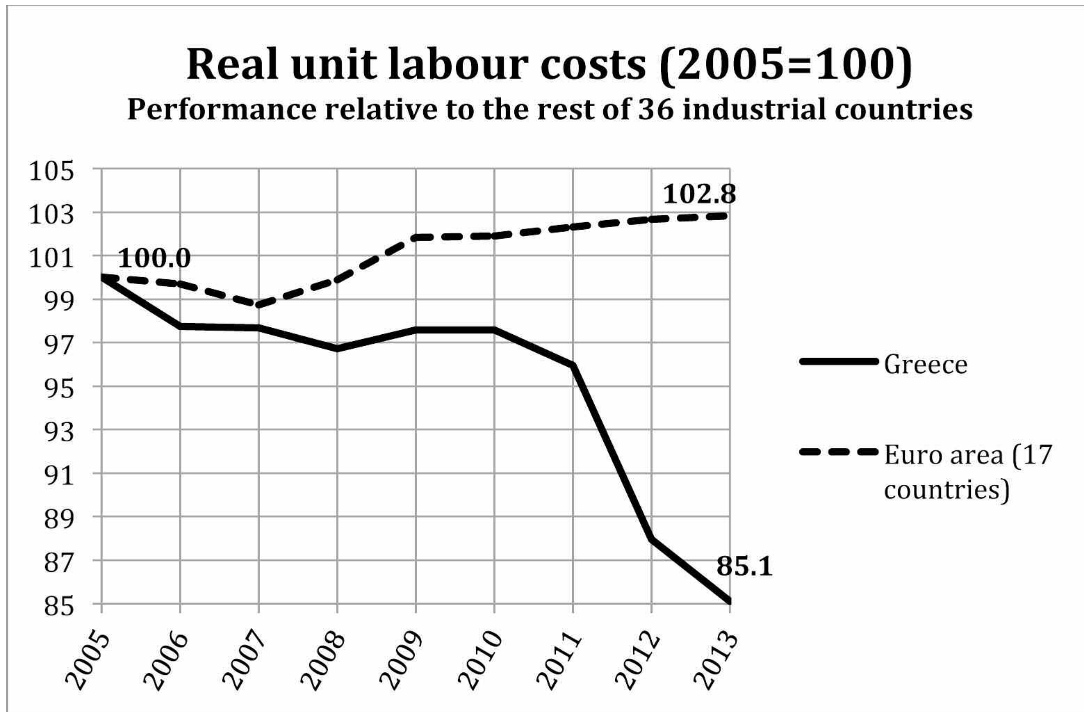
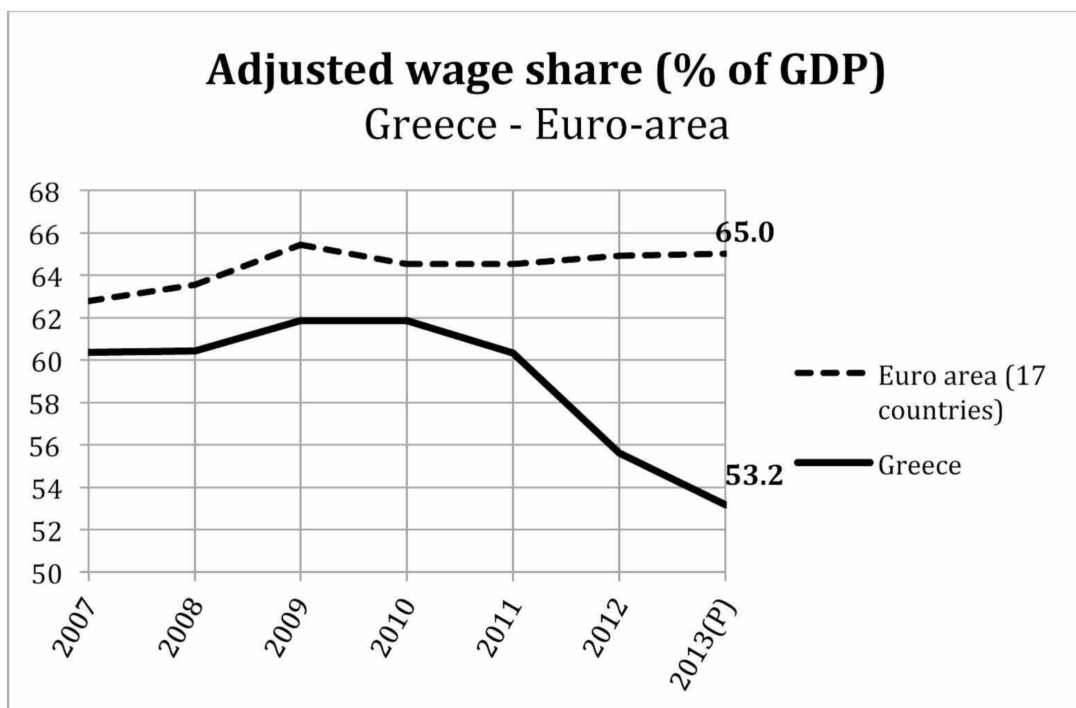


Diagram 4: Adjusted Wage Share in Greece and the Euro-area (% of GDP)



The nominal Greek Gross Domestic Product (GDP) declined from €231 billion in 2009 to an estimated €195 billion in 2012—that is a decrease of 15.6%. The total bailout package given to the Greek government until the end of 2014 is estimated at approximately €246 billion, €183 billion having been already approved.

Euro-area Imbalances and Austerity The Greek government debt crisis is one of a number of current European sovereign debt crises. The official explanation for the EA's current economic predicament is based heavily on the supposed existence of two interlinked conditions in the deficit countries: reckless borrowing and low competitiveness due to relatively high wages. Of course, this is an interpretation that favours austerity-type policies. Austerity stabilizes neoliberalism and benefits capital interests by putting the whole burden of the crisis on the shoulders of the labouring classes and small entrepreneurs, so it is a convenient interpretation for a particular configuration of power.

Besides, it takes two to tango: for reckless borrowing to happen, reckless lending is required, and therefore reckless finance. However, finance cannot be reckless for such a long period (covering the first phase of euro). Finance may aggravate existing contradictions making contemporary economies vulnerable, but finance is also a particular technology of power that provides a setting for the organization of capitalist economies. On the other hand, competitiveness is a condition attached to the very existence and functioning of capital. It is not easily grasped and measured. The mainstream argument about deficit countries' lack of competiveness refers to their negative current account balance. Let's elaborate a little bit more on this issue.

There is a basic theoretical rule in the practice of psychoanalysis (at least in its Lacanian version): it is in the discontinuity of a discourse that the latent cause must be hidden. This principle applies to the shift in the official interpretation of the development in the EA. Persistent current account imbalances and differentials between countries in growth and inflation were developments that were being monitored and emphasized before the start of the 2008 financial crisis. What changed was the mainstream attitude and official narrative. Before 2008, current account imbalances were celebrated as the basic mechanism for accommodating growth differentials in the

environment of the common currency. In other words, imbalances were viewed as evidence that the economic experiment of the common currency was actually delivering; they were so-called good imbalances. Suddenly, this interpretation was replaced by another, which placed the roots of the crisis in the "imprudent" and "reckless" domestic behaviour and policies, both in the private (firms and households) and public sectors. The postcrisis official explanation relies on the idea of "bad" imbalances.

It may sound strange, but underneath the apparent discontinuity lies an implicit continuity. Both pre- and postcrisis explanations were developed to serve the long-term interests underlying the dominant neoliberal policies across the EA. The root of the change must be sought in the change of the economic conjuncture. New political agendas created the demand for new theoretical developments.

In the precrisis period, Blanchard and Giavazzi[1] established the groundwork for the discussion. In the context of neoclassical general equilibrium theory, current account imbalances mirror net saving positions (net financial flows) originated by the catching-up process. They are "good" and welcomed. Their persistent character is explained by the reallocation of capital flows in such a way as to accommodate different growth prospects between member states with different GDP per capita levels. The fast-growing European economies (in the so-called EU periphery) can rely on external savings to undertake additional domestic investment projects while increasing their own consumption. This is not a big problem because the resulting deterioration in the current account positions would be gradually offset by higher future income levels (i.e., the outcome of the catching-up process). Using panel data for several groupings of OECD and EU countries since 1975, Blanchard and Giavazzi show that current account positions have become increasingly related to the level of output per capita of the countries both within OECD as a whole and the EU (although this tendency is stronger within the EU). They concluded that "the channel appears to be primarily through a decrease in saving (typically private saving) rather than through an increase in investment."[2] This line of reasoning was the benchmark in the relevant discussions. Current account imbalances were grasped as signs of efficient capital allocation within the EA that promotes economic convergence.[3]

In postcrisis mainstream writings, there is a tendency to gradually decompose the above argument. Eichengreen[4] summarizes the alternative explanation as to how these imbalances finally proved to be "bad." In his account, economic convergence is conditional not only on the gap in per capita incomes, but also on the quality of domestic institutions. This idea expresses the theoretical problematic that governs the post-crisis official discourse. Imbalances were driven mostly by "domestic distortions" such as irrational asset booms, reckless borrowing and lending, and lack of fiscal discipline. Eichengreen in particular attempts to justify the point that the level of corruption is more significant for the explanation of intra-European imbalances than the growth differentials. For him, the whole process of imbalances was based on a disguised institutional malfunction. This type of interpretation is also very close to the dependency idea to be found in many heterodox approaches, namely that the euro damaged less competitive economies of the "periphery" causing "underdevelopment" and "destruction" of their "productive base."

However, this argument is not convincing. The global market is not just the area for international transactions, but also the economic and social framework for international capitalist competition, by means of which international market prices are formed. If we assume that tradable goods are close substitutes—in reality this is not true, but at this level of analysis it is a reasonable assumption—prices cannot diverge beyond certain narrow limits. In addition, small economies like those of Greece, Ireland, or Portugal are by definition "price takers." When economic borders are open and firms are exposed to international competition, a general loss in competitiveness would be expressed in a reduced corporate profitability, declining productivity, lower growth rates, and higher unemployment growth in relation to inflation. In plain terms, it would be a disease with obvious symptoms.

None of these symptoms can be observed for the countries of the European "periphery" during the first phase of EA. In the period 1995–2008, Greece experienced a real increase of the GDP amounting to 61.0%, Spain 56.0%, and Ireland 124.1%. In contrast, growth was much lower in the more developed European economies: 19.5% for Germany, 17.8% for Italy, and 30.8% for France.[5] Moreover, statistical evidence shows that higher growth in the periphery was associated with both higher profitability and

Table 1
GDP and Domestic Demand Growth in Various Countries: 1995–2008

	Greece	Germany	Netherlands	Spain	France	Ireland
Real GDP	61.0%	19.5%	42.0%	56.0%	30.8%	124.1%
Real private consumption	55.7%	12.3%	33.1%	55.3%	35.5%	104.5%
Real total gross fixed capital formation	102.8%	18.8%	56.3%	95.2%	55.8%	130.5%
Real public consumption	51.1%	14.7%	41.4%	74.8%	20.0%	97.3%
Current account (2008) %GDP	-14.6%	+6.7%	+4.8%	-9.6%	-2.3%	-5.2%
Export volumes (goods and services)	131.4%	159.0%	114.1%	115.1%	76.0%	232.3%
Import volumes (goods and services)	123.1%	115.5%	117.8%	174.1%	101.8%	222.4%
Export prices (goods and services)	56.4%	2.7%	18.0%	34.2%	7.2%	13.2%
Import prices (goods and services)	51.0%	9.3%	14.3%	28.4%	7.9%	20.9%

Source: OECD, Economic Outlook, Volume 2009/2, IMF

the deterioration in current account positions as a general tendency.[6] If current account deficits are taken to indicate a loss in competiveness, then how can their positive correlation with growth and profitability be explained? It is obvious that another interpretation must be offered.

It therefore can be safely argued that the exposure to international competition that was effected through integration into the single currency secured for the (less developed) countries of the periphery satisfactory rates of growth and profitability. We will not attempt to go into a detailed description of the economic data, but must highlight one major consequence: the convergence in country-specific risk assessment between different social formations in the EA.

We shall further accept (bearing in mind the restrictions of such a simplification) that the valuation of sovereign debt is closely related to the overall country-specific risk assessment. In plain terms, this means that falling long-term yields or rising secondary market asset prices reflect the expected returns on existing and new investment in the debtor country relative to the corresponding expected returns on alternative investments abroad. The improvement in the country-specific risk is therefore the result of both a country's idiosyncratic growth and profitability prospects and their relation to the growth and profitability prospects of other countries—mostly those that are part of the monetary union, since we are talking about a monetary union where exchange rate risk has been practically eliminated. Consequently, the country-specific risk was not mispriced by the financial markets, as the official explanations suggest. The more advanced capitalist economies of the EA have experienced economic slack in contrast to the higher rates of growth and profitability in the less advanced EA economies. By and large, these differential growth and profitability prospects in the context of the European Economic and Monetary Union (EMU) were the driving force behind the convergence in the country-specific risk assessment.

The EA is a monetary union that has been proceeding at a dual speed. In other words, it is an economic region with the same currency that comprises social formations with different growth prospects. It is thus not unreasonable to argue that this reduction in interest rate spreads—on the back of different growth patterns in the context of the EMU—attracted large capital inflows and supported large increases in credit and asset prices.

It goes without saying that this process boosted domestic demand in the periphery through various channels (e.g., access to cheap loans contributed to a revival in the housing market).

At the same time, EA economies with their different growth prospects were without exception incorporated into the same monetary policy regime, that is to say the regime of uniform nominal interest rate imposed by the European Central Bank against the collateral of sovereign debt. If the ECB did not distinguish between the country-specific risks of different member states, why would the markets bother to do so? These interest rates were considerably lower for the countries of the periphery than they had been prior to the introduction of the single currency. This fact, in conjunction with the higher rates of inflation prevailing in these countries, was translated into even lower real interest borrowing rates for the local banking sector. These are the conditions that laid the groundwork for the explosion of (private and public) domestic borrowing.[7]

In the light of the above comments, the difference between growth rates and the long-term interest rates captures to some extent the way markets perceive, in terms of risk (i.e., improvement in country creditworthiness), the growth prospects in the EA. This difference was constantly increasing for Greece and Spain during the first phase of the EA (1994–2007) while it remained at negative levels for Germany despite a low interest rate in absolute terms.

On this basis, current account deficits are neither the result of imprudent borrowing nor the outcome of economic weaknesses. They reflect the significant capital inflows and the domestic credit surge in the countries with better relative growth prospects. Both of these factors boosted domestic demand, resulting in a deteriorating trade balance and upward pressure on the real exchange rate. In the case of Spain and Greece, the increasing real effective exchange rate (REER) reflected the persistent deficits in the current account or surpluses in financial account (net capital inflow). Germany experienced quite the opposite effect. This line of argument places current account imbalances in the context of the EA as a result of a particular mode of symbiosis, one that pertains to a *sui generis* monetary union. The current account deficit, in other words, cannot be seen as the immediate outcome of a corresponding deficit in competitiveness, if the latter is to be understood

as a social relationship. Nor can it be approached as the outcome of reckless borrowing in the context of "unreasonable" low interest rates (i.e., market mispricing). From this point of view, current account imbalances are not "good" or "bad": current account imbalances must be primarily understood as financial account imbalances.

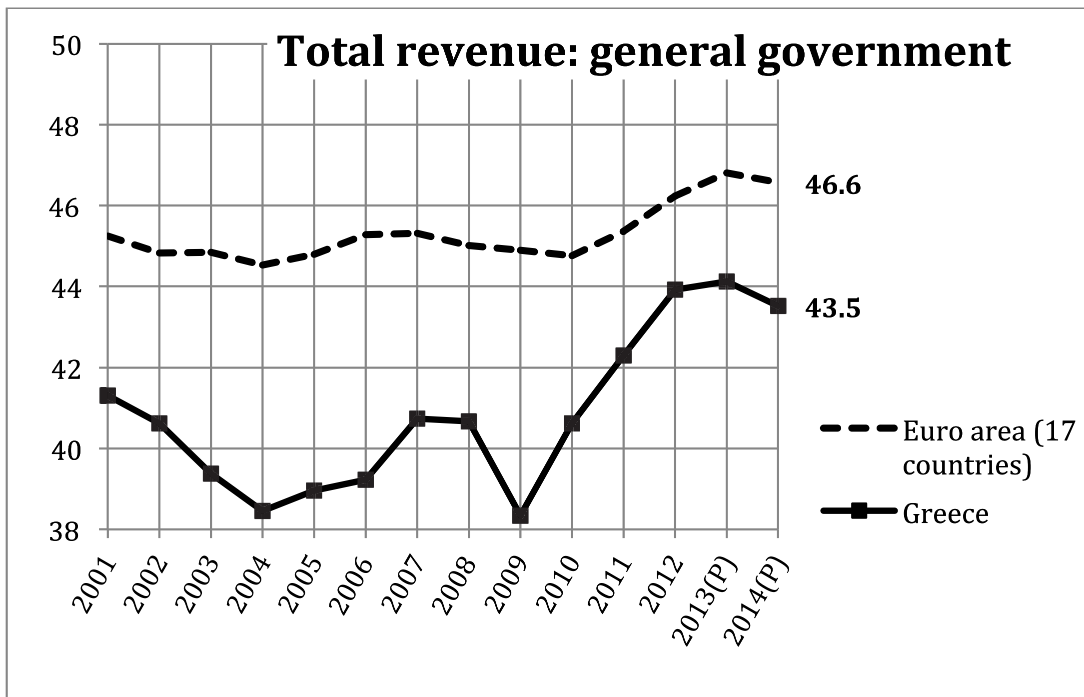
The long-term dilemma of the euro is more strategic than appears at first sight. The neoliberal "remedy" deals with imbalances by means of economic recession and income deflation. This is a very aggressive strategy on the part of the European ruling classes because it attempts to reinforce the dynamics of capital by taming labour rights and curtailing popular incomes.

In fact, the EMU setting provided a strong basis for the materialization of an offensive neoliberal agenda. If there was any profligacy at all, this was due to the tax relief enjoyed by the top social strata. From this point of view, those who analyze the recent fiscal crisis in the EA as the result of an irrational binge are right indeed, but for a different reason. There was a binge, but the working class was not invited. In that case, the rules of *savoir vivre* were broken.

The Case of Greece The following diagrams illustrate this argument for the case of Greece. Given the level of growth and the increasingly favourable milieu for interest payments, the Greek sovereign debt did not decrease to the Maastricht levels because of neoliberal tax relief to capital and wealthy individuals. Strong growth, combined with the reduction in the borrowing costs, left the sovereign debt ratio intact at the level of 100 percent for the whole period before the crisis. The major reason was the shortfall of revenues in relation to the expenditures, regardless of inefficiencies in the state apparatus, which, of course, are not unique to Greece. The following diagrams focus on the trend of the primary balance, which bases itself on the relationship between revenues and primary expenditure (i.e., expenditure before interest payments).

For the entire period under examination, direct taxes in Greece are more than four percent of GDP lower than the EU27 average and three percent lower than the EU12 average. The reason for this difference is quite obvious. The state was neither able nor willing to collect taxes from a particular part of the society: capitalist firms and wealthy families. We shall make just three

Diagram 5: General Government: Total Revenue (% of GDP) in Greece and the Euro-area

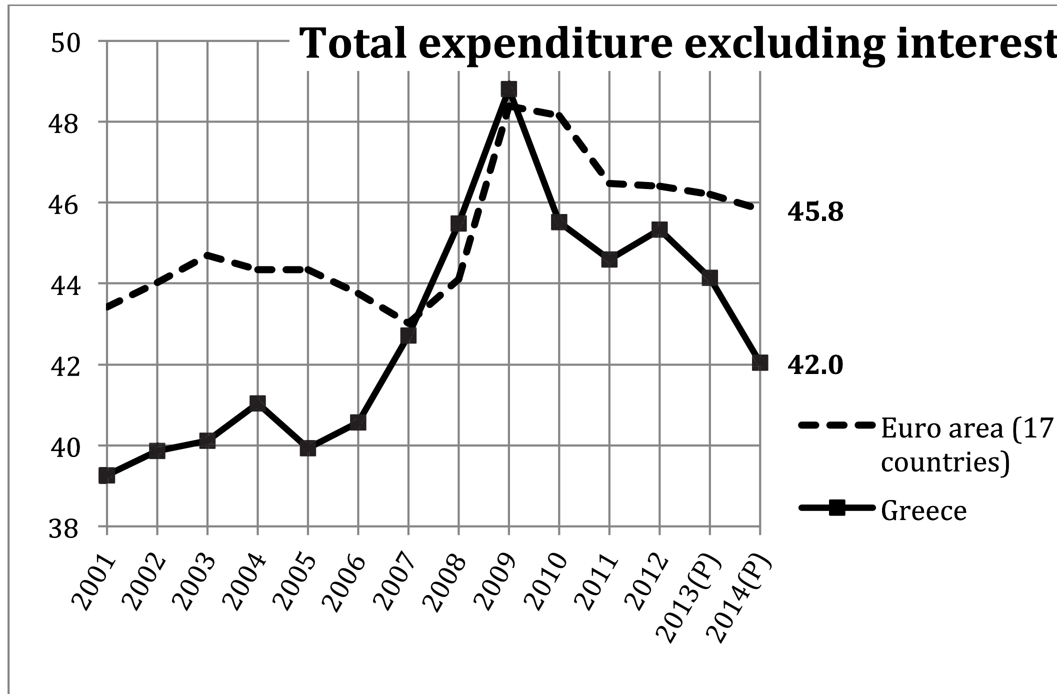


Source: Eurostat, AMECO (November 2012)

comments to complete this argument. First, Strauss-Kahn, the head of the IMF, acknowledged in a 2010 interview that there was an unexplained tax immunity held for rich people.[8] Second, since 2007 OECD reports have made it clear that it was the reduction of effective tax rates that undermined fiscal conditions. Third, comparative studies of different European tax systems suggest that the problem with revenues is in fact a question of secondary income redistribution to the benefit of corporations and high income individuals. The tax rates for firms had fallen to 25 percent in 2007 from their prior value of 40 percent. The implicit tax rate on capital is by far the lowest in Europe; it moves around 15 percent while the European average exceeds 25 percent. The reduction in capital taxes after 2000 is extraordinary, turning the Greek economy into a sort of tax haven.

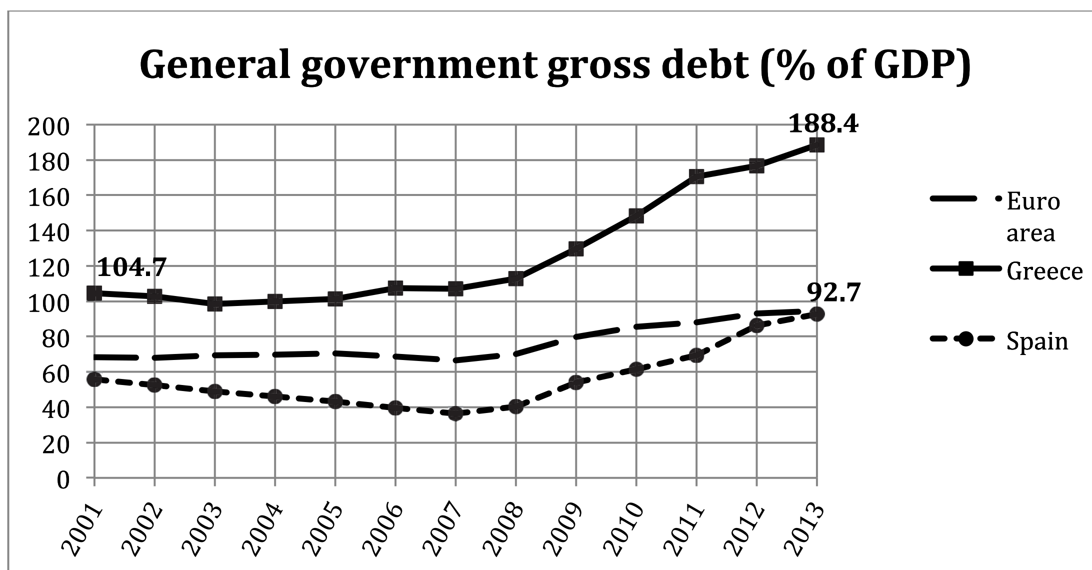
Austerity as a Class Policy After the start of the 2008 crisis, European officials, along with the participating governments, were faced with a very difficult puzzle: first, how to deal with the enormous economic problems and contradictions without undermining the neoliberal context of the EMU;

Diagram 6: General Government: Total Expenditure (% of GDP) in Greece and the Euro-area (Excluding Interest Payments)



Source: Eurostat, AMECO (November 2012)

Diagram 7: General Government Gross Debt in Greece, Spain and the Euro-area



Source: Eurostat, AMECO (November 2012)

second, how to turn the crisis into an opportunity to further the neoliberal agenda; third, how to correct the problems while avoiding an "overcorrection" that would make room for expanding social welfare policies in the future; finally, fourth, how to use the tremendous fire power of the ECB without turning it into a "traditional" central bank.

Given the inelastic elements of public expenditure and lower revenues, European states used the recession to further reduce total expenditures and increase the relative fiscal burden on labour. This is the result of the above-mentioned type of governance where official responses complement the working of markets. In other words, austerity has become the major economic policy for developed European capitalist formations. Of course, all of these observations describe the general trends that vary according to the social antagonisms and historical evolution in each country.

Those who blithely criticize European leaders misunderstand this point. Not only do European officials always have a second and a third plan in reserve, but their decisions must advance the neoliberal agenda without violating the functioning of the markets. Otherwise the crisis cannot be exploited as an opportunity for capital. In simple terms, aggressive neoliberal measures and reforms would not be implemented in the participating countries if the ECB had worked as a fiscal agent from the beginning; if its intervention in the secondary sovereign debt markets had been deeper and more persistent; if the fire power of EFSF or ESM had been sufficient to deal with the core needs of the nation states; if Long-Term Refinancing Operations (LTROs) and Outright Monetary Transactions (OMTs) were more decisive; if the current plan for Spain had been imposed on Ireland; if... The grave character of the crisis might have been avoided but in a totally different direction: one ensuring some protection to the living standards and the labour rights of the working classes. This would have been a different Europe, though: a Europe less devoted to promoting the interests of capital.

In brief, the main objective of the European strategy for dealing with the crisis has been the further embedding of the neoliberal agenda. It has always stayed one step back from the "real" needs of the time so as to lead states onto the path of conservative transformation by exposing them to the pressure of markets. This strategy has its own rationality, which is not completely obvious at a first glance. It perceives the crisis as an opportunity

for an historic shift in the correlations of forces to the benefit of the capitalist power, subjecting European societies to the conditions of the unfettered functioning of markets.

SYRIZA's Program for Society's Majority Greece was actually the first EA country where the neoliberal "shock doctrine," attempting to place all consequences of the systemic capitalist crisis on the shoulders of the working people, was implemented. Of course, neoliberal restructuring was going on in Greece during the two decades preceding the 2008 financial meltdown, but the response of the ruling political and financial elites to the crisis was to accelerate the process.

Economic decline and austerity policies were accompanied by a series of mass demonstrations and strikes. Even if it seems paradoxical, most of the massive events were spontaneous, grassroot movements. The Left embraced them but did not create them. The participants were mostly the working and unemployed majority of the society. Young people naturally participated more than the elderly, and they were more dynamic. Women's participation is also impressive in the street demonstrations.

The most important result of these mass movements was the creeping disintegration of the political system as we used to know it. The Papandreou government of PASOK, the Socialist Party, transferred power to a bourgeois coalition government under the leadership of Loukas Papademos, a former banker. However, people overthrew the Papademos technocratic government, forcing the national elections of May 2012. Through these national elections, SYRIZA, the Coalition of the Radical Left–United Social Front (USF) became the major opposition in Parliament. Recent polls show that SYRIZA-USF has taken the lead in popular support over the governing Conservative Party of "New Democracy" (ND). People have started to understand that their only alternative is to struggle in order to stop the neoliberal restructuring. A Left government would build on these struggles in order to pursue a different policy. This policy is different not only in terms of debt management, but also in terms of social strategy.[9]

SYRIZA, as part of the European Left, aims to reverse the policy priorities i.e., to replace the neoliberal agenda with a program of social and economic reconstruction; to let the financial and economic elites pay for the

crisis, in the perspective of a more cohesive and more just society in which the social needs and the interests of the working majority will function as a policy prerequisite.[10] SYRIZA's Program bases itself on three pillars: social justice; reform of the state; and a European solution for the sovereign debt problem.

The root cause of Greece's chronic fiscal problem is low public revenues. The gap between Greece's public revenue as a percentage of GDP and that of the Eurozone average was reduced to four percentage points in 2011 (40.9% and 45.3%, respectively). However, Greece can't sustain public spending at the level of approximately 50% of GDP, the Eurozone average over the last several years. The spending gap has been systematically financed by an ever-higher public debt. However, far from a policy failure, systematic public-revenue inadequacy has been a conscious political choice of the two-party political system that dominated the country in the aftermath of the 1974 fall of the military dictatorship. The alternating governments of ND and PASOK rendered the tax system the locus of a profound distortion in favour of the upper classes. Tax avoidance and tax evasion represent 12% to 15% of the country's GDP, according to officials of the financial and economic crime unit (SDOE). Although not confined to the upper classes, it is their tax evasion that weighs disproportionately on the public purse. That systemic inefficiency of the tax system, exacerbated by the recessionary impact of the 2008 global financial crisis, is what triggered the country's fiscal derailment in the following years. The first and foremost reform, whose introduction is still pending, should have focused on breaking the hold of the economic oligarchy. Even the international media often point out that the rich don't shoulder their tax burden in Greece. To change this situation, a tandem political and fiscal reform is necessarily geared to simultaneously redistributing income, wealth, and power downwards.

From the outset, SYRIZA-USF had emphasized the obvious: that the positive feedback loop between austerity-recession-overindebtedness would cause the failure of the MoU per se, and that providing loans and imposing austerity on an economy already in recession would bring, sooner rather than later, both Greece and its creditors into a calamitous impasse. Consequently, it doesn't come as a surprise that Greece is being told by its creditors to stick to austerity, not because it has proven effective but just

because the Greek government committed the country to it.

Apart from being counterproductive in economic terms, austerity is both counterproductive and deleterious in political terms. It bleeds democracy. It has proven to be the incubator of neo-Nazism. The anguish and hardships endured by the Greek people, along with the humiliation felt by the visible enfeebling of democracy and national sovereignty as the country is practically run by the troika of creditors, have together sown the seeds of nationalism and xenophobia. People are unfortunately becoming receptive to populist messages of rage and hatred. For the first time in Greek history, a neo-Nazi organization entered Parliament in the 17 June election. Worse moreover, recent polls have shown this organization to be gaining political momentum and it now ranks as the third party—behind SYRIZA-USF and ND. Blackshirts *Sturmabteilung* are already bringing violence into the streets of Athens and the villages of Greece.

SYRIZA-USF's position is that, however the Eurozone debt crisis might have commenced, it is European in nature. It reflects flaws and asymmetries in both the architecture and operation of the Eurozone. In that wider European context, SYRIZA-USF has put forward an elaborate and realistic political programme to pull Greece out of the recessionary trap and grow out of its debt. That program, which can be found on the internet in English,[11] involves the following policy actions:

- Annulling the MoU and replacing it with a plan for the productive and developmental reconstruction of the country.
- Renegotiating and consensually revising the lending agreement, with Germany's treatment in the 1953 London Debt Agreement serving as the compass that guides all parties involved. We want to agree with our lenders on a credible solution, ensuring the sustainability of Greece's public debt and paving the way for economic growth. To this end, we insist upon a moratorium on debt-service for a considerable period of time to reorient all available resources towards reversal of recession, economic recovery, and growth; a write-off of a significant portion of the nominal value of public debt, preferably in the context of an overall Eurozone resolution of the debt crisis with the European Central Bank issuing Eurobonds. If that is not feasible, the solution

would occur at the national level: tying the repayment schedule of the remaining debt to the country's ability to pay, on the basis at least of a "growth clause"; and recapitalization of the Greek banking system at the Eurozone level.

SYRIZA-USF—itself an integral part of the *Party of the European Left*—joins its forces with the democratic and progressive political forces and peoples of Europe to remove the neoliberal bias from the process of European integration, to disentangle the Eurozone from the trap of austerity and recession, to revise its mode of operation, and to reverse its *de facto* division into the creditor North and the debtor South. To this end, we call for a European Central Bank that fulfills all the functions of a proper central bank, including the role of a lender of last resort, not only for banks but also for nation states. At the same time, we insist on the political regulation of Europe's financial sector, employing four policy instruments: a Tobin tax on the short-term movement of capital levied initially at the European level; a European banking legislation modelled on the *Glass-Steagall Act*, which was in place in the United States from 1933 until 1999 and separated commercial banking activities from investment banking; the abolition of tax havens; and a public European credit rating agency.

We also call for a number of further measures including:

- Bank oversight and recapitalization at the European level, without policy conditionality.
- Eurobonds to be issued by the ECB or another European institution, without policy conditionality.
- The introduction of a *European Fund for Social Development and Solidarity* to distribute financing for projects on the basis of social and environmental criteria. It would be funded by the ECB, part of the EU budget, and the proceeds from the Tobin tax.

Notes

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1. O. Blanchard and F. Giavazzi, "Current Account Deficits in the Euro Area: The End of the Feldstein-Horioka Puzzle," Brookings Papers on Economic Activity (2002) 2, pp. 148–186.
2. Blanchard and Giavazzi, "Current Account Deficits," p. 148.
3. For an analytical account of the econometric evidence with regard to intra-European current account imbalances, see E. Stockhammer and D. Sotiropoulos, "The Costs of Rebalancing the Euro Area," Working Paper, Post-Keynesian Economics Study Group (2012), <http://www.postkeynesian.net/downloads/wpaper/PKWP1206.pdf >(accessed November 2012).
4. B. Eichengreen, "Imbalances in the Euro Area" (November 2010), <http://elsa.berkeley.edu/~eichengr/Imbalances_Euro_Area_5-23-11.pdf> (accessed March 2013).
5. See J. Milios and D.P. Sotiropoulos, "Crisis of Greece or Crisis of Euro? A View from the European 'Periphery,'" *Journal of Balkan and Near Eastern Studies* 12(3) (2010), pp. 223–240. J. Milios and D. P. Sotiropoulos, *Rethinking Imperialism: A Study of Capitalist Rule* (London and New York: Palgrave Macmillan, 2009).
6. See D. P. Sotiropoulos, J. Milios, J and S. Lapatsioras, *A Political Economy of Contemporary Capitalism and its Crisis. Demystifying Finance* (Routledge, forthcoming 5 June 2013), Ch. 9.
7. At the beginning of the crisis, overall private-sector debt in Portugal amounted to 239 percent of GDP, that is to say 29 units higher than in neighbouring Spain and 116 units higher than in Greece; the corresponding debt levels in France and Germany are 130 percent and 140 percent of the GDP, respectively. It is, for example, characteristic that short-term real interest rates in the 1990s for Greece averaged around 5.4%, but after 2000 fell almost to zero percent, and for long periods went even lower.
8. D. Strauss-Kahn, "Greece's Economy at a Crucial Crossroads" (12 December 2010), <http://www.imf.org/external/np/vc/2010/121210.htm> (accessed March 2013).
9. The role of SYRIZA and its relations to the mass movements had already become important in the pre-crisis period. As M. Spourdalakis amply stated when commenting on the results of the 2007 national elections: "In fact, as things appear right now and as many studies indicate, the political alignment in the country is being transformed from a bipolar scheme with PASOK and ND to a tripolar one in which SYRIZA/SYN is the new dynamic partner." (M. Spourdalakis, "2007 Greek Elections: Signs of Major Political Realignment, Challenges and Hopes for the Left," *Studies in Political Economy* 82 (2008), pp. 171–186).
10. See also the policy proposals of the "European Economists for an Alternative Economic Policy in Europe" (the EuroMemo Group) and its annual report (*EuroMemorandum* 2013): "The deepening crisis in the European Union: The need for a fundamental change" (Euro Memorandum 2013), <http://www2.euromemorandum.eu/uploads/euromemorandum_2013.pdf> (accessed March 2013).
11. See <http://www.syriza.gr>; <http://left.gr/news/economic-programme-syriza-0>.