There are all too many alternatives

In the first of three pieces on Europe's future, we look at Greece's enraged howl of an election, which makes its eventual departure from the euro zone more likely

Alexis tsipras, a left-wing upstart who first won a parliamentary seat less than three years ago, could be the man who takes Greece out of the euro. His Syriza (Left Coalition) party, which unites a handful of fractious radical groups, massively increased its vote in the general election on May 6th, mostly at the expense of the Panhellenic Socialist Movement (Pasok). It has gone from the fringes of politics to being the second-largest party in the Greek parliament.

The centre-right New Democracy was the largest party; Pasok, previously New Democracy's coalition partner, came in third place with just 13.2% of the vote, its worst election performance in over 30 years. Most important, parties which, like Syriza, are opposed to the austerity measures that Pasok and New Democracy had agreed to as the price of a €130 billion ($169 billion) international bail-out earlier this year ended up with 70% of the vote. This, the recent fall of a budget-cutting Dutch government and the election on May 6th of a Socialist president in France are seen by some in Greece and elsewhere as a widespread challenge to Europe's politics of austerity.

In a fissiparous display of national desperation the Greek electorate gave no party much support. New Democracy's 18.9% won it 108 seats, thanks to a rule that gives the front-running party an extra 50 seats; Syriza's 16.8% got it 52 seats, and Pasok got 41 seats. The other parties elected were the Communist Party; Independent Greeks, a right-wing splinter group; Democratic Left, a splinter from Syriza; and the neo-fascist Golden Dawn (see chart).

The collapse of Pasok's vote deprived the pro-euro conservatives and Socialists of an overall majority in parliament, giving Mr Tsipras (pictured) a turn at playing kingmaker during this week's round of coalition negotiations. After New Democracy decided it could not put together a coalition, Mr Tsipras had a go, coming up on May 8th with a list of demands that seemed tailor-made for rejection by the two "mainstream" parties. Cheekily, he asked Antonis Samaras and Evangelos Venizelos, the conservative and Socialist leaders, to sign a "letter of repentance" reneging on a written pledge to Brussels that they would fully implement reforms. This and his other proposals were duly rejected. Another election now looms, probably on June 17th. It may also end in stalemate. That would surely lead to the terms of the bail-out being breached, and make an exit from the euro much more likely.

Until that day of reckoning a caretaker government will run the country. Lucas Papademos, the technocrat prime minister, will stand down in favour of a senior state lawyer or judge. Mr Papademos pushed through enough reforms during his six-month tenure for Greece to receive most of its next €5.2 billion loan tranche this week, ensuring that salaries and pensions will be paid until June. He made virtually no progress, though, on restoring business confidence or attracting investors from abroad. The economy is in its fifth year of recession.

Mr Tsipras, who organised sit-ins and protest marches at high school, still enjoys stirring up the political establishment. He has demanded that Greece formally abandon the “barbarous” bail-out programme; place its banks under state control; and set up an international committee to audit the public debt before declaring a moratorium on repayments. Mr Tsipras argues that Greece can reject the bail-out and also stay in the euro; pro-reform politicians call this “naive”. Any such idea is rejected outright in Berlin.

Left-of-centre Greeks voted for Syriza both to punish Pasok for impoverishing the country and because Syriza opposes reforms that would open up closed-shop professions in a bid to make Greece more competitive. Syriza’s idealistic economic programme calls for providing students with free meals and doling out pensions equal to final salaries. Mr Tsipras says the state should hire 100,000 more workers to help reduce unemployment, now running at 21%.

One more chance

The June election will hinge on whether Mr Samaras and Mr Venizelos can persuade the 70% of Greeks who say that they want to stay in the euro that they have had their protest, and that it is time to get serious again: they must choose between centre and fringe, between euro and drachma.

As well as trying to sharpen up his own campaign, Mr Samaras has to fend off disappointed conservatives who think he should be replaced—not least because he insisted on holding the poll when Mr Papademos seemed to be muddling through. Mr Samaras’s predecessor, Costas Karamanlis, a former prime minister, might now try to replace him, though he is not an obvious choice to lead New Democracy into the next election. Small centre-right parties may also have a role. If Dora Bakoyannis, a former foreign minister and leader of Democratic Alliance, can be persuaded to hook up with Stefanos Manos, a former finance minister and boss of Drasi, a pro-business party, they might get enough votes for a dozen seats.

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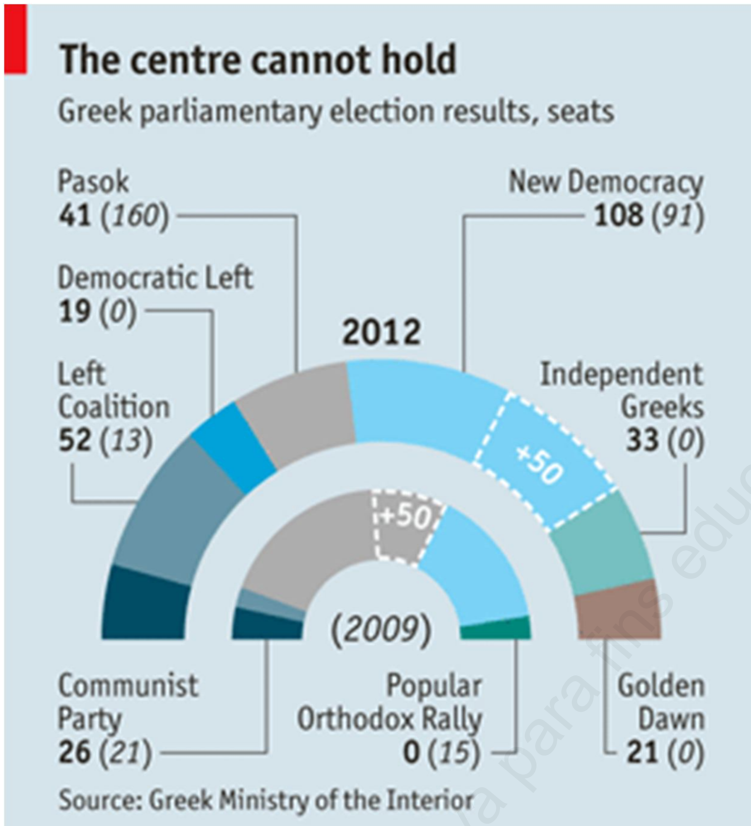
Mr Venizelos has problems of his own. If Pasok loses more votes the second time around, he will be challenged for the party leadership by Andreas Loverdos, the health minister. This means he cannot reject Mr Tsipras as stridently as Mr Samaras does, because he needs to win back voters who have been wooed away by Syriza if he is to survive. Hence his conciliatory tone—while all the time stressing that Greece cannot afford to be outside the euro zone, where Mr Tsipras would lead it.



Fonte: The Economist, London, v. 403, n. 8784, p. 27-28, 12-18 May 2012.