

# Populists in power and bailout conditionality: Evidence from Greece

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## Introduction

The economic crisis that started in Greece in 2009, had multiple negative economic and social consequences, which provoked a radical transformation of the party system and produced new patterns of policy-making. In exchange for being rescued from sovereign default, Greece signed three Memoranda of Understanding (MoUs) with its international lenders in 2010, 2012 and 2015. The conditionalities imposed on Greece included austerity policies and structural reforms in many policy areas, including fiscal management, the pension system, the labour and product markets, and the public administration (Katsikas et al. 2018). In these and other sectors, formulation and decision-making was to a large extent taken away from the hands of elected governments and the parliament and passed on to the ‘Troika’, namely the representatives of the European Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF). The downloading of policies from external actors, combined with the negative effects of these policies on economic growth, unemployment and social welfare, fueled a surge in populism (Tsatsanis et al. 2018).

With the outbreak of the crisis and the imposition of conditionality, the formerly marginal radical left party of ‘Syriza’ took a populist turn, and very soon was able to rise to major opposition status in the parliamentary elections of 2012. During the same election, ‘Independent Greeks’ (Anel), a nationalist/populist splinter party of the center-right party of New Democracy (ND), also entered parliament for the first time. Syriza won the national elections of January 2015 and then the snap elections of September 2015. On both occasions, Syriza chose to form a coalition government with Anel. Thus, two populist parties, one from the left (Syriza, with 35 percent of the vote) and one from the nationalistic right (Anel, with approximately 5 per cent of the vote), governed jointly between 2015 and 2018. Anel abandoned the government in early January 2019, following Syriza’s agreement with the North Macedonian government over the name issue of Macedonia. Syriza lost the national elections to the ND party in July 2019.

Before coming to power, both parties had campaigned fiercely against the bailout agreements and the imposed policy conditionality and had made extremely ambitious promises regarding its reversal. However, once in power, and following a failed attempt to negotiate a new type of agreement with the country's creditors in the first half of 2015, the government signed a new bailout agreement in the summer. From then on, the government pursued consistently the new MoU's fiscal targets, implementing a new round of austerity measures, and continued the previous programmes' structural reforms agenda, including a new wave of privatizations.

This shift in policy, constitutes a dramatic U-turn, which needs to be explained. Most research on Greece's populist government remains descriptive or attributes the turnaround in policy to the creditors' pressure. However, this factor alone does not provide an adequate explanation. As research on Latin American populism has shown, populist parties that come to power in the aftermath of a crisis often 'inherit' IMF programmes. In most cases however, they discontinue these programmes, to regain 'fiscal dominance' to pursue freely their economic policies, necessary for meeting their electoral promises and consolidating their electoral base (Edwards 2019). What is more, an extensive empirical literature on IMF conditionality, suggests, that even when such programmes are retained, compliance tends to be low (for a comprehensive survey, see Dreher 2009).

Therefore the 'effectiveness' of policy conditionality in the case of the Greek populists is an empirical puzzle that needs to be explained. To explain it, we first need to establish the extent of the policy conditionality's 'success'. How successful was the government in meeting the conditionality objectives? Was conditionality equally 'effective' across the spectrum of its extensive mandate, or the government's compliance was more pronounced in some policy areas than in others? Moreover, and crucially, did the government's adherence to policy conditionality meant a change of conduct in other policy areas as well? In other words, did these parties shed their populist character, or were they simply constrained in areas where conditionality could 'bite', resorting to typical populist policies in areas where they felt that they had more room to maneuver?

To provide satisfactory answers to these questions, we need to go beyond idiosyncratic explanations. Besides, such questions are not unique to Greece's latest populist government. The turnaround in economic policy by populists, once in power, has constituted a conundrum in research on Latin America's populism, that has pitted supporters of 'bait-and switch' explanations (e.g., Drake 1991) against those who propose the existence of a neoliberal variant of populism (Roberts 1995, Weyland 2001). These explanations provide a useful starting point, but are largely dependent on a conception of populism as political strategy, and on certain features more relevant to Latin American populism. In this paper we adopt a different approach to populism and acknowledge

the fact that modern day populism is likely to employ some of the institutional features of established political systems, like parties. In this context, it is necessary to provide a more comprehensive framework for analyzing populist policy making under external constraints.

This article contributes to the research on populist policy making under conditions of crisis, by putting forward a theoretical framework for understanding the strategies, constraints, and opportunities available to populists once in power. Given the complexity of the populist phenomenon, we limit our analysis in two respects: we focus on populists originating on the left, who assume power under conditions of external conditionality. The choice of these parameters is justified in both theoretical and empirical grounds. First, following Mudde and Kaltwasser (2013) we favor a more focused analysis on sub-types of populism; left-wing populism is predominantly inclusionary (Ibid), which poses a different set of challenges for policy makers compared to the mostly exclusionary right-wing populism. Focusing on left-wing inclusionary populism makes for a stronger test of conditionality, given its ideological roots and corresponding ideational features. Secondly, populists originating from the left are more likely to emerge and successfully compete for power in the aftermath of an economic crisis, given the economic suffering and popular demands for material compensation. This is verified empirically as left-leaning populists in Latin America, and more recently in Europe, rose to power in the aftermath of major economic crises. Finally, in most of these cases, populist governments had to face policy conditionality imposed by the countries' creditors. Given the increasing recurrence of economic crises in recent decades, this set-up is highly likely to be repeated in the future.

The article is organized as follows. The next section introduces the basic concepts employed. Then, the theoretical framework is outlined. The following part of the article engages with the empirics of the Greek case and applies the framework. The final section concludes and offers a discussion on potential avenues for future research.

### **Definitions and interactions: Inclusive populism and bailout conditionality**

The difficulties in defining populism are well known and well documented in numerous publications (see, for example, Rowira Kaltwasser et al. 2017), therefore we shall not go over the familiar debates or enumerate here the different approaches and conceptualizations. Our own understanding follows the so-called "ideational approach" which conceptualizes populism primarily as a set of ideas which politicians use to construct their appeals. It may be called ideology or discourse but "[w]hatever the specific term scholars within the ideational approach use, all consider populism to be, first and foremost, about ideas in general, and ideas about "the people" and "the elite" in particular." (Mudde 2017: 29). Within the ideational approach, Cas Mudde's so-called

“minimal definition” has become widely used as it captures the essence of the populist worldview and tends to travel well both across regions and time. According to this definition, populism can be conceived as a thin-centered ideology that considers society to be ultimately separated into two homogeneous and antagonistic camps, the ‘pure people’ versus the ‘corrupt elite’, and which argues that politics should be an expression of the general will of the people (Mudde 2004: 543). Even though the paper focuses on strategies and policies pursued by populists in government, we do not employ Kurt Weyland’s “political-strategic approach” (see Weyland 2017) despite its useful focus on strategies and actual behavior. The latter approach places too much emphasis on personalistic leadership and at times appears too bound to the Latin American context and experience.

A key aspect of populism is that of its inclusionary or exclusionary character. The literature has typically distinguished between mostly inclusionary, left-wing populism in Latin America and mostly exclusionary, right-wing populism in Europe (Mudde and Kaltwasser 2013). However, developments in recent years, including the Eurozone crisis and the rise of left-wing populism in Southern Europe, demonstrated that different types of populism are not culturally or regionally determined, but can occur in different regions, depending on the socio-economic and political conditions. The distinction between the two types of populism is significant in terms of both the articulation of populist rhetoric, that is, who belongs to the ‘people’ and who to the ‘corrupt elite’ (Mudde and Kaltwasser, 151), but also for the direction and design of policy once in government. Based on the work of Filc (2010), Mudde and Kaltwasser (2013, 158-166) outline three dimensions of the exclusion/ inclusion parameter: material, political and symbolic. The distinction refers to the extent that populists primarily aim to include or exclude groups of the population in the distribution of material resources, in political participation and representation, and in the conceptualization of the ‘people’.

Conditionality refers to a set of policy prescriptions that a government commits to implement, typically in exchange for funding or access to an international, regional or plurilateral organization. Here, the focus is on the conditionality that accompanies a programme of financial assistance, which is offered to a country in conditions of crisis; we will hereafter refer to such conditionality, as ‘bailout conditionality’. The crisis conditions differentiate bailout conditionality from other types of conditionality. One major difference is that bailout conditionality typically involves macroeconomic stabilization policies, such as fiscal consolidation measures or monetary policy interventions, which need to be implemented rapidly to prevent the further deterioration of the economy. Also, bailout conditionality is, by definition, ex-post in nature, that is, it is activated once a crisis has already occurred.<sup>1</sup> This means that at least part of the funding is furnished at the beginning of the programme, with the balance typically being distributed in tranches over its duration,

provided that the agreed conditions are met. Finally, the very existence of conditionality, and the limits it imposes to economic policy making, make it an option of last resort, usually sought only after a country has lost access to the private markets.

Some of these features pose significant challenges for incoming inclusionary populist governments. On a material level, such governments have typically campaigned on, and once in power, try to implement, economic policies, which in the context of a major economic crisis, are expected to distribute and/or redistribute resources to parts of the population adversely affected by the crisis. Indeed, this kind of policy reaction, has been used to define populist economic policy making in Latin America (Dornbusch and Edwards 1989). However, given the constraints of conditionality, the economic or fiscal autonomy required to promote such policies seems difficult to attain. In addition, the prescribed stabilization policies not only constrain inclusionary policies, but more often than not, have adverse effects on growth (Bordo and Schwartz 2000, Dreher 2006, Anderson et al. 2014), and inequality (Pastor 1987; Vreeland 2003; Lang 2016), that is, they tend to produce the very outcomes that populists have been elected to reverse. On an ideological level, such policies form part of the neoliberal economic paradigm (Williamson 1990), the epicenter of left ideology's critique of modern day capitalism. This applies not only to the stabilization policies, but even more so, to the so-called structural conditionality, which stipulates extensive supply-side reforms in domestic markets and adjustment of public policies, meant to address long-term productivity and competitiveness problems of the recipient economies.

In these circumstances, incoming populist governments face an existential dilemma: on the one hand, they do not want to comply with conditionality, which they have repeatedly denounced on their way to electoral victory, but on the other hand, they must deal with an economic crisis; for that they need funding, which however is only available under the conditions they resist. To understand how incoming inclusionary populist governments will handle this dilemma, we outline below a framework of the strategies, constraints, and opportunities available to them in these conditions.

### **Inclusive populism under bailout conditionality: A framework of strategies, constraints, and opportunities**

Once in power, an inclusionary populist government will pursue two fundamental policy objectives: (a) attain economic policy autonomy, and (b) strengthen its political authority. The first is a prerequisite for implementing inclusionary economic policies; in order to distribute resources a populist government needs to be 'in charge' of the economy. This means primarily the ability to raise and furnish public funds without limitations. This in turn necessitates freedom to run substantial budget deficits, and given the country's

exclusion from the markets, it requires control of the central bank, to buy up the government's new debt, but also to manage interest rates and foreign exchange reserves. The second objective is necessary in order to secure the populists' position in the country's political system. Populists need this, not only because of their hitherto outsider status and obvious lack of access to established networks of power, but also to overcome the limitations, often inherent in populist parties, such as the lack of institutional organization and a party network. To achieve this objective, populists need to be able to mobilize all available political and institutional resources without limitations, which in effect means that they will attack liberal democratic institutions put in place to restrain the power of the state (Pappas 2019). In other words, in both the economic and political realm, incoming populist governments will strive to relax policy and institutional constraints in order to consolidate their position of authority.

### *Economic policy autonomy*

Bailout conditionality constitutes a significant external constraint, which makes fiscal and monetary dominance difficult to attain. On the fiscal front, bailout conditionality typically promotes austerity policies to improve the fiscal balance and reduce public indebtedness, but also introduces permanent limits to the fiscal discretion of the government, through for example reforms in the budgeting process (e.g., improving the transparency of the budget) and the functioning of government (e.g., by imposing expenditure ceilings for ministries and public agencies). On the monetary and foreign exchange policy fronts, interventions typically aim at curbing inflation, restoring confidence to the country's currency, and preserving a sustainable balance of payments; such policies are usually accompanied by reforms to limit the government's ability to manipulate the interest and exchange rates (e.g., by establishing central bank independence).

How can inclusionary populist governments accommodate such policy prescriptions? On the one hand, the lack of access to private funding, limits their options, implying a high degree of compliance. On the other hand, the ex-post nature of bailout conditionality offers some room for maneuver, as it allows a degree of time-inconsistent (Sachs 1989) and morally hazardous behavior (Vaubel 1983); governments may agree that there is a need to adjust their economic policies, but still be tempted, once they receive the first tranche of funds, to renege on their commitments. Moreover, ex-post conditionality also affects the creditors' incentives. Once creditors have disbursed an amount of funds, they are induced to continue payments, even if the agreed conditions are not met, in order to ensure their repayment (Ramcharan 2003). For public international organizations such as the IMF, the WB and the EU, the incentives for such 'accommodating' behavior are stronger because their funding decisions need to incorporate broader economic and political objectives (Khan

and Sharma 2001), such as securing the political cohesion of the recipient country, the stability of the international financial system or a monetary union's integrity.

Given the commitment issues related to bailout conditionality, it has been argued that a necessary condition for the success of a bailout programme, is its ownership.<sup>2</sup> Ownership, however, implies that policy makers would adopt similar policies even in the absence of conditionality (Khan and Sharma 2001). If that is so, why is conditionality needed? The presence of conditionality only makes sense if there is a conflict of interests (Drazen 2002). Given the material constraints and the ideological pressure that bailout conditionality poses on incoming populist governments, the conflict of interests between creditors and the government is bound to be intense and ownership of the programme low. In these circumstances, and under pressure to attain economic policy autonomy, incoming inclusionary populist governments will look for ways to relax the constraints of bailout conditionality.

Whether they will succeed in doing so and to what degree, will largely depend on their ability to find alternative sources of funding. There are several possibilities; appropriating the revenues of public companies charged with the extraction and export of natural resources or nationalizing private or foreign companies when they are in charge of such operations; obtaining loans from other states, or even international or, more likely, regional or plurilateral organizations; exploiting an unexpected improvement in the terms of trade, like the increase in the price of a commodity that constitutes a key export of the economy. If such alternatives are found, populists will be tempted to abandon the bailout agreement and follow their own economic policy program.

If no alternative funding is forthcoming, a populist government will try to renegotiate the bailout agreement seeking more favorable terms. Whatever the terms, the government will have to implement some form of bailout conditionality. This of course is unlikely to be a full capitulation; wherever possible populists will try to either circumvent the imposed conditions or implement them in a way which serves their political interests. When it comes to stabilization policies, this could be achieved by shifting the burden of adjustment to their political adversaries; fiscal stabilization for example could be pursued through the disproportionate taxation of population groups that do not belong to the populists' electoral base, while part of the proceeds can be used to reward their own constituencies. Alternatively, they may use regulation as a distributional device, including through the manipulation of the design and implementation of structural reforms, in order to award economic benefits to particular interest groups or parts of the population.

The success of their rearguard action will primarily depend on the intensity of interests of their creditors. Interest intensity in bailout conditionality is shaped by three factors: a) the exigencies of the bailout programme, b) the assurance of repayment and c) linkage. Regarding the bailout programme, creditors are likely to prioritize a subset of policy prescriptions, due to the urgency of the situation (e.g., out-of-control inflation rate) or because they are deemed necessary for addressing the most important policy and institutional failures that led to the crisis. Regarding the repayment of bailout loans, it is generally considered the primary justification for bailout conditionality (Dreher 2009). As the IMF itself admits, policy conditions ‘serve to ensure that the country will be able to repay the IMF’ (IMF 2021). Accordingly, creditors will be more interested in ensuring the implementation of policies that ensure their repayment and may be willing to invest less resources in monitoring progress in other policy areas. Finally, the creditors’ intensity of preferences will also depend on linkage; linkage is a concept introduced by Levitsky and Way (2006) to account for the effectiveness of external influence on democratization processes. Linkage refers to ‘the density of ties and cross-border flows between a particular country and the U.S., the EU, and western-dominated multilateral institutions’ (2006, 383).<sup>3</sup> Linkage affects the creditors preferences because the denser the economic ties and the broader their scope, the higher the cost of a bailout failure both for the receiving country and the international or regional economy. As noted earlier, official creditors take into account broader economic and political objectives; in this context, they may be willing to strike a bargain that ensures the implementation of ‘necessary’ policies, while turning ‘a blind eye’ in other policy areas, acknowledging the political constraints facing the government.

### *Buttressing Political Authority*

Even though the populist brand of politics means that populists feel more at home in opposition, there is enough experience with populist governments around the world in the past few decades to identify certain common strategies and patterns of behavior when they do manage to control the executive in either presidential or parliamentary regimes. The imposition (and compliance with) external conditionality on economic policy obviously raises certain similar challenges for populist and non-populist governments alike. However, the (reluctant) implementation of stabilization policies restricts the ability of populists in government to utilize a crucial part of their standard toolkit when trying to solidify their hold on power through economic means. The experience with populists in government in certain European states but (mainly) in Latin America allowed some scholars to identify a common populist playbook used to buttress political authority when in power (e.g., Weyland 2013; Müller 2016).

Of course, populism can coexist with stabilization policies as -once again - the Latin American experience of ‘neopopulism’ in the 1990s demonstrated under leaders such as Carlos Menem in Argentina and Alberto



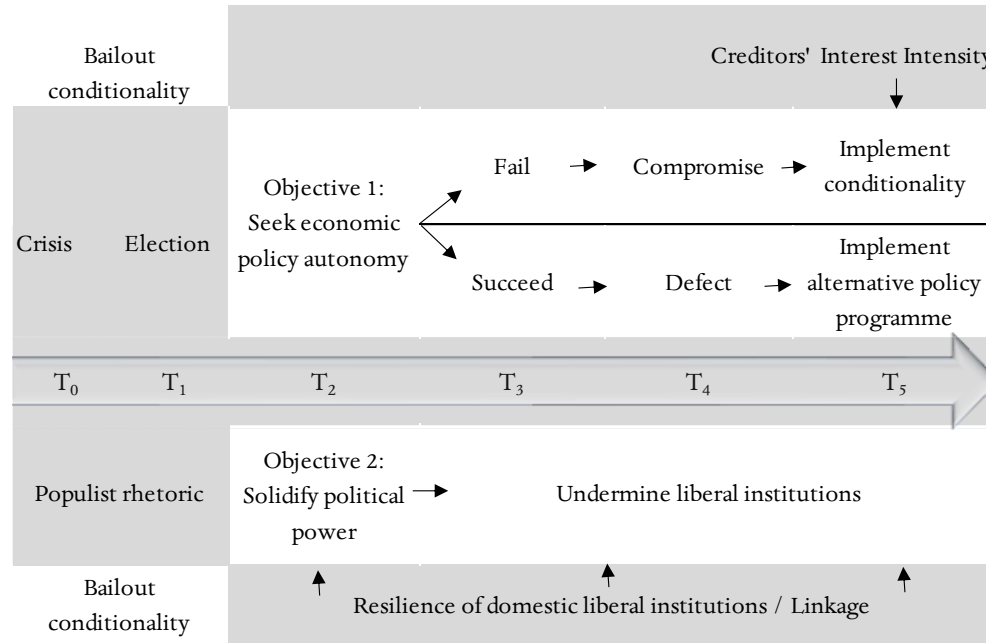
Fujimori in Peru. This type of populism combined populist rhetoric and mobilization with far-reaching projects of neoliberal reform with the goal of achieving macroeconomic stability. However, the left populism that swept Latin American countries in the 1980s and again in the first decade of the 21<sup>st</sup> century, pursued expansionary economic policies that mostly benefited their electoral base, composed primarily by citizens from the lower economic strata. The imposition of stabilization policies thus removes to a large extent the ability of populist governments to reward their electoral base through direct economic means.

The inability to utilize economic resources due to external conditionality means that populists in government will place even **more emphasis on other parts of the populist toolkit**, composed mainly of communicative and institutional routes to buttressing their authority. First, being forced to renege on promises of expansionary economic policy will lead to communicative strategies of *blame avoidance*, which most commonly assumes the form of *blame shifting* - by which we mean the publicly articulated attribution of responsibility for undesirable outcomes to other actors (Sommer 2020). Before blame shifting, however, other strategies of blame avoidance might first be pursued, such as the threat of *non-compliance* (Kriegmair et al. 2021). As we shall see below, both strategies were followed in the case of the coalition Syriza-Anel populist government in the 2015-2019 period. The acceptance of conditionality was not the preferred outcome for the Greek populist government but it allowed them to continue to behave like victims even after capturing power, something that constitutes a familiar pattern with populists in government (Müller 2017).

The second, and most effective, route of power consolidation for populists is related to the circumvention or removal of checks to the power of the executive. Even though the strategic component for such course of action is clear enough, one should not ignore its ideological underpinnings. Removing institutional obstacles to the authority and power of the executive is in line with the majoritarian logic embedded in the “thin ideology” of populism as many scholars of populism have noted (Abts & Rummens 2007; Albertazzi & Mueller 2013; Rummens 2017). Such behavior is at least partially informed by the way populists conceptualize democracy. Emphasis is placed on the representation and implementation of the ‘will of the people’, which is expressed via majority rule. Institutional safeguards of individual and minority rights as well as constitutional limitations to the power of the executive can be seen as impediments to the “pure democracy” of majority rule. This view of course is incompatible with the *liberal* component of democracies, which views majorities as *transient* and considers their power *limited* and *mediated*. Within truly *liberal* democracies the power of any given majority is supposed to be shared with institutions whose responsibilities have been assigned to them in advance and it cannot be exercised at the expense of group rights and individual liberties (Albertazzi & Mueller 2013: 348) and in this regard populism can be considered as a form of *illiberalism* (Mudde 2021).

The illiberal conceptualization of democracy by populists thus provides a normative and moralistic veneer to calculating actions that aim to marginalize the opposition and consolidate power. Given that “the people” as a collective is recognized as the ultimate (and only) source of legitimacy, populists in government consider themselves as the only true representatives of the people, allowing them to claim that they are above ordinary constraints and legitimizing in their eyes the instrumentalization of the constitution as a means for promoting their own ends (Rummens 2017). Jan-Werner Müller (2017) has identified four distinct ways in which the populist conceptualization of democracy has translated into specific anti-institutionalist and anti-constitutionalist practices by populists in government: state colonization, mass clientelism, discriminatory legalism (undermining rule of law), and the suppression of civil society. *State colonization* refers to appointing loyalists to the civil service, the judiciary and independent authorities, undermining the neutral character of the state. *Mass clientelism* refers to the exchange of material and immaterial favors by political elites to loyalists and can work jointly with the colonization of the state. Discriminatory legalism exists when only some of the people (again, loyalists) enjoy the full protection of the law. Put simply, this is the idea of “everything for my friends; for my enemies, the law” (Müller 2017; Weyland 2013). Finally, populists in government also tend to be hard on civil society organizations that are critical of them or seem to antagonize them in the representation of ‘the people’. As Müller acknowledges, these practices are not followed exclusive by ruling populists but only they can claim legitimacy for their actions based on their own conception of “pure democracy” (Müller 2017). As we shall see in the next section, some of these practices were prioritized during the course of the Syriza-Anel coalition governments, and in particular once the capitulation to the demands and conditionality of the creditors was complete.

**Figure 1. Populism in power under bailout conditionality**



### Applying the framework in Greece

#### *Crisis and Syriza's emergence to power*

The organizational and ideological evolution of Syriza is full of discontinuities. Even though Syriza has been in existence since 2004 as an electoral coalition (and since 2012 as a unified party), its actual history overlaps with a significant part of the post-war history of the broader Greek left. In fact, given the historical ties of Syriza to the ideological traditions of Eurocommunism and of the “Left Renewal” – which in Greece were associated with the more reformist and moderate tenets within the Greek left – one could argue that the association of Syriza with the Manichean and polarizing worldview of populism constitutes something of a paradox.

Syriza itself was initially founded in 2004 as a coalition of the former “Synaspismos” party, other very small radical left parties and assorted extra parliamentary organizations of the left associated with the anti-globalization social movement. Traces of populism in Synaspismos may be detected already in the mid-2000s in the “Left Current” official faction, which pursued the radicalization of the party and its alignment with radical activist groups within Greek civil society. However, the decisive moment arguably took place a few months later during the 4th Congress of Synaspismos in December 2004, when the party’s so-called “left turn” was

completed, following the election of Alekos Alavanos as party leader and the defeat of Michalis Papagiannakis, the representative of the pro-European, modernizing and moderate “Renewal Wing” within Synaspismos.

The victory of the “Left Current” within Synaspismos in 2004 led to the radicalization of the party at the expense of the more moderate discourse of earlier iterations of Synaspismos. Between 2005 and 2009 Syriza’s discourse developed some initial populist features, pursuing a confrontational strategy against the representatives of “neoliberal globalization” in Greece (i.e., the center-left PASOK and the center-right New Democracy, the dominant parties in the two-party system that existed in Greece in 1977-2012). Social movements and the younger generation of Greeks were singled-out as the main allies of Syriza in the fight against “the old establishment” of PASOK and New Democracy (Katsambekis, 2019: 106). It is in this period that the target of Syriza’s polarizing tactics began to take shape more explicitly. Specifically, the targets that were singled out by Alavanos were “the banks”, “economic cartels” and “big corporate capital” along with the “two-party political establishment”. Appeals to “the people” are not central to Syriza’s discourse during this period, preferring instead the concept of the “social movement front” as the main antagonist to the “establishment”. During the same period, Alexis Tsipras, who was a young protégé of Alavanos, was elected leader of Synaspismos in 2008 and was reelected in 2010.

The second pivotal moment in the populist transformation of Syriza came after the outbreak of the economic crisis in Greece, the imposition of austerity policies in 2010 and, specifically, during the mass mobilizations of the “*aganaktismenoi*” (“indignant” movement) in central squares throughout Greece in 2011. Syriza under Alexis Tsipras decided to take advantage of the anger and opposition of Greek citizens to the austerity measures which were agreed between the PASOK government and the country’s international creditors. During this period Syriza cultivated more explicitly populist appeals to the Greek population. First, the radical left party tried to present itself as a representative of the entire “people” and to spearhead its fight to overturn the hated “Memorandum” policies against the wishes of the domestic and foreign “establishment”. Despite the attacks against the EU “establishment” and the German government, the conceptualization of “the people” was never ethnicized, which allows us to classify Syriza as a case of “inclusive populism”, unlike its minor coalition partner, Anel. The Greek electorate rewarded Syriza in every election between 2012 and 2015, by boosting its electoral performance. The party grew its share of the vote election after election and saw its relative importance in the Greek party system change radically within a short period of time. Unlike the much narrower electoral base of Syriza prior to the economic crisis, the collapse of PASOK due to the economic crisis translated to the ‘migration’ of many former PASOK voters to Syriza.

In the January 2015 election, Syriza emerged as the first party with its best electoral performance to date but failed to capture an absolute majority (by only two seats). Nevertheless, the party leadership quickly reached an agreement to form a coalition government with the right-wing populist but also anti-austerity Anel, in a move that surprised many outside of Greece. The two parties had vast programmatic differences on economic, cultural and, particularly, social issues. However, their shared rejection of the *Memorandum* (i.e., the bailout agreement), as well as their common critique of high-level corruption and of vested interests (which both Syriza and Anel connected to the PASOK and New Democracy), had made them behave as potential coalition partners for months in advance. Moreover, the fact that KKE - perceived by the SYRIZA leadership as a natural ally - repeatedly rejected calls to collaborate, made Anel appear as the only viable partner in a government committed to an anti-austerity agenda (Tsatsanis and Teperoglou 2016).

### *Economic policy making*

After winning the parliamentary elections of January 2015, Syriza tried to free itself from the constraints of the Memoranda and ensure its economic policy making autonomy. The new government sought to extract from the creditors a completely new type of agreement outside the previous MoUs framework. The government's approach was revisionary but it did not seek a direct confrontation with the creditors; according to a government's non-paper, the new deal would be a combination of the 'best elements of the current program and its own [the government's] reform agenda' (Greek government 2015, p.2). In this context, austerity would not be completely abolished, but it would be moderated, as the government asked for a reduced target of 1.5% primary surplus. On the reforms front, despite appearing willing to implement a substantial part of the reform agenda, that was consistent with its perceived mandate, there were also areas of strong or qualified disagreement. The Greek government wanted to reverse some of the labour market reforms and produce a new reform plan in cooperation with the International Labour Organization (ILO); during the negotiation period it did not want to implement reforms that would have recessionary measures; regarding the privatizations plan, it rejected a systematic approach, but, without being adverse to more privatizations, wanted to proceed on a case by case basis, depending on the proposed investment plans.

At the Eurogroup meeting on February 20, 2015, agreement was reached between Greece and its creditors. Contrary to its pre-election statements, the Greek government submitted a formal request for the extension of the existing program, with a view to: (a) complete the suspended review, in order to receive, upon successful completion, any remaining balances from the program and the profits for the year 2014 from the 'Securities Market Program' (SMP) of the European Central Bank (ECB), and (b) to negotiate 'a follow-up arrangement' between Greece and its creditors (Eurogroup 2015). The Greek authorities also 'reiterated their unequivocal

commitment to honour their financial obligations to all their creditors fully and timely' and 'to refrain from any rollback of measures and unilateral changes to the policies and structural reforms that would negatively impact fiscal targets, economic recovery or financial stability, as *assessed by the institutions*' (Ibid, emphasis added).

Following the agreement, a process of technical discussions begun between the Greek government and the institutions representing the creditors, which however, did not progress satisfactorily. Two months later, following a particularly hostile Eurogroup meeting, Jeroen Dijsselbloem, President of the Eurogroup, admonished the Greek government in his press briefing, stating that 'too much time has been lost in the past two months' and made clear that 'the responsibility for that [progress] lies mainly on the side of the Greek authorities' (Dijsselbloem 2015). The discussion on the behaviour of the Greek government during the negotiations has been extensive. According to Varoufakis' own admission, the government adopted a strategy of 'creative ambiguity'; For several months, the Greek side refrained from submitting concrete proposals in the negotiation and pursued a 'political' solution. In addition, the government seemed to backtrack from the February agreement, as there were repeated declarations by leading ministers expressing their opposition – often with harsh wording – to the content and direction of the ongoing negotiations. Moreover, the government proceeded to implement a number of unilateral actions, such as the reinstatement of civil servants that had been let go under previous MoU policies, even though it had committed to abandoning such plans based on the agreement of February.

Following revelations by Varoufakis himself (Varoufakis 2018), it seems that the lack of progress was part of an intentional strategy on the part of the government, meant to lead the negotiations to an impasse and present the European creditors with the dilemma of Grexit, forcing them to accept the Greek proposals. However, as time run by, the economic and fiscal conditions deteriorated due to lack of funding and pervasive uncertainty, which among other things led to a bank run on deposits. At the same time, efforts by the government to find alternative means of funding, as it had promised during its time in opposition, foundered. A high profile visit to Moscow which was widely interpreted as an effort to informally explore the potential for a Russian loan, led nowhere.

Meanwhile, the funding pressures were increasing on the Greek government: (a) the suspension of bailout instalments, since the program had been interrupted, left the government without cash, (b) the electoral period had left an adverse fiscal legacy; tax revenues were down by approximately €2 billion, already at the end of January when the new government came to power (Greek government 2015b, p.3), and (c) there were

substantial repayment obligations for the Greek government during 2015; payments to the ECB, the IMF and others creditors amounted to €17 billion.

The deadline for reaching an agreement expired, leaving the country without a program, and therefore without funding and the banks without access to the Emergency Liquidity Assistance (ELA) program of the Greek Central Bank. Predictably the country defaulted on an IMF payment, the banks were closed and capital controls were imposed to prevent a bank run and capital flight. Despite the fact that the government won a hurriedly conducted referendum on a proposed draft agreement, with 61% of people rejecting the agreement (as was the government's proposal), the deteriorating conditions and the immediate danger of a Grexit ultimately led the government to sign an agreement for a new bailout program, accompanied by a new MoU. The agreement was approved by the Greek parliament in August 2015.

In terms of policy content, the new MoU continued where the previous ones had left off, contrary to all of Syriza's pre-election promises. Austerity was once again the main pillar of the program. Austerity targets were slightly lower, to take account of developments in the economy during 2015, but with a much worse growth outlook. More specifically, the government agreed to limit the primary deficit at 0.25% for 2015 and then achieve primary surpluses of 0.5% in 2016, 1.75% in 2017 and 3.5% from 2018 onwards. Austerity was further entrenched by two additional agreements during the program. At the Eurogroup of 9 May 2016, days before the completion of the program's first review, the Greek government agreed with its creditors the introduction of a new 'contingency mechanism', which ensured that under all circumstances, the Greek government would meet its fiscal targets, by automatically correcting for any deviations. Moreover, at the Eurogroup of 15 June 2017, there was agreement about the post-program targets; primary surpluses would remain at the 3.5% of GDP level until 2022. After that, Greek authorities would have to achieve lower primary surpluses of 2% of GDP, until 2060.

The austerity policy was implemented overwhelmingly on the revenue side. First, taxes increased across the board, including for lower incomes; among other things, the introductory tax rate of 22% was applied to lower incomes and the tax-free threshold was reduced (which meant that people that hitherto were exempt from taxation due to low income, would have to start paying taxes). Also, there was a further increase in the higher VAT tax rate to 24%, and most importantly, a reclassification of many daily-use products from the 13% VAT rate category to the 24% one. Significant increases and new levies were also imposed on basic products and commodities, like gasoline and oil -including for heating purposes- phone lines, internet access and even coffee. As a result, the tax wedge (the difference between the nominal pay and what workers receive) for farmers and

the self-employed could rise as high as 70%. Business taxation was also increased across the board, without distinctions about the size of companies or the level of revenues.

This approach was in line with Syriza's ideological positioning, or at least could be communicated as such; adjustment from the expenditure side would unavoidably hurt the operation of the public sector (hosting a large part of Syriza's voters), while increased taxation could be used to target high income strata. Indeed, the government advertised the fact that its policies were class-biased (in favour of the poorer strata) and that they targeted higher incomes, despite the fact that, as just described above, that was not entirely true. As a result of this policy, the Syriza-Anel government, was able not only to meet the fiscal targets, but to record substantially higher primary surpluses than those required. More specifically, the fiscal surplus for 2016 was 3.7% of GDP (against a target of 0.5%), for 2017, 3.8% of GDP (against a target of 1.75%) and in 2018 4.3% (against a target of 3.5%). The government used part of these surpluses to compensate the least well-off, thought to be its primary electoral base, mainly through the disbursement of annual Christmas benefits, presenting them occasionally as the fulfillment of a pre-election promise for the restoration of the 13th pension, as well as other one-off payments, such as the cash benefit announced just two weeks before the July 2019 elections, which Syriza lost to the center-right party of ND.

As a result for these policies, although high income groups were called upon to pay more, the main burden of the adjustment was shouldered by the middle-class, comprised by scientists, the self-employed, small businessmen, and private sector salaried employees. The fact that the middle class was explicitly targeted was acknowledged by the Alternate Minister of Finance, G. Chouliarakis, in November 2017, in the context of a parliamentary discussion on the draft budget (Chrysolora 2017), an admission that was later confirmed by the Minister of Finance, E. Tsakalotos.

On the reforms front, the Syriza government continued with reforms agreed with the creditors in public administration, in business environment and the product markets, and in the pension system. The priority of the reforms in most of the cases was the bolstering of fiscal sustainability. In public administration this meant mainly reforms on the fiscal and tax administration with a view to improving the management of the public budget and enhancing the ability to collect taxes. On the other hand, it also meant that broader, more ambitious reforms that could spur a much-needed paradigm change in the way the public sector operated were not pursued. Indeed, most of the public sector's reform agenda, not directly related to the issue of fiscal sustainability stalled and, in some cases, previous reforms were even reversed (Spanou et al. 2018). Similarly, in the pension reform the prioritization was fiscal sustainability, which effectively meant measures to increase revenues and reduce expenditures for the social insurance system; savings were secured by reducing existing



pensions and changing the way new pensions are calculated to reduce the level of future pensions. On the revenue side the reform introduced the increase in social security contributions mentioned before. In the labour market no major reforms took place with the exception, in early 2019 -a few months before the national elections- of an 11% increase in the minimum wage and the abolition of the sub-minimum wage for people below the age of 25 years old. Finally, one part of the reform program that clearly did not meet any of its targets, was the privatization program, where major delays were observed.

The picture that emerges is puzzling; populists, once in power seemed to implement faithfully the austerity programme, and with an effectiveness that far surpassed that of the preceding governments, recording systematically primary fiscal surpluses well above the targets, while dragging their feet in the reform agenda, with the exception of those related to the attainment of fiscal targets. Why would a populist government pursue with zeal an austerity programme, which it had vehemently denounced for many years and resist implementing much needed reforms? The approach described above suggests that, given its capitulation on the austerity front, Syriza decided to implement it in such a way as to obtain the coveted fiscal autonomy, by extracting resources from the middle and upper classes of Greek society and then use the resources to reward the lower classes, thought to be its electoral base. Although, the lower strata were also burdened by new and increased taxation, they were on the other hand the recipients of annual benefits and received support from other policies in health and welfare.

An equally intriguing question is why the creditors went along with this approach? Following the experience with the first MoU, the creditors seemed to realize the need to emphasize much more the reform agenda; the problems facing the Greek economy were structural in nature and went back a long time. In order to put the Greek economy on a path of sustainable growth there was no doubt that an ambitious reform agenda was needed. The second MoU contained twice as many reforms as the first, with emphasis being given, beyond the so-called fiscal structural reforms, to tax administration reforms and the business environment (Katsikas et al. 2018). In the third MoU, these priorities were maintained, while emphasis was also given to reforms dealing with the operation of the public sector (Spanou et al. 2018). On the other hand, fiscal consolidation had always been the first and overwhelming priority of all MoUs (Petralias et al. 2018). It is telling that the fiscal consolidation that was achieved was the biggest and fastest consolidation in a developed country in recent decades (Anastasatou 2017). The priority of the creditors was to secure fiscal and debt sustainability, in order to ensure repayment of their funds and also lift the need for additional loans to Greece. The priority assigned to fiscal consolidation was evident throughout this period from the fact that failure to meet reforms' targets typically meant that they were moved to the next assessment (often as prior actions) – while failure to meet

fiscal targets meant that the assessment could not be completed, and funding was withheld. In this context, the creditors seemed willing to accommodate Syriza's need to abandon politically challenging reforms, such as the reform of the public sector, in order to pursue unhindered with the fiscal consolidation programme.

### *Political power*

Communication with the public had been one of Syriza's strong suits during its meteoric rise from a niche party to dominant political force. Playing on people's anger and frustration with the never-ending crisis in Greece, Syriza combined its attack on the EU with a positive message, promising a reformed EU, free of Germany's austerity shackles (Katsikas 2020). Syriza would lead this push for reform, once in power by changing the way the Greek crisis would be handled. The rhetoric had all the elements of populist discourse: identification of a corrupt elite, responsible for the country's woes; revelation of this elite's betrayal which had cooperated with an external foe -Germany; attribution of blame to the external foe for the catastrophic policies imposed on the country; a message of hope, full of promise for drastic changes once Syriza was in power.

Once in power, Syriza, continued placing a lot of emphasis on its communication and discourse strategy. Thus, the first thing the government tried to achieve was to change the 'semantics' of its interaction with the creditors; according to the statement of Y. Varoufakis, Greece's new Finance Minister, at the Eurogroup of 11 February 2015, the new government did not acknowledge the Troika, as 'our citizens have rejected the role of the 'Troika' in Greece'; moreover the government was not prepared to continue the second bailout program which was in force at the time. Instead, as already noted, Greece wanted to design with its European partners a new 'Contract for Greece's Prosperity and Growth', as the new deal was labelled by Varoufakis at the Eurogroup of 16 February.

In this context, the government refused to call the creditors' representatives the 'Troika' and instead insisted that it conducted negotiations with the 'Institutions'. It also placed a lot of emphasis on the symbolism of the Greek governments' meetings with the Institutions and how these were portrayed to the public. Thus, it put a stop to the Institutions' representatives visits to ministries and other public organizations to meet officials; instead, the meetings would take place in a hotel where the foreign representatives would be set up for the duration of the negotiations.

In addition to this 'discourse of the symbols', another characteristic feature of the government's communicative strategy during the first six months of the negotiations was its 'double-talk', in the sense, that often statements in the interior of the country by senior officials and ministers, were in contrast to statements made for the international audience by prime minister Tsipras and minister Varoufakis. Thus, while the latter

repeatedly made references to good cooperation and progress in the negotiations with the creditors (who were now labeled partners), statements towards the domestic audience were far more aggressive, often dismissive of the measures being discussed in the negotiations and disparaging for the creditors' representatives. The contrast is characteristic in the following quotes, that were made only one day apart:

“This meeting is the first stage in a new relationship between Greece and Germany... we had a fruitful exchange that determined both common ground and differences between us.’ (Carasavva 2015; Prime Minister Tsipras, statements after meeting Chancellor Merkel, 23 March 2015)

‘Things have reached a critical point. Our so-called partners and in essence the banking capital... with Germany at the center, try to struggle the Greek economy... We have in front of us an unprecedented neo-colonial blackmail at the expense of a small country’ (P. Lafazanis, Minister of Productive Reconstruction, Environment and Energy, interview to Ependisi, 22 March 2015)<sup>4</sup>

The ‘dramatization’ of the negotiation process (Tsebelis 2015) served the populist coalition government well in the sense that it allowed the Syriza-led government to present itself as fulfilling its pledge to the Greek electorate to “negotiate hard” with the creditors and - most importantly - to place the blame for the failure to reverse austerity policies on the intransigence of the creditors (Tsatsanis and Teperoglou 2016: 437).

In addition to the intransigence of the creditors, the ‘domestic elites’ theme was revived to account for the failure of the negotiations:

‘The enemy, perhaps the toughest one, is inside the walls. [...] beyond the Troika of foreigners there has been all these years a lobby of Troika supporters [...] these social forces, let’s call things by their name, are not other than the well-known oligarchs that have been taking advantage of our country and our people for entire decades (A. Tsipras, Speech at Syriza’s Central Secretariat meeting, 23 May 2015)<sup>5</sup>

The rhetoric was further intensified following the collapse of the negotiations and during the run-up to the referendum. The Greek people was called upon to reply to an ‘undemocratic ultimatum’ posed by the European partners.<sup>6</sup> During this speech outside parliament, two days before the referendum, prime minister Tsipras called on Greek citizens to ‘[...] say again a big and proud NO to ultimatums. Turn your back to those you terrorize you daily’.<sup>7</sup>

Following the vote, prime minister Tsipras said in a televised address to the Greek people that he viewed the verdict as a mandate to return to the negotiating table in order to get a better deal. Following the agreement for the third MoU and its approval by the Greek parliament on August 13, the prime minister addressed again the Greek people, in order to defend the agreement and at the same time announce new elections in order to

obtain a fresh mandate for the implementation of the program. The prime minister admitted that the program was ‘not living fully up to the expectations of the January mandate’ but he insisted that ‘given the overwhelmingly negative circumstances in Europe [...] it was the best one could accomplish’.<sup>8</sup> During the election campaign that followed in September, Syriza tried to communicate the ‘positive aspects’ of the new bailout agreement and suggest that it left room for national policies which would minimize the negative impact and lead to a new prosperous era. In this context, Syriza presented a so-called ‘parallel program’, which aimed at relieving the negative impact of austerity policies.<sup>9</sup>

At the same time, the government tried to convince people that its austerity measures had a definitive progressive sign, in contrast to measures implemented by previous governments; they targeted the rich, the corrupt, those who had eluded their obligations to society during the previous decades. Employing such rhetoric, Syriza recast the ‘elite’ theme, in order to attack both those unidentified elite groups that had pillaged the country for decades and previous governments for taking measures that protected them. Indeed, this became Syriza’s main ‘line of attack’ during the 2019 elections. Addressing the leader of the major opposition party, New Democracy, prime minister Tsipras accused him of being a member of the elite and acting in their interests.

The attempt of Syriza to control the narrative was made much more difficult following the signature of the bailout agreement. The populist coalition government had to face a mostly hostile media environment which challenged the blame-shifting narrative. Lack of economic policy maneuvering space then incentivized the populist government to bolster its position via institutional means, especially given that the creditors were mostly interested in macroeconomic policy. Reforming the media landscape, therefore, became a primary objective of the populist government. In the summer of 2016, the Syriza-Anel government proceeded to legislate the issuing of four maximum licenses for private nationwide TV channels. This was criticized outside of Greece as an open attack on journalistic freedom and an attempt to control the media. In the part of the government, it was framed as a necessary reform to control the unchecked power of Greek oligarchs that controlled the media. Eventually the government aborted this asphyxiating policy measure in late 2016, after a high-instance court, the Council of the State, declared it to be unconstitutional. The court decided that it was unconstitutional for the government to have taken away from the independent authority (the National Radio and Television Council – the ESR) the relevant competences to regulate the mass media sector.

As a result, more emphasis was placed on the goal of “colonizing the state,” another pillar of populist strategy in government according to Jan-Werner Müller (2016; 2017), which, as we mentioned before, amounts to replacing non-partisan civil servants with loyalists, especially in independent institutions meant to check the

powers of the executive, such as the judiciary or independent authorities. However, we should be careful to not draw too sharp a contrast between the populist government of 2015-2019 and previous Greek governments. The political culture of majoritarianism was already deeply engrained in Greek political life and practices of state colonization and clientelism were not practices that were introduced by the Syriza-Anel government (see Tsatsanis and Teperoglou 2019). On the other hand, one should also not exaggerate the degree to which liberal institutions were undermined in Greece by the populists, especially when compared to cases of authoritarian populism in countries such as Turkey, Hungary and Poland. Despite their vulnerabilities, democratic institutions in Greece are more consolidated and resilient in relation to other third wave democracies.

A main focus of the “colonization of the state” strategy was the control of the justice system. This was attempted by appointing pro-government judges at the commanding posts of supreme courts. In Greece there are two supreme courts, the supreme civil law and criminal law court (*Areios Pagos*) and the supreme administrative law court (*Symvoulion tis Epikrateias*). The selection of highest-ranking judges who chair the two courts in the capacity of court presidents and court vice-presidents is made by the parliament. Law 2841/2010 allows a high-ranking parliamentary committee to offer its opinion to the government before the selection of high judges takes place, but the opinion is non-binding. The selection is finally made by the Cabinet (i.e., the Council of Ministers) upon proposals submitted by the Minister of Justice. Before 2015, few, if any, Greek governments, headed either by the ND party or the Socialist party (Pasok), had refrained from selecting government supporters, among serving judges, for the posts of presidents and vice-presidents of these courts. The same practice had occurred in the selection of judges heading the prosecutorial authorities. Prosecuting authorities were traditionally placed under the supervision of the incumbent government.

However, under the populist Syriza/Anel government in 2015 – 2019 such practices of political control reached unprecedented heights. The government put in place a President of the Supreme Court of Areios Pagos and a Prosecutor of the same court who faithfully toed the government line on all criminal justice issues. It is telling that Syriza’s favorable judge, Ms. Vassiliki Thanou, was hand-picked as President of the Supreme Court selected over nine other judges who were her senior. In July 2017, upon reaching retirement from that post, she swapped her job with that of legal adviser to the leader of Syriza, Alexis Tsipras, in his Prime Minister’s office. She was later appointed by the same government as head of the Competition Committee, which was supposed to be an independent regulatory authority, monitoring competition in the country’s market (Hope 2018). Moreover, in June 2019, as parties were already waging their electoral campaign for the elections of July 2019, which the populist party was, according to all polls, going to lose, the Tsipras government set out to

select new chairs for the same courts. This move, which was to lead to the appointment of pro-Syriza judges, to serve after Syriza would have fallen from power, was discontinued at the initiative of the then President of the Republic.

As noted above, another practice out of the populists' playbook is the use of non-fiscal policies to favour specific constituencies. In the case of Syriza, this was the case with criminal justice policies. Criminal justice policies refer the organization and management of the criminal justice system and to the definition of and sanctions imposed on punishable acts. Populists have distinct policy preferences in criminal justice (Fekete and Webber 2010), a tendency which in the case of left-wing populists may take the form of prosecuting economic elites or political allies thereof. This tendency reflects the majoritarian element in populist ideology (Urbinati 2017), meaning that, once they are in government, populists bend also non-majoritarian institutions, such as the criminal justice systems to the priorities set by their own governing party.

Syriza's most controversial criminal policies refer to the decriminalization of certain punishable acts. One of the first laws passed by the new coalition government after it came to power in January 2015 was a criminal justice law de-criminalizing various offences, including felonies, in order to free space in Greece's over-crowded prison cells. The so-called "Paraskevopoulos law" (after the name of Syriza's Minister of Justice) became law of the land in April 2015 (Law 4322/2015). This law focused on prison decongestion and provided for the release of approximately 2000 prisoners. Some were former members of disbanded radical left terrorist groups and their release from prison provoked a negative reaction on the part of the USA (Christou-Prentziou 2015). Others had been violent criminals and there is some evidence that a few of them re-embarked on a criminal career.

Further on, one of the very first moves of the Syriza populists upon assuming government in 2015 was to dispense of the existing structure of policy-making and managing the fight against corruption. Syriza created a new government post of a minister in charge of fighting corruption and appointed a pro-Syriza, former prosecutor as minister. In March 2015 the government passed law 4320/2015 abolishing the post of National Coordinator of Anticorruption, a post held since 2013 by a former judge, selected by the previous government. However, in in September 2015, the post of minister was abolished by the government and the former prosecutor was sacked. A post of Alternate Minister for Anti-Corruption was created and was subsumed under the supervision of the Minister of Justice, making control over policy-making in anti-corruption even tighter.

In 2015-2016 anti-corruption policy was not as politicized as it would become later. Syriza's first priority was not to fiercely prosecute its political adversaries. However, as time passed, policy making succumbed to

priorities of political party competition, with the governing party organizing an all-out attack against parties of the opposition, the ND and Pasok, which it had been its predecessors in power. In February 2018, the Syriza government made a much-publicized attempt to link two former Prime Ministers (including one who served in a care-taker capacity for about a month between the twin elections of 2012) and eight former ministers (all of them members of former ND and/or Pasok Cabinets), with acts of corruption. They had allegedly violated criminal law in facilitating or approving public procurement of medicines produced by the multi-national pharmaceutical company Novartis. Syriza's attempt fell through, as evidence was lacking and the criminal procedure followed in this case was misconceived. It turned out that the parliament did not have the jurisdiction to process the case. However, in the meantime, the accused two prime ministers and eight ministers had to defend themselves in the midst of a highly charged, conflictual atmosphere, broadcasted live on national television, though the then Syriza-controlled public broadcaster (ERT). Today the charges for all the accused, but three, have been dropped, as there was no evidence against them. However, the short-lived and inconclusive criminal investigation served the purpose of discrediting politicians opposing Syriza at the time and was in line with the anti-elite rhetoric employed by the party.

Moreover, as Syriza counted on the votes of civil servants, which constituted one of its strongest electoral pools, in mid-June 2018 it slid towards a more lenient treatment of civil servants accused of corruption, as part of the Criminal Code reforms provoking the reaction of both the OECD and GRECO (The Group of States against Corruption- the Council of Europe's anti-corruption monitoring body).

Finally, in June 2019 the Syriza government passed two laws which ratified reforms in two major codes, the Criminal Code and the Criminal Procedure Code (laws 4619/2019 and 4620/2019). The reform of the two Codes mentioned above, were in preparation for some time, long before Syriza rose to power in 2015, because Greece's criminal law framework had been outdated. Modernizing reforms were to a large extent necessary in order to cover types of behavior which used to go unpunished by the criminal justice system (e.g., reckless driving, fraud committed with regard to receiving subsidies, etc; Anagnostopoulos 2019). The passage of the two new Codes was not dominated by Syriza's populist profile. Government documents reveal the propensity of the Syriza government to have Greece's criminal codes converge with reform trends in corresponding codes in other EU member-states (Ministry of Justice 2019a and 2019b). However, there were a few instances which reflected Syriza's populism. One such instance was the symbolic abolition of some misdemeanors, such as, for example, the launching of strike by civil servants. Another symbolic move was to abolish the misdemeanor of disobeying authorities when the latter ordered the disbanding of officially banned called public rallies (article 171 of Criminal Code). In Greece for decades no public rallies had been banned, while Syriza in 2010-2014,

before rising to government in 2015, had drawn extensive electoral support among radical left-wing social movements and anti-austerity protesters.

The conduct of Syriza seems to comply with the expectations of populist behaviour once in power; attempt to manipulate the public discourse, including through legislative and administrative acts to control the media, efforts to colonize the state and control the justice system, introduction of policies and legislative reforms to lower penalties for criminal acts of concern to its primary electoral bases (public sector and radical left wing), manipulation of the criminal justice system to attack its political adversaries. All in all, Syriza tried to control and undermine liberal institutions that could constrain its power to rule, while also attempting to colonize the public sector, in order to bolster its ability to design and implement its preferred policies.

## **Conclusions**

The goal of the paper is to contribute to the understanding of decision-making and policy choices by a populist coalition government – led by a left-wing “inclusive” populist party - under conditions of crisis, and to propose a framework for the understanding the strategies, constraints, and opportunities available to populists once in power. The case of the Syriza-Anel governments in Greece between 2015-2019, particularly during their second term (i.e. after the capitulation and U-turn was completed in July 2015) demonstrated that when the goal of economic policy autonomy cannot be attained, populists will deploy a twin strategy of blame avoidance for the acceptance of conditionality and institutional reform based on basic tenets of populist ideology. While reluctantly implementing policies that were designed to meet prespecified fiscal targets dictated by the creditors, the Greek populist coalition government never claimed ownership of the program, presented itself as the victim of foreign intransigence and leveraged the prioritization by the creditors of macroeconomic policy targets in order to stall structural reforms (also under the mandate of the bailout agreements). At the same time, the populists pursued illiberal political reforms, that were in many ways part of the standard policy repertoire of populist governments elsewhere, aimed at weakening checks on the executive and weaponizing Greek state institutions against the populist government’s opposition. The efforts of the populists failed mostly due to the resilience of domestic liberal institutions and not because of the constraints of external conditionality, despite the nominally broad scope of the bailout agreement(s). Therefore, one of the central takeaways of the current paper is that external conditionality, when having a narrow focus on fiscal policies, can have detrimental side-effects on the state of liberal democracy in Europe. Unable to achieve economic policy autonomy, populists in power will double down on illiberal democratic reforms and take advantage of the willingness of monitoring authorities to look the other way, as long as narrowly circumscribed fiscal obligations are met.



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<sup>1</sup> Ex ante conditionality is that employed by the European Union (EU) for its new member states, or even other types of conditionality related to financial aid for developmental or debt relief purposes

<sup>2</sup> The IMF defines ownership as ‘a commitment to a program of policies, by country officials who have the responsibility to formulate and carry out those policies, based on their understanding that the program is achievable and is in the country’s best interest’ (IMF 2006).

<sup>3</sup> It is one aspect of their framework, the other being ‘leverage’, defined as the ‘vulnerability to external pressure’ (2006, 382). Leverage can take many forms, including that of external conditionality.

<sup>4</sup> Available at: <https://energyexpress.gr/news/lafazanis-se-oriako-simeio-o-straggalimos-tis-oikonomias-theloy-naxontosoyn-ton-lao-mas>

<sup>5</sup> Available at: <https://primeminister.gr/2015/05/23/13692>

<sup>6</sup> Available at: <https://primeminister.gr/2015/06/27/13822>

<sup>7</sup> Available at: <https://left.gr/news/al-tsipras-sto-syntagma-thelei-areti-kai-tolmi-i-eleytheria>

<sup>8</sup> Available at: <https://primeminister.gr/2015/06/27/13822>

<sup>9</sup> Available at: [https://www.newsbomb.gr/images/news/2015/08/30/syriza\\_sxedio.pdf](https://www.newsbomb.gr/images/news/2015/08/30/syriza_sxedio.pdf)

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