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NEOLIBERAL RECONSTRUCTION AND DISSENT IN
EUROPEAN PERIPHERY: SYRIZA CASE

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APPROVAL PAGE



DECLARATION

I hereby declare that this master's thesis titled as "Neoliberal Reconstruction and Dissent in European Periphery: SYRIZA Case" has been written by myself in accordance with the academic rules and ethical conduct. I also declare that all materials benefited in this thesis consist of the mentioned resources in the reference list. I verify all these with my honor.

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ABSTRACT

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Regional examples have a special significance within anti-globalization movements which have developed alongside the progress of globalization in 2000s. In this study which takes SYRIZA to be one of such movements, the impact of the European public debt crisis on the European peripheral countries is examined. Globalization is not only a phenomenon effective on the world as a whole, but also a phenomenon which has impacts at the regional and national levels. In that respect, Greece sets an important example due to its membership in the European Union and its nation-state attributes.

Examining globalization in various aspects, this study adopts that it is the transnational capitalist class who benefit from globalization based on the works of Robinson and Sklair. In this context, it is contended that neoliberalization defines financial and monetary policies in accordance with the interests of transnational capitalist class. It is argued in the literature that the European Financial System developed by the European Union for creating monetary union and market integration creates asymmetry with the financial and fiscal systems in the peripheral countries. The impact of the crisis on the peripheral Europe is discussed with respect to financial and fiscal policies as well as the welfare state. In the case of Greece, how SYRIZA, which has emerged as a social movement, is related to anti-globalization movements and how it positions itself with respect to the crisis, is evaluated.

According to the findings provided by this framework, it was determined that SYRIZA has emerged as a culmination of a collective reaction against

neoliberal policies. It evaluates itself to be in solidarity with other leftist movements which struggle at the local level and approaches the historical legacy of the left with a progressive and unifying view. In that respect, it represents different political views and social movements. In this manner, it was determined that SYRIZA is acting in solidarity with anti-globalist resistance movements. The movement approaches the transnational capital class, defined by Tsipras as a historic bloc, as the group who benefit from globalization. The opposition to neoliberal policies is clearly stated in party strategies.

European public debt crisis and negotiations on the recovery package resulted in a division within the party. The delays of Greece in the repayment of debt has led to the discussion of Grexit in the European Union and in Greece. The European sovereign debt crisis is one of the reasons of many problems as well as it is a consequence of many others.

Keywords: Globalization, Neoliberalization, Anti-globalization Movements, Greece, SYRIZA

ÖZET
Yüksek Lisans Tezi
Avrupa Çeperinde Neoliberal Yeniden Yapılanma ve Muhalefet:
SYRIZA Örneği
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2000’li yıllardan itibaren küreselleşmeyle koşut olarak gelişen küreselleşme karşıtı hareketlerin birçok varyasyonu içerisinde bölgesel örnekler özel bir öneme sahiptir. SYRIZA’yı bu örnekler arasında benimseyen bu çalışmada Avrupa kamu borç krizinin Avrupa çevre ülkelerine etkileri ele alınmaktadır. Küreselleşme yalnızca dünya genelinde etkili bir olgu değil, aynı zamanda bölgesel ve ulusal düzeylerde de etkileri olan bir olgudur. Bu açıdan hem Avrupa Birliği üyesi olması, hem de ulus-devlet özellikleri göstermesi yönüyle Yunanistan önemli bir örnektir.

Bu çalışma küreselleşme olgusunu farklı yönlerden incelerken, Robinson ve Sklair’in eserleri temelinde küreselleşmeden fayda sağlayan grubu ulusötesi kapitalist sınıf olarak değerlendirmektedir. Bu bağlamda neoliberalleşmenin ulusötesi kapitalist sınıfın çıkarları doğrultusunda finans ve para politikalarını belirlediği düşünülmektedir. Literatürde Avrupa Birliği’nin parasal birlik ve pazar entegrasyonunu sağlamayı amaçlayarak oluşturduğu Avrupa Mali Sistemi’nin, çevre ülkelerindeki finansal ve parasal sistemle asimetri oluşturduğu iddia edilir. Krizin Avrupa çevresi üzerindeki etkileri üretim ilişkileri, finansal politikalar ve refah ülkesi açılarından tartışılmaktadır. Yunanistan örneğinde, bir toplumsal hareket olarak ortaya çıkan SYRIZA’nın küreselleşme karşıtı hareketlere hangi şekilde eklemlendiği ve kriz karşısında kendisini nasıl konumlandığı değerlendirilmektedir.

Bu çerçevede edinilen bulgulara göre, SYRIZA'nın neoliberal politikalara karşı oluşmuş kolektif bir tepkinin sonucu olarak ortaya çıktığı belirlenmiştir. Kendisini yerelde mücadele eden diğer sol hareketlerle dayanışma içerisinde görmektedir ve tarihsel sol geleneği ilerlemeci ve birleştirici bir bakış açısıyla ele almaktadır. Bu açıdan farklı siyasi görüşleri ve toplumsal hareketleri temsil etmektedir. Aynı şekilde SYRIZA'nın küresel direniş hareketleriyle de dayanışma içerisinde olduğu belirlenmiştir. Tsipras'ın siyasi-finansal bir blok olarak ifade ettiği ulusötesi kapitalist sınıfı, küreselleşmeden fayda sağlayan grup olarak ele almaktadır. Neoliberal politikalara karşı olunduğu parti stratejilerinde açıkça belirtilmiştir.

Avrupa kamu borç krizi ve kurtarma paketi pazarlıkları parti içerisinde bölünmeye yol açmıştır. Yunanistan'ın borç ödemelerindeki geciktirmeleri Avrupa Birliği içerisinde ve Yunanistan'da Grexit tartışmalarına yol açmıştır. Avrupa kamu borç krizi bir çok sorunun sonucu olduğu kadar birçoğunun da sebebidir.

Anahtar Kelimeler: Küreselleşme, Neoliberalleşme, Küreselleşme Karşıtı Hareketler, Yunanistan, SYRIZA

**NEOLIBERAL RECONSTRUCTION AND DISSENT IN EUROPEAN
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ABBREVIATIONS

AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
AFSCME	American Federation of State, County and Municipal Employees
AP	Aftonomi Paremvasi (Autonomous Intervention)
CAP	Common Agricultural Policy
CMO	Common Market Organization
CONIC	Continental Coordinating Commission of Indigenous Nations and Organizations
CPI	Consumer Price Index
CSFP	Common Foreign and Security Policy
DE	Germany
DEA	Diethistiki Ergatiki Aristera (Internationalist Workers' Left)
DIKKI	Dimokratiko Koinoniko Kinima (Democratic Social Movement)
DIMAR	Dimokratiki Aristera (Democratic Left)
EA19	Euro Area 19 Countries
EC	European Community
ECB	European Central Bank
ECJ	European Court of Justice
ECSC	European Coal and Steel Community
Ed.	Editor(s)
EEC	European Economic Community
EFSF	European Financial Stability Facility
e.g.	for example
EL	Greece
EMS	European Monetary System
EMU	Economic and Monetary Union
ERM	Exchange Rate Mechanism
ERT	European Round Table of Industrialists
ES	Spain
et al.	and others

EU	European Union
EZLN	Ejército Zapatista de Liberación Nacional (The Zapatista Army of National Liberation)
FIPI	Frente Independiente de Pueblos Indios (Independent Front of Indigenous Peoples)
GDP	Gross Domestic Product
GNP	Gross National Product
IAM	International Association of Machinists
ibid.	
IBT	International Brotherhood of Teamsters
ILA	International Longshoremen's Association
ILWU	International Longshore and Warehouse Union
IMF	International Monetary Fund
IT	Italy
JHA	Justice and Home Affairs
KEDA	Kinisi gia tin Enotita Drasis tis Aristeras (Movement for the United in Action Left)
KKE	Kommounistikó Kómma Elládas (Communist Party of Greece)
KKE-Es.	Kommounistikó Kómma Elládas – Esoterikou (Communist Party of Greece – Interior)
MoU	Memorandum of Understanding
MP	Member of Parliament
NAFTA	Northe American Free Trade Agreement
NATO	North Atlantic Treaty Organization
No.	Number
NSMs	New Social Movements
OECD	Organisation for Economic Co-operation and Development
OEEC	Organisation for European Economic Co-operation
p.	page
PASOK	Panellinio Sosialistiko Kinima (Panhellenic Socialist Movement)
pp.	page to page
PT	Portugal

SAP	Structural Adjustment Programme
SEA	Single European Act
SEM	Single European Market
SMB	Small and Medium-Sized Business
SYN	Synaspismós (Coalition of Left, of Movements and Ecology)
SYRIZA	Synaspismós Rizospastikís Aristerás (Coalition of the Radical Left)
TCC	Transnational Capitalist Class
TNC	Transnational Corporation
trans.	translator
UK	United Kingdom
USA	United States of America
USWA	United Steelworkers of America
Vol.	Volume
WTO	World Trade Organization
WWII	World War II

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INTRODUCTION

This study aims to address the European sovereign debt crisis in the context of opposition movements in Greece. Financial crisis of 2008 has shaken the global markets gradually. At the European level, it unfolded as a national debt crisis which started in Greek financial markets. By the effect of the crisis, the Greek economy lost its competitiveness in international markets, and continuing recession made recovery harder in Greece and other Mediterranean peripheral countries of Europe. In the early stages of the crisis, Greece demanded European assistance to fix its financial problems. This demand led the crisis to a new level of negotiations. The bailout negotiations with the troika of the European Commission (EC), the European Central Bank (ECB), and the International Monetary Fund (IMF) exposed harsh austerity measures on the Greek economy. The cost of the crisis was being paid by ordinary people.

In the meanwhile, the streets of several big cities witnessed large protests against increasing unemployment, reduced public spending and other government policies since 2008.¹ The protests spread rapidly to different cities of Greece, and the opposition gained a stronger voice around leftist groups. In the political atmosphere of austerity, SYRIZA mobilized a large number of people on the streets and gained support from middle and lower classes. Similar protests were held in different parts of the European Union (EU), especially in the peripheral Europe such as Italy, Portugal, and Spain.²

By the 1980s, neoliberalism had begun to expand a new form of capitalist lifestyle to almost every corner of the world. Neoliberalism is a phenomenon that consists of economism and marketization and it is enacted by the actors of privatization, liberalization and deregulation.³ With a rapid development of communication and transportation technologies, capital has expanded its spheres of influence. Globalization of economy raised the importance of monetary and fiscal

¹ Costas Douzinas, "Athen Rising", **European Urban and Regional Studies**, Volume:20, Number:1, January 2013, p. 134.

² The Telegraph, "Anti-austerity Strikes Launched in Eurozone", **Financial Crisis**, 14.11.2012, <http://www.telegraph.co.uk/finance/financialcrisis/9676707/Anti-austerity-strikes-launched-in-Eurozone.html>, (23.08.2016).

³ Jan Aart Scholte, "Defining Globalization", **The World Economy**, Volume: 31, Issue: 11, November 2008, p. 7.

mechanisms of policy-making in world politics. Accumulation of capital in the hands of a specific historic bloc has created the transnational capitalist class (TCC). TCC's hegemony takes effect through various agencies such as transnational corporations and the media; through various institutions such as the banking system and the security apparatus.⁴

The history of social movements proves that reactionary forces from the grassroots are vital for political gains of middle and lower classes. As old social movements of labor, new social movements voiced the opposition of the excluded and the dissent since the second half of 20th century. Student riots of 1968 triggered new perspectives to shape mobilization tactics of social conflicts. Giving reference to the history of the social movements of the 19th century, people who felt excluded by the system, now created new forms of mobilization. Henceforth, different groups of ethnicities, genders, layers of society, lifestyles, races, etc. started to mobilize for their own specific goals.

Neoliberal policies wreak havoc on nature and society. Exploitation of natural resources leaves irreversible damage. Movements which fight against poverty and injustice are becoming more common.⁵ Anti-globalization movements emerged as a reaction to injustice and inequality of the worldwide capitalist system. In a systemic perception of opposition, anti-globalization movements resist capitalism and the whole mechanism of neoliberal globalization. In conjunction with this framework, the study addresses anti-globalization movements in peripheral Europe opposed to neoliberal policies and neoliberal transition, and revises the debate on anti-globalization movements over new social movements' literature.

The study doesn't follow any specific theory. Nonetheless, it facilitates a conceptual framework, constituted in the first chapter. The conceptual framework is shaped around globalization and anti-globalization movements literature. In a

⁴ Robinson, William I. and Jerry Harris. "Towards a Global Ruling Class? Globalization and the Transnational Capitalist Class", **Science & Society**, Volume: 64, Number: 1, Spring, 2000, p. 12.

⁵ Greg Kaufmann, "10 Groups That Are Building a Movement for Economic Justice from the Grassroots Up", 22.01.2014, <http://billmoyers.com/2014/01/22/10-groups-that-are-building-a-movement-for-economic-justice-from-the-grassroots-up/>, (23.08.2016). Global Justice Now, "Who We Are", <http://www.globaljustice.org.uk/who-we-are/>, (23.08.2016). Make Poverty History, "What Do We Want?", <http://www.makepovertyhistory.org/whatwewant/index.shtml>, (23.08.2016). Global Citizen, "About Us", <https://www.globalcitizen.org/en/about/who-we-are/>, (23.08.2016).

broader perspective, the study follows the critical approach to neoliberalism, and embraces the scholars who contribute to the literature of the dissent.

In order to understand movements of the dissent, it is crucial to understand the mainstream dynamics to which the actors are opposed. For each chapter and section, prominent scholars' ideas are reviewed and their classifications are explained in detail. These discussions are implemented on the case study presented in the last chapter. For the methodology, the study refers to various secondary sources including journal articles, newspaper articles and books. Moreover, Eurostat and OECD data are gathered for related figures and tables. The study uses the official documents of SYRIZA that are in English as the primary sources.

The conceptual framework is shaped in the first chapter. The phenomenon of globalization is debated regarding its roots and history, followed by discussion on different aspects of globalization. Three camps on globalization are reviewed: globalists, sceptics, and transformationalists. After providing a basis for the phenomenon of globalization, neoliberalisation is discussed in terms of globalization. In this section, the study questions who benefits from globalization. In this regard, foundation of a neoliberal order and global class formation is explained. Discussion about the beneficiary bloc of globalization will make it clearer to understand what lies behind the opposition to globalization. The next section discusses the characteristics of social movements in a historical perspective, in order to clarify the distinction between old social movements and new social movements. The focus of the section is current social movements.

After understanding the logic of social movements, the study evaluates anti-globalization movements. The review of antiglobalization movements provides the basis for understanding two important cases in the anti-globalization literature: Seattle protests and the Zapatista movement. In 1999, WTO Protests witnessed solidarity between teamsters and environmentalists in Seattle. These protests cherished the social movements' literature in terms of solidarity of old and new social movements, and of development of new ways of mobilization. The networks of protesters carried the defiance to a global scale. Likewise, Zapatistas present a significant position in anti-globalization movements. Their rebellion evokes regionalization. Yet, their vision proves that they stand for a global front. Through

these examples, the study attempts to make a connection between social movements and anti-globalization movements.

Following the presentation of this global perspective, the study will narrow down the topic to the neoliberalisation of the EU in the second chapter. The study refers to neoliberalisation as a global process which highlights fiscal and monetary policies in economic terms. In this manner, reconstruction of Europe after the World War II (WWII) paved the way for foundation of a united Europe. Attempts to create a monetary union and a single European market are discussed in their historical context. Monetary and fiscal policies towards peripheral Europe is one of the main concerns of this section in order to provide a basis for a better understanding of the dynamics of European debt crisis of 2008.

The second section of this chapter evaluates the reasons of the debt crisis and determines the weaknesses of the European Monetary System (EMS). In this context, integration of the peripheral countries to the EU and global markets is discussed. The study refers to the European periphery as the Mediterranean peripheral Europe (Greece, Italy, Portugal, and Spain). Consequences of neoliberal policies towards those countries are explained under three aspects: production structure, fiscal and monetary policies, and welfare state. These are observed in accordance with the data provided from Eurostat and OECD.

The last chapter narrows the inquiry down to the case study of SYRIZA. This chapter consists of two sections. In the first section, Greek political economy after World War II is overviewed. This section consists of three periods. Times of civil war, military junta and transition to democracy constitute the first one. After the membership of the European Community (EC), liberalization process of Greece was accelerated. The second period involves the transition process between 1981 membership to the European Community and the financial crisis of 2008. The last period is about the developments after the 2008 European Debt Crisis in Greece. The section analyses the Greek case in terms of the 2008 crisis.

Finally, in the last section, the study provides the analysis of SYRIZA in reference to the conceptual and contextual framework provided by the previous sections. First, the leftist tradition in Greece is discussed in order to understand which struggles and needs brought SYRIZA into existence. Distinctions of SYRIZA

as a movement are explained and the foundation of SYRIZA as a single party is analyzed in a conceptual perspective. First, the organizational structure of SYRIZA is explained in order to answer the question whether SYRIZA can be accepted as a social movement. Then, the discourse of SYRIZA and its leader Alexis Tsipras on neoliberalism and neoliberal globalization are analyzed. Under the topic of “New and Old Movements”, how SYRIZA relates itself with social movements and anti-globalization movements is evaluated. Here, how SYRIZA perceives the global aspects of the movement is revealed. After this part, SYRIZA’s and Tsipras’ approach to the EU and European debt crisis is discussed. This discussion leads to the question of Grexit, on which the findings of the study culminate. Those discussions put Tsipras and his party in a difficult situation.

CHAPTER ONE

NEOLIBERAL GLOBALIZATION AND ANTI-GLOBALIZATION MOVEMENTS

1.1. INTRODUCTION

In the world of rapid communication and transportation, capital expands its area of influence and its control goes beyond the borders of nation-states. Global corporations get stronger in the capitalist system of limitlessness. The foundation of the neoliberal order lays in the 1980s. Since then, fiscal and monetary policies towards the developing world became important tools for the agendas of advanced capitalist countries. Free movement and accumulation of capital have resulted in exclusion in various segments of society, and damaged the natural resources irreversibly. In this regard, the chapter aims to study the literature on globalization in order to understand the agency behind globalization and then to uncover what anti-globalization movements stand for. It also aspires to explain the relation between social movements and anti-globalization movements.

The chapter discusses globalization in three camps: globalists, sceptics, and transformationalists. Later on, the the agency carrying the globalization process is analyzed. It is argued that transnational capitalist class is the agency behind globalization that carries out the neoliberal program. This debate is followed by a discussion on social movements in order to provide a historical basis for anti-globalization movements. Anti-globalization movements are studied as a part of new social movements, and they are not against globalization in principle. In other words, they are counter-cultural movements which oppose to capitalist forms of globalization. Seattle Protests and Zapatista Movement are presented as important turning points in anti-globalization movements' literature. A general understanding of what anti-globalization movements stand for is provided in this part. By reviewing these discussions, the study aims to prove that neoliberal form of globalization has generated anti-globalization movements due to the fact that it eventually provokes exclusion and exploitation.

1.2. GLOBALIZATION

Discussions on the roots of globalization are wide. Some claim that it is a phenomenon that goes back to the early mercantilist period and construction of the capitalist world system.⁶ Others claim that it is a newer fact which arose in the twentieth century⁷. Globalization is taken to be an evolving phenomenon which is shaped by the international system of the time.

Before 1914, nation states erected various barriers to free market and trade.⁸ In the inter-war period, efforts to restore the system failed and caused “a period of intense antagonistic competition to monopolize markets and raw materials”⁹. The end of World War II (WWII) laid the way open for the USA to create a new world order. At this stage, the USA, having learnt a lesson from the previous crisis, built a structure of institutionalized “international economic liberalism”¹⁰.

Scholars differ on their perception of globalization. Despite the heterogeneity and complexity of interpretations, globalization debate maintains three camps.¹¹ Globalist¹² claims highlight that it is a continuum of transformation in different fields such as society, economy, technology, and politics and so on. Political power should be distributed fragmentally from local to transnational. Globalists argue that culture is constructed and driven-by-companies entity which is embedded in consumerist society¹³. This approach argues that identity changes slowly. According to globalists, ideal form of the economy is globally integrated. They seek to eliminate national

⁶ For further information: e.g. Giovanni Arrighi et al., **Antisystemic Movements**, Verso, Bristol, 1989. Michael Hardt and Antonio Negri, **Empire**, Harvard University Press, Cambridge, 2000. Paul Hirst and Grahame Thompson. “The Future of Globalization”, **Journal of the Nordic International Studies Association**, Volume: 37, Issue: 3, 2002, pp. 247-265. Jan Aart Scholte, “The Sources of Neoliberal Globalization”, **United Nations Research Institute for Social Development**, Overarching Concerns, Program Paper Number 8, October, 2005. Immanuel Wallerstein, **World-system Analysis: An Introduction**, Duke University Press, Durham and London, 2004.

⁷ For further information: Ulrich Beck, **What is Globalization?**, Polity Press, New Hampshire, 2009. Anthony Giddens, **Runaway World**, Routledge, New York, 2003. Alexander King and Bertrand Schneider, **The First Global Revolution: A Report by the Council of the Club of Rome**, Orient Longman, 1991.

⁸ Harold James, **The End of Globalization: Lessons from the Great Depression**, MA: Harvard University Press, Cambridge, 2001.

⁹ Paul Hirst and Grahame Thompson, “The Future of Globalization”, **Journal of the Nordic International Studies Association**, Volume: 37, Number: 3, 2002, p. 248.

¹⁰ Ibid., p. 248.

¹¹ David Held and Anthony McGrew. **The Global Transformations Reader: An Introduction to the Globalization Debate**, Polity, Cambridge, 2003, pp. 1-42.

¹² For further information: e.g. Bhagwati:2002, Friedman: 2006, Fukuyama: 1989, Ohmae:1996.

¹³ Colin Cremin, “iKomünizm”, trans. Aydın Çavdar, Ayrıntı Yayınları, İstanbul, 2011.

economy and de-localize production. Openness, free trade, global poverty and middle classes are some key concepts they articulate.¹⁴

On the other hand, sceptics¹⁵ argue that globalization serves the interests of developed internationalization on behalf of the nation state and imperialism. According to those, political power still leans on sovereign nation state, and it gathers the monopoly of legitimate use of force. For instance, Hirst and Thompson state that the impact of migration is becoming reduced due to the nation states and borders comparing the 19th century. Moreover, in a globalized market system, if nation state's power is reduced to equivalent of local authorities, this would create vulnerability to various political and social threats.¹⁶ In this perspective, neither a global mass culture nor a universal history of humanity is obscure. Globalization is a new face of imperialism for sceptics, and excludes developing world. World consists of internationalization and regionalization in terms of division.¹⁷

The third group is comprised of post-scepticalists or transformationalists¹⁸. This approach is an uneven combination of the first two approaches. According to transformationalists, globalization presents an awareness of difference, but maintains the embeddedness. The economy is globally transformed as well. It is global, yet stratified. They stress the importance of adding the nation state a reconstructed facet. They are open to the idea of the sharing of sovereignty. They take culture as hybrid and complex.¹⁹

The study adopted the transformationalist approach in terms of culture, economy, society, sovereignty, etc.

¹⁴ Held and McGrew, pp. 6-8.

¹⁵ For further information: e.g. Paul Hirst and Grahame Thompson, "The Future of Globalization", **Journal of the Nordic International Studies Association**, Volume: 37, Issue: 3, 2002, pp. 247-265. Samuel P. Huntington, **The Clash of Civilizations and the Remaking of the World Order**, Simon and Schuster, New York, 1996.

¹⁶ Hirst and Thompson, pp. 248-249.

¹⁷ Held and McGrew, pp. 4-5.

¹⁸ For further information: e.g. Dilip K. Das, "The Chinese Economy", **The Chinese Economy**, Volume: 45, Number: 4, July-August 2012, pp. 7-38. Philip. McMichael, **Development and Social Change: A Global Perspective**, Sage Publications, California, 2012. Ronald Munck, "The Anti-globalization Movement: From Seattle (1999) to the Future", **Globalization and Contestation**, Routledge, New York, 2007. Linda Weiss, **The Myth of the Powerless State**, Cornell University Press, New York, 1998. Rorden Wilkinson, **What's Wrong with the WTO and How to Fix It**, Polity Press, Cambridge, 2014.

¹⁹ Luke Martell. "The Third Wave in Globalization Theory", **International Studies Review**, Volume:9, Number: 2, Summer, 2007, p. 173.

This study adopts a transformationalist approach towards globalization due to various causes. For instance, it accepts that the nature and substance of the nation-state is changing, but claiming its effects fading or remaining is obscure. Instead, it lines up with the idea that it is being reconstituted and reconstructed. It agrees that stratification is a fact, although its nature is not yet clear; still in progress. The study acknowledges that factors which affect the globalization process have a wide range, unlike the arguments of the first two camps mentioned above.

Globalization is a phenomenon that is comprehended through its different aspects. Steger points out to this comprehension with the elephant metaphor. This metaphor shows how academics see globalization through the viewpoint from different aspects such as politics, culture, environment, economics, religion, and ideology.²⁰ Keohane and Nye state that globalism is something more than the world economy, but it has different forms: economic globalism, military globalism, environmental globalism, and social and cultural globalism.²¹ In their perspective, globalism refers to interdependence between nation states. As new communication technologies developed, more active parties are included the network of interdependence. This “transnational participation” creates a “complex interdependence” between the parties:

“This concept describes a hypothetical World with three characteristics: multiple channels between societies, with multiple actors, not just states; multiple issues, not arranged in any clear hierarchy; and the irrelevance of the threat or use of force among states linked by complex interdependence.”²²

Steger argues that globalization is a contesting phenomenon due to its four characteristics. First, he claims that globalization makes synthesis of new and traditional ways of living, and deconstructs political, economic, cultural, and geographical boundaries. Then, he discusses globalization as a result of advancement of complex social boundaries and interdependencies. He argues that globalization contains an intense form of social relations. Social exchanges and activities at the local level can affect another event in a different locality. The last characteristic is

²⁰ Manfred B. Steger. **Globalization: A Very Short Introduction**, Oxford University Press, New York, 2003, p. 15.

²¹ Robert O. Keohane and Joseph S. Nye, “Globalization: What's New? What's Not? (And So What?)”, **Foreign Policy**, Issue: 118, Spring 2000, pp. 106-107.

²² Ibid.p. 115.

that transformation of individual and collective identities in a global world is not a subjective condition. Social interconnections and interdependencies accelerate the level of consciousness to a more intense and interbedded structure.²³

Scholte defines globalization as a process of human social relations in the terms of culture, economy, politics, psychology and ecology among spatial boundaries.²⁴ He characterizes the concept in four broad frames. These frames he provides are related to and overlap each other, and signify different elements of the concept. First, globalization as “internationalisation” is understood as cross-border relations between nation states. It is based on international exchange and interdependence. The second is globalization as “liberalization”. It emphasizes less government control on movements between countries, and a borderless and open world economy. Third, globalization as “universalisation” is more about extending goods and services to a worldwide usage. Finally, globalization as “Westernisation” gets spread as a Western-based value system and social structure. According to this definition, Modernization is considered as a Western-type process.²⁵

Tony Giddens relates the contemporary form of globalization with modernity. He asserts it as a key concept in order to understand globalization. Held and McGrew define globalization as: “...a process which embodies a transformation in the spatial organization of social relations... generating transcontinental or interregional flows and networks”²⁶. Keohane and Nye put an important distinction between globalization and globalism. They claim that globalization is explained as strengthened interdependence worldwide. Globalism also welcomes interdependence between continental networks.²⁷

Regarding the discussion above, the study adopts the definition of globalization as a transnational network of human interactions beyond the boundaries of the nation-state, observed in different aspects of culture, ecology, economy, politics and society. It is considered to have its roots in history, to the degree of the spatial universe of the time.

²³ Steger, pp. 9-12.

²⁴ Jan Aart Scholte, “The Sources of Neoliberal Globalization”, **United Nations Research Institute for Social Development**, Program Paper Number 8, October, 2005, (Sources), p. 3.

²⁵ Jan Aart Scholte, “Defining Globalization”, **The World Economy**, Volume: 31, Issue: 11, November 2008, pp. 1473-1478.

²⁶ Held and McGrew, pp. 51.

²⁷ Ibid. pp. 51-52.

1.3. GLOBALIZATION AND TRANSNATIONAL CAPITALIST CLASS

In this section, the study seeks to answer the questions of who benefits from globalization and what agency is behind globalization. Which segment of the society benefits from a truly global economic system? What is/are the motive(s) of this group? In this respect, Robinson's and Sklair's claims about the 'transnational state apparatus' and 'transnational practices' are examined below.

Articulation of a transnational version of globalization necessitates the presence of a "global system", and it is measured by "transnational practices" that exceed the national borders. State agencies or actors are not necessarily involved. In this level of analysis, transnational practices are observed in three fields: "the economic, the political, and the cultural ideological"²⁸. Those three fields demonstrate 'the global system'. The economic field is dominated by the transnational corporations. Transnational capitalist class controls the political agenda and consumerism is considered as the culture ideology of the global system.²⁹

According to Robinson, global class formation of a capitalist class has three significant aspects, namely:

*"...transnational production and capital integration; national and transnational capitalist class fractionation; and Gramscian concepts of hegemony and historic blocs to explain how class groups construct and contest social orders and political projects."*³⁰

Robinson discusses this transformation process quoting various important scholars' works. He criticizes their claim of emerging of an "international capitalist class" is getting larger since the 1960s. He supports his claims with a literature review which proclaims that "a spread of multinational corporations"³¹ in "the world economy" enables: "...a system of international private property... [which makes possible] ...the free movements of capital between countries."³² A great accumulation

²⁸ Leslie Sklair, "The Transnational Capitalist Class and the Discourse of Globalization", **Cambridge Review of International Affairs**, Volume:14, Issue:1, 2000, p. 69.

²⁹ Ibid.

³⁰ William I. Robinson, **A Theory of Global Capitalism: Production, Class, and State in a Transnational World**, The Johns Hopkins University Press, Baltimore and London, 2004, p. 35.

³¹ Richard Barnet and Ronald Mueller, **Global Reach: The Power of the Multinational Corporation**, Simon & Schuster, New York, 1974 quoted in Robinson, p. 35.

³² Stephen Hymer, **The Multinational Corporation: A Radical Approach**, Cambridge University Press, Cambridge, 1979, quoted in Robinson, p. 35.

of the sharers and executives of multinational companies demonstrates a global level of “class structure or stratification”.³³ Internationalization of the international capitalist class in developed countries results in “transnational expansion of capital” and assuming that the transnational expansion of capital as a political agenda, it is argued that this “class-conscious bourgeoisie” aims control at the international level³⁴.

Robinson justifies his claims about the international capitalist class with a Gramscian approach which enables the understanding of “global social formation” beyond the notion of nation-state. Robert Cox’s concept of “an emergent global social structure”³⁵ and Stephen Gill’s concept of “developing transnational capitalist class (TCC) fraction”³⁶ assist Robinson’s approach. Furthermore, Robinson recalls that Leslie Sklair’s works on “theory of the global system” are significantly parallel to his own works.³⁷ Nevertheless, he differentiates between his theory and Sklair’s: Sklair identifies the TCC as “inclusive of professional and middle-class groups (such as journalists), state bureaucrats, politicians, technicians, and other strata that are not necessarily propertied”.³⁸ On the other hand, Robinson defines the TCC as those who hold the transnational capital as owners and controllers.³⁹

According to Robinson and Harris, historic bloc of this new global class consists of:

“...the transnational corporations and financial institutions, the elites that manage the supranational economic planning agencies, major forces in the dominant political parties, media conglomerates, and technocratic elites and state managers in both North and South.”⁴⁰

³³ Walter L. Goldfrank, “Who Rules the World? Class Formation at the International Level”, **Quarterly Journal of Ideology**, Volum:1, Number: 2, 1977, pp. 32-37 quoted in Robinson, , p. 35.

³⁴ Kees Van der Pijl, **The Making of an Atlantic Ruling Class**, Verso, London, 1984; Kees Van der Pijl, “The International Level”, **In the Capitalist Class: An International Study**, (Ed. Tom Bottomore and Robert J. Brym), New York University Press, New York, 1989, pp. 237-266; Kees Van der Pijl, **Transnational Classes and International Relations**, Routledge, London, 1998 quoted in Robinson, p. 35.

³⁵ Robert Cox, **Production, Power, and World Order**, Colombia University Press, New York, 1987 quoted in Robinson, , p. 37.

³⁶ Stephen Gill, **American Hegemony and the Trilateral Commission**, Cambridge University Press, Cambridge, 1990; Stephen Gill, **Gramsci, Historical Materialism, and International Relations**, Cambridge University Press, Cambridge, 1993 quoted in Robinson, , p. 37.

³⁷ Leslie Sklair, **Sociology of the Global System**, Second Edition, John Hopkins University Press, Baltimore, 1995; Leslie Sklair, **The Transnational Capitalist Class**, Basil Blackwell, Oxford, 2001 quoted in Robinson, , p. 37.

³⁸ Robinson, pp. 35-37.

³⁹ Ibid., p. 12.

⁴⁰ Robinson and Harris, p. 12

Sklair makes a similar formulation:

“...those who own and control the TNCs (the corporate fraction), globalizing bureaucrats and politicians (the state fraction), globalizing professionals (the technical fraction), and merchants and media (the consumerist fraction)”.⁴¹

It is important to note that by definition, those fractions are not restrictive. It is common that one agent is a member of more than one fraction.

Establishment of the transnational capitalist class goes back to the 1980s. In the narrow definition, the Washington Consensus shaped the founding principles of neoliberal capitalism as a new global agenda. The concept of “neoliberalism” is justified by the classical and neoclassical liberal theory of economics and: “...modernization theory, but the doctrine of comparative advantage, and by the globalist rhetoric of free trade, growth, efficiency, and prosperity.”⁴² Neoliberalism is a phenomenon that consists of economism and marketization, which is enacted by the actors of privatization, liberalization and deregulation.⁴³ It endorses Scholte’s definition of neoliberalism. Scholte argues that supporters of neoliberalism are who benefit from it, and opponents are who are abused by it. Scholte emphasizes the negative effects of neoliberalism on poverty, employment, working conditions, military insecurity, ecology, cultural integrity, social cohesion, structural inequalities, social injustice and democratic deficit.⁴⁴ Robinson’s argument on the process of neoliberalization is also significant. For Robinson, this kind of global transformation imitates the process of “nation-building” phase of the mercantilist capitalism.⁴⁵ The neoliberal form of capitalism reconciles a large number of: “...fiscal, monetary, industrial, labor, and commercial policies...” in order to enforce those policies “simultaneously” and “instantly” between “national borders”.⁴⁶

Scholte argues that globalization and neoliberalism are two different phenomena. He adds that: “...the latter is a policy approach toward the former”⁴⁷. According to him, neoliberalism interprets

⁴¹ Sklair, *Capitalist Class*, p. 160.

⁴² Robinson, p. 77.

⁴³ Scholte, *Sources*, p. 7.

⁴⁴ *Ibid.*, pp. 11-14.

⁴⁵ Robinson, p. 78.

⁴⁶ *Ibid.*, pp. 78-79.

⁴⁷ Scholte, p. 24.

globalization by emphasising economism, and handles it with marketization through privatization, liberalization and deregulation. The study adopts the concept of “neoliberal globalization” in this regard. The neoliberal version of globalization consists of a collaborative work of: “...decentred governance, supraterritorial capitalism, modern economic science and global elite networks”.⁴⁸

In their article, Robinson and Harris emphasize that there are three divisions among the capitalist bloc: “the free-market conservatives”, “the neoliberal structuralists”, and “the neoliberal regulationists”⁴⁹. Those groups are “globalist” in principle, and do not relate themselves with national economies. They identify themselves rather with transnational capital. They are practically neoliberal concerned by “world market liberalization”⁵⁰ and “the freedom of transnational capital”⁵¹. Free-market conservatives foresee a full version of free enterprise, and strictly hold on to the roots of the Washington Consensus. According to this trend, bureaucratic agencies such as the IMF cannot control state policies. Instead, it should be left to “international financiers”.⁵² Nonetheless, the neoliberal structuralists idealize a softer version of neoliberalism. They encourage “a global superstructure” which keeps the world financial system more stable with less intervention. Finally, the neoliberal regulationists point at a greater “regulatory apparatus” on the financial system as well as social disputes for the sake of political stability.⁵³

The regulationists argue that the Washington Consensus is not enough to control and balance the financial system. Scholte argues that:

*“Regulationists support free markets, privatization, and the structures of global capitalism. But with expanding poverty they have come to question the complete deregulation of labor markets, cuts in social services, and government's abdication of a modicum of regulation.”*⁵⁴

Robinson and Harris claim that structuralists and regulationists have gathered around a new globalist project by the 1990s. This political agenda was named as the “Third Way” or the “New Middle”. The study uses the term Third Way for signifying the neoliberal program of globalization.

⁴⁸ Ibid., p. 24.

⁴⁹ Robinson and Harris, pp. 45-46.

⁵⁰ Ibid.

⁵¹ Ibid. pp. 41-43.

⁵² Ibid., p. 46.

⁵³ Ibid., pp. 41-43.

⁵⁴ Ibid., p. 46.

The third way, in other words, the “new institutional economics” address issues in economic governance by imposing more administrative enterprises of executives in the state. According to their program, the state apparatus creates a prearranged economic climate. By doing so, it becomes possible to manipulate economic activities before the need arises. Hence, direct intervention to the economy will be out of question. The new institutional economic rhetoric would call it: “...an enabling rather than a bureaucratic government”⁵⁵. This perception produces the removal of the state apparatus from economic problems and highly damages the welfare state. Instead, the Third Way address social issues in a liberal fashion, highlighting: “...equality of opportunity, a new political culture of ‘market individualism’, and local political decentralization”.⁵⁶ Robinson and Harris state clearly that the Third Way reflects the political logic of global capitalism in terms of its adaptable patterns of accumulation.⁵⁷

Robinson and Harris note that the Third Way creates a politics of exclusion aiming a stable social basis in the first classification, to pull in the second classification and to restrain the third classification. In order to maintain this structure, social control turns into an exceeding obstacle. They warn that “social welfare state” lose importance at the expense of “social control (police) state”⁵⁸. The new form of state includes a tremendous enlargement of security forces on public and private sectors, widespread and advanced version of social discrimination against minorities and other excluded groups through compound social control methods, coercive regulations against immigration and the like.⁵⁹

Exclusion is defined as: “...the lack of access to full participation in mainstream society in economic, political, social and cultural terms”.⁶⁰ The concept becomes meaningful in regard to poverty and inequality. Economic exclusion refers to lack of employment, which is needed to provide the individual enough income to meet basic needs. In the political sense, it implies the inability to: “...access to

⁵⁵ Robinson and Harris, pp. 48-50.

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ Ibid., p. 50.

⁵⁹ Ibid., pp. 50-51.

⁶⁰ Jan Breman, **Social Exclusion in the Context of Globalization**, Working Paper, No. 18, Policy Integration Department, World Commission on the Social dimension on Globalization, International Labor Office, Geneva, May 2004, p. 1.

sources of power and the inability to participate meaningfully in decision-making processes from the household level upwards”.⁶¹ Exclusion in the social sense is parallel to: “...denigration, the loss of respectability and dignity in one’s own eyes, as well as those of others”.⁶²

1.4. SOCIAL MOVEMENTS

Marx and Engels state that: “The history of all hitherto existing society is the history of class struggle.” in the Manifesto of the Communist Party.⁶³ According to the Marxist paradigm, exclusion of a class creates its own reactionary segments in society. In this regard, the chapter evaluates the literature of counter-globalization movements. Literature on social movements provides an understanding about the roots and nature of counter-globalization movements, which are analyzed in this study.

Literature on social movements dates back to 19th century’s labor movements.⁶⁴ Those movements emerged in an atmosphere of social conflicts between economically, politically and socially different layers of the society based on productivity, labor and accumulation. As Sidney Tarrow highlights, societal critique took shape around Marx’s, Lenin’s, Gramsci’s, and Tilly’s writings. He analyzes popular theories of social movements of the 20th century in this respect.⁶⁵

As the world becomes globalized through various networks, people’s troubles begin to feature a more common and global aspect. Reactionary approaches that proceed from systemic problems indicate some commonalities. Tilly states key similarities of social movements as: (1) campaign that drives specific goals, (2) repertoires of movements that seeks a set of actions such as protests, rallies, etc., and (3) exhibition of WUNC (worthiness, unity, numbers and commitment) principles in public to legitimize themselves.⁶⁶ In addition, Della Porta uses Gerlach’s

⁶¹ Ibid.

⁶² Ibid.

⁶³ Karl Marx and Friedrich Engels, “Chapter 1: Bourgeois and Proletarians”, **Manifesto of the Communist Party**, The Project Gutenberg Ebook, 2005.

⁶⁴ Giovanni Arrighi et al. **Antisystemic Movements**, Verso, Bristol, 1989, p. 30.

⁶⁵ Sidney Tarrow, **Power in Movement: Social Movements and Contentious Politics**, Cambridge University Press, Cambridge, 2011, pp. 20-21.

⁶⁶ Charles Tilly, **Toplumsal Hareketler (1768-2004)**, (trans. Orhan Düz), Babil, İstanbul, 2008, p. 17.

classification of three distinct characteristics of the organizational structure of social movements: (1) it is segmented, (2) it is multicentric, and (3) it is networked. She stresses the network feature that enables different groups to connect weak ties.⁶⁷

Smelser takes the social movements as a reactionary collective behavior against sharp social transformations. His value-added model of collective behavior emerges through six steps: (1) structural conductiveness, (2) structural strain, (3) growth and spread of generalized belief, (4) precipitating factors, (5) mobilization, and (6) operation of social control.⁶⁸ Furthermore, Flynn classifies social movements of the 19th and 20th centuries as transformative movements sought for a structural change in the system, reformative movements usually go for a change in the behalf of pre-addressed goal, redemptive movements aims for a change in an individual level, and alternative movements are a way of creating parallel life styles against conventional life style with individual efforts on ecological and spiritual basis.⁶⁹

Tilman Evers states what is distinctive in new social movements. First of all, he defends that social movements have a potential for transformation which is: "...not political, but socio-cultural".⁷⁰ The change which a "counter-cultural remodelling"⁷¹ brings has various versions. The core of counter-cultural structuring may be understood by the dichotomy of alienation versus identity. Last, new social movements produce an alternative version of society which creates its own counter-cultural movement.⁷²

Tarrow restated that capitalism created divisions among the labour and produced new instruments to connect them with capitalist system.⁷³ Until the 1960s, the central concern of social movements was class discrimination and the major features of these movements were shaped around an: "...anomalous, practically

⁶⁷ Donatella della Porta et al., **Globalization from Below: Transnational Activists and Protest Networks**, Minnesota, Minneapolis, 2006, p. 28

⁶⁸ Neil J. Smelser, **Theory of Collective Behavior**, the Free Press, New York, 1962 quoted in Donatella della Porta and Mario Diani, **Social Movements: An Introduction**, Blackwell Publishing, Oxford, 2006, p. 7.

⁶⁹ Simone I. Flynn, "Types of Social Movements", **Sociology Reference Guide: Theories of Social Movements**, (Ed. The Editors of Salem Press), Salem Press, California, 2011, pp. 28-31.

⁷⁰ Tilman Evers, "Identity: The Hidden Side of New Social Movements in Latin America", **New Social Movements and the State in Latin America**, (Ed. D. Slater), CEDLA, Amsterdam, 1985, p.49.

⁷¹ Ibid., p. 52.

⁷² Ibid., pp.49-59.

⁷³ Tarrow, p. 18.

irrational character” and the need or expectancy of a “charismatic leader” or “demagogue”.⁷⁴ Civil rights movements of 1960s have started to change the characteristics of social movements. Student movements and black right movements in the West accelerated the transformation of class-based social movements.⁷⁵ The emphasis on a class-based society was fading out, and demands of equality, freedom, and peace started to shape the new movements around the world. New tools of capital created the need for new ways of struggle.

Antony Giddens and Philip W. Sutton discuss what is “new” in new social movements (NSMs) in his introductory book on sociology. First, they claim that new social movements vary from old social movements in four manners. NSMs have brought new issues to the political agenda. Those issues are more related to the “quality of life” than “simple material self-interest”. In this regard, NSMs reflect an extensive social transformation to a “post-industrial society”. Second, NSMs have shown difference in their organizational structure. Unlike prior social movements, NSMs maintain a loosened structure in the means of organization. Giddens and Sutton explain that in case of a local group comes up against a legal restriction; other groups of the movement can carry on. This reflects a non-hierarchical framework, and represents a refusal of “the aggressively masculine, bureaucratic power politics of the industrial age”.⁷⁶ Third, NSMs brought new action repertoires to the protest actions. Adopting non-violence in “direct actions” is their most significant contribution to the action repertoires of social movements. The final characteristic of NSMs is that they involved new middle classes to the activist protests. Many of the protests: “...attract a ‘rainbow coalition’ of retired people, students, first-time protesters, feminists, anarchists, socialists, traditional conservatives, and many more”.⁷⁷

After World War II, social democrats had important gains in Western Europe. Yet, those gains were limited to the “traditional central core of the working class”.⁷⁸ Excluded sections of the labor force remained behind the political agenda. Those

⁷⁴ Ronaldo Munck, “Contestation: Societal Reactions to the Free Market”, **Globalization and Contestation**, Routledge, New York, 2007, p. 20.

⁷⁵ Suzanne Staggenborg, **Social Movements**, Oxford University Press, New York, 2016, pp. 66-68.

⁷⁶ Antony Giddens and Philip W. Sutton, “Politics, Government and Social Movements”, **Sociology**, Polity Press, Cambridge, 2013, p. 1001.

⁷⁷ Ibid., pp. 1000-1002.

⁷⁸ Arrighi et al., p.88.

were: "...the salaried professionals, the 'feminized' service-sector employees, and the 'ethnicized' unskilled or semi-skilled labor force".⁷⁹ In this context, what is new about new social movements reflects itself in "...the peace/ecology/alternative lifestyle movements; the women's movements; the 'minority', rights/'Third World within' movements".⁸⁰ The discomfort that is represented by those movements expresses the reaction of those who have been excluded from the socio-economic framework and the political strategy of the "old left". On the other hand, traditional social movements of the old left repeat the discourse of the nineteenth-century discourse of being "divisive" for the new movements.⁸¹

North America of the 1960s witnessed a significant change in the means of "freedom and material improvements". John McCarthy and Mayer Zald developed "resource mobilization theory" for analyzing the movements in an understanding of cost-and-benefit by drawing an analogy with a capitalist enterprise which seeks for developing their brand, mobilization of cadres or challenging with other enterprises in the social movements industry. Consequently, resource mobilization theory concentrates on how the movements circulate their time and money for the sake of their objectives.⁸² Munck criticizes the missing credit of individual as "the rational actor" and "collective identity" of the movements in resource mobilization theory:

*"Its focus on the individual – the rational actor – made it quite difficult for this approach to fully grasp social and collective processes. A focus on the instrumental rationality of the individual simply precludes an understanding of the collective identity at the heart of all social movements. If individuals were solely motivated by self-interest we would never see examples of solidarity. Nor can we explain the emergence of social movements that never get to the stage where they might actually deliver benefits to their members."*⁸³

Reviewing this economy-driven approach, Munck emphasizes the relation between "collective action" and the "political process" in his theorization. It is underlined that neither economic explanations nor political explanations alone are sufficient to analyze the social movements. 1968 events in Western Europe led to the

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ Ibid., pp. 85-88.

⁸² John McCarthy and Mayer N. Zald, **The Trend of Social Movements in America: Professionalization and Resource Mobilization**, General Learning Press, New Jersey, 1973.

⁸³ Munck, p. 21.

perception of a global society and social movements in a post-Marxist posture. Those social riots across Western society clarified the view of: "...the exhaustion of the old capitalism and the emergence of a new 'post-industrial', 'programmed' or simply 'complex' society".⁸⁴ In this respect, new social movements of the 1970s emerged in an environment in which there was a demand of "self-realization in everyday life".⁸⁵ The tendency of European social movements progressed toward culture and identity.⁸⁶

Due to strengthened US hegemony and "the terrors and the errors" of the traditional social movements⁸⁷, the contributors of political and social agenda stand a "reformist" position against the world system and antisystemic social movements. By the 1960s, they had become a more assertive front. 1968 is an open opposition to both the ongoing world system and an essential query of the program of the traditional opposition to the system.⁸⁸

Struggles between status-groups pave the way for the loss of supremacy of: "...the power of capital over labor, of dominant over subordinate status-groups, of states over civil society" in the capitalist world-system.⁸⁹ World system approach explains these relations as below:

"In order to reproduce, or re-establish, the command of capital over labor in the workplace, the functionaries of capital are induced to mobilize an ever-growing proportion of the labor force in wage activities but by so doing they revolutionize power relations between the genders and among age-groups and "ethnicities." Last but not least, the growing complexity of the division of labor within and across political jurisdictions makes the exercise of state power over civil society increasingly problematic".⁹⁰

Developing technology and new ways of communication make it possible for the NSMs to gain a more global aspect. As mentioned above, NSMs present a transformation towards a post-industrialist society. Globalization is one dimension of this transformation and its consequences reflect major problems which affect every

⁸⁴ Ibid., p. 22.

⁸⁵ Alberto Melluci. **Challenging Codes: Collective Action in the Information Age**, Cambridge University Press, Cambridge, 1998, pp. 13 quoted in Munck, p. 22.

⁸⁶ Munck, pp. 21-22.

⁸⁷ Arrighi et al. p. 100.

⁸⁸ Arrighi et al. p. 101.

⁸⁹ Ibid. p. 110.

⁹⁰ Ibid. p. 110.

society all around the world. In the current information generation, social movements are able to communicate and to create networks from different parts of the world. More important, they receive public attention and carry on mutual objectives. In this regard, the study focuses on the anti-globalization movements as a sub-category of the new social movements.

1.5. ANTI-GLOBALIZATION

Most scholars underline the protests during the Seattle Ministerial in 1999 as an important date on anti-globalization agenda. Indeed, the “Battle of Seattle” increased the visibility of anti-globalization movements and their political significance.⁹¹ In the following years, the events in Genoa, Prague and Quebec were organized in a ripple effect of Seattle protests. In the meantime, Zapatistas obtained a solid position in the opposition to “globalizing regionalism” in Latin America.⁹² The significance of this indigenous revolt reveals itself by creating a transnational contestation against neoliberal globalization and inspiring the Western anti-globalization movements with its “dignity”.⁹³

Scholars analyze anti-globalization movements in two main categories. The first wave of anti-globalization uprisings started in mid-1970s against the IMF’s Structural Adjustment Programme (SAP). Amory Starr asserts that: “SAPs were more bureaucratic, rationalized and irreversible methods of control.”⁹⁴ Austerity measures and debt crises in the developing world stimulated those uprisings in socialist states and Third world. In the 1990s, a second wave of protests arose around democratization processes in post-authoritarian regimes. Furthermore, other major movements began to develop in this decade. The most significant were militant Islamic, human rights, environmental and women’s movements.⁹⁵

⁹¹ Stephen Gill, “Toward a Postmodern Prince? The Battle in Seattle as a Moment in the New Politics of Globalization”, **Millennium: Journal of International Studies**, Volume: 29, Number: 1, 2000, p. 131.

⁹² Munck, p. 62.

⁹³ Ibid., pp. 62-66.

⁹⁴ Amory Starr, **Global Revolt: A Guide to the Movements against Globalization**, Zed Books, New York, 2005, p. 20.

⁹⁵ Munck, p. 58.

1.5.1. Seattle Protests

Seattle protests occurred during the WTO meetings at the end of the 1990s. As Ronald Munck notes, Seattle protests have their origins in the 1980s' IMF protests, and the history of organized labor movement.⁹⁶ The city and the region had been a "locus" of struggle of labor movements since the nineteenth century. Everett and Centralia Massacres of 1916 and 1919 were in the agenda of the city. Evolution of waterfront workers' organization since the late nineteenth century bore the fruit of unionization in the International Longshoremen's Association (ILA) in 1916. During 1919 Seattle General Strike, longshoremen conducted a five-day general strike. The West Coast ports were shut down during the 1934 strikes. In closer decades, different industries and services which Seattle generates had affirmed dynamic strikes. Seattle became one of the first "union cities" of the AFL-CIO in 1997. It is claimed that those historical processes improved the solidarity from local to national and from national to international.⁹⁷

The Seattle protests of 1999 became a symbol of the solidarity between "teamsters" and environmentalists. In the non-violent street protests, a wide range of participants were observed. The most significant ones were: "700 nongovernmental organisations and an estimated 40,000 demonstrators, including steelworkers, environmentalists, AIDS-activists, farmers, anti-capitalists, anarchists, students and concerned local citizens"⁹⁸. And an important number of unions joined the protests, such as the United Steelworkers of America (USWA), the International Longshore and Warehouse Union (ILWU), the International Association of Machinists (IAM), the International Brotherhood of Teamsters (IBT), the American Federation of State, County and Municipal Employees (AFSCME), and the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO).⁹⁹

⁹⁶ Ibid., p. 61.

⁹⁷ Margaret Levi and David Olson, "The Battle in Seattle", **Politics & Society**, Volume: 28, Number:3, September 2000, pp. 309-329.

⁹⁸ Ronald Bleiker, "Politics After Seattle: Dilemmas of the Anti-Globalization Movement", *Cultures & Conflits*, **20.06.2002**, <http://conflits.revues.org/1057?lang=en#authors>, (16.03.2016).

⁹⁹ Kenneth A. Gould et al., "Blue-Green Coalitions: Constraints and Possibilities in the Post 9-11 Political Environment", **Journal of World-System Research**, Volume: 10, Number: 1, Winter 2004, p. 93.

Protesters had seen the corporations as a common opponent in process of inclusion in decision making about universal problems.¹⁰⁰ They defended a challenge against exploitation of labor and environment for the benefit of corporations. They placed themselves in opposition to “neoliberal trade policies” – or “free trade and corporate greed over the interest of average people and the environment”, not the idea of globalization per se. Their world-wide street protests signifies: “...a much more systemic and alarming crisis of legitimacy, one that has to do with the lack of democratic accountability of the major multilateral institutions that shape the world economy”.¹⁰¹ The Seattle protests are a part of the: “...new battle against globalization with ‘new’ social movements involved, but much that was part of a much older struggle for social justice”.¹⁰²

The organizational structure of the Seattle protesters created “affinity groups” in horizontal organization. The non-hierarchical construction of the protests encouraged a very large variety of diversity groups to participate in the movement. Anarchist inclinations in the organization process and action patterns were critical for the persistence of the protests. Direct action was adopted by attacking symbolic targets, such as the Nike, the Gap and Mc Donald’s for their significance for global governance of free trade, corporations and environmental issues.¹⁰³

1.5.2. Zapatistas

Zapatistas occupy a significant position in anti-globalization movements. On the first day of implementation of the North American Free Trade Agreement (NAFTA) in 1994, the Ejército Zapatista de Liberación Nacional (EZLN) arose to establish autonomous entities in the poorest region of Mexico, in Chiapas. EZLN is an indigenous movement based on Marxist ideology, active since the 1980s.¹⁰⁴ They claim an opposition to “the great financial powers” in the appearance of the Mexican

¹⁰⁰ Munck, p. 61.

¹⁰¹ Ronald Bleiker, “Politics After Seattle: Dilemmas of the Anti-Globalization Movement”, *Cultures & Conflicts*, **20.06.2002**, <http://conflicts.revues.org/1057?lang=en#authors>, (16.03.2016).

¹⁰² Ibid., p. 60.

¹⁰³ Ibid., p. 60.

¹⁰⁴ Munck, p. 63.

government.¹⁰⁵ The importance of this indigenous movement is the transnational network it has achieved since 1994.

The EZLN inherits its motives from the Liberation Army of the South (Ejército Libertador del Sur) of Emiliano Zapata in the 1910s. In more recent decades, the movement has been associated with Mexico's dirty war:

*"Tired of generations of abuse, mired in a crisis that combined land shortages with lack of economic opportunities, and seeing no political resolution, indigenous communities organized EZLN in the mid 1980s."*¹⁰⁶

1992 modification of Article 27 of the constitution abolished the heritage of land reform of the 1917 revolution. This was seen as a "de-territorialisation" by the rural population. This was a continuation of withdrawing support from the agrarian areas for the benefit of "maquiladora-led industrialization", which pushed the agrarian population to join the ranks of cheap and unsafe industrial labor.¹⁰⁷

In the meanwhile, the first Continental Encounter of Indigenous Peoples was gathered in Ecuador in 1990. More than 200 indigenous nations were represented in the encounter. The delegates settled on a call for continental unity. In order to maintain the movement, Continental Coordinating Commission of Indigenous Nations and Organizations (CONIC) was established in Panama in 1991. A second encounter was laid on at Mexico in 1993. One of the groups that embody a hosting group, the Frente Independiente de Pueblos Indios (FIPI), was the delegates from Chiapas where Zapatistas evolved in the following year.¹⁰⁸ This continental solidarity network was not dominated by any political parties or trade unions as hierarchical solid structures but by a channel that enables: "...communication and mutual aid among autonomous nations and peoples".¹⁰⁹

NAFTA went in effect on 1 January 1994. The agreement was seen as protecting the rights of investors than people, and giving the investors control on the state. Many peasants and indigenous peoples from Chiapas started an army against

¹⁰⁵ Starr, p. 24.

¹⁰⁶ Mexico Solidarity Network, "Zapatismo", <http://www.mexicosolidarity.org/programs/alternativeconomy/zapatismo/en>, (22.03.2016).

¹⁰⁷ Ibid.

¹⁰⁸ Starr, p.23.

¹⁰⁹ Harry Cleaver, "The Chiapas Uprising in the New World Order", Summer 1994.

the Mexican state and the investors. The EZLN took control of numerous towns and formed autonomous entities.¹¹⁰

In 1996, Zapatistas made an announcement for the “Encuentro¹¹¹ for Humanity and Against Neoliberalism” in Chiapas, and a second one was made in the following year in Spain. Those meetings led to a world-wide wave of solidarity against neoliberal capitalism and for creating an alternative to the system.¹¹² Munck states that globalization, indeed: “...has made the world more interconnected physically, socially, politically and culturally”.¹¹³ Hence, a local indigenous uprising without any central base in the transnational solidarity network, could turn into a global issue.¹¹⁴

In the year of 2001, Zapatistas marched to Mexico City. The government and Zapatistas would sit on the table to dissolve the conflict. “The Great March” took three weeks and they were welcomed in solidarity. The Zapatistas had three demands: “...the removal of the army from Chiapas, the release of Zapatista prisoners, and the passing of the San Andrés accords into law”.¹¹⁵ The San Andrés accords were signed with government in 1996 granting “the right of Indian communities to collective autonomy and organisation based on indigenous traditions”.¹¹⁶ The accords were never executed. Instead, governments preferred to cooperate with corporations and de-territorialized indigenous people, driving them out of their lands.¹¹⁷

1.6. CONCLUSION

Globalization is a controversial phenomenon which has been densely discussed since the second part of 20th century, although some scholars claim that it is an older fact. The first of part of the chapter discussed the different perceptions

¹¹⁰ Starr, p. 24.

¹¹¹ Meaning “meeting” in English, the term *Encuentro* is preferred by the literature on this issue.

¹¹² Notes from Nowhere, **We Are Everywhere: The Irresistible Rise of Global Anticapitalism**, Verso, London, 2003, p. 74.

¹¹³ Munck, p. 64.

¹¹⁴ Ibid.

¹¹⁵ Mike Gonzalez, “Zapatistas After the Great March – A Postscript”, Summer 2001, <https://www.marxists.org/history/etol/writers/gonzalez/2001/xx/postscript.htm>, (30.07.2016).

¹¹⁶ Ibid.

¹¹⁷ Ibid.

and three camps of globalization as a phenomenon, followed by the debate on neoliberalisation of the world and the emergent transnational capitalist class as a product of new accumulation of capital. In early 1980s, neoliberalisation was added to the agenda of globalization as an ideology that shaped its nature. Fiscal and monetary policies became the main tools of neoliberal globalization in order to maintain and expand its influence.

As the economy globalized, it became clear that capital ignores vested rights of middle and lower classes, and damages the nature in favor of profit. As a voice of those who were excluded by this process, anti-globalization movements rose against neoliberalisation of the world and exploitation of people and nature. In order to provide a better basis for the discussion, the background and components of social movements were examined. In this chapter, the study aimed to justify the relation between neoliberal globalization and anti-globalization movements.

It was argued by the study that TCC is the agency behind neoliberal globalization. Neoliberal globalization generates exclusion of the poor and exploitation of the environment. It is the contention of this chapter that anti-globalization movements and social movements should not necessarily be accepted as two distinct processes. Anti-globalization movements are a part of the reactionary movements from the grassroots in the post-1968 period. Until the late 1990s, they maintained an anti-IMF agenda in less developed countries. In 1999, WTO protests in Seattle presented a convergence between actors of old and new social movements. This convergence proved the solidarity of labor unions and environment activists. In the meantime, Zapatista movement in Mexico set another example of another form of transnational solidarity against neoliberal interests. It represents a regional uprising with a universal vision against corporate power. Anti-globalization activists from various nations joined the Zapatista front for solidarity.

The next chapter discusses another case of regionalization, which developed not against, but in parallel to globalization; namely, the neoliberalization of Europe, as part of the background for case of the Greek SYRIZA movement.

CHAPTER TWO

NEOLIBERAL TRANSITION IN EUROPE

2.1. INTRODUCTION

The whole history of the European Union (EU) may be evaluated as a progressive process, in which the goal is to complete a fully integrated economic, political and social union. In order to achieve the goal of a fully integrated Europe, the EU had to make various reforms through fundamental treaties shaping conceptual policies. The conceptual policies paved the way for a union able to transform institutions and regulations of member states towards a fully integrated Europe and to complete its integration to global markets. There is a vast literature on theories of European integration and transformation.¹¹⁸ However, the major axis of this chapter will be the discussion about the globalization process and neoliberal transition in the EU and its socio-economic effects on the European periphery.

This chapter aims to address the question of how globalization and neoliberal transition affect European periphery with special emphasis on the Mediterranean countries. The chapter starts with post-war Europe's reconstruction and the European integration process that paved the ground for a united Europe. By providing this historical background, the study aims to analyze the mechanism which tied Europe to global markets. In order to do that, the study is focused on the post-1980 period. The 1980s are important for the study for three reasons. First of all, neoliberal policies began to be developed world-wide in the 1980s. Margaret Thatcher in the UK and Ronald Reagan in the USA led the way. The fall of Berlin Wall in the end of this decade also changed international politics in Europe and in the world. And last,

¹¹⁸ For further information: e.g. Mark Gilbert, **European Integration**, Rowman & Littlefield Publishers, Maryland, 2012. John Gillingham, **European Integration, 1950-2003: Superstate or New Market Economy?**, Cambridge University Press, Cambridge, 2003. Liesbet Hooghe, **Cohesion Policy and European Integration: Building Multi-Level Governance**, Oxford University Press, 1996. Gary Marks and Marco R. Steenbergen, **European Integration and Political Conflict**, Cambridge University Press, Cambridge, 2004. Hans J. Michelmann and Panayotis Soldatos, **European Integration: Theories and Approaches**, University Press of America, London, 1994. Mark A. Pollack, **The Engines of European Integration: Delegation, Agency, and Agenda Setting in the EU**, Oxford University Press, New York, 2003. Cris Shore, **Building Europe: The Cultural Politics of European Integration**, Routledge, London, 2000.

Greece became a member state in 1981. In 1986, Portugal and Spain became members of the community.

Structurally, globalization is international and transnational integration of economy, politics and culture.¹¹⁹ As world system theorists state, peripheral states are accepted as the weakest rings in this chain.¹²⁰ In the last part of the chapter, the study explains the transition to neoliberal globalization under three subtitles: production structure, fiscal and monetary policies and welfare state. The study makes use of Eurostat and OECD data sets on the related concepts, and compares the data on the Mediterranean Four countries (Greece, Italy, Portugal, and Spain) with Germany, the United Kingdom (UK) - as two of the strongest economies in the EU- or Euro Zone/OECD averages. On that account, the study attempts to analyze neoliberal transition processes and mechanisms in peripheral member states of the EU in order to seek for the clues of the recent crisis of 2008.

2.2. RECONSTRUCTION OF EUROPE AFTER SECOND WORLD WAR

Post-war Europe experienced a substantial reconstruction. Political polarization of world politics during the Cold War had given Europe the opportunity to receive reconstruction funds from the USA. Marshall Plan was the most important reconstruction fund Europe received during the Cold War. The goal of these aids was to create a fortress before the expansion of communism while promoting the economic development in post-war Europe. Organisation for European Economic Cooperation (OECD) was established in 1948 in order to control the cash fluid from Marshall Plan and the organization continued to facilitate the attainment of post-war political and economic goals. As the transaction between the Soviets and the U.S. increased, a political cooperation among the European states had remarked its

¹¹⁹ Christopher Chase-Dunn, “Küresel Sosyalizmin Önündeki Engel(ler) ve Küresel Sosyalizme Doğru”, **Modern Küresel Sistem**, (Ed. Immanuel Wallerstein), (Trans. M. Kürşad Atalar), Pınar Yayınları, İstanbul, 2005, p. 61.

¹²⁰ Chase-Dunn, p. 55.

importance, once again, for the Europeans to converge.¹²¹ In doing so, Europe would have a more prestigious position in economic, financial and monetary issues.¹²²

In the following decade, six European countries agreed on establishing the European Coal and Steel Community (ECSC) with the aim of constructing and maintaining cooperation and development in Europe. The six founder members - the inner six - were Belgium, France, Italy, Luxembourg, Netherlands and West Germany. Later, in 1957, the community was transformed into a closer economic community with the signature of the Treaty of Rome. The treaty is a constituent treaty for the customs union, and the first step for establishing a single market.¹²³ In order to achieve economic integration, four stages were foreseen. For the first stage, states would remove tariffs between each other to establish a free trade area. In the customs union stage, a common external tariff would be added to the zero-tariff policy between the members. The next stage would be a single market which sets up a free movement of “factors of production” (labor, capital and goods and services). As a final stage, an economic union would be built by harmonization of all economic policies.¹²⁴ Dinan explains these stages as: “...involving greater coordination of member states’ macroeconomic politics, establishment of free capital movement, and membership of all EC currencies in the EMS”¹²⁵.

In the 1960s, primary regulations were made for agricultural production, protection of farmers and food quality among the member states. These conceptual policies were embodied in the Common Agricultural Policy (CAP) which has been prominent ever since the 1960s. The policy was based on three principles: market unity; community preference; and financial solidarity. Market unity principle was implemented through Common Market Organizations (CMO). The function of this tool was to prosper the internal trade and building protective barriers to the community borders for the protection of European farmers. Three complementary policies supported the operation of the CMOs: “...a guaranteed price, a public

¹²¹ Desmond Dinan, **Ever Closer Union: An Introduction to European Integration**, Palgrave Macmillan, Hampshire, 2005, p. 108.

¹²² Ibid., p. 110

¹²³ Helen Wallace et al. **Policy-Making in the European Union**, Oxford University Press, New York, 2005, p. 95.

¹²⁴ Michelle Cini, **European Union Politics**, Oxford University Press, Oxford, 2007, p. 254.

¹²⁵ Dinan, p. 114.

intervention system, and some variable levies at the Community's border”¹²⁶. The characteristics of those policies present the barriers that are raised through tariffs.

The 1970s witnessed significant developments in European political scene. In 1973, the first enlargement included Denmark, Ireland and the United Kingdom.¹²⁷ In the same year, Arab-Israeli War occurred and brought about energy crisis and economic distress in Europe and the rest of the world.¹²⁸ In addition, 1970s in Europe witnessed the falls of fascist dictators in Greece, Portugal and Spain. Transition processes to democracy paved the way for membership of those countries. Regional policy and development funds were guided towards poorer regions in the European Community.

In the 1980s, another important step was taken in order to achieve a monetary union is that to create a European Monetary System (EMS) in 1979. On the pathway to construction of an economic union, the 1969 Barre Report declared Economic and Monetary Union as the main goal of the community after common agricultural policy. The vision of the EMS was to provide a stable and common currency within the community and The European Central Bank (ECB) was established to coordinate fiscal and monetary policies between member states. The Exchange Rate Mechanism (ERM) was created to control the fluctuation band within $\pm 2.25\%$ except the Italian lira, the Spanish peseta, the Portuguese escudo and the British pound.¹²⁹ Endeavors of creating an economic integration within the community has been one of the paramount priorities. Establishment of a common market was determined primarily in the Treaty of Rome. Accordingly, the Single European Act (SEA) was foreseen as a treaty on foreign and security cooperation and a detached review of Rome Treaty. It is predicted to be completed the goal of establishment of a single market by 1992.¹³⁰ Incompatible domestic regulations of member states created difficulties in establishing a single market. Therefore, the community boosted a policy of harmonization to adjust the national regulations for creating a common ground. The community was troubled about harmonization strategies in some particular issues

¹²⁶ Cini, p. 341.

¹²⁷ Dinan, p. 70.

¹²⁸ Ibid. p. 72.

¹²⁹ European Commission, “Economic and Monetary Union”, http://ec.europa.eu/economy_finance/euro/emu/index_en.htm, (09.05.2013).

¹³⁰ Dinan, p. 108.

like unanimity voting to qualified majority¹³¹, protectionism on national markets, numerous non-tariff barriers, and inadequate political will.¹³² Discussions about the SEA gathered around two approaches. A neo-functionalist group, which stressed the role of supranational actors, pursued the Single European Market (SEM). This approach was criticized for giving too much credit to transnational entrepreneurs in the interest of the SEM. On the contrary, another group of intergovernmentalists, which underlined the gravity of the member state governments, advocated member states' bargaining role. According to the intergovernmentalist approach, governments agreed on reducing their policy autonomy due to a mutual trust of completing a common goal. Nevertheless, the influence of supranational actors on the member state governments was not totally denied.¹³³

European integration reveals two sets of integration mechanisms. Negative integration represents a "mutual recognition principle" on the removal of national barriers and equating the national standards with other members' standards. For instance, a product which is produced in a member state should be considered as legal as a product produced in another member state. Negative integration brings standards to trade and production. On the other side, "mutual recognition principle is practiced for balancing public policy objectives and liberalizing trade. Positive integration is for replacing the conflictual national policies with common European ones."¹³⁴

Cohesion had become one of the major issues in the integration process of the EU. In particular, it remained controversial on budgetary problems. Poorer members, such as Ireland, Greece, Portugal and Spain, bargained for higher budgets on regional and social policy in response to market liberalization. As an alternative to harmonization policies in trade, "mutual recognition" was adopted as a new regulative policy which would facilitate the circulation of trade and commerce in the community: "Mutual recognition implies that it is only in areas that are not mutually equivalent that member states can invoke national restrictions, practices, and

¹³¹ Dinan, p. 109.

¹³² Cini, pp. 256-257.

¹³³ Wallace et al., pp. 100-101.

¹³⁴ Ibid., pp. 102-103.

traditions and restrict free trade in the Community.”¹³⁵ The European Court of Justice (ECJ) concluded that free trade rule could have exceptions in the case of: “... purposes of public health, fair competition, and consumer protection”.¹³⁶

When it came to international competitiveness, the community faced incapability. Although Keynesian policies worked for national economies, it had less to do with international competitiveness. Business and political authorities made a stride to a collective project in early 1980s. The European Round Table of Industrialists (ERT) was established, representing the interests of heads of European companies. The ERT had three goals. The first one was to adapt the European economy to global competitiveness. Another goal was to enhance the integration of European economies through the achievement of a Single Market and stable monetary union. Last, it addressed economic and political external relations in order to increase economic growth.¹³⁷ Governments’ measures on: “...creating national champions, protect labor markets, and maintain public spending” did not restrain trade imbalances and deficits¹³⁸. Shifting towards market liberalization was seen as a remedy.¹³⁹ Business people bolstered up the single market program. Meanwhile, in Britain, Thatcher was voicing criticism on the budgetary obligations of other members and the CAP reform.¹⁴⁰ She made a renowned speech putting emphasis on “anti-federalism” and national sovereignty at the College of Europe in Bruges in 1988.¹⁴¹

2.3. THE TREATY OF MAASTRICHT AND MONETARY UNION

The demise of Berlin Wall led to the unification of Germany. Delor’s speech at the College of Europe in Bruges was encouraging European integration and the unified Germany.¹⁴² The end of Cold War initiated a profound enlargement process

¹³⁵ Michelle Egan, “The Single Market”, **European Union Politics**, Ed. Michelle Cini, Oxford University Press, Oxford, 2007, pp. 258-259.

¹³⁶ *Ibid.*, p.259.

¹³⁷ European Round Table of Industrialists, “ERT Mission”, **About ERT**, <http://www.ert.eu/about-us>, (02.08.2016).

¹³⁸ Egan, p. 260.

¹³⁹ *Ibid.*

¹⁴⁰ Dinan, p. 113.

¹⁴¹ *Ibid.* pp. 114-115.

¹⁴² *Ibid.* p. 115.

towards the former communist states in Central and Eastern Europe, plus Cyprus and Malta.¹⁴³ Most members agreed on the principles of a political union, but a great debate was taking place on the: "...extent of those changes and how to bring them about"¹⁴⁴. In 1992, the Treaty of Maastricht, in other words the Treaty of European Union, came into force. The Treaty of Maastricht created a three-pillar structure, supplementing the European Communities - which handled economic, social and environmental policy - by a Common Foreign and Security Policy (CFSP) and Justice and Home Affairs (JHA). The treaty described the European Council and broadened the policy scope, particularly for Economic and Monetary Union (EMU).¹⁴⁵

German Mark had an influential value in the exchange rate mechanism.¹⁴⁶ Germany had insisted on the ECB simulating structure of the German Federal Bank, so it could keep its beneficial position in economic issues.¹⁴⁷ Italy and Spain didn't have a political position to make a voice during the establishment of the ECB.¹⁴⁸ Established on the second stage, the ECB would promote the national banks to shift to a common currency through a preparation process. In addition, ECB would be capable of expediting the monetary cooperation.¹⁴⁹

Low inflation rates and a stable currency are vital to carry on a successful monetary union. In order to provide a good basis for this, member states were obliged to meet specific criteria. The convergence criteria attributed to certain levels of inflation rates, interest rates, and exchange rates. Additionally, all member states were expected to keep their budgetary deficit and public debts under certain levels. According to Maastricht convergence criteria, inflation rates could not be more than one-and-a half point of the average of three best member economies. Interest rates should be less than two points above the average of the lowest three members and exchange rates should stay within the normal limits determined by the exchange rate mechanism for prior two years. Moreover, budget deficit should not be more than 3 per cent of the GDP and public debts should not exceed 60 per cent of the GDP. It

¹⁴³ Ibid. p. 138.

¹⁴⁴ Ibid. p. 117.

¹⁴⁵ Wallace, p. 51.

¹⁴⁶ Ibid. p. 114.

¹⁴⁷ Dinan, p. 118

¹⁴⁸ Ibid., p. 120.

¹⁴⁹ Ibid., p. 121.

was emphasised that independence of national banks against political authorities should be protected. National banks would not be able to produce money in case of public debt and budgetary deficit.¹⁵⁰ In the mid-1990s, the community developed the Stability and Growth Pact in order to maintain the budgetary discipline once the states joined the EMU.¹⁵¹ At the end of the meetings, member states agreed on achieving the third stage of EMU, the membership of all EC currencies in the EMS, until 1999.¹⁵²

Starting with the Maastricht Treaty of 1992, the EU shaped out its institutions and decision-making processes through the Amsterdam Treaty of 1997, the Nice Treaty of 2001, and the Lisbon Treaty of 2009. The Treaty of Amsterdam gave more legislative powers to the European Parliament, regulated more powerful conditions on enlargement and incarnated Schengen Zone. In 2001, further enlargement was eased into the institutional level.¹⁵³ The Lisbon Treaty aimed to remove the complications in decision-making and voting mechanisms, national sovereignty and access to EU funds. It is a common perception that the Lisbon Treaty is designed to be the final major institutional reform for a long period to come.¹⁵⁴

2.4. EUROPEAN DEBT CRISIS OF 2008

European sovereign debt crisis is not peculiar to the Euro area or the EU. It is a reflection of a worldwide crisis on the European financial sector. Taylor states two factors which brought the global crisis to the agenda: “The modernization of banking practices...” enabled the financial organizations to embrace “...advanced profit seeking...” manners and globalization spread the Western capitalist style of economy throughout the world¹⁵⁵.

Establishment of single currency was anticipated by targeted interest rates among member states of the EU. This situation created an easy environment of

¹⁵⁰ Amy Verdun, “Economic and Monetary Union”, **European Union Politics**, (ed. Michelle Cini), Oxford University Press, Oxford, 2007, pp. 327-328.

¹⁵¹ Ibid., pp. 329-330.

¹⁵² Dinan, p. 122.

¹⁵³ Wallace, p. 51.

¹⁵⁴ Anthony Luzzatto Gardner and Stuart E. Eizenstat, “New Treaty, New Influence? Europe’s Chance to Punch Its Weight”, **Foreign Affairs**, Volume: 89, Number: 2, March/April 2010, pp. 104-105.

¹⁵⁵ Taylor, pp. 14-15.

funding through crediting for the governments. Low interest rates accelerated flourishing of economies depending on a “credit-fuelled consumption”. Governments rejoiced in high tax revenues while spending was rising without restraint. Nevertheless, the crash of overblown high-tech stock market in 2000 and the impact of 9/11 created a recession in the following years. Monetary authorities lowered interest rates to ease the financial market. This decision brought out stabilization in fiscal situation and lowered the debt pressure, although none of the member states obtained a considerable surplus. Low interest rates and credit-fuelled prosperity steered the investors to the countries like Ireland, Greece or Portugal despite the risks. Those peripheral countries were already showing large imbalances.¹⁵⁶

Later, it was revealed that some southern European countries and Ireland disregarded the fiscal rules of the EMU. Greece announced that their budget deficit was more than twice as large as last year’s and demanded economic assistance in 2009. Indeed, Greece’s national debt to GDP ratio was at 143 per cent of the GDP, while France’s and Germany’s were more than 80 per cent and Italy’s 119 per cent in 2010.¹⁵⁷ This situation created “a crisis of confidence” in the international bond markets that had the same effect on the countries that have high national debt like Ireland, Italy, Portugal, and Spain. EU members and the IMF displayed a proposal of long-term loans to rescue the Greek, Irish and Portuguese governments. In the meanwhile, the ECB supplied cash to their banking system to secure their liquidity purchasing those countries’ bonds.¹⁵⁸ Moreover, distrust in the financial markets led the member states to take more permanent measures for maintaining the stability in the Euro area.¹⁵⁹ While the Mediterranean peripheries demanded European assistance for their economies, investors began to take cautious steps selling their assets in Greece, Ireland, Italy, Spain and Portugal, and buying government bonds in safe countries such as Germany, Switzerland, Denmark, and Norway. This behavior of

¹⁵⁶ Michael Heise, **Emerging from the Euro debt Crisis: Making the single Currency Work**, Springer, Berlin, 2013, p. 17.

¹⁵⁷ Hugo Dixon, “Can Europe’s Divided House Stand? Separation Fiscal and Monetary Union”, **Foreign Affairs**, Vol.:90, No:6, November/December, 2011, p. 77.

¹⁵⁸ Dixon, p. 81.

¹⁵⁹ Ibid., p. 78.

market participants made the situation worse for the governments in Greece, Italy and Spain.¹⁶⁰

One of the precautions that the EU took was to establish a European Financial Stability Mechanism (EFSM). This rescue fund provided 750 billion Euros in total: 60 billion Euros from European financial stability mechanism which is guaranteed by the EU member states, 440 billion Euros from the European Financial Stability Facility which is predicted to be established, and 250 billion Euros from the IMF funds.¹⁶¹

Boyer points out three glitches of the EMS. First, it would be problematic for some member states in the Euro area to keep their competitiveness without periodic devaluations. Besides, the Euro area and the ECB were expected to average low inflation rates of the members. This did not include a vision in production and trade. As competitiveness of some members decrease, they faced higher inflation than the average. Due to that fact: "...a systemic dependence upon a permanent and large entry of credit from abroad..." became necessary¹⁶². The treaties also forbid a financial cooperation among the members. As a consequence, it is overlooked that management of public finances would not be effective in all of the Euro area.¹⁶³

Imbalances in payments across Europe comprise another issue concerning the crisis. The amount Southern members purchased from the Northern members transcended what they sold. Furthermore, the South paid this consumption with the loans received from the North. Wages in the South rose faster than the North. This produced a gap in unit labor costs.¹⁶⁴

The difference between models of capitalism within the EMU is another important factor that affected the Euro crisis. It also created asymmetrical relations for the member states within the union. Northern model of capitalism within the EU is coordinated market economy, which is pursued by Germany. Coordinated market economy foresees coordination between firms and labor unions on wage rises. In

¹⁶⁰ Erik Jones, "Future of The Euro", **Great Decisions 2013 Briefing Book**, Foreign Policy Association, 2013, p. 6.

¹⁶¹ Deborah Zandstra, "The European Sovereign Debt Crisis and Its Evolving Resolution", **Capital Markets Law Journal**, Volume: 6, Number: 3, 2011, p. 287.

¹⁶² Robert Boyer, "Origins and Ways Out of the Euro Crisis: Supranational Institution Building in the Era of Global Finance", **Contributions to Political Economy**, Vol.:32, 2013, p. 101.

¹⁶³ Ibid., pp. 101-102.

¹⁶⁴ Peter A. Hall, "Anatomy of the Euro Crisis", **Harvard Magazine**, July-August 2013, <http://harvardmagazine.com/2013/07/anatomy-of-the-euro-crisis>, (20.08.2016).

doing so, governments can constrain the labor costs. Cooperation between employer associations and labor unions in vocational trainings results in skilled labor and production of high-value-added goods so that global competitiveness increases. This model of economy fits in a monetary union endorsing an export-led growth. On the other hand, the Southern model seen in Spain, Portugal, Greece and Italy, has fragmented labor movements and immature employer associations. Thus, it results in the inadequacy of cooperative vocational training and coordination on wages. The governments of Southern Europe depended on demand-led growth which governments promoted internal consumption. Periodic depreciations of the exchange rate were adopted to counterbalance the inflationary consequences. No longer able to counterbalance the consequences of demand-led growth strategies, they lacked the ability to devalue national currencies. This caused ballooning of the current-account deficit.¹⁶⁵

Under these circumstances, it was seen that Northern countries had more relevant institutional frameworks with a monetary union than the Southern ones. This created an institutional asymmetry within the EMU, the design of which required a standardised growth strategy for each and every member state.

2.5. EUROPEAN INTEGRATION AND PERIPHERY

The sovereign debt crisis in the EU placed burden on the “ordinary people”. As well as the creditors, governments were burdened with the measures of compensation such as: “...the reduction of public expenditure, privatization, cuts in social services, the erosion of labor rights, and so on”.¹⁶⁶ A great deprivation of labor and social rights has been observed in some distinct groups of society. The austerity policies had negative effects on equality, social expenditure as loss of jobs or reduction on wages, and social services.¹⁶⁷

¹⁶⁵ Ibid.

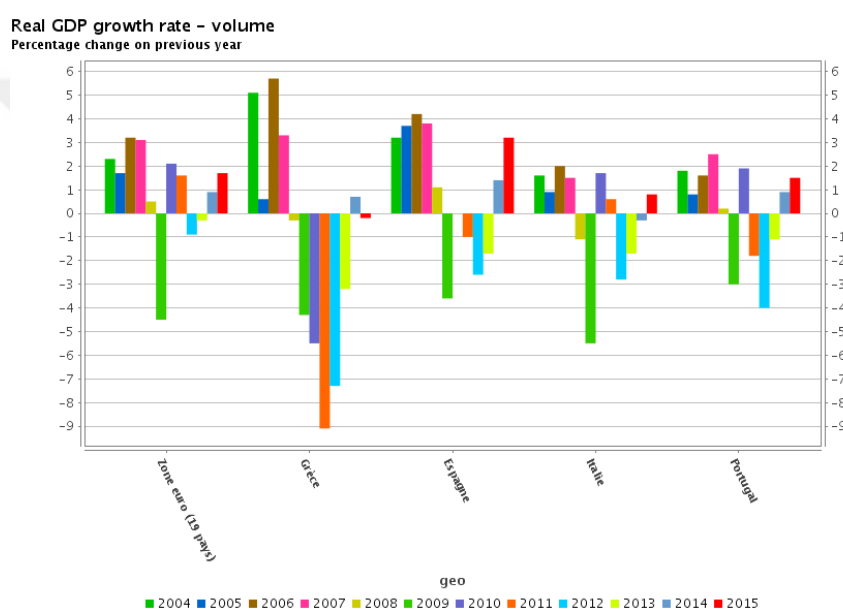
¹⁶⁶ Eric Toussaint, "Indignadas e indignados del mundo entero: Unamonos." CADTM, 01.01.2012, <http://www.cadtm.org/>

Indignadas-e-indignados-del-mundo, (03.08.2016) quoted in Josep Maria Antentas and Esther Vivas, The Scissors of Debt: Comments from Southern Europe, **Women's Studies Quarterly**, Volume: 42, Number: 1/2, Spring/Summer, 2014, p. 53.

¹⁶⁷ Josep Maria Antentas and Esther Vivas, The Scissors of Debt: Comments from Southern Europe, **Women's Studies Quarterly**, Volume: 42, Number: 1/2, Spring/Summer, 2014, pp. 53-54.

In Figure 1, Real GDP growth rates of the Mediterranean Four countries and Euro Area are observed. As shown below, GDP growth substantially decreases in 2008 and bottoms for the Euro Area average and the Mediterranean Four in the following year. In particular, Greece seems to have trouble in recovery after 2008 period. Greece's GDP hit the bottom in 2011. This situation put the monetary union in danger.¹⁶⁸

Figure 1: Real GDP Growth Rate – Volume



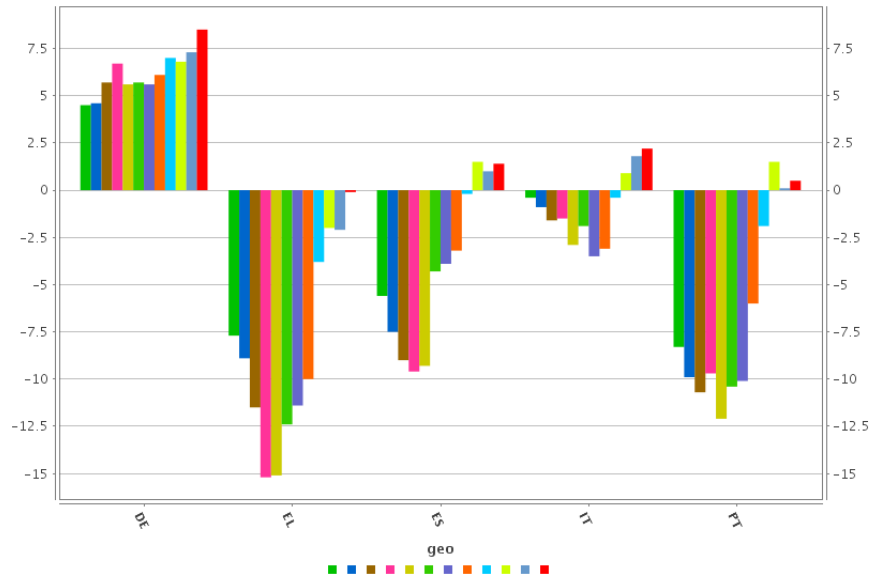
Source: Eurostat, “Real GDP Growth Rate”, <http://ec.europa.eu/eurostat/tgm/graph.do?pcode=tec00115&language=en>, (04.08.2016).

Moreover, a similar tendency is observed in the current account balance of the Mediterranean Four countries and Germany in contrast. Figure 2 indicates current account balances between 2004 and 2015. It shows that the aforementioned countries are troubled by inefficient exports to compensate the expenses for imports. Except Greece, other Mediterranean Four countries performed better. Nevertheless, none of those four countries' current account balances are as good as Germany's.

¹⁶⁸ Rebecca M. Nelson et al. “Greece’s Debt Crisis: Overview, Policy Responses, and Implication”, **Congressional Research Service**, 18 August 2011, pp. 8-11.

Figure 2: Current Account Balance – Annual Data

Current account balance – annual data
Percentage of gross domestic product (GDP)



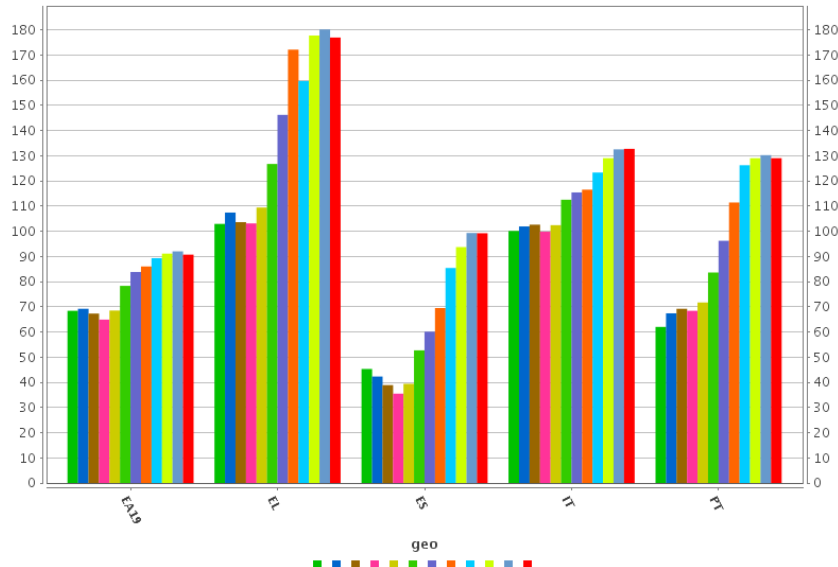
Source: Eurostat, “Current Account Balance – Annual Data”, <http://ec.europa.eu/eurostat/tgm/graph.do?pcode=tipsbp20&language=en>, (04.08.2016).

The environment of distrust following 2008 crisis and uncertainty in financial markets gave local authorities no other choice but to initiate austerity measures imposed by Northern economies, the IMF and the World Bank. As soon as those measurements were applied, it seems that public debt share of GDP rises.¹⁶⁹ In Figure 3, it is observed that general government gross debts showed an ever-growing tendency. It also affected the Euro Area’s general government debt ratios.

¹⁶⁹ Boyer, p. 105.

Figure 3: General Government Gross Debt – 2004-2015 Annual Data

General government gross debt – annual data
Percentage of gross domestic product (GDP)



Source: Eurostat, “General Government Gross Debt – 2004-2015 Annual Data”, <http://ec.europa.eu/eurostat/tgm/graph.do?pcode=teina225&language=en>, (04.08.2016).

Table 1, shows the inflation rates since the foundation of the neoliberal order. It is obvious that the idea of a single and united European economy resulted in a declining tendency of inflation levels in the member states. Nevertheless, it has been experiencing negative levels of inflation after 2008. It signifies deflation, and when it happens twice in a row, recession gives a signal of economic shrinkage.

Table 1: Inflation Rates (CPI)

Year	Euro Area	Greece	Italy	Portugal	Spain
1981-1985	-	20.7	13.82	22.5	12.2
1986-1990	-	17.4	5.68	11.6	6.4
1991-1995	-	13.9	5.1	7.6	5.1
1996-2000	-	4.8	2.4	2.6	2.6
2001-2005	2.2	3.3	2.4	3.18	3.2
2006	2.2	3.2	2.1	3.1	3.5
2007	2.2	2.9	1.8	2.5	2.8
2008	3.3	4.2	3.3	2.6	4.1
2009	0.3	1.2	0.8	-0.8	-0.3
2010	1.6	4.7	1.5	1.4	1.8
2011	2.7	3.3	2.8	3.7	3.2
2012	2.5	1.5	3.0	2.8	2.4
2013	1.3	-0.9	1.2	0.3	1.4
2014	0.4	-1.3	0.2	-0.3	-0.2
2015	0.0	-1.7	0	0.5	-0.5

Source: OECD, “Inflation Rates (CPI)”, <https://data.oecd.org/price/inflation-cpi.htm>, (04.08.2016).

Table 2 demonstrates how the crisis resulted in rapid rise of youth unemployment in the following years of the outbreak. Increasing unemployment would kindle strife in labor relations, as it directly affects the living conditions of the labor. The labors’ demands on economic and social protection would expose to harsh stance. In particular, unemployment of the youth caused public unrest in peripheral countries.

Table 2: Youth Unemployment Ratio

Year	The EU	Germany	Greece	Italy	Portugal	Spain	UK
1985-1989	-	5,7	9,7	15,9	-	-	10,8
1990-1994	-	3,7	9,6	12,7	5,6	16,2	10
1995-1999	-	4,8	11,4	13	5,8	15,4	8,8
2000-2004	-	4,9	9,9	10	5	9,8	6,9
2005	8,3	7,7	8,7	8,2	6,8	9,4	7,9
2006	7,7	6,9	8	7	6,9	8,6	8,7
2007	6,8	6,1	7	6,3	6,9	8,7	8,8
2008	6,9	5,5	6,6	6,5	6,8	11,7	9,2
2009	8,7	5,8	7,9	7,3	7,9	17	11,3
2010	9	5	9,9	7,8	8,2	17,7	11,6
2011	9,2	4,5	13	7,9	11,5	18,9	12,4
2012	9,8	4,1	16,1	10,1	14,1	20,6	12,4
2013	9,9	4	16,5	10,9	13,3	21	12,1
2014	9,2	3,9	14,7	11,6	11,9	19	9,8
2015	8,4	3,5	12,9	10,6	10,7	16,8	8,6

Source: Eurostat, “Youth Unemployment Ratio”, <http://appsso.eurostat.ec.europa.eu/nui/show.do>, (04.08.2016).

When the data on Table 2 and Table 3 are compared, it is revealed that youth unemployment constitutes a bigger part of total unemployment in the EU average and other samples. The tables show that Greece and Spain’s unemployment ratios double in five years after 2008.

Table 3: Total Unemployment Rate

Year	The EU	Germany	Greece	Italy	Portugal	Spain	UK
2000	-	-	5,9	4,8	3,9	6,4	3,4
2004	-	-	5,9	4,8	3,9	6,4	3,4
2005	5,5	7,2	5,8	4,2	5,7	5,7	3,2
2006	5,1	6,6	5,3	3,7	5,7	5,4	3,7
2007	4,5	5,6	4,9	3,3	6	5,3	3,6
2008	4,4	4,9	4,6	3,7	5,7	7,4	3,9
2009	5,6	5,1	5,7	4,2	7	11,7	5,2
2010	6	4,6	7,6	4,6	8	13,1	5,3
2011	6,1	3,9	10,6	4,6	8,6	14,2	5,5
2012	6,7	3,6	14,5	5,9	10,5	16,5	5,4
2013	6,9	3,6	16,3	6,7	10,8	17,3	5,2
2014	6,5	3,4	15,7	7,1	9,2	16	4,2
2015	6	3,2	14,8	6,7	8,3	14,5	3,7

Source: Eurostat, “Total Unemployment Rate”,
<http://appsso.eurostat.ec.europa.eu/nui/setupDownloads.do>, (04.08.2016).

Table 4 shows general government spending on general public services. The increase notably is seen after 2008 due to the liquidity pumping to the peripheral countries. Contrary, the cash flows were used to encourage the private sectors instead of public services.

Table 4: General Government Spending on General Public Services, % of GDP, 1993 – 2014

Year	Germany	Greece	Italy	Portugal	Spain	UK
1996-2000	6.8	-	11.7	6.7	7.1	-
2001-2005	6.44	-	9.2	6.1	5.4	4.3
2006	6.1	11.0	8.4	6.3	5.0	4.6
2007	6.0	11.5	8.5	6.7	4.9	4.6
2008	6.4	11.4	8.8	6.0	5.1	4.7
2009	6.5	12.1	8.5	7.0	5.6	4.6
2010	6.5	12.2	8.3	6.8	5.5	5.5
2011	6.6	12.8	8.5	8.1	6.1	5.7
2012	6.4	10.8	9.3	8.7	6.6	5.4
2013	6.3	9.8	8.9	8.9	7.1	5.5
2014	6.3	9.8	8.9	8.7	6.9	5.3

Source: OECD, “General government spending - General public services, % of GDP, 1993 – 2014“, <https://data.oecd.org/gga/general-government-spending.htm>, (04.08.2016).

Furthermore, neoliberal transformation has deprecating consequences on unionization. On Table 5, it appears that trade union density has been falling since the 1980s when neoliberal policies started to be adopted. Except Spain, unionization rates have been fallen by half in thirty years.

Table 5: Trade Union Density

Year	OECD	Germany	Greece	Italy	Portugal	Spain	UK
1980-1989	34.1	34.2	38.9	49.5	54.8	13.4	47.6
1990-1999	26.6	29.8	34.1	38.8	27.9	13.4	35.4
2000-2005	20.3	23.1	26.5	34.8	21.5	16.5	29.4
2006	18.3	20.7	24.1	33.6	21.2	14.3	28.2
2007	18.1	19.9	24.0	34.0	21.2	15.5	28.1
2008	18.0	19.1	23.5	33.9	20.9	17.2	27.3
2009	18.1	18.9	22.6	35.2	20.6	17.6	27.3
2010	17.7	18.6	22.1	36.0	19.8	17.3	26.6
2011	17.6	18.5	22.7	36.3	18.8	16.9	25.8
2012	17.2	18.3	22.8	36.9	18.9	17.1	26.0
2013	17.0	18.1	21.5	37.3	-	16.9	25.8

Source: OECD, “Trade Union Density”, https://stats.oecd.org/Index.aspx?DataSetCode=UN_DEN#, (04.08.2016).

2.6. CONCLUSION

This chapter studied how globalization and neoliberal restructuring affect European integration especially after the 1980s before examining the case study on Greek political economy and SYRIZA movement. The primary concern is how neoliberalisation process affects the EU as a more narrowed geography. It has been observed that attempts to establish a single market and a monetary union are the main tools of neoliberalisation.

Establishment of a single market and monetary union has specific consequences in the periphery of the EU. The study focuses on the Mediterranean

Four countries (Greece, Italy, Portugal, and Spain). One of the findings is that the mechanism which is implemented for the establishment of a single market and monetary union is a problematic one for the periphery. The asymmetries between the South and the North resulted in the debt crisis of 2008 in Europe.

The consequences of the debt crisis in European periphery are observed in terms of production structure, fiscal and monetary policies and fading welfare state. Neoliberal policies have negatively affected growth and economic performance and damaged the labor relations and employment, particularly as observed in the period following the crisis. The numbers showed that the crisis and austerity policies have deteriorated socio-economic conditions in the Mediterranean periphery opening space for an alternative to globalization and neoliberal restructuring in Europe. The next chapter examines to what extent such an alternative actually emerges within the Greek case.

CHAPTER THREE GREECE AND SYRIZA

3.1. INTRODUCTION

In this chapter, the study focuses on the effects of European debt crisis in Greece and what developments paved the way for SYRIZA's success - if it may be considered as such. The chapter holds the discussion under two sections. In the first section of the chapter, the political economy of Greece is discussed. As a starting point, the study explains the civil war period in Greece. The importance of this period is that contemporary political scene of Greece began to be shaped due to the political outcomes of this time. Military rule period had also changed the structure of politics in Greece. Until the EC membership, Greece faced a period of transition to democracy. Liberalization of politics was followed by a process of economic liberalization. This process is evaluated throughout the membership period until the economic crisis of 2008. Effects of the European debt crisis in Greece, and Greece itself as a triggering actor of the crisis are discussed. The second section begins with a discussion of what developments paved the way for SYRIZA's foundation. For this purpose, the study looks into Synaspismos' strategies as the largest coalition partner of SYRIZA. SYRIZA's connection and position in the leftist tradition is discussed accordingly. By this discussion, it is aimed to provide a better understanding of SYRIZA's founding principles.

The study investigates SYRIZA in a thematic framework making use of "Introductory speech of the President of the Parliamentary Group of SYRIZA, Alexis Tsipras at the 1st Congress of SYRIZA" and "Political Resolution of the 1st Congress of SYRIZA – July 2013". The thematic framework begins with a debate on party structure. SYRIZA's organizational structure and party components are discussed. After that, party's stance against neoliberal globalization is analyzed. In accordance with its position, the party's linkage with social movements and anti-globalization movements are evaluated. Following this part, the European debt crisis and Grexit debate is discussed from the party's perspective.

3.2. POLITICAL ECONOMY OF GREECE

3.2.1. Civil War, Military Junta and Transition to Democracy

Greece was emancipated after World War II, from German occupation and monarchy. The electoral victory of the nationalist camp in 1946 lit the fire of a civil war between nationalists and communists in Greece. The communist camp got support from Yugoslavia and the Soviet Union, while the nationalist camp received support from the Western world. Domestic support for nationalists was more than support for the communists. Hence, the civil war was concluded by the victory of nationalists.¹⁷⁰ Richard Clogg contends that republicans' support of nationalists against the possibility of a communist regime was significant in this victory.¹⁷¹

Greece's political scene witnessed a fight for consolidation of democracy in the 1950s. The Parliament became the dominant force among the triarchy of the throne, armed forces and Parliament. During this decade, Greece was still an underdeveloped country compared to the European levels; with 34 per cent of GNP in agricultural sector in spite of a divided 25 per cent of GNP in industrial sector. In 1952, head of the Bank of Greece, Kyriakos Varvaresos pointed out in the Varvaresos Report that the government support to heavy industry was vital for the Greek economy. Economic growth was to be formed on the base of: "...agriculture, light industry, tourism and shipping".¹⁷² Importance of private sector and politically-agreed "state involvement in the economy" were remarked in the report as Koliopoulos and Veremis recall.¹⁷³ 1953 devaluation and loosening of controls boosted the economy resulting in stabilization. Rather stable prices strengthened public trust in the economy and private savings increased. Also, it captivated: "...foreign investment through such incentives as cheap electric power, tax breaks and repatriation of profits".¹⁷⁴ The occupation and emancipation years had made Greece faced with high inflation rates, restoring the credibility of the drachma was

¹⁷⁰ Zoran Pavlovic, **Greece**, Chelsea House Publishers, New York, 2006, p. 57.

¹⁷¹ Richard Clogg, **A Concise History of Greece**, Cambridge University Press, New York, 1992, p. 140.

¹⁷² John S. Koliopoulos and Thanos M. Veremis, "The Economy", **Greece: The Modern Sequel**, C. Hurst & Co. Publishers, Malaysia, 2002, p. 172.

¹⁷³ Ibid., pp. 172-173.

¹⁷⁴ Ibid., p. 173.

reinforced by a dense monetary policy and eased state control. Those policies favored private business; created monetary durability and economic growth.¹⁷⁵ Besides, government-operated financial institutions were developed during the decade, although they would burden the public spending eventually. Koliopoulos alleged that those policies put the economy in a difficult position due to “civil service mentality and the corrupt priorities of party politics”.¹⁷⁶

For the first time after the Civil War, a centrist (Center Union) government came to power, instead of the right wing in 1963. In 1964, Cyprus crisis showed the vulnerability of the balance of power between main political actors. Prime Minister Papandreou attempted to replace senior army officers and Minister of Defence. The crises ended up with the resignation of Papandreou and the decision of new elections in May 1967. The elections never happened. On April 21, a group of junior military officers staged a coup.¹⁷⁷ The military cadres’ first attempt was to generate public approval for the coup by assertion of a possible communist takeover. This snap attack created a split in the KKE (Communist Party of Greece). A group of loyal Soviet-supporters remained as the Communist Party of Greece of the Exterior (KKE), a second group of Euro-communist is called the Communist Party of Greece of the Interior (KKE-Es.).¹⁷⁸

After the dictatorship fell in 1974, New Democracy Party of Karamanlis was elected for the consolidation of democracy in Greece. Karamanlis adopted a policy which follows the principles of continuity and gradual change. The significance of the results was that as the right loses power, the centre gets the majority of popular votes. Also, the centre-left Panhellenic Socialist Movement (PASOK) remarks 14 per cent of popular votes. In the same year, monarchy was abolished following a national referendum.¹⁷⁹

The oil crisis of 1973-74 affected the Greek economy negatively. Inflation rates boomed to 15.5 per cent in 1973 and 26.9 per cent in 1974 while it had been stable around 3 per cent through the previous decade. Koliopoulos and Veremis

¹⁷⁵ Richard Clogg, **A Concise History of Greece**, Cambridge University Press, New York, 1992, p. 148.

¹⁷⁶ Koliopoulos and Veremis, p. 174

¹⁷⁷ George Kaloudis, “Transitional Democratic Politics in Greece”, **International Journal of World Peace**, Volume: 17, Number: 1, March 2000, pp. 38-39.

¹⁷⁸ Ibid., p. 40.

¹⁷⁹ Ibid., p. 47-48.

argue that the policies of Greek dictatorship in prices and credits caused the recession. National Greek businesses were encouraged to cherish the public sector, which is criticised by the liberals. Liberals opposed high costs of social services on the grounds that this would rise public spending, pressuring the budget.¹⁸⁰

3.2.2. 1981 Membership and Liberalization

Relatively democratic environment which Karamanlis ensured opened up a policy space in Greece. So, the left returned to political scene and PASOK came to power. Karamanlis was elected as president in 1980.¹⁸¹ Koliopoulos claims that victory of PASOK manifests the exclusion of the middle and lower classes from the prosperity of 1960s and 1970s. As an import-based economy, decreasing foreign direct investment rates reflected a widening the foreign trade deficit. In early 1980s, inflation rates climbed to 20-26 per cent. The governments tried to find a remedy by enlarging the public sector. To keep the private sector running, the PASOK government guaranteed to cover the losses of private sector.¹⁸²

Papandreou's government maintained several civil and social achievements: "The socialist government liberalized divorce laws, promoted greater equality for women, eliminated the institution of dowry (on paper, at least), and provided large pensions to many of elderly and farmers."¹⁸³ Nevertheless, the Greek economy hit the wall after the second oil price shock. Unlike its developed Western allies, Greece adopted labor-intensive strategies. In order to take the sting out of the middle and lower-middle classes, Papandreou carried welfare programmes into the effect. Koliopoulos accused this policy as: "The entire economic philosophy of PASOK throughout its first term was focused on day-to-day survival at the expense of the future."¹⁸⁴

In January 1981, Greece became a full member of the European Community as a result of pro-EC policies of Karamanlis.¹⁸⁵ Being a member of the EC set a

¹⁸⁰ Koliopoulos and Veremis, p. 174.

¹⁸¹ Kaloudis, p. 49.

¹⁸² Koliopoulos, p. 175.

¹⁸³ Kaloudis, p. 53.

¹⁸⁴ Koliopoulos, p. 175.

¹⁸⁵ Kaloudis, p. 50.

bunch of obligations on economic regulations changing the structure of economic activities within Greece. EC membership boosted cash flow to the country. Protectionism left its place to an open market strategy with flows of foreign direct investment. High consumer and private demands exacerbated the trade imbalance. Cash flow from the EC dampened the current account deficit to better levels. However, the flows resulted in worse levels of trade deficit. 1985 stabilization program lowered the unit cost of labor, but Papandreou ceased the program. Protectionist economic policies such as nationalisation and aid to cooperatives were subsidized by the state, thus, a considerable amount of domestic and external debt was created.¹⁸⁶

The beginning of 1990s witnessed two important events. The Treaty of Maastricht and the collapse of the Soviet Union have shaped Greek politics. The Treaty brought a bunch of arrangements to the Greek economic structure. According to the standards of the treaty, a state which aims to join the community is supposed to maintain a certain level of performance and to agree to leave national currency for the sake of a single European currency. Predominance of liberal policies cushioned the popularity of state-led, welfare economic policies. Koliopoulos states that two big parties in the parliament already slipped around more liberal tendencies.¹⁸⁷

The measurements of “balancing the budget, liquidating problem firms under state managements, and trimming the public sector” was seen in the short interval of the New Democracy’s rule between 1990 and 1993¹⁸⁸. The governments of 1993-Papandreou and 1996-Simitis guaranteed the public to join the EMU. The policies which were first established in Papandreou’s prime ministry were strengthened and continued to liberalize the Greek economy and created a convergence with the EMU criteria. Inflation rates fell from 14.2 per cent in 1994 to 2 per cent in 1999, and the public deficit went down from 14 per cent of GNP in 1993 to 3 per cent in 1999.¹⁸⁹

¹⁸⁶ Koliopoulos and Veremis, pp. 175-176.

¹⁸⁷ Koliopoulos, p. 177

¹⁸⁸ Koliopoulos, p. 177.

¹⁸⁹ Koliopoulos, p. 178.

3.2.3. 2008 Crisis and Austerity Measures

Fiscal policies in Greece created an imbalance between revenue and expenditure. As the revenue decreased, the annual GDP growth average became 4.5 per cent between 2000 and 2004. Additionally taxes reduced to 44 per cent of the GDP under the European average. However, public spending rose rapidly after 2007. Those inputs were not documented in the national statistics. Public finances had been suffering from tax evasion and corruption. In October 2009, Greece announced that deficit of 2008 was more than twice of what was documented. For 2008 input, the deficit was announced as 12.5 per cent, instead of 5 per cent. Likewise, deficit in 2010 was corrected as 12.5 percent, then 13.6 percent. The lack of transparency bid up the speculations which caused interest rates to increase to higher levels.¹⁹⁰

On May 2010, the IMF and the Economics and Financial directorate of the European Commission agreed on a bailout program for Greece. According to the program, a fund of 110 billion Euros was provided for rescuing the Greek economy in return for 30 billion Euros of financial cuts between 2010 and 2014. The bailout program predicted cuts in the annual GDP. These cuts amount to 11.1% of annual GDP, with 5.3% of GDP from expenditure cuts, 4% of GDP from increased revenue and 1.8% of GDP from structural reforms in tax system and expenditure. Adding the 5% of GDP of structural limits already pushed by the EU makes the cuts for Greece 16% of GDP in total.¹⁹¹

The austerity measures introduced by the bailout program aimed to reduce the government wage bill. For this purpose, it was calculated that 2% of GDP from public sector employment, 1.5% of GDP from social benefits, 0.3% of GDP from tax policy on highly profitable firms, and undefined cuts from “presumptive” taxation of professional occupational groups were affected. The IMF reported that those measures were taken for protecting the most vulnerable. Hence, public sector workers with low income would still receive means-tested benefits. The value-added tax rises were restricted to 1%.¹⁹²

¹⁹⁰ Ronald Janssen, **Greece and the IMF: Who Exactly is Being Saved?**, Center for Economic and Policy Research, Washington, July 2010, p. 1.

¹⁹¹ Ibid. p. 2.

¹⁹² Ibid. p. 3.

The bailout program brought tough conditions to Papandreou's government. Austerity measures included budget cuts and tax raises.¹⁹³ The first Memorandum for an 110bn Euro loan was signed in May 2010.¹⁹⁴ The troika required that Greece was supposed to repair its economy and to prevent tax evasions. Also, they called for making it easier to do business for international investors in Greece. Nevertheless, the first bailout program didn't provide the expected results. The cash flow went to pay the international loans instead of recovering the economy.¹⁹⁵ In 2011, Papandreou accepted more austerity measures to get 8 billion Euro bailout aid. The measures included more wage cuts in the public sector, a property tax imposed through electricity bills. Collective wage agreements were abolished.¹⁹⁶

A second bailout program was negotiated due to the Greek's default on the first. Agreed on March 2012, this program consisted of 130 billion Euros. In response to possible future defaults, it was designed to be paid in installments by taking into consideration of other countries subjected to bailout programs. Each installment was conditioned by certain goals and structural reforms in the economy. It was decided to share the burden of public sector with private sector businesses. The private sector was decided to burden 74 % of the haircuts.¹⁹⁷

Disorderly defaults by the Greek government brought a third bailout program to the agenda. The discussions brought a Grexit into question. Wolfgang Schauble, German Finance Minister, suggested that Greece should leave the union for five years meanwhile which it could recover its economy. This suggestion contradicts with the founding principles of the EMS which says that joining the single currency is an irreversible act. Despite these, a summit on a third bailout was gathered without

¹⁹³ The Telegraph, "Greece faces 'big sacrifices' as £95bn bail-out agreed", **Financial Crisis**, 02.05.2010, <http://www.telegraph.co.uk/finance/financialcrisis/7669963/Greece-faces-big-sacrifices-as-95bn-bail-out-agreed.html>, (07.08.2016).

¹⁹⁴ Theodoros Rakopoulos, "Resonance of Solidarity: Meanings of a Local Concept in Anti-austerity Greece", **Journal of Modern Greek Studies**, Volume: 32, Number: 2, October 2014, p. 315.

¹⁹⁵ The New York Times, "Explaining Greece's Debt Crisis", **International Business**, 17.06.2016, http://www.nytimes.com/interactive/2016/business/international/greece-debt-crisis-euro.html?_r=0, (07.08.2016).

¹⁹⁶ Helena Smith, "Greece On Target To Get €8bn Rescue Aid – But More Austerity To Follow", **The Guardian**, 11.10.2011, <https://www.theguardian.com/world/2011/oct/11/greece-rescue-aid-more-austerity>, (07.08.2016).

¹⁹⁷ Stephen Castle, "With Details Settled, A 2nd Greek Bailout Is Formally Approved", **New York Times**, 14.03.2012, http://www.nytimes.com/2012/03/15/business/global/greece-gets-formal-approval-for-second-bailout.html?_r=3, (21.08.2016).

the IMF involvement on July 2015.¹⁹⁸ The official name for third bailout program was agreed on Memorandum of Understanding (MoU).¹⁹⁹ Greece had received 86 billion Euros since the first bailout program. According to MoU, Greece would receive 13 billion Euros by August 20th, and 10 billion Euros would be put aside for immediate use at the European stability mechanism. Later, 3 billion Euros would be received by autumn. This would form the first tranche as 26 billion Euros. 15 billion Euros would also be available to boost the banking system by mid-November. Thus, the fund for an immediate bankruptcy would take 25 billion Euros in total.²⁰⁰ The MoU highlighted some key objectives such as privatization, modernization of the state administration, prevention tax evasion, further competition for revised professions, and cut pension costs.²⁰¹

Erik Jones refers to the Greek case as a “misinterpreted” story. Unlike the general speculations blaming on “an irresponsible government and an uncompetitive economy”, he claims that international investors have a share in making the Greek case more unsolvable²⁰². According to Jones, advanced capital markets of the North had stopped the cash flows to the peripheral countries for securing their national banking system. He discusses that international competitiveness does not explain the misinterpretation of the crisis. So, he leans on: “...three overlapping chronologies-for policy pronouncements, capital flows and interest rate movement”.²⁰³ Also, he recalls that International investors were perfectly aware of the “insecure” environment in Greek markets and they were calm when the situation got worse than they believed. It was known that Greece had problems about fiscal accounting, public sector, tax collection and many others. Uncalculated response of the governments was the tendency to make the private sector take the entire burden on itself.²⁰⁴

The discussions around the Greek case proposed expulsion of the country from the Euro Area. These discussions were articulated around the discussion of

¹⁹⁸ Economist, “A Third Bail-out Gets the Grec Light”, **Greece and the Euro**, 15.08.2015, <http://www.economist.com/blogs/freeexchange/2015/08/greece-and-euro>, (21.08.2016).

¹⁹⁹ BBC, “Third Greece Bailout: What are Eurozone Condition?”, **Europe**, 21.08.2015, <http://www.bbc.com/news/world-europe-33905686>, (21.08.2015).

²⁰⁰ Economist, “A Third Bail-out Gets the Grec Light”, **Greece and the Euro**, 15.08.2015, <http://www.economist.com/blogs/freeexchange/2015/08/greece-and-euro>, (21.08.2016).

²⁰¹ BBC, “Third Greece Bailout: What are Eurozone Condition?”, **Europe**, 21.08.2015, <http://www.bbc.com/news/world-europe-33905686>, (21.08.2015).

²⁰² Jones, p. 12.

²⁰³ Ibid., p. 13.

²⁰⁴ Ibid., pp. 12-14.

“Grexit”.²⁰⁵ Pro-European fashion in Greece is cautious about a Grexit, because of mainly the concern about underestimation of decades of developments. George Pagoulatos argues the consequences of Grexit for the Greek as below:

*“A devalued currency would lead to uncontrolled inflation, offsetting and undercutting any gains in competitiveness (although with a tiny export sector (just over 20% of GDP) that is itself heavily reliant upon imported energy and materials, such gains would be limited). Meanwhile bank deposits would be wiped out, mass private sector bankruptcies would increase unemployment, real wages would fall, and prolonged legal and financial chaos would ensue. The country would still have to reduce deficits and implement reforms, but it would lose its main reform impetus for doing so. A euro exit would constitute national defeat, depriving Greece of its crowning post-1974 strategic achievement: participation in the core of EU institutions.”*²⁰⁶

3.3. SYRIZA

SYRIZA movement is discussed under this section, as a result of the deteriorating socio-economic conditions presented above. First, the party structure is evaluated in relation to its vision of Greece and of society. The components of SYRIZA and its organizational structure are observed according to the party’s formal documents. After that, the party’s stance against globalization, neoliberalization and the TCC will is discussed. Following this part, the party’s relations with other social movements are observed. and the perception of anti-globalization and party’s linkage with anti-globalization movements are discussed. The debate around the EU and the European debt crisis follows this discussion. At this point, the party’s vision on austerity measures and the path to Grexit debates will be analyzed.

3.3.1. Syriza and Leftist Tradition in Greek Politics

The Greek left is represented mainly by two political parties: the Communist Party of Greece (KKE) and Synaspismos of Left Alliance and the Ecology and Social

²⁰⁵ Rakopoulos, p. 316.

²⁰⁶ George Pagoulatos, “The Reinvention of Europe - Desperately Hanging On: A Euro-crisis View from Greece”, ECFR, 11.10.2012, http://www.ecfr.eu/article/commentary_desperately_hanging_on_the_view_from_greece, (08.08.2016)

Movements (Synaspismos or SYN). KKE has an orthodox Marxist-Leninist tradition. Although Spourdalakis discusses it has lost its political and social basis in “local, regional and even social institutions”, KKE carried on its leading role in Greek left in the parliament until 2012. In the meantime, Synaspismos followed two distinct strategies. First strategy is that it established presence in each and every political institution at all costs. The second strategy of Synaspismos is more related to every “independent leftist organizations and individuals”. The point of this strategy is that keeping a strong presence in the social field.²⁰⁷

One should look into Synaspismos (SYN) for understanding SYRIZA’s background and strategies. Synaspismos is a political party which has positioned itself between orthodox communism and social democracy since 1992. The party stands on a pluralist ground which is shaped by democratic socialism. Unlike orthodox ideologies, the party’s vision includes: “feminism, democratic rights and the environment”²⁰⁸. The party gathered different groups of dissidents, in other words marginalized groups since its foundation. The party program indicates that it welcomed: “trans class appeal to groups affected by gender inequality and environmental degradation”²⁰⁹. The share of votes comes from mostly educated workers in public sector and small entrepreneurs. By 2000, SYN tended towards a class appeal including youth and laborers in services sector out of job security and social groups excluded from political representation. SYN foresees the role of the left as: “...not to guide but to participate in movements and try to influence them, while learning from them”²¹⁰. Thus, it created organic bounds with social movements and young activists. SYN Youth pioneered the party’s involvement into social movements such as the anti-war campaign in 2003, the movement of supporting immigrants, the university students’ movement in 2006 and 2007 and the anti-authoritarian movement that proceed from the killing of Alexis Grigoropoulos by the police in Athens in December 2008.²¹¹

²⁰⁷ Michalis Spourdalakis, “The Miraculous Rise of the “Phenomenon SYRIZA””, **International Critical Thought**, Volume: 4, Issue: 3, pp. 355-356.

²⁰⁸ Myrto Tsakatika and Costas Eleftheriou, “The Radical Left's Turn towards Civil Society in Greece: One Strategy, Two Paths”, **South European Society and Politics**, Volume: 18, Issue: 1, 2013, p. 97.

²⁰⁹ Ibid., p. 97.

²¹⁰ Ibid., p. 99.

²¹¹ Ibid. For more detailed information about the protests: Costas Douzinas, “Athens Rising”, **European Urban and Regional Studies**, Volume: 20, Issue: 1, 2012, pp. 134-138.

Tsakatika and Eleftheriou state that SYN Youth (the party's youth organisation) is strongly influenced by anti-globalization movement:

*“SYN Youth’s foundation and consolidation (1999–2006) was coterminous with its engagement with the anti-globalization movement, which meant that its identity and core policy agenda (social rights, anti-hierarchy, anti-capitalism, radical ecology, feminism, an international as opposed to a European horizon of struggle) were deeply influenced by it.”*²¹²

In 2002, Autonomous Intervention (Aftonomi Paremvasi or AP) was erected to create a link between trade unions and SYN. Tsakatika and Eleftheriou affirm that AP’s activities revealed two levels of incapability. At the confederal level, AP is linked to SYN with memberships to a large extent even though it is founded as an independent entity. And it failed to serve its purpose of establishment in a decade. Second, SYRIZA Network of Trade Unionists was formed for the same purpose with AP in 2007. It followed a policy of not “to substitute, but to complement”. Like AP, SYRIZA’s network didn’t bring aimed political gain to the party.²¹³

3.3.2. Syriza and Its Foundation

3.3.2.1. Party Structure

The First (Founding) Congress of SYRIZA was gathered to announce itself as a single party between 10 and 14 July 2013. The congress was a continuity and historic turning point of a collective reaction to the destructive neoliberal policies in Greece, the movements within the coalition began to mobilize in 2000 and official establishments happened as a coalition of radical left in 2004²¹⁴.

In his speech at the first congress of the party, the President of the Parliamentary Group, Alexis Tsipras declared that SYRIZA’s vision comprises of to” put an end to the Memoranda and the threat to Democracy”. Tsipras claimed “to restore social confidence, to rebuild social institutions, to stop the looting of the

²¹² Tsakatika and Eleftheriou, p. 91.

²¹³ Ibid., p. 92.

²¹⁴ SYRIZA, “Political Resolution of the 1st Congress of SYRIZA – July 2013”, **1st Congress of SYRIZA**, <http://www.syriza.gr/article/id/53894/The-political-resolution-of-the-1st-congress-of-SYRIZA.html#.V6pjh02LS00>, (10.08.2016).

commons”. He announced the party’s support to “underprivileged and disadvantaged citizen”. This vision is stated in the Political Resolution of the First Congress of SYRIZA:

“SYRIZA has been established as a unified, democratic, multi-tendency, mass party of the contemporary Left for the strengthening of an already powerful popular movement of subversion with the aim of cancelling the memoranda, erasing most of the debt and implementing a program of social and productive reconstruction. This alternative radical social and political plan - which will express and be based on the alliance between the working and popular classes, on the one hand, and the middle classes of the town and the countryside, on the other, and which will be structured by the needs of and give voice to the large groups of the socially, economically, and educationally excluded – will lead to the Government of the Left and will support it when it is in power.”²¹⁵

Tsipras attaches the movements to the historic Left tradition in a progressive perspective:

“The point is not to renounce the anti-popular policies but to change them, to implement a new democratic model of political, social and economic democracy together with Greek society. The very formation and course of SYRIZA constitute a brilliant venture of the great currents of the historical Left coming together on equal terms... It means we continue and develop the tradition of the radical left to discuss and synthesize.”²¹⁶

The perception of a historic bloc of left in SYRIZA contains different groups from “old and new” movements. Tsipras highlights them in his speech at the First Congress:

“The fighters of the National Resistance. The comrades of the United Democratic Left and the Lambrakis Democratic Youth. The fighters of the anti-dictatorial struggle. The political wealth of the 1974 Changeover. As well as the wealth of the movements, old and new. The industrial trade union movement, the first tentative urban movements, the feminist organizations, the environmentalist groups, the human rights movements. Finally, the political and theoretical wealth of the 2000s decade, of the anti-globalization movements, of the European and Greek Social Forum, the anti-racist movements and

²¹⁵ SYRIZA, “Political Resolution of the 1st Congress of SYRIZA – July 2013”, **1st Congress of SYRIZA**, <http://www.syriza.gr/article/id/53894/The-political-resolution-of-the-1st-congress-of-SYRIZA.html#.V6pjh02LS00>, (10.08.2016).

²¹⁶ SYRIZA, “Introductory speech of the President of the Parliamentary Group of SYRIZA, Alexis Tsipras at the 1st Congress of SYRIZA”, **1st Congress of SYRIZA**, <http://www.syriza.gr/article/id/54588/Introductory-speech-of-the-President-of-the-Parliamentary-Group-of-SYRIZA-Alexis-Tsipras-at-the-1st-Congress-of-SYRIZA.html#.V6pFVvk2LS00>, (10.08.16).

organizations, as well as the European Left Party that has emerged as a reliable alternative force in Europe."²¹⁷

In a different part of his speech, Tsipras explains SYRIZA's linkage with this bloc:

*"It is these forces that SYRIZA aims to represent politically and express their interests as best as it can. At the same time, it aims to join forces with the rest of the Left."*²¹⁸

Tsipras defined the movement of SYRIZA as a "magnificent get-together of different political currents, organizations, parties, and trends of the Left".²¹⁹ In the organizational structure of SYRIZA; one can see the interrelation between the different groups of movements:

*"SYRIZA coordinates its action with social movement and popular demands in order to contribute with all its forces in the development of a mass multiform social movement which will repel the government's daily attacks on every front, shaping the conditions for the great social and political subversion. The government of the Left will emerge as a result of this great popular mobilization and initiative. The experience from the first sublime anti-memorandum struggle of the great protests and the squares and the comparative recession of the movement that followed showed that the struggle for the defeat of the memorandum government will last longer. It is necessary that the option of subversion and the conviction that there is an alternative way out of the crisis take root in all key parts of society and shape a majority social alliance."*²²⁰

3.3.2.2. Globalization and Neoliberalization

Tsipras addresses "a political-financial bloc" in the heart of the system and continuity of the system. He puts two determinants in this process: capital and the media:

²¹⁷ SYRIZA, "Introductory speech of the President of the Parliamentary Group of SYRIZA, Alexis Tsipras at the 1st Congress of SYRIZA", **1st Congress of SYRIZA**, <http://www.syriza.gr/article/id/54588/Introductory-speech-of-the-President-of-the-Parliamentary-Group-of-SYRIZA-Alexis-Tsipras-at-the-1st-Congress-of-SYRIZA.html#.V6pFVvk2LS00>, (10.08.16).

²¹⁸ SYRIZA, "Political Resolution of the 1st Congress of SYRIZA – July 2013", **1st Congress of SYRIZA**, <http://www.syriza.gr/article/id/53894/The-political-resolution-of-the-1st-congress-of-SYRIZA.html#.V6pjh02LS00>, (10.08.2016).

²¹⁹ SYRIZA, "Introductory speech of the President of the Parliamentary Group of SYRIZA, Alexis Tsipras at the 1st Congress of SYRIZA", **1st Congress of SYRIZA**, <http://www.syriza.gr/article/id/54588/Introductory-speech-of-the-President-of-the-Parliamentary-Group-of-SYRIZA-Alexis-Tsipras-at-the-1st-Congress-of-SYRIZA.html#.V6pFVvk2LS00>, (10.08.16).

²²⁰ SYRIZA, "Political Resolution of the 1st Congress of SYRIZA – July 2013", **1st Congress of SYRIZA**, <http://www.syriza.gr/article/id/53894/The-political-resolution-of-the-1st-congress-of-SYRIZA.html#.V6pjh02LS00>, (10.08.2016).

*“The triangle of the intertwining interests consists of the collapsing political system, the bankrupt banks, and the heavily indebted pro-system media. The political system funds the bankrupt banks for their recapitalization with the taxpayer’s money, and these lend the pro-system media, which on their part prop up the political system”.*²²¹

The triangle of interests in the system constitutes SYRIZA’s perception of the market and economy. Tsipras states party’s strategies against neoliberal globalization from this point of view, as below:

- Radical changes in the political system,
- Democratization of the media,
- Change in public administration and the welfare state,
- Combat unemployment and protect the unemployed,
- Measures to alleviate poverty,
- Productive reconstruction of Greece.²²²

By those strategies, the party emphasises development through regional governments, tax reductions for the poor, secured access to the fundamental resources such as goods, energy, water, telecommunications, medicine, transportation.²²³

3.3.2.3. New and Old Movements

In the Political Resolution of the First Congress, the party connects itself with resistance against the global capital from regional level to global level, from squares to countryside or to workplaces. The party claims that it reconstructs the old social movements and challenges new ones. In the heart of the financial crisis, the party associates itself for solidarity with the popular riots in Southern Europe, and those movements position themselves against neoliberalization:

²²¹ Ibid.

²²² SYRIZA, “Introductory speech of the President of the Parliamentary Group of SYRIZA, Alexis Tsipras at the 1st Congress of SYRIZA”, **1st Congress of SYRIZA**, <http://www.syriza.gr/article/id/54588/Introductory-speech-of-the-President-of-the-Parliamentary-Group-of-SYRIZA-Alexis-Tsipras-at-the-1st-Congress-of-SYRIZA.html#.V6pFVvk2LS00>, (10.08.16).

²²³ Ibid.

*“As the crisis has taken global dimensions, resistance is multiplying on an international level. Struggles in Greece also meet up with the movement “Occupy Wall Street”, the uprisings in the Arab world with the characteristic example of the Egyptian people and the Left that continue to struggle for democracy and social justice, as well as the movement of the Turkish people, who massively and militantly questioned social injustices and the antidemocratic administration of Erdogan. Movements of resistance against class inequalities and in defense of human dignity are developing all over the world, typical example of which is the uprising in Brazil against inequality and provocative waste of money on large projects.”*²²⁴

3.3.2.4. The EU and Debt Crisis of 2008

In the Political Resolution of the First Congress, the party states that the ideal of a United Europe is fading away in the shadow of making profit. The euro is turning into a tool of factionalism and inequalities. They see the austerity policies and recession as deepening the disparities between European nations. Those policies bolster Euroscepticism and anti-Europeanism, feed nationalist unrests and resurrection of fascism.²²⁵

SYRIZA’s motivation in politics leans on the popular policies against the austerity measures of the troika and “memoranda tyranny”. It claims some precautions against itself and the consequences financial crisis and the austerity measures. For instance, it suggests to fight with unemployment and to protect the unemployed efficiently. The growth that SYRIZA offers is drawn as a productive and familiar with the needs and the conditions of Greece.²²⁶

Tsipras criticises DIMAR’s and PASOK’s policies toward the memoranda, and defines the memoranda according to SYRIZA’s perception:

*“The essence of the Memoranda and of the memoranda policies completely escaped them though: the Memoranda are not a technical procedure. The Memoranda are the absolute roadmap of the neoliberal shock-therapy, which not only questions but actively demolishes all rights. It cannot be implemented without – even open now – forms of political and constitutional derailment.”*²²⁷

²²⁴ SYRIZA, “Political Resolution of the 1st Congress of SYRIZA – July 2013”, **1st Congress of SYRIZA**, <http://www.syriza.gr/article/id/53894/The-political-resolution-of-the-1st-congress-of-SYRIZA.html#.V6pjh02LS00>, (10.08.2016).

²²⁵ Ibid.

²²⁶ SYRIZA, “Introductory speech of the President of the Parliamentary Group of SYRIZA, Alexis Tsipras at the 1st Congress of SYRIZA”, **1st Congress of SYRIZA**, <http://www.syriza.gr/article/id/54588/Introductory-speech-of-the-President-of-the-Parliamentary-Group-of-SYRIZA-Alexis-Tsipras-at-the-1st-Congress-of-SYRIZA.html#.V6pFVvk2LS00>, (10.08.16),

²²⁷ Ibid.

Tsipras also accuses Antonis Samaras, the leader of ND and prime minister between 2012 and 2015, and his pro-bailout deal policies. He claims that Samaras' policies consist of: "the complete submission to the commands of the lenders and the Memoranda", thus it coincides with "authoritarianism, anti-constitutional practices, and stifling restriction of democracy"²²⁸.

In the Political Resolution of the First Congress, the resolution strongly criticises the cost of the austerity measures for the low and middle classes. National resources, public goods and companies face privatization. A large number of SMBs shut down, public services shiver and the welfare state is at stake. Moreover, problems are getting bigger in health, education, pension, and social security.²²⁹ Instead, SYRIZA suggests:

*"We will implement a program of social and economic recovery, of productive and environmental reconstruction, which will heal the wounds inflicted on the working class and gradually restore the conditions of secure employment and decent living, with the appropriate wages and pensions, creating new jobs."*²³⁰

SYRIZA underlines gradual and progressive policies towards production relations, employment, environment, working class and public sectors. In addition, it proposes to manage the deficits, a growth which is based on regionalisation and equality in distribution, a pro-environment policy.²³¹

In the Political Resolution of the First Congress, it defines the phase which we are living in as "the shock doctrine" emphasising the global facet of the crisis:

*"We are living what is called "the shock doctrine", which means an attack to such an extent and scale that resistance seems weak or there is even no time for it to appear. Extreme austerity policies, shrinking and precarious employment, privatization of public goods and companies, destruction of large part of the productive forces, dramatic reduction in the welfare state, weakening of democratic institutions, strengthening of repression and emergency powers were all employed to maintain capital dominance and global profitability."*²³²

²²⁸ Ibid.

²²⁹ SYRIZA, "Political Resolution of the 1st Congress of SYRIZA – July 2013", **1st Congress of SYRIZA**, <http://www.syriza.gr/article/id/53894/The-political-resolution-of-the-1st-congress-of-SYRIZA.html#.V6pjh02LS00>, (10.08.2016).

²³⁰ Ibid.

²³¹ Ibid.

²³² Ibid.

3.3.2.5. Grexit

Speculations about a Grexit before the third bailout program created a controversy in Greece. Risk of a Grexit led to a stalemate of maintaining EU membership and accepting the austerity measures within SYRIZA. Tsipras' confrontation with the lenders was met by the threat of exclusion from the EU. A German-backed group of the Euro Area countries supported this view. In the end, Tsipras had to accept the liabilities of the bailout programme. So, this sparked off a reaction which was concluded in a split into two within the party. One group consists of the majority which supported Tsipras in his decision. A second group of "hard-line dissidents" in the party voiced a decisive opposition to austerity measures though Tsipras was able to pass previous liabilities with the support of those dissidents.²³³ The hard-liner group of 25 MPs from SYRIZA founded an anti-austerity party.²³⁴ Former energy minister Paniogotis Lafazanis became the leader of the new party of "Popular Unity".²³⁵ One of the opponents of austerity policies in SYRIZA was the former finance minister, Yanis Varoufakis. Varoufakis is well-known with his anti-capitalist attitude. Criticizing any compromise on austerity, he submitted his resignation as finance minister.²³⁶

3.4. CONCLUSION

In this chapter, the study addressed the effects of the European sovereign debt crisis in Greece. As the main opposition from the grassroots, SYRIZA was examined.

The financial crisis gave rise to a social unrest in Greece. A wide range of leftist groups took the streets to protest government's neoliberal policies since the

²³³ Economist, "A Third Bail-out Gets the Greek Light", **Greece and the Euro**, 15.08.2015, <http://www.economist.com/blogs/freeexchange/2015/08/greece-and-euro>, (21.08.2016).

²³⁴ BBC, "Third Greece Bailout: What are Eurozone Condition?", **Europe**, 21.08.2015, <http://www.bbc.com/news/world-europe-33905686>, (21.08.2016).

²³⁵ Mehreen Khan, "A New Party Is Born", **Syriza Rebels Seek 'Planned' Euro Exit As Growth Fears Send Tremors Through Global Markets**, 21.08.2015, <http://www.telegraph.co.uk/finance/economics/11816000/Markets-live-Syriza-rebels-seek-euro-exit-as-growth-fears-send-tremors-through-global-markets.html>, (21.08.2016).

²³⁶ Tom Brooks-Pollock, "Greece Debt Crisis News: Yanis Varoufakis Says 'Disastrous' Bailout Reforms 'Will Fail' As Tsipras Reshuffles Cabinet", **Europe**, 18.07.2015, <http://www.independent.co.uk/news/world/europe/greece-debt-crisis-news-yanis-varoufakis-says-disastrous-bailout-reforms-will-fail-10398426.html>, (21.08.2016).

2000s. It was observed that SYRIZA was a coalition of feminists, environmentalists, communists, middle and lower classes in particular. The party claims that it adheres to historic leftist tradition in an understanding of unity of the left on equal terms. The party recognizes a transnational capitalist class which profits from neoliberal policies, and makes a promise of tackling with these policies. Moreover, SYRIZA associates itself with the movements of Occupy Wall Street, and other movements of resistance in Brazil, Egypt and Turkey in solidarity.

SYRIZA defends an anti-austerity stance against bailout programs and austerity measures, although the acceptance of the MoU by Tsipras caused a split in the party. It is determined that SYRIZA is in trouble with bailout negotiations. The discussion around Grexit creates two roadmaps for the future of Greece which both contradict with SYRIZA's program. One road takes Greece out of the Euro Area, and the other turns the country "a dynamic, open, flexible, free-market democracy".²³⁷

²³⁷ Simon Nixon, "For Some in Syriza, a Greek Euro Exit is Goal", **The Wall Street Journal**, 08.07.2016, <http://www.wsj.com/articles/for-some-in-syriza-a-greek-euro-exit-is-goal-1436388761>, (11.08.2016).

CONCLUSION

The financial crisis of 2008 has revealed the weaknesses of the European Monetary System. The wave of financial crises which began in the USA has proven the network between international markets. The peripheral countries of the EU suffered the most during the national debt crisis in Europe. Rising unemployment among the youth, lowered public spending, and increasing public deficit are consequences of the crisis. Greece is the country that triggered the financial crisis in the EU. A superficial interpretation says that it is because of unbalanced spending in the public sector. This study attested that the unsuitable EMS mechanism, which is more familiar to the advanced economies of the Northern Europe, has the primary responsibility.

After Greek government called for a financial assistance from European institutions in 2009, three bailout programs were offered by the troika of the European Commission, the ECB and the IMF. The cost of the bailout put the burden on lower and middle classes. People have taken to the squares and streets in Greece and other European cities since then. In the Greek case, the masses were mobilized around radical leftists and activists. Putting the neoliberal policies of the troika on the target, SYRIZA movement, which turned into a political party, shook the political life in Greece. The support of the people brought SYRIZA to the parliament due to their promises of stopping austerity measures and cherishing the welfare state. At this juncture, the study stressed the role of the anti-globalization movements in the European periphery struggling with neoliberalization, and re-examined the connection of the anti-globalization movements with social movements.

The study provided a conceptual framework which consists of neoliberal globalization and antiglobalization movements in the first chapter. For the methodology, the study attributed numerous secondary sources including journal articles, newspaper articles and books. Official data was collected from Eurostat and OECD deliberately. Documents on its official web site are utilized for the discussion about SYRIZA and its policies. Due to the language barrier, the documents only in English were used.

The study provided a gradual framework to present the core of the discussion. For each chapter and the whole study, the gradual framework was implemented. The first chapter provided a systemic perception of the main concepts. Debate on globalization and neoliberalisation embodied only one side of the concept. This concept presented the main ideology which antiglobalization movements oppose. Reviewing the literature on social movements makes sense of anti-globalization movements in a historical perspective. The study deduced that new social movements changed the mobilization tactics and organizational structure of old social movements in a progressive manner. The second chapter narrowed down the level of analysis to a regional basis. Discussion about the transitional process of the EU to neoliberalisation led the study to the national debt crisis in European level. Finally, the study focused on the Greek case of SYRIZA in the last chapter. The study thus takes the general concept to a narrowed one step by step.

In the first chapter, the study detailed the concepts of globalization, neoliberalisation, social movements and antiglobalization movements. Globalization was argued from different perspectives of prominent scholars. Debate on the characteristics of the phenomenon led to three camps of globalization: globalists, sceptics, and transformationalists. Next, transnational practices in a globalized system were speculated. Accumulation of capital in a global scale generated a group which have the benefit of globalization. The study made use of Robinson's and Sklair's discussion about TCC as the historic bloc of new global class. Foundation of this historic bloc was seen in the 1980s' international politics. The section examined the ideological formation of neoliberal capitalism and divisions among the capitalist bloc: the free-market conservatives, the neoliberal structuralists, and the neoliberal regulationists. As discussed in detail, the Third Way, or new institutional economics, consisted of exclusion of the poor and lack of welfare state against "social control (police) state"²³⁸. Until this point, the study provided one side of the conceptual framework. Clarifying the concept of global neoliberalism, the study focused on social movements' literature. The section began with a general discussion about characteristics and classification of social movements. Later, it drew a distinction of new social movements. What is "new" in new social movements was stated

²³⁸ Robinson and Harris, pp. 50.

according to Antony Giddens and Philip W. Sutton: New issues in political agenda and emphasis on quality of life than simple material interests, non-hierarchical organizational structure, new action repertoires such as direct actions, and involvement of middle classes to the activist protest.²³⁹ The section debated the connection between globalization and social movements. At the end of the section, historical background of social movements was provided as a basis for understanding anti-globalization movements. The last section of the study discussed antiglobalization movements by two important examples. WTO protests in Seattle enhanced anti-globalization movements to a newer level in terms of contributors and organizational structure. The protests presented the solidarity between teamsters and environment activists. In the meanwhile, the Zapatista movement declared a universal stand against corporate power in Mexico. This regional movement spread the voice of the excluded, defending autonomy against centralized state power. The study inferred that neoliberal policies at the global level cause pressure on middle and lower classes all around the world.

The second chapter was a debate on neoliberalisation of Europe. In the first section, the study discussed the establishment of a neoliberal Europe. From foundation of the ECSC to transformation into the EU, the section discussed the attempts of creating a single market and single currency among the European nations. The section pointed at errors of financial and monetary policies in the EMS. The Treaty of Maastricht of 1992 set the rules for economic criteria of membership. The chapter continued with the discussion about the European debt crisis and its effects on the peripheral Europe. It explained the background of the crisis as a credit-fuelled consumption and imbalance between revenue and expenditure. As shown in Figure 1 above, the crisis caused a decline in the annual GDPs of the Mediterranean periphery. Additionally, unemployment rate rose after 2008, especially youth unemployment is at hazardous levels.

The third chapter was presented in two sections as well. The first section revisited the political economy of Greece since World War II. It addressed the civil war, military junta and transition to democracy periods until the EC membership in 1981. The EC membership eased the liberalization of economy in Greece. The false

²³⁹ Antony Giddens and Philip W. Sutton, "Politics, Government and Social Movements", **Sociology**, Polity Press, Cambridge, 2013, pp. 1000-1002.

fiscal and monetary policies which paved the way for economic crises have their roots in this period. Hence, the state-led growth strategy of Greece revealed budget deficit. In addition, Greece had faced high levels of tax evasion and corruption. When it was revealed that deficit rates were not reported correctly in national statistics, the degree of crisis came out to the fore in 2009. Between 2010 and 2015, Greece was offered three bailout programs due to debt defaults, and its debt reached 321 billion Euros.²⁴⁰ The debt defaults brought the discussions on Grexit.

The second section of this chapter examined SYRIZA in a more detailed aspect. The findings of the study showed that SYRIZA positioned itself in parallel to a historic bloc of the left seeking a progressive perspective. The party welcomes the legacy of old and new social movements, and declares it is in solidarity with those movements. It is also important to state that SYRIZA adopts an inclusionary policy toward excluded layers of society. SYRIZA takes a clear stance against neoliberal globalization criticizing the TCC. In the Political Resolution of the 1st Congress of SYRIZA, it is clearly stated that SYRIZA is against the Memoranda, and sees them as a neoliberalisation tool which is exposed by the international markets. Nevertheless, speculations about Grexit put the party in a hard position. Tsipras was forced to submit the third bailout under the threats of Grexit. This political decision of Tsipras' caused a split in the party. An anti-austerity party was founded by the hard-liners lead by Lafazanis.

The study contends that the future of SYRIZA is bound to two contradictory objectives. One results in a compromise on a bailout program for the country's future in the Euro Area. The other objective is maintaining a strong opposition to the austerity measures.

²⁴⁰ Jennifer Rankin, "Eurozone Unlocks €10.3bn Bailout Loan for Greece", **Greece**, 25.05.2016, <https://www.theguardian.com/world/2016/may/24/eurozone-officials-hope-to-give-greece-next-tranche-of-bailout>, (23.08.2016).

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