

Stieglitz, Piketty und andere

Syriza is the only hope for legitimacy in Greece.

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Sir, The future of the EU is at stake in the negotiations between Greece and its creditor institutions, now close to a climax. To avoid failure, concessions will be needed from both sides. From the EU, forbearance and finance to promote structural reform and economic recovery, and to preserve the integrity of the Eurozone. From Greece, credible commitment to show that, while it is against austerity, it is in favour of reform and wants to play a positive role in the EU.

[In a letter to the FT in January](#), several of us said: “We believe it is important to distinguish austerity from reforms; to condemn austerity does not entail being anti-reform.” Six months on, we are dismayed that austerity is undermining Syriza’s key reforms, on which EU leaders should surely have been collaborating with the Greek government: most notably to overcome tax evasion and corruption. Austerity drastically reduces revenue from tax reform, and restricts the space for change to make public administration accountable and socially efficient. And the constant concessions required by the government mean that Syriza is in danger of losing political support and thus its ability to carry out a reform programme that will bring Greece out of the crisis. It is wrong to ask Greece to commit itself to an old programme that has demonstrably failed, been rejected by Greek voters, and which large numbers of economists (including ourselves) believe was misguided from the start.

Clearly a revised, longer-term agreement with the creditor institutions is necessary: otherwise default is inevitable, imposing great risks on the economies of Europe and the world, and even for the European project that the eurozone was supposed to strengthen.

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Consider, on the other hand, a rapid move to a positive programme for recovery in Greece (and in the EU as a whole), using the massive financial strength of the Eurozone to promote investment, rescuing young Europeans from mass unemployment with measures that would increase employment today and growth in the future. This could both transform the economic performance of the EU and make it once more a source of pride for European citizens.

How Greece is treated will send a message to all its eurozone partners. Like the Marshall plan, let it be one of hope not despair.

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