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A Syriza election win would be a serious setback for Greece

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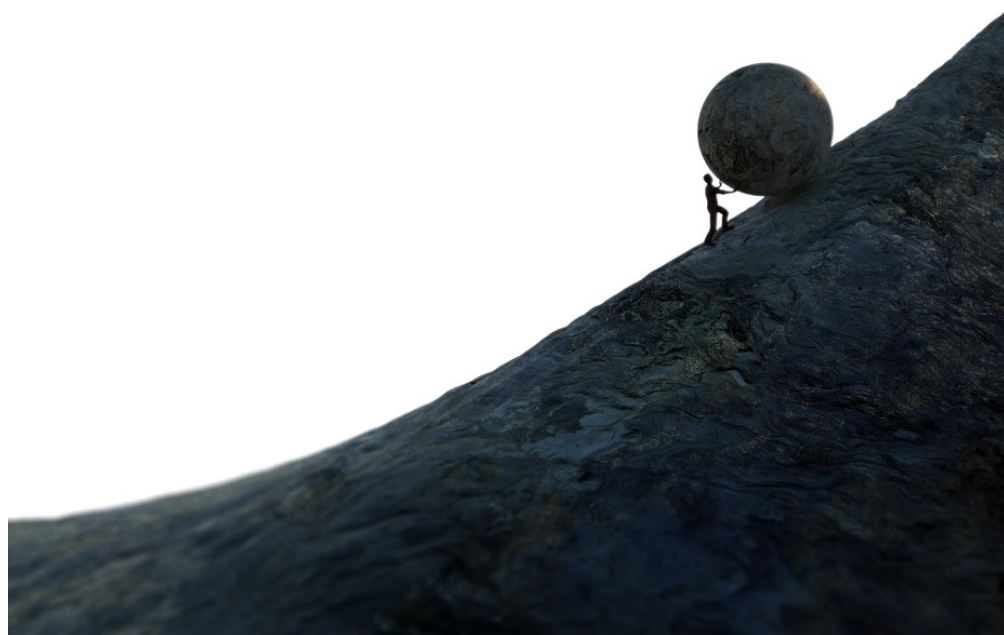
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The Greek economy, after five years of recession, has nearly reached the top of the hill it has been climbing. But there is a real threat that in just a few months it will roll back down again.

Like Sisyphus, the ill-fated king in Greek mythology, Greece's achievements are at risk with the looming parliamentary election of a new president, which the official opposition (the Coalition of the Radical Left, better known as Syriza) is **intent on blocking** in order to call for early general elections. The group is **tipped to win** and there is no doubt that this would roll Greece back down to where it started in 2010, if not even deeper into the abyss. It is more probable now than ever before.

This need not be the case even if early elections are called. The problem is that Syriza is scaring investors away with its polyphony on important economic matters such as foreign direct investments and badly needed structural reforms, whether or not the austerity measures are continued. Syriza is also scaring the governments of other eurozone countries because its erratic policy on Greece's debt could destabilise the euro and eventually force Greece out of the eurozone. Most importantly, though, it is scaring Greek consumers away by shaking their confidence on the future course of the Greek economy, which might possibly result in a bank run.

Dealing with the debt

The most important problem which faces the Greek economy is its excessive sovereign debt, and early elections would not reduce this. Unfortunately, the Greek political parties are heavily divided on how to tackle the country's deficit. But most importantly Syriza believes that a huge rewrite, at the cost of the taxpayers of the other eurozone countries, could be acceptable.

The alternative is to unilaterally default. But the moment that happens, they would have to go to the international capital markets to borrow more than €10 billion to finance their programme of bringing salaries back to pre-2010 levels, hire hundreds of thousands of new public employees and even re-nationalise private enterprises such as Olympic Airways and the Telecommunications Company.

All this makes international capital markets very nervous. Some Greeks believe that Syriza, which is currently leading the polls, would never implement these policies either because they would not be able to find the money or because they would probably give up their rhetoric and collaborate with the European Commission, the European Central Bank and the IMF to continue with the implementation of the austerity programme. This, however, is a very dangerous gamble. It would see Greece entering into a long and unknown labyrinth, with the Minotaur waiting at every turn to tear the country apart.



Syriza party leader Alexis Tsipras. EPA/Sotiris Barbarousis

A simple solution

Of course there is a solution, but no political party in Greece wants to implement it. The Greek debt would have been wiped out if Greece's tax authorities were able or, more accurately, were willing to collect the due taxes. Tax evasion and tax avoidance is as old as Greek history itself.

Greece is a rich country with high per capita income and even higher per capita wealth. The current crisis did not change this. The lowest per capita income of the 21st century is higher than the highest per capita income of the 20th century. More than a quarter of the actual output produced in the country goes unreported. This year, with an unprecedented flow of international tourists, especially on the popular islands, tax evasion was rife and at its peak. Very few businesses were issuing receipts and even fewer tourists were asking for them.

The solution is to tax wealth, and not income and consumption. A Greek proverb states that you cannot hide two things: your cough and your wealth. A tax on wealth which includes a tax on property and bank deposits, is the solution to the notorious Greek tax evasion. This will generate sufficient revenue to cope with the excessive debt. But political will is needed and, despite all the party posturing, it is currently lacking in Greece.



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