

Greece: Are we Sure that Tsipras Caved In?

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Germany did not speak yet, and until then nothing is certain. But it looks like the new Tsipras proposal may turn into an agreement between Greece and its creditors.

We'll see what happens in the next days, but I want to make a few remarks

At first sight, this does not look good for Tsipras. On all the points that remained contentious when negotiations were interrupted, the new proposal substantially accepts the creditors requests (labour law being an important exception): On VAT, privatizations, retirement age, we are now very close to the original creditors' requests, and very far from the Greek ones.

And in fact the new package is even more "austrian" than the Juncker plan, as it contains deficit reduction for 12 billions instead of 8.

This said, if Tsipras manages to link the package to the obtention of a new loan (plus unblocking of structural funds) for a duration of three years, he will have obtained what he has been asking so far in vain, and what had been refused to Papandreou in 2011: Time and money.

While accusing him of doing nothing to change his country, creditors forced Tsipras to spend the past five months flying back and forth from Athens to Brussels, each time asking for a [fistful of euros](#). If he manages to obtain a new loan over the next three years, this will finally stop. He will have the time to implement his recipe for Greece, and it will be finally possible to judge his government on acts rather than promises.

In this light the referendum was very important. By asking the Greek people the mandate to negotiate while remaining in the euro, he succeeded in throwing the ball in the creditors camp. Those speaking of betrayal of the people's will probably did not pay attention to the Greek debate in the week of July 5th. This is why Syriza keeps climbing in the polls, by the way.

Tsipras had to pay the price of a stricter austerity than he would have wished for. But he gains breathing space, which is orders of magnitude more valuable. No surprise that Germany is hesitant. If a deal is not reached, as of now, it will be clear to all who will have kicked Greece out.

Not a bad day for Tsipras after all

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