

Crisis? What crisis?

Published: January 13, 2026, 1:15 am

The world's financial markets and the EU's political leaders will act as if the Greek No vote in their referendum has created a crisis this morning. But if they do it is one of their political making.

Greece undoubtedly needs money. It is reasonable for it to presume its central bank (the ECB) will provide it. That is what central banks exist for, after all. They are lenders of last resort. But the ECB will not play that role. That is a political decision that undermines its fundamental purpose. That is a crisis, but not as such for Greece. That's a crisis for other EU countries that might ever need its services.

And there is a crisis because what Germany says seems to prevail in matters relating to Greece. That was never what a Union was meant to be about. But again, that's as much a crisis for other states as it is for Greece.

What there is not is an economic crisis. Greece needs modest sums of money now in the grand scheme of things and overall $\hat{\text{€}}60$ billion over the next few years according to the IMF. Set this in the context of the EU QE programme of $\hat{\text{€}}1$ trillion over the next year or so and the sums are almost totally insignificant. It is a choice to deny this programme to Greece, and nothing more. The risks involved from including it are affordable, can be met out of money that needs to be created out of thin air, and will have no impact on EU inflation.

Certainly over the rest of this year Greek debt would still need to be restructured and haircuts should happen, preferably sooner rather than later. Cyprus set the precedent for that and it is still in the euro. But that process does not change the need for action now. It's just part of a management process.

But a crisis? Certainly economically there is none. If there is one it is political, and is largely if Germany's making in refusing to accept Greek democracy and sovereignty. It's also a crisis created by neoliberal dogma. But both are of much greater significance than the real economics of this, because they are and always were manageable.

So sure there is a crisis, but let's name it for what it is. The crisis is that Germany and the EU cannot accept the democratic right of a sovereign state to reject neoliberal economics. That's what all this is about.

That's also why the No vote is so important. Sanity has prevailed in Greece. The Emperor has been told he has no clothes. But he / she really, really resents it. And their tantrum is now our crisis.