

Is Democracy compatible with the determination of EU institutions, whether in Greece or elsewhere?

Sunday 14 June 2015, by [TOUSSAINT Éric](#) (Date first published: 1 June 2015).

I. Do you see the negotiations between Greece and its creditors as involving Europe's economic and political future, and why?

Eric Toussaint -The political dimension is essential. Is it possible or not for a people to vote in such a way that their determination to reject austerity can be heard? Is democracy compatible with the determination of EU institutions? The answer to such questions is of major import for all Europe.

II. Is not the decision of the EU creditors not to pay the €7.2bn of the so-called 'bailout' plan a kind of political blackmail?

Indeed. It is obvious that the ECB, the IMF, the European Commission and the governments of major Eurozone member states are working hard at pushing Tsipras and his government out of the electoral promises that got him elected on 25 January. Alexis Tsipras and Yannis Varoufakis have made major concessions, particularly with regard to further privatization and debt payment on the dot. However creditors are still not satisfied.

III. Are the conditions set by the EU group for transferring money a useful approach to solving the Greek economic crisis?

Quite the opposite. There are at least four stumbling blocks:

1. Creditors want all retirement pensions to be lowered by €130 a month within the next three years while they have already been cut by 40%, which means that 45% receive less than 660 € a month, and so are below the poverty line and the government had promised to give back something of what was withheld to pay the debt to pensioners with less than €700 (about 67%).
2. Creditors want the government to go even further than the previous one in terms of destabilization of the labour 'market', whereas it had in fact promised to cancel some of the anti-social measures taken previously.
3. While Tsipras has already agreed on the privatization of the Port of Piraeus, creditors want him to back down even further, against the advice of several ministers.
4. Creditors refuse to cancel a substantial part of the debt. At best, if the Tsipras government capitulated, they might grant a new restructuring of the debt that would only push deadlines further and would mean that the Greek government would have to comply with their demands on a permanent basis.

IV. Does not this conditional financial 'help' postpone the moment when economic problems have to be solved rather than providing a solution?

The aim of postponing the deadline (there is no help at all) is to stifle the Greek economy and financial system and thus bring down the government.

V. Next to negotiation with creditors, the Greek Parliament has set up a Committee for the Truth on the Greek Debt. How far have you got in your investigation?

The Committee for the Truth on the Greek Debt that I am coordinating is moving fast. Greek debts that were cumulated before 2010 were already to a large extent illegitimate and / or illegal (arms contracts involving fraud and corruption, large-scale construction-work related to the 2004 Olympics with overbilling and all sorts of embezzlement, tax giveaways to a privileged minority, bailing out of banks, excessive interest rates) but what is striking is the extent to which debts contracted since 2010 are flawed.

The memoranda imposed by the Troika from 2010 onward, the 2012 debt restructuring, and the accumulated Greek public debt are all characterized by irregular, illegitimate, illegal and in many cases odious features.

New creditors, with successive Greek governments aiding and abetting, have cornered Greece into a situation where repayment is unsustainable. The social and economic policies they have enforced have resulted in a 25% fall in the GDP while Greece had experienced sustained growth until 2008. In 2009, just before the crisis, growth had fallen to 0% but by then the GDP of other Eurozone countries had fallen by 4%. Creditors pushed unemployment to unprecedented heights and drastically reduced private and public demand. Public debt increased from 110% of the GDP in 2009 to 185% in 2014. These creditors (the Troika) imposed the notorious 'conditionalities' whose main aims were first, to bail out Greek and foreign private banks (mainly French and German banks) even though they were largely responsible for the crisis; and second, to enforce recessive and regressive neoliberal macroeconomic policies (privatisations, layoffs, drastic reduction of income, etc.) thus violating economic, social and cultural rights as well as civil and political rights. For 2015 alone, creditors have demanded €23bn. Several payments have already been made and since the February 2015 agreements were signed, Greece has steadily moved closer to a situation of financial unsustainability.

VI. Is cancelling part of the Greek debt an option to be considered, and could it be a solution for the more highly indebted European countries?

Cancelling or, in the absence of any agreement, unilaterally repudiating a large part of the debt is a necessary condition for Greece to recover. This also applies to other countries. However it is not enough. Other measures have to be taken, such as socializing the banking sector, imposing high taxes on the richest 1%, carrying out an in-depth tax reform and fighting tax evasion, controlling capital flow, deprivatizing, financing public services and creating decent and useful jobs.

P.S.

* Interview of Eric Toussaint for the French weekly paper *Politis* 1st June 2015.