

On Greece and Europe: What is Called “Negotiation” is a Demand for Total Surrender

By [Prof Michael Hudson](#)

Global Research, June 28, 2015

[Counterpunch](#)

Region: [Europe](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

Many readers of the European and American press must be confused about what actually is happening in the negotiations between Greece (Alexis Tsipras and Yannis Varoufakis). The European Troika (the IMF, European Central Bank and European Council now object to the name and want to be called simply “the Institutions”) have stepped up their demands on Syriza.

What is called “negotiation” is in reality a demand for total surrender. The Troika’s demand is to force Syriza to go back on the campaign promises that it made to voters who replaced the old right-wing Pasok (“socialist”) and Conservative New Democracy coalition, or else simply apply the austerity program to which that coalition had agreed: cutbacks in pensions, deeper austerity, more privatization selloffs, and a tax shift off business onto labor. In short, economic suicide.

Last weekend a group of us met in Delphi to discuss and draft the following Declaration of Support for Greece against the neoliberal Institutions. It is now clear that finance is the new mode of warfare. The creditors’ objective is the same as military conquest: they want the land, the natural resource rights and monopolies, and they want tribute (in this case, debt service). And they don’t want sovereign Greece to tax the economic rent from these assets. In short, the negotiation between The Institutions and Greece is a bold exercise in rent extraction.

To read the press, one might think that Tsipras and Varoufakis are simply trying to capitulate, only to be turned down. Even many left observers have criticized them for taking the position that “We want to pay.”

What is not recognized is how successful the Syriza negotiating strategy has been. While most voters opposed austerity, they also initially (and still) have a fear from withdrawing from the eurozone. Tsiparas and Varoufakis have walked a fine line and accurately judged unyielding and totalitarian the Institutions’ “hard money” creditor approach would be.

The eurozone’s rejection of what obviously is an attempt at reason has greatly strengthened Syriza’s hand to say “NO” to deeper austerity. It would bring yet more unemployment, yet more emigration, yet more bankruptcy – and deeper distress prices for the public domain that the Institutions are insisting be sold off.

On the surface, Syriza’s non-payment of the debt that earlier coalitions ran up (largely by not taxing the oligarchs who supported them) need not cause a great disturbance in financial markets. After all, the debts to which Greece objects are those run up to the IMF

and ECB, not private bondholders.

Yet the eurozone may turn this non-economic crisis into a political crisis by following through on its threat to exclude Greece from the eurozone. Current conditions are such that much larger numbers of Greeks may now support this position than was the case last January.

At stake is much more than Greece itself. What the attendees at Delphi want is to rescue not only the Greek economy, but all Europe — by replacing the euro and the ECB with a less austerity-based monetary ideology. If they are driven out of the eurozone, they will be able to create a real central bank (via the Treasury) to monetize deficit spending to revive the economy.

It is clear that what is needed is to replace the IMF with an institution able to assess the ability to pay debts, and to write down bad debts accordingly. Such an institution would replace Chicago School austerity and fiscal policy with a more progressive monetary and tax policy.

If the European Central Bank follows through on its threat to wreck the Greek banking system, Syriza has put itself in a position to replace the oligarchs' banks with a public option.

The Institutions evidently hoped that the government will face a no confidence vote if it is excluded from the eurozone. The reality is that it would have suffered a no confidence defeat if it had capitulated. Tsipras is now in a position to explain to voters, "We acted reasonably to do what we could. Nothing will satisfy them except loss of our sovereignty, our land and mineral wealth, and our power to tax. The IMF and ECB won't admit their 2010 mistake in not writing down the Greek debts, which stemmed largely from the falsified Goldman-Sachs-Papademos ploy that got us into the eurozone in the first place."

In sum, followers of recent news reports should bear in mind that despite all the statements of good faith that Greece "wants to pay its debts," the reality is that there is no money to do so - except to the extent that the IMF may "extend and pretend" the charade by advancing Greece the IMF's own money to pay. As matters have turned out, Tsipras and Varoufakis have *not* paid foreign debts with Greek money. They have not balanced the Greek budget by cutting back pensions, nor have they sold off the crown jewels of publicly owned infrastructure that European banks hoped to finance to their clients.

Instead of selling out, Tsipras has given Greeks enough time to pull out their savings from the banks and convert them into euro notes (domestic circulation of which has risen by 13 billion euros), or into "hard" assets such as cars (or even boats) with a resale value.

This is the Delphi Declaration in support of Greece in its confrontation with The Institutions. (emphasis added)

THE DELPHI DECLARATION

On Greece and Europe

European governments, European institutions and the IMF, acting in close alliance with, if not under direct control of, big international banks and other financial institutions, are now exercising a maximum of pressure, including open threats, blackmailing and a slander and terror communication campaign against the recently elected Greek government and against the Greek people.

They are asking the elected government of Greece to continue the “bail-out” program and the supposed “reforms” imposed on this country in May 2010, in theory to “help” and “save” it.

As a result of this program, Greece has experienced by far the biggest economic, social and political catastrophe in the history of Western Europe since 1945. It has lost 27% of its GDP, more than the material losses of France or Germany during the First World War. The living standards have fallen sharply. The social welfare system is all but destroyed. Greeks have seen social rights won during one century of struggles taken back. Whole social strata are completely destroyed, more and more Greeks are falling from their balconies to end a life of misery and desperation, every talented person who can leaves from the country. Democracy, under the rule of a “Troika” acting as collective economic assassin, a kind of Kafka’s “Court”, has been transformed into a sheer formality in the very country where it was born! Greeks are experiencing now the same feeling of insecurity about all basic conditions of life, that the French experienced in 1940, Germans in 1945, Soviets in 1991. At the same time, the two problems which this program was supposed to address, Greek sovereign debt and the competitiveness of the Greek economy have sharply deteriorated.

Now, European institutions and governments are refusing even the most reasonable, elementary, minor concession to the Athens government, they refuse even the slightest face-saving formula there might be. They want a total surrender of SYRIZA, they want its humiliation, its destruction. By denying to the Greek people any peaceful and democratic way out of its social and national tragedy, they are pushing Greece into chaos, if not civil war. Indeed, even now, an undeclared social civil war of “low intensity” is being waged inside this country, especially against the unprotected, the ill, the young and the very old, the weaker and the unlucky. Is this the Europe we want our children to live in?

We want to express our total, unconditional solidarity with the struggle of the Greek people for their dignity, their national and social salvation, for their liberation from the unacceptable neocolonial rule the “Troika” is trying to impose on this European country. We denounce the illegal and unacceptable agreements successive Greek governments have been obliged, under threat and blackmail, to sign, in violation of all European treaties, of the Charter of UN and of the Greek constitution. We call on European governments and institutions to stop their irresponsible and/or criminal policy towards Greece immediately and adopt a generous emergency program of support to redress the Greek economic situation and face the humanitarian disaster already unfolding in this country.

We also appeal to all European peoples to realize that what is at stake in Greece it is not only Greek salaries and pensions, Greek schools and hospitals or even the fate even of this historic nation where the very notion of “Europe” was born. What is at stake in Greece are also Spanish, Italian, even the German salaries, pensions, welfare, the very fate of the

European welfare state, of European democracy, of Europe as such. Stop believing your media, who tell you the facts, only to distort their meaning, check independently what your politicians and your media are saying. They try to create, and they have created an illusion of stability. You may live in Lisbon or in Paris, in Frankfurt or in Stockholm, you may think that you are living in relative security. Do not keep such illusions. You should look to Greece, to see there the future your elites are preparing for you, for all of us and for our children. It is much easier and intelligent to stop them now, than it will be later. Not only Greeks, but all of us and our children will pay an enormous price, if we permit to our governments to complete the social slaughter of a whole European nation.

We appeal in particular to the German people. We do not belong to those who are always reminding the Germans of the past in order to keep them in an “inferior”, second-class position, or in order to use the “guilt factor” for their dubious ends. We appreciate the organizational and technological skills of the German people, their proven democratic and especially ecological and peace sensitivities. We want and we need the German people to be the main champions in the building of another Europe, of a prosperous, independent, democratic Europe, of a multipolar world.

Germans know better than anybody else in Europe, where blind obedience to irresponsible leaders can lead and has indeed led in the past. It is not up to us to teach them any such lesson. They know better than anybody else how easy is to begin a campaign with triumphalist rhetoric, only to end up with ruins everywhere around you. We do not invite them to follow our opinion. We demand simply from them to think thoroughly the opinion of such distinguished leaders of them like Helmut Schmitt for instance, we demand them to hear the voice of the greatest among modern German poet, of Günter Grass, the terrible prophecy he has emitted about Greece and Europe some years before his death.

We call upon you, the German people, to stop such a Faustian alliance between German political elites and international finance. We call upon the German people not to permit to their government to continue doing to the Greeks exactly what the Allies did to Germans after their victory in the First World War. Do not let your elites and leaders to transform the entire continent, ultimately including Germany, into a dominion of Finance.

More than ever we are in urgent need of a radical restructuring of European debt, of serious measures to control the activities of the financial sector, of a “Marshal Plan” for the European periphery, of a courageous rethinking and re-launching of a European project which, in its present form, has proven unsustainable. We need to find now the courage to do this, if we want to leave a better Europe to our children, not a Europe in ruins, in continuous financial and even open military conflicts among its nations.

Delphi, 21 June 2015

The above declaration was adopted by nearly all participants in the Delphi conference on the crisis, on alternatives to euroliberalism and EU/Russia relations, held at Delphi, Greece on 20-21st of June. It is also supported by some people who were not able to be present. The list of people who signed it follows [see complete version on GR]. In it there are not only citizens of EU countries, but also of Switzerland, USA, Russia and India. Many distinguished American scholars seem to be more sensitive as regard the European crisis, than the ... political leaders of EU themselves! As for Russians, it is only normal and natural to bear a great interest for what is going on in EU, as EU citizens bear also an interest for what is going on in Russia. All participants in the Delphi conference share the strong conviction that

Russia is an integral part of Europe, that there is a strong interconnection between what happens in EU and in Russia. They are categorically opposed to anti-Russia hysteria, which in fact is nothing less than the preparation of a new, even more dangerous cold, if not hot war.

The original source of this article is [Counterpunch](#)
Copyright © [Prof Michael Hudson](#), [Counterpunch](#), 2015

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Prof Michael Hudson](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca