

Sovereign Debt and “Triple A Ratings”: The People’s AAA : Audit, Action and Abolition of Neoliberal Economic Policies

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AAA ... three letters that ring like a sardonic laugh denoting the top credit rating given by the ratings agencies. A company or a State with an AAA rating is considered credit-worthy by lenders and speculators and can borrow at more favourable rates. But to obtain - or maintain - this symbolic grade, European governments will go to any lengths, including the application of austerity policies that place their economies under the diktat of creditors. The AAA is a front that conceals social regression on a grand scale, human rights violations, and blood, sweat and tears for the most vulnerable citizens.

AAA... Three letters that ring like the laugh of the hyena as creditors reap profits while people’s rights are sacrificed with the active complicity of the heads of European States, the European Commission, the International Monetary Fund and the Central European Bank. Lenders and speculators have taken the most reckless risks, convinced that the public authorities would bail them out in time of crisis. Up to now they have been right. Bank bailouts have been organised, States have provided guarantees amounting to thousands of billions of euros, the wishes of creditors have been pandered to. States have spent colossal sums to bail out banks before imposing massive austerity measures which the people often oppose with determination. Street protests, general strikes, the Outraged (Indigné) movement and social struggles are reasons for hope if they can succeed in federating at European level. It is time for peoples of Europe to unite.

For three decades, neo-liberal policies have raised indebtedness to an intolerable level for the middle and lower-middle classes who largely carry the burden of repayment. The public debt of European countries has two main causes: on the one hand, the fiscal counter-revolution starting in the 1980s that favoured the richest, and on the other hand, the responses of States to the present crisis brought about by unbridled investments by bankers and hedge funds. Financial deregulation has removed essential safeguards and enabled the creation of increasingly complex products, leading to serious excesses and a global economic and financial crisis.

The present policies protect those responsible for the crisis and oblige the victims - in other words the people - to pay the cost. For this reason the debt is largely an illegitimate one. As long as the current logic persists, the diktats of creditors will bring constant social regression. A citizens’ audit of the public debt, together with a penalty-free moratorium on repayments, is the only solution for determining the illegitimate, or even odious, part of the

debt. This part must then be unconditionally abolished. And for this illegitimate debt to be Abolished, the people must continue to mobilise and by their concerted Action impose a different policy that finally respects fundamental and environmental rights.

This Action must be the way to building a Europe based on solidarity and co-operation, a Europe that refuses the competitive dictates of the present system. The neo-liberal logic has brought about the crisis and revealed its own failings. This logic, which underlies all the founding documents of the European Union, in particular the Stability and Growth Pact and the Stability Mechanism Treaty, must be vigorously undermined. Budgetary and fiscal policies should not be uniform, since European economies are very disparate, but should rather be coordinated in order to find a solution that raises the standard. Europe must also drop its under-siege attitude towards immigration applicants and become a just and supportive partner for peoples in the South. The first step must be to unconditionally cancel Third World debt. It is clear that the present European treaties must be repealed and replaced by new ones in the context of a genuine democratic constituent process that will be the cornerstone for a different Europe.

Audit-Action-Abolition: this is the AAA we want, an AAA of the people, not the ratings agencies. We place this demand at the very heart of the public debate to affirm that alternative political, economic and financial choices are possible. Only powerful social struggles can make this "peoples' AAA" a reality and a means of effecting a radical change in logic.

Translated by Judith Harris.

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