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What if SYRIZA took the EU at its word and audited Greek debt?

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Global Research, January 14, 2015
CADTM

Region: Europe
Theme: Global Economy

Since the announcement that elections will be held in Greece on 25 January 2015, the prospect that they be won by SYRIZA has been presented as a menace to international public opinion and in particular, as a threat to the Eurozone. Yet those who are sounding the alarm are fully aware that SYRIZA has announced that it has no intention of suspending debt repayments once elected, and wishes to remain in the Eurozone. On the other hand SYRIZA is committed to putting an end to the unjust and antisocial measures implemented by previous governments and the Troika.

This campaign against the supposed dangers of SYRIZA is aimed at intimidating Greek voters into renouncing their right to change. It is also intended, in the event of a SYRIZA victory, to cause part of European public opinion to reject the Greek Coalition of the Radical Left in order to avoid Podemos winning the autumn 2015 Spanish elections in its wake. Other surprises could be in store from countries such as Cyprus, Portugal and Slovenia if their citizens considered that it would be worth trying to replace disastrous ultraconservative policies by left-wing measures. European leaders and the large private corporations that support them are aware that the majority of the Eurozone population has a negative opinion of the policies that have been implemented in recent years, and would be ready to vote for change. A SYRIZA victory would represent a major threat to the mainstream parties, whether conservative or "socialist", fearing that the contamination could spread to Spain.

The debt that Greece is expected to pay is equivalent to 175% of annual national wealth, and is an intolerable burden for the Greek people.

What would happen if a SYRIZA government decided to apply, to the letter, Article 7 of a regulation adopted by the European Union in May 2013 "on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability", concerning countries subject to astructural adjustment plan, including in particular Greece, Portugal and Cyprus.

Paragraph 9 of Article 7 maintains that States subject to structural adjustment should carry out a complete order of public debt in order to explain why indebtedness increased so sharply and to identify any irregularities. Here is the text in full: "*A Member State subject to a macroeconomic adjustment programme shall carry out a comprehensive audit of its public finances in order, inter alia, to assess the reasons that led to the building up of excessive levels of debt as well as to track any possible irregularity*". [1]

The Greek government, under Antonis Samaras refrained from applying this regulation so as to hide from the Greek population, the real reasons for the increase in debt, and the irregularities linked to it. In November 2012, the Greek parliament, dominated by a right wing majority, rejected a SYRIZA motion for the creation of a parliamentary commission to investigate the debt, by 167 to 119 with zero abstentions.

It is clear that should SYRIZA win the elections, the government that would then be set up could well decide to apply the letter of European law and create a parliamentary debt audit commission (with citizen participation) to analyse the process that led Greece into excessive indebtedness, to track probable irregularities, and to identify the illegitimate, illegal, odious … parts of the debt.
Citizen participation is fundamental to a rigorous and independent audit process. Article 8 of the above-mentioned regulation recommends that: "A Member State shall seek the views of social partners as well as relevant civil society organisations when preparing its draft macroeconomic adjustment programmes, with a view to contributing to building consensus over its content." One more reason for active citizen collaboration in the audit process.

Here are some key points that could be revealed by carrying out an audit.

Greek debt, which was at 113% of GDP in 2009 before the onset of the Greek crisis and the intervention by the Troika, which now holds 4/5 of total debt, reached 175% of GDP in 2014. We therefore see that the Troika intervention was followed by a very considerable increase in Greek debt.

Between 2010 and 2012, the loans that the Troika granted to Greece were very largely used to repay its most important creditors at that time, mainly the private banks of the principal European economies, starting with the French and German banks. |2| In 2009, some 80% of Greek public debt was held by the private banks of seven EU countries. Fifty percent was held by French and German banks alone.

An audit of Greek debt will show that European private banks greatly increased their loans to Greece between the end of 2005 and 2009 (rising by more than €60 billion, from €80 billion to €140 billion) without taking into account Greece's real repayment capacities. The banks acted recklessly, reassured in their conviction that the European authorities would come to their aid if there was a problem.

As previously mentioned, an audit will show that the so-called bail-out of Greece set up by the European institutions with assistance from the IMF, has in fact enabled the banks of some European countries with a decisive influence on European institutions to continue collecting debt repayments while at the same time transferring the risk to the Member States through the Troika. It is not Greece that has been saved, but a handful of big private banks mainly based in the strongest countries of the EU.

Private European banks were thus replaced by the Troika as Greece's main creditor as from late 2010.

The audit will analyse the legality and legitimacy of the bail-out process. Is it in conformity with European treaties (especially Article 125, which prohibits EU countries from taking on the financial engagements of another EU country)? Did it comply with normal EU decision making procedure? Did the public lenders in 2010 (the 14 EU countries that granted Greece €53 billion of loans, the IMF, the ECB, the European Commission etc.) respect the principal of the free will of the borrower, Greece, or did they profit from Greece's distress in the face

of aggressive speculation to impose agreements that were against its own interests? Did these creditors impose one-sided conditions such as excessive interest rates on the loans? |3| Did the 14 member States that each granted Greece a bilateral loan respect their own laws and constitutions, as well as those of Greece?
Another purpose is to audit the actions of the IMF. We know that several members of the IMF Executive Board (the Brazilian, the Swiss, the Argentine, the Indian, the Iranian, the Chinese, and the Egyptian member) had expressed considerable reservations regarding the loan granted by the IMF, pointing out, among other things, that Greece would not be able to repay it due to the policies that were being imposed on the country |4|. Did the Greek government, in collusion with the Managing Director of the IMF at the time, request that its statistics department falsify the exact data in order to issue such a negative report on the country's financial health that the IMF would be justified in launching a bail-out plan? Several highly-place Greek civil servants say so.

Did the ECB seriously overstep its prerogatives in requiring the Greek Parliament to pass legislation concerning the right to strike, health care, the right of association, education, and the regulation of wage levels?

In March 2012, the Troika organized a restructuring of the Greek debt that was presented at the time as a success. We should recall that George Papandreou, the Prime Minister, had announced in early November 2011, just before a meeting of the G20, that in February 2012 he would call a referendum on the restructuring of Greece's debt prepared by the Troika. Under pressure from the Troika, that referendum never took place and the Greek people were denied their right to express their opinion of the new debts. The mainstream media relayed the narrative which said that the restructuring would reduce Greece's debt by 50%. In reality, Greece's debt is greater in 2015 than in 2011, the year before the so-called 50% cancellation. The audit will show that this restructuring operation, which was in fact a huge confidence trick, was linked to an extension of policies that run counter to the interests of Greece and its population.

The audit must also evaluate whether the strict conditions imposed on Greece by the Troika in exchange for the loans it received are a fundamental violation of a series of treaties and conventions with which the public authorities on the side of both the creditors and the borrower, Greece, are required to comply. The professor of law Andreas Fischer-Lescano, commissioned by the Vienna Chamber of Labour, |5| has irrefutably demonstrated that the Troika's programs are illegal under European and international law. The measures defined in the adjustment programs that have been imposed on Greece and the concrete policies that are their direct consequence violate a series of fundamental rights – such as the right to health care, to education, housing, social security, to a fair wage, and also freedom of association and collective bargaining. All these rights are protected by many laws at international and European level, such as the Charter of Fundamental Rights of the European Union, the European Convention on Human Rights, the European Social Charter, the two UN Human Rights Covenants, the Charter of the UN, the UN Convention on the Rights of the Child, the UN Convention on the Rights of Persons with Disabilities, and also the conventions of the International Labour Organisation (ILO), which have the status of basic legal principles. The list of articles violated by the Memoranda imposed on Greece, meticulously drawn up by professor Fischer-Lescano, is impressive and the entities who make up the Troika or were put in place by it (the European Stability Mechanism, for example) are legally liable for those violations.

The audit will need to verify whether, as provided for in Regulation (EU) No. 472/2013 of the

European Parliament and the Council of 21 May, 2013, mentioned above, "*The draft macroeconomic adjustment programme… fully observe[s] Article 152 TFEU and Article 28 of the Charter of Fundamental Rights of the European Union.*" The audit must also verify whether the following passage of the Regulation is adhered to: "*The budgetary consolidation efforts set out in the macroeconomic adjustment programme shall take into account the need to ensure sufficient means for fundamental policies, such as education and health care.*" It must also be determined whether the following fundamental principle of the Regulation has been applied: "*Article 9 of the Treaty on the Functioning of the European Union (TFEU) provides that, in defining and implementing its policies and activities, the Union is to take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.*" The above provisions need to be taken into consideration in the light of the assessment report published in April 2014 by the EU on the implementation of the second structural adjustment program, in which the authors express satisfaction at the elimination of 20% of all jobs in Greece's public sector |6|. In an inset entitled "*Success stories of the Economic Adjustment Programme,*" we learn that labour-market reforms have served as the pretext for a reduction in the legal minimum wage and that 150,000 jobs have been eliminated in the public administration ("Decrease in general government employment by 150,000", p. 10).

The audit should show clearly that the measures dictated by the creditors are in fact **manifestly regressive in terms of fundamental human rights and a clear violation of a series of treaties**. Considerable irregularities can be identified. Consequently, the commission in charge of the audit will be able to give a reasoned opinion as to **the illegality, the illegitimacy, and even the nullity of the debt contracted by Greece with the Troika**.

Translated by Snake Arbusto, Adam Clark-Gimmig and Mike Krolikowski

Notes

|1| ttp://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32013R0472

|2| C. Lapavitsas, A. Kaltenbrunner, G. Lambrinidis, D. Lindo, J. Meadway, J. Michell, J.P. Painceira, E. Pires, J. Powell, A. Stenfors, N. Teles : "The eurozone between austerity and default", September 2010. http://www.researchonmoneyandfinanc…
See also Eric Toussaint, "Greece-Germany: who owes who? (Part 2) Creditors are protected, the people of Greece sacrificed", published 6 November 2012, http://cadtm.org/Greece-Germany-who…

|3| The interest rates imposed in 2010-201 were between 4 % and 5.5 %. In 2012 they were, after protests (including from the Irish government who was also asked to pay high interest in 2010), reined in to 1 %. Lowering the rate was tacit acknowledgement, by the 14 States, that the interest rates were too high.

|4| See the revelations made by the Wall Street Journal: http://blogs.wsj.com/economics/2013…Also see: http://greece.greekreporter.com/201…

|5| See his report "Human Rights in Times of Austerity Policy", published 17 February, 2014, available at http://www.etui.org/content/downloa…).pdf.

|6| European Commission, Directorate-General for Economic and Financial Affairs, The Second Economic Adjustment Programme for Greece, Fourth Review – April 2014, p. 3, Seehttp://ec.europa.eu/economy_finance…. The report contains 304 pages.

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