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Greece

The Troika's Policy in Greece: Rob the Greek people and give the money to private banks, the ECB, the IMF and the dominant States of the Eurozone

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- Features -

On 20 August 2018, the Greek government of Alexis Tsipras, the IMF and the European leaders celebrated the end of the Third Memorandum.

On this occasion, the major media and those in power spread the following message: [1] Greece has regained its freedom, its economy is improving, unemployment is on the decline, Europe has lent Greece 300 billion and the Greeks will have to start repaying that debt in 2022 or in 2032.

The main claims are completely unfounded as Greece remains under the control of its creditors. In compliance with the accords that the Alexis Tsipras government signed, the country must imperatively achieve a primary budgetary surplus of 3.5% which will force it to continue brutal policies of reduction of public spending in the social sector and in investment. Contrary to the dominant message that Greece will not begin to repay its debt until some time in the future, it should be clearly understood that Greece has been repaying considerable amounts constantly all along to the ECB, the IMF and to private creditors, and this prevents it from responding to the needs of its population.

The complicit silence that conceals the situation of the majority of Greek people is scandalous: very serious studies indicate a sharp rise in the child mortality rate since 2010, and also in the mortality rate for the elderly [2]). There are three times as many suicides as before.

In reality, the results have been utterly devastating for the Greek people in terms of the degradation of their living conditions and violation of their civic and political rights. If you look at it from the point of view of Greece as a State, there is no escaping that the successive governments since 2010 have abandoned the country's political leadership to its creditors. Greece has become a protectorate of the dominant powers of the Eurozone, which behave as though in conquered territory.

It is also a flagrant economic fiasco, if you consider the official objectives of the three Memoranda imposed on the Greek people since 2010.

And lastly, it is also a failure for a large part of the international left who had placed all their hopes on the possibility that a left-wing government might succeed in bringing its country out of austerity and freeing it from subjection to the laws of Capital.

The present article will review some of the key moments of the Memoranda period and the one that preceded it.

> Greece: a sharp rise in the child mortality rate since 2010, and also in the mortality rate for the elderly

2005-2008: A very high increase in foreign bank credit in the Greek private sector

From 2005, French, German, Dutch, Belgian, Italian, Austrian and British banks, (henceforth referred to in this text as banks of the Centre – as opposed to the Periphery, which consists of Greece, Portugal, Ireland, Cyprus, Spain, Slovenia and other countries of Central Europe and the Balkans), have greatly increased their credit to the Greek private sector. Between March 2005 and September 2009, loans from foreign banks to the Greek private sector were multiplied by about four. Between 2002 and 2009, Greek bank borrowings from foreign banks multiplied by 6.5. At the same time, foreign bank loans to the Greek government remained stable. [3]

Which Western European banks lend so massively to the Greek private sector?

They are mainly Hypo Real Estate (Ger.), [4] BNP Paribas (Fr.), Société Générale (Fr.), the Crédit Agricole (Fr.), BPCE (Fr.), Commerzbank (Ger.), [5] Deutsche Bank (Ger.), Royal Bank of Scotland (UK), [6] ING (NL), RaboBank (NL), Intesa SanPaolo (Italy), Unicredit (Italy), Dexia (Belg.), [7] KBC (Belg.), KA Finanz (Austria) and Erste Bank (Austria).

Varoufakis has a very simple and plausible explanation for the enormous increase in loans from French, German and other Centre banks to private borrowers in Greece and other Periphery countries in the Eurozone

In a book published in 2016, Yanis Varoufakis, former Minister of Finance in the Tsipras government, describes the motivations of French, German (etc.) banks that lend massively within the Eurozone to countries of the European Periphery with their governments' support. There follows an excerpt:

"Once markets had come to believe that no one would ever leave the Eurozone, German and French bankers began to look at an Irish or a Greek banker as equivalent to a German customer of the same creditworthiness. It made sense. If the Portuguese, Austrian and Maltese borrowers all made their income in euros, why should they be treated differently? And if the risk involved in lending to particular individuals, firms or governments did not matter, as the loans would be dispersed throughout the known universe immediately after being granted, why treat differently prospective debtors across the Eurozone?

Now that the Greeks and the Italians earned money that could never be devalued again vis-Ã -vis German money, lending to them appeared to the German and to the French banks as equivalent to lending to a Dutch or German entity. Indeed, once the euro was invented, it was more lucrative to lend to persons, companies and banks of deficit member-states than to German or Austrian customers.

This is because in places like Greece, Spain and southern Italy, private indebtedness was extremely low. People were of course poorer than Northern Europeans, lived in humbler homes, drove older cars and so on, but nevertheless they owned their homes outright, had no car loan and, generally, displayed the deep-seated aversion to debt that recent memories of poverty engender. Bankers love customers with a low level of indebtedness and some collateral, in the form of a farmhouse or an apartment in Napoli, Athens or Andalusia." [8]

International banking panic in 2008, private Greek banks in great difficulty and the first bank bailout at the expense of the Greek people

From September 2008, in the wake of the most recent phase of the international banking crisis caused by the bankruptcy of the Lehmann Brothers bank in the United States, private international banks almost ceased lending one another money. The Greek banks which had been borrowing massively from about fifteen banks of the Centre found themselves on the edge of bankruptcy as they had no means of repaying the foreign banks. Indeed, banks borrow to be able to repay (they are not the only ones who do that: States also do it to repay public debt).

From October 2008, in a climate of banking panic in the United States and Europe, the Greek banks who wanted to borrow had to agree to pay very high risk premiums – rates for Greek banks climbed 500 basis points in 2008 – to private foreign finance companies. (Amongst these were not only banks, but also Money Market Funds and investment funds.) Greek banks' stock prices also collapsed. By the end of 2008 Greek banks' stocks had lost 80% compared to their value at the beginning of 2007. At the end of 2008, the Greek government came to the rescue of the Greek banks by making â‚¬20 billion available in the form of capital injection or issuance of guarantees.

The Greek crisis was actually a crisis of private debt, not a crisis of public debt

It is, then, perfectly clear that the Greek crisis was actually a crisis of private debt, especially of private banks, and not a crisis of public debt at all.

In 2008-2009, the ECB came to the rescue of the private banks of Greece and the rest of the Eurozone

The ECB opened up an exceptional line of credit to the private banks of the Eurozone having difficulty, largely attenuating the disengagement of bankers of the main Eurozone countries and the United Kingdom from the Greek banks, whose survival then became dependent on this line of credit.

In October 2009, the ECB let it be understood that it might well put an end to this exceptional line of credit. This created panic among Greek bankers and worried their foreign private creditors.

As of October 2009, the banks of France, Germany, Benelux, the United Kingdom, Italy and Austria which were still lending to the private sector in Greece (banks, households and non-financial companies) further reduced access to credit.

The principal risk came from the indebtedness of the Greek private sector, especially banks

It is noteworthy that between September 2009 and March 2010, loans to the Greek private sector were what diminished most.

This proves that foreign private banks were more wary of the private sector than of the government; they sought to disengage from the private sector more quickly than they did from the public sector. They gradually closed the credit tap to households and businesses whereas previously they had sought to lend to them directly without going through the intermediary of Greek banks.

It is thus apparent that private foreign banks feared what was going to happen in the private sector. On the other hand, they did not massively sell off the Greek government bonds they held.

Foreign private banks were more wary of the private sector than of the government

Foreign private banks did not begin to offload their Greek bonds massively until May 2010, when the creation of the

Troika was announced and after the negotiations for a â€˜stand-by' arrangement between the IMF and Greece (25 March 2010). **They had begun to be wary of Greek public debt a little earlier as they thought that the State would have to rescue the Greek banks and deal with the bursting of the credit bubble. But it was not until after the Memorandum of May 2010 had been adopted that they sold off large quantities of the Greek public debt bonds they held**.

What has just been explained is in TOTAL contradiction with the dominant version, endlessly repeated by the IMF, by the governments, by the direction of the ECB and the **mainstream** press.

In short: Loans from foreign banks to the Greek State began to fall off sharply after March 2010, when the banks realized that Greek public debt was going to increase massively due to the bailout plan that the Troika was setting up. The objective of that plan, as was shown in the Preliminary Report of the Truth Committee on Greece's Public Debt [9] , was to rescue foreign and Greek private banks, which triggered a significant increase in Greek public debt. The plan explicitly laid down austerity measures so severe that the only possible outcome was a severe recession and a considerable increase in the public debt/ GDP ratio.

"The banking system poses an important further risk." Excerpt from a secret IMF document dated 25 March 2010.

The interpretation of this excerpt from a secret IMF document of 25 March 2010 regarding private Greek banks is facilitated by the explanation I have just given.

"**The banking system poses an important further risk**. (…) banks have come under funding pressures, been cut off from interbank credit lines and wholesale funding, and–recently–lost deposits. Banks are using recourse to the ECB to tide themselves over, but this is not a durable solution. Moreover, the long downturn that lies ahead will significantly increase nonperforming loans, and it is possible, even likely, that the government will have to provide capital injections to stabilize the banking system and safeguard deposits. This would add further to the Government's already large financing requirements. [10]

The IMF's behaviour is the epitome of the self-fulfilling prophecy. It was because the IMF and other components of the Troika imposed – with the connivance of the Papandreou government – a brutal policy of austerity linked to a bailout of private banks at the expense of the people that, as the text just quoted foresaw, "the long downturn that lies ahead will significantly increase nonperforming loans and it is possible, even likely, that the government will have to provide capital injections to stabilize the banking system and safeguard deposits. This would add further to the Government's already large financing requirements."

As an assessment of the IMF's action, paraphrasing the preceding excerpt, the slow economic downturn that Greece has suffered can be seen to be the result of the policies imposed by the IMF and the rest of the Troika. Those policies have led to a significant increase in the number of irrecoverable loans, which have gone from 6% (1 loan out of 16 in default for 3 months or more) in the first term of 2009 to 47% en 2016-2017 (1 loan out of 2 in default for 3 months or more). [11] As a consequence of policies imposed by the Troika with the complicity of various governments, over 50 billion euros have been injected into the capital of private banks without managing to stabilize them. This is because, as we have just seen, the percentage of irrecoverable loans has literally exploded. The amounts that have financed Troika-imposed policies have resulted in an increase in public debt from about 110% of GDP in 2009 (126% if we consider falsified data, see further on) to about 180% of GDP in 2018.

Responsibilities of the ECB and European leaders in preparing the Greek crisis of 2010

European leaders enthusiastically encouraged the expansion of the major private European banks without giving any warning of the enormous risks incurred. They encouraged the banks to spread beyond their usual geographical perimeter and to indulge in ill-considered acquisitions/mergers. The European authorities congratulated themselves on many occasions on the significant financial flows that poured in in the form of loans from the dominant countries of the Eurozone towards those of the Periphery. Yet these massive injections of credit were the source of speculative bubbles, especially in the property market, as happened in Spain and Ireland on a very large scale, and also in Greece. These flows triggered a private credit crisis that finally broke out in Greece, Spain, Ireland, Portugal and Cyprus. The same bubble hangs over the heads of the Italians like the sword of Damocles.

Let us not forget that the Greek crisis is the expression of a more general trend that has to do with the structure of the Eurozone and the policies conducted in the context of European treaties by the governments of the different countries of the monetary zone, affecting the weakest among them situated on the Periphery, such as Greece.

> The structural causes of the Greek crisis are the result of policies carried out in the context of the construction of Europe

We do not propose to limit ourselves to criticizing the political decisions made by the European governments with the connivance of the Greek authorities after the crisis had begun, since in our view, the structural causes of the Greek crisis are the result of policies carried out in the context of the construction of Europe, of the establishment of the Eurozone and of related treaties. This by no means excuses the Greek capitalists and Greece's governments which have led their country into this nightmare, but it does exonerate the Greek people of the responsibilities that the dominant media and European leaders lay upon them so unfairly.

What were the objectives pursued by the European leaders when they set up the Memoranda?

Since May 2010, the question of national debt has become a central concern for Greece and for the rest of the Eurozone. The first program of â‚¬110 billion, imposed by the Troika –comprised of the European Central Bank (ECB), the European Commission and the International Monetary Fund (IMF) – for the purpose of elaborating and executing this programme, caused a sudden jump increase in Greece's public debt. This was also the case in various forms in Ireland (2010), Portugal (2011), Cyprus (2013) and Spain. Those programmes had five main objectives:

1. **Bail out the private banks with public funds** so that they may avoid the damaging consequences of their own private credit bubble, averting a new major international financial crisis.
2. **Give to the new public creditors, who replaced the private creditors, enormous coercive powers** over the governments and institutions of the peripheral countries in order to impose policies of radical austerity, deregulation (eroding large numbers of labour and welfare benefits), privatizations, and stricter authoritarian controls (see the last point)
3. **Preserve the Eurozone perimeter** (in other words, keep Greece and the other peripheral countries within the Eurozone), which is a powerful instrument in the hands of the multinational corporations and the major economies of the Zone.
4. **Bring neoliberal policies to bear more heavily on Greece**, in particular, but also on the other Eurozone peripheral countries as an example for all the European populations.
5. **Reinforce a Europe-wide (as much for the European Union generally as for each member state) authoritarian form of governance**, without resorting to new experiments resembling fascist or Nazi regimes or that of Franco, Salazar, or the Greek colonels (1967-1974). This aspect is insufficiently taken into account because the accent is placed on the economic and social repercussions. The authoritarian tendency within the European Union and the Eurozone is a key issue and corresponds to a deliberate goal of the European Commission and big capital. It includes strengthening executive powers, expeditious voting procedures, limiting or

violating many rights, disregarding voters' choices and increased repression of dissent.

> The authoritarian tendency within the European Union and the Eurozone corresponds to a deliberate goal of the European Commission and big capital

Let us now go back to the development of the Greek crisis

Between September 2009 and March 2010, foreign banks' loans to Greek banks decreased by over 50%.

The Greek banks only survived thanks to liquidities made available by the Bank of Greece under ECB rules that provide for massive cash-flow to all the Eurozone banks. (The same practice is followed by the Fed, the Bank of England and the Swiss central bank).
In the following graph the green line shows how the tendencies of the Greek banks to use the Eurosystem funding massively increased after September 2008.

Exposure of Greek banks to the government and liabilities to the BoG, in billions of Euros (2007-2010)

[https://internationalviewpoint.org/IMG/jpg/grece-banques-graphique7-acb27.jpg]

Blue line: Loans from the Greek banks to the government.
Green line: Loans from the Central Bank to Greek Banks
Source: *Bank of Greece*.

From October 2009 to early May 2010, there were a number of meetings between the European institutions, the IMF, bankers and the new government of the socialist PM George Papandreou, who had won the elections on 4 October 2009 with 43% of the votes, which is a very high rate. They were to finetune a new bail-out programme for the Greek banks and their creditors. Greece did not have enough financial resources to help them out. What should have been done is the opposite of what Papandreou did, siding as he did with private banks that were responsible for the crisis: namely refuse point-blank to give new public money to the banks and avoid increasing the public debt for this nefarious objective. If Papandreou had adopted an attitude that suited the interests of a majority of Greece's people, we would have avoided the social and political drama that ensued.

A first pack of austerity measures was implemented by the Greek government in complete contradiction with its electoral promises. Simultaneously the Troika was being created and the first Memorandum of Agreement, made public in May 2010, was drafted in secret [12].

As early as 2010 an alternative was both possible and necessary

Following their winning the 2009 elections thanks to a campaign during which they denounced the neoliberal policies of New Democracy, the Papandreou government would have had to socialize the banking sector by organizing an orderly failure of the banks and protecting depositors. Several historical examples demonstrate that organizing such a failure and then starting up financial services again to operate in the interests of the population would have been quite possible. They should have taken the example of what had been done in Iceland since 2008 [13] and in Sweden and

Norway in the 1990s. [14] Instead, Papandreou chose to follow the scandalous and catastrophic example of the Irish government, which bailed out the bankers in 2008 and in September 2010 agreed to a European aid plan that had dramatic consequences for Ireland's people. When in fact what was needed was to go even further than Iceland and Sweden and completely and permanently socialize the financial sector. The foreign banks and big private Greek shareholders should have been made to bear the losses stemming from resolving the banking crisis and those responsible for the banking disaster should have been prosecuted. That would have allowed Greece to avoid the successive Memoranda that have subjected the Greek people to a dramatic humanitarian crisis and to humiliation, without any of it resulting in truly cleaning up the Greek banking system.

> The Papandreou government would have had to socialize the banking sector by organizing an orderly failure of the banks and protecting depositors

Papandreou should also have launched an audit of the debt with citizens' participation to determine who was responsible for the increase of the public debt and question the need to repay debts that are identified as illegitimate, illegal, unsustainable and/or odious. This is what a powerful popular movement had started to demand from end 2010 and beginning 2011.

He should have implement a large-scale programme of structural changes, especially in terms of taxation. He should have taken concrete measures to reduce the private debts of low-income households and small enterprises, which employed a majority of workers.

The doctored statistics helped to vindicate the Troika's intervention

The *Preliminary Report* of the Truth Committee on Greece's Debt as made public at the Greek Parliament in June 2015 irrefutably showed that Papandreou, the senior executives in the Greek Institute for Statistics and the European leaders had fabricated a misleading version of the Greek crisis so as to blame public expenditure and exonerate the Greek and foreign private banks (that had tried to maximize their profits by using to the hilt all the possibilities that had opened with Greece entering the Eurozone). As reported in an article in the French daily *Le Monde* (from an AFP release): *"In 2009, the revelation by Socialist PM George Papandreou that the Greek public deficit actually amounted to 12.7% of the GDP, and not 6%, as claimed by his conservative predecessor, had hurled the country into a financial whirlwind."* [15]

Statistics on the public debt and on the extent of the public deficit were doctored so as to vindicate the ensuing austerity measures, the Troika's intervention and the signature of the first Memorandum of Agreement [16]. On 9 June 2018, the Greek Supreme Court ratified the sentencing of Andreas Georgiou, head of the Greek Statistics Agency ELSTAT from August 2010 to August 2015, to two years' suspended imprisonment for the offence of failing to fulfil his obligations as President of ELSTAT. [17] We can also read in *Le Monde*: *"This former member of the International Monetary Fund was suspected of having reached an official agreement with Eurostat (the European Statistics Agency, which is dependent on the Commission) in order to increase Greece's deficit and debt figures for the year 2009. It is assumed that the objective was to facilitate the financial supervision of the country, with the launch, in 2010, of the first international aid plan for Greece (…)".* [18]

The responsibility of European leaders in those manipulations is evidenced by the many ways in which they attempted to prevent the Greek justice system from sentencing Andreas Georgiou. As mentioned in Le Monde: in 2016, Andreas Georgiou had been publicly defended by Marianne Thyssen, European Commissioner for Social Affairs, who claimed that *the data on the Greek debt from 2010 to 2015 were timely and reliable*. Over the last three years there have been dozens of statements by European leaders and senior officials at their service putting pressure on the Greek judiciary to close the case.

In fact, Andreas Georgiou was the direct accomplice of European leaders, Papandreou, the IMF, foreign bankers and their Greek counterparts. It does not take a conspiracy theorist to find that in this case there was a Machiavellian conspiracy.

The real crisis of the Greek public debt started in 2010

From March-April 2010, **foreign private lenders** (notably French and German banks) started to demand higher and higher risk bonuses from the Greek government. That is, foreign private lenders stopped their credit lines to the Greek government. But only after May 2010 did foreign private banks attempt to sell their Greek securities and the ECB to purchase them. It was a windfall for banks in the Eurozone, as will be clear later. In May 2010, the ECB implemented what it called a Securities Markets Program (SMP) (*see box on the SMP*). Through this programme, which lasted from May 2010 to September 2012, it purchased over â‚¬210 billion in securities issued by Italy, Spain, Ireland, Portugal and Greece on the secondary market. [19] It purchased â‚¬56.5 billion in Greek securities from private banks in the Eurozone between May 2010 and February 2012. Over the first eight weeks of the SMP alone, the ECB purchased about â‚¬42 billion, i.e. three fourths of the Greek securities it purchased until 2012. [20]

What is the SMP programme?

In May 2010 the ECB established the Securities Markets Programme (SMP). Under the terms of this Decision, from May 2010 to September 2012, the ECB bought over â‚¬210 billion of public bonds issued by Italy, Spain, Ireland, Portugal and Greece on the secondary market. [21] The outstanding amount was â‚¬138.1 billion [22]] on 29 May 2015, with â‚¬27 billion owed by Greece. [23] The ECB bought â‚¬56.5 billion of Greek securities. See also the Report of the Truth Committee, chapter 3.

The ECB Decision of 14 May 2010 creating the SMP [24] states: "The Governing Council will decide on the scope of the interventions. The Governing Council has taken note of the statement of the euro area Member State governments that they â€˜will take all measures needed to meet their fiscal targets this year and the years ahead in line with excessive deficit procedures' and the precise additional commitments taken by some euro area Member State governments to accelerate fiscal consolidation and ensure the sustainability of their public finances. (…) As part of the Eurosystem's single monetary policy, the outright purchase of eligible marketable debt instruments by Eurosystem central banks under the programme should be implemented in accordance with the terms of this Decision." [25]

On 31st May 2010, Jean-Claude Trichet, President of the ECB, stated the ECB's response to the recent tensions in financial markets: "It is crucial that governments implement rigorously the measures needed to ensure fiscal sustainability. It is in the context of these commitments only that we have embarked on an intervention programme in the securities markets. (…) The Securities Market Programme is an extraordinary action, which was undertaken in the situation of severe tensions in financial markets. I would like to stress that the rigorous application of the adjustment programmes by governments is essential to guarantee the progressive return to a more normal functioning of financial markets." [26]

The ECB spent â‚¬40 billion to acquire the estimated face value of â‚¬55 billion, which if held to maturity, the ECB would reap the full difference between the price paid and the repayment plus interest. The ECB has already received hefty interest from Greece, as the rates on the Greek bonds it holds are high. [27]

Although the ECB holds far less Greek debt than it does from Italy or Spain, Greece pays much more interest to the ECB. Over the course of 2014, the Greek Government paid â‚¬298 million in interest on ECB loans, which represents 40% of the â‚¬728 million in income that the ECB received from the total interest paid by the five countries in the SMP program. This is despite the fact that the Greek debt with the ECB represents only 12% of the total. [28]

The public authorities take on private creditors' losses by socializing them

Beginning in May 2010, **foreign public lenders** took the place of **foreign private lenders**; the Memorandum of Understanding provided the Greek public authorities with the means of repaying private lenders, bailing out the Greek banks to keep them from causing a new episode in the international banking crisis that had been underway since 2007. It's difficult to imagine a payment default by Greece's private banks causing a major international crisis. Nevertheless, the French and German banks were already so deeply mired in the crisis elsewhere that an incident in Greece could have worsened the situation. Who knows? But what we do know for certain is that the French and German banks pressured their governments to set up the Troika and a programme aimed at protecting their interests (which are no more the interests of the populations of France and Germany than they are of Greece's, even though it was the Greek people who directly suffered the consequences).

The MoU imposed on Greece in May 2010 called for granting â‚¬110 billion in new loans.

The 2010 Memorandum of Understanding gave the Greek authorities the means of repaying private lenders

At the same time, finally, despite the doubts that arose in September-October 2009, the ECB maintained its line of credit to private Greek banks. This was a central part of the mechanism put in place by the Troika and a powerful lever for blackmailing the Greek authorities into submissiveness. [29] Bonds issued by Greek banks to the ECB are guaranteed by the Greek State. This means that if the Greek banks are unable to come up with the funds to repay the ECB, the Greek State has to pay. How? Why, by borrowing from the Troika. Because the foreign private banks were unwilling to lend money to Greece at reasonable rates.

And indeed, starting in May 2010, the Greek State ceased issuing government bonds to raise funds on the international financial markets. It took out short-term loans from Greek banks (which was very advantageous for the banks, since beginning with 2010 the interest rate was very high and there was no risk). [30] In addition, the Greek State borrowed abroad from public lenders or the entities representing them. It borrowed â‚¬53 billion from 14 countries in the Eurozone at 5% or above – a very high rate. These 14 countries borrowed that amount from private banks, who in turn borrowed from the ECB at a very low rate. This enabled both the banks and the states who were Greece’s creditors to reap profits.

After borrowing from the 14 lender states, Greece also obtained financing from the EFSF (European Financial Stability Facility [31]), which took over from them. The EFSF is a private entity based in Luxembourg City, created in 2010 by the member states of the Eurozone to raise funds that were then lent to Greece and to other states such as Ireland, which beginning in November 2010 was also caught in the machinery of the Memoranda. [32] As may be evident to some, the EFSF borrowed from private banks at a higher rate than what those banks themselves paid when borrowing from the ECB…

The IMF made â‚¬5 billion in net profits on loans to Greece between May 2010 and May 2018

Greece also borrowed from the IMF, which is financed by its member States. The IMF made â‚¬5 billion in net profits on loans to Greece between May 2010 and May 2018 (â‚¬5 billion or approximately 4 billion Special Drawing Rights, the IMF’s unit of account). [33].

Why do we say that the ECB gave enormous gifts to around fifteen major French, German, Dutch, Belgian, Italian and Austrian banks?

Between 10 May 2010 and early July 2010, a period of eight weeks, the ECB purchased approximately two thirds of the Greek public securities held by around fifteen large European private banks. To my knowledge, until now, no one had ever pointed to that fact. The problem is not so much the mass of securities purchased, though it was indeed enormous – â‚¬41 billion –, but the fact that that amount corresponds to the majority of the holdings of these big private Eurozone banks. The ECB purchased the securities at approximately 75% of their face value, and thus paid out â‚¬35 billion.

Had the ECB not massively purchased Greek securities, the price would have fallen even lower. That would have forced the private banks of the dominant powers of the Eurozone to again turn to their governments, which would have contributed to further undermining the capitalist system in a context where conditions were ripe for the emergence of a major movement like the Indignadxs. And that movement was certain to have spread to the dominant Eurozone countries had the bankers again asked the governments for more money.

Anyway – and this is not in contradiction with what has just been said – the big private banks who sold Greek securities to the ECB below the purchase price posted a loss which they wrote off against taxes due.

The banks of the Centre got the international press and their governments to mount a campaign to place responsibility for their own problems on the Greeks and more generally the PIIGS countries (a contemptuous acronym used by some of the press to designate the periphery countries: Portugal, Ireland, Italy, Greece and Spain) in order to hide the fact that those problems were in fact the result of the banks' own cavalier policy of seeking maximum profit, mainly on the market for "structured financial products" in the USA and elsewhere.

The French private banks hid their losses resulting from the fiasco of their expansion into Greece from the public

The French bankers also made sure not to attract public attention to the losses they suffered in Greece due to their adventure with **the private debt bubble**, which they actively contributed to creating.

Société Générale, for example, lost â‚¬7 billion with the Greek bank Geniki, which it had purchased in 2004… and then re-sold for a symbolic one euro to the Piraeus bank… [34] Who heard about it? What major French newspapers headlined it? Not one. But everyone read all about the 4.5-billion-euro loss for which Société Générale's trader JérÃ´me Kerviel was supposedly solely responsible. And of course everyone also heard about the problems Greece was supposedly causing for the French banks and France's population…

On 17 October 2012, the French bank Crédit Agricole sold off Emporiki's total capital to Alpha Bank for a symbolic euro. The Emporiki adventure cost Crédit Agricole over â‚¬10 billion. But it should be pointed out that the cost of those losses was ultimately borne by the personnel of the banks through massive job cuts. Did anyone hear about that?

There was an alternative to the Troika scenario

The ECB, then, purchased Greek securities for a total of â‚¬56.5 billion in 2010-2012. Officially, this was done to come to Greece's aid. In reality, the ECB was pursuing a different goal.

From whom did it purchase the Greek securities? Answer: BNP Paribas, Société Générale, BPCE, Crédit Agricole, ING, Hypo Real, Commerzbank, Deutsche Bank, Dexia, etc. Why did it make these mass purchases? To prevent the private banks from taking even bigger losses should the price of the securities drop too low due to a lack of massive buying. So the ECB alone bought â‚¬56.5 billion worth, whereas the Eurozone banks in question together held a maximum of between 70 and 80 billion at the start of 2010.

There was an alternative to the Troika scenario

If the ECB had not purchased them from the big private banks, the Greek securities would have had to sell for 15% or even 10% of their value.

As a matter of fact, in such a context, if the Papandreou government had shown a modicum of courage in defending the interests of the population, it would have declared a suspension of repayment of the debt and conducted an audit.

That is what Ecuador did in 2009. Its declaration of suspension of payment threw a scare into the bankers in New York and they began to sell off Ecuador's government bonds at cut-rate prices. At one point they were selling for 20% (or less) of their value. Ecuador then entered into an agreement with Banque Lazard under which the latter purchased the securities at the lowest possible price. Then, Ecuador bought them back after having issued an official buy-back offer on all the securities. Defending the interests of the population against the sharks of the financial world takes guts. Ecuador did it by playing one of those financial sharks, Banque Lazard, against the other sharks, and it worked out very well. [35] Conversely, in the case of the Greece, Lazard played against Greece and participated in preparing the restructuring of the debt in 2012, which had a crushing impact on the population and earned a juicy commission for Lazard.

Let's return to the film of events as they took place in Europe

The ECB bought up the Greek securities for a total of approximately â‚¬56.5 billion, which in fact constituted another bailout of the banks.

But some will say that the Greeks actually benefited from the purchases. That is false, for the simple reason that the ECB purchased the Greek bonds from private banks, and not a single euro returned to the coffers of the Greek State.

> The Greeks are truly victims of the ECB, and will be until at least 2037

In reality, given the use the ECB made of the securities, the Greeks are truly its victims, and that situation will last until at least 2037 since a part of the securities the ECB a purchased will reach maturity between 2018 and 2037 [36]

The IMF's intolerable interference in Greece from 2010

In January 2017, the CADTM drew attention to two documents kept secret by the IMF, a passage from which about the situation of Greek banks is quoted above. These authentic documents were placed at the disposal of the Truth Committee on Greek Public Debt by Zoe Konstantopoulou, the President of the Hellenic Parliament in office from 6 February to 3 October 2015. The contents of these documents dated March and May 2010 respectively is damning for the IMF. They clearly show that a large number of its Executive Board members expressed severe criticism of the programme the institution was preparing to implement. Some of them denounced the fact that the programme was aimed at rescuing the private European banks – mainly certain major French and German banks – who were holders of Greek debt, both public and private. Several of them denounced the selfsame policies that had led to the Asian crisis of 1996-1997 and the Argentine crisis in 2001. Several executives denounced the fact that the principal executive officers (mainly the Managing Director, Dominique Strauss-Kahn and the Deputy Director, John Lipsky) had, unbeknownst to the other members of the Board, modified one of the fundamental rules that condition credits allocated by the IMF to its members. Indeed, for a loan to be granted by the IMF, it must be shown that this loan and the accompanying programme will render debt repayment sustainable. This condition could not be satisfied in the case of Greece, since the IMF directorate and the European authorities refused to reduce the Greek debt or to make private banks contribute. Therefore the above-mentioned condition was deleted on the sly, and replaced by a new criterion: the need to avoid a high risk of international systemic financial destabilization. The IMF's Management invoked urgency to justify this totally irregular change of the rules. To persuade the IMF executives who were the most reticent, the French, German and Dutch directors lied, each promising that their country's banks would not disengage from Greek bonds. They claimed that the French, German and Dutch banks would hold onto their Greek bonds to enable the newly-starting programme to succeed. Since then it has been proven that the French, German and Dutch banks massively sold off the bonds they held on the secondary market, thus aggravating the Greek crisis and transferring to European tax-payers, especially Greek tax-payers, the burden of the risks they had taken and of the crisis which was largely their fault (see below). Again, to calm the reticence of certain executive directors, the IMF directors handling relations with Greece declared that social measures would be taken to protect people with low salaries and small pensions from the austerity measures. They lied. Furthermore, to get the agreement of the executive members of the IMF, they claimed that Greek banks were sound and that their problems were entirely due to risks engendered by far too much public debt and a colossal public deficit. This was untrue: Greek banks were in a disastrous situation. Another lie invented to convince the doubters was that the plan would be submitted to the Hellenic Parliament for approval.

To the executive directors of the IMF who wanted the banks to contribute "collectively" to the solution by agreeing to debt reduction, those handling the Greek dossier claimed that the Greek authorities would not hear of public debt reduction. The Greek representative, Panagiotis Roumeliotis, confirmed this fabrication. Later, this same representative claimed that it was under pressure from the European Central Bank (ECB) that Greece had declared that it did not want a debt reduction. According to Roumeliotis, Jean-Claude Trichet threatened to withdraw Greek banks' access to ECB liquidities. Certainly, Jean-Claude Trichet did use this threat during the months of negotiation of the Memorandum. It turns out that he used the same threat against Ireland, too, a few months later during the fine-tuning of the Memorandum concerning that country. It is also known that Greek bankers, like the French, German and Dutch bankers, were not interested in reducing Greece's debt as they refused to contribute to their own rescue package. The Greek bankers managed to get two years' respite which enabled them to disengage and obtain significant compensation.

The IMF contended that as Greece belonged to the Eurozone, devaluing its currency to regain competitiveness was impossible, so it would have to devalue wages and social benefits. This is what is known as internal devaluation, and it is wreaking havoc in Greece and other peripheral countries within the Eurozone.

Lies put forward by the IMF German, French and Dutch Executive Directors to persuade their colleagues to enforce a first Memorandum of Agreement

During the decisive meeting of the IMF board on 9 May 2010, the **German Executive Director** stated:

"I can inform Directors that German banks are considering some support to Greece, but I also have to stress that this is on a very voluntary or only a voluntary basis. It is not a debt restructuring; it is a voluntary action. I have no firm information yet, but what I know is that these banks basically want to ***maintain a certain exposure to the Greek banks****,* which means that they will not sell Greek bonds and they will maintain credit lines to Greece." (emphasis ours)

The **French Director** made a declaration of similar tenor:
"There was a meeting earlier in the week between the major French banks and my Minister, Ms. Lagarde. I would like to stress what was released at the end of this meeting, which is a statement in which these ***French banks commit to maintain their exposure to Greece over the lifetime of the program***. [...] So, it is clear that the French banks, which are among the most exposed banks in Greece, are going to do their job."

Lastly, the **Dutch Director** declared:
"The Dutch banks, in consultation with our Minister of Finance, have had discussions and have publicly announced they will play their part in supporting the Greek government and the Greek banks."

In fact, as several executive directors of the IMF had suspected and as the Truth Committee on Greece's Public Debt reported, the real intention behind the agreement was to give the strongest banks of the Euro Zone time to dispose of their Greek securities.

The graph below shows clearly that French, German, Dutch, Belgian, Austrian and Italian banks and more disengaged from Greek bonds through 2010 and 2011.

[
 Exposure of foreign banks in Greece (in billions of euros)

[https://internationalviewpoint.org/IMG/jpg/fig1-10-1d243.jpg]

Source: BRI, *Consolidated Ultimate Risk Basis*.

As indicated above, the ECB with Jean-Claude Trichet at its head directly helped them to get rid of Greek securities as it massively bought them at a high price and thus protected them against the consequences of their nefarious actions in Greece.

Remember that the IMF board dismissed the objections of the Argentine and Brazilian EDs, who had harshly criticized the IMF's position towards Greece.

During the meeting on 9 May 2010, Pablo Pereira, the Argentine representative, openly criticized the past and present orientations of the IMF: *"Argentina has been through a very long and sad history of Stand-By Agreements which were aimed at bailing out a debtor country but ended up rescuing private sector creditors, leaving behind massive capital flight and untenable social and economic consequences.*
 In Argentina, we know too well what the real consequences are of making believe that solvency crises are liquidity crises. Our own experience proves that bail-out packages or debt restructurings that disregard â€˜debt sustainability' and economic growth as a main feature of its design, leaving it to â€˜future market access,' are destined to be short lived.

We are also too familiar with the consequences of â€˜structural reforms' or policy adjustments that end up thoroughly curtailing aggregate demand and, thus, prospects of economic recovery. The so-called â€˜structural reforms' promoted by the Fund hurt deeply countries' institutional quality and capacity. We have reviewed the projections of the staff, the recommendations and policy conditionalities. We do not share the views, for instance, that the widespread cuts in public expenditures, that a sharp decline in GDP, or that a major reduction in replacement rates of the pension system (from average 75 to 60 percent) will solve the Greek solvency problem. If anything, such measures risk to compound the problem.

The Argentine representative continues: *"Harsh lessons from our own past crises are hard to forget. In 2001, somewhat similar policies were proposed by the Fund in Argentina. Its catastrophic consequences are well known (…). Beyond economic theories, there is an undisputable reality that cannot be contested: a debt that cannot be paid will not be paid without a strong process of sustainable growth (…); it is very likely that Greece might end up worst-off after implementing this program. The adjustment measures recommended by the Fund will reduce the welfare of its population and Greece's true repayment capacity."*

There follows an excerpt from the declaration of **the Brazilian Executive Director** concerning the absence of a restructuring process in the programme:
 "As it stands, the program risks substituting private for official financing. In other and starker words, it may be seen not as a rescue of Greece, which will have to undergo a wrenching adjustment, but as a bail-out of Greece's private debt

holders, mainly European financial institutions."

As for **the Argentine Executive Director**, he declared:
"Since this is still a global systemic crisis, the strategy of squeezing public financing and isolating the country blaming it for past fiscal indiscipline or lack of competitiveness will most likely fail. [...] A sound and equitable burden sharing of their costs would have been good for the reputational costs of the Fund (that it could be blamed for simply buying some time or ensuring that foreign banks will be paid in full over the next year before the inevitable happens) and it would have been even better for the Greek population and its growth prospects."

As a consequence of the first 2010 Memorandum of Agreement, Greece's debt skyrocketed between 2010 and the end of 2011

As a consequence of the creditors' refusal to agree to marking down their Greek bonds, sovereign Greek debt rose from â‚¬299 to 355 billion between the end of 2009 and the end of 2011, an increase of 18.78%. Throughout 2010-2013, an unprecedented recession was triggered by the policies dictated by the IMF and the other members of the Troika. Not one of the IMF forecasts about the improvement of Greece's finances has ever proved correct. The results of the 2010 Memorandum completely discredit the optimistic predictions of the IMF in particular and of the Troika in general.

Looking back at how Greek banks responded to the public debt

We should emphasize that between December 2008 and December 2009, Greek banks had increased their purchase of Greek public securities by 33%. In December 2008, Greek banks held â‚¬30 billion in Greek securities while one year later the amount reached â‚¬40 billion. This shows that Greek banks derived profits from holding Greek securities at a time when the IMF and the ECB's director claimed that the Greek treasury was heading for disaster.

Later, between December 2009 and December 2010, Greek banks somewhat reduced the number of Greek securities they held. It fell from â‚¬40 to 36 billion on 31 December 2010. Yet if we add their purchase of short-term public securities (treasury bills under one year), the total amount stays at â‚¬42 billion. This clearly shows that they were not anticipating the Greek State to default and that they derived several advantages from holding those securities while international media ran big headlines on the sovereign debt crisis in Greece!

Only in 2011 did Greek banks significantly reduce the number of Greek securities over one year; it fell from â‚¬36 billion on 31 December 2010 to â‚¬24 billion in December 2011. On the other hand Greek banks increased their purchases of short-term Greek securities by 40%, from â‚¬5.8 billion to â‚¬8.3 billion.

How can this be explained?

Easily enough: Greek banks know that a restructuring of the Greek debt is being negotiated and that the value of securities will be cut, so they cautiously resell some of them. But they are also told that they will receive compensations and thus feel reassured. Besides, holding short-term securities (3, 6 or 9 months) further reduces the risk banks run since they can decide not to keep them if they consider that a risk becomes likely. There is another explanation for their buying securities under one year: these will not be affected by value cuts, but will be paid at 100% at maturity and yield high interests.

Moreover if Greek banks keep a lot of Greek debt securities in their assets, it is also because these increase their equity/total assets ratio, as explained above. Lastly, since the ECB maintained its credit line to Greek banks, they can exchange their Greek securities against the liquidities they need.

Between May 2010 and March 2012, Greek private banks still received public subsidies

Greek banks had been helped in 2008-2009, and they were bailed out again with public money. Indeed, part of the loans granted in the context of the first MoA was injected into Greek banks. The four largest Greek banks thus increased their hold on the Greek banking market as they absorbed smaller ones. Not only did those large banks claim they had suffered losses and thus eschewed taxation but they carried on with their mafia practices [37]. Not one single bank executive was imprisoned. Greek banks moved as much capital abroad as they could when their country's economy badly needed them. The proportion of non-performing loans increased. Banks cut off loans to households and SMEs.

Disastrous results of the Fund for recapitalizing Greek banks (the Hellenic Fund for Financial Stability)

The Hellenic Fund for Financial Stability is in charge of recapitalizing banks. It was set up in 2010 to guarantee the stability of the Greek banking system. Among other missions it is expected to provide credit institutions with capital, to monitor and supervise the implementation of restructuring plans proposed by credit institutions that benefited from the Fund's resources, as well as to facilitate the management of non-performing loans. The results are disastrous for the Greek people. It has not cleansed the Greek banking sector. The tens of billions of euros that were injected onto Greek private banks increased the burden of the Greek debt and made major private shareholders much richer.

The Board of the recapitalization fund for Greek banks

The case of Anastasia Sakellariou, general director of the HFFS from 2013 to 2015, is quite emblematic. In May 2015, Sakellariou was told by the Greek government to quit her position since she was charged with fraud and money laundering, along with 25 other former executives of the Hellenic Post Bank. [38] Charges against Anastasia Sakellariou are related to the approval, in 2012, of a loan that made it possible to extend two of the bank's credit lines to a famous local tycoon. [39] Yet instead of demanding her dismissal until the end of the enquiry, the director of the Bank of Greece, Yannis Stournaras, and the board of the HFFS supported Sakellariou. [40]

Among the members of the General Council of the Financial Stability Fund as set up by the Troika in 2010, we can find, as late as April 2016, (http://www.hfsf.gr/files/announcement_20160418_en.pdf) [41] Pierre Mariani, [42] who shares responsibility for the failure of the bank Dexia and the resulting financial disaster. This Belgian-French-Luxembourg bank has had to be bailed out on three separate occasions by the Belgian, French and Luxembourg authorities. The heavy losses posted by Dexia between 2008 and 2012 did not prevent Mr. Mariani from ensuring he was granted substantial increases in his emoluments. Even so the ECB saw no problem with appointing him to be one of the directors of the Financial Stability Fund in charge of recapitalizing the Greek banks.

It is downright outrageous that someone who is largely responsible for the disaster of a major bank like Dexia be appointed to head the entity in charge of managing the recapitalization of the Greek banks. Dexia sold billions of euros' worth of toxic loans to French public bodies and its failure had a highly damaging impact on public finances in Belgium, France and Luxembourg. Is it prudent to continue to trust Pierre Mariani? When Dexia was bailed out by the Belgian government, Pierre Mariani was forced to leave on account of his catastrophic management; and yet he walked away with a million-euro "golden parachute." For the year 2012, Dexia paid him â‚¬1.7 million. [43] Now he shows his nose in Greece to participate in cleaning up the Greek banks.

Among the other members of the Fund's General Council is Wouter Devriendt. This adviser to Belgium in banking matters has held important posts at two banks which had to be bailed out in 2008: Fortis, rescued by the Belgian government and re-sold to BNP Paribas, and ABN-Amro, nationalized by the Dutch government. Like Pierre Mariani, Wouter Devriendt is one of the people who are responsible for the banking crisis in Europe.

It would be a shame to conclude this assessment of the membership of the General Council of the HFSF without mentioning Steven Franck, who held high positions at the North American bank Morgan Stanley, then at BNP Paribas between 2006 and 2009 – during the period when that bank was actively contributing to the creation of a private-credit speculative bubble in Greece and becoming entangled in the subprime and structured-products market in the US. Note also that Steven Franck has also worked for the US President at the White House and served in US naval aviation.

The scam of the 2012 debt restructuring

In March 2012, European leaders announced that â‚¬107 billion of public debts were cancelled. On paper private creditors renounced 53.5% of their debt obligations. [44] But contrary to appearances the operation was actually good news for the Greek and European (mainly French and German) banks, and not for the Greek people whose living conditions were to further deteriorate.

Indeed private creditors, the Troika and the Greek government had set up a complex mechanism: private creditors would exchange their Greek securities against others at a lower nominal value. For a â‚¬100 bond they would get one for â‚¬46.5. But instead of losing at that game creditors were actually exchanging securities they could sell for â‚¬15 to â‚¬30 on the secondary market against much safer securities. Moreover they received compensations for tens of billions of euros.

Now to finance compensations to the banks as well as the furthering of neoliberal policies, the Troika granted another loan in the amount of â‚¬130 billion on condition that it be used to repay the debt and support the banks. While all major media intoned the official anthem that said that the Greek debt had been reduced by â‚¬107 billion, they forgot to include the loan of â‚¬130 billion granted by the Troika. At the end of the day private creditors had made a good bargain and were replaced by international public creditors (ECB, Eurozone member states, IMF) that were going to exert an unrelenting pressure on the Greek authorities to implement ever worse antisocial measures.

Furthermore, while in case of litigation 85% of the former securities were subject to Greek law, all the new securities came under Luxembourg law. The creditors' aim was to curtail Greece's possibility to default or cancel its debt.

The major losers of the 2012 restructuring were public social-security entities and small shareholders. Adopting the two laws enforced by the Troika had as a consequence that hundred of public entities had to bear losses for a total amount of â‚¬16.2 billion. Most of those losses were borne by public pension funds (â‚¬14.5 billion, out of their â‚¬21 billion provision). The other group that registered significant losses consisted of small holders.

> The losers in the 2012 restructuring were public social-security entities and small holders

The number of households who lost most of their savings overnight is estimated at over fifteen thousand. Such a situation can be explained from the fact that for years state securities were sold as absolutely safe. [45]

Balance of accounts with the ECB

The ECB refused to participate in the 2012 debt restructuring and did not agree to the â‚¬56.5 billion of Greek securities it held being exchanged for securities with a face value reduced by 53%. Since then, it has demanded repayment of securities it bought below their value between May 2010 and February 2012 at 100% of their value when they reach maturity. This is how between 2012 and 2018, Greek authorities paid about â‚¬43 billion in stock to the ECB and Eurozone central banks, to which we must add interest that may amount to 12 billion or more. In addition to which some â‚¬13 billion still have to be paid, related to securities bought in the context of the 2010-2012 SMP programme. To those 13 billion we have to add pending interests. The said securities are to be repaid at specific dates (see the *Wall Street Journal* Web site: "Greece's Debt Due" [46]). The schedule of repayment to the ECB runs from 2019 to 2037. On the schedule reproduced by the *Wall Street Journal* we can see, for instance, that Greece will have to pay the ECB â‚¬3.75 billion on 19 July 2019 at an interest rate of 6% and on 22 October 2019 it will have to pay â‚¬2 billion at a rate of 6.5%.

Let us keep in mind that Greece redeems at 100% securities that the ECB bought at around 75% of their value between 2010 and 2012, and that the value of those securities should have been reduced by 53% if the ECB had agreed to contribute to the 2012 restructuring.

Of course if the ECB resumes its buying of Greek securities from private banks, new repayments will have to be added.

Greece redeems of securities that the ECB bought at around 75% of their value between 2010 and 2012 at 100%, and the value of those securities should have been reduced by 53% if the ECB had agreed to contribute to the 2012 restructuring

It was not enough for the ECB to dramatically deteriorate the Greek people's living conditions; it shamelessly accumulated odious profits stolen from the Greek people.

We must also remember that the ECB remits to the Eurozone member states part of the profits robbed from the Greek population and that this money feeds the budgets of countries such as Germany, France and Belgium.

The disappointed hope of 2015

In January 2015 the Greek people voted Syriza into government on its promise to put an end to the MoA. While the Tsipras government was merely a week old, the ECB took an utterly ruthless measure to put maximum pressure on Syriza. On 4 February 2015 it announced that it was shutting off Greek banks' access to the liquidities it granted; this was clearly part of a swift and aggressive strategy to destabilize the Greek government. Faced with such aggression the Tsipras government should have responded with bold daring.

The demand included in the Thessaloniki Programme (see excerpts below) should have been put forward: the cancellation of most of the debt, explaining that it was illegitimate, odious, illegal and unsustainable. Of course, European leaders could not accept this request but the Greek government could have developed an international campaign of explanation in order to gain broad public support. It could have initiated an audit process and declared a moratorium until the audit was completed.

It was essential not to get caught in the wheel of repayment. It was necessary to use the principle of international law that allows a state to declare a moratorium on payments in view of the state of necessity in which it finds itself. [47] The existence of a humanitarian crisis was the indisputable proof of such a state of necessity. The following reasoning had to be developed: "We are launching an audit (with citizen participation) because what is at stake is finding out why we have reached such a high level of indebtedness – national and international public opinion must know. We do not anticipate on the results of the audit, but it is only normal for payments to be frozen during an audit. Therefore, we suspend repayments during the audit, except for short-term debt. We were elected to replace the Memorandum with a new reconstruction plan. Let's give time to the negotiation process and meanwhile be patient as we suspend scheduled payments on long-term debt." If it had launched and used an audit process, the Greek Government should have said, in order to strengthen its position vis-Ã -vis the Troika: "I am merely enforcing Article 7 (9) of Regulation 472 adopted by the European Parliament on 21 May 2013 [48] requiring EU Member states subject to a structural adjustment plan to carry out a full audit of their debt in order to explain why the debt has reached an unsustainable level and to detect possible irregularities."

Payment suspension had to be urgently decreed, for instance on 12 February 2015. Indeed, between 12 February and 30 June 2015, Greece was to repay â‚¬5 billion to the IMF. If we take into account the other amounts to be paid to the IMF in 2015, an additional â‚¬3 billion must be added. The ECB demanded repayment of more than â‚¬6.5 billion to be made in July-August 2015.

Action also had to be taken regarding banks. As the ECB took the initiative to intensify the Greek banking crisis, it was necessary to act at this level as well and implement the Thessaloniki Programme which said: *"With Syriza in government, the public sector will take over control of the Hellenic Financial Stability Fund (HFSF) and exercise all its rights over the recapitalised banks. That means that it will make decisions about the way they are run."* It should be noted that in 2015 the Greek State, through the Hellenic Financial Stability Fund, was the main shareholder of the four largest banks in the country, which accounted for more than 85% of the total Greek banking sector. The problem is that, because of the policies pursued by previous governments, its shares had no real weight in the banks' decisions because they did not entail the right to vote. It was therefore necessary for the Parliament, in accordance with what Syriza had pledged, to transform the so-called preferential shares held by the public authorities (which do not entail voting rights) into ordinary shares giving the right to vote. Then, in a perfectly normal and legal way, the state could have exercised its responsibilities and provided a solution to the banking crisis.

Finally, two important steps still had to be taken. Firstly, in order to deal with the banking and financial crisis sharpened by Stournaras's statements since December and by the ECB's decision on 4 February, the government should have decreed a control of capital movements in order to put an end to flight of capital out of the country. Secondly, it should have set up a parallel payment system. Varoufakis claims that he had a concrete proposal in this respect but he did not propose to implement it following the ECB's aggression on 4 February.

What was needed was to issue a call to international solidarity before public opinion, social movements, political parties and to encourage, as a government or as Syriza, the creation of solidarity committees in as many countries as possible while negotiating with creditors so as to develop a wide global movement of solidarity. Let us recall that from the end of February 2015 to the end of June 2015, Yanis Varoufakis and Alexis Tsipras made repeated statements aimed at persuading public opinion that an agreement was in sight and that things were going to mend. If after each major negotiation meeting they had on the contrary explained exactly what was at stake through press releases, oral declarations to the media, speeches on public squares, in front of the seats of European institutions in Brussels and elsewhere, if in other words they had shed light on what was being plotted in the shadows, it would have resulted in gatherings of tens of thousands of demonstrators; social networks would have relayed this alternative discourse to hundreds of thousands or millions of recipients.

Tsipras and his government did not choose this path of resistance. They vainly attempted to reach an agreement with European leaders. In their bid to win them over, they repaid the country's public debt on the dot. This means they emptied the public treasury to pay â‚¬7 billion from February to end of June 2015.

Faced with the harsher demands of the European leaders, who refused that the government meet its promises to the Greek people, Tsipras called a referendum that was held on 5 July 2015. On that day, the Greek people rejected the creditors' demands with 61.5% of votes. A couple of days later, Alexis Tsipras betrayed the popular mandate and capitulated in Brussels.

Yet an alternative to capitulation was possible and necessary, as we have repeatedly shown. On the basis of the Truth Committee on Greece's Debt's findings as presented to the Greek Parliament on 17 June 2015, [49] it was possible to suspend debt repayment and combine the decision with a number of measures relating to banks, taxes, currency, privatizations, wages, retirement pensions, etc. [50] The Greek people would have supported such a programme, as shown by the referendum results.

Instead of showing the courage to implement alternatives, the Tsipras government dragged their country into the gruelling experience of a third Memorandum that ended on 20 August 2018.

During the three years covered by the third Memorandum, attacks against the economic, social, cultural, civil and political rights of the Greek people multiplied as a consequence of decisions made by the Tsipras government, which consistently yielded to the demands of European leaders, Greek and foreign big capital and the IMF. [51]

There is no cause for celebration as the third MoA comes to an end because Greece has not recovered its freedom to act. It is constrained by a number of binding agreements and the burden of the debt that is exacted will remain unbearable for a long time to come. [52]

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Appendix

We publish here extracts from the programme on the basis of which Syriza was elected by the Greek people in January 2015 for its text clearly shows the commitments made by Alexis Tsipras. We have added some notes to highlight what was actually achieved.

Extracts from the Thessaloniki programme as presented by Alexis Tsipras on 13 September 2014. [53]

We demand a strong mandate, supported by a large parliamentary majority and an extensive social consensus, so that a negotiation that best protects the interests of our people in Europe can be tabled.

We immediately demand a popular verdict and a negotiation mandate that can " ***write-off the greater part of the public debt's nominal value*** and ensure its viability." [54]

"It happened for Germany in 1953 [55]... can also happen for the South of Europe and Greece."

"We demand (...) to
– Include a â€˜growth clause' in the repayment of the remaining part (....)
– Include a significant grace period **(â€˜moratorium') in debt servicing** to save funds for growth
– Exclude public investment from the restrictions of the Stability and Growth Pact." [56]

(...)

*We also declare, loud and clear, that **we still demand reimbursement of the loan that the Nazi occupation forces imposed on Greece***. [57]

[...]

*"**We assume responsibility and are accordingly committed to the Greek people for a National Reconstruction Plan [58***] that will replace the Memorandum as early as our first days in power, before and regardless of the negotiation outcome.

The National Reconstruction Plan focuses on four major pillars to reverse the social and economic disintegration, to reconstruct the economy and exit from the crisis.

1. *Confronting the humanitarian crisis [59]*
2. Reviving the economy (...)
3. Combatting unemployment and improving the labour market situation
4. Transforming the political system to strengthen democracy"

"First Pillar: Confronting the humanitarian crisis"

(...)

- "Our program to immediately confront the humanitarian crisis, **with an estimated cost around â‚¬2 billion**, amounts to a comprehensive grid of emergency interventions, so as to raise a shield of protection for the most vulnerable social strata."

– "Free electricity to 300,000 households currently under the poverty line up to…3,600 kWh per year [60]." (…)

– "Programme of meal subsidies to 300,000 families without income." [61] (...)

– "Free medical and pharmaceutical care for the uninsured unemployed." [62] (...)

– "Programme of housing guarantee." The project will restore old houses and abandoned hotels so that the provision of 25,000 new houses with subsidized rents can be ensured in the first phase. [63]

– Measures for small pensioners. [64] We have already pledged to restore small pensions in phases. We are also committing today to reinstate the "13th pension, to 1,262,920 pensioners with a pension up to â‚¬700." This measure will take place progressively and, depending on the economic situation, will be available to all retired persons and all salaried employees.

– Reduced public transportation cost.

(...)

"Second Pillar: Restarting the economy (…)

The second pillar is centered on measures to restart the economy." Priority will be given to discontinuing the current fiscal policy which is being pursued despite its harmful effects on the real economy, [65] to implementing a new *seisachtheia*, [66] and to *"injecting liquidity and enhancing demand."*

Our economy is abysmal today. *"Excessive taxation on the middle class as well as on those who do not tax-evade has entrapped a great part of citizens in a situation which directly threatens their employment status, their private property, no matter how small, and even their physical existence, as proved by the unprecedented number in suicides."* The labourers, the farmers, [67] the wage-earners, the small and medium entrepreneurs, in short the very body of the real economy is plagued by taxes which it is powerless to resist. Soon they will have to face a new pandemic: banks will seize their private properties since it is difficult for them to repay the loans they contracted before the crisis, before their jobs were gone, before the assault on their income and the shutdown of their businesses.

The government's obstinate decision to overburden the impoverished with additional charges is bound to lead to a deadlock, simply because we cannot get anything from someone who has nothing to give. A look at the arrears, officially documented but not collected by the State, is enough to realise how twisted the policy is: the sum is currently about â‚¬ 68 billion. [68] With every passing month, the amount goes up by â‚¬1 billion.

(...)

1. Measures for immediately *"alleviating tax suppression on the real economy"*

"The immediate ***cease*** of prosecution as well as of confiscation of bank accounts, primary residence, salaries, etc. and the issuance of tax clearance certificate to all those included in the settlement process." (...)

With these steps, not only do we hope to offer respite to the suffering people who form the backbone of the economy, but also boost the real economy by freeing it from the tentacles of the taxes and surcharges that are totally unproductive because not collectible.

When the debts and the down-payments are regularized, necessary funds for tax relief and an equitable burden-sharing will be our immediate rewards.

Moreover, as part of the measures to revive the economy we are announcing an immediate repeal of the new property tax.

2. *"Immediate abolition of the current unified property tax (ENFIA)"* because it symbolises the social injustice meted out by the Samaras government's economic policy.

(...)

The ENFIA cannot be rectified or improved - it can only be repealed. [69]
In its place:

– We will introduce a socially fair Large Property Tax (FMAP) and no one will be taxed on imputed income.

– The tax calculation for seized property will be immediately raised from 30% to 35%.

– *"That tax will be progressive with a high tax-free threshold."*

– *"With the exception of luxurious homes, it will not apply on primary residence."*

(...)

3. *"Restitution of the â‚¬12,000 annual income tax threshold" [70]* (...)

4. We shall launch a **"new Seisachtheia" (debt relief programme)**

It will apply to bad debts (non-performing loans i.e. debts not serviced for three months or more), also called "Red" because their partial write-off is an essential prerequisite for stabilizing the bank portfolios, for reinstating liquidity, and for the economic regeneration. *"This new relief legislation will include the case-by-case partial write-off of debt incurred by people who now are under the poverty line." [71]* (…)

5. *"We are setting up a public intermediary organization for the handling of private debt." (...)*

Obviously, this will foil the confiscation of citizens' property and the control wielded over the private sector on the pretext of debt.

– *"In the next days, SYRIZA will table a law proposal to extend ad infinitum the suspension of foreclosures on primary residences, valued less than â‚¬300,000."*

– *"The law proposal will also include the prohibition to sell or transfer the rights over loans and over land charges to secure the loans to non-bank financial institutions or companies."*

In short, we will not allow the international vulture funds to speculate on foreclosed homes. [72]

Dear Friends,

I said it last year, here at the same podium, and I am repeating it this year: the key to salvaging the economy is the financial system.

With a Syriza government, the public sector will regain its control over the Hellenic Financial Stability Fund (HFSF) and it will have rights over recapitalized banks. [73] This means that the public sector will now decide how the banks are run.

At the same time, we are taking steps to ensure liquidity in the real economy. These include the ***"establishment of a public development bank as well as of special-purpose banks."***

6. Setting up a development bank and special-purpose banks. **The new model of the banking system will include, in addition to the phased recapitalization of banks, specific cooperative banks and a public development bank**.

That's why we're going to create a development bank [74] and special-purpose banks for financing SMEs and farmers, and for providing necessary liquidity so that dynamic professional teams can be built, who, in their turn, will give their best to growth and economic regeneration.

7. ***"Restoration of the minimum wage to â‚¬751."***

We will increase the minimum wage to â‚¬751 for all workers, irrespective of age. [75]

Our econometric model echoes the conclusions of the INE-GSEE (the Labour Institute of the General Confederation of Greek Workers): growth is not hampered by the cost of restoring minimum wage, on the contrary, such a restoration is beneficial.

(...)

Dear friends,

The third pillar of the National Recovery Plan presented to you today has been tailored to our great national goal: to provide jobs to all, to restore hope and prospects to our young people who have been emigrating in hordes, but it is their strength that we need to reconstruct our country.

"Third Pillar: National plan to regain employment"

1. Restoration of labour legislation

- *"Restitution of the institutional framework to protect employment rights that was demolished by the Memoranda governments," along with the minimum wage. "Restitution of the so-called â€˜after-effect' of collective agreements; of the collective agreements themselves as well as of arbitration." [76]*

(…)

- *"Abolition of all regulations allowing for massive and unjustifiable layoffs as well as for renting employees."*

2. *"A net increase in jobs by 300000 in all sectors of the economy – private, public, social" [77]*

(...)

3. "Our plan would….expand unemployment insurance to more beneficiaries"

(...)

"Fourth Pillar: Transforming the political system to deepen democracy"

1. (...) We shall progressively empower the regional authorities and reinforce their active participation in the nation's economic regeneration.

Thus, they will benefit not only from low-interest loans, but also from the bonds that the proposed development bank would issue for financing interventions. [78]

2. We shall *"empower the institutions of representative democracy and… introduce new institutions of direct democracy"* in the political system, such as *"people's legislative initiative, people's veto and people's initiative to call a referendum."* We shall empower both the legislative and executive functions of the Parliament, [79] strictly execute the *"curtailment of parliamentary immunity"* and *"repeal… the peculiar legal regime of MPs' non-prosecution"* in terms of criminal liability that institutionalizes a *"vicious deviation from the principles of a democratic society."*

3. We shall redefine the operating charters of all mass communication media that disseminate information, and implement the "Regulation of the radio/television landscape by observing all legal preconditions and adhering to strict financial, tax, and social-security criteria." (…)

We shall reinforce the regional media.

We shall create a genuine, democratic, pluralistic and high-quality public television channel, by reopening *"the ERT (Public Radio and Television) on a zero basis."* [80]

Dear friends,

We do not make promises. We commit ourselves.

[...] We have already chalked out a roadmap for six months to combat this cancer. To start with, it will be prompt and more vigilant in monitoring intra-group transactions, "Lagarde lists," Liechtenstein, remittances, offshore companies and overseas real estate.

The long period of an appalling and perplexing inaction from the current government will come to end with the launch of a special service made up of experts and equipped with suitable technological support. [81]

The revenues likely to be generated from crackdowns on tax evasion and smuggling have sometimes been greatly overestimated. Our modest guess is that our action plan will bring at least â,¬3 billion to the state coffers in the first year.

"Regarding the starting capital of the public intermediary organization and the cost of the establishment of a public development bank as well as of special-purpose banks, totaling â,¬3 billion, ***we will finance it from the so-called â€˜comfort pillow' of the, around, â,¬11 billion of the Hellenic Financial Stability Fund intended for the banking system*** [...]" [82]

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[1] For an example of dishonest discourse, listen to Pierre Moscovici, European Commissioner, on 20 August 2018 on the French national radio station France Inter: "Greece is now free",
https://www.franceinter.fr/emission... (in French)

[2] see.15851" class="spip_out" rel="external">See also, in French, "Grèce : Le démantèlement méthodique et tragique des institutions de santé publique" (Greece: the systematic and tragic dismembering of the public health institutions),

[3] Charles Wyplosz and Silvia Sgherri, *The IMF's Role in Greece in the Context of the 2010 Stand-By Arrangement*, IEO background paper, February 2016. See also Eric Toussaint, "Banks are responsible for the crisis in Greece", published 9 January 2017, http://www.cadtm.org/Banks-are-responsible-for-the

[4] Hypo Real Estate (Ger.) was saved from bankruptcy by the German government in 2007 and was completely nationalized in 2008 at great cost to the German tax-payer.

[5] Commerzbank was saved from bankruptcy in 2008 following which the German State acquired 25 % of the capital. Commerzbank is the second largest German bank after Deutsche Bank.

[6] RBS was nationalized by the British government in 2008 at great cost to the British tax-payer.

[7] Dexia was saved on several occasions by the Belgian, French and Luxembourg governments in 2008 and in 2011 before falling under a decommissioning plan in 2012 at great cost to the government and the tax-payer.

[8] Source: Yanis Varoufakis, *And the weak suffer what they must? Europe's crisis and America's economic future*, Nation Books, New York, 2016: 157.

[9] 11770" class="spip_url spip_out" rel="external">http://www.cadtm.org/Preliminary-Re...

[10] See the final page of the secret documents of the IMF published by the CADTM, especially the document entitled "Secret. Greece Key Issues. March 25, 2010" p. 2, at:http://www.cadtm.org/IMG/pdf/imfint...

[11] For the % of NPL (Non Performing Loans) in proportion to total loans from banks in the Eurozone including Greece in 2016-2017, see: Communication from the Commission: Second progress report on the reduction of non-performing loans in Europe (http://ec.europa.eu/finance/docs/policy/180314-communication-non-performing-loans_en.pdf). To see how they evolved between 2009 and 2015 see Graph 9 in my article "Banks are responsible for the crisis in Greece" (http://www.cadtm.org/Banks-are-responsible-for-the)

[12] see comments on the secret IMF documents: 14404" class="spip_url spip_out" rel="external">http://www.cadtm.org/Secret-IMF-Doc...

[13] Renaud Vivien, Eva Joly, Iceland refuses its accused bankers 'Out of Court' settlements, http://www.cadtm.org/Iceland-refuses-its-accused 3March 2016

[14] Mayes, D. (2009). *Banking crisis resolution policy - different country experiences*. Central Bank of Norway.

[15] *Le Monde* + AFP, "En Grèce, l'ancien chef des statistiques est condamné pour â€˜manquement au devoir', https://www.lemonde.fr/europe/artic...(translation CADTM)

[16] see Chapter II of the *Report*, p. 17 http://www.cadtm.org/IMG/pdf/Report.pdf

[17] Constantin Kaimakis, "Grèce : le procès Georgiou ou l'affaire de la falsification des statistiques grecques pour justifier l'intervention de la TroÃ¯ka,"http://www.cadtm.org/Grece-le-proces-Georgiou-ou-l-affaire-de-la-falsification-des-statistiques (in French only)

[18] See note 11.

[19] ECB (2010). *Decision of the European Central Bank of 14 May 2010 Establishing a SMP* (ECB/2010/5) https://goo.gl/tX9l4Y, accessed 12 June 2015.

[20] Christoph Trebesch and Jeromin Zettelmeyer, "ECB Interventions in Distressed Sovereign Debt Markets: The Case of Greek Bonds", January 2018, https://piie.com/system/files/documents/wp18-1.pdf accessed 18 August 2018

[21] See note 14.

[22] ECB, 2015. ECB: Statistics. Available at: https://goo.gl/FIWkB3 [Accessed June 12, 2015

[23] Although the ECB has recorded â‚¬18.1 billion in the books, the amount at amortized cost, it asks for â‚¬19.8 billion in nominal value. The remaining â‚¬7 billion are registered in the other central banks, which are part of the ESCB (European System of Central Banks).

[24] See note 14.

[25] See note 14.

[26] ECB, 2010. The ECB's response to the recent tensions in financial markets, Vienna, 31 May 2010. Available at: https://goo.gl/cq6hts [Accessed June 12, 2015].

[27] (Atkins R. (2012). ECB Moves to Help Fund Greece Bail-Out. Financial Times http://goo.gl/zKhZc4, accessed 12 June 2015.)

[28] ECB, 2015. Financial statements of the ECB for 2014. Available at: https://goo.gl/PxFkvV [Accessed June 12, 2015].

[29] Five years later, on 4 February 2015, in order to intimidate the government of Alexis Tsipras, then in existence for barely a week, the ECB shut off its line of credit to the Greek banks, forcing the authorities in Athens to resort to Emergency Liquidity Assistance
https://www.ecb.europa.eu/mopo/ela/html/index.en.html http://www.economist.com/blogs/economist-explains/2015/02/economist-explains-5
https://www.ecb.europa.eu/pub/pdf/other/201402_elaprocedures.en.pdf?8aee78ff37743ed39b8515248a7889eb
See â€˜On 4 February 2015, the ECB brings out its top guns on the Greek Government' in Éric Toussaint, "The Varoufakis-Tsipras Line was Doomed to Fail from the Word â€˜Go'", http://www.cadtm.org/The-Varoufakis-Tsipras-Line-was. Also see "Varoufakis-Tsipras move towards the disastrous agreement with the Eurogroup of 20 February 2015," http://www.cadtm.org/Varoufakis-Tsipras-move-towards

[30] Remember that under the rules in force regarding regulation of banking in the context of the Basel accords, banks have every interest in purchasing sovereign debt instruments because they make it much easier for them to attain the required ratio between equity and assets. For a detailed explanation, see Éric Toussaint, Bankocracy, Resistance Books/IIRE, 2015, chapters 8, 9 and 12. See also Éric Toussaint, "Banks bluff in a completely legal way," published 4 July 2013, http://www.cadtm.org/Banks-bluff-in-a-completely-legal For Greece's case, see Éric Toussaint, "Banks are responsible for the crisis in Greece," published 9 January 2016, http://www.cadtm.org/Banks-are-responsible-for-the

[31] EFSF European Commission (2010). *European Financial Stability Facility Act 20*. On line: http://www.irishstatutebook.ie/2010/en/act/pub/0016/print.html, accessed 12 June 2015.

[32] The EFSF loans are financed by issuing bonds guaranteed by the member states of the Eurozone. These guarantees increased from â‚¬440 billion in 2010 to 779.78 billion in 2011 (European Commission, 2011). *Euro Area Loan Facility (Amendment of June 2011)*. On line: http://www.irishstatutebook.ie/2011/en/act/pub/0025/print.html#sec2, accessed 12 June 2015.

[33] See International Monetary Fund, ["Greece: Transactions with the Fund from May 1984 to May 2018"http://www.imf.org/external/np/fin/...

[34] See Eric Toussaint, "Banks are responsible for the crisis in Greece," http://www.cadtm.org/Banks-are-responsible-for-the

[35] For more information about Ecuador's debt audit, see for example the interview with Éric Toussaint (in French); another video taken from the documentary *Debtocracy*; and the following article (in French)

[36] see the calendar of repayments on the *Wall Street Journal* Web site: "Greece's Debt Due: What Greece Owes When," http://graphics.wsj.com/greece-debt...

[37] see illustrations developed by Daniel Munevar about the Proton and Piraeus banks in "
http://www.cadtm.org/Greece-The-PSI-and-the-process-of->14455">Greece: The PSI and the process of bank recapitalization (2012-2016)",
http://www.cadtm.org/Greece-The-PSI-and-the-process-of

[38] Reuters. (2015). Greek bank bailout fund CEO asked to resign -government official. Accessed 1st February 2016 at http://uk.reuters.com/article/uk-eurozone-greece-hfsf-idUKKBN0NS2CM20150507

[39] ThePressProject. (2014). Head of Greek bank rescue fund to face charges over crony loans in Hellenic Postbank scandal - UPDATE. Accessed 1st February 2016 at http://www.thepressproject.net/article/54294/Head-of-Greek-bank-rescue-fund-to-face-charges-over-crony-loans-in-Hellenic-Postbank-scandal

[40] Ibid.

[41] A list of members of the General Council can be found on the Fund's official site: http://www.hfsf.gr/en/generalcouncil.htm

[42] https://wikipedia.org/wiki/Pierre_Mariani (in French); see also http://topics.wsj.com/person/M/pierre-mariani/1017

[43] http://www.rtbf.be/info/economie/detail_pierre-mariani-a-touche-une-indemnite-de-1-7-million-d-euros-de-dexia?id=7963605 (in French); see also https://en.wikipedia.org/wiki/Dexia#Salary_of_Pierre_Mariani

[44] See a critical article published in October 2011 on the restructuring project: Olivier Berruyer, "L'enfumage de la â€˜décote volontaire de 50 %' de la dette grecque, https://www.les-crises.fr/enfumage-decote/. See also a critical piece by the same author published in March 2012: "Bilan final du plan â€˜d'aide' Ã la Grèce (et surtout aux banques…)", https://www.les-crises.fr/retour-sur-le-plan-grec/ (both in French only)

[45] See http://www.cadtm.org/Preliminary-Report-of-the-Truth p. 20

[46] http://graphics.wsj.com/greece-debt-timeline/

[47] About the state of necessity as inscribed in the 1969 Vienna Convention on the law of treaties, see Cécile Lamarque and Renaud Vivien, " Suspending public debt repayments by legal means"

[48] REGULATION (EU) No 472/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 21 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 https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:140:0001:0010:EN:PDF

[49] See final recommendations, Truth Committee on the Greek Debt, Legal Foundations for the Suspension and Repudiation of the Greek Sovereign Debt, http://www.cadtm.org/Legal-foundations-for-repudiation
See also Éric Toussaint's speech at the presentation of the Committee's Preliminary Report http://www.cadtm.org/Eric-Toussaint-s-speech-at-the

[50] See Éric Toussaint, Une alternative est possible au plan négocié entre Alexis Tsipras et les créanciers Ã Bruxelles, http://www.cadtm.org/Une-alternative-est-possible-au (not yet available in English)

[51] See Marie-Laure Coulmin Koutsaftis, Â« La Grèce sous tutelle jusqu'au remboursement des prÃªts Â», http://www.cadtm.org/La-Grece-sous-tutelle-jusqu-au-remboursement-des-prets (only in French) and Zoe Konstantopoulou, If you love Greece, help us get rid of Alexis Tsipras and his zombi party, http://www.cadtm.org/If-you-love-Greece-help-us-get-rid-of-Alexis-Tsipras-and-his-zombie-party

[52] Eric Toussaint, Marie Brette, "Greece: the so called debt reduction is a sleight of hand," http://www.cadtm.org/Greece-the-so-called-debt-reduction-is-a-sleight-of-hand

[53] The citations within quotes have been directly reproduced from https://www.syriza.gr/article/SYRIZA---THE-THESSALONIKI-PROGRAMME.html and the rest of the citations have been translated from *Ensemble!*, https://www.ensemble-fdg.org/content/les-premires-mesures-dun-gouvernement-men-par-syriza. Emphasis added by the author.

[54] Varoufakis did not support this demand. He proposed a debt swap (by changing the debt repayment deadlines and by cutting down the rate of interest) without reducing the debt stock's nominal value.

[55] During the London Conference, on February 27, 1953, the Federal Republic of Germany decreed a 62.6% debt reduction with the consent of 21 of its creditors, including the United States, Great Britain, France, Italy, Switzerland, Belgium, Greece, etc. See: Eric Toussaint, The cancellation of German debt in 1953 versus the attitude to the Third World and Greece. Greece's debt was not reduced despite Tsipras's capitulation.

[56] This means that such expenses would not be considered while calculating the deficit. This directly contravenes the European Commission's stipulations.

[57] The President of the Greek Parliament had launched a Commission, but the government did not bother to use its findings during its negotiations with Germany.

[58] This promise was not kept and on February 20, 2015 the government agreed to extend the Memorandum.

[59] In fact, the only steps taken during the six months of the first Syriza-ANEL government were the 100 instalments that allowed the tax-payers with financial obligations to the State to regularise their accounts and to recover a legitimate fiscal identity, necessary for engaging in any economic activity. This measure lost its steam in August 2015, thanks to a specific article of the third Memorandum.

[60] Greece has not yet been able to provide free electricity to the poorest households.

[61] Nothing materialised in 2015, the year of "negotiations with the creditors." In December 2016, Tsipras announced a "Parallel Plan" which provided for a Social Solidarity Income. As of end 2017 it has so far been allocated to 280,000 *households*, comprising around 620,000 people.
It is expected that 700,000 people living in extreme poverty in Greece will benefit from it in 2018. This monthly allowance is determined by each household's income and property and comes with various services such as free school meals, free health care and medicines, access to municipal social services (social grocery stores, etc.).
Please note that 35.6% of Greeks are living below the poverty line at end 2017.

[62] Since May 2016, all Greeks, with or without social security, have free access to medicines and medical facilities. This is also applicable to asylum seekers and vulnerable people. However the health system has been steadily deteriorating since the first Memorandum, leading to severe medicine shortages, long queues and overloading of services in the hospitals, closures of entire provincial facilities, lack of staff and funds etc.

[63] Nothing has been done so far.

[64] The Katrougalos law of 2016 amended the pension scheme and introduced reduced auxiliary pensions with the goal of saving 1% of GDP by 2019. New supplementary pensions have not been granted since January 2015, while this law will phase out the EKAS benefits applicable to the lowest pensions by 2020.

[65] On the contrary, the fiscal situation of SMEs took a nosedive with the third Memorandum, which imposed an advance payment (by next December) of 50% of the VAT (increased to 24%) on the turnover expected for the following year.

[66] "Burden Relief" or Debt Cancellation, was a measure introduced by Solon, Athens, in the 6th century B.C.E, to help debt-ridden people. See Daphne Kioussis, "Solon et la crise d'endettement dans la cité athénienne" (Solon and the debt crisis in the city of Athens).

[67] Farmers in particular came in the crosshairs of the third Memorandum signed on July 13, 2015: a major hike (from 7% to 20%) in the social-security contributions for pensions; advance payment of 50% of VAT on the profits estimated for the following year; cancellation of the exemptions on diesel fuel; and withdrawal of a series of subsidies.

[68] Between 2014 and October 2017, while the Tsipras government was pursuing the same policies it denounced in 2014, tax arrears increased from â‚¬68 billion to almost â‚¬100 billion. Since January 2017, the Independent Authority for Public Revenue (which replaced the tax department of the Ministry of Finance) conducted raids for property seizures without sparing primary residences.
The total tax liabilities in August 2017 were â‚¬95.65 billion, including â‚¬5.48 billion for the year 2017 alone, and 3.8 million indebted tax-payers. Among them 2.4 million tax-payers, persons or legal entities, have a debt of â‚¬1 to â‚¬500, for a total sum of â‚¬340 million. They are unable to pay even this amount.

[69] The ENFIA has not been withdrawn. It has been slightly modified according to the geographic location or the condition of the properties, and now varies between â‚¬400 to â‚¬13,000 p.a.

[70] After numerous negotiations, the threshold for taxable income has been set at â‚¬8,600 p.a. for a single person and â‚¬9,000 p.a. for a couple

with two dependent children. The situation is bound to deteriorate because, buckling under the Troika's pressure, the government has lowered the threshold to â‚¬5,700 and â‚¬6,130 respectively, effective from Jan 1, 2019.

[71] This involved canceling the bank debts of destitute people living below the poverty line.

[72] This promise was not kept. See Eric Toussaint, http://www.cadtm.org/Les-fonds-vautours-prosperent-sur and Constantine Kaimakis, http://www.cadtm.org/Grece-Le-mouvement-Je-ne-paie-pas (both in French).
Not only was this promise broken but the law that protected primary residences from being auctioned (through expensive legal means) will also become invalid from January 1, 2019. Even worse, foreclosed properties are now going to be auctioned online to counter vigorous citizen opposition, and dissenters can be punished by a prison term of three to six months.
Finally, in July 2017, Eurobank sold its red bonds at a nominal value of 3% to a Swedish fund called Intrum Justitia AB (Intrum), for a sum of â‚¬1.5 billion. See http://www.iskra.gr/??????-?-eurobank-????-???-????????????-????/ (in Greek)

[73] Varoufakis was opposed to this measure, since he wanted to transfer the *"shares and management"* of the Greek banks to the European creditors. As for the Tsipras government, it has not taken any action yet so that the Greek state can exercise its rights over the recapitalized banks. Moreover, the Hellenic Financial Stability Fund has been left in the hands of the close associates of the private bankers and the European leaders.

[74] The public development bank is yet to materialise. This was one of Varoufakis's six priority measures, but he agreed to removing the provision in the agreement with the Eurogroup in February 2015. Yanis Varoufakis, *Adults in the Room*, Chapter 10.

[75] This has not been achieved. The second Memorandum reduced the basic wage to â‚¬586, and â‚¬510 for those under the age of 25. Since January 1, 2017 it has been raised to â‚¬684, regardless of age, but it has not been restored to the level of 2010-2011, i.e. â‚¬751.

[76] Since 2015, with every "review" preceding the disbursement of the tranches, labour rights have been violated so that the Troika's diktats could be obeyed. The law decreed in May 2017 paved the way for collective firings, scrapping the mandatory administrative approval and the Minister of Labour's veto power. Layoffs will now depend on the job market situation, the company's state of affairs, and the interests of the national economy. Labour rights went further downhill in January 2018 with the adoption of a law that limits the right to strike. Finally, the law keeping retail stores open on Sundays has not been withdrawn, despite repeated protests from the majority of merchants and their employees.

[77] This has not materialized.

[78] This has not materialized because the Development Bank has yet to be established.

[79] During its first six months, the Tsipras government made only partial headway in this regard, despite the efforts of the President of the Greek Parliament. This was due to the arm-twisting by the creditors and Tsipras's propensity for secret diplomacy and appeasement.

[80] The Tsipras government fulfilled this pledge in June 2015 but, as Varoufakis points out, by means of appointing a dubious character as the CEO of the state radio and television. This appointment led to strong protests and it disappointed the left immensely.

[81] This has not yet materialized.

[82] In his book, Varoufakis explains why he agreed with the creditors that this 11 billion should not be doled out to the Greek government but repatriated to the EFSF (a private organisation established by the Troika with its headquarters in Luxembourg) instead. To him, the pursuit of that 11 billion was a lost battle. See Varoufakis, *Adults in the Room*, Chapter 9 and footnote 14 for Chapter 9.