



Prime Minister Alexis Tsipras' article in Le Monde newspaper: Europe at crossroads

May 31, 2015

On 25th of last January, the Greek people made a courageous decision. They dared to challenge the one-way street of the Memorandum's tough austerity, and to seek a new agreement. A new agreement that will keep the country in the Euro, with a viable economic program, without the mistakes of the past.

The Greek people paid a high price for these mistakes; over the past five years the unemployment rate climbed to 28% (60% for young people), average income decreased by 40%, while according to Eurostat's data, Greece became the EU country with the highest index of social inequality.

And the worst result: Despite badly damaging the social fabric, this Program failed to invigorate the competitiveness of the Greek economy. Public debt soared from 124% to 180% of GDP, and despite the heavy sacrifices of the people, the Greek economy remains trapped in continuous uncertainty caused by unattainable fiscal balance targets that further the vicious cycle of austerity and recession.

The new Greek government's main goal during these last four months has been to put an end to this vicious cycle, an end to this uncertainty.

Doing so requires a mutually beneficial agreement that will set realistic goals regarding surpluses, while also reinstating an agenda of growth and investment. A final solution to the Greek problem is now more mature and more necessary than ever.

Such an agreement will also spell the end of the European economic crisis that began 7 years ago, by putting an end to the cycle of uncertainty in the Eurozone.

Today, Europe has the opportunity to make decisions that will trigger a rapid recovery of the Greek and European economy by ending Grexit scenarios, scenarios that prevent the long-term stabilization of the European economy and may, at any given time, weaken the confidence of both citizens and investors in our common currency.

Many, however, claim that the Greek side is not cooperating to reach an agreement because it comes to the negotiations intransigent and without proposals.

Is this really the case?

Because these times are critical, perhaps historic—not only for the future of Greece but also for the future of Europe—I would like to take this opportunity to present the truth, and to responsibly inform the world's public opinion about the real intentions and positions of Greece.

The Greek government, on the basis of the Eurogroup's decision on February 20th, has submitted a broad package of reform proposals, with the intent to reach an agreement that will combine respect for the mandate of the Greek people with respect for the rules and decisions governing the Eurozone.

One of the key aspects of our proposals is the commitment to lower – and hence make feasible – primary surpluses for 2015 and 2016, and to allow for higher primary surpluses for the following years, as we expect a proportional increase in the growth rates of the Greek economy.

Another equally fundamental aspect of our proposals is the commitment to increase public revenues through a redistribution of the burden from lower and middle classes to the higher ones that have effectively avoided paying their fair share to help tackle the crisis, since they were for all accounts protected by both the political elite and the Troika who turned “a blind eye”.

From the very start, our government has clearly demonstrated its intention and determination to address these matters by legislating a specific bill to deal with fraud caused by triangular transactions, and by intensifying customs and tax controls to reduce smuggling and tax evasion.

While, for the first time in years, we charged media owners for their outstanding debts owed to the Greek public sector.

These actions are changing things in Greece, as evidenced the speeding up of work in the courts to administer justice in cases of substantial tax evasion. In other words, the oligarchs who were used to being protected by the political system now have many reasons to lose sleep.

In addition to these overarching goals that define our proposals, we have also offered highly detailed and specific plans during the course of our discussions with the institutions that have bridged the distance between our respective positions that separated us a few months ago.

Specifically, the Greek side has accepted to implement a series of institutional reforms, such as strengthening the independence of the General Secretariat for Public Revenues and of the Hellenic Statistical Authority (ELSTAT), interventions to accelerate the administration of justice, as well as interventions in the product markets to eliminate distortions and privileges.

Also, despite our clear opposition to the privatization model promoted by the institutions that neither creates growth perspectives nor transfers funds to the real economy and the unsustainable debt, we accepted to move forward, with some minor modifications, on privatizations to prove our intention of taking steps towards approaching the other side.

We also agreed to implement a major VAT reform by simplifying the system and reinforcing the redistributive dimension of the tax in order to achieve an increase in both collection and revenues.

We have submitted specific proposals concerning measures that will result in a further increase in revenues. These include a special contribution tax on very high profits, a tax on e-betting, the intensification of checks of bank account holders with large sums – tax evaders, measures for the collection of public sector arrears, a special luxury tax, and a tendering process for broadcasting and other licenses, which the Troika coincidentally forgot about for the past five years.

These measures will increase revenues, and will do so without having recessionary effects since they do not further reduce active demand or place more burdens on the low and middle social strata.

Furthermore, we agreed to implement a major reform of the social security system that entails integrating pension funds and repealing provisions that wrongly allow for early retirement, which increases the real retirement age.

These reforms will be put into place despite the fact that the losses endured by the pension funds, which have created the medium-term problem of their sustainability, are mainly due to political choices of both the previous Greek governments and especially the Troika, who share the responsibility for these losses: the pension funds' reserves have been reduced by 25 billion through the PSI and from very high unemployment, which is almost exclusively due to the extreme austerity program that has been implemented in Greece since 2010.

Finally—and despite our commitment to the workforce to immediately restore European legitimacy to the labor market that has been fully dismantled during the last five years under the pretext of competitiveness—we have accepted to implement labor reforms after our consultation with the ILO, which has already expressed a positive opinion about the Greek government's proposals.

Given the above, it is only reasonable to wonder why there is such insistence by Institutional officials that Greece is not submitting proposals.

What end is served by this prolonged liquidity moratorium towards the Greek economy? Especially in light of the fact that Greece has shown that it wants to meet its external obligations, having paid more than 17 billion in interest and amortizations (about 10% of its GDP) since August 2014 without any external funding.

And finally, what is the purpose of the coordinated leaks that claim that we are not close to an agreement that will put an end to the European and global economic and political uncertainty fueled by the Greek issue?

The informal response that some are making is that we are not close to an agreement because the Greek side insists on its positions to restore collective bargaining and refuses to implement a further reduction of pensions.

Here, too, I must make some clarifications:

Regarding the issue of collective bargaining, the position of the Greek side is that it is impossible for the legislation protecting employees in Greece to not meet European standards or, even worse, to flagrantly violate European labor legislation. What we are asking for is nothing more than what is common practice in all Eurozone countries. This is the reason why I recently made a joint declaration on the issue with President Juncker.

Concerning the issue on pensions, the position of the Greek government is completely substantiated and reasonable. In Greece, pensions have cumulatively declined from 20% to 48% during the Memorandum years; currently 44.5% of pensioners receive a pension under the fixed threshold of relative poverty while approximately 23.1% of pensioners, according to data from Eurostat, live in danger of poverty and social exclusion.

It is therefore obvious that these numbers, which are the result of Memorandum policy, cannot be tolerated—not simply in Greece but in any civilized country.

So, let's be clear:

The lack of an agreement so far is not due to the supposed intransigent, uncompromising and incomprehensible Greek stance.

It is due to the insistence of certain institutional actors on submitting absurd proposals and displaying a total indifference to the recent democratic choice of the Greek people, despite the public admission of the three Institutions that necessary flexibility will be provided in order to respect the popular verdict.

What is driving this insistence?

An initial thought would be that this insistence is due to the desire of some to not admit their mistakes and instead, to reaffirm their choices by ignoring their failures.

Moreover, we must not forget the public admission made a few years ago by the IMF that they erred in calculating the depth of the recession that would be caused by the Memorandum.

I consider this, however, to be a shallow approach. I simply cannot believe that the future of Europe depends on the stubbornness or the insistence of some individuals.

My conclusion, therefore, is that the issue of Greece does not only concern Greece; rather, it is the very epicenter of conflict between two diametrically opposing strategies concerning the future of European unification.

The first strategy aims to deepen European unification in the context of equality and solidarity between its people and citizens.

The proponents of this strategy begin with the assumption that it is not possible to demand that the new Greek government follows the course of the previous one – which, we must not forget, failed miserably. This assumption is the starting point, because otherwise, elections would need to be abolished in those countries that are in a Program. Namely, we would have to accept that the institutions should appoint the Ministers and Prime Ministers, and that citizens should be deprived of the right to vote until the completion of the Program.

In other words, this means the complete abolition of democracy in Europe, the end of every pretext of democracy, and the beginning of disintegration and of an unacceptable division of United Europe.

This means the beginning of the creation of a technocratic monstrosity that will lead to a Europe entirely alien to its founding principles.

The second strategy seeks precisely this: The split and the division of the Eurozone, and consequently of the EU.

The first step to accomplishing this is to create a two-speed Eurozone where the “core” will set tough rules regarding austerity and adaptation and will appoint a “super” Finance Minister of the

EZ with unlimited power, and with the ability to even reject budgets of sovereign states that are not aligned with the doctrines of extreme neoliberalism.

For those countries that refuse to bow to the new authority, the solution will be simple: Harsh punishment. Mandatory austerity. And even worse, more restrictions on the movement of capital, disciplinary sanctions, fines and even a parallel currency.

Judging from the present circumstances, it appears that this new European power is being constructed, with Greece being the first victim. To some, this represents a golden opportunity to make an example out of Greece for other countries that might be thinking of not following this new line of discipline.

What is not being taken into account is the high amount of risk and the enormous dangers involved in this second strategy. This strategy not only risks the beginning of the end for the European unification project by shifting the Eurozone from a monetary union to an exchange rate zone, but it also triggers economic and political uncertainty, which is likely to entirely transform the economic and political balances throughout the West.

Europe, therefore, is at a crossroads. Following the serious concessions made by the Greek government, the decision is now not in the hands of the institutions, which in any case – with the exception of the European Commission- are not elected and are not accountable to the people, but rather in the hands of Europe's leaders.

Which strategy will prevail? The one that calls for a Europe of solidarity, equality and democracy, or the one that calls for rupture and division?

If some, however, think or want to believe that this decision concerns only Greece, they are making a grave mistake. I would suggest that they re-read Hemingway's masterpiece, "For Whom the Bell Tolls".

<http://www.primeminister.gov.gr/english/2015/05/31/prime-minister-alexis-tsipras-article-at-le-monde-newspaper-europe-at-crossroads/>

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