

### ***INTRODUCTION***

Long lulled by the illusion of an "end of history", Europe has been quick to consider itself as the champion of any democratic legitimacy. To understand how to unlock from today's "adjustment programs", we must understand also what has allowed such a historic error to happen, and what is more, to be repeated. Between 2010 and 2015, in less than 5 years, almost a quarter of the Eurozone, four amongst nineteen States, including Greece, were administered as part of what might be called a "limited democracy", which is an oxymoron.

The objective of this "remote government" has a name, which reaches now consensus: austerity. But what is the name of austerity? One thing is sure; it is always composed of the same cocktail: an exchange rate out of control, a powerful internal devaluation policy, massive privatizations, considerable restriction of public services and a proportional reduction in the budget.

In a word, there is a gigantic transfer, at all scales: transfer from the workers to capital owners, from the public sector to the private sector; but also transfer of risk: it is to ensure the financial risk taken by the markets and private funds that the State I requested to absorb all the financial costs, by imposing bank bailouts, and that people itself is requested to absorb this risk, and are deprived of all possible guarantees on their work, their housing, their health...

Facing this, building an alternative in such a context raises an old political dilemma, similar to that of "socialism in one country". Financial interdependence of states, the hegemonic system of notation, or the growing internationalization of public debts (except Greece in recent years) makes a multilateral solution necessary. It does not mean that struggle unnecessary, but it can only be exercised in cooperation with an alliance.

These elements guide my thinking today: first I observe that the Troika programs have locked the economy, deteriorated all social indicators, and increased political risk. Then I would like to emphasize that sovereignty is an attribute that we must win, but that will not be enough to change the European economic rules. The "way out of crisis" by alternative public policies therefore requires the mobilization of other States and of civil-society on very concrete projects.

### ***I / The "adjustment programs": an economic latch, social degradation, and political danger***

My time is limited and I cannot go through all the adverse effects of austerity programs. But a common feature of these programs is obvious: they have no clear objective. None of the programs focus clearly on a political goal. Of course, there is a series of reforms, but it is often just a list of demands that obey to no hierarchy. Is the goal to reduce debt? On this point the programs have completely failed. To return to growth? the consumption ?

investment?

It is absolutely necessary to recall that the economic results of these programs are disastrous: they lock the economies in stagnation, when it is not a recession, fueled by deflation or very low inflation. And increasing levels of unemployment levels are a direct consequence.

Greece has lost 25% of its gross domestic product in four years, a loss similar to that experienced by European states during the world wars ! Deflation is persistent and maintained, since even legally available European funds have been frozen for years, as access to monetary easing policy of the ECB.

The only visible effect of these programs in the 4 countries where they have been applied, it is the bank bailouts, and the transfer of public assets to private owners. They are therefore completely blind concerning the domestic demand, household consumption, or purchasing power, which is declining even in Ireland. Because when a recovery of growth occurs, it is now solely on the basis of the revival of exports. The only scenario proposed to these countries is thus no more than a kind of "German low-range model." It is carried by a supply policy unsuited to the economies, where liberalizing the supply of private capital is supposed to boost the economy, and then it would miraculously "trickle down" and create jobs by the mere capital investment and the reduction of labor costs.

Furthermore, I would stress, unlike a stubborn prejudice, no state among the so-called "creditors" applies similar measures. Chancellor Merkel has decided to maintain retirement at age 63 in Germany despite the rapid aging of its country; and Sunday work, imposed by the Troika, is prohibited in the country of Mr. Djisselbloem as in that of Mrs. Merkel.

The direct consequence of these economic decisions is a general deterioration of social conditions. The level of protection of workers fall; access to health care is tightened; poverty is increasing, especially among children, youth, and the elderly; basic needs satisfaction is no longer ensured: electricity, heating, but also water. Many studies have proved, if necessary, that this social degradation even affect the fundamental rights of large segments of the population.

It goes to the heart of the austerity violence: no price is too high to pay for reforms. For some creditors, it is better to "die, but to die cured". Can we afford such a sacrifice? This is certainly the message I carry as MEP: the long-term unemployment and poverty are already a lasting impact on the people and economy of the countries. But "in long run we are all dead"; and as written by Euripides in *The Trojan Women*, "I believe that the dead do not matter the honors of rich offerings" ...

This liberal credo that proclaims that there is no alternative leads to a dramatic political effect. It undermines, and tighten the power and legitimacy of all the political parties that support it or that bend it. Everywhere in Europe, elections have become unpredictable: in the 4 countries of which we speak today, we see it in Spain, Ireland, but elsewhere. In my own country, France, it is highly risky to predict what will come out of the ballot box in 2017, in just one year. In Germany, the coalitions have been upset. Everywhere, the logic of "grand coalition" that has led the Social Democrats to accept the liberal dogma, are preparing an

explosion of the political spectrum. A centrifugal force led citizens to consider the ultranationalist and xenophobic forces as the only alternative.

There are new fascists in European parliaments. In Brussels they are already well represented, in Hungary, Slovakia, Austria, but also here in Greece, with Golden Dawn. The combined violence of globalization, widespread competition, and financialization, created hatred of the other. Pro-austerity campaigners are conscious of that, and they are obviously willing to play that game.

## ***II / Sovereignty, an attribute that we must win, but not enough to change the European economic standard.***

To plot an alternative route, the essential instrument that we must now win, is the sovereignty of peoples. Uphold democratic choice is not obvious thing, at a time when the head of the European Commission believes that the vote of the people cannot change the rules of the game. In recent years, it became more and more obvious : the Greek referendum, the British referendum, the fight of Matteo Renzi against the stability and growth pact, all this confirm that the first political objective is sovereignty.

But two European examples, two countries with austerity programs, also prove that sovereignty is not enough. Greece first, which failed despite its legitimacy backed twice by polls, to impose its views. Portugal also. The Commission was about to put Portugal under “surveillance” because of this year budget, though not revolutionary. It went well only because the budget remained under the Stability and Growth Pact.

But no common front has emerged. Nobody in Europe has seized the historic opportunity of the alternatives proposed by Syriza, no visible alliance was built around budget requests of Portugal, no group of countries supported publicly the attacks of Matteo Renzi against the Stability and Growth Pact. At most, we are in an emergency management policy, crisis management policy. States limit their strategy to avoiding the release of a member of the EU or the Eurozone.

The lesson of these experiences, is the absolute need of a common strategy. No isolated State can push forwards radical innovations in debt management, investment, or for boosting consumption, infrastructures, social protection. From my point of view, I identify two complementary methods to achieve economic sovereignty and redirect governance towards a recovery by consumption and investment.

## **III / The control of financial infrastructures and mobilization of States by civil societies.**

The first, from a logical point of view as chronological, is to recover control of financial infrastructures. As clearly indicates by the title given to my speech, the programs are not “adjustment programs”, but mainly bailout programs.

Now we all know that these bailouts were made mostly by public ownership without voting rights, and low private equity who inherited the voting rights, and the control over banks. And, as often in times of crisis, private actors who were ready to bring their capital were speculative actors, looking for a short-term profitability.

I believe, and you live it here in Greece deeper than any other European nation, that in a market society such as ours, the lending and bank deposit, the circulation of money, is a primary need, and must be a public service. So far, each bailout call one another. And sometimes the government has set up a "bad bank" to which it transfers the bad loans, as in Italy. It's the old principle, which unfortunately still applies : privatizing gains, but collectivizing losses.

In response, a prerequisite for any crisis is therefore to achieve a strict separation between deposit-lending and speculative activities of banks and to nationalize the credit-deposit operations. And investment activities, they will need to be closely supervised by existing EU legislation for banking union on capital and liquidity requirements.

Get the control over financial channels is essential. This is not enough, since the lack of control over the European Central Bank, which may be independent, but that is not politically neutral, was of high price to Greece. If ECB was responsible before the Commission, the States and the European Parliament, it would probably not take the violent and unilateral decisions taken on emergency liquidity nor organize bank runs as it did.

But this calls for the help of the second method: the British method. I do not want the Union to disintegrate, even the contrary. But I wish we can deliberate on our interests. We no longer do it. I regret that it is the British Conservatives, with their minimalist vision of Europe, which have taken the initiative first. But from their point of view, it was worth : they got the discussion and negotiation they wanted, to meet their interests and their vision for the Union. We do not have the same vision, but precisely, we remain dependent on those who take such initiatives. It is urgent to reverse the trend. The institutional balance of power will change only if we manage to impose such negotiations, by involving the citizens' vote. Because within European institutions, the revision of the Treaties is not ready to be on the agenda.

The advocates of a Europe less focused on rules must mobilize civil society in this regard, for an investment stimulus and Europe, with a realistic and broader budget for the Union, which allows and accepts net transfers between Member States, which encourages the development of industrial infrastructure, energy. Surveys show that in several countries, a majority of citizens favors a referendum on the EU but, in these countries, a majority also wants to stay in the Union. There is no paradox here: on the contrary it forms a place for negotiation, negotiation on the alternative that we are calling for.