

Nikos Pappas, Synaspismos, European Left
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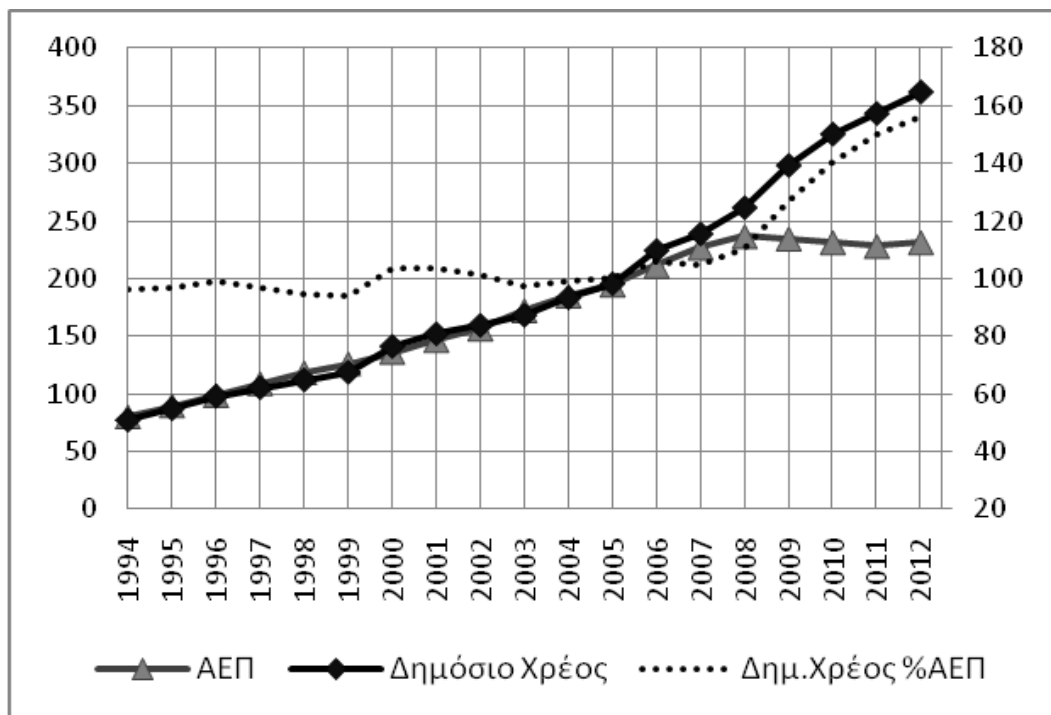
Dear comrades first of all I would like to thank you for the invitation.

A ghost has haunted Europe. The Greek Debt

But what are the origins? What made Greek debt so huge that the whole continent had to face the humiliation of the presence of IMF?

In other words why such a fast growing country like Greece that experienced a 66% increase in GDP over the last 15 years did not manage to control public debt? Let me just show you a diagram that shows time path of Greek Debt.

Diagram of Debt to GDP ratio



Well, the argument on behalf of the government is that Greece has a huge public sector which we have to cut down and a massive public expenditure that accumulated public debt.

But is that so? Let me show another diagram that demonstrates this is not the case. Believe it or not Greek public sector wage bill and Greek public expenditure has been below or equal to the EU average. So please don't let any populist politician say the contrary to finish tax payers.

Diagram of public sector wage bill

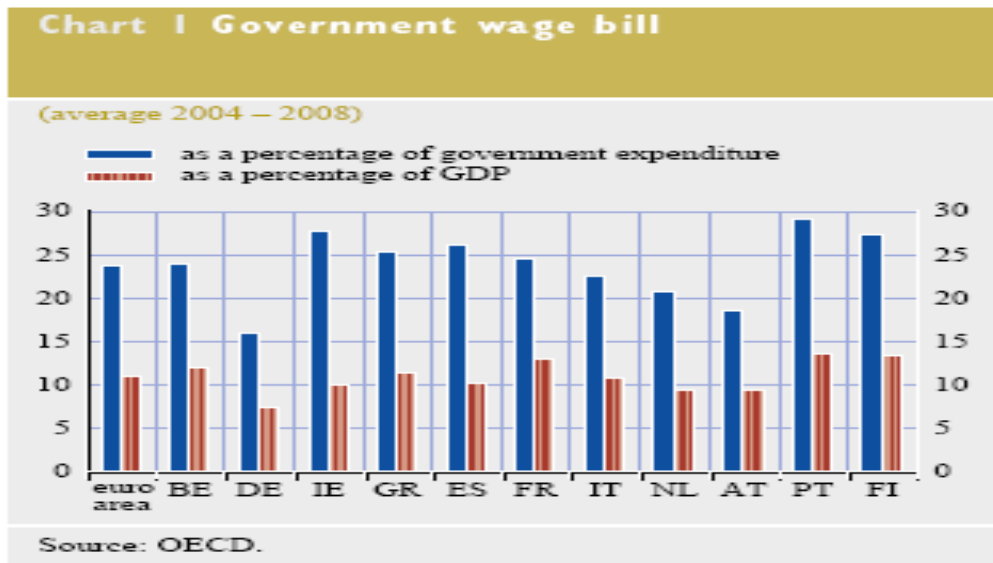
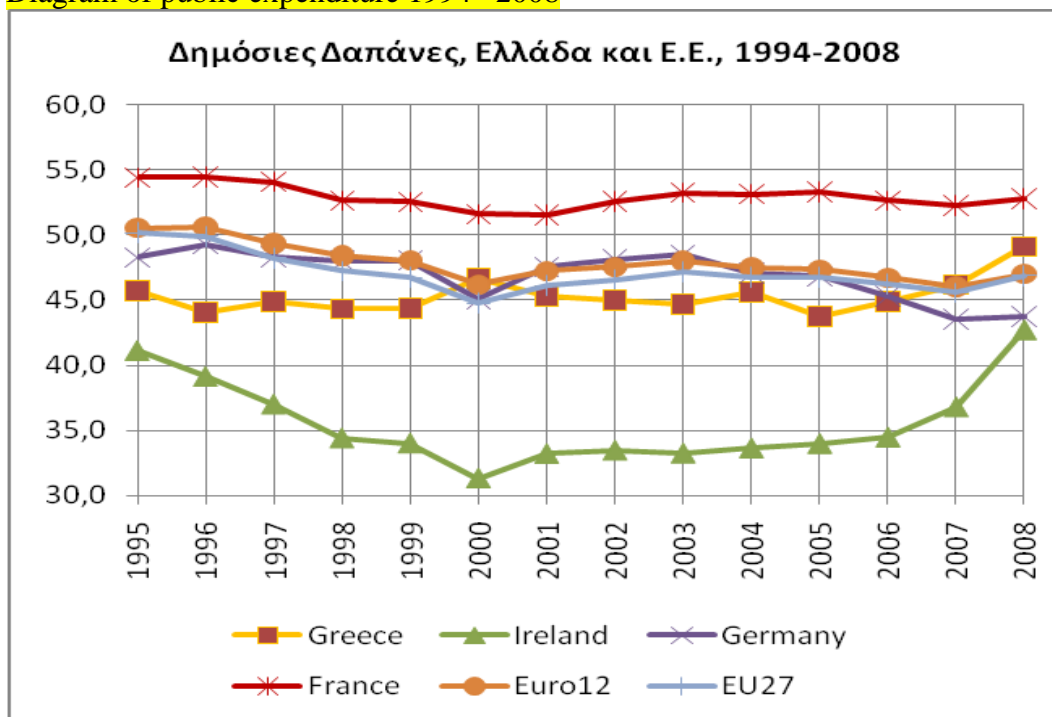
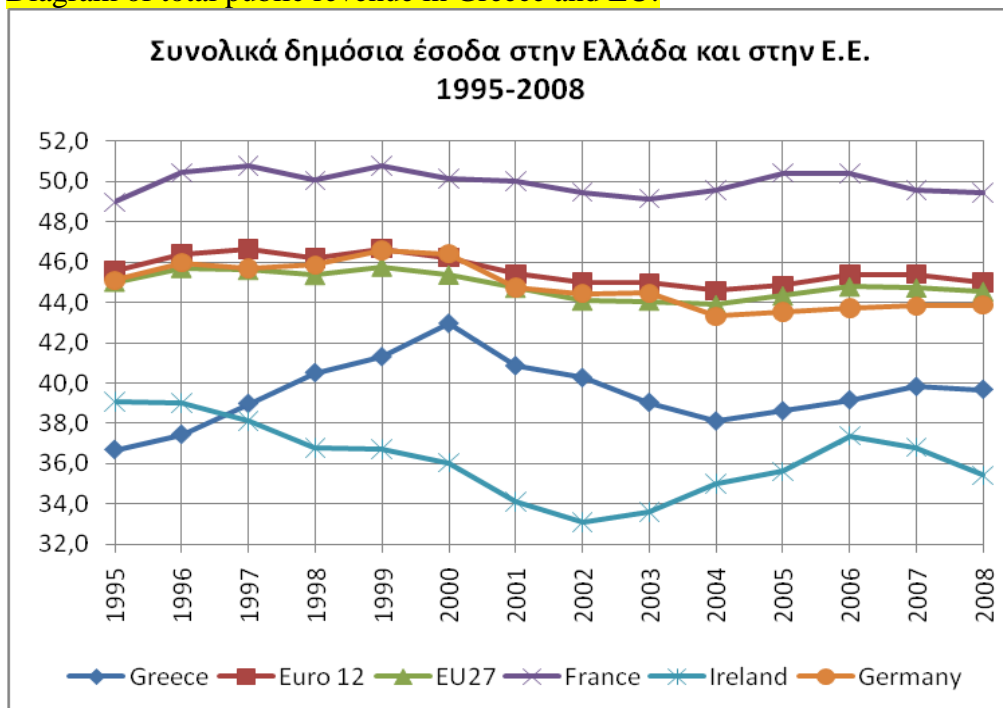


Diagram of public expenditure 1994 –2008



Now, having showed that public expenditure can not be held responsible for the fate of Greece we must turn an eye on tax receipts. In the diagram that follows we see that tax receipts were systematically below EU average.

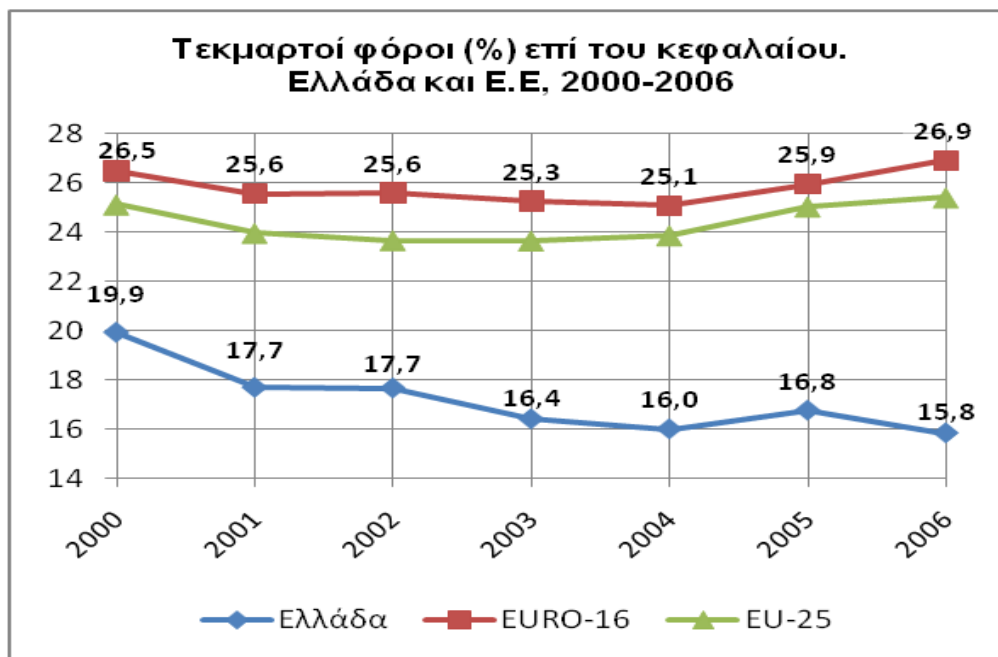
Diagram of total public revenue in Greece and EU.



This discrepancy shown above gives an answer to the question asked above. It is not high spending but low tax receipts that prevented the Greek debt from decreasing.

And to be more specific we must look at the next diagram. It shows that taxes on capital are well below the EU average. (note that here we see implicit rate on capital income). This diagram shows that capitalists in Greece pay much less taxes than what they do in the rest of the EU.

Implicit tax rate on capital



Greece has the largest commercial fleet in the world with more than 4000 ships. As we speak Greek ship owners are building 600 new ships. All of them in China and South Korea. None of them in Greece. 50% of China's imports in petroleum are done by Greek ships. How much tax do they all pay 12.000.000 euros!!! Peanuts! That is 3000 euros per ship in a year!!!

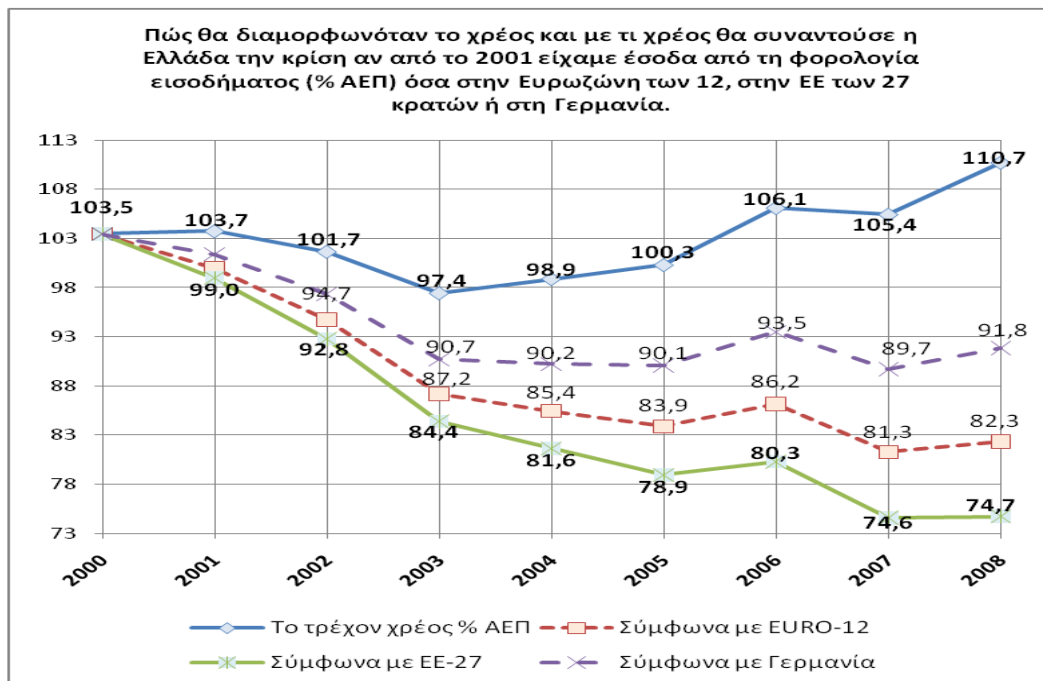
The Conservative government up to 2009 and PASOK until now have reduced the tax rate on profits from 45% to 20%. The result is that income tax receipts has doubled while profit tax remained the same between 2002 and 2009.

Even Dominique Strauss Khan was annoyed by this situation and during a briefing he admitted that the rich don't pay taxes in Greece.

Is this important? Does it affect the accumulation of debt?

Our calculations show that the Greek state has given up 100bn of receipts because of this discrepancy. What would happen if we had been more European in tax collection?

Alternative Scenarios for public debt



Another convenient myth for the populists is that Greece is a problem Lazy Greeks

Well here is another lie.

Actual working hours per week

Greece 44.3

Germany 41 hours

EU average 41.7

Average annual working time

Germany of 1,390 hours

Greece 2,119 hours.

Vacation days per year

Greek workers 23 days

Germans 30 days.

(That is the highest in Europe if we add public holidays they go to 40).

But somebody could tell you that yes the Greeks work a lot but they are not productive.

Productivity of labour for 2009 was

EU 27 100

Germany 104

Greece 102

Finland 107

Don't ever let a German call you unproductive.

So, in front of the crisis what was the response. First they pretended that it does not exist.

Then they forced Greeks to get expensive loans from European taxpayers in order to bail out bankrupt banks. The money do NOT go to the Greek people. They just help European banks off load their rubbish.

This policy is redistributing income from the poor who mainly bare the burden of the loans and taxation to the rich that hold public debt and bank shares.

Shares of wages and profits % of GDP

Table 4: Shares of wages and profits as percentage of GDP (%)										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Profits as % GDP										
EE-27	37,9	38,1	38,3	38,5	39,0	39,1	39,4	39,6	39,8	38,9
Eurozone	38,7	39,4	39,4	39,5	40,0	40,0	40,2	40,5	40,5	39,6
Greece	54,8	55,2	53,4	54,7	55,0	55,0	55,0	54,5	54,0	54,2
Wages as % of GDP										
EE-27	49,9	50,0	49,9	49,6	49,0	48,8	48,3	48,0	48,5	49,8
Eurozone	49,4	49,0	49,0	48,9	48,3	48,0	47,6	47,3	48,0	49,3
Greece	33,2	32,7	35,4	34,8	34,7	34,2	34,5	34,6	36,2	35,1
Πηγή: National Accounts, Eurostat										

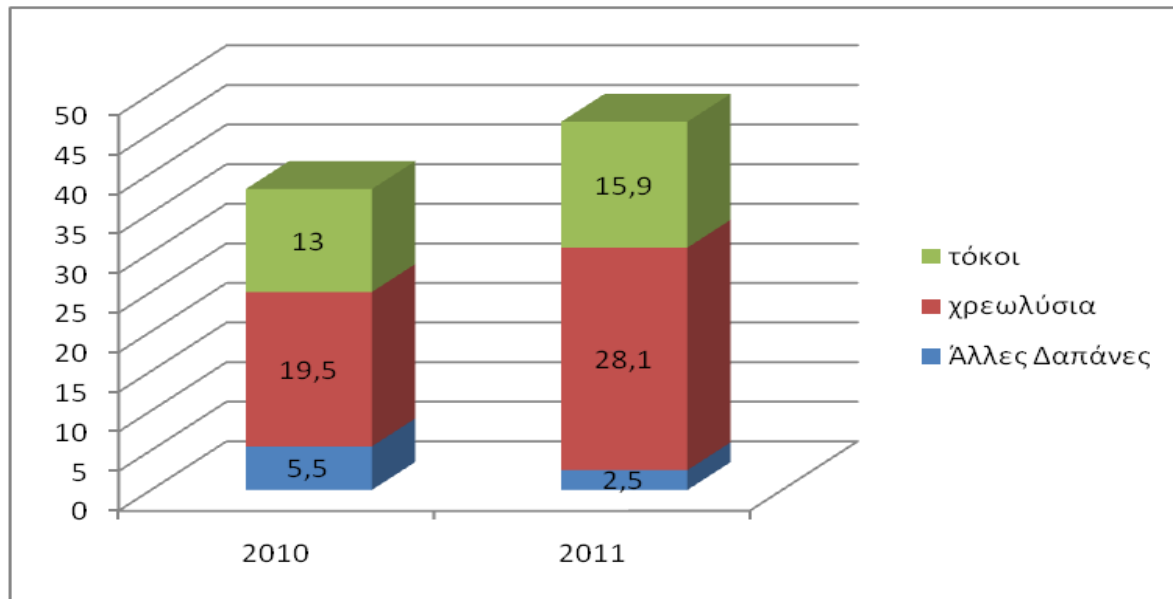
During the entire period 1995-2009, the average profit of the Greek economy (40%) was higher in European Union of 18 most advanced countries, except Ireland.

Even in 2010, despite the decline in the average margin (-5%) Because of the economic crisis, companies in Greece maintain higher margins along with Ireland, Germany and Spain.

Against 35 key competitor countries margins profit in Greece fell slightly (a decrease of 5%). This decrease resulted from the fact that advances in labor productivity since 2002 in Greece was larger than the corresponding to 35 competing countries, while the average annual gross earnings, and hence the average annual real labor costs, continued their ascent in Greece at rates faster than the 35 competing countries. However, this reduction in the average profit margin was small (5%) and had as its starting point the very high level of 40%, while in others the equivalent margin between 10% and 35% (and less than 30% in most cases).

Here I present the diagram of where the money of the go.

Where do the money go?



These loans, that helped banks clear their books of rubbish, went hand in hand with a severe austerity program. The declared target is to cut public expenditure by 1/3.

The name of the policy frame was called the MEMORANDUM.

What are the results one year and a half after this policy is implemented?

Impact of the memorandum

- Unemployment has gone from 10% to 17%
- Debt from 110% to 170%
- 150000 small enterprises closed.
- The last remainders of public ownership will be sold with a Pinochet type program.

Why did we go through this? Why the Greek government did not tax the rich? Why did they not look for other sources of lending and they involved the IMF? Why do they insist since the catastrophic consequences are obvious.

Because this is the real target. Pushing down wages, destroying industrial relations and pension system, selling off public enterprises opening new roads of profit for the capital. This is their way out of the crisis.

Contrary to this logic there is a left way out of the crisis. The way of the European left.

We have described the alternative solution at the European level.

- **Against austerity measures and privatisations, the Competitiveness or the so called Euro pact.**
- **In favour of public audits on the public debt and the restructuring of the debt on a European level**, through the selective cancellation of the public debt,
- **For monetary and economic policies in the service of the people. For a change in the role of the ECB.** The ECB should urgently **absorb a part of national public debts. It must also use its power of monetary creation, in order to finance projects for decent job creation** (in industry, research, new modes of production etc) **and national and European public services.**
- For the creation of a **European fund for social development and solidarity.** Contrary to the European Stability Mechanism
- **For the public and democratic control of banks and the financial sector is a tool to impose popular control of the economy.**
- **For a radical redistribution of wealth, a fair fiscal system in countries and in the EU and measures to avoid dumping.**
- **We demand, together with the trade unions, equality of social rights and standards. Increase in wages throughout Europe.**
- **We want real democracy in Europe. For Popular participation in all its forms. The powers of all elected bodies, including local, national and the European parliaments, must be strengthened.**

But most of all, in order to make our proposals realistic we need to take the streets and squares. Real changes can only happen with the masses at the forefront.

That is why we need to take squares on the 15th of October.

The Greek people have suffered and continued suffering. We have been used as the guinea pig in this large scale neoliberal experiment. Greek capitalists needed the memorandum for their own interests. European capitalists needed the example. They wanted to be able to say that Finnish, and German, and Italian workers should not ask for wage increases because they will suffer what the Greeks have suffered. We can turn this upside down. We can win this fight so that Finnish workers can turn and say to their capitalists. Do not insist on austerity. Look what happened to Greek capitalists.

The people in Greece have taken the streets for more than 45 days. 3 million people. This has not happened since 1965 when democracy was jeopardized. As it is jeopardized now. But we are ready to defend democracy. Against our government that chose to use 3000 tear gas bombs against the people. Against the European leadership and any government that will attempt such a brutal program without asking the people.

Nicos Poulantzas said “*socialism will be democratic or it will not be at all*”
Husi Hala Aho actually said “*Capitalism does not really need democracy*”

He is right. But he should make no mistake. We are ready to defend democracy. We are ready to prove that humanity is wiser and will put fascists aside in the way for a future of social justice. A future of socialism.