



GREEK DEBT AUDIT CAMPAIGN

The PSI agreement shuts colleges, hospitals and museums!

*Cancellation of the loan agreement – Debt audit –
Cessation of payments and debt cancellation now!*

All information coming to light regarding the Private Sector Involvement (PSI) and the recent bond exchange of the Greek public debt underlines its detrimental impact. It is an odious agreement, made on the back of the Greek people. It seals the Greek economy into recession, and renders the Greek debt even more illegitimate and odious, since it brings no benefits whatsoever to the Greek people. It is supervised and controlled by our creditors, the IMF and the EU, who imposed this pernicious policy.

Furthermore, the creation of an escrow account to prioritise serving our creditors' needs highlights the dramatic impact of the bond exchange on the needs of Greek society. As such, it is rejected outright from social organisations. The PSI is unacceptable because:

- It is imposed by a government which has no democratic legitimacy and was appointed in a disgraceful manner by Angela Merkel and Nicolas Sarkozy.
- It entails catastrophic conditionalities and a decimation of social rights (reductions in wages, pensions and social spending; public sector layoffs; privatisations; explosion of unemployment, etc).
- Despite the PSI being responsible for the 5th default in the history of the Greek state, public debt is increasing, and it is only a matter of time until a new debt restructuring takes place and Greece experiences a new default. The PSI will not reduce but actually increase the public debt. Despite 105 billion being written off, we will be further indebted (final confirmation pending) by 174 billion euro (109 billion new debt to the eurozone institutions, 28 billion to the IMF, and 37 billion left over from the first bailout package).
- The new bonds issued under UK and Luxembourg law, the waivers of national immunity and the arrival of an international task force that will control Greek ministries reinforce a loss of sovereignty and the virtual colonization of Greece.
- The PSI changes the ownership structure of the public debt, which was mainly privately held, but now is transferred to the official sector, since as much as two thirds of it will be held by the eurozone, the IMF and the ECB. This might lead to a direct confrontation amongst the peoples of Europe.
- The PSI imposes immediate economic hardship on society, not least because of the arbitrary decision of the Bank of Greece to exchange, a few days before the 'haircut', the deposits of public companies and institutions into bonds, so as to increase the "voluntary participation" in the bond exchange. Pension funds have thus lost 12 billion euro (out of

24 billion), universities lost 87 million (they are left with 33 out of 120 million), technical colleges 50 out of 100 million, etc. In some cases, even salaries are now at risk.

- Finally, the PSI shuns the possibility of internal borrowing in the future, since it provides no compensation whatsoever for the 11000 individual bondholders, most of them from low income groups, who suffered serious losses. Indirectly this also benefits the banks.
- Meanwhile, the illegal Goldman Sachs deal, valued at least 5 billion euros, has not been included in the exchange, rewarding in this way a manoeuvre in financial derivatives which hid the state's obligations. Greek banks will also benefit from the PSI in a provocative way, as they will give up 50 billion worth of bonds, but will be compensated through a bank recapitalisation by 50 billion.

For all these reasons, it is an absolute priority to open up the books of public debt. All the recent increases in public debt, as well as the recent restructuring, are products of punitive actions spearheaded by the Ministry of Finance and the Bank of Greece. The political responsibility lies with the unelected government of Prime Minister Lucas Papademos, which in tandem with the same political parties that led us to the default invoke a state of necessity to destroy labor and people's rights. On the contrary, the pauperization of the Greek people and the dismantling of the welfare state through the PSI create a real state of necessity, which makes it imperative to deny and cancel the debt, as well as perform a debt audit.

Following the recent dramatic developments, the Greek Debt Audit Campaign highlights:

- ✦ The need to create an international audit committee consisting of independent experts and activists, in order to reveal the odious and illegal character of the debt.
- ✦ The need to cancel, through our struggles, the new loan agreement that accompanies the second loan, and turns Greece into a pariah state.
- ✦ The priority of the people's actions and the social struggles against the debt, encapsulated in the popular demand "We do not owe – We will not sell – We will not pay."
- ✦ The importance of unrelenting and persevering independent social struggles, for reversing the policies of pauperization and impoverishment, of privatizations and cuts.

Athens, 30th March 2012 www.elegr.gr
Original: <http://elegr.gr/details.php?id=340>