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The neo-liberal "prescriptions" don't save the Eurozone, but the re-foundation of it, for the interests of peoples and workers

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Extensive Summary

The recent economic crisis has shaken the foundations of the 'Economic and Monetary Union' (EMU), which had established the Euro-zone and the euro, already from the early '00s. The crisis has revealed quite intensely the *contradictions of the EMU mechanism* (Stability Pact and European Central Bank) and the *unfavourable terms of participation for weaker economies in the 'common currency'*, as well as the *lack of political will on behalf of the EU institutions* (Commission and Council) to take measures towards 'alleviating' the crisis, even though 'anti-cyclical policies'. The integration of peripheral economies into the EMU took place in terms, not of 'real', but of 'nominal' convergence. In fact, peripheral economies like Greece, joined the common currency with high exchange rates in the name of low inflation and the 'hard' euro, as demanded by Germany, in order for the common currency to become a global reserve currency.

At first, their participation in the EMU put the peripheral member-states in a superficial state of euphoria. Low interest rates and uncontrollable credit extension boosted demand and, as a result, production, GNP and imports. Both 'central' and 'peripheral' banks had enormous profit. However, this was nothing but a 'debited' development, while banks were taking profit for granted. Differences in 'competitiveness' were demonstrated in the balance of payments, which became permanently in deficit for the periphery, while in surplus for Germany.[1] Chronic deficits extended loaning (public and private) for peripheral economies, mostly from 'central' banks.

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[1]. Lapavitsas K., Kalternbrunner A., Lindo D., Michell J., Painceira J.P., Pires E., Powell J., Stenfors A. & Teles N., *Krisi Eurozonis: I Ftochia tou Dynatou Ptochefsi tou Adynatou*, Novoli editions, 2010: Athens

1. Neoliberal policies give no viable perspective to the Eurozone

The EU dominant circles reacted quite mildly at the outbreak of the crisis at first. They considered it to be a casual phenomenon that would not by any means put the EMU foundations at risk. In fact, they believed that, by providing the first support package to the banks in 2009 (guarantee of liquidity and capital support), the situation could very well be smoothed. The crisis showed outstanding depth and extended duration and the Eurozone dominant circles, in an attempt to preserve the EMU's neoliberal 'psyche' unharmed, attempt to soften the consequences of the crisis with partial adjustments to prevent the euro from collapsing and besides created new supporting pylons of EMU.

More specifically the European Council (October 2010) has decided, as part of the *'economic governance' of the Eurozone*, several measures that would: A) Allow Brussels to pre-approve Eurozone member-states' broad budgetary guidelines in the first trimester of every year, so that those whose debt lays in excess of 60% of GDP should reduce at a pace of 5% of GDP every triennium. B) Impose economic penalties such as interest-bearing deposits. These will equal 0.2% of GDP, which could become interest-free and perhaps, indefinitely appropriated (interests and fines will be shared among member-states without excessive debt or deficit). C) Suspend the Cohesion Fund for any member-state which fails to comply with the Stability Pact objectives. D) Finally, in case of 'excessive dis-equilibrium' (great deficit in current transactions' balance, low competitiveness, etc.), the Council could address recommendations regarding labour cost decrease, etc. Should member-states not comply a *fine* equal to 0.1% of GDP will be issued.

In addition, it was decided the temporary EFSF ('European Financial Stability Facility', which ends in 2013)[2] to be replaced by a '*permanent crisis management mechanism*' and funds by member-states, the IMF and possibly, large banks. Countries that seek entrance to the 'crisis management' mechanism *will be subjected to procedures of 'controlled bankruptcy'* and debt restructuring, as well ceding economic decision-making to Brussels. Finally, the Lisbon Treaty has been decided to rapidly amend by early 2013, enabling the 'loophole' of article 48 (paragraph 6) and by-pass any possible 'unwanted verdict' by the EU citizens. Thus, the Franco-German front (and Chancellor Merkel in particular) imposed the German capital demands with imperialist brutality! This particular development has become a *step towards a reactionary direction* of European integration. The element of 'controlled bankruptcy' alone *means that sooner or later all peripheral economies will*

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[2]. Agreement between Eurozone Ministers of Finance (May 9th 2010) includes creating a special fund of support for Eurozone member-states to confront issues of borrowing from the international markets. In particular, a total of €750 billion is to be provided (€440 billion in form of guaranteed loans from member-states, €60 billion from indisposed communitarian budget resources of 2007-2013, as well as €250 billion from the IMF). It was also decided that the ECB would buy national bonds via banks (secondary market), refusing once again to grant loans with low interest rate to member-states.

experience long-term austerity and feeble development, without eliminating chances of ousting member-states from the euro, at least for as long as they are under strict surveillance.

Another step towards the same direction was the extraordinary Eurozone Summit in March 11-12, 2011 in Brussels. In this Summit, *the basic principles of the 'Competitiveness Pact' have been agreed, which was misleadingly renamed to 'Euro-Plus Pact'.* The new pact includes every single demand of Chancellor Merkel, expressed in the most beautified manner: flexible labour relations, increase of retirement age according to public debt viability and life expectancy, united taxation base for companies, constitutional commitment for deficit and debt limits, creation of permanent support mechanism, which should accept state bonds in exchange for strict austerity programmes, such as the 'Memorandum', etc.

All plans and policies above emit a particular totalitarianism within the EU promoted by the finance capital in the name of supranational governance. Apart from the aggressive class nature of the measures, this framework is not practically viable either, as it attempts to resolve complex economic and social issues with 'decrees'. This perception of confronting the deficit in the balance of payments with cutbacks in salaries to boost competitiveness is *neither feasible nor viable in the long run.* It is based on the notion of boosting competitiveness 'downhill' (lower labour cost), whereas actual development (technology, organization, specialization, research, etc.) based on productivity and additional use of exchange policy can only be achieved 'uphill'. It comes as no surprise that *there is neither reference nor commitment on development and employment*, while 'locking' a peripheral economy in a 'hard currency' cannot but deteriorate its troubles.[3] The only guarantee offered by this particular framework is a 'vicious circle' of austerity, recession, high unemployment and stagnation, with perpetuating deficits and -indebtedness.

Finally in the December 9th 2011 Summit, leaders of all seventeen member-states of the Eurozone succumbed to raw extortions and pressure performed by the Franco - German alliance of 'Merkozy' (Merkel – Sarkozy), agreeing to sign a new *'fiscal pact'* and 'coordination' of economic policies. The latter can be briefly summarized as follows: [4]

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[3]. History of exchange policy (post-war Bretton-Woods agreement for stable gold – dollar parity, later European Monetary System, etc.) teaches that any attempt to tie one currency to another can only work temporarily. The ultimate reason is that exchange parities reflect shifts within national economies in the 'law of value', which emerges in exchange of goods between countries. 'Socially necessary labour time' behind a product (due to changes in technology, research, specialization, etc) changes in different rates among countries; then, sooner or later, it also affects monetary parities and, eventually, ruins any 'locked' parities, which might at one point perhaps have reflected the actual state of things.

[4]. For a more thorough presentation, see two texts: *firstly,* the 'Statement by the Euro Area Heads of States or Government', (European Council, Brussels, 9 December 2011) and *secondly,* the 'Conclusions of European Summit (EUCO 139/11, Brussels, 9 December 2011).

A) *Member – states' budgets should be balanced.* Annual 'structural deficit' (deficit average within a cycle) should not be more than 0.5% of nominal GDP. This commitment will have to find strong legal expression (constitutionally or legally otherwise) and will include an automatic activation mechanism, in case of divergence, controlled by the European Court of Justice! Member – states subjected to the 'excessive deficit' process will submit a plan of 'economic corporate relation' to the Commission and the Council for approval; in that, measures of 'deficit redress' will be cited in detail and will be implemented, under strict monitoring by the Commission and the Council. In addition, a special mechanism will be instituted, in order for member – states to submit in advance studies on national projects of issuing new stocks (bonds, etc).

B) *'Excessive deficit' rules for Eurozone member – states will become more severe.* As soon as the Commission detects a maximum limit overrun (annual limit allowed, based on the Maastricht Treaty is 3% of GDP, while suggested structural deficit is 0.5% of GDP), sanctions and fines, as much as 0.2% of GDP, will be automatically imposed, unless a Council qualified majority (85%) does not adopt them. Member – states with public debt of over 60% of GDP are obliged to reduce exceeding debt by one – twentieth a year (i.e. 5%).

C) *New rules of fiscal discipline will be applied,* as suggested by the Commission on November 23rd, 2011 and approved by the Council. These refer to: i) monitoring, evaluating and if necessary, revising member – states' budget drafts, ii) boosting fiscal monitoring of member – states that face severe difficulties, regarding their fiscal stability within the Eurozone, and iii) finding ways to further advance fiscal integration on the long run, by processing proposals made by the Commission President and the Council President and reviewed in the spring Summit of 2012.

D) *Enhanced cooperation, by establishing biannual Eurozone summits*, where important resolutions and reforms in the economic field will be discussed and coordinated.

E) *Strengthening stability tools to confront market – originated tensions;* immediate promotion of 'leverage' plans (establishing additional funds via credit expansion) of the European Financial Stability Facility (EFSF) and transaction rights in the markets by the ECB, on its behalf; speeding up European Stability Mechanism's (ESM) entry into force a year earlier (July 2012), while the EFSF continues to operate until mid-2013; reviewing the €500 – billion 'overall ceiling' sufficiency in the spring Summit (March 2012), in order to keep the 15% ratio between disbursed capital and accrued sum of ESM bonds; immediate administration of €200-billion additional funds by Eurozone member – states, to loan overindebted member – states.

F) *Amendment of the ESM treaty to maximize results.* Private sector involvement in debt restructuring ('haircut') is expected to vary strictly within established principles and IMF practice. As a result, July 21st and October 26 – 27th, 2011 decisions on the Greek debt are of extraordinary and unique nature. Among the terms of issuing new bonds for Eurozone member –

states, formulaic and facsimile ‘collective action clause’ will be included. To ensure that ESM can take immediate action, an ‘emergency’ procedure will be included in voting rules that will provide ‘funding assistance’ with an 85% - qualified majority, in case of a Commission – Council mutual agreement.

G) It was also agreed that, any measures that cannot be applied based on ‘secondary legislation’, will be transferred to ‘primary legislation’ of the EU, with a new international agreement *signed among Eurozone member – states*, as long as by March 2012. Non – Eurozone member – states of the EU (Bulgaria, Denmark, Czech Republic, Great Britain[5], Hungary, Latvia, Lithuania, Poland, Romania and Sweden) can participate in this process, as long as they involve their respective parliaments in the decision – making.

H) As for ‘‘Council Conclusions’ in the field of economic policy, grand exultations (always on track with neoliberal concepts of economic function) ‘enhancing growth’, ‘social cohesion’ and ‘boosting employment’ were repeated. Still, it is crucial to highlight the governments’ strong *commitment on implementing Euro Plus Pact goals* and specialized Commission proposals on labor market. These aim towards creating job opportunities, through ‘improving labor motivation, ‘reforming pensioning programs’, ‘balancing flexsecurity’, ‘adjusting systems of education and training to labor market needs’, establishing ‘viable levels of salaries’ and ‘reviewing index clause’, especially in countries of great deficits in balance of payments and high public debt. Simply put, this means maintaining austerity in the long – run, disintegrating labor relations, introducing ‘China – like’ salaries and uprooting fundamental social rights.

I) At the same time, it should be noted that decisions made at December 9th, 2011 are underlaid by decisions on the *new ‘economic government’*, as voted by EU member – states on December 2011 and included in the enhanced (and effective as of December 13th 2011) ‘Stability and Growth Pact’. In particular, *if the deficit exceeds 3% of GDP* (threshold of ‘structural deficit’ is 0.5%), fines of 0.2% of GDP are imposed: at first, in the form of ‘non – interest – bearing deposit’ and in case of overrun, it comes as a fine, unless an 85% qualified majority rejects it. Also, *limitations on public expenditure increase are set*, less than the medium – term GDP increase rate, aiming to deficit reduction.

J) Finally, for the first time, an ‘excessive imbalance procedure’ (EIP) was established, based on certain macroeconomic pointers (balance of payments’ amount average in GDP for the last three years, with a limit of +6% to –4% of GDP; export share variation in value for the last five years with a limit of -6%; real exchange rate variation for the last three years, comparing to 35 industrial countries, with a limit of –11% to +5%; unitary labour cost variation for the last three years, with a limit of +9%; unemployment average for the last three years, with a limit of 10%; private sector debt with a limit of 160% of GDP; private sector credit expansion, with a limit of 15% of GDP; annual variation in real estate prices, with a limit of

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[5]. However, Great Britain already officially denied any kind of participation.

60%, etc.). In case 'excessive imbalances' are found, after Commission proposal and Council decision, *penalties of 0.1% of GDP are imposed*, in the form of 'non – interest – bearing deposit'. If the country fails to 'comply', these penalties become fines, unless it is prevented by an 85% of Council qualified majority.

All the above breathe, especially for weaker economies, *'concentration camp' rules* and an entire perception of confronting economic problems with 'decrees', instead of economic policies. It is evident that, despite a new strict and authoritarian context, it cannot provide solution for any critical problem concerning the Eurozone, debt, growth, employment, market lawlessness, etc.; on the contrary, in the field of social and political rights, the clock is winding back to 19th – century conditions. In particular, *the new agreement resolves no part of the Eurozone's profound internal contradiction* between permanent 'locking' of the currency rate and countries with different level of competitiveness, which operates as a mechanism of 'surplus production' for the weaker economies. Also, it does not project a *single economic policy* (fiscal, monetary, income) and a respective structural (developmental), with redistribution of resources and income among countries and social groups, so that economic – social convergence is promoted. Moreover, *there is no central bank* as 'last resort' – loaner and strong center of financial relations' regulation: competitiveness is supported only by income policy and especially labor cost, which, objectively, can only be reduced to certain levels. Finally, *the 'democratic deficit' in EU institutions and the Eurozone*, not only does it not close, but expands; as a result, countries and peoples have no saying in essential choices that concern their future.

As for the *critical debt issue*, the support mechanism (EFSF/ESM) cannot guarantee loan needs for economies such as Italy (where the debt is about €2 trillion!), with a fund of merely €500 billion; nor can IMF backing with special capital injection of €200 billion from Eurozone countries, can cover its loan needs. On the other hand, issuing Eurobonds and new money from the ECB is out of the question, while emergency liquidity supply of €489 billion with low interest rate (1%) to European banks is a bit of a letup to great loaning needs of the Eurozone member – states.[6] However, apart from scandalously being supported by the ECB, the cost is really high (interest rates of 6 – 7%), at the expense of peoples.

2. Alternative policy for the interests of people and workers

Therefore, *sustainability for both the Eurozone and the euro*, despite consecutive decisions and one-day gloating, *remains stale*. Instead of drastic debt 'haircut', nationalization of banks, growth support, income redistribution etc., *we move at a snail's pace, if not backwards*. Even this skimpy 'haircut' of

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[6]. Deep crisis of the capitalist system and over-indebtedness of developed countries (US, EU and Japan) increase the demand for 'loan capital' and thus, loan cost. In 2012, loan needs of G7 countries will surpass $8 trillion (US $3.7 trillion, Japan $2.8 trillion, Italy $428 billion, France $367 billion, Germany $285 billion, etc.). *Express*, January 3rd, 2012.

Greece's debt, is characterized as an 'exception' and it will not repeat in another country. Yet once again, finance capital interests ('loan shark' bankers and institutional investors) are prioritized over societies. Regional countries experience from their accession to the 'support mechanism' clearly shows that 'Memorandum' policies have sunk them in prolonged recession, high unemployment, poverty and economic and social decay. Unsound and in a way, ignorant claims of achieving 'primary surpluses', 'balanced budgets' etc., raise serious questions on fiscal management (tax revenue policies and public spending) of technical issues such as accounting balance of revenue and expenditure. Same principle applies on the great issue of growth and employment, the solution of which once again lies on market mechanisms, whereas 'low labor cost' income policy remains a pivotal tool of keeping weaker economies competitive. In the 'new economic government' dictionary, terms like redistribution of wealth, economic convergence, regional growth, full employment, establishment of social rights, better standard of living, are pretty much unheard of!

All the above give rise to the *need for a radical shift in Eurozone policies* and the European structure in general, for a hopeful perspective for the peoples and workers of Europe. Fundamental to such an alternative policy is rejecting the Stability Pact, the Euro-Plus Pact, the Fiscal Pact and others neoliberal 'pylons' while creating instead a Development and Employment Pact; establishing favorable funding for the member-states by the ECB with special Eurobonds or low-interest loaning and controlling the ECB's actions by a European Parliament special committee; common tax and industrial policy and gradual equalization of minimum salaries and social services; increase of EU budget to a 5% of GDP to support regional development programs, sectoral policies and promotion of economic convergence among countries; the EU institutions to be detached from business lobbies, further 'democratized' and operate in transparency; also, market regulation, strict competitiveness policy and control of cartel and multinational companies' actions; finally, common grounds of macroeconomic and developmental policy, aiming towards viable growth, full employment, fair distribution of wealth, drastic cutbacks in military expenditure, debt renegotiation without 'demolishing' social rights to pay off the creditors, establishing equal relations with development countries, etc.

However the most important question, open for discussion, it is how to be done? *One scenario* is all social and progressive political forces in all countries to enhance coordination in action and reestablish the euro-zone and further EU in terms of interests of "peoples and worker's". This scenario does not seem very realistic because of the "asymmetric" development of social movement between countries and the very weak probability of the Left all across Europe to assume executive power simultaneously. *The second scenario* proposed by Oskar Lafontaine (prominent leader of the Germany *Die Linke* party), is for all countries to return by agreement in their national currency and to regulate their nominal parity in the context of the "European Monetary System", in order to overcome the internal and external unbalances caused by the Eurozone. The *third scenario* is to trigger radical

transformations in countries where conditions are favorable (one, two or more), by rejecting the neoliberal policy and withdrawing from the Eurozone, which is bound to accelerate political changes in other countries. The last scenario seems to be more realistic in relation to others.

3. The Greek debt problem. What kind of exit?

All Summits of European leaders from 2010-2012, discuss, in one way or another, the debt problem of Greece, mainly as a problem connected with the viability of the euro and the Eurozone and not to help Greece. The main direction of the decisions is determined by two basic elements: *firstly*, preventing 'un-controlled default' for the sake of euro and *secondly*, safeguarding as much of the creditors' interests as possible. At the same time, the fate of the Greek people is confiscated and national and people's sovereignty is seriously 'slimmed down'.

The policy measures of the "Memorandum" which implied in Greece by "troika" (EU-ECB-IMF) have catastrophic implications in Greek economy and society. In the last three years, GDP has decreased by over 20%, the unemployment rate has reached up to 30% (whereas youth unemployment rose to 63%), the wages and pensions has reduced by over 40%, cutbacks in social expenditure have expanded, taxation has increased, etc. In short, the Memoranda policy eliminated any convergence in income per capita between Greece and the EU, achieved in the past 15 years. In addition, more than 450,000 SMEs (small and medium enterprises) have closed, and more shockingly, suicide toll has been estimated to 3,500 people, motivated mostly by economic hardship!

Although the plan failed spectacularly, 'Troika' leaders insist that the 'formula' is correct, but collapsed, due to the Greek government's inability to effective implement statutory measures. This is nothing but pure hypocrisy, given that the 'fiscal adjustment programme' was structured and closely monitored by the 'Troika', while signed 'with hands down' by the Greek government. Of course, PASOK and ND administrations (and the dominant Greek elite, in general) bear great responsibility on policies followed for the past decades. Still, the root of problems, especially after 2000, was principally the EMU and 'single currency' structures, to which Greece was literally 'dragged', without fulfilling basic terms and without ever having asked the Greek people asked.

The aforementioned plan of 'selective' or 'restricted' debt restructuring (PSI) took place in terms that mostly favor creditors' interests. Final 'haircut' on bonds' nominal value amounted to 53.5% (or €107 billion), but the public debt increases because of a new €130 billion loan from Eurozone countries. Of €130 billion of the new loan agreement, €48 – 50 billion were streamed towards re-capitalizing Greek banks as a 'compensation' for the 'haircut', while €30 billion were used as an 'incentive' for foreign banks (represented by the IIF) to immediately repay bonds' amount of €30 billion at a 15% lower price comparing to their nominal value. In truth, the 'haircut' exchanged old

bonds with new in 'current market prices' (i.e. the secondary market, where bonds were devalued by 50-60%). Therefore, banks did not record losses, but actually profits. Moreover, €35 billion were aimed at (national) central banks of Eurozone member – states as a 'compensation' for suffering 'haircut' losses! Finally, €5.7 billion are aimed at repaying old EFSF bonds' accumulated interests. Thus, in all, more than €120 billion from the new loan's €130 billion return, directly or indirectly, to bankers – creditors, especially foreign.

Still, 'architects' of debt restructuring express concern on how realistic this plan actually is, given that even if all measures and predictions are fully realized, the 2020 debt will be at the same point as in 2009, the crisis' starting point i.e. 120% of GDP – at best! Therefore, we are still on the same spot, with a decade lost and the Greek people having sacrificed enormously. This is why PSI 'architects' refer to a 'Plan – B', which is connected to a new loan agreement and a new 'Memorandum'! Nevertheless, certain problems arise here as well, because both the IMF and the EU – mostly Germany– reject any idea of a new package. On the other hand, merely new loaning 'leads nowhere', as repayment is impossible in the foreseeable future. Thus, the only feasible solution is to write – off the greater part of the debt as soon as possible. This notion has been adopted very recently by former chief executive officer of Deutsche Bank and former IIF Board Chairman Josef Ackermann; the latter has stated that "the Greek debt has to be restructured anew, in order to ensure its sustainability. It has to be limited to 60% of GDP with a new €180 – billion 'haircut'".[7]

Given the circumstances, Greece and the Greek people tend to become a 'guinea pig' in the process of finding the most suitable, 'sustainable', neoliberal 'economic governance' for the Eurozone – under German hegemony. However, such politics directly contradict historical demands of a 'Europe of the peoples and the workers', especially when an alternative can be found both for the Greek public debt and the European integration process. Contrary to 'selective' or 'controlled default' and, to some extent, other suggestions of debt restructuring, is a proposed new 'Seisachtheia',[8] with repudiation and cancellation of the 'odious debt',[9] while the remaining be

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[7]. Joseph Ackermann, Speech at the German – Swiss Chamber of Commerce, Zurich, July 4th, 2012 (*I Avgi*, July 6th, 2012).

[8]. 'Seisachtheia' (i.e. the relief of burdens) was the name of radical reforms instituted by Athenian lawmaker Solon (592-1 BC) to temper extreme social differences created between great landowners and slave owners and lower social classes that depended on loans, which usually turned them into slaves. Solon wrote off private and public debts, outlawed the use of slavery as payment (loaning in return for personal freedom), abolished all debit contracts and land mortgages (any sings that indicated land mortgage), devalued 'mna' (the ancient unit of currency) from 75 drachmae to 100 drachmae to facilitate debt payoff, released all enslaved debtors, attempted to protect socially non-privileged classes from famine, price manipulation, usury, etc. *Solonos Nomoi*, Ekdotiki Thessalonikis, 2002.

[9]. Odious debt is "the debt that was contracted without knowledge or consent of the people and against their interests, which well-known by the lenders". Sack, A.N. (1927), «Les

pay in connection to the development clause. The cost of cancellation should be pay, according to the Keyns, by "euthanasia of rentier".[10]

However the cancellation (write-off) of the big part of the debt it is not enough to safeguard an exit for the Greek economy from the crisis. There is need for an alternative progressive policy of moving society forward. Such a progressive 'exit strategy',[11] requires denouncing the 'Memorandum', return to national currency and radically shifting the general economic and social policy, as well as the regulating 'levers' of economic activity: *Firstly,* nationalization and socialization of banks, along with using people deposits to support development programs. Huge sums given to banks in various forms surpass their capital stock (currently estimated at €16-17 billion) by multiple times, so no refund is justified, although the matter is political rather than economic. *Secondly*, promotion of productive rectification programs with a broad agenda of public investments and sectoral policies; employment increase, unemployment decrease; radical tax reform with measures against tax evasion, more fair distribution of tax burdens, increased taxation for great enterprises, off-shore companies, great real estate, rentiers, the Church and other wealthy strata.

Thirdly, rational management of budget's funds, cutbacks in military expenditure (mostly those referring to NATO); return of profitable DEKO under public control, expansion to strategic sectors, control in markets and capital movement, striking down cartels and multinational corporate lawlessness; programs to support family farming, as well as small and medium-sized enterprises; support of the social welfare, health care, social insurance, education and environmental system; fair distribution of wealth, protecting purchasing power of salaries, wages and pensions, support to the unemployed; special employment programs for the youth and protection of democratic rights; regulating private debt for the more vulnerable social groups (employees, very small enterprises and small farmers); restructuring of the state by crushing corruption, clientele relations and bureaucracy; democratization of state structure and functions, fundamental citizen protection; cultural 'rebirth', environmental protection, etc. *Finally,* an important element in drawing alternative policy is claims for Germany to repay its 'odious debt' to Greece! This of course refers to World War II and Occupation damages that are at stake – an issue of national, economic and mostly moral importance. In a purely economic sense, the debt is over €162 billion,[12] an amount substantially important in these times for the Greek people.

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effets de transformation des Etas sur leur dettes publiques et antres obligations financieres», Paris, Recueil Sirey

[10]. Keyns, J.M., (1936), «The General Theory of Employment. Interest and Money», Harcourt Brance, p. 376

[11]. See more, Tolios, Y, (2012), «Eurozone Crisis 'odious debt' and default of payments. The Greek …dilemma»! ed. "TOPOS", Athens

[12]. Discussion in Greek Parliament, in response to the question of parliamentary group SYRIZA, 1st December of 2010

4. Eurozone sustainability and socialist perspectives

Eurozone sustainability problems arise as supporting measures fail, given that they do not resolve its structural problems. It comes as no surprise that more and more well-known Europeanists appeal for collectedness and calls for initiatives towards 'rescuing the Eurozone'.[13] However, the process of European integration is not merely an issue of abstract visions and 'good intentions', but closely linked to a broader panel of international and class relations and respective interests. European integration as a policy of cooperation between dominant bourgeoises, is based on the 'criterion of power'; the stronger a country is in terms of political and economic power, the more compelling role it has in the European integration process. On an institutional level, the power of greater and wealthier member – states is expressed by decisions taken for the future of integration: Germany, 'the Great Homeland', attempts to penetrate 'lesser homelands' and effectively place the EU economy under German control.

Contradictions amongst dominant national elites for the 'hegemony' role, while avoiding respective 'responsibilities' (redistribution of resources through a federal budget, issuing 'eurobonds' to support weaker economies, etc.) holds back the whole 'federal union' idea. This contradiction intensifies 'divergence' of economies instead of 'convergence', boosts 'centrifugal' tensions instead of 'centripetal' and 'unequal economic development' within the Union. Therefore, the EU, much less the Eurozone, cannot respond in unreal declarations and utopian visions of 'economic convergence', 'social cohesion' and 'Europe of the peoples', when dominant are these social and political powers that act in terms of might, competition and hegemony, instead of full partnership, solidarity, social justice, real democracy and popular sovereignty.

On the other had, this particular problem concerns radical left – wing powers on a national and international level. It is true that class struggle in the EU and the Eurozone obtains new elements. At the same time, the Eurozone crisis leads to the appearance of several approaches on the prospects of a member-state remaining in the Eurozone, as well as the aspects of 'default of payments' and return to a national currency. What is clearly evident is that overcoming the 'national' in the name of a 'great homeland' (European integration) does not come with a… 'warranty' of protecting national, let alone popular interests. The concept of 'Europe of the peoples and workers' is incompatible with Eurozone's neoliberal 'pylons' (Stability Pact, ECB, Euro Plus Pact, Memoranda and Fiscal Compact). *The solution for the great majority of the EU peoples lies in 'overthrowing' the class structure of the Eurozone. Regardless of the way, it will be a 'radical reversal' and in any case, for the better interests of the European peoples and*

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[13]. Former German Chancellor Helmut Schmidt, while speaking at the German channel ARD, gave the pinned causes of the Eurozone crisis on policies followed by the German government; at the same time, he noted that 'Angela Merkel is not European – born' and asked for 'partial mutualization of the European debt'. In his words, 'a lot could be done if someone made the first step' (*Ta Nea*, August 9th 2012).

not multinational corporations. How exactly this will take place (starting from one, two, three, thirteen countries…or altogether simultaneously) remains a political issue, open for debate!

From this point of view, defining main points in an alternative exit strategy becomes crucial. Of course, a 'United Europe' with neoliberal components, even if realized, it will be a Union of 'reactionist direction', which will have nothing to do with the vision of Europe of peoples and workers. The latter requires a refoundation of the European structure, under a new base and architecture. For the peoples and workers of Europe, especially those in the periphery, overcoming Memorandum policies and writing off the greater part of the debt, is a matter of survival; at the same time, it signifies the objective necessity for a new route for Europe towards something 'historically necessary': the socialist perspective.

The political and social precondition for these aims is *a government of radical left – wing powers, which, as an output of a common front of the Left in any country, needs to emerge*. Fostering a vigorous and polymorphous movement of resistance, reversal and solidarity against unpopular policies, is a 'base vehicle' in promoting this plan. *Coordinating and upgrading action, with respective movements in all EU countries, particularly in Eurozone, is an irreplaceable element of succeeding these targets nowadays, as well as encouraging similar reversals on a European level;* should this take place, a new hopeful scope for a Europe of peoples, workers and the prospect of socialism will lay open.

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