

Greece needs to save itself from Coronavirus – and the EU

*The hyper-austerity that the EU has imposed on Greece since 2010 means that containing Coronavirus while keeping Greek citizens out of destitution is an almost impossible task. Cessation of payments to the EU creditors is the only solution that can save the Greek people, writes **Greek Ambassador ad honorem Leonidas Chrysanthopoulos**.*

The Greek government announced measures last week to alleviate the plight of those Greeks who have been hit financially by the closure of their businesses due to the fight against Coronavirus. These measures are worth 6.8 billion euros and cover a period of one to two months.

These measures are right and necessary, and have been welcomed by the Greek population. The problem is what will happen after this amount is used up and the pandemic continues – as is expected.

The government has denied that it is thinking of reducing salaries and pensions of public sector workers. But we know from past experience that these denials mean that they are already contemplating it. However, if the government dares to make such reductions, the consequences will be grave indeed.

Greece has been forced to submit to a succession of EU-imposed austerity programmes since 2010 to reduce its public debt. This has resulted in the loss of 28% of our national income, unemployment at 27% (compared to 7% before austerity), with youth unemployment at more than 65%. Worst of all, this extreme suffering did not even have the intended effect of reducing Greek debt. Quite the opposite: by destroying the economy the EU measures made the situation even worse. In

2010, Greek government debt was 120% of GDP; by 2018 it had skyrocketed to 185%.

Pensioners have already had their income reduced by 60% because of the hyper-austerity imposed upon Greece by the EU and the IMF. Consequently, if pensions are reduced still further, they will no longer be able to pay taxes and loan instalments to the banks. Whatever little money remains will go to feed themselves and their families. The same applies to salaries.

The banks will threaten those who cannot repay their loans with confiscation of their properties. But it will be a useless threat, since they will not be able to sell the confiscated property now that the global economic system is in meltdown.

A reduction of salaries and pensions could well lead to the collapse of the state itself. Spontaneous popular uprisings may take place that could lead to more fatalities than the Coronavirus itself.

So what can the government do instead? It can declare a cessation of payments (or a moratorium) to its EU creditors. Let us remind ourselves what obligations the EU has imposed upon the country.

Greece was forced by the EU to accept bailouts to avoid it defaulting on its debts. But in reality it was not the Greek state that was bailed out but French and German banks, which had overloaded themselves with up to 200 billion euros of Greek government debt. Over 90 percent of the so-called bailout money went to these banks, while the Greek people were punished with self-defeating hyper-austerity which served only to push their government even deeper into debt.

And now Greece must repay this so-called bailout to the EU creditors to the tune of 5.9 billion euros this year; 4.9 billion euros in 2021; 9.4 billion euros in 2022; 11.7 billion

euros in 2023... and so on.

To be able to pay financial assistance to ordinary Greeks during the Coronavirus crisis, the Greek government must declare a cessation of these payments, at least for the years 2020 and 2021. This money will be needed to assure the survival of the population of Greece.

The Greek government should not ask the EU's permission to cease payments, but simply inform them out of courtesy. The current global economic chaos and potential dissolution of the Eurozone makes it difficult if not impossible for the Eurogroup to react in any meaningful way.

We must not wait for an EU decision concerning the Coronabond, since any such decision will be too little and too late. Klaus Regling, head of the European Stability Mechanism, has declared recently that he will need at least one year for a eurobond of any kind to be issued.

Cessation of payments is the only solution that will be able to guarantee the survival of the Greek population and of the country as a whole at this critical time facing humanity. The so-called "easy solution" of reducing salaries and pensions can only lead to social unrest of such a magnitude that its victims would dwarf those of the Coronavirus. This must not be allowed to happen.