Greece was never bailed out – it remains a debtor's prison and the EU won't let go of the keys

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Yanis Varoufakis

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Over the past week, the world's media have been proclaiming the successful completion of the Greek financial rescue programme mounted in 2010 by the European Union and the International Monetary Fund. Headlines celebrated the end of Greece's bailout, even the termination of austerity.

Buoyant reports from ground zero of the eurozone crisis portrayed Europe's eight-year long Greek intervention as a paradigm of judicious European solidarity with its black sheep; a case of "tough love" that, reportedly, worked.

A more careful reading of the facts points to a different reality. In the very week that a devastated Greece entered another 42 years of harsh austerity and deeper debt bondage (2018-2060), how can the end of austerity and Greece's regained financial independence be presented as fact? Instead, last week should be cited in our universities' media schools and economics departments as an example of how consent can be built internationally around a preposterous lie.

But let's begin by defining our terms. What is a bailout and why is Greece's version exceptional and never-ending? Following the banking debacle in 2008, almost every government bailed out the banks. In the UK and US, governments famously gave the green light to, respectively, the Bank of England and the Federal Reserve to print mountains of public money to refloat the banks. Additionally, the UK and US governments borrowed large sums to further aid the failing banks while their central banks financed much of those debts.

On the European continent, a far worse drama was unfolding due to the EU's odd decision, back in 1998, to create monetary union featuring a European Central Bank without a state to support it politically and 19 governments responsible for salvaging their banks in times of financial tumult, but without a central bank to aid them. Why this anomalous arrangement? Because the German condition for swapping the deutschmark for the euro was a total ban on any central bank financing of banks or governments – Italian or Greek, say.

So, when in 2009 the French and German banks proved even more insolvent than those of Wall Street or the City, there was no central bank with the legal authority, or backed by the political will, to save them. Thus, in 2009, even Germany's Chancellor Merkel panicked when told that her government had to inject, overnight, €406bn of taxpayers' money into the German banks.

Alas, it was not enough. A few months later, Mrs Merkel's aides informed her that, just like the German banks, the over-indebted Greek state was finding it impossible to roll over its debt. Had it declared its bankruptcy, Italy, Ireland, Spain and Portugal would follow suit, with the result that Berlin and Paris would have faced a fresh bailout of their banks greater than €1tn. At that point, it was decided that the Greek government could not be allowed to tell the truth, that is, confess to its bankruptcy.

To maintain the lie, insolvent Athens was given, under the smokescreen of "solidarity with the Greeks", the largest loan in human history, to be passed on immediately to the German and French banks. To pacify angry German parliamentarians, that gargantuan loan was given on condition of brutal austerity for the Greek people, placing them in a permanent great depression.

To get a feel for the devastation that ensued, imagine what would have happened in the UK if RBS, Lloyds and the other City banks had been rescued without the help of the Bank of England and solely via foreign loans to the exchequer. All granted on the condition that UK wages would be reduced by 40%, pensions by 45%, the minimum wage by 30%, NHS spending by 32%. The UK would now be the wasteland of Europe, just as Greece is today.

But did this nightmare not end last week? Not in the slightest. Technically speaking, the Greek bailouts had two components. The first entailed the EU and the IMF granting the Greek government some financial facility by which to pretend to be repaying its debts. Then there was the harsh austerity taking the form of ridiculously high tax rates and savage cuts in pensions, wages, public health and education.

Last week, the third bailout package did end, just as the second had ended in 2015 and the first in 2012. We now have a fourth such package that differs from the past three in two unimportant ways. Instead of new loans, payments of €96.6bn that were due to begin in 2023 will be deferred until after 2032, when the monies must be repaid with interest on top of other large repayments previously scheduled. And, second, instead of calling it a fourth bailout, the EU has named it, triumphantly, the "end of the bailout".

Ridiculously high VAT and small business tax rates will, of course, continue, as will fresh pension cuts and new punitive income tax rates for the poorest that have been scheduled for 2019. The Greek government has also committed to maintaining a long-term budget surplus target, not counting debt repayments (3.5% of national income until 2021, and 2.2% during 2022-2060) that demands permanent austerity, a target that the IMF itself gives less than 6% probability of ever being attained by any eurozone country.

In summary, after having bailed out French and German banks at the expense of Europe's poorest citizens, and after having turned Greece into a debtor's prison, last week Greece's creditors decided to declare victory. Having put Greece into a coma, they made it permanent and declared it "stability": they pushed our people off a cliff and celebrated their bounce off the hard rock of a great depression as proof of "recovery". To quote Tacitus, they made a desert and called it peace.

Yanis Varoufakis is the co-founder of DiEM25 and the former finance minister of Greece