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Economy

# Declaration from the Athens Conference on Debt and Austerity

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**We, representatives of movements and activists from across the world, met in Athens to discuss the lessons of previous international economic crises, to challenge illegitimate debt and mobilise for its cancellation, to offer our solidarity to the European people struggling against unjust austerity programmes imposed by governments, the EU and the IMF, exemplified by the “Memoranda of Understanding”, as well as to formulate a plan of economic action which meets the needs of people instead of serving a tiny social elite.**

Many countries in the developing world have lived in debt crisis since the 1970s. After bouts of reckless lending by international finance, some of the poorest people in the world faced cuts in income and social provision when the IMF imposed sharp austerity policies in return for bailing out banks and financiers. These policies were unjust and did not facilitate recovery. Instead, they increased the dependency of indebted countries on the power of financial markets, making governments less accountable to their people. Only when a handful of countries demanded their rights and stood up to the imposition of austerity, to the bailing out of financiers, and to the crushing burden of debt did it become possible to recover, at least for a short while. This is what happened in Argentina in 2001. Other countries can benefit from its experience, including Egypt, Tunisia and the entire Arab world now fighting for democracy and confronting odious debts of dictatorial regimes.

Today, in the wake of the international economic crisis, peripheral countries of the EU face a deep debt crisis. They have been pushed into it by the operations of the global financial system but also by the institutional framework and the economic policies of the EU which systematically favour the interests of capital. The Growth and Stability Pact has put pressure on labour across the eurozone, while the European Central Bank has supported the interests of large banks. The EU has been split into a powerful core and a weak periphery. The accumulated debts of the periphery are a result of the gap with the core but also of deepening inequality between the very rich and the rest of society. Workers and the unemployed, small farmers, small and medium businesses, are now forced to carry the burden of these debts even though they have not benefited from them.

Austerity and privatisation measures will squeeze the poorest in society most heavily, while those that created the crisis will be bailed out. The Pact for the Euro will exacerbate pressure on labour. The rich and big business will also continue to dodge taxes which could be used to build a fairer society. If these measures go unchallenged, they will have an immense impact on Europe, drastically changing the balance of power in favour of capital and against labour for many years.

The attempt to make working people and the poor bear the costs of the crisis, while the very rich escape, will be opposed by those in the firing line. The people of Greece, Ireland and Portugal, but also Poland, Hungary, Slovenia and elsewhere in Central and Eastern Europe, challenge the austerity policies of the EU and the IMF, oppose international financial power, and reject the slavery of debt. We call on people across the world to show solidarity with movements in these countries struggling against debt and the pernicious policies it brings in its wake.

Specifically, we call for support for:

The democratic auditing of debts as a concrete step towards debt justice. Debt audits which involve civil society and the labour movement, such as the Citizens debt audit in Brazil, allow people to establish which parts of public debt are illegal, illegitimate, odious, or simply unsustainable. They offer to working people the knowledge and authority necessary to refuse to pay illegitimate debt. They also encourage democratic accountability and transparency across the administration of the public sector. We express solidarity with debt audits in Greece and Ireland and stand ready

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to assist in practical terms.

Sovereign and democratic responses to the debt crisis. Governments must be bound primarily by their people, not by the unaccountable institutions of the EU, or by the IMF. The people of countries such as Greece must decide which policies will improve their chances of recovery and meet their social needs. Sovereign states retain the power to impose a moratorium of payments if debt is crushing the livelihood of working people. The experience of Ecuador in 2008-9 and of Iceland in 2010-11 shows that it is possible to have radical and sovereign responses to debt, even including cancellation of its illegitimate part. Even UN resolutions legalise the cessation of payments in a state of necessity.

Economic restructuring and redistribution, not debt. The domination of neoliberal policies and the power of international finance have led to low growth, rising inequality, and major crises as well as eroding democratic processes. It is imperative that economies are put on a different footing through transitional programmes that include capital controls, severe regulation and even public ownership over banks, industrial policy that pivots on public investment, public control over strategic sectors of the economy, and respect for the environment. The first aim should be to protect and expand employment. It is also vital that countries should adopt far-reaching redistributive policies. The tax base should become broader and more progressive by taxing capital and the rich, thus allowing for the mobilisation of domestic resources as an alternative to debt. Redistribution should also include the restoration of public provision in health, education, transport and pensions as well as reversing the downward pressure on wages and salaries.

These are the first steps towards meeting the needs and aspirations of working people, while shifting the balance of power away from large capital and financial institutions. They would allow people across Europe, and more broadly across the world, to exercise better control over their livelihoods, their lives, and the political process. They would also offer hope to the young generation across Europe which currently faces a bleak future of scarce jobs, low wages and lack of prospects. For these reasons, supporting the fight against debt in Greece, Ireland, Portugal and other countries of Europe is in the interests of working people everywhere.

Athens, May, 8, 2011

Initiative for the Greek Audit Commission

European Network on Debt and Development

The Committee for the Abolition of Third World Debt (CADTM)

The Bretton Woods Project, UK

Research on Money and Finance, UK

Debt and Development Coalition Ireland

Afri - Action from Ireland

WEED - World Economy Environment Development, Germany

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Jubilee Debt Campaign, UK

Observatorio de la Deuda en la Globalización, Spain