The Greek debt crisis: Why austerity program is not a solution !

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July 13, 2015

On 25th January of this year the Greek people have elected a new parliament and a new government which is led by the SYRIZA party which is opposing the economic and social policies of the past two previous governments, the PASOK, which is a socialist party by name, and the New Democracy party, a center-right wing party. Both the parties, namely PASOK and the New Democracy party had in the past pursued a neo-liberal economic policy which was dictated and imposed by the International Monetary Fund (IMF), the European Commission and the European Central Bank. Because of the severe economic and social crises which the two past governments have inflicted upon the country the Greek people have lost confidence in them. The two parties have proved time and again that they were not in a position to tackle the economic and social crises of their people. The saving measure, as the three institutions call it, which is a belt tightening program, did not improve the Greek economy and the lives of the people, but further worsened it. Therefore it was practically impossible for the coalition government, namely the PASOK and the New Democracy party to administer the country effectively. Since the parliament has failed to elect a new president in 2014, and therefore the coalition government was compelled to call for a new general election, with the hope of getting a new mandate which will enable it to elect a new president and continue with the austerity program. However, this time the Greek people did not want to give them a new mandate to continue with their draconian economic policies, which will undoubtedly deepen the existing economic and social crises.

The SYRIZA party, a coalition of left wing parties which has tried several times to get the majority became the strongest party in the parliament, but didn't receive enough votes to rule alone. The party therefore is compelled to create a coalition government with a right wing party which also opposes the neo-liberal economic policy of the past two governments. For many people who are not familiar with the Greek politics and do not understand the social structure of the Greek society, it seems unnatural that a left wing party makes a coalition with a right wing party which is hostile to foreigners to form a government and take the country out of the economic and social crises. However, the two parties formed a coalition government and created facts. Whether the coalition will last long, one cannot predict now. It seems that irrespective of the ideological differences, both parties wanted to pursue a more nationalistic agenda by putting the interests of their country and their people first. I think it is a pragmatic approach which compels the two parties to look beyond the existing ideological differences. Whether the two parties are strong and pragmatic enough to cope with the existing deep economic and social crises, and at the same time withstand the pressure that comes from the Troika, the coming months will show us.

Greek entrance into the euro and the contradictions within the euro zone!

First of all the creation of a common currency is one step forward to fasten the development of a European common market which ultimately leads to a political union. However, when measures were taken to create new rules that pave the way for a European economic and monetary union in 1992 in Maastricht the preconditions that must be accepted for each country which wants to become the member of the currency zone were narrow. Secondly, the economic structures within the Member States diverge dramatically. The development gap between those highly developed capitalist countries and those peripheral countries which do not have the necessary technological and scientific foundations, and at the same time do not possess oligopolistic market structures is clear for everybody. Countries like Germany and France do not only have integrated market structures from within, some of their companies, like the banking sector, insurance companies and other highly developed manufacturing activities, including the car industries operate not only on regional level, but are also active globally, and part of the value-added of some of the car industries are produced in countries where wages are low. As such they compete with other highly developed capitalist countries on a global scale and have great market shares. With this the organizational structures in these countries, their sophistication and efficiency is far away from those peripheral economies, like that of the Greece and the Portuguese economies. The economic and organizational power of the big companies in the highly developed capitalist countries is so high that they could dictate the course of the economic policy of the governments. Most of the economic research institutions are being financed by big and medium-size companies, and as such these institutions could exercise greater influences on the policy formulation of the governments in Germany and France.

From this vantage point countries like Greek, Portugal, Spain, and other new member countries from the east-bloc and the Baltic are in many aspects lag behind and could not withstand the competition and the pressure that comes from developed capitalist countries. To think that currency has only to do with monetary and fiscal aspects, and to neglect its foundation, namely the production structure of any given country, the degree of the division of labor, the size of the market and its sophistication, and the technological and scientific foundation, and at the same time the degree of the social organization is just misleading. The role of money, its strength and its velocity must be seen within the entire commodity forms of production which operates in a chained form and in circular movements. Therefore it is clear from the outset that countries like Portugal and Greece which do not possess sophisticated capitalistic forms of production will be facing difficulties if they become members of the currency zone. Although formally they will have equal voices, the economic realities in different countries dictate their roles in the Euro Zone. Likewise, whether these countries could benefit by simply becoming members of the EU and the Euro Zone depends on many other factors. Since the political institutions in Greece, Portugal, Spain and other former East Bloc countries are very weak and the governments do not feel accountable for their people, even though the EU has transferred billions of euros, most of them could not invest the money productively and wisely to develop a big market structure with all its attributes.

When the move to create a European Economic and Monetary union(EMU) was undertaken the criteria for the common currency were, the inflation rate must not exceed 1.5%, the yearly net budget deficit must not be above 3% of the GDP, and the total debt must not exceed 60% of GDP. Though these are important preconditions that allow member countries to operate within specified rules, but on the other side it will limit their scope of activities to only fiscal and monetary discipline. The role of the State in creating suitable situations for investment and organizing other production activities to create job opportunities and through that develop wide and sophisticated market structures which also generate income for the State will be limited. Governments will automatically be compelled to struggle year after year to accomplish the Maastricht criteria instead of delivering their societies with the necessary goods and services, or create suitable atmosphere so that the basic needs of their people could be fulfilled. The European Union has a social Charta, however the economic realities and political power relationships dictate the activity of the Union, and as such social aspects in different countries will be undermined. Instead of putting politics as the prime motor for social stability, and mechanisms of distributing the existing wealth to different classes and social groups so that social order could be maintained, everything is seen through the mirror of monetary and fiscal discipline. Since neo-liberal thinking and ideology has become the main policy orientation, the distribution mechanisms that governments pursue favors more and more the well-to-do class. That is why we witness that especially in Greece, Spain, Italy, Portugal and even in France youth unemployment is over proportionally high. These governments do not have the necessary mechanisms and vocational training systems like that of Germany to mitigate youth unemployment, and have difficulties to give feasible opportunities for the youth. From this it is clear that the political and social consciousness, and the social awareness among certain countries, especially that of Germany is highly developed, while in countries like France, though it has one of the longest political history in terms of political freedom, in a country where for the first time the slogans, liberty, equality and fraternity were declared, the political elite is not socially aware. Even if in member countries parliamentary democracy is the rule of the system, the political, economic and social consciousness in all member countries are not the same. In short, the degree of economic organization, the political structure in different countries, the forms of party organization and their interactions with the people, the efficiency of the state bureaucracy in different countries in handling economic and social problems determine whether each country becomes competent within the euro zone and the European Union. Countries which do not fulfill the above mentioned criteria will be compelled year after year to practice the same kind of economic policy which cannot create wealth for their societies. Whenever they have difficulties, they will inevitably be compelled to pursue the dictates of international institutions which aggravate the existing situations.

When Greek becomes the member of the euro zone in 2001, and effectively adopt the euro in 2002, some experts say that the then governing party had presented false statistics. According to the Eurostat which is responsible for data computation and calculation of the EU Member States, and its trade relation with other countries, the Greek government had that time presented at least 11 false statistical "evidences" to become member of the Euro zone. According to the New York Times of 13.2.2010, Goldman Sachs and JP Morgen had helped the then ruling party to manipulate statistics to show that the government could fulfill the criteria as it was spelled out in Maastricht in 1992. That means for the present debt and economic crises that Greece has to face is, the past two governments are mainly responsible and not the new government which wants to pursue a different course in order to stabilize the situation and slowly create an atmosphere for investment. According to the logic of the new government led by Mr. Alexis Tsipras the government can pay its debt back when it invests and generate income. It insists time and again that austerity program which is dictated by the Troika could not stimulate growth and does not generate income. The austerity program of the IMF has strangulated the economy and inflicted incalculable social and economic damages which will be very difficult to correct it in the near future. Even if the past two governments and the austerity program of the Troika are mainly responsible for the present debt and economic crises, this is not to say that these alone are responsible for the economic and social crises that prevail in Greece.

Though Greek is the origin and mother of the European civilization, and by all accounts it could become one of the leading nations in science and technology, many factors might have contributed this not to happen. First of all the social structure was not conducive to introduce a technological revolution. Secondly, the unique land scape it possess, and the scattered population were not favorable for social transformation. Thirdly it was attacked by foreign forces many times that had disturbed the evolutionary process of political and social developments. Its occupation under the Ottoman empire for almost 500 years had negatively affected its development. In order to save the Hellenic civilization many intellectuals had fled out of Greece. In the 20th century, form 1941-1945 Greece had to suffer a lot under Nazi occupation and had lost many thousand people. During these time many patriotic forces had lost their lives. From 1942 onwards first the British, and after 1947 the Americans could massively influence the political and military events in Greece. Their main aim was to prevent communists and other patriotic forces from taking political power. Their involvement had undoubtedly paved the way for the formation and strengthening of anti-democratic and anti-republican forces. Especially, the civil war of 1945-1949, and the defeat of the left, and later on the political development which outlawed progressive forces from political participation, and the role of the military in suppressing republican and progressive ideas could undermine the development of a middle class culture. Last but not least, the military coup d'état of 1967 which lasted until 1974, and which was supported by the Americans had negatively affected the development of the political structure and the state system. It is no wonder therefore not only in Greece, but also in Portugal and Spain, in countries where military dictators supported by the Americans ruled until 1974 if the political, economic and social developments could be undermined.

Coming to the debt crisis, when a new government led by PASOK was elected in 2009, prior or during the election process it had promised to normalize the economic situation and thereby increase the social benefits for those needy social groups. However the new socialist government was caught by the existing economic realities, and therefore it was clear that it could not materialize its promises. After 15 days of takeover of the political power the finance minister has declared that the budget deficit was not as anticipated just 6% of GDP, but it was between 12-13% of GDP. That means this budget deficit surpasses the Maastricht criteria by fourfold. From this time on it is clear that the new government as well as successive governments will not be the master of the economic and social situation of their country. Therefore the European Commission had announced that from now on it will control the budget situation of the government so that the government fulfills the Maastricht criteria. This must be clear for anybody. The Greek government must cut its budget for social benefits in order to "normalize" the situation and pay back its debt. However the situation could not ease, and as the situation becomes worse rating agents had downgraded the credit worthiness of the Greek state so that it cannot borrow money under normal market conditions. That means if the government wants to borrow money from the capital market it must pay more than what the market demands.

Incapable of drawing credits from the capital market, on May 2010 the Greek government had agreed with the European Commission, the European Central Bank(ECB) and the International Monetary Fund(IMF) to get credit worth of € 110 billion. In order to borrow such an amount of money from lending countries and the IMF, the Greek government must fulfill a set of criteria, which first of all might bring the budget deficit to 3% of GDP. That means the Greek governments and its people must abandon their sovereignty, and the budget situation will be controlled by the European Commission, by the European Central Bank and the International Monetary Fund. The € 110 billion will not be given at once, but in three successive phases, according to how the government manages to abide by the rules it has agreed to do so. It was believed by the Troika that if the government practices the austerity program as it is prescribed the economic situation will be normalized, and market forces will be willing to invest, and as a matter of fact when the economy grows the living condition of the Greek people will be improved.

Since the first bailout loan could not ease the situation, the Troika has offered the government another bailout loan worth €130 billion on October 2011 with more harsh austerity program. However, the bailout loan and the related austerity program instead of improving the situation, makes the situation worse, and inevitably throw the people under dire conditions. Since the government cannot function autonomously and independently, it could not apply economic policies which can create wealth by focusing on strategic investments that could create job opportunities and widen the tax base of the government. Instead, the function of the State has been reduced to manage the debt problem rather than becoming accountable for its people. Experiences prove that in many countries during the 80s and 90s IMF led policies could not create favorable situations for expanded capital accumulation, and hence economic growth. Instead countries will be compelled to canalize part of the GDP to pay back the debt, and by that they enrich foreign banks. The main aim of the IMF is not as such to deliver effective instruments for countries which are severely affected by economic and social crises, but to develop sophisticated instruments so that highly indebted countries become permanently dependent on the benevolence of foreign capital. Once a given country is under the grip of the IMF, it cannot develop an independent economic and social structure which is conducive for more creative activities. It cannot generate true wealth on its own, by applying flexible instruments which favor the mobilization of all the available resources. From the outset if certain countries apply the austerity program of the IMF, other alternative policies will be blocked, and those forces which have better alternatives are not allowed to debate on the merit and practicability of such a rigid policy. The IMF led policies strangulate the economic and the social system of a given country further, rather than creating favorable situation for dynamic economic growth. In short, IMF led economic policies will only benefit money lenders, while the position of a borrowing country will become worse. Growing debt and austerity program will create increasing dependency on foreign capital market, lending institutions and on governments while from within the gap between the rich and the poor will be widened. .

Since Greece has begun applying the draconian economic policy, the budget deficit has been reduced from 13% to 10%, however the unemployment rate rose from 8.5% to 12% and ultimately to 27%. Though the IMF policy subscribers tell the Greek people that the economy will grow as a result of the draconian economic policy, the economy could not grow, rather it has been reduced by almost 4.5%. As a result of such a draconian economic policy the buying power of the Greek people has also been reduced by almost 40%. That means the majority of the Greek people become poorer day by day, whereas youth unemployment has increased from 22% to 62%.

All in all, after the implementation of the austerity program, a country with beautiful beaches, and booming economy, has been changed within five years to one of the poorest countries within the European Union. Almost over 33% of the Greek people are compelled to live below the poverty line, and many have committed suicide because of the unbearable situation. Instead of reducing the debt level, the policy has pushed the debt level to € 330 billion, which amounts to almost 175 % of GDP. Yet the policy makers which firmly believe in the miracle of the neo-liberal ideology will not show any sign of regret and shame, instead they want to take more and more out of the broken country and destitute people. According to the belief of the IMF and other policy makers there is no another alternative policy other than implementing such a draconian austerity program. It seems that the Greek people must be punished for their "sin" of laying down the foundation for science and technology, drama and literature, architecture and every kinds of fine arts without which present day humanity would have remained in darkness. At the end the economic policy of the IMF and the political elite from within have made Greece powerless, which is the birth democracy, philosophy and rational thinking.

From the experiences of many Latin American countries and of Sub-Saharan Africa, we also learn that these countries by simply applying the same kind of policy and the so-called Structural Adjustment Program(SAPs) become the victim of such an aggressive policy. As a result of such kind of belt tightening program the governments of many Latin American and Sub-Saharan African countries become dysfunctional. The policy has created more a non-governable situation in all these countries, and as a result of the failed economic and social policies the criminality rate has increased dramatically. It is therefore legitimate to say that the policy of the IMF and other international institutions which dogmatically push weak nations to apply austerity programs will compel these countries to remain in a vicious circle of economic, social and cultural crises rather than building a science and technology driven system, and aesthetically designed cities. Rather, indebted countries will be compelled to focus on those sectors of the economy which can be exported and generate hard currencies that enable them to pay the debt back. The more they purse a one sided economic policy, the more they will be compelled not to pursue a holistic economic policy which is capable of pulling the majority of the people out of poverty. The IMF led economic policy will force weak nations not to use their resources wisely which could possibly help them to create national wealth for the majority of the people. It rather compels poor countries which have weak institutions to use their scare resources lavishly and for debt payment. Usually the main aim of a genuine economic policy should be to create social and national wealth on the basis of manufacturing activities and expanded division of labor which can produce multiple products of all types. Manufacturing activities and expanded division of labor alone can create true social wealth for any country. The systematic infiltration of the IMF in the policy formulation of weak countries hinders this aspect of wealth creation.

The question that we arise: why does the EU and the European Central Bank which have all the necessary expertise and resources, and in a continent which by itself possess sophisticated technology and knowledge, allow such an institution with bad reputation to meddle in the affairs of a sovereign country? Is it not in the interest of all member countries, and those leading countries like Germany to create in all member countries conditions so that the free movements of capital, goods and labor in all countries become possible ? If with such kind of draconian economic policy some nations become economically and socially unable to perform well, who will benefit ? Is it not in the interest of each member country to create a suitable atmosphere for economic growth and development in all countries so that social stability will be possible in all countries? Why does the EU and Member States look helpless as a result of such a rigid and not-wealth creating economic policy when thousands of educated people from Portugal and Spain are going away from their home land in search of jobs in other countries? Though some politicians tell us that the situation in Portugal and Spain have improved, fact is that thousands of Portuguese people are going to Angola, Mozambique and to Macao to search for job opportunities there. In Spain too, highly educated people, unable to find jobs are compelled to go out of their country and are working in Switzerland, Austria and Germany. It should have been clear by now for everybody that a strong and politically influential Europe will only be possible if all member countries will have strong and well-developed economic, social and institutional infrastructures from within. To pursue a neo-liberal economic agenda time and again will do the opposite, and is beneficial for extremist forces which could destabilize the political atmosphere in Europe. I think the German classics and well-minded economists of the 18^{th} and 19^{th} century, like Friedrich List and Heinrich Pech, and those who have raised and stressed the need of solving social problems,(die Sozialefrage), like Max Weber and Gustave von Schmoller teach us that pure market economic policies which are detached from cultural and social aspects at the end lead many countries to chaotic conditions. The rise of fascism is partly due to the economic policy of the then governing chancellor Heinrich Brüning, who applied a draconian austerity program and which was responsible for the soaring unemployment and which was almost over 30% at the time. Though this might not happen again, such an economic policy which peripheral European countries are compelled to adopt will favor discontent elements who make trouble and create unstable political atmosphere. Political instability in the peripheries will also affect those highly developed capitalist countries, and right-wing elements will get a chance to increase their activities in many European countries. This will undoubtedly poison the political atmosphere.

Neo-liberal economic policy can't create national wealth !

The economic policy which the IMF prescribes for different countries contradicts the very foundation of scientific economic theory. It is devoid of any theoretical and scientific foundation, and it is simply assumed that all countries across the globe are alike, and therefore all countries have to apply the same kind of policy that ultimately leads them to the supposed market heaven. Since all the people have the same aspirations and wishes, since all have the same access to the given resources, everything must be left to market forces. There is no political, economic and social power relationships that dictate economic policies and processes in each country. The fact that resources are scare, the market will allocate the given resources according to the need of the market. Hence, governments should not intervene in the market processes of each country, and should not undertake measures which can correct social and economic imbalances in any given country. Therefore the concept politics, political power relationship, social and social relationship are not known in the realm of neo-classical and neo-liberal economists. Each country must and should be seen as an arena of pure market economic activities, where goods and services in exchange of money are taking place. The aspect of production, division of labor, science and technology and the organization of all these aspects in order to develop a given country as a full-fledged nation-state is not known. All countries must be governed and dictated by one single formula, i.e. pure market economy. Each country should not organize its system according to the needs of its people. Therefore weak countries must be abide not by their own constitutions and governments should not be accountable for their own people but they must accept the "laws" of international institutions and market economy. Weak nations can only exist on the benevolence of capitalist countries and their institutions which cloth the name international.

Fortunately the economic theory and policy since the 15th century until 1974 tells us a different story. As political economy has been developed as a scientific instrument, emerging mercantilist states must pursue conscious economic policy to lay the foundation for the development of nation-states. Governments therefore had deliberately and actively supported those active forces to be engaged in economic activities. Such a deliberate and an inward looking economic policy in combination of intellectual activities which could enlighten the then emerging classes, paved the way for the development of capitalism. Even after the triumph of market ideology, which highlights the invisible hand as the motor of economic growth and economic development, only for a short period of time everything is left to market forces which at the end produced pauperism and chaotic conditions. Millions of people were overthrown into poverty and at the end they were compelled to perform everything that the government ordered them to do so . This was especially the case in Great Britain, the source of free trade and free market doctrine, where for the first time a pure market economic policy was adopted.

After the Second World, and when many European economies were devastated, and when many countries did not have functioning systems to deal with the then existing all sorts of problems, like shortage of food, shelter, water and sanitation problems and transportation, governments were compelled to pursue direct measures to alleviate the people from where they are and build their societies slowly and slowly on firmer foundation. The fact that many

Western European countries have organizational experiences, and the fact that they know that market forces alone could not solve the complicated problems that exist governments must tackle the problem with clear economic understanding and direct measures. Technocratic and mathematical models did not have any place in those days when the people urgently needed food to feed their empty stomachs, clean water to satisfy their thrust, houses for shelter that prevent them from rain and cold weather, energy to cook their food and to warm their houses. To fulfill all these basic needs governments have undertaken specified measures which enabled them to canalize and mobilize all the available resources, so that social wealth can be created. They have created institutions and credit mechanisms which can be allocated for productive activities, infrastructure and house construction for the millions of people who needed shelter. Therefore all European countries that were involved in the war, and especially countries like that of Germany could build their economies within 15 to 20 years by mobilizing all the available resources and knowledge what they had at their disposal. To build their countries, and develop science and technology all these countries have never asked special permission from any international institution and governments. They believed in their knowledge and capacity so that when they come together and mobilize all the available resources they could build a proud nation within a short period of time.

This shows that until the triumph of neo-liberal ideology, and since the oil and economic crises of 1973/74 there were consensus among West European countries that without direct state intervention, and without conscious support of those active forces there cannot be genuine economic development. At the same time there was full understanding in respecting the constitution and take into account seriously the voices of the people who elect different parties. That means whatever name various parties have, whether social democrats or Christian democratic party, they know that they have to solve the existing social and economic problems that the people expect from them. On the other hand there were clear ideological differences in economic policy orientation and implementation. However the triumph of neo-liberal ideology and its institutionalization has wiped out the ideological differences that existed among the different parties. Theoretical debates that are essential to analyze a given situation are no more relevant, and what is needed is to "solve" existing problems by simple technocratic approaches. As a matter of fact technocrats operate with numbers, which cannot solve complex social problems. Therefore there is nowadays a belief that there is only one economic theory and policy that must be applied everywhere irrespective of the social, economic and political difference that each nation possesses. In such a world where neo-liberalism becomes the only "economic science" and policy orientation the satisfaction of human basic needs, like proper diet, clean water, shelter, energy, elementary education and medical treatments do not have any place. All these aspects which are essential for human needs and which are vital for maintaining a social order are irrelevant. What matters is simple economic growth that can be expressed in numbers and does not take into account the real social life. Everything can be solved by market forces, and as such everybody in any given society has equal access to the services and goods which are sold on the market. Everything must be seen and calculated from the perspective of cost-benefit analysis and market performance. However, for those of us who have been living more than 30 years here in Germany and other highly developed European countries, the belief in pure market ideology could not improve the situation. This belief and the policy instruments which have been applied favor the few while they complicate the lives of the ordinary people. Over the last 30 years neo-liberalism has proved time and again that it cannot serve as an analytical and scientific instrument to analyze social and economic conditions in different countries. Since neo-liberalism focuses on certain phenomenal aspects, like budget deficit, currency depreciation, liberalization and monetary aspects it cannot be used as a scientific and analytical tool to analyze a given socio-economic construction of a given country. Therefore the IMF, and those which accept the advices of such an institution operate without any theory. As a matter of fact without theory there is no praxis.

I think the crisis that we see across the globe, and in those countries that have to swallow the bitter medicine of the IMF and neo-liberal economists, like the Greeks is the result of such an economic policy that doesn't have scientific foundation. The IMF economic policy can't take into account social and economic realities and political power relationship that exist in different countries. The sophistication of economic policy instruments which are far away from the social realities and needs of the people in each country, and which cannot take into account the political and social relationship, problems of resource controlling and property relationship could overshadow the mentality of many people in many countries. Therefore the situation can be resolved when philosophically and socially minded people got the upper hand and advice politicians. Since neo-liberal and neo-classical economic policies are against true human civilization, there is no any scientific logic to apply them everywhere as if there are no other alternatives.

The mechanism of debt and its power of destruction- the fate of Greece !

Usually if money that is borrowed properly invested productively it has the power of developing a given economy. There are different types of money mobilization that can be retrieved from the people and given to investors and consumers in forms of credit. Since the economies of weak nations are not developed as that of the capitalist economies it is very difficult for the banks to develop various instruments that enable them to mobilize the money that is being held in the hands of the people and allocate it for productive investments. With this the low level of commodity production, and the existence of scattered economic activities hamper the velocity of money and its proper use for capital accumulation. Therefore the power and velocity of money is very limited in many undeveloped countries. The fact that the dollar and the euro are major trading and reserve currencies, the currencies of weak nations are not taken seriously and are not seen as sources of capital accumulation. The dominating power of the dollar and the euro could therefore undermine the role of various currencies in different countries. Therefore many governments and banks are compelled to borrow money from international institutions, capital market and capitalist countries. The capitalist countries and their institutions become therefore the sources of credits which determine the fate of weak economies.

The conditions of borrowing money from capital market and international institutions are not the same. However, at the end countries or private investors that borrow money for further investments must pay back at the agreed period. Debt can be a problem if governments and private companies do not invest it properly. Usually governments borrow money if they do not collect enough taxes from the people due to various factors. Since most weak economies do not have well-developed market economies, and since the income base of the majority of the people are very weak governments could not generate enough money from taxes. In cases of financial problems either to cover existing deficits or invest in certain projects they are compelled to borrow either from capital market or international institutions. As a matter of fact capital market and international institutions are being controlled by capitalist countries, and the market and international institutions which lend money are part and parcel of the capitalist accumulation process on a worldwide scale. Therefore the growing international debt since 1973/74 after the introduction of the flexible exchange rate system and after the decoupling of the dollar from Gold, one see growing capital market activities which are ready to lend the accumulated money for countries which are in need of capital. Countries which borrow money with the hope of boosting their economy by investing in big projects, had at the end to face hard realities. Since governments did not invest them in productive investments which could generate profits, in order to pay the debt back, they have to rely on taxes which they collect from the people. Though many Latin American countries borrowed money from capital market, at the end they had to swallow the bitter medicine of the IMF which had ruined their economies and social systems. On the other side we witness that, though some banks did have some problems from time to time at the end of the 80s and beginning of the 90s, the banking systems in capitalist countries, international institutions like the IMF and the World Bank, and capitalist countries could accumulate vast amount of wealth and become stronger and still dictate the economies of many countries. For the growing of debt and strength of the banking sector in the capitalist countries the petro-dollar and capital flight which go out from undeveloped countries are responsible which unconsciously strengthened the position of the banking system in capitalist countries, and hence the position of the IMF. Since the IMF partly relies on the capital market in order to advance credits for peripheral economies, it is part and parcel of the capitalist accumulation process and defends the interests of those wealthy people and capitalist countries. The IMF by abandoning its original position of financing balance of payment deficits, since the beginning of the 80s, and since the declaration of the Washington Consensus, it formulates economic policies for weak countries which do not have strong intellectual and institutional foundation. Therefore the IMF intervenes and meddles in weak countries without any legal foundation and is responsible for the economic, social, cultural and political crises of these countries

From this vantage point we have to see the debt problem and the economic crisis in Greece. Though the Greek society has a well cultivated and competent intellectual force as we see it today, because of its weak economic structure which mainly relies on tourism, ship industry, which mainly facilitates services, and agriculture, and weak political institution which is mainly responsible for widespread corruption, are the main factors that have thrown the country and its people to such a situation as we see today. This weak position in many areas, and the fact that it has a low density of population, and the corrupt political elite which ruled the country over the last 40 or more years practically hampered an integrated economic system which is based on vast manufacturing activities. Since the political elite is integrated within the regional and international hierarchical system it does not feel that it is part and parcel of its society and therefore it does not feel that it is accountable to its people.. The international credit system that the government and the banking sector have relied upon has strengthened the alienation of the political elite from its people. In fact the debt mechanism could enrich the political and economic elite which controls the main resources of the Greek society. It is not surprising therefore that when such socially and economically irresponsible political institution and political elite could through the Greek society into a vicious circle of economic, social and debt crises.

As it is stated above if governments borrow money from international institutions, capital market or other governments or regional banking system they must have a plan. They should know in advance that they have to invest the money productively so that they could pay back the interest and part of the capital at agreed time. If they do not invest the money properly and productively they have borrowed, and borrow again and again, they will put themselves into a situation from which they can't come out. If there is no special law which limits the authority of governments not to borrow money from any source, and if there is no national debate whether it is necessary to borrow money and for what purposes, governments which are elected think that they are authorized to do whatever they like. The fact that there is no a specified law concerning government's debt and the way how debt must be allocated drive certain governments to pursue their instincts rather than following their constitution and scientific guidelines which dictate their activities. Because the past two governments could not feel accountable and could not seriously question themselves why they must take credits from different sources, they have inflicted heavy damages upon their society.

Therefore the money that the two past governments have borrowed must have been spent either lavishly or it was taken out of the country to enrich other banks. What one can say is, at the early period the Greek government and the banking sector could easily borrow from the capital market at lower interest rate. As of 2008 when the global financial crisis occurred, interest rate rose sharply and make the government unable to borrow money at lower rate and pay back its old debt. The 15% fall in tourism and shipping industry has aggravated this situation. On the other hand, the money that is borrowed was partly allocated for the importation of weapons and luxury goods. That means the credit that the two past governments have borrowed went out again to support foreign industries. That means the Greek government and the banking sector did not allocate the money they have borrowed to import machines and other goods in order to stimulate the economy and create jobs for the people. When the country faced the debt crisis it has turned to the Troika. The experts from the Troika come to Greece with full confidence to pull out the country out of crises. The bailout and the austerity program however proved ineffective, and could aggravate the situation. The bail out of the Troika was mainly designed to save foreign banks and the institution itself. The bailout program did not help the Greek economy, it has rather increased the debt. It is estimated that almost 75-80% of the money which is transferred to the Greek banks come out of the country in order to pay the debt of some European banks and the IMF. The help and saving instruments are not as such helps and savings, but just to help foreign banks so that they do not collapse or do not have liquidity problems.

While the bailout has increased the debt burden on the government, the saving measurers or the austerity program could not help the economy to grow. Since the government was compelled to reduce the minimum wage and the pension fund, expel some of the work force from the government bureaucracy, increase the value-added tax, and privatize some of state owned companies, these measures could not help the economy to grow. Because of the reduction of the minimum wage from €700 to € 600, the buying power of these people has been automatically reduced. This means that if people have less money in their pockets and buy what is only necessary to make them alive, many industries will be affected and will be compelled to produce with low capacity. Such a process will negatively affect the entire economy. Other reforms, like privatization and the so-called structural reforms that the Troika insist cannot be solution. Privatization will first of all enrich certain groups, while it dispossess the government and the people. Privatization has only a one time effect; i.e. once the government sells state properties the income from this will be allocated to pay the debt, while the government loses its continuous income base. Privatization can only be supported in those productive sectors, which produce tangible products. All in all the bailout loan and the austerity programs have worsened the social and economic situation of the Greek people. Once a proud nation is compelled to become under the surveillance of the Troika.

In order to get out of this vicious circle, at least 50% of the debt must be cancelled, and the Greek government and its people must be given a chance of 20 to 30 years to reorganize their economy without paying the rest of the deb in that specified time. After they have reorganized the economy and make it productive they will have the chance of paying the debt back. The Government must be allowed to pursue an economic policy which it believes to be the right instrument and enables the creation of true national wealth. The new Greek government and the Greek people have everything at their disposal to develop their country and economy on new idea and foundation. According to the Greek philosophers such as Socrates and Plato, the source of true knowledge and hence true human civilization is idea. Only through human imagination and self-restriction human beings can become the masters of their own fate. In the world where money dominates our life, and suppresses our imagination, there is a widespread belief that without money there cannot be economic development. Though money is very important to facilitate the transaction of goods and services, and at the same time for investment, as long as there are no control mechanisms so that it can serve its purpose and remain in the country concerned, it will have damaging effects. In this case capital control that the government has introduced is the right step, though we do not know how long this remains in action. The second step that the government should and can do is to create an investment bank which finances small and medium size industries. Such a banking facility can develop multiple mechanisms so that money which is in the hands of the people can find its way to this banking system and being forwarded as credits for investment. There are different ways how to control the importation of goods and the movements of capital. In order to develop the Greek economy and society the whole people should stand together, and the division among the parties will not serve genuine development.

From this perspective the involvement of international institutions must be a past affair. The new Greece Government has demanded nothing else than rejecting the rigid austerity program of the IMF and the rest of the institutions. The press and some institutions, and big political parties in western capital cities have accused the new government as radical and unrealistic which opposes the spirit of the EU. On the other hand Tsipras's government has assured time and again that his government and all the groups which support it are not against the EU, but they are standing for the realization of the EU Social Charta. Since the EU is a value-oriented community, and is responsible for the people of all the EU member countries, the EU must be abide by its own Charta. I think this is a rational and logical argument which the prime minster and the EX- Finance Minister have stressed again and again. That means they do not have any intention of leaving the EU and the euro. The referendum on the 5th of July 2015 proves once again that the majority of the people will reject any further austerity programs. The voice of the people must be taken seriously. With their voice the people did not vote against the EU or to get out of the Euro, they simply demanded that they have the right to decide over their own fate. They firmly believe that this new government alone can solve their problem if it gets the necessary help from the EU member countries. It must be clear that it is not in the interest of the Greek people and this new government to go out of the EU and the Euro zone. It will be logically and strategically wrong if they do so. The Greek people are part and parcel of Europe and the European Union, and are integrated in various forms. They are fully aware that they realize their dream when they stay in the EU and in the euro zone.

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