New Deal for Greece

The seven-year economic crisis has kept Greece locked in a state of quadruple insolvency: with a bankrupt state, bankrupt banks, bankrupt businesses, and bankrupt households. Everyone owes to everyone and no-one can pay.

Under these circumstances, there can be only one overarching goal: to **restructure all public and private debt**; a move which requires the **restoration of democratic sovereignty.**

Sharing the social costs of the financial crisis, radical interventions in the public and private sectors, the proper use and protection of public assets and goods, abolishing disincentives for value creators, designing a non-exploitative framework for collective bargaining, setting the appropriate living wage, making social security viable, enhancing the role of cooperatives – all the above are crucial issues that demand solutions. But as long as Greece is in the clasp of a quadruple insolvency, under debt driven serfdom, none of these can be addressed!

In a normal country, the distribution of benefits and costs is the result of class struggle and its political expression. But for a long time now, Greece has not been a normal country. For seven years, Greece has been the only European country that has seen a reduction in not only wages and profits, but also the incomes of property owners and tenants, as well as labour costs and investments.

The only social group that gains from this self-feeding recession is an oligarchy, whose interests match those of the country's creditors, and which is taking full advantage of the endless bailout process in order to maintain its power over a people it disdains. For Greece's national standing to be normalised, it is vital to abolish its seven-year status as a debt-colony.

What needs to be done?
Two national goals, six reforms

A deep crisis creates the preconditions allowing traditionally opposed political powers to reach consensus and even unity. Liberals, Keynesians, Marxists and libertarians could, and should, agree that overcoming our quadruple insolvency by acquiring new debt, offered only in return for further austerity, is a fool's errand.

So what needs to be done? As far as immediate measures are concerned, the answer is simple and unquestionable. The two national goals for Greece need to be to:

1. reduce drastically all tax rates and the fixed cost of financial activities
2. restructure meaningfully both private and public debt

Achieving these two goals can and must be the basis of a "New Deal for Greece" that will make Greece's social economy viable again.

Both goals are inconsistent with ''completing the program review'' and applying the terms of the third Memorandum of Understanding, which actually necessitate the exact opposite: increases or continuation of intolerable tax rates and postponement of debt restructuring beyond 2018 or 2020, at a time when the social fabric of Greece will have been ripped apart, its human capital depleted, and the country deserted by its educated youth.

Achieving these two goals therefore requires six reforms in the following areas:

1. **Taxation:** A significant and immediate reduction in tax rates
2. **Fiscal target:** The simultaneous cancellation of swinging austerity and ridiculously high primary budget surplus targets, coupled with a corresponding restructuring of public debt
3. **A Public Digital Payments System:** The introduction of a digital payments platform, based on the tax office's web interface, that allows for the simultaneous cancellation of arrears (by the state to privateers, by privateers to the state and between privateers) as well as a program to tackle poverty and social exclusion
4. **Non-performing loans:** A public 'bad' bank to manage non-performing private loans, coupled with a moratorium on all auctions of primary residences
5. **Investment:** A new public investment bank that uses remaining public assets as collateral to generate investment funding, in association with the European Investment Bank, shares of which will be handed over to pension funds for the purposes of bolstering their capitalisation
6. **Respect towards waged labour and entrepreneurship:** The restructuring of taxation policies for freelancers and start-ups and the end of commodifying labour by allowing waged workers to work as if they were private contractors.

How to implement these six reforms, regardless of the negotiations

Whichever government represents Greece at the Eurogroup, however reasonable its proposals, will be faced by the creditors' Wall of Denial.[1] No sensible Greek government proposal, along the lines of the above, will be accepted by a Eurogroup determined to deny Greece debt restructuring as well as all the other measures necessary for Greece's recovery.

The events of 2015 will not be repeated. This time, the six proposed reforms (which are *sine qua non* for Greece's recovery) *will be non-negotiable and*

[1] Put simply, the country's creditors do not care about getting their money back – they care exclusively about maintaining the current anti-democratic and self-destructive power structure which they have been building for the past decade (with the Troika and the Eurogroup at its centre) which dooms Greece and disintegrates Europe.

will be implemented unilaterally by Greece's Parliament. If the Eurogroup and the Troika, once more, respond aggressively, with threats to close down Greece's banks etc., Greece will create its own euro-denominated liquidity and remain within the Eurozone until 'official' Europe chooses between: (a) Grexit or (b) accepting the above six reforms as the basis for an agreement with Athens. In short, we propose the Greek government take the following steps:

1. Immediately implement the above six reforms
2. Simultaneously announce that, until these six reforms are endorsed by the EuroWorkingGroup and Eurogroup, the Greek government will follow General De Gaulle's 'empty chair' policy – that is, the Greek finance minister will not take his or her seat at the Eurogroup
3. In the meantime, unilaterally postpone all payments to the ECB, IMF and ESM-EFSF, and create a roadmap for Greece remaining in the Eurozone under emergency measures:
   - Ignore any threats concerning the closing of banks and the severance of Greece from the ELA
   - Continue all internal transactions through an electronic payment system (POS, debit cards, e-banking etc.), along with a fully active Digital Public Payment System (see reform 3).
   - Focus existing liquidity on the selective imports of utmost importance and on reinforcing export-oriented sectors and businesses.

Within a period not exceeding two years, 'official' Europe, under the pressure from the continuing euro crisis, will have to decide whether the Eurozone can or cannot serve the needs of all European societies, by accepting *or rejecting* these necessary six reforms implemented in Greece.

Put simply:

The euro will either be civilised, or it will collapse

In either case, these six reforms will allow Greece to stop suffocating regardless of whether the Eurozone survives or whether Greece is in or out of Europe's common currency area.

Bottom line

1. DiEM25 proposes a New Deal, which is addressed to all progressive

Greeks, to allow six essential reforms to take place immediately and without any negotiating process with the country's creditors.

2. The only way to put an end to Greece's desertification and suffocation, while maintaining its place within the Eurozone, is by implementing these six reforms, which intend to restructure private and public debts, while immediately reducing tax rates and the fixed costs of economic activity.
3. The Troika, the EuroWorkingGroup and the Eurogroup, will reject these reforms
4. Until these six reforms are accepted by its creditors, Greece will remain in the euro using its own means, and with its government following De Gaulle's 'empty chair' policy.

Dominant narratives – and how we respond

There are several dominant narratives, propagated by the systemic, oligarchic media, which are worth responding to:

They claim that the only hope for Greece is the completion of the second (or any) 'review', and the country's compliance to anything the Troika suggests; that anything that delays the completion of this review is against the nation's interests.

We answer: The completion of the 'review', and the whole logic of the third Memorandum, guarantees Greece's desertification.

They will say that our New Deal will drag Greece into new tumult; that new clashes will follow with the creditors and that the country will end up with a parallel currency and an inescapable Grexit.

We answer: A clash with the Troika and Greece's oligarchy should not be seen as a misadventure. To implement six reforms that are logical, common sense and essential independently of whether Greece is in or out of the Eurozone is prudent and proper action. What constitutes misadventure is the completion of a review on the basis of doing precisely the opposite of what Greece's recover demands: ridiculously high tax rates, irrational fiscal targets, further pension cuts etc. Misadventure is to continue with policies that cause youngsters to emigrate and push the country deeper into its debt-deflationary spiral.

Lastly, as a pan-European, transnational movement, DiEM25 wishes to point out and to admonish the unbridled anti-Europeanism of all those who equate Europe with the Unholy Alliance which runs it – the troika of lenders, the Eurogroup and EuroWorking Group leaders (Thomas Wieser, Jeroen Dijsselbloem and so on) and, more generally, the Deep Establishment that caused the euro crisis and which remains steadfast in its refusal to take the steps necessary to end it. Those who take it for granted that Europe *must* punish the people of Greece if the six common-sense reforms proposed above are implemented must have a very bad opinion of… Europe. The Europe that DiEM25 is striving towards will prove them wrong!

Six Reforms

1.Taxation

Reduce rates

VAT: Immediately reduce the higher rate from 24% to 18%, for all transactions in cash and 15% for electronic transactions. Make corresponding reductions to lower tax rates. Ensure any transaction above 100 Euros takes place electronically.

Business tax: Immediately reduce the business tax rate from 29%, in a tiered way that ensures fairness from 15% to 20%, in proportion to the total turnover, based on a continuous function which relates revenues with taxes. Abolish advanced tax payment within a three-year period, immediately reducing it to 30% in the first year, to 15% in the second and then to 0%.

Income tax: Maintain the tax-free rate and replace the existing tax scale by a continuous function which relates income to several tax rates, so as to produce a reduction in taxation for incomes between 12.000 and 15.000 euros. Abolish the "solidarity levy" for incomes below 20.000 euros and increase tax rates for incomes above 30.000 euros.

2.Fiscal Target

Put an end to austerity and deficits, along with debt restructuring

The fiscal target of the primary surplus' constitutes a key budgetary problem and is one of the main causes of persistent recession. The target of the primary surplus should be between 1% and 1,5% of Greece's national income. A smaller target poses the risk of returning back to budget deficits and the need for new loans to cover state expenditure. A greater target, however, would signify austerity which reduces aggregate demand and renders investment plans unworkable.

In the same way that tax revenues increase as a result of a decrease in tax rates (especially in a crisis), the budget's primary surplus (in euros) will be maximised if the fiscal target is reduced from 3,5% to 1% or 1,5%. In this way, the Greek public sector's potential to pay back its creditors will be improved. In this context, Greece needs a commitment on behalf of its creditors that the annual payments of its official external debt they hold, will not exceed 1,5% of the country's national income – something which will be achieved with debt swaps between old and new Greek government bonds, the coupons of which will be determined by the country's fiscal target.

3.Digital Public Payment System

Set up a system which multilaterally writes off arrears and makes payments without any bank mediation – a program for fighting against poverty and social exclusion

Everybody owes everyone else, and no-one can pay. The solution to this difficult situation is certainly not the issuance of new loans. The solution is to multilaterally write off of Greece's internal debt. This, however, demands a new, unmediated public payment system.

It is common knowledge that a general lack of liquidity in Greece has led to simultaneous and continuous state of arrears between the public and private sector. To resolve this problem effectively, Greece needs to create a common account for every taxpayer within TAXISnet (the country's electronic portal for submitting tax declarations) that will be connected to his/her tax number (ΑΦΜ), the owner of which will be able to carry out transactions and transfer any amount of money to other tax payers or to the state, on demand.

This is a technically simple solution that will help the state to pay a significant amount of its debts to the private sector and will also help individuals to repay debts between them or towards the state.

All transactions will take place over the web, along with simple mobile apps and with a new kind of plastic card, issued by the Greek state, that will resemble common debt cards and which could be used in the same way as those issued by private banks (they will be accepted in all point-of-sale machines everywhere).

Furthermore, these new cards will also be used in the context of a program for fighting poverty and social exclusion, by offering them to individuals and families who are in need. The beneficiaries will have the right to make a certain amount of transactions, approved by the state, which will be accepted by supermarkets, electricity companies etc. The amount transferred from citizens' accounts will go towards the recipient company's tax payments to the state.

4.Non-performing loans

Develop a public enterprise for managing non-sustainable private debts – a moratorium on all foreclosures

Establish a public enterprise to manage non-performing loans, with a special concern for protecting the institution of "primary residence", so as to secure housing and the right for people to remain in their homes, until the whole loan is fully restructured. This will be done by paying an amount of money to the bank – like a rent –which will be defined by local authorities. Drastically limit the sale of non-performing loans to hedge funds which have a legal but anti-social interest in foreclosures and auctions. There needs to be social control overall stages of this process of confiscations and auctions.

5.Investment

Public development bank, public property and security funds

Abolish the state fund for the sale of public property (ΤΑΙΠΕΔ) and convert it into a Development Bank – following the example of KfW – in order to activate public resources and latent deposits (in or out of the country). The new bank will exploit the public property as collateral to pre-agreed investment initiatives, with the collaboration of the European Investment Bank. These investments will be used to modernise and develop public property, thus increasing its value, as well as the capital of the Development Bank. Some of those assets may be privatised, but under four conditions:

a. There is a minimum level of investment, for each buyer
b. There are collective contracts and regulated working conditions
c. Commitments are made towards the interests of local communities
d. A number of shares is held by the state to financially support social security funds

6. Respect for waged labour and entrepreneurship

Put an end to freelancing and security costs

The 00s will remain infamous for, on the one hand, the gigantic increase of unsustainable debt, while on the other, the complete dissolution of the labour market and the expulsion of youth entrepreneurship. The great scandal of the Greek micro-economy is the fact that:

a. Thousands of paid workers are employed as freelancers, with tremendous taxes and massive contributions to social security funds, irrespective of their income.

b. Young entrepreneurs are called to pay huge taxes, before they even start having sustainable revenues and before they properly begin their activities.

We propose that all those working more than eight hours per week in Greece are mandatorily included into a new social security fund, and are classified as salaried workers. Furthermore, we propose all young business owners who have not owned another business in the past, are exempted from security costs for a five-year period and if their revenues do not exceed a specific amount.