

Declaration from the Athens Conference on Debt and Austerity
Statement of action and solidarity
May 2011

We, representatives of movements and activists from across the world, met in Athens to discuss the lessons of previous international economic crises, to offer our solidarity to the European people struggling against unjust austerity programmes imposed by governments and the European Union, and to formulate a plan of action to create an economy which meets the needs of people and not of 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 International Monetary Fund 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 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 economically. This is what happened in Argentina in 2001.

Today, peripheral countries of the EU face a deep debt crisis. They have been pushed into it by the unfair institutional design of the EU and its neoliberal economic policies as well as by the international financial system, which has become extremely powerful, predatory and unaccountable. In the wake of the international economic crisis massive debts were run up by peripheral countries, partly reflecting the gap with the core of the eurozone, and partly deepening inequality between the very rich and the rest of society. Working people 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 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, 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. This means, in the first instance, the people of Greece, Ireland and Portugal challenging the austerity policies of the EU and the IMF, opposing international financial power, and rejecting 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 organised labour movement allow people to establish which parts of public debt are illegal, illegitimate, odious, or simply unsustainable. They are a tool for working people to ascertain the validity, and to exercise control over repayment, of debt for which they are being held responsible. 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 to assist in practical terms.
- **Sovereign and democratic responses to the debt crisis.** Governments must be bound primarily by their people, not by unaccountable institutions like the EU and the IMF. The people of countries such as Greece must decide which policies will improve their chances of recovery and sustainability. There is a wealth of experience of effective and radical sovereign responses to the problem of debt. Sovereign states retain the power to impose a moratorium of payments if debt is crushing the livelihood of working people. Even UN resolutions legalise the cessation of payments in a state of emergency.
- **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, public ownership and control over banks, and industrial policy that pivots on public investment while respecting 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 creating an economy which meets the needs and aspirations of people, shifting the balance of power away from big capital and financial institutions. They will allow people across Europe, and more broadly across the world, to exercise better control over their livelihoods, their lives, and the political process. They will also offer hope to the young generation across Europe which is currently faced with a bleak future of scarce jobs, low wages and lack of prospects. For these reasons, justice in confronting the problem of debt in Greece, Ireland and Portugal is in the interests of working people everywhere.