

A Fury Rising as Greek Parliament Votes to Accept Eurozone Agreement

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Reporting from Athens, Dimitri Lascaras says there is deep anger against the humiliating deal forced on Greece by Eurozone leaders, but the whole agreement might fall apart as the IMF says the debt load is unmanageable

Bio

Dimitri Lascaras is a partner with the Canadian law firm of Siskinds, where he heads the firm's securities class actions practice. Before joining Siskinds, he practiced securities law in the New York and Paris offices of a major Wall Street law firm. Last year, he was named by Canadian Business magazine as one of the 50 most influential business people in Canada, and was described by the magazine as "the fiercest advocate for shareholder rights" in Canada. He is currently prosecuting numerous securities class actions in Canada, including the Sino-Forest class action, in which his clients just negotiated the largest auditor settlement in Canadian history: a \$117 million settlement with the accounting firm Ernst & Young.

Transcript

PAUL JAY, SENIOR EDITOR, TRNN: Welcome to the Real News Network. I'm Paul Jay.

In Athens in Greece today, protests all over the city. People denouncing the deal made by their Prime Minister Tsipras with the leaders of the Eurozone. A deal that only a few days before had been voted no to. In fact, the deal that was finally agreed to many think might have been even worse than the one that was rejected in the earlier referendum.

Now joining us from Athens is Real News's Dimitri Lascaras. He's going to be updating us. He's part of a team we've sent to Athens. And he'll be updating us, although right now it's something like 2:30 in the morning, and Dimitri is joining us from his hotel room.

Thanks for joining us, Dimitri.

DIMITRI LASCARIS, SECURITIES CLASS ACTIONS LAWYER IN CANADA: Hello from Athens, Paul.

JAY: So give us a sense what's gone on this day, just to set a little bit of the context. It was only just a little while ago the Greek parliament ratified the agreement that Prime Minister Tsipras had negotiated. This was one of the conditions of that agreement, that it be done by the end of Wednesday. It actually went into Thursday. And only about 40 members of Syriza

voted no. it passed by a pretty big majority on the whole. On the other hand a lot of people are rather disillusioned and opposed to it. So what's happened the last day?

LASCARIS: Well, as you said, the creditors as part of this deal in principle that was struck on Monday morning required that certain, as they put it, prior actions would have to be approved by the parliament of Greece by midnight on Wednesday. We're now, as you said, into Thursday morning here. And the—certain unions called for a general strike today. And as the debates on this sweeping legislation, which is arguably the most severe package of austerity measures imposed yet on the Greek people as it was being debated in Parliament, protesters gathered in front of the parliament in Syntagma Square.

I arrived in Athens at 9:30, and as soon as I arrived I received a text from a friend in Athens who told me that bombing and looting had begun in Syntagma Square. It was quickly met with a rather harsh reaction by riot police who were out in force, as you can imagine. And they used stun grenades and tear gas to disperse the protesters. And by the time I got there, which was around midnight, there was only a small core of protesters left. The tear gas was still in the air, it was very difficult to sort of walk through that part of the town. That part of the city.

But the protesters had been dispersed, and we stopped and—I was with Sharmini Peries of the Real News. And we spoke to those few who remained. It was interesting what they had to say. They believe that the people who started the violence were in fact agent provocateurs, that they were effectively agents of the security forces, and that they had instigated the violence in order to give the security forces an excuse to react rather harshly and disperse the protesters. Whether or not that's true I don't know. As I say, that was the view of those who remained there.

So the vote, as you indicated, didn't occur by midnight. It's interesting whether the deal can now go forward, because it was a requirement that the vote be—.

JAY: Well, I heard one report that there was somehow an agreement to have an extension till 6:00 AM. I'm not exactly sure if that's verified or not.

LASCARIS: And I wouldn't imagine—the Eurozone, Eurogroup leaders have become the masters of the false deadline. They're constantly imposing—and I think this is quite a significant part of their tactics. They constantly impose arbitrary hard deadlines. And when you get to them and go beyond them you realize that they aren't in fact hard deadlines. They were imposed to do nothing more than apply pressure to the Greek government. And I think also to limit opportunities for informed debate by parliamentarians, and moreso by the citizens of the country.

Be that as it may, they voted yes. As you indicated, something in the range of 40 MPs from Syriza rejected. They voted no. Including, interestingly, the ex-finance minister Yanis Varoufakis, and also the head of the left platform, Panagiotis Lafazanis, the energy minister. He remains in that portfolio notwithstanding his bitter condemnation of the deal and his express opposition to it.

It's true that the majority of the parliament, a large majority of the parliament because of the support of the three neoliberal parties, New Democracy, PASOK, and To Potami, The River party, that a large majority of the parliamentarians did vote in favor of the package. But according to Sathis Kouvelakis, who is an important member of the left platform of

Syriza, in an article today in Jacobin he said that in Greece there is an important constitutional practice. It isn't a hard rule, it isn't a written rule. But that if the government, if a majority—if the government cannot summon a majority of parliamentarians itself then there's an obligation to call an election.

And so it couldn't reach a majority, this government. It has 159, I think, MPs with its coalition partner and now it couldn't achieve a majority with its own coalition parliamentarians. And so apparently there's a question about whether now it's obliged to call an election. As I say, it's not a hard rule. Kouvelakis thinks, Stathis Kouvelakis expressed the view that they do have that obligation and it's just a question of when.

JAY: Now, I know you just got there and you haven't had a chance to do a lot of investigation. But do you get any sense of how widespread the opposition to this is? The 61 percent no vote in the referendum represented large sections of the working class. So how are they going to feel about this?

LASCARIS: You know, I had an opportunity to interact with I'd say about a dozen people tonight, Athenians, from cab drivers to people who are involved in, who are members of Syriza and with significant influence to protesters in the square. And there's not one person that I encountered who had the slightest sympathy for this deal. Some of them had sympathy for the prime minister, Alexis Tsipras, and the extraordinarily difficult he was put in. But there was—across the board, again it was a small sample, but a universal denunciation of the deal. Absolutely no support for it whatsoever.

One person told me that, the way he described it, there's fury rising in the population. And it could lead to an explosion. And we may have seen some indication of that tonight. But in any event, this is far from over.

I think what's really interesting now is a lot of people believe, probably with some justification that the German finance minister, Wolfgang Schauble, even though he got what he wanted and he humiliated the government of Greece and Alexis Tsipras in particular, that he nonetheless wants Greece out. And the dissent that was shown tonight, and some of the statements frankly that Alexis Tsipras made, he clearly doesn't like the deal. He clearly views it as not being in the best interests of Greece and not being consistent with the mandate he was given in the election, and that he did this with an economic gun pointed at the head of the country.

Those sentiments, the dissent within Syriza, the fact that they had to go until the wee hours of the morning and didn't meet the 12:00 deadline just strengthen his argument that he can't trust this government.

JAY: Also, 109 members of a 201-member central committee denounced the deal.

LASCARIS: That's right, a majority of them. A slight majority. So this really feeds into his argument that whatever the parliament may have done this evening there's no realistic prospect of this deal ever [inaud.].

JAY: And what is the, a document released by the IMF has thrown another wrench into all of this. The IMF is saying the deal that's being agreed to absolutely won't work without a far more significant debt restructuring, debt moratorium. None of this is going to work. And the IMF actually doesn't want to be part of this. And now you're hearing from pretty senior

German parliamentarians and officials that if the IMF isn't part of this, they don't want to be part of it. So this whole thing might still unravel.

LASCARIS: Oh, there's—you know, there are a lot of ways that this could unravel. No one should think for one second that this is a done deal. This is a very—is an important step in the consummation of this deal, but it's just a very preliminary step.

The IMF is now, on two occasions within the last month or so, an IMF analysis of Greece's debt sustainability has been leaked to the public. The first one was based upon conditions existing before the capital controls were put in place and the economy ground to a halt. This updated analysis takes into account or seeks to take into account the extraordinary damage that the economy is certain to have suffered as a result of capital controls.

And what the IMF is now saying is that the deal, in order for it to be, to result in Greece's debt being sustainable, would have to go far beyond the forms of debt relief that are currently under discussion. And the—for example, the IMF says there's going to have to be a 30-year grace period on the payment of Greek debt. And that the maturities are going to have to be extended far longer than anything that's been discussed thus far. And if that's not done, and the IMF said very clearly that there's going to have to be a deep writedown of Greek debt, which is anathema to the German government. They categorically ruled out any form of any writedown of the face amount of the debt.

At the same time, the German government has said that it will not continue to loan moneys to Greece, certainly won't enter into another bailout program, the second one has expired, without the participation of the IMF. And the IMF is saying unequivocally that it will not participate without the level of debt relief that Germany is categorically excluding.

So that in and of itself, if that impasse is not resolved, would kill this deal.

JAY: It's kind of an interesting new situation, too. Because we've said many times in our interviews that the big objective of Germany here was to humiliate Greece, was to prove to Europe that a left government is not going to be successful in Europe. Well, they've achieved it. Their humiliation is completed. They've got Syriza to sign off on a terribly onerous deal they said they never would. Now maybe they're looking at their losing \$80 billion a little differently. Because if they do force Greece out anyway they're going to lose—Germany alone loses \$80 billion at the least.

LASCARIS: Right. I think you're referring there to the total amount of the debt.

JAY: The German piece of the debt.

LASCARIS: Correct. Well, it's—usually in a sovereign debt default you don't see a complete wiping out of the debt. There's some level of—

JAY: But that's, that's my point, is there's going to be a restructuring of the debt if they force them out. So why not restructure the debt and keep them in? Because you've kind of made your humiliation point, now.

LASCARIS: Right. Because if they, if they pulled the trigger, then you get to blame them for the writedown of debt and the loss of taxpayer money. Whereas if the government, the German government, goes consensually into a negotiation that results in a writedown and it's not forced to do that by a unilateral default, then it has to wear this with the citizenry of

Germany.

And so the speculation has been the German government would rather that Greece pull the trigger by simply saying, well, we can't pay. And then the government can blame the profligate tax [cheating] Greeks, as they like to characterize them, for the disappearance of German taxpayer money.

But having said that, the combination of the Greek government prostrating itself in the way that it has and having been humiliated to the degree that it has, and the IMF saying unequivocally that it will not participate in a bailout without very significant debt relief, far beyond what's being contemplated now, perhaps that will change the attitude of the German government and a more humane deal will be put in place at the end of the day.

I'm skeptical that that's going to happen. I think there are far bigger problems in the Eurozone. I think that Greece, in many respects, is just a symptom of a malaise and structural flaws that ultimately there's no political will to resolve in the political league of Europe.

JAY: All right. Thanks very much for joining us. We'll talk to you again tomorrow. As I said, we have a team in Athens now. We'll be streaming from a conference called Democracy Rising, which a lot of important members of the left platform and other members and intellectuals and activists from all over Europe are gathering in very momentous times to talk about what comes next. We'll be doing reports from the streets and talking, we hope, to some of the leaders in Parliament.

So please join us. Thanks again, Dimitri.

LASCARIS: Thank you, Paul.

JAY: And thank you for joining us on the Real News Network.

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