

LaRouche Movement Brings the Fight for Glass-Steagall to Cyprus

by Dean Andromidas and Elke Fimmen

Oct. 25—The authors visited Cyprus Oct. 16-22, presenting the international campaign for the revival of the Glass-Steagall banking standard and the LaRouche movement’s perspective for economic development, at a seminar on “Justice Against the Troika,” held in Nicosia on Oct. 17. They also met with political leaders and activists, scientists, and economists.

Since March of this year the name “Cyprus” has become synonymous with “bail-in,” the notorious policy of grabbing bank deposits to salvage the bankrupt banking system. For Cypriots, this means yet another foreign occupation, not by an Ottoman pasha or a British governor-general, but by the “Troika”: the European Central Bank, the European Commission, and the International Monetary Fund. The mandate of these “advisors” is put forward in a Memorandum of Understanding that tramples on the nation’s sovereignty just as thoroughly as would an occupation army.

Under the Troika regime, a portion of bank deposits over EU100,000 was grabbed from the two most important banks in Cyprus, Bank Laiki (which was bailed in and then wound down) and the Bank of Cyprus (which was “rescued” by bail-in). Now known as the “Cyprus Template,” this procedure is intended to be implemented in almost all of the countries of the Western financial system.

Bail-In ‘Totally Illegal’

The Oct. 17 seminar, organized at the initiative of the Anglo-Hellenic and Cypriot Law Association and its president, Dr. Katherine Alexander-Theodotou,¹ made clear that the Cyprus bail-in was a gross violation of European law, a demonstration of the lawlessness

that rules in the Eurozone, where bailouts and bail-ins and brutal austerity conditions have been forced upon millions of Greeks, Portuguese, Irish, and now Cypriots. The seminar was attended by some 70 people, most of whom were victims of the bail-in. Speakers included barrister Takis Tridimas, who is also head of the Europe Law Department of King’s College of London; barrister Alexander Milner, also of London, former Advocate General to the European Court of Justice (ECJ); Dean Andromidas of *EIR*; and Elke Fimmen, vice chair of the Civil Rights Solidarity Movement (BüSo) in Germany, who also

represented the Schiller Institute.

The two barristers argued that the bail-in policy should be brought before the European Court of Justice, and demonstrated the grounds on which it could be done.

After opening remarks by Dr. Alexander-Theodotou, Milner identified violations of fundamental principles stated in the Charter of Fundamental Rights of the Eu-



Dr. Katherine Alexander-Theodotou, president of the Anglo-Hellenic and Cypriot Law Association, organized the seminar on “Justice Against the Troika.”

1. See interview in [EIR](#), Sept. 20, 2013.

ropean Union in the Lisbon Treaty of 2009. These include the violation of the right to property; selective and unequal discrimination against depositors; and violation of fair procedure by the Troika.

Professor Tridimas elaborated more on these points, stressing that nobody is above the law, and that the Eurogroup of Eurozone finance ministers has no juridical power to impose these measures. The law is not like the rules of chess, he said, and that is why we have courts to determine points of law.

This was important for two questions that came up. One concerned the definition of depositors as “creditors,” as is done in the Troika Memorandum. The barristers pointed out that one cannot consider depositors, who place their money in a current account which can be drawn upon any time, as investors—i.e., as creditors of the bank.

The second question was whether it was not the Cypriot government that is the responsible party, since it signed the memorandum, and therefore, why should the case be taken to the ECJ against the Troika. Tridimas said, that this was irrelevant, since it was the Troika which determined the policy, which the Cyprus government then put into practice. He insisted on the illegal and unprecedented way the bail-in was carried out in Cyprus,



EIRNS/Dean Andromidas
Barrister Alexander Milner, former Advocate General to the European Court of Justice.



EIRNS/Dean Andromidas
Elke Fimmen, representing the Schiller Institute and the Civil Rights Solidarity Movement (BüSo) in Germany.

adding that this was a policy envisioned by the EU’s Single Resolution Mechanism, and that the bail-in is becoming standing Troika policy for all of Europe.

Andromidas presented an analysis of the bankruptcy of the derivatives-based international banking system, and the utter failure of the bailout and bail-in policies in southern Europe, with their murderous results. He stressed that Glass-Steagall is the only solution, to bankrupt this system and build a new credit system for the future.

Fimmen then explained how the establishment of the euro, as a geopolitical policy to prevent economic development of sovereign nation-states in Europe following German reunification, laid the basis for the catastrophic results we are witnessing now. She counterposed this to the economic development programs of the Schiller Institute and the BüSo. She reported on the LaRouche movement’s mobilization in the various European countries to get Glass-Steagall passed in the United States, and the status of the various national

moves in Europe for Glass-Steagall-type legislation. She called for “patriots and world citizens” to join hands now to defeat a crumbling oligarchy, and make sure that human progress is put at the top of the agenda. This is exemplified, she said, by bringing the world onto a new scientific and technological platform through the development of a fusion-based economy. The University of Cyprus already participates in a European fusion program.

The meeting was preceded by a press conference, with statements from all the speakers, a brief portion of which was aired on two national TV programs.

‘The Worst Occupation’

For the nearly 900,000 Greek Cypriots, the Troika is yet another in a long history of foreign occupations.



EIRNS/Dean Andromidas
Prof. Takis Tridimas, barrister and head of the Europe Law Department of King’s College of London.



EIRNS/Dean Andromidas

The “green line” divides Nicosia’s old city. The street and the wall on the right are in the Greek sector; the Turkish sector starts at the top of the wall on the left.

Cyprus lies on the maritime crossroads of Europe, Asia, and Africa, and has both benefitted and suffered from its geopolitical location. While part of the Hellenistic world for 3,000 years, it has suffered from the rivalries of competing empires, both ancient and modern. Cypriots are very much aware of the fact that their island has endured occupations beginning with that of Assyria of the 8th Century, B.C., through the Persian and Roman occupations, the English Crusaders, the Venetians, and the Ottoman and British empires.

The liberation in 1960 from the British occupation of the 1950s, was tragically followed by the Turkish invasion and division of the county, which is still in the living memory of Greek Cypriots, and instilled in them the strong conviction that freedom is only not to be enjoyed, but to be fought for.

While this article is not the place to discuss the history of the Greek Cypriot and Turkish Cypriot conflict, a few words are in order. Prior to the division of the country in 1974, the Greeks and the minority Turkish population lived side by side throughout the country; but following the Turkish invasion, the Greeks were pushed into the south, while the Turks withdrew to the north, which continues to be occupied

by two divisions of the Turkish Army. They are there on the “invitation” of the Turkish Republic of Northern Cyprus, which is recognized only by the Turkish government.

The relevant background of this conflict is that the old colonial power, Great Britain, did everything possible, including manipulating these tensions, to maintain two of its most important overseas military bases on the island. These bases, which exist to this very day as British “sovereign” territory, house British forces capable of striking the Middle East.

They also serve as Britain’s most important intelligence-gathering centers for the region.

The division of the country is most apparent in its capital, Nicosia, which is split right down the middle, through the “old city,” which is surrounded by fortress walls with huge bastions, well preserved to this day. It is only since 2003 that Greek and Turkish Cypriots have been able to move freely through designated checkpoints along the “green line”

While walking along the green line, demarcated by barbed wire fencing and the remains of buildings destroyed during the conflict more than four decades ago, the authors stopped to ask a man for directions. While giving directions, he also related family anecdotes which, within minutes, covered the Venetian, Turkish, and British occupations. Inviting us to his office, he also talked about the liberation struggle between 1955 and 1960, when his father’s newspaper always got the first pictures of the latest attack on British forces, directly from the commanders of the resistance.

The point is not simply that Cypriots strongly identify with their history, but that for many of them, the European bail-in and the Troika’s insufferable Memorandum are seen as yet another oppressive occupation, if not the worst of all.

Economic Devastation

“In Cyprus they kill people, not necessarily physically, or biologically—it is a moral death,” a Cypriot social worker, who is a director of a non-governmental organization caring for severely handicapped people, told us. “Because people who were struggling their whole lives, and put something aside for their children, their grandchildren—everything is gone, in one night.”

The director told us that while the government is continuing to finance 25% of this NGO’s expenses, the remaining 75% came from individuals, corporations, and charitable foundations; that has all but disappeared, since so many of them lost funds in the bail-in.

The statistics are devastating, including the “appropriation” of 47.5% of uninsured deposits; the overall 17.5% unemployment (which in reality is said to be higher than 30%, in a country that only a few years ago enjoyed full employment), and almost 40% unemployment among the youth; and the shrinking of the economy by 20% by the end of next year, according to some estimates.

“People are starving, . . . and they ask for help, because they lost their job, their children are growing up,” the social worker told us. “We are faced with difficulties we never had before. In Cyprus, we always have had trouble . . . it was the occupation by the English, then it was the first years after independence, and [then the Turkish invasion and division of the country]. . . . But the situation we are faced with now, has never before existed in this country.”

The high unemployment has led to mass emigration. “Now there is so much unemployment, that young people and those well-educated leave the country to make their life somewhere else. It is not only we [as an association] who have a problem, but the whole population. They say that even more difficult times will come in the next year,” our informant told us.

While Cypriots admit that their situation is not as bad as it is in Greece, which is five years into the Troika occupation, nonetheless there are visible signs that it’s worsening by the day. Empty storefronts can be seen in what are considered the busiest shop-



EIRNS/Dean Andromidas

A market in Nicosia’s old city. Sales are way down since the implementation of the Troika’s bail-in policy, and the city’s once-vibrant nightlife is a thing of the past.

ping districts, and there are a growing number of beggars.

The crisis has hit the most vulnerable first. In more prosperous times, large numbers of Filipinos and Sri Lankans came to work as low-paid domestics and caretakers. Following the bail-in, hundreds of these workers lost their jobs. On Sundays, these migrant workers gather in Nicosia’s old city to attend services at the local Catholic church and socialize. But now immigration police use that day to make sweeps through the city, rounding up those who no longer have valid documentation, and taking them to deportation centers.

The economic insecurity is reflected in the cafés and

restaurants catering to the typical Mediterranean night-life, which are no longer full until the weekends. The vendors in the city's fruit and vegetable markets complain about a 50% reduction of purchases, as housewives no longer buy by the kilo, but only enough for the day ahead.

Next year is already programmed to be worse, as the government prepares the 2014 budget under the scrutiny of the Troika, which is demanding an additional 3% cut in wages for public-sector workers, cuts in benefits, and an increase in the value added tax, which affects everyone. Already a 19.5% unemployment rate is officially forecast.

On the day before our arrival, European Council President Herman Van Rompuy was in Nicosia, congratulating the government for its "titanic efforts" to implement the Memorandum, predicting a return to growth by 2015; but for sure, no one believed him.

While temperatures in Cyprus are cooling, as the raining season begins in November, it promises to be a very hot political Autumn. On Oct. 24, the left-wing trade union PEO announced that it will organize protests in November.

"Our protests will be in the form of a mass popular reaction," said PEO General-Secretary Pambis Kyritsis, according to the *Cyprus Mail*. He warned that the 2014 state budget means that "workers, pensioners, small businesses, and vulnerable groups of the population will find themselves in even more hardship. The PEO rejects this route of further deterioration in the living conditions of workers being made in the name of supposedly increasing the credibility of our country and the need to implement the bailout agreement."

Kyritsis said the government's policy of privatizing semi-governmental organizations and reducing funds to local government, plus the collapsing private sector, will deepen the crisis in 2014. "The 'welfare state' is disappearing" as a result of the deep cuts, he said.

Bring Cyprus into a Global Fusion Economy

In discussion with political leaders, economists, and others, the authors found great interest in the Glass-Steagall fight and its direct relevance for Cyprus, not only in relation to the immediate crisis, but also because their economic model, which was based on being a financial services center on the one hand, and a center of tourism on the other, has collapsed.

This model was initially successful because Cyprus was seen as an attractive and stable country as a base of operations for companies operating in the very unstable Middle East, and as a tax haven for Russian and Eastern European companies. The bail-in has dramatically altered these conditions.

Prior to joining the European Union in 2004, the Cyprus pound was considered a hard currency, and the country still had a strong agricultural sector. After joining the EU and the Eurozone in 2008, the country found that the single-market agricultural policies have all but destroyed its agricultural sector. For instance, the authors learned that the EU told Cyprus it could no longer export grapes, one of its most important products, since Spanish grapes have preference in the quota system.

The collapse of the financial sector led directly to a collapse of real estate, with housing prices falling to a fraction of their prior value. This is especially the case for vacation homes, which were marketed to foreigners, especially people from England. Dr. Alexander-Theodotou herself represents many clients who got caught up in some of these developments, who were encouraged to take mortgages in Swiss francs, a practice that became disastrous when the franc appreciated after the Eurozone crisis began.

Since the discovery of offshore natural gas in 2011, people started speaking of a "new model"—that Cyprus could now become an "energy hub"—fanning overblown expectations that the country is about to become a new Qatar. This has caused tensions with energy-poor Turkey, which claims its share of the gas. Given the fact that, in the end, the Troika will be calling the shots on this development, this too could turn out to be another big disappointment.

A Nicosia entrepreneur explained the historical problems the country faced in trying to industrialize after achieving independence in 1960. At the time, any industrialist was faced with the fact that the country lacked adequate power sources, and it had to import all the machinery and most of the raw materials. Its small internal market made it necessary to export. Thus the industrialization policy was based on a low-paid workforce that produced such things as textiles for export to Europe. This soon collapsed, as Cyprus's European markets began importing from China.

What Cyprus needs is a real economic model. The country is well endowed with the most important resource for a 21st-Century economy: a highly educated

young population. At the end of the 1980s, the government began constructing its first state university, which opened in 1992. By the end of the 2000s, Cyprus had one of the highest rates in the world of students going on to higher education—52%, even higher than Japan.

While the country has made considerable efforts since independence to augment its water supply through the construction of dams and other such projects, it can only augment its water supply further by building desalination facilities. It already has five of them, but much more capacity is needed for an expanding population, and agricultural and industrial purposes.

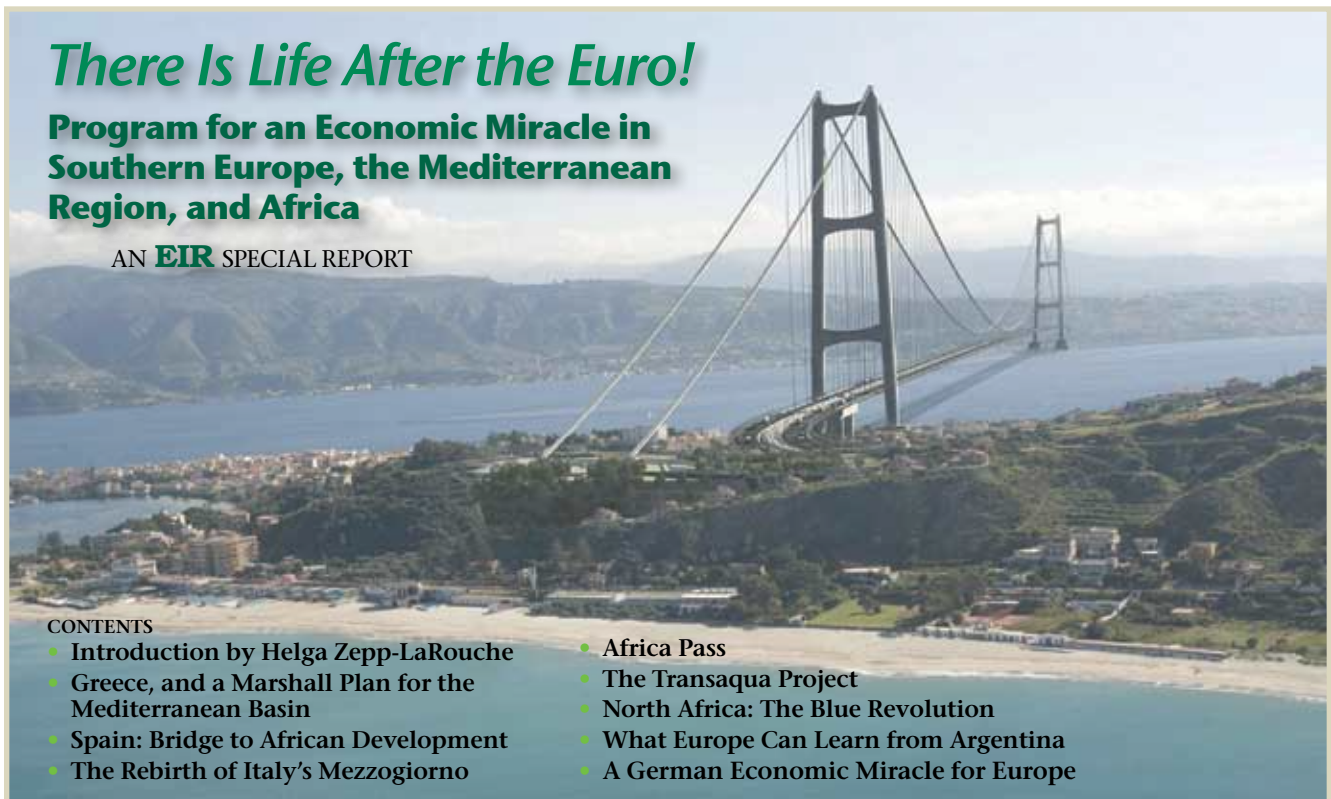
With the destruction of one of its major power stations a few years ago, increasing the electricity supply has become a crucial issue. While Cypriot policymakers hope that the new natural gas discoveries will fill the gap, the nuclear power option would dramatically augment the supply, especially for desalination.

In the context of implementing the LaRouche movement's "[Economic Miracle](#) in Southern Europe, the Mediterranean Region, and Africa," Cyprus, with its lo-

cation at the crossroads of three continents, can begin to develop a real economy, serving as a base of high-tech industry required for the development and industrialization of Africa and Southwest Asia.

Taking this model one step further, Cyprus will be in a position to take part in the broader fusion power economy. A team of scientists and engineers at the University of Cyprus is already participating in the European Fusion Development Agreement: 28 European countries that are contributing to the development of fusion power. This small team of experts has been working on engineering questions for the construction of fusion reactors, as well as research into MHD (magnetohydrodynamics) for the generation of electricity directly from the fusion process.

There has to be a new "Cyprus Template." For example, with its human resources and strategic location, Cyprus would be an ideal location for a "science city" that could serve the entire region. Research and education centers and high-tech industries would attract students, scientists, and engineers. This new "template" would finally give the country the future it has long sought.



There Is Life After the Euro!
Program for an Economic Miracle in Southern Europe, the Mediterranean Region, and Africa
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