

# Patriots Will Take Troika to Court Over Cyprus Austerity, Bail-In

*The U.K.-based Anglo-Hellenic and Cypriot Law Association, whose president is London-based solicitor Dr. Katherine Alexander-Theodotou, is organizing a class-action suit to take the Troika (the European Commission, the European Central Bank, and the International Monetary Fund) to court over its bail-in policy, by which the deposits of Cypriots were grabbed to prop up the bankrupt international banking system.*

*In a statement released Aug. 21, the plaintiffs charged that the Troika's "unprecedented" decision in March to impose a so-called haircut on deposits in Laiki Bank and Bank of Cyprus "caused unbearable problems" for citizens who lost their life savings. They also said that no explanation was provided about what it was implementing "for the first time in Cyprus on unsuspecting and innocent depositors."*

*The organization plans to take the case to the European Court of Justice (ECJ), and has assigned the case to Sir Francis Jacobs, professor of European Law at King's College, and former rapporteur at the ECJ, and London-based barrister Takis Tridimas, an expert in European law who has served as a consultant for the EU and ECB. Both are also representing clients from Greece who are challenging the Troika's austerity policies.*

*On Sept. 6, Schiller Institute founder Helga Zepp-LaRouche interviewed Dr. Alexander-Theodotou and her associate Neil Skinner, a young British lawyer who is working with her on the issue of the Troika.*

*—Dean Andromidas*



*Katherine Alexander-Theodotou*

Cyprus in a suit coming up in the European Court of Justice. Can you tell us why you are doing this?

**Katherine Alexander-Theodotou:**

I am from Cyprus and I have a residence in Cyprus. I have been involved in Cyprus, in all aspects of life, for a long time.

The present situation of economic problems was foreseen a long time ago, and about two years ago, it started to become critical. The problems began as soon as Cyprus entered the Eurozone. The introduction of the euro led

to the increase in prices, inflation, and redundancies [layoffs]. Every year the situation was becoming worse. Unemployment is presently over 40%, and it is increasing continuously. A large number of the unemployed are university graduates and professional people. We have also a large number of foreign workers, who were invited to work in Cyprus during 2000-10. At that time, they were "cheap labor," and today, they are abandoned slaves, having no protection, no money that would allow them to return to their countries, no roof over their heads, and no food. The situation is quite tragic. The agricultural land is destroyed, and the various EU restrictions on agricultural products have led to farmers abandoning their fields and their farms.

It was obvious to me and a lot of other people that we abandoned the Cyprus pound, which was quite high, in order to enter into an adventure leading us to disaster. Middle- and lower-class families were suffering. As the situation grew worse, and there was no proper banking system, the banks began to lose money, and gradually, their financial values were diminishing.

The Marfin Laiki Bank and the Bank of Cyprus were having financial problems. Another Bank, the Emporiki, closed down, and was bought by Alpha Bank. The situation for the banks became worse when

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## Interview: Dr. Katherine Alexander-Theodotou and Neil Skinner

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**Helga Zepp-LaRouche:** Dr. Alexander-Theodotou, you are representing clients from the Republic of

they were encouraged by the European Union Commission to purchase Greek bonds, which were quite bereft of value; both Laiki Bank and the Bank of Cyprus lost considerable money, leading to bankruptcy.

The Laiki Bank was almost closed down, and the European Commission encouraged the Bank of Cyprus to assist them with considerable funds. This was wrong, because Laiki Bank had no future. It was closed officially in March 2013 and divided into two sections, the good Laiki and the bad Laiki—both sections were sent to the Bank of Cyprus. This was an ill-thought-out plan, because the Bank of Cyprus was already crippled by the Greek bonds, and under no circumstances, could it have absorbed the losses of Laiki Bank. Laiki Bank did not inform its clients of its closure and the date of its closure, and a lot of its clients were left unprotected.

The Bank of Cyprus has no cash and its lifespan is uncertain. Yet, the Cyprus government states we will give shares in this Bank to people for the losses they have suffered on account of the “haircut.” This again is very wrong, and when this Bank eventually closes down, a lot of the depositors will have lost most of their money.

The situation is one of complete chaos. Under the circumstances, a large number of desperate people found themselves hopeless and helpless. Another lawyer applied on behalf of 3,000 people at the Supreme Court of Nicosia for an action against the “haircut.” The Supreme Court of Nicosia advised them to take the case to the District Court instead. The reasons for their rejection of the case are not very substantial, and I personally believe that they had the authority to deal with the case.

Many people who knew me, telephoned me and asked whether we could give them a better alternative. The European Court was considered to be a much better venue, so I decided to call in the experts, and a meeting was held at my London office among myself, Prof. Takis Tridimas, and Alexander Milner, assistant to Prof. Sir Francis Jacobs. Professor Tridimas and Sir Francis Jacobs were both working at the European Court for the Greek cases coming from Athens against the Troika. They were knowledgeable about the situation, and especially, the laws of the European Union. The advice



*Helga Zepp-LaRouche*

was to take the case to the European Court of Justice.

We publicized this preliminary meeting in various leaflets and newspapers, and we were approached by a good number of people who wanted their case to be heard at the European Court of Justice. This is a strong sign of resistance against the harsh measurements imposed by the Troika against Cyprus.

### **Life in Cyprus Today**

**Zepp-LaRouche:** It would be very good for people outside of Cyprus, in all of Europe, to know the effect of the measures imposed by the Troika in Cyprus. What are the living conditions right now?

**Alexander-Theodotou:** The living conditions are very bad. The wealthy who lost considerable amounts of money to the Troika, can survive for a period of time, but the majority of the population, at least 75%, lives from day to day. Unemployment has tremendously increased; any job opportunity that opens gets over 1,000 applicants, and those above the age of 45 have no chance. A large number of younger people have left their homes and their families to go abroad, to Arabic countries and all over the world. The present situation with the Troika has led to the destruction of families, the disorganization of households, and the country will be left only with the older people. As far as the elderly and the sick are concerned, they would be left hopeless and abandoned.

Pensions have been eliminated and that is disastrous to the elderly. Almost 30% of our population consists of people over the age of 60. The National Health System is suffering because of the continuous cuts. A lot of very sick people would be left to die. Today, we have information that the Cooperative Banks, where a lot of people were depositing their money, have now been brought within the sphere of the Troika. There was a vote in the early hours of the morning, and cuts on the Cooperative were passed.

It shows that the government is not doing enough to resist the Troika. The previous government signed the agreement [with the Troika], and the present government did not do anything to prevent it. At least they ought to have asked for a referendum, to let the people decide.

**Zepp-LaRouche:** The propaganda in Germany and elsewhere, was, these are just Russian speculators who got expropriated. So you're saying that it's not that, it's really the population.

**Alexander-Theodotou:** No, that is not true. It is the poor Cyprus people who are paying the price. The Troika, and indeed the Germans, were trying to say that the Russian depositors, investors, were the target, and not the ordinary people. This is not true; it is the ordinary people that are the subject of the Troika. Most of the foreign billionaires had tied their money into off-shore companies. The majority of them are quite safe and sound. The Russian billionaires and foreign depositors have normally got their private accountants and lawyers, who could advise them on the risks, and they would not abandon their money in Laiki Bank or the Bank of Cyprus, or any other bank, or the Cooperative.

It is very stupid and an outright lie to say that it is the tycoons and the opportunists who are losing money. It is the ordinary Cypriots who are losing their money; it is the ordinary Cypriots who are being destroyed, with their families.

**Neil Skinner:** It's probably important to add, that for ordinary people, although it's up to EU100,000 that's been protected [from bail-in], the credit controls mean that you're limited to withdrawing up to about EU300 a day. And most businesses are now only accepting cash, rather than bank cards or checks. And while this is supposed to be a temporary measure, the same measures were introduced in Iceland during their crash, and they're still in place five years on.

## Europe Should Resist!

**Zepp-LaRouche:** Mr. Dijsselbloem, the new head of the Eurogroup, after the imposition of these measures on Cyprus, said that this would be the "template" for every other country; in the meantime, the same is being applied to Detroit [in the U.S.]. So therefore, given the fact that EU Commission is trying to put the final touches on getting the bail-in law implemented in all of Europe, and it already exists in the form of Dodd-Frank in the United States, what is your advice to other people? Because there is no public discussion about this at all.

**Alexander-Theodotou:** Very true, there is none. The government—in fact, I can speak for Cyprus and also for Greece—has not, as they ought to have, held a public discussion on the above measures. All the

peoples in Europe should resist these measures. They should resist a small group of people becoming their dictators and ruining their lives. They should realize that a democratic government must always ask the people. In Cyprus, for example, if the people had been allowed to vote, these Troika measures would have been thrown out. We must leave the European Union, because otherwise we would become 21st-Century slaves. If a vote had been exercised by referendum, the Troika measures could have been stopped.

We find no advantages to being in the Europe Union. Similar situations exist in other European countries, such as Spain, where the measures of the Troika and the disadvantages of the EU have led to 56% unemployment. The continuous cuts by the Troika will disintegrate the country and divide it.

## A European Dictatorship

**Zepp-LaRouche:** So, basically, you're saying that the line that the euro would unify Europe, guarantee peace forever—in reality it doesn't look like that? Because I have not seen so much tension among the different nations since 1945.

**Alexander-Theodotou:** That is right. There are many tensions among the various European countries. In half an hour, I will be meeting a Croatian representative of those who have taken seven banks to the courts, and they have won their case. They followed the example of a case we are now running in London, involving over 400 clients, because the banking system as it is now is destroying depositors and is using people's money for investments.

Poland and many other new countries entering the European Union in the last six years are hesitating to enter the Eurozone, because they are reviewing the disasters of those who did so.

Cyprus is a small island, which was quite prosperous, and relied on its own pound [the national currency]. We did not have the problems of unemployment and the inflation that we had once we entered the European Union. Cyprus also has a political problem, because of the Turkish invasion [1974], and the measures of the Troika are a threat to our political and national independence. Furthermore, the government is under compulsion to follow the measures of the Troika and not to resist them. The public has not been allowed the natural right to decide, and this means that we have no freedom and no democracy. The EU10 bil-



<http://allkipr.ru/news/block-667/>

*The elderly in Cyprus have been hardest hit by the Troika's fascist austerity policies, as their pensions and savings have been wiped out.*

lion bail-in is a form of buying us as a nation. People under the Troika are deprived of their freedoms and their initiatives. Their pride and culture are abandoned.

**Zepp-LaRouche:** There is even an acknowledgment about a so-called “democracy deficiency” in the European Union. But I would say that, at least in Germany, there is absolutely no knowledge about the coming bail-in law: People just don’t know, there is no discussion in the media. I would like you to comment on this.

**Alexander-Theodotou:** Yes, there is no discussion in the media. Cyprus is an example of threats and abuse of people’s rights. We also criticize those who rule Cyprus, because they should have resisted the measures of the Troika as far as possible. They say that they were compelled. This raises a lot of other questions, such as the legality of the Troika measures. There is no discussion in the media, and there is no public debate. Everything is committed under cover of silence and fear. These are not the signs of democracy.

The first time that anything was mentioned was when publicity about our advice to people to resist the measures was covered in the newspapers. We had a lot of telephone calls asking us to please do something about it. For this reason, we are organizing a rally in Nicosia on Oct. 17, because we want to hear the peo-

ple’s voices. We also believe that the decision of the Supreme Court of Nicosia is wrong.

**Zepp-LaRouche:** In a certain sense, this is really like when, in the Depression of the 1930s, Chancellor Brüning imposed brutal austerity. And then came Hjalmar Schacht, and obviously Hitler—

**Alexander-Theodotou:** Yes, that is right.

**Zepp-LaRouche:** One would think that people would have learned something: that if you have a depression and a world financial crisis, if you impose that kind of brutal austerity, that *is* fascism!

**Alexander-Theodotou:** You are very right. Because what we

have here is a different face of Hitlerism. We have people dying because of the depression brought on by the Troika. The National Health Services have been hit very hard, and people with serious conditions cannot be treated on time. Businesses are closing, people are emigrating, the elderly are left with no shelter and no pension.

In the area of north Nicosia, at the Church of St. Pantelaemon, the priests are organizing food canteens to protect the locals and the immigrants from starvation.

**Skinner:** It is correct that the Orthodox Church of Cyprus has done a lot to help ordinary people meet their urgent, basic needs, but Archbishop Chrysostomos II, on March 20, 2013, went further than this and offered to put the assets of the Church at the disposal of the nation. The proposal was to mortgage the assets of the Church and to buy government bonds; we hope that His Eminence did not consider doing that in Swiss francs, as the mis-selling of loans in that currency has led to significant litigation against Cypriot banks. Dr. Alexander-Theodotou has been at the forefront of resolving this, and I have also done a considerable amount of work on it.

Beyond the Church, however, the concern that the financial crisis in Cyprus might soon become a humanitarian one has been such that there was even a “Cyprus Aid” concert, where you gave food as admission which

was then distributed to those whose situation was getting desperate.

### **No Freedom = No Country**

**Alexander-Theodotou:** It is all over the place. If this happens, this means that the country has been demolished by the Troika. The only other time I saw this happening was during the Turkish invasion, when everything was completely destroyed.

The Cypriot people should resist these measures. They should join together and fight against the Troika with us. Cyprus has a long history. We would be able to survive by joining together to resist this evil.

**Skinner:** It is important to note, when bringing actions at the European Court of Justice against a European institution, consideration will need to be given to the actions of the institution and the causal link with the harm done; this is where the “democratic deficiency,” as you describe it, becomes interesting. While there was a recent Commission of Inquiry on Cyprus, at which President Nicos Anastasiades gave evidence, there will need to be a greater analysis of how the decision was taken. There was clearly no referendum, and the publicly available evidence from the President describes that it was like having a gun to his head. It is difficult therefore to see at this stage that the people and their democratically elected representatives had any say in the negotiations, nor much room for discretion and variance.

**Zepp-LaRouche:** The Socialist former Presidential candidate from Portugal, Manuel Alegre, recently said that Europe has become a concentration camp, so that people who have not yet been affected should not be complacent, because it’s just a question of time before it reaches them.

What would you advise the Germans and the Americans?

**Alexander-Theodotou:** Well, the advice is to respect the freedoms of the people. History has taught us that the most valuable part of our lives is freedom. Democracy and freedom walk hand in hand. The Troika and the Troika laws should be brought to the notice of the European courts, in order to justify their position. I am certain that this is going to be a great problem for them.

**Skinner:** It is clear that people in other countries should be wary of this. It is not just Dodd-Frank and the City of Detroit, nor just Cyprus and the Eurozone, indi-

cating that this could become the “blueprint.” Even countries like Switzerland, which doesn’t come under the direct influence of the Troika, with traditionally strong banking sectors, are considering adopting it. Presumably, this is so that Switzerland can do business and remain competitive with the Eurozone, in much the same way that Qatar is considering abolishing *wasta* [nepotism], as a response to British anti-bribery legislation.

**Alexander-Theodotou:** True. Because if the rest of Europe gets like Detroit, they will also not be treated as humans.

**Zepp-LaRouche:** As a matter of fact, today there is a hearing being conducted by Congressman John Conyers in Detroit, which will be very interesting to see, because there is a lot of resistance in Detroit. But there, the pensioners were expropriated of 95% of their pensions!

**Alexander-Theodotou:** Yes, that is what is going to happen in Cyprus. I was speaking to a member of the pensioners club, and he was telling me that the pensioners are deprived of 99% of their pension, their health care, and their security.

### **Deliberately Fascist, or Just Incompetent?**

**Zepp-LaRouche:** I think these Troika measures have a life-shortening effect. The only question is, is it conscious or just incompetence?

**Alexander-Theodotou:** I think the members of the Troika do not care, they are very callous people. If they really cared about humanity, they would not have introduced the present measures. They present themselves as being some kind of Olympian gods; they are not affected by the suffering or the feelings of the people. I think they are very callous and indifferent to the destruction of nations.

There are problems in all the European countries, including Germany itself. The problems are increasing further with the coming of the Winter, because the poorer people, the pensioners and the poor immigrants, will not be able to survive.

### **Abolish the Empire**

**Zepp-LaRouche:** I want to end with an optimistic note, that Friedrich Schiller, the German Poet of Freedom, in writing about the war of the Netherlands against the Hapsburgs, said that if people unite for a good cause and have a good plan, then they can even bring down

the arm of the most brutal despot. So in that spirit, let's make sure that this bail-in law gets defeated.

Do you want to make a final comment to our readers and our listeners?

**Alexander-Theodotou:** All empires come and go. Europe's empire is crumbling now. We want a Europe where the people vote democratically, with full participation. This doesn't happen here, but we must be optimistic when we see people resisting. And we are resisting against the measures of the Troika, and say "no" to the measures of slavery that they are imposing.

Professor Tridimas, in his [legal] opinion, stated the following: "In the first place, the bail-in implemented in Cyprus can be said to be unfair in comparison with the bailouts of Greece, Spain, Portugal, and Ireland, and thus to discriminate on the grounds of nationality. The assistance provided to the latter countries is comparable to that given to Cyprus as a proportion of each country's respective GDP (except in Greece's case, where the assistance equals a much larger proportion of GDP). Yet none of the other bailouts required depositors to be targeted. Cyprus, ac-

ording to the Troika, has become a template for the rest of Europe. Their actions are discriminatory and an abuse of democracy."

We need to come out of Europe, as it is undemocratic, to abandon the euro, because it brought the evils we have today. We need to reform the banking system along the lines of the Glass-Steagall legislation. We must preserve our culture and democracy, and the welfare of our societies. We must stop discrimination. The measures of the Troika are discriminatory. I call upon the Cypriot people to resist and to join together in a massive action at the European Court. As per Article 21(1), we must remind the Troika what the Article says: "Any discrimination on any grounds such as sex, race, color, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation, shall be prohibited."

I thank you very much for giving me the opportunity to support my people against the slavery of the Troika.

**Zepp-LaRouche:** Thank you very much.

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