"EUROPE" FORCES GREECE TO KNEEL

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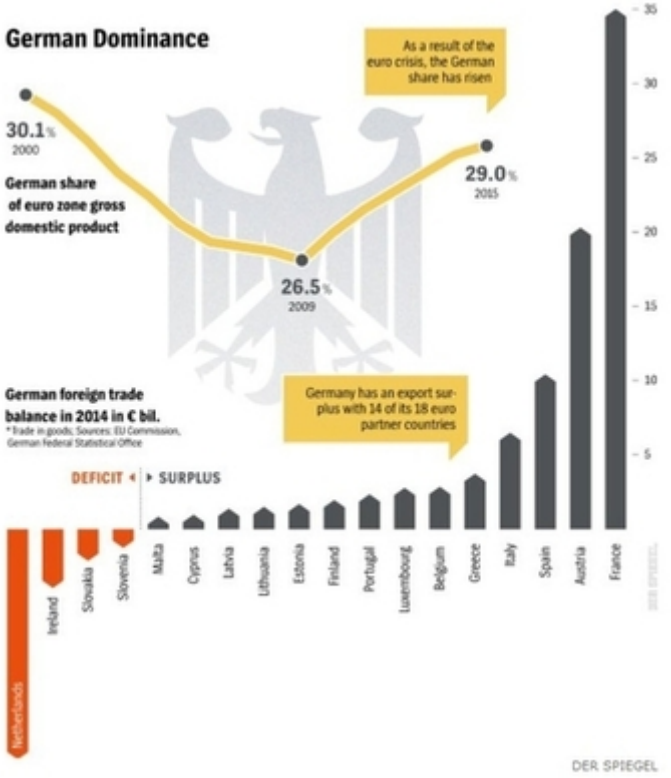

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'The Fourth Reich': What Some Europeans See When They Look at Germany

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Der Spiegel, July 2015

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Back then, Glezos was a resistance fighter. Today, the soon-to-be 93-year-old is a member of the European Parliament for the Greek governing party Syriza. Sitting in his Brussels office on the third floor of the Willy Brandt Building, he is telling the story of his fight against the Nazis of old and about his current fight against the Germans of today. Glezos' white hair is wild and unkempt, making him look like an aging Che Guevara; his wrinkled face carries the traces of a European century.

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Initially, he fought against the Italian fascists, later he took up arms against the German Wehrmacht, as the country's Nazi-era military was known. He then did battle against the Greek military dictatorship. He was sent to prison frequently, spending a total of almost 12 years behind bars, time he spent writing poetry. When he was let out, he would rejoin the fight. "That era is still very alive in me," he says.

Glezos knows what it can mean when Germans strive for predominance in Europe and says that's what is happening again now. This time, though, it isn't soldiers who have a chokehold on Greece, he says, but business leaders and politicians. "German capital dominates Europe and it profits from the misery in Greece," Glezos says. "But we don't need your money."

In his eyes, the German present is directly connected to its horrible past, though he emphasizes that he doesn't mean the German people but the country's ruling classes. Germany for him is once again an aggressor today: "Its relationship with Greece is comparable to that between a tyrant and his slaves."

Glezos says that he is reminded of a text written by Joseph Goebbels in which the Nazi propaganda minister reflects about a future Europe under German leadership. It's called "The Year 2000." "Goebbels was only wrong by 10 years," Glezos says, adding that in 2010, in the financial crisis, German dominance began.

For a long time, it was primarily the Germans who obsessed about their country's Nazi past, but recently, other countries in Europe have joined them. Chancellor Angela Merkel with a Hitler moustache, German tanks heading south: There has been a flood of such caricatures in Greece, Spain, Britain, Poland, Italy and Portugal in recent weeks and years. And Nazi symbols have become de rigueur at anti-austerity demonstrations.

People have even begun talking about the "Fourth Reich," a reference to the Third Reich of Adolf Hitler. That may sound absurd given that today's Germany is a successful democracy without a trace of national-socialism -- and that no one would actually associate Merkel with Nazism. But further reflection on the word "Reich," or empire, may not be entirely out of place. The term refers to a dominion, with a central power exerting control over many different peoples. According to this definition, would it be wrong to speak of a German Reich in the economic realm?

A Shadow over the Present Day

Greek Prime Minister Alexis Tsipras certainly doesn't have the impression that he is free to steer his country's policy as he likes. This Monday, he is in Berlin for meetings with the German chancellor, at

which Germany's national-socialist past will be a topic of conversation. Greece is demanding that Germany pay reparations for Nazi war crimes visited on the country during World War II.

Those demands, of course, have much to do with the desperation now being felt by a government that has thus far acted with a significant degree of amateurism. But it would be a mistake to believe that the German past is no longer relevant. Again and again, it casts its shadow over the present day.

A heavy accusation has been levelled at Germany -- by some in Greece, in Spain and in France but also by some in Great Britain and in the United States. The euro crisis, a certain breed of politicians, journalists and economists argue, has allowed Germany to dominate Southern Europe and to suffocate it in order to impose its principles even as its export policy has meant that the country has profited from that same currency crisis more than any other country. Germany's image in some countries has become one of an egotistical economic occupier flanked by smaller Northern European countries from the same mold.

The accusations come primarily from opinion-makers in countries that have experienced years of mass unemployment and the anger is palpable, which is why the demons from Germany's past are returning. And it is hardly surprising that those now suffering humiliation would demand payment of past debts. Germany's historic guilt is now being wielded by the powerless as a weapon to make noise and be heard.

Surveys abroad, to be sure, have found that Germans are widely respected overseas. But in Europe today, people are nevertheless quick to cry Nazi when German policy becomes uncomfortable.

The accusations against the German government have a strange dialectic: Germany is dominating, people say, but it isn't leading. It is a hegemon, but a weak one. That, too, leads us to history. In his 1987 book "From Bismarck to Hitler," historian Sebastian Haffner wrote that turn-of-the-century Germany had an "unwieldy size." It was, he said, both too big and too small. That may be true once again.

How, then, does Germany's role in Europe look at the moment when viewed from outside? And inside?

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The Inhuman Economics of the EU

> ***In a few hours we will know the outcome of the Greek referendum. Pre-referendum polls suggest that a razor-thin margin separates the 'No' from the 'Yes' supporters. A "No" will be a slap in the face of neo-liberal financiers who control not only Greece's economy but also extend their tentacles to the economies of most countries. Salutin's article underlines the human aspect and suffering which is being ignored.-- Ed.***

Rick Salutin, thestar.com, 2 July 2015

There's no way anyone normal can make human sense of the European Union's callous approach to Greece.

Let me recount a recent car breakdown melodrama with relevance, I hope, to the Greece-EU catastrophe and other economic nightmares.

My transmission failed on a rainy road in cottage country. I called CAA. In minutes Jason responded from Griffith Brothers towing service in South River saying he was on the way. Forty minutes later he arrived with a flatbed truck. Since it was Sunday, with mechanics unavailable, he drove me the 200-plus kilometres to Toronto. He was efficient and sociable.

So here's my first point. An economy is about interdependence between actual people who exchange things like money and tows, not just econometric "factors" and formulas. They do it to be useful to each other and it all makes sense when they can see those useful exchanges happen. Jason wouldn't have left his wife and little girl just to help me out unless I paid. But it happened in a larger human context that we all understood. The fact money was exchanged doesn't cancel those other qualities — beyond sheer commerce. Only a dolt living in an abstract world would imagine it was purely financial or "economic."

In Toronto, Jason dropped me at Guan's garage on Harbord, leaving me on a lot next door, with "trespassers will be towed" signs. I hoped it was part of Guan's but when I got home I fretted so I texted Derek (Guan). He texted back, "OK," so I relaxed. Next day he told me he'd come down late at night and pushed my car off the lot (which wasn't his) over to the garage himself.

Point two. Derek likes helping people. It gives him something separate from the living he makes. I've seen him smile, "No charge," or say "Whatever you think." This may jibe with some business model that factors in "good will" but you'd be insane to think that's why he does it.

Frank Kovac, who ran the garage before Derek, was the same. It had almost a reverse logic; he made money so he could help people. It makes a different economic sense: you sell services that let you survive, while doing stuff you want to do. If either had to inflict serious pain on their customers to

make money — they'd quit first. Yet that's more or less the economic logic of the EU with Greece: we're killing you (I'm thinking of the huge jump in Greek suicides) because it's economically necessary. There's no way anyone normal can make human sense of that.

Adam Smith, who founded modern economics, discovered the "invisible hand" operating in free markets by which, paradoxically, pursuing self-interest without concern for others, winds up benefitting everyone. That sounds pretty impersonal and inhuman. But Smith was also a moral philosopher who never lost sight (ahem) of moral, emotional, human elements in all behaviour. His *The Wealth of Nations* (1776) is riddled with scorn and suspicion for the motives of the rich and privileged. He admired invisibility but never trusted it utterly.

Within a century, the invisible hand of an unregulated, or self-regulated free market had created such human hell in Europe, visible to all, that child labour laws, government oversight, and unions began reining it in, successfully for a long while. Yet now in our own time, that ostensibly unregulated market has resurfaced, with Greece its signature victim.

EU headquarters in Brussels is a fine place to avoid seeing human impacts from. The Eurocrats there are as eyeless as Samson was in Gaza, about the effects of the policies they confidently impose, or the social and moral elements in economic activity that seem obvious to others. They deal mostly in financial abstractions — loans, deficits, etc. — that indeed affect prosperity. But if people can't see the value of those policies from the ground — the cab of a tow truck or looking up at a broken clutch, as it were — then why should they trust that they're working at all, much less working best.

Polls on Sunday's Greek referendum are amazingly close, given the scariness of voting No. But people there at least have the advantage of being able to see the real human effects of policies they're judging; and economic policies that make no observable human sense probably aren't sensible.

Rick Salutin's column appears Friday. ***ricksalutin@ca.inter.net***

Fear and Trepidation in Athens' Beverly Hills

Nick Squires, The Telegraph, 6 Jul 2015

In the upmarket Athens suburb of Psychiko, residents have found themselves on the losing side of Sunday's referendum.

A leafy district of multi-million-pound villas, the area is known as the Beverly Hills of the Greek capital. Once the haunt of the Greek royals and aristocrats, Psychiko is now inhabited by doctors, lawyers and other upper-middle class professionals.

Some 71 per cent of the **local population** voted "Yes" in favour of accepting bail-out terms sought by creditors– the highest rate in the country.

Psychiko residents voted 'Yes' in favour of accepting bail-out terms sought by creditors

In the end, the "No" campaign won a thumping victory nationwide with more than 61 per cent of the vote.

“We were faced with a terrible choice – it was like being asked if you wanted your arm cut off or your head cut off,” said George Charonis, 50, an ophthalmologist. “In the end I voted Yes because I want Greece to stay in the euro. It was the less awful option.”

He employs 30 people in his private clinic but his business is being badly affected by a lack of access to bank credit, which makes it hard for him to buy expensive ophthalmic equipment from abroad, such as hi-tech instruments for removing cataracts.

“Europe wants to get rid of us. They are fed up with us,” he said. “They are losing money and we can’t comply with their demands.

“Maybe if we return to the drachma,the economy will be stronger in five years’ time. But I will have lost five years of my life.”

Along the shaded streets of Psychiko, Mercedes and BMWs are parked outside private homes with security guards and high walls. Manicured lawns and swimming pools can be glimpsed through front gates.

But even here, the bolt-hole of the Athens elite, the effects of the six-year recession have been keenly felt.

Entrepreneurs have seen their businesses fail, income and property taxes have soared and some professionals have emigrated, leaving Greece’s economic mess far behind them.

“My heart wanted to vote No but my mind made me vote Yes,” said Christos Papaioannou, 55, who published a specialist economic magazine until it folded two years ago.

He believes Greece’s debt is so huge, it can never be paid off and that austerity measures have significantly worsened the economic crisis.

But he thought voting No would make things even worse.

“I fear we are now heading for total destruction,” he said.

Alexis Protonotarios, the publisher of a food and travel website, has seen his family income plummet from around €350,000 (£248,000) a year to €100,000 (£71,000).

By most standards, he is still well off, but the decline in his financial fortunes has been painful.

“I voted Yes because I felt it was vital for us to keep our place in Europe. It’s important that we make the reforms that are being demanded. We need to become a Western country, where laws are obeyed, and this is not happening under this government,” he said.

"The referendum showed that a majority of Greeks are unable to understand that a lot of painful measures need to be taken for us to catch up with the rest of Europe.

"I'm worried that we may now be sacrificed by Europe, as a way of showing an example to other countries who are struggling with austerity.

"But if Greece goes out of the euro, that is a big problem for European leaders – and they know that Britain could be next."

The well-heeled people of Psychiko may not like the higher taxes and tough austerity measures demanded by international creditors, but nor are they fans of the far-Left government of Alexis Tsipras, the radical prime minister elected in January.

"I think his way of negotiating was totally wrong. He should have been more diplomatic, more reasonable, less aggressive. Now we have all of Europe against us," said George Georgakopoulos, 51, a physiotherapist.

The fitness centres, restaurants and designer clothes shops along Psychiko's main street may give the district a comfortable, affluent look, but many people are struggling financially and deeply anxious about what the next few days will bring.

"I'm really scared," said Mary Perivolari, 50, a former model who used to work as a fashion stylist but lost her job after many fashion magazines closed down during the crisis.

"Before the referendum, things were very problematic but at least we knew what the situation was. Now we have no idea what will happen."

Will financial leaders find the courage to admit they were wrong?

Joseph E. Stiglitz, USA Today, July 7, 2015

Greek voters have overwhelmingly rejected the conditions Europe had imposed on them. Rightly so.

As I wrote before the referendum, "I can think of no depression, ever, that has been so deliberate and had such catastrophic consequences." Those conditions had led to a 25% decline in gross domestic product, a 28% unemployment rate and a youth unemployment rate almost twice that.

I don't believe Europe's leaders were seeking to punish Greece. They were just using bad models — evidenced by the enormous gap between what they thought would happen and what did happen. Europe and the International Monetary Fund predicted a fairly quick turnaround. The reality was deepening recession.

And it wasn't because Greece didn't do what it was supposed to; it was because it did. On the all-important macroeconomic front, Greece had the biggest and fastest fiscal consolidation among the

advanced European economies in the aftermath of the global financial crisis, ruthlessly cutting back expenditures and raising new revenues.

The Greeks did not doall of the structural reforms that were asked of them. Some it should have done, such as doing a better job of collecting taxes from the rich. Others might make sense when the economy is on the road to recovery — but not now, in the middle of a great depression.

If Greece had done all of them, the situation today would be little if any different in terms of GDP. In fact, more people would be unemployed, and there would have been far more suffering. It is not these "structural impediments" that are holding Greece back. After all, without any of these reforms, Greece grew at a faster rate than the European Union beginning in the mid-1990s until the global crisis (4.0% vs. 2.6%).

The ball is now in the court of European leaders. The question is, will they stick with a policy that has proved a disaster? Or will they combine a desire to preserve the euro with good economic policies and a respect of democracy? Can they reform the reform package sufficiently?

This is the moment to stand up against unthinking austerity. Four years ago, as the first signs of the failure of this policy emerged, Europe's leaders recognized that what was needed was a growth strategy. They promised Greece that. They didn't deliver. There was just more of the same.

Eventually, some of Greece's debt was restructured. But it was too little and not done well. When the crisis began, Greece's debt was about 117% of its GDP. Today, after restructuring, after a program allegedly designed to increase the sustainability of debt, it stands at 177%.

Though the conditions Europe imposed on Greece caused its depression, Greece saw little of this money — about 90% went to the creditors, including German and French banks.

An agreement that would keep Greece in the eurozone is clearly possible: Deep debt restructuring (simply recognizing that money that can't be repaid won't be repaid), more reasonable budget goals, such as a "primary surplus" of 1% — not 3.5% as Europe demanded before Sunday's referendum — and reasonable structural reforms focused on the central issues facing the economy today are the key. I know of no country that has been able to sustain the kind of surplus Europe demands. It is a sure recipe for a continued depression and ever greater economic, social and political chaos.

And the European Central Bank must provide liquidity immediately. What does it mean to be a currency union if the central bank doesn't act as lender of last resort? Not to provide the euros the banks need to pay out to depositors would be tantamount to pushing Greece out of the eurozone.

If Greece's partners in the eurozone continue in the same direction they were on before the crisis, I am afraid the game is over. It will be bad for Greece, bad for Europe, bad for the world economy, including the United States. Even if the euro survives for the moment, it is the beginning of the end.

At the next crisis — and there will be more crises — some other country will be forced out. The eurozone was supposed to be not a marriage of convenience, but a new economic and political reality. With Greece's departure, the eurozone will begin to fray. Even those of us who think the euro was a mistake don't want to see this tragic ending.

This is typical: Most bailouts (for instance, the Mexican bailout) are not bailouts of the country but of the Western banks who didn't do adequate due diligence. It could be nice that the German and other European governments bailed out their banks (though whether that is good policy is another matter); but the Greeks rightly asked, why it should be done so much on their backs.

Now, even the IMF is calling for deep debt restructuring. There are many ways this can be done: lengthening the time over which loans have to be paid back, lowering interest rates, or even writing off some of the debt or converting some of the debt into GDP-linked bonds, which would pay more if Greece recovered. This would align the interests of Greece and its creditors in getting a quick return to growth. Supposedly, the IMF report detailing the need for this was suppressed by Europe: Europe's leaders didn't want an open and full discussion of what would work. Some wanted regime change — to get rid of the government that had been elected to end the devastating austerity.

Joseph E. Stiglitz is a professor at Columbia University, the 2001 recipient of the Nobel Memorial Prize in Economics and author of **The Great Divide: Unequal Societies and What We Can do About Them.**

Tsipras Enhanced Power and Menace with Referendum Result

Gerard Howlin, Irish Examiner, 8 July 2015

There hasn't been such sudden anxiety within the European establishment since the emperor's return from Elba. Tsipras rallied the Greek people and demolished his domestic opposition. He acquired the political, but not economic, menace he previously lacked.

Blowing the top off the froth from what happened last Sunday, it is unclear what changed. The thumb screws tighten daily on the Greek people. There is no sign yet, of any softening of hearts among creditors or partners across the capitals of Europe towards Tsipras and his Syriza party.

Sunday's no vote may as likely harden resolve as deliver compromise. Initial signs are not auspicious. What fundamentally changed with the election of Syriza was the Greek issue ceased to be primarily about money. Instead it became about power. That wasn't fully appreciated at first, but it's clear now. In winning the referendum Tsipras radically enhanced his political position at home. His new clout may be put to one of two purposes. He can use it to stand up for his principles and thereby vicariously challenge governments across Europe. Alternatively he can use that same political capital, to cobble together again a compromise — a compromise he wouldn't have survived bringing home to Athens 10 days ago.

Former French president François Mitterrand said indifference is an essential attribute in politics. His election in 1981 was the last full frontal assault on what is now called capitalism, until the arrival of Tsipras. Campaigning on the slogan "Change Life" and promising "complete rupture" Mitterrand included the Communist Party in a broad left coalition. Extraordinarily he proceeded to implement his promises. Wholesale nationalisation and huge state spending increases began. It was, and remains, the most serious implementation of left policies since the immediate aftermath of the Second World War. What Clement Atlee and others did then, lasted for decades. Faced with a crisis in the money markets for the French franc, Mitterrand tacked sharply back towards the centre within 18 months. He cohabited twice with the right and went through seven prime ministers. In the end the scale of his "indifference" was epic. But he had contaminated and cannibalised the French Communist Party in the process.

In 1981-82 the euro was far in the future. However, it owed one strand of its genesis to that crisis. After its reunification, Mitterrand believed the euro would bind a more powerful Germany within an expanded EU and avoid a replay of the instability and humiliation of the currency crisis that precipitated the emergency of his first presidency. Ironically the threat of a currency crisis and a banking collapse to the same euro brought Greece down — and Tsipras into play. His political posture is eerily reminiscent of Mitterrand's opening attitude as French president. However, seeing Tsipras stand down his finance minister on Monday hints at the icy indifference which followed. As Lloyd George remarked, "there are no friends at the top" — a variation of Lord Palmerston's quip that "nations have no permanent friends or allies, they only have permanent interests". That cliché was quoted in this column last week, and rehashed by a Syriza minister on Morning Ireland. The knives are being sharpened for something, but what?

If this were only about money, it would have been solved two weeks ago. But it's about power. That's why Tsipras would not take the deal on offer in Brussels. His power in Athens would have fractured, even ruptured. Now with his base enhanced, he can cut a variation of the same deal he rejected, but perhaps survive returning home. A fig leaf can be given to suggest it's genuinely different. And critically, in winning a referendum he can say the Greek people have stood up — for something. The "something" should preferably be unquantifiable, like democracy. On democratic values, plebiscites has as often been used in the service of demagoguery. But that spoils the narrative. It's the application of fudge after all, that allows compromise successfully stick.

Another kerfuffle, followed by face-saving compromise, is the EU business-as-usual scenario. There are a lot of pressures leaning towards that, and Tsipras's dispensing with Varoufakis may indicate, this is now his objective. It's as much as he can get and survive, and he can't survive unless he gets something.

But what if this isn't business as usual, and Tsipras won't trade principle for power. Or perhaps more accurately, what if he is, or perceived to be far more ambitious and consequently more dangerous. Part of the renewal of resolve across swathes of Europe, where mandates are as democratic as

Syriza's, is the fear of contagion. That contagion is political. If Syriza isn't contained in Greece, it will mutate in variant forms across Europe, not least via Sinn Féin and Anti-Austerity Alliance here. It is no accident that Pearse Doherty and Paul Murphy, their own mutual opposition notwithstanding, were fêted by Syriza last weekend. Across Europe not only are established parties vulnerable, but an established narrative is at stake.

The problem facing Greece and its European partners was desperately simple. The desperate and simple bits were the same. How much reform delivered internally, and how much cash delivered externally was required to shore up the Greek state in the short term? A deal wasn't done because Tsipras wouldn't offer enough reform, and the EU wouldn't offer enough cash. Now the threat is hugely increased. Allow the Greek government victory in any guise, if you are a centre-left government, or a government that depends on a centre-left party, and you will become sheep devoured by the wolves of the harder left in your own country.

Given where they ended up on the political spectrum, it's hard now to imagine a Mitterrand or Pat Rabbitte striking terror into the bourgeoisie. Power, and a clawing for authority, saw one become the organ grinder, and the other the monkey in their respective national establishment. Social democracy in Europe is house-trained petit bourgeois liberalism, served with sanctimonious concern for causes that have limited influence on the voting intentions of the people they expect to vote for them.

Last week, Charlie McCreevy remarked "we are politicians, don't forget, and we actually like to get re-elected". Sryiza's threat now is to the electoral interests of the governments it must deal with, to survive within the Eurozone. It is the audacity posed by last Sunday's referendum that makes resolution more difficult, for both sides. The established European left, ideologically anaemic, is terrified of Syriza. They can only hope that Mr Tsipras has the same "indifference" to ideology or principle that ultimately left them so exposed to his challenge.

Gerard Howlin is a public affairs consultant, Irish Examiner columnist and former senior political adviser.