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Greece – An Alternative to Troika style Austerity

By Peter Koenig
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An Idea for THE DELPHI INITIATIVE to consider.

"Global Research", "ICH". Now that the much expected EU summit of today, 12 July, has been canceled, there is a gate for new opportunities opening.

Under the new austerity package for which Mr. Tsipras was about to sell out Greece, but which may still not have been sufficient for the greedy stranglehold of the troika, the current debt of 373 billion euro (180% of GDP) would be increased by another 'rescue package' (sic) of 53.5 billion euros from the troika – for three years – to a level of debt of about 427 billion € – or 206% of GDP; a debt indisputably impossible to repay – for generations to come. And we are not even talking of the accumulated interest for the entire debt weight – possibly in the tens of billions of euros per year.

Switzerland had for about 3 1/2 years (from 6 September 2011 to 15 January 2015) devalued its currency, the Swiss franc (CHF) on average by approximately 17% in order to be more competitive within the Eurozone. Not really a fair move – as Switzerland, though not a member of the Eurozone, has nevertheless bilateral agreements (resembling EU conditions) with virtually all member countries of the Eurozone. While Eurozone countries cannot devalue their currency – the euro – to adapt to competitiveness (for example Greece should have been in a position to do that), the Swiss have taken advantage vis-à-vis their EU partners. – Swiss exports did well thanks to the devaluation.

Germany on the other hand, with its aggressive export strategy has infringed in many ways on the competitiveness of other, poorer Eurozone nations, including Greece, and helped cause unemployment in these countries – which, belonging to the Eurozone, did not have the privilege of devaluing their currencies.

In the course of the 3 1/2 years when the Swiss franc was artificially devalued, the Swiss National Bank (central bank of Switzerland) had to buy billions of euros and accumulated at least 500 billion euros (official figure) probably more, in order to stabilize the Swiss franc at the 'fixed' rate of around CHF 1.20 / euro.

The 500+ billion euros are not really part of the mandatory reserves; they are rather like a 'buffer' – ready for intervention when the euro / CHF relation requires it.

As a gesture of good-will and solidarity vis-à-vis Greece, Switzerland could lend a large portion of these funds, say 350 to 400 billion CHF to Greece at a 0.5% – 1% interest, a rate similar to what a central bank should do as a lender of last resort. In this case, Switzerland, with sort of a *Swiss Marshall Plan*, could act like a friend of Greece, by establishing a revolving fund, for say, 5 to 10 years, to help revamp Greece's economy, give it space to breathe again. This reconstruction fund would *not be intended to reimburse the troika debt*.

It would rather provide Greece with an opportunity to renegotiate its heavy current troika debt with usurious interests from a position of strength, with an improving economy – aiming at writing the troika debt down to as close as possible to zero.

The Swiss fund might also help Greece to convert from the euro to the drachma. It would be a gesture and a fund of solidarity, especially since the Swiss government has closed her eyes when Swiss mega banks have gladly accepted billions from Greek oligarchs in their coffers, money transferred for tax evasion.

This operation has of course not been checked with the Swiss authorities. It is not clear what the Swiss reaction might be, especially since it might not conform to the EU intentions vis-à-vis Greece, not the kindest as we know, but it would unlikely infringe on international law. One country lending to another is legal, with many precedents to support such an operation.

Interestingly, Oskar Lafontaine, the former Chief of the German Left, said in an interview to Spiegel on-line, that the euro has failed, that it was doomed from the beginning since a common currency should have followed a political union of federal sovereign states – which was the vision of some, but never the intention behind the EU construct. Washington would never allow such an economic and potentially political force on the Old Continent. Lafontaine suggests to breaking up the Eurozone and going back to individual currencies under the former rules of the 'snake', meaning a band of an agreed margin between individual exchange rates.

The Tsipras government has already approached the Swiss government on the issue of tax evasion money, for which they received an unsatisfactory answer: no disclosure of names, instead a 'forfeit' amount to be 'reimbursed' to Greece. The same was proposed by Switzerland to Germany a couple of years ago, but Germany rejected, and now Switzerland has to divulge also names of German tax transgressors to the German fiscal authorities, same with France, same with the UK – and the same with the US – which started the process.

In a new attempt seeking cooperation with Switzerland, the Tsipras Government could propose the idea of a *Swiss Marshall Plan, – a revolving fund to help finance specific socioeconomic and reconstruction projects*. – At this point there is nothing to lose, but everything to gain – to re-gain, that is – taking back Greece's autonomy and national sovereignty, without being exposed to the stranglehold of the troika.

Peter Koenig is an economist and geopolitical analyst. He is also a former World Bank staff and worked extensively around the world in the fields of environment and water resources. He writes regularly for Global Research, ICH, RT, Sputnik News, the Voice of Russia / Ria Novosti, TeleSur, The Vineyard of The Saker Blog, and other internet sites. He is the author of Implosion – An Economic Thriller about War, Environmental Destruction and Corporate Greed – fiction based on facts and on 30 years of World Bank experience around the globe. He is also a co-author of The World Order and Revolution – Essays from the Resistance.

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