

Greece: Meaningful Economic Reforms Could Come Through BRICS and Russia?

By [Joaquin Flores](#)

Global Research, January 27, 2015

Region: [Europe](#), [Russia and FSU](#)

Theme: [Global Economy](#)

The sounds of champagne decorking and exuberant cheers among Syriza volunteers, supportive voters, and their struggling-but-comfortable socialist middle-class base within the intelligentsia and literati, could be heard across Athens' cafes in the clean areas of town. Election results were finalized this evening in Greece, with a clear Syriza victory.

But anyone expecting any meaningful change for Greece should hold their breath until the new government makes (or fails to make) the right relationship with Russia, Turkey, and BRICS. The politics of the aesthetic and the symbol, substituting for actual program and platform, is big in Europe. That includes that of the 'radical' left, which has for a long time been used within Euro-Communist strains in Europe to maintain the same old status quo. Maybe this time will be different. Maybe not. But again, this will hinge mostly on their attitude towards Russia, Turkey, and the BRICS New Development Bank.



The image shows a digital display of the Greek election results. At the top, it says 'Εκτίμηση Αποτελέσματος' (Estimation of Results) and 'Ωρα : 21:25:01' (Time: 21:25:01). Below this, there is a table with three columns: Party Name (in Greek), Percentage, and Seats. The party 'ΣΥΡΙΖΑ' (Syriza) is highlighted in red and has the highest percentage and seats.

Ενικράτεια	Ποσοστό	Έδρες
ΣΥΡΙΖΑ	36,5	150
Ν.Δ.	27,7	76
Κ.Ι.Σ.	6,3	17
Π.Α.Σ.	5,9	16
Κ.Ο.Κ.	5,6	15
Α.Α.Δ.Α.	4,8	13
Α.Α.Α.Α.	4,7	13

Last Night's Election Results

Sunday's snap parliamentary elections in Greece have resulted in a solid victory for the so-called coalition of the radical left, Syriza party. This is the result which many Greeks but also Russia had hoped for and, in its own way, supported. Likewise, the pro-Russian and "anti-EU sanction" party of France, the National Front, has echoed this desire to see the radical left coalition take the election [1]. This is another country to join Hungary - with a decidedly right-wing ruling party - in opposing the sanctions on Russia, the first of three of which are scheduled to expire this coming March.

Likewise, the change of discourse gives a popular mandate which Europe can use, especially if it spreads to Spain through Podemos, to justify any needed change of direction regarding anti-Russian sanctions, and amicable resolution of the ongoing conflict in Ukraine. The legitimating mythos of democracy is an important one in Europe, and European elites who favor either stability or Eurasian integration now have another chip to bring to the bargaining table in their ongoing struggle with the pro-US European Atlanticist elites.

The position and direction of Greece in the EU is critical, and the Syriza position that its government would not support sanctions on Russia marks a significant turning point. How or in what way this will come to fruition in the coming weeks and months, however, remains to be seen. Last summer, before increased US pressure on Europe, at least nine EU countries had signaled they were willing to block further sanctions against Russia [2]. A day later, they voted to go ahead with them.



The Kremlin's political support on the tactical level within Europe is generally rooted in anti-EU and Euro-sceptic parties and movements, tending to be of the Right in Northern and Eastern Europe, and Leftist in Southern Europe. This is therefore important at least on the point about sanctions and the conflict in Ukraine.

But there is more. The outcome of this election is key, but not so much for ideological reasons. Syriza leader and winning candidate Alexis Tsipras' public statements, and the new Syriza platform were nothing for dedicated anti-capitalists – or even EU reformers – to be particularly excited about [3].

The language used to describe the less-than-reformist platform of the Syriza Party is more radical than the actual, or rather literal, meaning of the program would seem to justify [4]. Absent is a call to nationalize any industries, let alone key industries, or industries of scale. There is a 'promise' to create a paltry 300,000 new jobs, in a country of 11 million people and an *official* unemployment rate of 26% [5]. Along with other critical industries presently in private and foreign hands, today Greece is the second largest gold mining country in Europe, and is projected to have the capacity to overtake Finland (the largest) in 2016 [6].

Why is there no call from Syriza to nationalize this critical industry (or any other industry)? Greece ought to have among the largest – or at least fastest growing – supplies of gold in their central bank in their neighborhood, and eventually in all of Europe. They could almost mine themselves out of debt, but they do not own their own gold mines and yet are in massive debt – paper money, printed on Brussels' dictates, of which gold makes only a fraction of, is 'lent' to Greece, which it must repay through terms that are impossible. If Greece owned its own gold, depositing the gold in their central bank, it could 'Grexit' tomorrow, and print Drachma's. It could 'money multiply', or monetize the gold, setting the value of the Drachma on a 3-1 ratio with the Euro, but holding one Euro worth of gold for every 100, 500, or even 1000 Drachma's printed.



This move would provide plenty of liquidity, and a sovereign Greece would in relative time be able to re-industrialize along an import-substitution basis (ISI), choose their own trade partners, and, with this gold and productive capacity, even become a regional hegemon in their own right, between strong Turkey and weak Italy. This type of fractional reserve banking, solidly based in a precious metal, would be opposed to the monetization of foreign currency reserves – followed by endless and unjustifiable central bank emissions. Even at those figures it would be more conservative than what the EU presently does. As Sir Mervyn King, former Governor of the Bank of England once said “Textbooks assume that money is exogenous”... “In the United Kingdom, money is endogenous” [7]. We can add that this is true of the whole western banking establishment as well.



But what about Greece’s Central Bank anyhow? Well, there really isn’t a sovereign institution in Greece like a central bank to put that gold into. To the extent that there is one, it is privately owned as an S.A share company (S.A Corp) similar to the Federal Reserve in the US [8]. But in fact, there is another even bigger problem, for Greece here, and Syriza’s platform and program doesn’t address either one of them.

The S.A Corp that exists parading as the ‘Bank of Greece’, is in fact primarily just an oversight committee that regulates Euro-dollar emissions to other private banks in Greece based on the consumer price index. Its actual role was so superfluous, that they also put the ‘Bank of Greece’ in charge of regulating insurance companies. In actual fact, the Bank of Greece’s role as a central bank was superseded by the European Central Bank (ECB) in 2001 [*ibid.*].

One cannot iterate enough what a massive problem this is for Greece. The lack of their own central bank, let alone one that is not publicly owned and operated as a socialized utility, is a double problem which Syriza has no programmatic answer for. This guarantees continued subservience and vassalage to the EU, and without a way of working at least *around* this

problem (and still staying in the EU), by building a program of national development around a relationship with the BRICS New Development Bank (NDB), Russia, and Turkey – then Syriza will not be able to come through on its campaign promises. That may seem like politics as usual, but for Greece, it will mean something monumental.

In fact Syriza's win may have been too big for its own good, with a less sweeping victory, it would have had to form a government with the New Democracy party, and would be able to play the pass the buck game of parliamentary politics.

Let us assume a probable enough course, and put aside anything 'extraordinary' like socialization of key industries, and a nationalized central bank. Now, if or when Syriza fails to resolve Greece's sovereign debt crisis and the related solvency issues, by failing to make a better relationship with Russia and BRICS, then the Greek masses will experience a massive cultural shift in terms of their relationship with the nominally (or aesthetically apparent) "radical" left.



That new relationship will be a decidedly bad one, and workerist, anti-capitalist and Euro-skeptic politics will only find expression through rising Anarchist, but also Social-Nationalist parties like Golden Dawn. Golden Dawn itself received 6.3% of the vote, with 17 seats in parliament. This means that about one out of every nineteen people voted for the purportedly 'far right' Golden Dawn. The GD, interestingly, calls both for nationalization of the gold industry, as well as other major industries, and the central bank [9]. Those are among the real economic changes that would liberate Greece, and yet on the left, only the Communist Party (KKE) of Greece holds a similar position [10].



That only the most radical parties have the most sensible and honest solutions to Greece's present problem, presents a special problem for Greece. In Toynbee's *Study of History* he develops the concept of civilizations going through stages of growth and later disintegration, as well as abortive and failed civilizations. It would seem that a hallmark of a disintegrating,

abortive, or failed civilization is when the most sensible solutions are entirely marginalized and only held by those on the radical fringes. To make things worse, the GD and the KKE exist on such extreme ends of the present political compass, and notionally reify the now mythical construct of 'communism vs. fascism' that is of gigantic significance in Greece, making any joint efforts on these practical matters probably impossible.

It is interesting then that while entirely ignoring the gaping problems of the magnificently deficient Syriza platform, that some of the call for a leftist victory was to challenge the specter of the rising 'fascism' of Golden Dawn. But if they were really concerned about rising 'fascism', then they would realize that 'fascism' succeeds when social-democratic parties of the ostensible 'left' are seen as complicit with the bankers and the foreign or international elites. But such complicity is precisely what Syriza will not only be accused of, but will objectively be guilty of, if they do not do one of two things: make a 'Grexit', or make a deal with BRICS including an energy deal with Russia and Turkey.

There are a few ways that the new Greek government may think it can game the emergent multi-polar system – but this assumes they can make any decisions on a sovereign basis.

Syriza is likely planning to go into further debt but spend the money differently. In this scenario they think they can leverage the threat of going along with the Russia-Turkish gas line (Southstream 2.0/Nabucco Revisited) in order to get *permission* from the Troika (European Commission, International Monetary Fund, European Central Bank) to use more debt in order to mitigate austerity. Likewise, the US and EU are thinking here that after jerking Turkey and Russia around on a gas deal with Greece, they can keep Greece loyal in the end, give them some of what they want while frustrating the Russian plan. Let's set aside that this is an extremely short term painting over of rust, or kicking the can down the road, or whatever analogy you prefer, and will backfire in a few short years.

This will mean a readjustment plan that will focus on *higher* taxes on the small merchants, and even larger local chains like *Veropoulos* markets. This will push them to the brink of destruction. This will favor both big foreign companies, and for a very short while, regular wage earners. This will be justified on the notion that increased wages will result in increased spending, and because the major foreign corporations will not be challenged by the EU/Corporate friendly Syriza coalition (in this hypothetical scenario). This will be aimed at justifying higher import tariffs on the perishable and durable consumer goods they buy in bulk, in order to pay for the foreign debt, which means small businesses will have to buy the things they sell at higher costs. Few will cry many tears for *Veropoulos*, but similar to the French economy until the early 90's, most of the retail transactions are carried about by non-franchised 'mom and pop' stores. This will likely push them all into the hands of Golden Dawn.

Also, these small stores will be taxed higher, justified on their increase in sales we will be told is possible due to a tapering of either unemployment or wage deflation.

But in fact there will be wage deflation, which is why these small businesses won't likely see an increase in sales, even though their new tariffs and taxes will be politically justified on precisely that.

Why? Because the EU and the ECB is going to push for quantitative easing – yes QE for the EU. It is almost just too eerie that this revolves around Greece. The problems in Greece today by and large are a result exactly of the ECB dumping its problems onto Greece, when

it defrauded Greece by making it responsible for the repackaged junk bonds it acquired from the US back in 2008.

And the way the US was able to repackage those ultimately was through its own QE1. This, as we all remember, printed at least a trillion dollars backed up by nothing, creating another asset bubble, further devaluing the dollar, and did not resolve the US's chronic economic problems – though the rich did get richer [11].

As Bloomberg's Jana Randow reports just last Thursday, "ECB President Mario Draghi overcame opposition on the central bank's Governing Council on Jan. 22 and unveiled a plan to buy government bonds as part of an asset-purchase program worth about 1.1 trillion Euros (\$1.3 trillion). The prospect for stimulus sent the euro tumbling earlier in the month to its lowest level against the dollar in a decade [...] Fed-style QE in Europe will need to overcome both practical and political challenges. Companies get most of their funding from bank loans rather than selling bonds, which is more common in the U.S. That makes European financial markets smaller and much [less liquid](#)." [12]



But certainly, Syriza won't go for that, right? Wrong – in fact their whole 'recovery' plan relies on it. "Tsipras has pledged to persuade the ECB and the euro region to write down the value of their Greek debt holdings so that he can boost public spending and create jobs. He said this week that excluding Greece from the QE program would be punishing a country that already suffered years of austerity.", writes Marcus Bensasson and Nikos Chrysoloras just last Friday [13].

On Syriza's own website, page of the platform, they clearly say for themselves:

" We call for immediate action in the popular decision, and a strong negotiating mandate to:
...

*Agreement on "European New Deal" , with public investment for the development and funding from the European Investment Bank.

* Quantitative easing by the European Central Bank, with direct purchase of government bonds." [14]

Tsipras, however, must know that a write down violates the ECB's own rules. Or maybe there is another agreement to be made? As unlikely as it seems, we will have to wait and see. What we know already is that Tsipras has been saying that Greece represents a unique case, and has resorted to special pleading (as an aside, then, what will Podemos of Spain say?).

It's a mess, and if the correct geopolitical orientation towards BRICS is not made without further serious delay, then it will simply cause more and more layers of society to become disaffected entirely with any kind of "Social-Democracy 2.0" and even 'the left' itself. Again, only the stand-out Golden Dawn brand will be able to capture the politically willing, with the KKE struggling to distance itself from the similarly branded Syriza.

This will set the stage for a civil war or a military coup unless there is a geopolitical refoundation. Such a military coup may not be the worst scenario for Greece in such a worst case, provided that it is aimed at a real national renewal.



Remembering Portugal's Carnation Revolution Military Coup

That would mean by definition that it is outside of the control of the Troika, involves nationalization of the major industries, and that it follows the model of popular anti-colonial and anti-capitalist, pro-social(ist) nationalist military coups like Chavez's first Bolivarian attempt in Venezuela, Otelio Saraiva de Carvalho's Carnation Revolution in Portugal, Gaddafi's Green Revolution in Egypt, or Nasser's 23 July Revolution in Egypt.

For a number of reasons including the culture of Greece's military, in the sphere of aesthetics, references, and language, such a coup is more likely to have the trappings of the 'far-right', while outside of the super-structural sphere its progressive character will rest upon its actual social and economic program. This will entirely muddle the political discourse, and the old-new-left and the old-left outside of Greece may be prone to oppose it quite vocally. Inside of Greece, in this scenario, the left will already have been mostly discredited, thanks to Syriza.

Still, these are all very painful and difficult processes, which still very easily can be avoided. So, what is one possibly that doesn't signal a Grexit, but which can relieve the real pressure on Greece without relying on the stupidity of placing liquidity ahead of solvency?

A geopolitical refoundation and reorientation for Greece can solve much of this. First, we must recall that when Gazprom announced the cancellation of the South Stream line last month, what they actually did was declare a new project into being which works with Turkey [15]. This line goes through to the border with Greece. This places Greece in a prime position as the first point of entry of Russian-Turkish gas into the whole EU system. This gives them leverage they never had before, as well as the opportunity to extract transit fees, and more. Furthermore, this geopolitically and geostrategically brings Greece not only closer to Russia, but to its longtime rival (but actually long-time partner), Turkey.

Moreover, why couldn't Greece play by the rules as they are written and maintain its S.A corporation posing as a 'central bank' under ECB control, but found a second bank, state owned, of its own? They would only need to initially ascribe to it functions which legally,

technically, did not violate the ECB's control over the 'Bank of Greece'.

That Syriza might do all of this, is not unreasonable, and in fact it seems quite possible. There is indeed evidence that this can happen.



This possibility entirely turns on its head the whole Syriza-Greece story. And yet it is admitted that the ECB probably should look favourably on a Syriza win as it has promised against a Grexit, and so it likely does. There is also the part about taking Russia and Turkey along for a frustrating ride along the course of playing at energy routes. Moreover the penetration of the ETUC (European Trade Union Confederation) into the ranks of Greek organized labor limits and influences the possibilities of Syriza to act more decisively, and so acts as another level of control of Brussels upon Greece, 'from the left' [16]. All of this adds to existing evidence that the EU and the Troika considers Syriza to be its own social-pressure control valve upon the Greek masses.

But still we are confronted with a thickening plot that would explain why Russia and the pro-Russia parties, regardless of political orientation on the compass, have uniformly supported a Syriza victory. One thing we know for sure is that the Russians are quite adept, serious strategists and long term planners, who use a whole array of strategic tools borrowing from game theory and more. They know something.

We must we recall that the Syriza party has called the Greek joining of the sanctions against Russia “catastrophic for Greek agriculture,”. They accused the foreign policy of the present government as being stuck in a Cold War mentality, and following the dictates of Brussels and Washington. This might all just be talk, but it’s perhaps more likely to be a cipher. Syriza has openly criticized EU deference to the Neo-Nazi and US backed coup in Ukraine.

A geopolitical refoundation seems to be one way that it can avoid the fate of Bulgaria, who suffered long under EU threats and seems, at least for now, to have reneged on its commitment to build South Stream. Greece and Turkey already do several billion Euros a year in trade, and there are no EU provisions that could interfere with the 'South Stream 2.0' that stealthily makes its way into Europe dressed in the attire of 'Nabucco Revisited'. The structure of related Turkish energy companies doesn't violate the terms of the EU's Third Energy Package of 2009.

So far, we have the groundwork laid for a very interesting Russian plan with Greece. One can only wonder, if this is true, at the level of secret and stealth assurances and dealings that the Russian FSB has made with elements of the Greek military and intelligence

apparatus, and how this could have been conducted under the radar of the CIA, NSA, MI6, and their European proxies.

What we mentioned in the above was the possibility of Syriza establishing in Greece a sovereign bank, under a different name. In fact, in the Syriza platform, is an interesting development. Indeed, it's the New Development Bank – not the one the BRICS has founded as a rival to the IMF, but one which Syriza seeks to establish in Greece [17]. That's a strange choice of words then, isn't it? In a realignment scenario, Greece establishes 'a' New Development Bank to act as the interface with the actual New Development Bank of BRICS.

Ideally, Greece is allowed to have its debt 'written down' by the ECB, or restructured in a creative way that also involves aid from the BRICS' New Development Bank which interfaces with Greece's 'New Development Bank'.

In this best case scenario, it works out well for the Eurasian Economic Union (EEU) and the European Union, as well as Greece. There are really many ways to skin this cat, there are any number of arrangements that Russia and China can make with an EU that begins to emerge from the shadows of US control. Indeed, these can have the same remunerative value (or better!) than what Greece ostensibly owes to the EU. Peaceful integration with the rest of Europe and Eurasia is one of Russia's long term strategic and developmental goals, one which the US has tried to frustrate with the coup it staged in Ukraine a year ago. In a strange way then, what happens in Greece may very well be intimately connected to what happens on the battlefield in Ukraine and Syria.

Of course, we cannot forget that in many ways this debt is a fiction, and can be mostly erased, and the Greek economy can be built up today. Greece just has to say to the present EU doctrines and the old guard what Nuland said to the EU. Hit the delete button and watch all those 0's which weigh so heavily on the computer screens at the central banks offices just disappear.

The US is the main obstacle for anything normal to happen between Europe, Greece, and Russia. The election of Syriza may prove to be a major turning point, but how things will play out remains to be seen. Despite what the EU's old guard, in service of the US, had in mind for Greece with its Syriza trick – Syriza's Greece working with Russia and BRICS may just end up being the upset that flips the whole script.

Joaquin Flores is an American expat living in Belgrade. He is a full-time analyst at the Center for Syncretic Studies, a public geostrategic think-tank. His expertise encompasses Eastern Europe, Eurasia, and he has a strong proficiency in Middle East affairs. Flores is particularly adept at analyzing the psychology of the propaganda wars. He is a political scientist educated at California State University. In the US, he worked for a number of years as a labor union organizer, chief negotiator, and strategist for a major trade union federation.

Notes

1. <http://www.thetoc.gr/eng/politics/article/parties-clash-over-le-pens-support-for-syriza-win>
2. <http://rt.com/business/172888-9-eu-block-sanctions-russia/>
3. <https://www.jacobinmag.com/2015/01/alexis-tsipras-interview-syriza/>
4. <http://socialistnetwork.org/the-new-programme-of-syriza/>

5. <http://www.tradingeconomics.com/greece/unemployment-rate>
6. <http://www.reuters.com/article/2014/01/13/us-greece-gold-insight-idUSBREA0C0DG20140113>
7. <http://wenku.baidu.com/view/12767661783e0912a2162a61>
8. <http://www.bankofgreece.gr/Pages/el/Bank/LegalF/statute.aspx>
9. <http://golden-dawn-international-newsroom.blogspot.com/p/the-program-of-golden-dawn.html>
10. <http://interold.kke.gr/News/2010news/2009-09-16-political-resolution.html>
11. http://economix.blogs.nytimes.com/2013/09/10/the-rich-get-richer-through-the-recovery/?_r=0
12. <http://www.bloombergtake.com/quicktake/europes-qe-quandary>
13. <http://www.bloomberg.com/news/2015-01-22/draghi-pressures-tsipras-as-greece-hung--outside-qe-plan.html>
14. <http://syryza.net.gr/index.php/el/programm/2015-01-08-11-53-38/17-oi-programmatikes--theseis-tou-syryza-sti-dethh>
15. <http://www.globalresearch.ca/russia-and-turkeys-south-stream-gas-deal-can-save--europe-and-the-world/5421742>
16. <http://www.kps.rs/crvena-linija/1268-the-negative-role-of-syryza-in-the-trade-union--movement-of-greece>
17. <http://socialistnetwork.org/the-new-programme-of-syryza/>

Copyright © Center for Syncretic Studies 2015 – <http://syncreticstudies.com>

The original source of this article is Global Research
Copyright © [Joaquin Flores](#), Global Research, 2015

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Joaquin Flores](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those

who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca