Greek Exit From the Euro!

By Andreas C Chrysafis
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There is a serious political and economic clash going on deep inside the chambers of the EU. The newly elected Tsipras government has triggered a tsunami that may not be so easily contained. The northern states dominated by Germany and braced by the ECB have now also regressed to blackmailing tactics. What they feared the most is about to happen; a battle has ensued between David and the mighty Goliath – everyone knows the end result! It may also cause a domino effect over other member-states and that's the worst nightmare facing the EU institution.

All eyes are directed at the new charismatic young Prime Minister Alexis Tsipras and his unorthodox Finance Minster Yianis Varoufakis. A Greek Revolution of the Mind has sprung into action. Immediately since taking office the Greek government, has forbidden Troika to return to Greece and cancelled the selling off of the Piraeus Ports to private investors. That shocked the Eurogroup.

The Greek nation had had enough of Troika's failed austerity measures and it was decided in Athens that economic colonization through the suffering of the Greek people could no longer be tolerated under any terms.

Unless Greece renegotiates and restructures the unsustainable Troika loans, it will be impossible to repay it and the nation will remain in debt for generations to come. Greece's request to renegotiate Troika's terms was a wise move but was rejected by the Eurogroup. Exacerbating tension between the two camps, the Greek government also decided not to adopt further EU sanctions against Russia.

That did not go down well either. But one thing is for certain; the government of Greece is no longer prepared to play ball and be dictated to by a group of unaccountable and unelected EU Troika bankers at the expense of the people and its integrity as a free democratic nation.

Knowing its limitations and economic strength, Tsipras' government behaved responsibly in wanting to re-structure the country's debt within the boundaries of the EU. The refusal of assistance by the Eurogroup but especially by Germany came of no surprise. Actually Germany should have behaved much better because after WW2, it also faced a similar situation. Instead, it chose to behave appallingly against Greece.

In fact Germany faced total bankruptcy from the strains of the Second World War but the Allied nations came to its rescue with a grand master plan; a plan that was based on a different school of thought on how to help a country out of debt.

The London Agreement on German External Debts known as the 1953 London Debt Agreement was established as an Agreement that in fact set a precedent for debt relief for poorer economies.

This Debt Relief Agreement negotiated by the Western allies (Britain, the USA, France and bankers) provided an inspired master plan to help Germany recover financially rather than to destroy it completely. The idea behind the plan prescribed was that a country; is more likely to repay its debts through economic recovery rather than economic suppression and stagnation!

For Greece (and Cyprus for that matter), the EU-Troika did precisely the opposite. It destroyed its economy; robbed people's bank accounts (bail-in); caused massive recession; suppression; shut down banks; raised taxation and triggered massive unemployment. Troika's economic rescue plan was actually based on economic colonization and its success depended, on firstly destroying all hope of recovery for the ultimate control.

Compare what the Allied Debt Relief Agreement did for Germany with what Troika's Mnimonio rescue plan for Greece (and Cyprus) has done, and a contrasting picture emerges; one that shows double standards and sinister motives!

Analytically, Germany's debts after the war amounted to 38.8 billion marks and the Agreement signed on 27 February 1953 reduced the debt to 14.5 billion, which amounts to a 62.6% reduction. The repayment period was also stretched out over 30 years and allowed Germany to postpone some payments until such time as re-unification. It was decided that the burden of servicing the entire debt if not reduced, meant that the German economy stood: little chance of a recovery!

The philosophy behind the Agreement was a masterpiece of the road to recovery, and it worked wonders. First and foremost, the Agreement provided that Germany was able to pay its external debt while maintaining a high level of growth and improving living standards of its population. In fact, it meant that they were allowed to pay back the loan without getting poorer. That was a superb piece of economic strategy that could only benefit both parties!

To achieve this, creditors agreed to help Germany in a number of positive ways such as but not limited to:

> Reduce importation to assist and manufacture at home those goods that were formerly imported (equally helping with job-creation); creditors agreed to reduce their own exports to Germany; supported and purchased German exports to restore a positive trade balance; the debt service/export revenue ration, was not to exceed 5% and depended on how much the economy could afford; debt re-payment would derive directly from export revenue income; the Agreement also contained the possibility of suspending payments while conditions were re-negotiated in the event of reduced available resources. On the 3rd of October 2010 the last payment was made with 69,9 million euros. This payment was considered to be the last one to its creditors.

This is the kind of formula necessary for economic recovery and not Troika's austerity, which destroys nations and reduces citizens to poverty. With the help of a hard working population Germany has become one of the most economically powerful and influential countries in Europe.

Compare what Troika's rescue plan did for Greece, and it becomes obvious that the Resolutions (Mnimonios) introduced were never meant to restore economic recovery and growth like the 1953 London Debt Agreement did for Germany; they were geared to dominate through debt dependency.

In fact under the terms of the 1953 London Agreement on German External Debts, Germany owes the Greek people 476 million reichmarks ($14 billion) that Greece was forced to give Nazi Germany during its occupation. If 3% interest had been accrued over 66 years, the loan corresponds in today's terms to $93 billion. The Tsipras government is now demanding that money back and if successful, it certainly would open up Pandora's box for Germany.

If things remain unchanged, Greece will never be in a position to repay its crippling debt but will only enter into a deeper crisis. The annual interest payments alone (in billions) on a 350 billion debt would keep the nation in utter poverty and that's precisely what the new government wants to avoid.

Equally, one can reasonably ask: what happened to all those billions borrowed? Where did it all go? Certainly it did not go to improving public services, the infrastructure and hospitals or to making people affluent and living with dignity. In fact the majority of those funds borrowed went straight back into the coffers of German and EU banks to bail themselves out at the expense of citizens. It is reported that less than 10% of the bailout money borrowed ever reached the people; that is what modern economic colonization does to poorer nations!

The new government recognized this and for the first time ever an elected government decided not to follow the footsteps of its predecessors who failed the people of Greece miserably.

A well-organized exit from the Euro currency and return to the Greek drachmas cannot be discounted. In fact it would be a wise decision because Greece will then determine its own exchange rate to help its economy grow free from EU constraints. As an EU member state, the UK did not adopt the Euro currency so why not Greece or Cyprus for that matter!

Actually, exit from the Euro may be more beneficial in the long run. However, there are various conflicting theories made by economists of a Euro exit but they all agree on one thing: that exit from the Euro, would not be easy but not impossible. The final word however, whether to retain the Euro or not, rests with the Greek people under the terms of a referendum. With transparency, well-informed citizens, can make well-informed decisions and the decision whether to retain the Euro or not, belongs to the people and not to a temporary government.

Out of the ashes of despair, Greece will rise up again and will succeed. It will do so because the nation's dignity has been restored with thousands of people flooding the streets of Athens, Salonika and major cities to endorse their support for the new government. Unquestionably, a nation that has the full support of its people it will never fail.

However, there are certainly clouds looming on the horizon for both nations but on the positive side, Greece may be the catalyst to bring about changes for the better and that hope may also spread to Cyprus – we sure hope so for Cyprus' sake!

Andreas C Chrysafis
Author – Writer – Artist
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Articles by: Andreas C Chrysafis