

How Europe Played Greece: “We would rather Deal with Corrupt but Obedient Leaders, than Honest ones with Ideas of Sovereignty”

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Do these things, they said, for all our sakes and you will return to prosperity with our help. They lied.

“They have decided to strangle us, whether we say yes or no”, said a Greek woman to me yesterday. “The only choice we have is to make it quick or slow. I will vote “oxi” (no). We are economically dead anyway. I might as well have my conscience clear and my pride intact.”

Her view is not atypical among friends and relations I have canvassed in the last few days. Trust has evaporated. Faith in European Institutions is thin on the ground. Lines have been crossed. At times of financial strain, a country’s currency issuer, its central bank, should act as lender of last resort and prime technocratic negotiator. In Greece’s case, the European Central Bank, sits on the same side as the creditors; acts as their enforcer. This is unprecedented.

The ECB has acted to asphyxiate the Greek economy – the ultimate blackmail to force subordination. The money is there, in our accounts, but we cannot have access to it, because the overseers of our own banking system, the very people who some months ago issued guarantees of liquidity, have decided to deny liquidity. We have phantom money, but no real money. There is a terrifying poetry to that, since the entire crisis was caused by too much phantom money in the first place.

EU Institutions are now [openly admitting that their aim is regime change](#). A coup d’état in anything by name, using banks instead of tanks and a corrupt media as the occupiers’ broadcaster. The rest of Europe stands back and watches. Those leaders who promised the Syriza government support before the election, have ducked for cover. I understand it. They sympathise, but they don’t want to be next. They are honourable cowards. They look at the punishment beating being meted out and their instinct is to protect their own.

Many people within Greece have the same reaction. “[Tsipras] is an idealist”, a friend wrote, “but I don’t know whether idealism has the power to change reality. Life has shown me the opposite to be true. I will vote “yes”, with tears in my eyes. I will be another Brutus.”

This tacit collusion, both within Greece and around Europe and the World, with the economic waterboarding being administered to a country on its knees, is made possible by a single politically expedient narrative: That Greece deserves to suffer and should just pay its debts. It is the single most common comment I have had on social media. And the most bitter to

swallow.

Corruption and tax evasion had been rife for decades. Accounts were falsified in order to facilitate entry into the Euro. Unforgivable economic crimes were committed. These weren't committed by most ordinary people of course – the very people now asked to take on the burden of the follies of our rich oligarchs. Corrupt politicians who passed the country back and forth like a joint were quick to secure their money in Swiss bank accounts. But we must share in a collective responsibility for them. We all knew what was going on and we either became part of it or didn't rebel soon enough or loudly enough.

Those factors are what put us on the front line when the global financial crisis began to unfold within the Eurozone. All those systemic flaws are what made Greece the weak link when the earthquake hit. *But we didn't cause the earthquake.* We just lived in creaking houses that went down easily.

The idea that Greece has not paid a heavy price for those sins, is fiction. In the last five years, we have made adjustments which reduced a 15% deficit to zero, while the economy contracted by a quarter. Incomes fell by over a third. Pensions were slashed by 40%. 18,000 people are sleeping rough in Athens alone today. 11,000 are estimated to have committed suicide explicitly because of financial worries. The Church is raising thousands of children in orphanages. Almost a third of the population are living below the poverty line.

These catastrophic shifts would have been unfathomable for most economies. It is only because family and societal bonds are so strong, that we do not mourn triple the number of victims. There is no moral hazard to any debt write-off or restructure. Not a single Greek person will say: "Great! That was easy."

Greece should have been allowed to default in 2010. Default is a normal part of debt, not some monstrously catastrophic event. Germany has defaulted on its debts four times in the last century. Italy six. Default is reflected in interest differentials. An element of interest on a loan is of course "rent" for using someone else's money, but the reason Germany's government 10y bonds trade at below 1% and Venezuela's at over 24% is not whim. It reflects risk. Removing that risk is the real moral hazard.

"Stop whining and pay what you owe." "Nobody forced you to take the loans in the first place." "Why should taxpayers elsewhere pay for your extravagance?" There was some truth to all of those things back in 2010. There is no truth to them now. We *were* forced to take the loans. That is *precisely* what happened. We were told "do this for all of us", to avoid contagion. [Less than 10% of the "Greek" bailout has gone to Greece](#). The rest has gone to strengthen irresponsible financial institutions, mainly French and German, which were heavily exposed.

There was no provision within the Eurozone for what happens if market shock creates sudden and dramatic divergence between countries' economic cycles. We were no longer individually in charge of basic economic levers like quantitative easing or devaluing our currency – a standard response in those circumstances. Our fates were entangled. We could either devalue the whole of the currency which would help countries severely affected by the crisis or not devalue which would help countries like Germany which were in a more robust position. We were told: "do this and we will look after you". Whatever it takes, [said Mario Draghi](#), to convince Greece to take yet another loan.

Markets smelt blood and there was indecent speculation which made things much worse. This is what Chancellor Merkel [said in February 2010](#) about the crisis: “The debt that had to be accumulated, when it’s going badly, is now becoming the object of speculation by precisely those institutions that we saved a year-and-a-half ago. That’s very difficult to explain to people in a democracy who should trust us.”

Where is that narrative now? When was it replaced exclusively by lazy, profligate Greeks making life difficult for everyone else? [History is being rewritten](#).

The IMF report, [published yesterday](#), vindicates Syriza’s position almost entirely. Greece’s debt is not viable, it says. The approach of [“austerity first, debt relief maybe”](#) was a disaster. Another programme of cuts without debt restructuring would be so counter-productive that the IMF refuses to be part of it. Will the world listen now? Or is the idea that somewhere in Greece there is a mattress stuffed with a trillion Euros which we are simply refusing to hand over out of ideology?

Greece feels betrayed. The people “in the know” assured us that if we did as they instructed, the situation will improve. It didn’t. It got worse. And then worse again. We agreed to buy back our own debt at a premium and, by doing so, gave time to large financial interests to disentangle themselves from Greece, to put buffers against contagion. Now they don’t care. Greece was played. We were convinced to get in a lifeboat full of holes and now Europe wants to set us adrift.

The people of Europe need to realise that they were all played, too. Taxpayers’ money was pumped, [not into Greece, but into failing banks](#), like everywhere else. Profit has been privatised and risk nationalised. They need to stop blaming the canary for coming up from the mine half dead.

The EU’s behaviour over the Greek Referendum on Sunday is telling. Everyone agrees that corruption at the highest levels and chronic tax evasion were Greece’s downfall. And yet, instead of cheering a government that, despite ideological differences, is prepared to tackle those things, they have employed any unconstitutional and undemocratic means necessary to overthrow it. They are actively trying to install a government formed of the very corrupt entities that stripped the country like locusts for four decades.

The message from Brussels and Berlin is very clear: We would rather deal with corrupt but obedient leaders, than honest ones with ideas of sovereignty. Your vote is irrelevant. Democracy is irrelevant.

There are consequences beyond the financial. If Europe chooses to create a failed state on the edge of its borders, with a Middle East and North Africa ablaze and a Russia and China looking to expand their influence, the fallout will be unpredictable. Psychologically, too, they have damaged the European Project, probably beyond repair. Punishing a member state for having done precisely as instructed, will make every other state feel unsafe; make them question whether they are next.

“Come be part of the European Family”, they said. Many are now realising that the family in question were The Borgias.

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