Troika Intends Starving Greece Into Economic Submission

By Stephen Lendman
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Eurozone, ECB and IMF officials' treatment reveal the latest example of predatory capitalism.

Since Greece's financial crisis erupted in 2009, imposed austerity diktats incrementally transferred its wealth, assets and enterprises to Western interests at the expense of a 25% GDP drop, mass impoverishment and unemployment (60% for youths), elimination of vital public services, and a brain drain of its best and brightest.

SYRIZA Prime Minister Alexis Tsipras promised austerity relief, caved to Troika demands, then refused further accommodation last week.

Greece is effectively bankrupt. Without bailout help, it's unable to pay its bureaucrats and keep its economy from collapsing. At the same time, accepting greater debt peonage on Troika terms assures an endless downward cycle to oblivion.

Tsipras announced a July 5 national referendum to allow Greeks to decide up or down whether to accept or reject their demands.

Overnight Saturday, Greek parliamentarians approved holding a plebiscite. Tsipras' motion easily passed despite opposition from pro-EU parties – notably New Democracy and Pasok.

"We exhausted every limit of concessions so there could be an agreement," said Tsipras. "Perhaps some saw that as a weakness. The day of truth is coming for the creditors, the time when they will see that Greece will not surrender, that Greece is not a game that has ended."

He called on all Greeks to reject the Troika "ultimatum" with a "resounding NO." Based on his 80% approval rating, he'll likely get it. Then what?

BBC correspondent Robert Peston close to talks said "(t)he European Central Bank is expected to end emergency lending to Greece's banks on Sunday."

> "The country's banks depend on the ECB's Emergency Liquidity Assistance (ELA). Its governing council is meeting later."

Greece will likely "announce a bank holiday on Monday, pending the introduction of capital controls."

"Austrian Finance Minister Hans Jorg Schelling said a Grexit now "appears almost inevitable."

Two years ago, Cyprus declared a bank holiday and instituted capital controls short-term to deal with its banking crisis. Supplies of basic goods dried up instantly because importers had no cash to pay for them. Months later, things still hadn't returned to normal.

Cutting off Greece's financial lifeline would cause greater duress than what Cyprus experienced. Yet relief is available by turning East, not West.

Russia and China are likely suppliers. Perhaps other BRICS countries. Staying trapped in the Eurozone straightjacket assures deepening debt peonage – an endless cycle of financial and social disaster for ordinary Greek people already suffering hugely.

Ending Emergency Liquidity Assistance (ELA) is likely Monday or Tuesday when default on a $1.8 billion IMF payment looks certain.

On Sunday, ECB board member Lorenzo Bini Smaghi said "(g)iven the uncertainty over Greece remaining in the euro, the ECB will no longer be able to supply liquidity to the Greek banks, who in turn will be unable to supply euros to their clients."

ECB governors are meeting Sunday to decide whether to end ELA. A two-thirds governing council majority is needed to approve it.

Irish Finance Minister Michael Noonan expects a Monday bank holiday announcement. "It is not a question of waiting to see what might happen…in terms of a crisis. The crisis has commenced," he said.

For now, things are in unchartered waters. An ECB statement said it "tried to avoid taking any steps that would push Greece out of the eurozone."

"But the bank's rules would make it more difficult for it to continue to support Greek banks without the prospect of an agreement with creditors."

Troika officials are amenable to more talks without offering meaningful concessions. Whether Grexit looms remains to be seen.

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