http://www.strategic-culture.org/news/2015/07/02/greek-crisis-awaits-other-nato-partners.html

Greek Crisis Awaits Other NATO Partners

Finian CUNNINGHAM

7/2/2015

One notable consequence of the Ukraine conflict and the ongoing confrontational stand-off between the West and Russia is the dramatic surge in military spending among several European countries.

However, this unprecedented militarisation of economies across Europe portends a disastrous Greek-style future of crippling debt for these same countries. Those most at risk from a future hangover of military overspend in the years ahead include the Baltic states, Poland and the Scandinavian countries.

This outcome may indeed explain why Washington and its closest NATO allies have embarked on what appears to be a reckless geopolitical confrontation with Russia. The tensions being stoked from the alleged Russian threat – mainly by Washington – are in turn leading to lucrative weapons sales for the Pentagon and its military-industrial complex.

NATO Secretary General Jens Stoltenberg recently assured that the US-led military alliance "would not get dragged into an arms race with Russia". But that's exactly what appears to be underway, at least for the eastern European and Scandinavian members or partners of NATO.

The agenda of confrontation – most vehemently articulated by Washington – is not so much to instigate an all-out hot war between NATO and Russia. Former American ambassador to Russia, Michael McFaul, last weekend stated that "only a fool would invade Russia". That admission may actually be an accurate measure of Washington's calculations. Despite the ongoing aggressive US-led military posturing toward Russia, the real aim may not in fact be the contemplation of a war with Moscow, but rather to create a climate of fear and insecurity from an alleged Russian threat in order to boost military spending of the aforementioned NATO members.

In its latest report on military spending across Europe, the Stockholm International Peace Research Institute (SIPRI) notes: "The political and military crisis in Ukraine has led to a major reassessment of threat perceptions and military strategies in much of Europe. Increased threat perceptions have led to calls in Europe for higher military spending and, in particular, a renewed commitment by NATO members to spend at least 2 per cent of their gross domestic product (GDP) on the military."

Among the increasing military budgets for 2015 compared with the previous year are: Czech Republic (+3.7%), Estonia (+7.3%), Latvia (+15%), Lithuania (+50%), Norway (+5.6%), Poland (+20%), Romania (+4.9%), Slovak Republic (+7%), and non-NATO member Sweden (+5.3%).

Significantly, most of the Western European NATO members are either reducing or freezing their military spending. They include Britain, France, Germany, Italy, Portugal, Denmark and Spain.

Out of the increased military spenders, Poland has the biggest financial outlay amounting to some $35 billion over the next decade up to 2022. By comparison, the Baltic states of Lithuania, Latvia and Estonia have much smaller allocations in absolute dollar terms. But what is important here is the scale relative to their much smaller economies.

As SIPRI notes: "In the medium- to long-term, the increase of 80 per cent or more in military spending required by some member states to reach the 2 per cent target is unprecedented for NATO members in peacetime. Since the end of the 1950–53 Korean War, the trend in almost all NATO members' military budgets as a share of GDP has been downwards or flat, even during periods of increased tension with the Soviet Union."

The United States as the world's biggest weapons exporter stands to gain decisively from the enlarged European budgets and markets, from the sale of missile systems, tanks, warships and fighter jets. The added bonus for the Washington-dominated International Monetary Fund (IMF) is that if indebtedness of military spendthrift countries ensues then their future economic duress will permit an austerity-driven expropriation of economies for the benefit of Western finance capital. The process is not unlike what has already befallen Greece.

In the deluge of Western media reportage on the Greek debt crisis, one key aspect remains strangely hidden. That is, the fact that Greece's debt burden of $320 billion has largely been incurred from decades of exorbitant militarism. Some estimates put at least half of the total Greek debt pile – more than $150 billion – down to military spending.

Before the onset of the current debt crisis in 2010, Greece was spending some 7 per cent of its GDP on military, when many other European countries were allocating about 2 per cent. Even now, five years after economic collapse, Greece is still the highest military spender in the European Union – at 2.2 per cent of GDP. Out of the 28-member NATO military alliance, Greece is the second highest such spender after the United States, which allocates about 3.8 per cent of its economic output to military.

The Greek government of Alexis Tsipras and the institutional creditors among the EU, European Central Bank and the IMF have studiously ignored a glaringly obvious option for trying to put Greece's national finances on a sounder footing – namely, a massive shrinking of the country's military.

If Greece were to reduce its military spend by half to around 1 per cent of GDP, as in Italy, Belgium, Spain or Germany, that could generate $2 billion in finances that would meet the IMF's immediate demands and help to avoid the swingeing austerity measures demanded by the EU/ECB/IMF Troika.

But there is a good reason why the Troika of creditors are refusing that option. Greece's military extravagance over many years has been an absolute goldmine for German, French and American weapons industries. Out of the $150 billion in military spending by Greece during the years up to 2010, 25 per cent of the purchases were from Germany, 13 per cent from France and 42 per cent from the US, according to figures from SIPRI.

It is no coincidence that Greece's biggest institutional creditors are the German and French governments – standing at a combined $100 billion. Much of the capital lent to Greece was then spent on German and French weapons systems, such as Leopard tanks and Mirage fighter jets, as well as on American F-16s.

In an interview with the Guardian back in April 2012, Greek parliamentarian Dimitris Papadimoulis accused Berlin and Paris of "hypocrisy" because as he explained: "Well after the economic crisis had begun [in 2010], Germany and France were trying to seal lucrative arms deals even as they were pushing us to make deep cuts in areas like health."

Thus Berlin and Paris were knowingly inflating Greece's debt, which was being used to provide a major market for their defence industries. That revolving door of finance was also spinning with corruption. In October 2013, Greece's ex-defence minister Akis Tsochatsopoulous in the previous PASOK government was jailed for 20 years for his part in a bribery case involving $75 million and dozens of other Athens officials. Germany company Ferrostaal was also forced to pay $150 million for its role in the arms racket, which among other things secured the sale of four Class 214 submarines to Greece worth around $3 billion.

The convenient bogeyman in the Greek scenario was Turkey, which invaded Cyprus in 1975, and was portrayed as a perennial security threat to Greece. Washington, Berlin and Paris, along with corrupt politicians in Athens, played up the Turk threat in order to spin the revolving door of loans and military purchases. The sorry end to that scenario is now a Greek debt crisis which is rebounding with economic rape of the country led by the IMF and the EU powers, primarily Berlin and Paris.

One further irony in this modern Greek tragedy is that the alleged Turk threat accentuated by Washington and its European allies, eliciting massive militarisation by Greece, was supposedly attributed to a fellow NATO member – Turkey. Whatever happened to NATO's Article 5 of collective security during all those years of insecurity?

How much easier then is it for Washington and its NATO allies to present Russia with old Cold War stereotypes as a security threat to eastern Europe and Scandinavia?

And from the surge in military spending by eastern European countries and Scandinavia, that ploy appears to be thriving. The US military-industrial complex and its German, French and British counterparts stand to rake in billions of dollars over the coming years from the junior NATO members who are suitably scared witless from the "Russian spectre".

But if the history of militarism in Greece is anything to go by, a Greek-style debt crisis is in store for the Baltic states, Poland and the Scandinavians.

US-led NATO protection? More like US-led NATO protection racket.