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The Occupation of Greece: a Financial Coup d'État

By Binoy Kampmark

July 14, 2015

“This has nothing to do with economics. It has nothing to do with putting Greece back on the rails towards recovery.”

— Yanis Varoufakis, Jul 13, 2015

Alexis Tsipras, along with his crew of negotiators, had done much with little. His Syriza government had been fighting a war of attrition with creditors and, with the hectoring Yanis Varoufakis, parried them for weeks. But the European credit system does, however, demand more than its pound of flesh. It demands those who do not play by the rules – and these rules are of the most dubious import – surrender their sovereignty.

On Tuesday, Tsipras faces an internal revolt after making a three year deal with Eurozone leaders that would see the accumulation of more debt – another 86 billion euro bailout – to service an already crippling burden. It also sees greater involvement of the International Monetary Fund, the grand bugbear of austerity finance.

Instead of exiting a system weakened by its own internal contradictions and failings, Greece is to partake in another mistake wrapped in the rhetoric of pro-European kitsch. In what is tantamount to placing a gun to the head of Greece's sovereignty, parliamentarians will have till Wednesday to finalise what effectively amounts to a suicide pact.

The accord effectively sees the German-led Eurozone group demand control of Greek finances without the provision of debt relief or even a vague sense of genuine debt restructuring. This is a creditor's vision on steroids, absurdly ambitious and destructive.

Varoufakis saw it coming, calling it "worse" than any other deals placed on the table before. "I trust and hope that our government will insist on debt restructuring, but I can't see how German finance minister [Wolfgang Schäuble] is ever going to sign up to this. If he does, it will be a miracle" (New Statesman, Jul 13).

Independent Greeks leader Panos Kammenos had made his opposition to another round of austerity concessions crystal clear and unimpeachable. "In a parliamentary democracy there are rules and we uphold them." Energy Minister Panagiotis Lafazanis and Deputy Labor Minister Dimitris Stratoulis have both expressed public opposition to the measures and risk the sack. Given the calculations in store, Tsipras will have to rely on the pro-European opposition parties, who were resoundingly beaten in the referendum.

The entire arrangement reeks of a seizure of sovereignty, the use of debt bondage and creditor supervision instead of the customary weapons associated with a military invasion. Further to the usual barbarities of savaging the local economy, be it increases in value added taxes, cutting pensions and the placing of automatic spending constraints, a jumble sale of 50 billion euros worth of public assets is being forced upon Greece. Greece, in other words, is effectively being told to sell itself into private hands.

Money obtained from that sequestration of assets is to be placed in a trust fund that will be beyond government hands, another absurdly dangerous measure that will remind Greek citizens where their referendum voice has gone. Tsipras could only say that the agreement had "averted the plan for financial strangulation." In truth, the Eurozone leaders had rounded up on him in a feast of vengeful savagery, instigating moves that will further cause a constriction in the economy.

Merkel's austerity fanatics have not covered themselves in glory. They have supervised a sickly vision of capture and control, using austerity as their weapon of choice. Merkel has herself been

asked to compare the brutal agreement being demanded of Greece to Germany's own Versailles Treaty of 1919, where indebtedness and bondage took centre stage in a punitive arrangement. "I won't take part in historical comparisons, especially when I didn't make them myself." Sleepwalking in history can prove to be a dangerous habit.

European Commission President Jean-Claude Juncker, forgetting his own reservations about the legitimacy of the Troika's demands, threw up the customary straw man in the argument. Grexit was to be avoided at the cost of Greek sovereignty. "The agreement was laborious, but it has been concluded. There is no Grexit."

Astonishingly, he suggested that the compromise had seen "no winners and no losers. I don't think the Greek people have been humiliated, nor that the other Europeans have lost face. It is a typical European arrangement."

This, says Varoufakis, is precisely the problem. The Troika was insincere from the start, refusing to genuinely deal with the crisis while offering inconceivably crushing terms. Bad faith was their game; illegitimacy was their spirit. (Varoufakis repeatedly noted throughout negotiations that the Eurogroup has no legal standing, yet possesses enormous power over individual Europeans.) "The other side insisted on a 'comprehensive agreement', which meant they wanted to talk about everything. My interpretation is that when you want to talk about everything, you don't want to talk about anything."

The next chapter in this poorly minted odyssey, one of tragic proportions, is whether the Greek parliament gives its approval to the accord. The Germans will take their turn on Friday, with Merkel having to butter MPs up with a needlessly punitive arrangement that is nothing more than economic sadism. Should the package pass in these parliaments, we would have seen a financial coup d'état in the making, and one that weakens all parties. Now that promises to be an all too typical European arrangement.