

# GREEK DEBT IN POLITICAL SITUATION IN THE NEW AGE OF EU AND INSTITUTIONAL LOAN SHARKS

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**Abstract:** *A close look at the factors and the contributors of the current financial crisis, especially as it regards Greece, which is under immense pressure from friendly institutional organizations. Who and why is pushing economies to their fiscal limits in the Eurozone when there is no apparent logical explanation for such extreme austerity, nor past successful examples. The heavily indebted economies are not possible to consolidate their finances and reduce their loans, using old recipes – so they'll have to resort to the method of deleting or freezing of debts, since there is no other peaceful solution. «If we don't react collectively, then we will lose our homes, we will lose our deposits, we will miss the euro, we will eventually reach bankruptcy and debt slaves of elite in perpetuity – in our own motherland!» [1].*

**Keywords:** *Bankers, Crisis, Globalization, EU, Politics, Economy, Greece.*

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## 1. INTRODUCTION

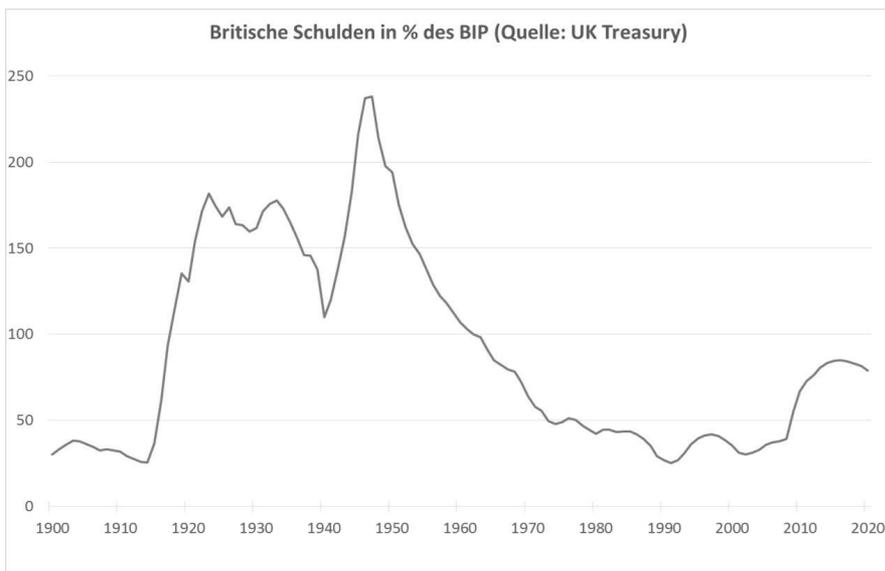
As public debts are rising in the world, with even greater pace after the financial crisis of 2008 [2], the more interesting is the analysis of how, in which way it has become able to deal with them after the 2nd World War – especially with regard to our country which, although literally we are throttled to serve it, while there has been a large deletion within the PSI [3], notes that continue to increasing uncontrollably. When the European Central Bank provides further liquidity, as in the example of Greece (ELA - Emergency Liquidity Assistance), always of course with a feasibility that is kept hidden, secret, which then appear in some arranged Media various arbitrary assertions – under which Governments cease to insist on necessary structural changes and reforms, leading to growing deficits and debts in their countries.

If someone translates this it does not mean anything else than that elected Governments have held to ransom with the help of financial instruments, from the non-elected bank lobby, so as not to apply those that the citizens who elected them expect – but to pro-

mote the «Neoliberal» [4] reconstruction of the social State, which is wanted by the financial markets, as well as large multinationals. The main financial blackmail weapon of Governments are purchases of government bonds – with the European Central Bank requiring understanding, according to which Governments, and so their countries, depend on the «charity» of investors, as well as large banks. Simply put Governments need to persuade banks, which themselves were rescued earlier with money their citizens paid, that the policy is «trustworthy» – that they work in the direction of creating surpluses, so they can serve the loans taken by issuing and selling bonds.

Because Governments were well over charged by rescuing banks, they must now demonstrate to banks that can reduce social costs, to increase taxes imposed or to better combat tax evasion – since, if they dare to apply a different policy will lose their solvency! Course rating agencies [5] waving the serious threat of Damocles sword menacingly above the heads of Government, advocating the imposition of neo-liberal policy – along with the rest of the «investment community», such as speculative funds (hedge funds) and so on.

Everything that could release Governments from the bond markets, as well as from banks, are slip or are prohibited by the ECB – which essentially acts as the guardian of the interests of the financial beast and as the non-elected civil prison guard. In this context, the best example of all is the management of public debt on behalf of Britain – in which, from the 250% of GDP in 1945 dropped below 50% at the end of the 1970s (chart). The secret of this fall was a series of different «actors» – principal of which was the high rate of growth, inflation, the low lending rates, capital controls, as well as high taxes.

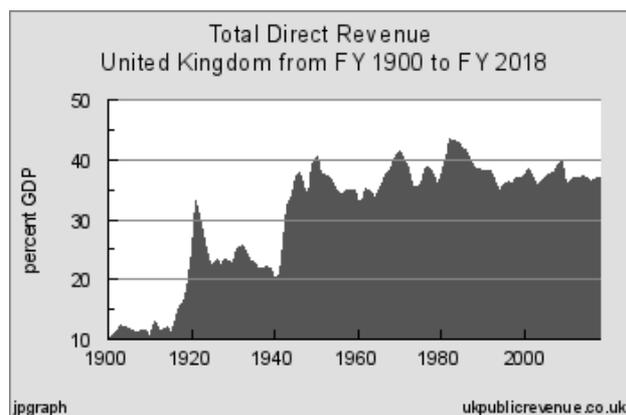


Further, the specific factors that have contributed to the reduction of the debt in relation to GDP in Britain, absent today inflation – which are trying desperately to detonate with the help of Quantitative Easing the major central banks of the U.S., Japan, the Euro zone etc. With the same method (QE) an attempt is taking place to increase growth, but

without any results – while the lending rates of the Western States (basically), located at the lowest point of all-time, with capital controls to have formally adopted and inadvertently only from Greece.

Therefore, discussions are focused on the last factor, the increase in taxation – where many believe, higher and higher income strata should contribute more in revenue. Though not given the required attention to the fact that the current circumstances have nothing to do with those that had formed during the second World War – where financing had increased tax rates (90% in Britain for higher incomes), without any reactions at all, since it was obvious for the protection of the homeland (while they were preceded by the capital controls).

Moreover, the UK after the Second World War was in a completely different place, compared with the current Governments in combating the debts – since it was not compelled to raise taxes, but simply to delay the reduction. Respectively, there was no drop in government revenue from income tax after the war – as shown by the chart on total revenue of the country directly from 1900 until 2018.[6]



Continuing, today there is no emergency situation, like then, which could justify such a high tax rates – while the higher income strata have dozens of ways to avoid paying [7] taxes at their disposal (tax havens [8], etc.). Therefore, it is difficult for someone to imagine that it can be imposed such drastic taxation in peacetime – something that is substantiated by the French experience, where the 75% tax on incomes over 1 cm. € had no effect on revenue, having being removed two years later (2015). On the other hand Britain had not a good starting point only as regards public revenue but also the costs – having been unable de facto to restrict military spending drastically, because the war was over. Reasonably Britain developed within a minimum period of time large surpluses in the budget – which have contributed to the rapid reduction of public debt. Today even this is not something doable, especially because the bulk of government spending for costs of the welfare State – which is impossible to drop in a short time, even if imposed the harshest neoliberal reforms imaginable.

So in conclusion the heavily indebted Western economies, let alone Greece, are not pos-

sible to consolidate their finances, using old recipes – so they will probably have to go sooner or later to the debt deletion method, since no other peaceful solution exists. That exactly is proposed firstly to Greece, Italy, Spain, Cyprus, etc. – unless they adopt the way it seems that Japan [9] will launch (freezing of a large part of the debt from the ECB [10] European Central Bank).

In any case, as there are such large debts, let alone when they are augmented, they are not going to be followed by development – since the current system of ‘linear economy’ growth is based on debt. If selected the “circular economy” by the sustainable development that marks, maybe the conditions would change – something which, however, continues to require the deletion of a large part of the existing debts.

## 2. THE DEVELOPMENT

Especially as it regards the issue of the development of the Greek economy, without which non of our problems are ever going to be solved, we are reminding the following: We would very much like to believe government statements regarding Greece’s return to growth in the near future – specially because we are looking forward to some optimistic prospects for our country, knowing that it is unfair, if not inhumane, to be “flooded” everyday all the Greeks with bad news.

Nobody wants to hear any more on the successful negotiations with lenders, which lead to more and larger concessions – nor for agreements relating to the payment of installments already approved by installments and provided new measures for the aggravation of poverty, squalor, for Red loans, seizures, for auctions, the dangers of deposits etc.

At the same time we all know that non of our problems regarding our economy are solved if the fall of GDP is not halted – which goes on for six years, something which is unprecedented in historical chronicles. Moreover, from over 60 billion€ GDP that we lost cumulatively, with the rate of public revenues now at 39% (together with the contributions), the State’s annual losses in excess of € 23 billion – a sum that is apparently impossible to save, no matter what austerity measures are taken.

Let alone when only from banks were lost more than 40 billion€ the previous year [11], which puts a strain on the State budget and therefore the debt – a sum that also is impossible to be ever saved with new measures of impoverishment.

Finally, we all know that when you go to a bank to get a loan of 1,000€, signing as a guarantee everything one owns (all of our public assets, in this case against the lenders), while the Bank knows very well that (1) is not able to serve even the loan and (2) that a new loan will be needed soon, it is not possible to negotiate properly. Reasonably the Bank will assume that is either a crook or an ignorant – so it would certainly not be trusted by the Bank.

## 3. RESUME - EPILOGUE

As mentioned above without development we are not going to solve our problem whatsoever. Obviously neither by Government propaganda [12], to whom the addition of the word “fair” before “development” is charged, however good it may be and if it is – despite

the fact that we would like very much not happening. Of course, we all urgently needed positive news so as our country does not sink into a collective depression, from which she will never be able to heal itself. Nonetheless, the news must be based on documented and realistic elements – rather than foolish illusions and childish utopias that cannot ever be made. In conclusion, the heinous crime that occurs today in Greece is probably unprecedented in world history – even if compared to the crimes of the first colonial era. In each case, the country will not soon belong to the Greeks, while managed by a brutal dictatorial Government in the background, by the Troika with pro forma Governments on track – which essentially play the role of the boxing bag that blows over silly rage of citizens.

As conclusions - as regards democratic participation at all levels of the institutions of Monetary Union, there doesn't seem to be accepted by the powerful countries – notably by Germany, whose intention is not democratic «United States of Europe», but a fourth Reich, where it preceded a two-speed Europe, divided into debt slaves (European South) and courtiers (European North). Unique solution therefore continues to be the return of all countries together at the starting line – in pre Euro time, so as to avoid the planned major conflicts. If this doesn't happen, especially if they create the economic NATO in absentia of citizens, all European citizens will be made feckless slaves of elite – without any «political right».

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