

Bailout Has Saved Banks, Not Greece. Report

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Some 95 percent of the 220 billion euros disbursed to Greece since the start of the financial crisis as loans from the bailout mechanism has been directed toward saving the European banks. That means about 210 billion euros was eventually channeled to the eurozone credit sector while just 5 percent ended up in state coffers, according to a study by the European School of Management and Technology (ESMT) in Berlin.

“Europe and the International Monetary Fund have in previous years mainly saved the banks and other private creditors,” concluded the report, published yesterday in German newspaper Handelsblatt. ESMT director Jorg Rocholl told the financial newspaper that “the bailout packages mainly saved the European banks.”

The business school’s study found that 86.9 billion euros was used for the repayment of old debts, 52.3 billion for the payment of interest and 37.3 billion euros for the recapitalization



of Greek banks.

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The economists who took part in the study have analyzed each loan separately to established where the money ended up, and concluded that just 9.7 billion euros – less than 5 percent – actually found its way into the Greek budget for the benefit of citizens.

“This is something that everyone suspected, but few people actually knew. That has now been confirmed by the study: For six years Europe has tried in vain to put an end to the crisis in Greece through loans, and keeps demanding ever harder measures and reforms. The cause of the failure obviously lies less on the side of the Greek government and more on the planning of the bailout programs,” the German daily concluded.

Meanwhile, Cyprus Finance Minister Harris Georgiades, who saw the island out of the bailout process last month, on Wednesday expressed the view that Greece should not raise its taxes as that policy does not lead to any positive results. However, he still called on Athens

to fulfill the program it has committed itself to.

Speaking to another German daily, *Suddeutsche Zeitung*, Georgiades stressed that Greece's creditors should not make any new demands on Athens, commenting that "I don't think another increase in taxation would lead Greece anywhere."

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