

# Behind the Greek Economic Crisis. The Unspoken History of Foreign Intervention

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Image: Alexis Tsipras, leader of Greece's Syriza party. (Photo credit: FrangiscoDer)

*The usual narrative of the Greek economic tragedy is that the country is paying for its past profligacy, but there is deeper back story of political repression fueled by major powers intervening in Greece and contributing to a dysfunctional political system, recalls ex-U.S. diplomat William R. Polk.*

Focusing exclusively on the monetary aspects of the Greek crisis the media misses much of what disturbs the Greeks and also what might make a solution possible.

For over half a century, Greeks have lived in perilous times. In the 1930s, they lived under a brutal dictatorship that modeled itself on Nazi Germany, employing Gestapo-like secret police and sending critics off to an island concentration camp. Then a curious thing happened: Benito Mussolini invaded the country.

Challenged to protect their self-respect and their country, Greeks put aside their hatred of the Metaxis dictatorship and rallied to fight the foreign invaders. The Greeks did such a good job of defending their country that Adolf Hitler had to put off his invasion of Russia to rescue the Italians. That move probably saved Josef Stalin since the delay forced the *Wehrmacht* to fight in Russia's mud, snow and ice for which they had not prepared. But, ironically, it also saved the Metaxis dictatorship and the monarchy. The king and all the senior Greek officials fled to British-occupied Egypt and, as new allies, they were declared part of the "Free World."

Meanwhile, in Greece, the Germans looted much of the industry, shipping and food stuffs. The Greeks began to starve. As Mussolini remarked, "the Germans have taken from the Greeks even their shoelaces..."

Then, the Greeks began to fight back. In October 1942, they set up a resistance movement that within two years became the largest in Europe. When France could claim less than 20,000 partisans, the Greek resistance movement had enrolled about 2 million and was holding down at least two divisions of German soldiers. And they did it without outside help.

As the war's outcome became apparent, British Prime Minister Winston Churchill was determined to return Greece to the prewar rule of the monarchy and the old regime. He was motivated by fear of Communist influence within the resistance movement.

Churchill tried to get the Anglo-American army that was getting ready to invade Italy to attack Greece instead. Indeed, he tried so hard to change the war plan that he almost broke

up the Allied military alliance; when he failed, he threw all the soldiers he still controlled into Greece and precipitated a civil war that tore the country apart. The Underground leaders were outsmarted and their movement was smashed. The bureaucracy, police and programs of the prewar dictatorship resumed control.

After the war, with Britain out of money and no longer able to sustain its policy, London turned Greece over to the Americans who announced the "Truman Doctrine" and poured in money to prevent a leftist victory. American money temporarily won the day, but the heavy hand of the former regime created a new generation of would-be democrats who challenged the dictatorship.

This is the theme beautifully evoked in Costa Gavras' film "Z," starring Yves Montand. As the film shows, the liberal movement of the early 1960s was overwhelmed by a new military dictatorship, "the rule of the colonels."

When the military junta was overthrown in 1974, Greece enjoyed a brief period of "normality," but none of the deep fissures in the society had been healed. Regardless of what political party chose the ministers, the self-perpetuating bureaucracy was still in control. Corruption was rife. And, most important of all, Greece had become a political system that Aristotle would have called an oligarchy.

The very rich used their money to create for themselves a virtual state within the state. They extended their power into every niche of the economy and so arranged the banking system that it became essentially extra-territorialized. Piraeus harbor was filled with mega-yachts owned by people who paid no taxes and London was partly owned by people who fattened off the Greek economy. The "smart money" of Greece was stashed abroad.

### **The Current Crisis**

This state of affairs might have lasted many more years, but when Greece joined the European Union in 1981, European (mainly German) bankers saw an opportunity: they flocked into Greece to offer loans. Even those Greeks who had insufficient income to justify loans grabbed them. Then, the lenders began to demand repayment. Shocked, businesses began to cut back. Unemployment increased. Opportunities vanished.

There is really no chance that the loans will be repaid. They should never have been offered and never should have been accepted. To stay afloat, the government has cut back on public services (except for the military) and the people have suffered. In the 2004 elections, the Greeks had not yet suffered enough to vote for the radical coalition led by the "Unity" (*SYRIZA*) party. Only 3.3 percent of the voters did.

Then, after the 2008 financial crash came years of worsening hardship, disapproval of all politicians and anger. It was popular anger, feeling misled by the bankers and by their own foolishness. There was also hopelessness as Greeks realized that they had no way out and began to turn to *SYRIZA*. After a series of failed attempts to secure a mandate, *SYRIZA* won the 2015 election with 36.3 percent of the vote and 249 out of 300 members of Parliament.

Today, the conditions that impelled that vote are even more urgent: the national income of Greece is down about 25 percent and unemployment among younger workers is over 50 percent. So where does that leave the negotiators?

Faced with German and EU demands for more austerity, the Greeks are angry. They have deep memories of hatred against the Germans (this time, not soldiers but bankers). They have been, time after time, traduced by their own politicians. Prime Minister Alexis Tsipras must know that if he is charged with a “sell-out,” his career is finished.

And the bail-out package offered by the International Monetary Fund and the European Central Bank is heavily weighted against Greece. Greeks also see their option of exiting the Euro as similar to stances taken by Britain and Sweden in not joining in the first place – although a painful adjustment for the Greek economy would be expected if Greece undertakes an unprecedented departure from the European currency.

However, unless the IMF and ECB offer a real chance for a better life for Greeks by forgiving most of the debts, I believe that the Greeks might well vote on Sunday to reject the austerity demands and leave the Euro.

*William R. Polk is a veteran foreign policy consultant, author and professor who taught Middle Eastern studies at Harvard. President John F. Kennedy appointed Polk to the State Department’s Policy Planning Council where he served during the Cuban Missile Crisis. His books include: Violent Politics: Insurgency and Terrorism; Understanding Iraq; Understanding Iran; Personal History: Living in Interesting Times; Distant Thunder: Reflections on the Dangers of Our Times; and Humpty Dumpty: The Fate of Regime Change.*

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