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Greek Banks Reopen: Bailout Uncertainties

By Stephen Lendman
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After three weeks of closure (since June 29), Greek banks reopened – with lots of restrictions leaving ones imposed earlier largely in place. The Athens Stock Exchange is still closed.

Capital controls remain in place. Withdrawals are limited to 60 euros daily or 420 a week all at once. Restrictions on inbound and outbound international transactions are unchanged.

Domestic payments resumed – including checking, paying bills and gaining security box access. Since October, cash withdrawals exceeded 35 billion euros.

Given dire conditions, expect depositors to want control over as much of their money as possible. German Finance Minister Wolfgang Schauble pushed for bail-ins (haircuts on depositors) from large accounts during Brussels talks, mostly business ones.

Imposing them isn't part of the bailout deal. They could come later depending on conditions – at the expense of depriving small businesses of enough working capital to survive plus greater economic damage.

Reports indicate closure and capital controls cost Greece around $3.3 billion as well as lost tourism revenues. Retail trade was hard hit, losing $650 million.

Export losses were $259 million. Athens Chamber of Commerce and Industry officials said around $6.5 billion in business transactions were frozen. A huge backlog hasn't been paid.

Dire conditions make bail-ins increasingly likely – more greatly impoverishing beleaguered Greeks than already if imposed on all accounts.

European Commission, ECB and IMF officials are in Athens to discuss further legislation (to be voted on this week) required for bailout approval – not forthcoming without them.

They include judicial reform, higher agriculture taxes, Bank Recovery and Resolution Directive (BRRD) measures for dealing with financial crises, and accepting Troika oversight of Greek affairs going forward, a humiliating climbdown to official vassal state status.

More SYRIZA defections may happen this time – not enough to matter but showing enough internal party dissension perhaps to force new elections by early fall.

Uncertainties cloud prospects for needed debt restructuring – no haircut according to Germany's Merkel. Creditors won't consider extending maturities or other relief measures without evidence of Greece implementing required bailout terms.

On Sunday, Merkel said "(w)hen the first successful assessment of the program…is completed (bailout relief) will be discussed. Not now, but then."

If fall elections loom, perhaps delayed until a new government is in place rather than deal with a lame duck one.

If all legislative conditions are satisfied, Troika officials will begin negotiating how the bailout will be implemented – a process possibly continuing for weeks or longer.

Uncertainties remain – especially if it appears new governance may replace SYRIZA. If it can't muster enough support from its ranks, new elections may follow.

Expect Greek troubles to worsen before any signs of stability. The nation teeters on collapse, its people suffering hugely under force-fed austerity.

Days before assuming office in January, Prime Minister Tsipras proclaimed an imminent end to "our national humiliation." Things worsened instead of improving – culminating with unconditional capitulation to Troika bandits on terms no responsible government would tolerate.

Conditions in Greece are deplorable – including mass unemployment, underemployment, deepening poverty, loss of social services, homelessness, hunger, shuttered businesses, and graffiti-covered walls reflecting human suffering.

As long as entrapment in euro bondage remains, expect no relief whatever for beleaguered millions.

Greece's only chance for recovery is Grexit, regaining its sovereignty, walking away from its odious debt, and deciding its future lies East, not West – free from Troika predators.

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