

The Eurozone in Crisis: The Greek Elections, An Opportunity of the Century, A Gateway for Europe

By [Peter Koenig](#)

Global Research, January 24, 2015

Region: [Europe](#)

Theme: [Global Economy](#)

“Greece could be ousted from the Eurozone”, warned deputy parliamentary leader of Angela Merkel’s CDU Party, Michael Fuchs, on 31 December 2014. He added, the Eurozone was no longer obligated to rescue Greece from its current crisis. He was alluding to the coming Snap elections on 25 January 2015, in case Greece’s opposition parties, SYRIZA (Coalition of the Radical Left), would win which at this point is a fair possibility, as they currently hold a slim 3.5 point lead over the right wing ruling coalition, New Democracy (ND) and PASOK.

Similar remarks were made by the EU Commissioner, Jean-Claude Juncker. – What an affront to Greece’s sovereignty!

Notwithstanding the horrendous arrogance of interfering in a country’s internal affairs, Greece’s exit from the Eurozone would be an outright blessing for the country, for its people, for its future economy and prosperity – period.

In 2008 Greece was chosen by the troika (IMF, European Central Bank- ECB – and European Commission – EC) for a malicious test to be allegedly ‘rescued’ from bankruptcy; but in reality for being robbed of her people’s savings, social safety nets, pension funds, health care system, education – causing horrendous unemployment, poverty and suffocating debt. If the people of Europe would not react, then the model could be applied elsewhere in Europe.

Other than in Greece itself, protests were running low in Europe. Solidarity had been decimated by the US-led neoliberal privatization onslaught since the 1990’s; as well as by the Washington-NED (National Endowment for Democracy) funded propaganda and ‘NGO’ interference in Europe’s sovereign nations. Curiously, during the same time basically all European governments were replaced with neoliberal leaders (sic), who would become the new stooges of Brussels; as the EU, Brussels itself, would become a new colony of Washington. This de-democratization of Europe happened against the will of the majority of the European people.

The Greek ‘experiment’ therefore passed without much fanfare and was widely accepted throughout Europe and the rest of the world, as *‘it serves them right’*. Capitalist propaganda had long since labeled Greece as corrupt and lazy; a country that with its high indebtedness would become a danger for the Euro-zone.

The ‘successful’ Greek test would open the doors for other mainly southern European countries – Spain, Portugal, Cyprus, Italy, Ireland – to fall into the merciless fangs of the FED, Wall Street and its transatlantic puppets, ECB and European TBTF (too-big-to-fail) mega banks.

From 2009 onwards the fabricated Euro-crisis would become a bonanza for the United States, whose ten-fold indebted (petro) dollar was rapidly losing in value. Its world supremacy was threatened by gradually being replaced as reserve currency around the globe by the much stronger euro. The euro was backed by a solid European economy. The combined EU economy (28 member countries) was then and is still today the world's strongest economy - €14.303 trillion (US\$18.451 trillion, est. 2014), as compared to that of the US with US\$ 17.4 trillion. Hence, the euro had to be weakened - not destroyed, it was needed for trade and to subordinate Europe - but severely weakened, so that the dollar could regain its inflated strength.

The public at large was being told and believed that Greece with barely 2% of the Eurozone's GDP was a threat to Europe. What nonsense! In 2008, when the troika adventure started, Greece's debt to GDP ratio was a mere 109.3%, totally manageable within the huge EU economy and without need of outside interference.

Today, Greece is much worse off than it was in 2008, when her GDP was at € 242 billion with a debt ratio of 109.3, as compared to today (2014) with a 17% lower GDP (€ 201 billion) and a 21% higher debt (debt - GDP ratio: 160%). Mega banks from Germany and France are the biggest lenders. They onlend to Greece cheap ECB money they receive for less than 1% - at between 5% and 7%. This is not only monetary abuse, it is outright theft of the last half century accumulated savings, social safety net and public services of the Greek population.

In Total, Greece has been 'bailed out' by private banksters with some € 240 billion, plus a Greek bond purchase of €50 billion by the ECB. New bailouts may be considered, according to German media, there is a possibility that the euro zone would have to support Greece with an extra 10 billion to 20 billion euros in 2015 / 2016. This, of course, would be against another package of more austerity programs.

Ironically, according to IMF's recent own *mea culpa*, serious mistakes were made in dealing with the 'Greek crisis. Yet the game goes on.

These cold, linear figures disguise an ever harder reality; the social destruction, misery and outright death - death by lacking health services and from complications due to starvation - the austerity programs brought with them. Overall unemployment is hovering above 25% and around 65% for young people (15-24 yrs.). Further annihilation of Greece's social fabric includes cuts in pensions (20%), minimum wages (22%), 5% reduction in social security - and, of course, the neoliberal one-fits-all solution of privatization - land, public utilities, mining rights (with no environmental safeguards) and other state assets.

If SYRIZA, the coalition of the Radical Left, wins on January 25, **Alexis Tsipras, Syriza's leader, said already, 'Greece will stay in the Eurozone, but Europe should erase a big part of the debt'**. Greece has several non-orthodox options to get out of her quagmire. Although Zyriza is composed of large sections of middle-class Greeks (to the extent that the middle class still exists in Greece), who may after all still like the expected benefits of the euro, pressure of working class support may require other alternatives from Zyriza.

The most radical option, but the economically most sustainable one of all, would be for Greece to exit the Eurozone on her own, return to her old, devalued currency, the Drachma, and begin renegotiating her debt with her creditors, the 'troika' - akin to what Argentina did

in 2001, when they abandoned the US dollar-peso parity and renegotiated their foreign debt with a heftily devalued peso (never mind the recent vulture funds' pressure on Argentina; it will not succeed).

The idea is for Greece to start afresh from a new slate, following the principle of local production for local markets, building up a solid economy as a sovereign country, independent of outside interference. The potential is there. The bankrupt banking system could be nationalized and the Greek central bank would lend to the nationalized local banks for onlending at favorable terms to stimulate and revive local industries and services. Some small businesses have already started forming internal groups dealing with drachma-based exchanges.

Another temporary alternative might be resorting to a two-tier exchange rate solution, i.e. using the euro exclusively for external trade and the devalued drachma to kindle local industry. This example was followed by China until 1994 to develop an export market, while supporting a local market with a lower exchange rate currency, the Renminbi (RMB); and the higher valued Yuan to be used more commonly for international trade.

The two-tier exchange rate system is against WTO (World Trade Organization) rules which were one of the reasons for China to introduce in 1994 a uniform exchange rate system, allowing her to become a WTO member. It would certainly also be in Greek's favor to exit WTO, at least temporarily, until Greece has rebuilt its economy to become largely self-sufficient - as she was before the euro entered the European horizon.

WTO is completely dominated by rich countries to the detriment of poorer countries, for example allowing highly subsidized US and EU agricultural goods to be exported to developing nations, thereby destroying their local agricultural production and markets. Greece can do without that; rebuilding her troika-destroyed economy by her own strength.

The third option might be the trickiest but also the slickest. The Bank of Greece (central bank) has every sovereign right to print its own currency - which is the EURO. There is no BCE rule against it. BCE has no constitution and was never really created with the characteristics of a true central bank to monitor and rescue countries in need at interbank rates. To the contrary, BCE lends at low interbank rates to private banks which then onlend the proceeds to member countries' central banks at exorbitant interest rates geared by US rating agencies, the usual villains, who are in bed with the TBTF bankster thieves.

There is legally nothing in the way of a sovereign country printing its own currency and then proceeding onlending the funds to its (temporarily) nationalized banks at favorable rates with the purpose of revamping the national economy. The Swedish example of the 1990s with later re-privatizing the nationalized banks at a profit for taxpayers, could serve as a reference.

Of course, under all three scenarios, Brussels would scream 'murder' and threaten with 'sanctions' - as they have learned from their Washington masters. So what? Greece would survive and grow instead of being asphyxiated under the weight of its debt - which to get rid of within the life time of a generation is virtually impossible.

It is likely that Greece's taking the nonconformist initiative to sidestep the abusive dollar-euro system would open a gate for other plagued EU countries to follow. The Eurozone - EU might collapse altogether. That would be a good thing. The European Union - the erstwhile

beacon of economic and political cooperation in the world's largest economic block - has fully succumbed to the empire and can no longer be reformed. The EU has become a slave of the US, an economic colony of Washington, devoid of its own teeth and backbone, at the mercy of Washington's calling, be it for sanctions against Russia, or for war with Russia - or anything else Obama may see fit.

Here is the crux of the matter - the western (petro) dollar based currency scheme is rapidly decaying. The currency and oil price manipulation initiated by Washington against the Russian ruble is actually backfiring bad time. Russia and China have recently entered into a strategic alliance; a treaty that joins their financial and defense systems. By doing so, Vladimir Putin and Xi Jinping may have achieved a tectonic change in world geopolitics and economics. The two countries control about 27% of world GDP.

The new economic union has already brought about a new financial system, detached from the dollar. Russia has recently introduced an internal 'SWIFT' system to replace the US controlled casino exchange scheme. Once tested, the system could easily be expanded internationally for use of other countries who want to avoid the dollar scheme.

Both countries, Russia and China trade their hydrocarbons in their local currencies - i.e. no longer in the mandatory US dollar, which will undoubtedly reduce demand for the highly over-inflated petro dollar in the near future. Other countries - the SCO (Shanghai Cooperation Organization) members and those who aspire to become SCO members, like Iran, India, Pakistan, Mongolia, have already joined in trading with Russia and China in their local currencies.

The dollar is only keeping its value, because it is still used as the major reserve currency. Therefore, the FED still can and does print dollars at will. But as demand for the petro-dollar will fade, because hydrocarbons around the world are increasingly traded in other currencies than the dollar, the dollars privileged position around the globe will cease. Washington's attempts to defeat the Russia-Chinese economic behemoth will fail. The collapse of the petro dollar would have worldwide repercussions, affecting the closely associated and by now subordinated euro - as well as currencies of other countries whose economies are narrowly linked with that of the US.

This means for Greece, it's high time to leave a defunct monetary system. Greece may actually become the gateway for Europe to abandon the sinking ship and gradually work towards what Europe should have been from the beginning - an economic and political union of sovereign nations prospering in solidarity.

Peter Koenig is an economist and geopolitical analyst. He is also a former World Bank staff and worked extensively around the world in the fields of environment and water resources. He writes regularly for Global Research, ICH, RT, Sputnik News, the Voice of Russia / Ria Novosti, TeleSur, The Vineyard of The Saker Blog, and other internet sites. He is the author of *Implosion - An Economic Thriller about War, Environmental Destruction and Corporate Greed* - fiction based on facts and on 30 years of World Bank experience around the globe.

The original source of this article is Global Research
Copyright © [Peter Koenig](#), Global Research, 2015

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: **[Peter Koenig](#)**

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca