Greece Needs LaRouche's Solutions To Reverse Crisis, Launch Development

by Dean Andromidas

Sept. 23—An on-the-spot investigation by this author left no doubt that unless Lyndon LaRouche's program for rebuilding the global economy is implemented now, Greece is doomed. Indeed, the vast majority of Greeks are convinced, for good reason, that they are under attack by a foreign power: the international bankers and their tool, the European Union.

I met with politicians, economists, businessmen, and academics across the political spectrum, and found that all agree with the absolute necessity of imposing a Glass-Steagall-type law, to freeze out the financial speculators and protect the physical economy, because all agree that the "Greek" crisis has everything to do the bankrupt international financial system. Almost all support the creation of a credit system dedicated to an industrial and infrastructure-driven development policy. They agree that the infamous Troika—the European Central Bank, European Commission, and International Monetary Fund—whose brutal Memorandum of austerity and "reform" required of Greece in order to get more bailout packages—will reduce Greece to Dark Age conditions. Many have nothing but contempt for their politicians and political parties.

One person I met with was Member of Parliament Dr. Panagiotis Kouroumplis, one of the most respected parliamentarians in Greece. Known for his strong interest in social policy, Dr. Kouroumplis was among the few members of the ruling PASOK party who voted against the Troika's Memorandum, for which he was forced out of the party. He represents a district in northwestern Greece which lies on the strategic axis from the Greek Adriatic port of Patras, going north through Albania, Montenegro, Serbia, Croatia, and into central Europe. He expressed a keen interest in LaRouche's proposals and the benefits they could hold for Greece.

In the view of Greeks today, it is 1940, and Greece is in the position of France; the European Union and the bankers are the Nazi invaders; the Athens government is Vichy, marching to the tune of the invaders; and the United States has yet to enter the war.

Today, Greece's sovereign debt is unpayable. It officially stands close to EU400 billion, but one has to add another EU100 billion of government guarantees which the Troika has demanded that Greece extend to its banks. With the piling on of more than EU200 billion more debt as part of two "bailout" packages, the debt is expected to top 200% of gross domestic product next year. Then there is the foreign debt of the private sector, another EU300 billion. The vast majority of this debt is held by British, French, German, and American banks, all of which are actually are far more bankrupt than the Greek state.

Twenty months of unprecedented austerity has crushed Greece's economy and the livelihood of the population. The economy has collapsed by more than 15-20%, and household income by an average of 50%. With 1,000 people losing their jobs per day, unemployment is now approaching 17%, and youth unemployment is over 40%. Already 200,000 jobs have been eliminated in the public sector through firing over 90,000 contract workers, and a hiring freeze in which 80,000 retired workers were not replaced this year. The Troika is demanding that another 30,000 be cut, with the ultimate aim of reducing public-sector employment by over one-third. With cuts in public-sector salaries and pensions by as much as 40%, dramatic increases in taxes and continued bankruptcies of businesses, poverty is increasing at a dangerous rate. Homelessness has grown by 25% in the past 12 months.

Protesting 'As Long As It Takes'

Students and workers have launched their Fall campaign, closing down the universities, with rolling strikes closing down the metro, and general strikes planned

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University students in Athens protest against cuts to education, Sept. 1, 2011. Students and teachers were on strike while the author was in the Greek capital attending a conference.

"for as long as it takes" to reverse the policies. Now, even the conservative business community is denouncing the austerity. Athens Chamber of Commerce and Industry President Kostas Michalos charged that the austerity is turning Greece into one vast poorhouse, and that the Greek "government's heartlessness, which arises from its own unprecedented incompetence, cannot be tolerated by businesses, working people, nor pensioners." He added that the government's decision to lower the tax-free ceiling, reduce pensions, impose "hunger salaries," and dismantle the public sector, along with its announcement of privatizations that are not quantified, will bring about the country's economic and social destruction.

Michalos was seconded by the president of the Hellenic Federation of Enterprises, Dimitris Daskalopoulos, who slammed the European Union. Speaking before German journalists, he charged that the Troika's policies are negatively impacting "the lives of people who do not possess the will or the ability to change at the pace dictated by ruthless economic rationalism." Daskalopoulos said that while the Greek private sector and society are paying the price of the reluctance of the political elite to reform the state, the EU also bears responsibility. "This country has been the guinea pig for a communal Europe that was structurally unprepared for such crises." He pointed out that Greece has taken painful and important steps in the last 12 months: "There is no other country that reduced its deficit by more than 7 percentage points of GDP in the midst of a recession, and cumulatively by 10% in two years."

The ruling Pan Hellenic Socialist Party (PASOK) is beginning to crack under the pressure of the population's rage. Key PASOK members have called for holding a referendum on whether Greece should leave the euro and return to the drachma, despite the government's rejection of such a plan. While the Greek liberal daily *Kathimerini*, citing unnamed sources, claims that Prime Minister George Papandreou hopes a referendum result in favor of Greece staying in the Eurozone would give him a popular mandate to carry out the austerity measures, Greek sources told *EIR* that the population would vote for a return to the drachma.

Forced To 'Cook the Books'

Fanning the hatred for the European Union, a new scandal has broken out: It is reported that the European Union had forced the Greek government *to falsify its* *debt statistics, so as to implement even more drastic austerity after it signed onto the bank bailout*. A former member of the Hellenic Statistical Authority (ELSTAT) told two other former members of that office that Greece had been forced by Eurostat, the European Union statistics service, to overstate its 2009 budget deficit.

One of the two individuals who was given this information, Zoe Georganta, a professor of econometrics, told the daily *Eleftherotypia* that the deficit was "technically" inflated to make it the highest in Europe. "The deficit of the country in 2009 was intentionally presented at 15.4% [of GDP] by Eurostat. It had to be higher than Ireland's, which was at 14%, in order for heavy measures to be taken against Greece."

In a radio interview, Georganta said the 2009 shortfall should have been around 12% of GDP, but Eurostat forced the government to include outlays of public companies and state-owned utilities. Neither France nor Germany include these figures in their accounting of the government budget.

Finance Minister Evangelos Venizelos, in a drastic move, fired the entire board of ELSTAT except for its new president, Andreas Georgiou, a former high official of the IMF. Since ELSTAT is technically independent and answerable only to Parliament, the issue has been taken up in Parliament, where the opposition is demanding answers to rather embarrassing questions.

LaRouche's Policy Comes to Athens

For the first time, a representative of the Schiller Institute presented the ideas of the LaRouche movement in a public forum in Athens, as well as to well-known economists, industrialists, and others, representing the full spectrum of the Greek political environment.

I was invited by Dr. George O. Tsobanoglou, professor of sociology at the University of the Aegean, to speak at an international academic conference entitled "Supporting Sustainable Communities in Times of Emergency." In this case, the "emergency," for especially the Greek speakers, was the economic crisis. I was was asked to present the Schiller Institute's and LaRouche's understanding of this emergency, the call for a Glass-Steagall reform of the international financial system, and a solution through creating a credit system and launching Great Projects.

The ever-present crisis had its impact on the event, as the latest "reforms" of the university system provoked a strike by students and teachers, and an occupation of the university, which cut into the attendance. Nonetheless, the event went on with the Schiller Institute representative speaking on the opening panel, which included a former president of the Greek Industry Association, the president of the University of Athens, and the mayor of the island of Aegina. The audience included professors, business people, and two parliamentarians.

Since this was an international conference, with representatives from Germany, Poland, Romania, Italy, Latvia, and Japan, many dealt with current and recent crises within their own countries. Prof. Akira Kurashima of Japan spoke on the March earthquake and tsunami, while others spoke of problems of political transition and institution-building in former East bloc countries. The Greek participants concentrated on the crisis that is destroying their homeland. Prof. Georg Gantzias of the University of the Aegean charged that Greece is not responsible for a crisis, which is "a European-oriented virus" and a "global-oriented virus."

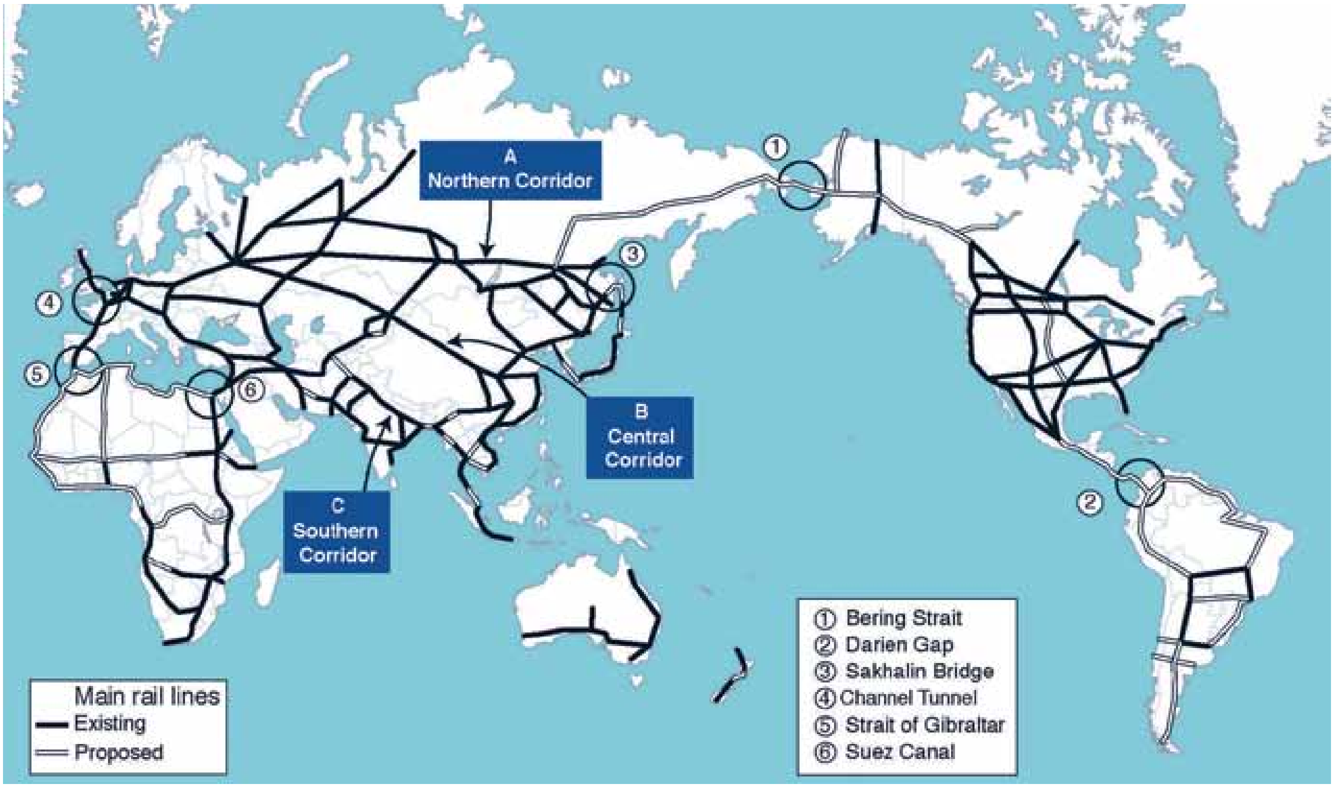
The EU's Effect on Greece

Dr. Tsobanoglou, the organizer of the conference, in his presentation, went to the heart of the crisis: the total disconnect between European Union policy and the realities of Greek society and economy. Dr. Tsobanoglou's presentation and my own own follow-up research led to the conclusion that, even setting aside the brutal Memorandum, the European Union poses an existential threat to Greece.

For instance, Greece's climate gives it tremendous potential for many types of agricultural of products, including grains, fresh fruits and vegetables, and especially olive oil, and grapes for wine and the table; yet the neo-liberal reforms of the EU's agricultural policy is destroying Greek agriculture! One of the conference participants, an employee of the Greek Agriculture Ministry, pointed out that there are vast areas of agricultural land in Greece that have been taken out of production.

Sinmos Kedikoglous, an MP from the opposition New Democracy party, was recently quoted in *Russia Today* saying, "With the 'help' of the European Union, Greek farmers have stopped producing. Can you imagine that a country like Greece right now cannot feed its own people? We don't produce enough meat, we don't produce enough wheat, we don't produce enough oil. We are importing."

FIGURE 1
The Proposed World Land-Bridge



EIRNS

EU agricultural policy serves the food cartels, not the producers. Greece's milk quota is only sufficient for half the country's needs, forcing it to depend on imports. It even imported EU15 million worth of olive oil last year from Germany, which actually originated in Greece!

Another case is cotton. Greece is the world's tenth-largest producer of cotton and Europe's largest. Cotton accounts for no less than 10% of its agricultural production. Yet only 15% is consumed in Greece, since there is no real textile industry. And the EU has instituted a "reform" which threatens to eliminate all production in Greece. The reform envisions withdrawal of subsidies in favor of African-produced cotton, as a "favor" to the Africans. A close look reveals that the cartels, such as Cargill, fully control African cotton production, paying small holders far less than they currently pay producers in Greece.

Greek farmers have the lowest educational levels in Europe and extremely weak skills when it comes to marketing, but since the EU works hand-in-glove with the cartels, it has no programs that would strengthen agricultural cooperatives.

Greece and the Eurasian Land-Bridge

The only hope for the development of the Greek economy, is its full participation in the projects of the Eurasian Land-Bridge (**Figure 1**), and the transportation and water projects proposed for Southwest Asia and Africa, including the Transaqua project. I presented these concepts at the conference, pointing out that in ancient times, when the Eastern Mediterranean and Southwest Asia were the most productive part of what was then the global economy, Greece flourished. Although endowed with modest resources, its strategic location, the seafaring skills of its people, and its relatively advanced culture made it a leading power of the time.

With the implementation of the proposed projects today, Greece's strategic location can once again serve as the key to its economic development. To its north, the East-West development corridors will

FIGURE 2

transform the economies of the former states of Yugoslavia and of Eastern Europe, including Bulgaria, Romania, Poland, Moldova, Ukraine, Belarus, and the Baltic states, not to mention the Russian Federation.

To the east is Southwest Asia, where a great revival could take place, if the Arab-Israeli conflict could be transformed into economic cooperation, especially in developing transportation links in the area, as well as with Asia, Africa, and Europe.

And to the south is the Suez Canal, whose role as the vital gateway between East and West, and in developing Africa, can only expand.

Greece will find itself at the crossroads of these developments. Complementing its strategic location, is the fact that it is endowed with good ports, which, up to now, have been underutilized and underdeveloped as transshipment points into Eastern Europe. If Greek ports were served by a network of modern rail lines, allowing efficient transport of cargo, Greece could become the key port of entry and exit for all of Eastern Europe.

This idea for Greece is not new. Over the last 15 years, Greek governments, with the help of the European Union, have been receptive to it, and have made national plans to support it. But under the policy forced upon Greece by the Troika as of February 2011, Greek rail lines were cut off from the rest of the world. No longer is there train service to Bulgaria and into the pan-European rail network, nor to landlocked Serbia, nor to Turkey, which is busy upgrading its rail lines eastward.

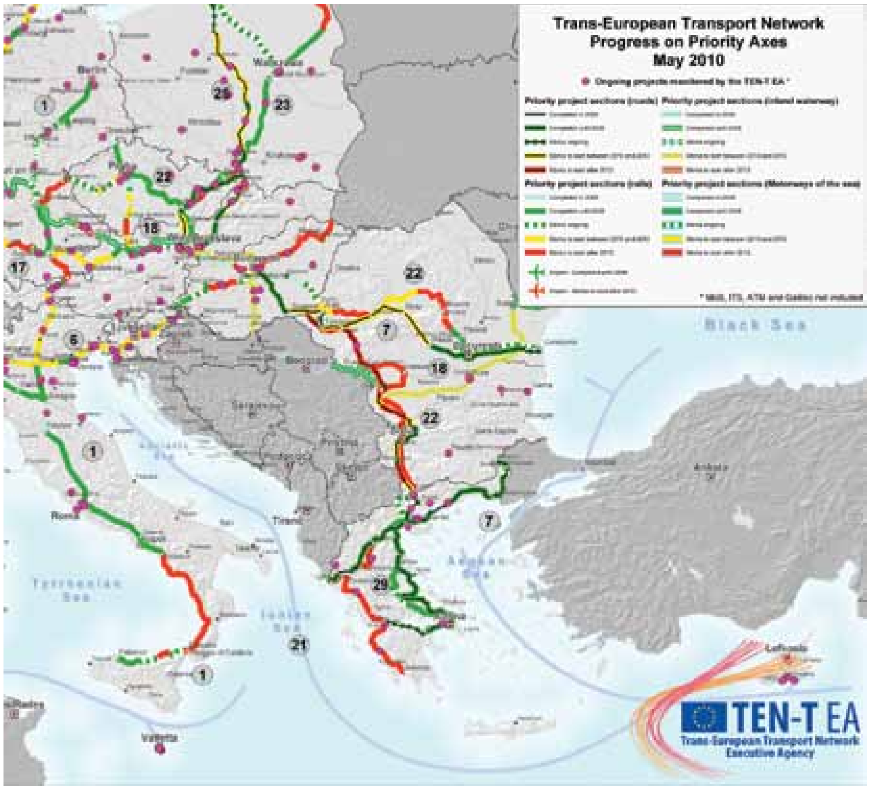
Piraeus, the port of Athens, is the tenth-largest container port in Europe and its largest passenger port. China has been quick to recognize its strategic location, and the China Ocean Shipping Company (Cosco) has leased a container terminal for 35 years. It will become China's hub for exports into Central Europe. While, at first glance, this appears to be a positive move, and does indeed present positive potential, China has come under some justifiable criticism, including for its low wage scales.

The second-largest port is that of Thessaloniki, which is crucial for all of the Balkans. It is closer to Sofia than Burgas and Varna, serving Bulgaria on the Black Sea. It also serves the Macedonian Republic and Serbia. There are rail links that theoretically link it into the pan-European system.

The Greek government is already upgrading the rail link between Athens and Thessaloniki by boring two tunnels through the mountains that will allow for double tracking the full length. When finished, it will reduce travel time from the current seven hours to three and a half. But the entire project is now up in the air because of the crisis.

To the east of Thessaloniki is the port of Kavala, the

FIGURE 3



The eastern portion of the EU's planned and completed transporation projects. In February of this year, rail links to Greece were cut off from the network, because of the crisis.

principal port for the Greek province of eastern Macedonia. Recent improvements, including a new trade port, have been carried out, with the intention to have both Bulgaria and Romania utilize the port.

Further east is the smaller port of Alexandropolis, which can also service Bulgaria and points north and west of the city. Under what appears now to be a defunct plan, it was to be one of the terminals for the Burgas-Alexandropolis pipeline project, a Russian, Greek, and Bulgarian project to lay an oil pipeline between the Black Sea and the Mediterranean.

On the Adriatic is Igoumenitsa, one of the most important ports in the region, with more than 200,000 passengers and 120,000 trucks passing through annually, and with a major ferry connection linking mainland Greece, the Greek islands, and Italy. There is a project underway to develop the link between the port of Taranto, Italy's second-largest, and Igoumenitsa, and then through the Egnatia Odos Motorway, across northern Greece, linking it with the ports of Thessaloniki, Kavala, and Alexandropolis, and then with Istanbul. Thus it would have access to all the Balkans, including Albania, the former Yugoslav republic of Macedonia, and Bulgaria.

There is the important port of Patras on the northwestern tip of the Peloponnese, with its recently completed South Port, and the new Rion-Antirion Bridge across the Gulf of Corinth, which has enhanced the port's strategic location.

The port of Volos, a little more than halfway between Athens and Thessaloniki, serves Thessaly, Greece's largest agricultural region. It could serve as another key outlet to the Middle East and Asia. Currently Greece's third-largest commercial port, there is tremendous room for expansion.

There are several other smaller ports, which could complement these, such as Lavrio in Attica, and Kalamata in the extreme south of the Peloponnese.

With respect to railways, the European Commission's Trans-European Transport Network has already prioritized the railway axis Athens-Sofia-Budapest-Vienna-Prague-Nuremberg-Dresden, which will link Piraeus and Thessaloniki with the pan-European grid (**Figures 3**). It has also prioritized the railway axis of the Ionian/Adriatic Intermodal Corridor, which will link Kalamata, Patra-Igoumenitsa with Thessaloniki.

Although these are labeled "priorities," they are not conceived as one integrated project, but merely as a series of upgrades, with some new construction, and a program that would take many years to complete. Therefore, the impact on the economy, including on job creation, is limited. Moreover, because of the Troika Memorandum, even existing links are no longer functioning.

These projects should become the center of rebuilding the Greek economy. They should be done on a crash basis, so they become real job creators and have a far more rapid and profound impact on the economy. With an efficient national infrastructure integrated into the greater Eurasia networks, the possibilities for developing the economy at all levels become almost unlimited.