Looting Greece-A New Financial Imperialism Emerges
Jack Rasmus

A lengthy analysis of the Greek debt crisis. Should make other countries skeptical of taking money from international organizations.

Opinion has long been divided on the organs of the so-called New World Order. The Panglossians maintain that all is for the best in the best of all possible worlds. The International Monetary Fund, the World Bank, the WTO and the other organizations put in place by the developed countries of the world are overall a good thing. They believe the best about the governments that founded them. The United States is a City on a Hill whose Constitution and institutions provide an example for the world. They further believe that the European Union was conceived by selfless geniuses like Jean Monnet and Robert Schuman in order to prevent conflicts on the European continent in perpetuity.

Others take a darker view. They believe that the world is run by moneyed interests, interests that are best represented by the world's central banking community. Jack Rasmus'most recent book, [[ASIN:B075H59BBL Central Bankers at the End of their Rope]] provides an evenhanded account of the situation in which the central bankers find themselves today and a history of how they got there.

Rasmus' thesis in this book echoes that of former Greek finance member Yannis Varoufakis in his book [[ASIN:B073NZQT1Q Adults in the Room]], that social democracy in Europe is a dead letter. It has been replaced by neoliberalism and policies that enable economic exploitation of the weaker by the stronger. This book is a good companion to Varoufakis'. Rasmus sees and identifies Varoufakis flaws and naïveté as of finance Minister, but has to agree with his bigger thesis that Greece is the victim of financial manipulation by the more powerful countries of Europe, chief among them Germany.

Rasmus' book is thorough, covering the events from beginning to end, and as such it becomes a bit tedious to read. It seems to be a litany of the same players repeating the same deceits, bluffs, con games, and mistakes again and again over the period from the time that Greece's problems were first recognized, about 2008, up to the present.

The short story is this. Greece had no business entering the Euro in the first place. It did not meet the criteria for membership when it began back in 1999. It has always been genially corrupt and undisciplined. It is the kind of country the bankers should be leery of.

However, once it entered the Euro, the bankers were happy to accommodate the Greeks appetite for borrowing. They were fairly sure that Greece's membership in the European community was sufficient to back them up when they went to collect. Greek businesses made extensive borrowing for capital investment and Greek consumers borrowed to buy German consumer goodies like Mercedes. The Greek government, already running a national debt about 100% of GDP, did not actually borrow all that much more.

The problem came with the crisis of 2008. Greece's private borrowers could not service their debt. The northern European creditors lumbered the Greek government into taking responsibility for the private debt that had been run up through Greek banks. Once they did this, Greece had no escape. The northern creditors forced new loans on Greece in order to pay back the old loans. They would not allow Greece to default – though there was one haircut along the line. The result was that Greece is always had more debt than it could service, the growth projections used to justify the new loans have never materialized, and Greece keeps getting deeper and deeper into debt.

To put it succinctly, the northern Europeans are like Mafia loan sharks or payday lenders, unwilling to let their victim off the hook. If they were to show any mercy for Greece, they would have to turn around and do the same for the other broke Southern tier countries such as Portugal, Spain, Cyprus, Italy, and even France. The European troika (IMF, European Commission [of finance ministers], and European Central Bank) cannot afford to let them off the hook. They also cannot afford to be honest about that fact. Rasmus' most serious indictments is that Prime Minister Alex Tsirpas and finance minister Yannis Varoufakis were incredibly naïve about the northern Europeans' supposed commitment to social democracy and even their freedom to negotiate.

Greece's situation is unique mainly in that it cannot easily extricate itself from the Euro. It does not belong, but getting out will be incredibly difficult. Aside from that, the Greek situation has quite a bit in common with other serial deadbeat nations such as Argentina, the Andean nations, and most of Africa. These countries all get in trouble through excess debt. Many authors contend that they are conned into assuming debt that they cannot service. See [[ASIN:B002WEBBN2 Hoodwinked: An Economic Hit Man Reveals Why the World Financial Markets Imploded]]. What I have seen of the World Bank and the IMF in Argentina, Central America and now Ukraine leads me to believe the substance of these claims.

My counsel to my Ukrainian friends, especially upon reading Rasmus' two books, is not to take money from smiling briefcase-toting European bankers. It will end badly. There is money enough in Ukraine if and when the country reforms itself enough to oblige the oligarchs to pay taxes or convince the oligarchs to buy bonds for infrastructure in the country. If they cannot reform themselves to make this happen, they have no business borrowing abroad and committing future generations to pay back money that will only be stolen by the current generation of oligarchs.

As you will note in the quotes below, the book has something of a Marxist flavor. Rasmus quotes Marxist economists rather extensively and uses something of a Marxist vocabulary. However, he comes across as clear thinking and non-dogmatic. He has an endorsement from Paul Craig Roberts, a Reagan guy.

That's the end of the review. A five-star effort. Here follow some very useful, informative quotes, and Rasmus' own, highly detailed, table of contents.

Quotes:

"Placed in context, the debt crisis at a deeper historical level reveals the limits and instability of the Euro form of Neoliberalism—i.e. what might be called a 'weak form' of Neoliberalism. Secondly, the Greek debt crisis shows that Euro Neoliberalism is fundamentally incompatible with classical European Social Democracy and economic policies and programs associated with social democracy. Proposing an incremental return to social democratic policies and programs as an immediate and coexisting solution to Neoliberal policies and programs is a contradiction in terms. The two cannot coexist. They represent a zero sum game. Third, the policies and processes evolved to address Greek debt, its deepening accumulation and its ostensible recuperation reflect the development of a new form of imperialism and colonialism that is taking root in Greece, which is a portent of things likely to come elsewhere wherever smaller states and economies choose to integrate themselves deeply in terms of trade and money capital flows with larger capitalist economies. "

"Greek Debt Crises and ‘Weak Form’ Euro-Neoliberalism

"The Greek debt crisis is a reflection of the ‘weak form’ that Neoliberalism has assumed in the Eurozone. Before explaining how Euro-Neoliberalism represents a peculiar ‘weak form’, and how that differs from the stronger forms of Neoliberalism introduced by both the USA and UK, it’s necessary to describe the major characteristics of Neoliberalism in general. From there, an explanation of how Euro Neoliberalism differs—i.e. is weaker—may be offered. And thereafter an explanation may follow describing how that weak form has resulted in the especially excessive debt accumulation and the repeated debt crises in the case of Greece.

"Neoliberalism represents a fundamental restructuring of capitalist economic relations, implemented by leading capitalist economies in response to the general crisis of capital that emerged globally in the 1970s. At that time real investment and trade had begun to stagnate. The international monetary system based on the 1944 Bretton Woods agreement had collapsed. Productivity was stagnant and the growth period from 1946 to 1973 had passed. Both inflation and unemployment were rising. The working classes, their unions and parties were challenging capitalist ruling elites on various economic and political fronts. Non-capitalist states were making inroads on key resource markets and creating alliances in Asia, Africa, and Latin America. Nationalist movements in the ‘Third World’, as it was then called, were demanding and getting a greater relative share of returns from the global oil and commodities pie. Even the ideology of the system on various levels—including economic theory—was undergoing significant challenge and change. Neoliberalism emerged as a set of policies and programs designed to stabilize the global capitalist system and return it to growth. It succeeded in doing so in the 1980s and 1990s, although on a more fragile basis than in the 1948-73 boom period. In 2007 that fragile basis cracked and the Neoliberal model appeared to have run out of economic steam. Ever since 2009, global capitalist elites have been attempting to reconstruct and salvage it, with some apparent difficulty. Humpty-Dumpty hasn’t quite yet been put back together again. Another major capitalist restructuring is now required—as had been achieved in the 1980s, before that in the immediate post 1944 period, and before that immediately before and after World War I.

"Generic Neoliberalism

"To briefly state the specific elements of generic Neoliberalism, it can be said to include:

- An industrial policy that focuses on containing wage incomes to help control corporate costs. The destruction of unions, limits on collective bargaining, and further restrictions on workers’ right to strike and politically mobilize are the more obvious measures for nominal wage containment. Other measures include reducing and even reclaiming ‘deferred’ wages in the form of private pensions, and reducing ‘social wages’ in the form of national retirement benefits by means of legislation. Allowing minimum wages to atrophy in real terms is another. A more recent expression is the growing movement for what is called ‘labor market restructuring’, where wages are reduced by contingent and contract labor arrangements, the ‘gig’ or sharing economy, as well as other measures that reduce compensated hours of work per employee while expanding uncompensated hours and work.

- Neoliberal industrial policy also includes the privatization and sale of government public works, public services, and where still existent, government direct production. It means as well deregulation of industry.
- Neoliberalism includes a fiscal policy reducing government expenditures, typically for low-profit social programs, but also for government funded infrastructure projects. The tax side of fiscal policy favors tax reductions for corporations and investors, but tax hikes for sales and VAT, other forms of regressive taxation, and little or no tax reduction for middle income or below households. Neoliberal taxation policy also includes tax credits and incentives to move capital investment offshore, and thus reduce employment and wages in industries that relocate ‘offshore’.
- Neoliberalism also places more relative emphasis on monetary and central bank solutions. Monetary policy is primary, and central bank injection of liquidity into the financial system is envisioned as the means by which to generate both economic growth and ensure stability."

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