The EU's Bank Bailout Policies Are Murdering Europe's People

by Dean Andromidas

Aug. 24—The European Union's policy of bailing out the banks in hopes of "saving" the euro is destroying the only basis for eventual recovery: Europe's people. The most critical case now in the headlines is Greece, but Greece is not alone. Spain, Portugal, Ireland, and Italy are most rapidly falling into the same abyss.

An important inflection point will be the Sept. 12 decision of Germany's Constitutional Court in several cases challenging the constitutionality of the EU's permanent bailout fund. The proposed European Stability Mechanism would strip decision-making authority from national elected leaders and put it in the hands of a group of technocrats with permanent immunity from prosecution.

Now that the bailout policy has destroyed the Greek economy and driven much of the population into abject poverty, Greece's creditors want to throw it out of the Eurozone. On Aug. 24, while Greek Prime Minister Antonis Samaras was visiting Berlin to beg for a two-year extension for implementing the austerity terms, the *Financial Times* reported that a working group has been established to study the possible economic impact of a Greek exit from the Eurozone.so-called Troika of the European Commission, European Central Bank (ECB), and International Monetary Fund (IMF) is due to issue a report next month on Greece's progress or lack thereof, which will be taken up at a European Union meeting on Oct. 18-19.

The bankers' alternative to dismantling the Eurozone was laid out by the City of London mouthpiece the *Economist* on Aug. 11, calling for a full political union. This would be nothing like the formation of the United States of America in 1789, joining 13 pre-revolutionary colonies into one republican nation-state; in today's Europe, "political union" would mean a fascist, financier-run superstate, in which all countries are responsible for one another's debt (known as "mutualization" of the debt), forcing Weimar-style hyperinflation by printing the money to pay the debts, and then deflationary collapse.

The only actually viable alternative is to bury the euro, implement a Glass-Steagall-type reform to separate speculative investment banking from commercial banking for productive purposes, institute a credit system as Lyndon LaRouche has defined it, and launch the LaRouche movement's "Emergency Program for an 'Economic Miracle in Southern Europe, the Mediterranean Region, and Africa.'"

Poverty in Greece has become so widespread that suicide is now becoming an everyday occurrence and sometimes an act of political protest. Here, a man in Thessaloniki scrounges for a few drops of olive oil.

Where Have the People Gone?

We all remember the Balkan wars of the 1990s, when an estimated 140,000 people lost their lives and millions were displaced by ethnic cleansing: genocide. While these crimes against humanity were done through mass violence, today the same effect is being carried out, not by bands of armed fanatics, but by bands of European bureaucrats with their "fiscal adjustment" policies and "economic reform" programs: the Troika.

Take the case of Greece. Since Greece signed the bailout agreement in 2010, according to published figures, the economy has collapsed by more than 20%, and unemployment rose from 8% to 23%, and is expected to reach 25% by the end of 2012. According to the Institute of Labor, which is linked to the main trade union federations, unemployment could reach 30% in 2013. The same source reports that hundreds of thousands of unemployed are no longer receiving unemployment or even welfare benefits, and that real available incomes of employees, after payment of increased taxes and direct wage cuts, have decreased by 50%.

Hundreds of thousands of Greeks, especially well-educated young people, are simply fleeing the economic carnage. There are no official figures of how many have left, but there is little doubt that the figure could be close to a million. There are reports that as many as 30,000 young Greeks have flocked to the city of Berlin alone. Most flee to other countries of the European Union, where work permits are not required for people from member nations. Others flee to the U.S., Australia, Asia, and Africa.

For those who remain, life is grim. Suicides have increased dramatically with official figures reaching over 2,000 since 2010 In Greece, suicide is no longer a "personal" tragedy, done far away from the public eye. Earlier this year a pensioner shot himself in Athens' Syntagma Square right in front of the Parliament, leaving a note declaring his suicide an act of resistance to a government that he compares to a wartime government that collaborated with the Nazi occupation. A young bank employee jumped to his death from the Acropolis, his body falling in front of a group of tourists. Another man, when presented with an eviction notice, jumped to his death from his balcony. Since the Orthodox Church refuses a Christian burial for those who commit suicide, popular beaches serve as a venue for "accidental" drownings.

Yannis Xousos, labor union head of the public

Economist Demands Schacht Solution for Euro

Aug. 16—Richard Werner, a German-born economist at the University of Southampton, England, called for a Schachtian plan to save the euro, in an interview with the Aug. 16 *Daily Telegraph*. Werner is credited for having invented the term "quantitative easing" in 1994, in proposing a money-expansion policy to Japan. Now he is exposing the fascist content of his program, by opening citing Hitler's economic guru, Hjalmar Schacht, the author of the Nazi's austerity policies, as model.

Reporting on Werner's current proposal, James Hurley wrote in the *Telegraph*: "Hitler's central banker, Dr. Hjalmar Schacht, knew how to deal with a Great Depression, Prof. Werner tells us. He argues it's about time we revived his sage economic ideas now.

"Firstly, the plan involves the European Central Bank buying the banking system's bad assets at face value, which Prof. Werner says would not cost taxpayers or cause inflation.

"Next—and here's Dr. Schacht's 1930s magic—the Spanish government and others should stop selling pricey government bonds entirely.

"Instead, they should fund themselves through loan contracts from banks in their countries, which Prof. Werner says would result in cheaper sovereign borrowing.

"All very appealing—but shouldn't we be wary of using ideas favored by the Nazis?

" 'If we don't want to adopt economic policies on the basis that they were favored by Hitler's government, which is an understandable viewpoint, then we should not have introduced the euro in the first place,' Prof. Werner responds.

" 'The introduction of a single European currency, with the central bank located in Germany, was, after all, favored by Hitler and his technocrats.' "

rescue service EKAV in Attika, told the German daily *Süddeutsche Zeitung*: "Nearly all victims put an end to their lives because they are in a deep economic crisis. Often, it is small entrepreneurs who had to declare default, or fathers of a family who took a mortgage before the crisis, then lost their jobs and now cannot make the payments anymore." In June alone, EKAV received 350 emergency calls on its hotline, and in 50 of these cases, the person was already dead by the time the rescue workers arrived.

Greek television presented citizens who are no longer able to draw unemployment or welfare benefits, explaining that they had infected themselves with HIV, because then the state will at least pay welfare.

Greece Is Not Alone

Ireland, Portugal, and Spain are also experiencing mass emigration.

In Ireland, each year, 70,000 people emigrate, out of a population of less than 4.5 million, or 1.6% of the population, which is increasing only by a net 0.6% per year. Unemployment has increased from an official 4.8% in 2008 to 14.8% in June of this year.

The grim reaper has also made his Irish harvest of 600 suicides annually, a dramatic increase from previous years, directly attributed to the economic collapse. Ireland's National Suicide Research Foundation found, in a study released earlier this year, that of the 190 suicides in the county of Cork between September 2008 and March 2011, fully one third were among young men who had been previously employed in the construction industry, whose dramatic collapse began in 2008.

In Portugal, a country of close to 10.8 million people, official unemployment was 15.4% as of June this year. Some 100,000-120,000 people emigrated in 2011. Between 2008 and 2010, Portuguese consulates reported that 324,000 Portuguese migrants came in to register. While most flee to other EU countries, many with skills, including engineers, computer programmers, and academics, are fleeing to the old colonies of Mozambique and Angola, where economic growth rates are far higher than in Portugal. Suicides have also increased, especially among the elderly and unemployed.

Spain, whose economy and population of 47 million is larger than those of Greece, Ireland, and Portugal put together, is now in free fall, with official unemployment reaching 24.7% as of June, up from 8.5% in 2008, with youth unemployment at an astonishing 53%. In 2011, 62,000 Spanish citizens emigrated, while in the first six months of this year, 40,625 emigrated, a 44% increase over last year. Moreover, 228,000 foreigners, many of whom were construction workers, have left.

While emigration was a common problem in these countries in the 1950s, '60s and '70s, it was a time of major labor shortage in the countries of northern Europe, as the German Economic Miracle lifted growth throughout northern Europe. But now all of Europe is suffering from negative growth, and an average unemployment rate of over 10%.

Who's Not Keeping Their 'Commitments'?

Greece is being constantly hounded about "living up to its commitments," but it is the Euro Group, the euro fanatics in Brussels and the ECB in Frankfurt, who have not kept their commitments. Under its bailout package, Greece was supposed to receive EU31 billion in June, but the funds were not released, in order to blackmail the Greeks into voting into power the pro-bailout New Democracy Party in the June legislative elections. That party won by a thin margin, on the slogan that Greece must stay in "Europe" and the Eurozone. But the Euro Group has still refused to release the funds, claiming that the Greek government has not kept its "commitments," and must cut the budget by yet another EU13.5 billion.

The government is continuing to pay off the debt, first, by not paying any vendors, halting all capital investment, and just paying salaries and pensions. The second way is by printing euros through the Bank of Greece, an action which ultimately adds to the country's growing debt pile. Just this month the government raised EU6 billion by selling Treasury bills to Greek banks, which also receive liquidity from the Greek Central Bank. These funds were not used to run the government, but to pay off bonds that were being held by the ECB.

Greece's debt continues to grow and had reached EU303.53 billion as of June.

Finance Minister Yannis Stournaras revealed that for the first seven months of this year, the government has only spent EU40 billion of the EU100 billion budgeted for this year, saying it has only been paying salaries and pensions. What does that mean to the Greek economy and everyday life of Greeks?

Among the vendors not being paid are pharmacies and hospitals. Greece has a national health system.

This is not "free" medical care; citizens make monthly payments into the system in order to avail themselves of its services. Patients receive prescriptions that entitle them to go to private pharmacies and receive medicines within the national insurance system, the National Organization for Health Care (EOPYY), which reimburses the pharmacies. But the government is EU252 million in arrears to the pharmacies for May and June, and of course they have not been paid yet for July and August. This has led pharmacies to go on strike and to demand advance payments from patients, which most cannot afford. For cancer patients, it is a death sentence.

The Greek press is filled with horror stories about the collapse of the hospital system. Doctors and medical personnel have not been paid in many cases for two or three months. A virtual hiring freeze has led to triage, decisions of who will or will not receive medical care. In many hospitals, non-essential surgery has been frozen.

Greece is a nation of islands; yet the government has suspended subsidies to ferry companies that service "non-profitable" routes, driving the industry into bankruptcy. What is a "non-profitable route" but a trip to an island where Greeks have been living for centuries, but without catering to tourists.

The Real Alternative

As the crisis intensifies throughout Europe, it is becoming apparent to more and more people that the euro system is doomed. The Germany weekly *Der Spiegel* (Aug. 16) wrote that the so-called European "rescue" of Greece has totally "failed," and the only thing "drastic austerity measures have done is to exacerbate the economic crisis and push Greece's debts even higher." The article concludes that Greece should be allowed to "go broke" and restart its economy.

Greeks themselves are looking towards an Argentina-style default and restructuring in order to save the nation. Dimitris Stratoulis, economic spokesman and parliamentarian for the opposition Syriza party, called on Greece to stop repaying its debt and demanded that it be restructured.

"Based on United Nations regulations, international experience and what has been proved in other countries based on international law, Greece can get out of this miserable, catastrophic situation," he told Flash Radio on Aug. 17. "The country can be declared to be in a state of fiscal emergency so it can choose between its people's survival or continuing to pay its huge debt, which under no circumstances can be deemed sustainable."

Stratoulis reiterated Syriza's position that although the party favors Greece remaining in the Eurozone, the well-being of Greeks must come first. "We have stated very clearly that the currency is not an obsession for us; for us the obsession is the survival of the Greek people and the country's economic recovery," he said. Last week, Syriza parliamentarian Panayiotis Lafazanis said that a sovereign default could be an option.

But none of these measures, in themselves, will solve the crisis. The solution is that which is being promoted by the LaRouche movement internationally: burying the euro before it buries Europe, putting the bankrupt European banking system through a Glass-Steagall style-reform, and establishing credit institutions for funding the "Program for an 'Economic Miracle in Southern Europe, the Mediterranean Region and Africa.'" That program would integrate this region, including Greece, Spain, and Italy, into the Eurasian Land-Bridge and the development of Africa.