Greece Is Taking Up The BRICS Option

by Dean Andromidas

March 16—Greece has become the standard bearer for the BRICS in Europe. With the European Union refusing to turn off the road leading to self-destruction, the drive for economic development led by Brazil, Russia, India, China, and South Africa is creating a powerful alternative that Greece is ready to take up. Greece and the rest of Europe have a choice between Plan A (for asphyxiation) and Plan B (joining with the BRICS for survival and economic development). Greece, with its special ties to both Russia and China, can serve as the bridge between Europe and the BRICS.

Minister of Defense Panos Kammenos, in an interview to Greek Radio on March 13, warned that if the European Union, the European Central Bank, and the International Monetary Fund (known as the Troika) cut off Greece, the country will turn to the BRICS for funding. He characterized the BRICS as the largest bloc on the planet. Greece wants to stay in the Eurozone, but under conditions where it can achieve national sovereignty and economic development.

Kammenos declared that the threat to oust Greece from the Eurozone is illegal, aimed at pressuring the country to sign a third Memorandum with the Troika, and therefore to take on even more debt, which he said is not going to happen. Declaring that this is the mandate given to the government by the Greek people in the elections on Jan. 25, Kammenos said, if funding is cut, Greece can turn to the BRICS.

Kammenos's statement came within days of the signing into law on March 9 by Russian President Vladimir Putin of the agreement of the BRICS governments to establish a New Development Bank capitalized with $100 billion.

In reporting on this development the next day, the popular Greek Internet magazine DefenceNet declared that the new bank provides Greece with another "arrow in its quiver" for its battle with the EU and its international creditors. While the new bank's main purpose, DefenceNet comments, is to finance development projects, initially in its member countries, it can also lend to countries that are not members. This could include Greece, Portugal, Spain, and Italy, all of which are suffering under the EU's austerity policies, adding that the new bank is the first alternative to the Washington-based IMF and World Bank since the end of World War II.

Pointing to the fact that the Greek leadership is well aware of this potential, *DefenceNet* reports that several ministers will soon be heading to Moscow and other BRICS countries. The list is impressive. On April 8, Prime Minister Alexis Tsipras will visit Russia. On April 17-21, Defense Minister Kammenos will be making an official visit there as well, and Deputy Minister of Defense Kostas Isichos, along with Deputy Tourism Minister Elena Kountoura, will visit Moscow March 18-20, while Isichos will also visit Brazil April 14-17, to attend an international exhibition of defense equipment.

German Ministry of Finance/Jörg Rüger

Daggers drawn: Germany Finance Minister Wolfgang Schäuble and Greek Finance Minister Yanis Varoufakis at the German Finance Ministry in Berlin on Feb. 5. Schäuble is doing everything in his power to ram through more looting of Greece by the bankers, but Varoufakis is having none of it.

Foreign Minister Nikos Kotzias, who, as an academic, was an expert on the BRICS, along with Deputy Prime Minister and Coordinator of Economic Policy Yiannis Dragasakis, will soon visit China to arrange for the official visit of Prime Minister Tsipras there later this year.

European oligarchs are chewing the rug. Within hours of the publication of the DefenceNet article, the BBC correspondent in Athens, Giorgos Christides, wrote an article entitled "Could Europe Lose Greece to Russia?" The author laments that "Greece may be eyeing Moscow as a bargaining chip," and that "Europe is not pleased." He warns that this could become dangerous, since "Greece's bailout extension expires at the end of June and the worst kept secret in Brussels is that Athens will need new loans to stay afloat"; while "officially, Greece is not searching for alternative sources of funding . . . a loan from Russia, or perhaps China, could seem a more favourable alternative to any new eurozone bailout with all its unpopular measures and reforms attached." Even more worrying, he writes, is that with Greece on its side, Russia would have an ally that could exercise a veto in the EU.

The BBC's Christides sees a Russian-allied Greece in the framework of Samuel Huntington's "clash of civilizations," which "places Greece squarely in the Russian-led Orthodox axis . . . widely accepted by Greeks," as a nightmare that has come true, citing surveys showing that 63% of Greeks hold favorable views of Russia, while only 23% have a positive view of the EU.

Démarche Against Germany

The coverage of Greece's conflict with its creditors in the Western media contains the same level of lies and distortion as their coverage of Russia and Ukraine. Greek Finance Minister Yanis Varoufakis has referred to it as "yellow journalism." Indeed, much of the coverage of what actually transpires in these negotiations, including at the Eurogroup meetings of finance ministers, is not just confused but outright lies, much of it emanating from Greece's own "European partners." The most guilty in this respect has been German Finance Minister Wolfgang Schäuble.

On March 10, a few hours after the Eurogroup meeting, the Greek ambassador in Berlin delivered a démarche to the German foreign ministry to protest Schäuble's derogatory statements against Finance Minister Varoufakis. Speaking to a group of journalists, Schäuble had called his Greek peer *"dümmlich naïve,"* which translate as stupidly naive.

Foreign Minister Kotzias, who speaks fluent German, lost no time in charging the German finance minister with uttering unacceptable and unethical comments about his Greek counterpart.

Schäuble's ugly language only repeats past barbarisms that transpire in the "institutions" of Europe. In 2012, at a summit of European leaders, then-President of France Nicolas Sarkozy allegedly called then-Prime Minister of Greece George Papandreou a "f***ing a**hole," for suggesting that Greece hold a referendum on whether it should accept a second memorandum with the Troika.

Commenting on why his Eurogroup peers made such comments about him, Varoufakis said that they were accustomed to dealing with a Greek government that ruled with e-mails and faxed directives. "Suddenly they realized that the Greek finance minister will be a problem for them, to the extent that he demands the right to have the Greek people's view heard," he said. He pointed out that Eurobarometer polls show that the people of Europe "do not trust the European Union's institutions." As for Schäuble's derogatory comments, Varoufakis said: "Mr. Schäuble has told me I have lost the trust of the German government. I have told him that I never had it. I have the trust of the Greek people."

EU Demands a Third Bailout

Since the signing of the so-called Feb. 20 agreement between Greece and the Eurogroup, which was little more than a ceasefire, allowing Greek banks to continue to receive emergency liquidity from the European Central Bank until June, neither side has moved from its core positions. Greece is demanding a dramatic restructuring of its debt, through a European Debt Conference modeled on the 1953 London Debt Conference which reduced Germany's pre-World War II debt burden by more than half; an end to brutal austerity conditionalities; and for Europe to launch a "New Deal." The Eurozone leaders have refused all of those demands, which are incompatible with their insane commitment to save the bankrupt Western financial system. They are leading a drumbeat for yet a third round of bailout loans, using the threat that the ECB will cut off Greek banks from liquidity—a totally illegal move aimed at forcing Greece to either capitulate or exit from the Eurozone. This is what the Greeks call the "asphyxiation plan." But this is a bluff that Greece should call.

While all Eurozone governments are acting as cowards, if not fascists, in refusing to support Greece and its demands, Athens is fighting for a breathing space. Having been in power for less than six weeks, its government needs time to prepare its options. One is to convince its "partners" to respond to reason, or to wait until these governments are swept from power in upcoming elections. Spain and Portugal face elections in the last quarter of this year, which could bring now powers into the government, such as the Podemos party in Spain, which is currently leading in the polls.

If that fails, the Greek government could seek a new mandate, either through a referendum and new general elections on the question of whether to capitulate and remain a colony of the international banks, or continue to fight. While Greece is committed to staying in the Eurozone, its leaders will do what is necessary, even if it means leaving the euro, knowing that would be the beginning of the end for the single currency. They could call the EU's bluff and join the BRICS.

The case for calling the EU's bluff was made by Defense Minister Kammenos in an interview with Germany's mass circulation daily *Bildzeitung*. He said that it is not Greece's intention to exit the euro and return to the drachma, because if it did, other countries would follow, such as Spain, Italy, and in the end, even Germany. Greece does not need a third "rescue package" either, because the two previous packages were only to the benefit of the banks, not the people. "What we need is a debt cut like Germany got in 1953 at the London Debt Conference. Austerity policy is the wrong way. The people in Greece have already lost everything, and the incomes of those who still have a job, have been drastically cut. . . ."

Asked why Greece, a member of NATO, is contacting Russia for aid, Kammenos answered that Greece has "lost a lot of money through the sanctions, and 70% of national farm products go to Russia." Also tourism from Russia, which usually accounts for 25% of all tourism in Greece, has been hit hard. "We need compensation from the EU for that, or we cannot and will no longer be part of the sanctions, which do damage to the Greek economy alone."

While saying that there is no problem between the Greek and German people, he declared: "The German government is interfering in affairs that are none of its business. It is breaking the convention not to interfere in the internal affairs of other countries. How can it be that the German ambassador put pressure on Syriza before the formation of the government, not to enter a coalition with us [the Independent Greeks party, which Kammenos heads]. Also Deutsche Bank had prepared a paper directed against the coalition with my party. I have the feeling that the German government is targeting us, and that some want to really kick us out of the Eurozone."

Concerning the debate about corruption in Greece, Kammenos reminded his interviewers that Schäuble, who is poison for German-Greek relations, had to step down from his party's leadership once because of entanglement in corruption—and yet, he is finance minister today. But if the Greek government wants to get information about the illegal doings of Siemens bosses in Greece, they get no response from Germany; apparently, these persons are protected by the German government.

A 'New Deal' for Europe?

Meanwhile, Finance Minister Varoufakis continues to be one of the only voices in Europe calling for productive investment and a "New Deal" for Europe. Speaking at a conference in Cernobbio, Italy, on March 14, he declared that instead of the Quantitative Easing that the ECB has launched to facilitate speculation, there should be productive investment. "QE is all around us and optimism is in the air," Varoufakis said. "At the risk of sounding like the party pooper, . . . I find it hard to understand how the broadening of the monetary base in our fragmented and fragmenting monetary union will transform itself into a substantial increase in productive investment. The result of this is going to be an equity run boost that will prove unsustainable."

"We have in Europe the European Investment Bank," Varoufakis said. "Let us imagine an alternative form of Quantitative Easing, in which the EIB asks the governments to lead a program for an investment recovery, which I would like to call Merkel Plan. Let us imagine that it is 100% financed by bonds issued by the EIB, with the ECB operating on the secondary markets, ready to buy EIB bonds. This would solve the ECB operational problems, because suddenly it would only buy a triple A paper, without worrying about the different sovereign bonds, and at the same time it would avoid the mentioned problems, which the QE has had elsewhere, and which will increasingly have in Europe with inflated asset prices, through relaunching investments." Thus the EIB, he said, could serve as the vehicle for a "New Deal" for Europe that would see massive investment in large-scale infrastructure projects, and financing of small and medium-size enterprises in order to get people back to work.

The best option is to build the relationship with the BRICS, with Greece forming a bridge to a Europe that should heed Greece's call, hold a debt conference that would both implement a Glass-Steagall reform of the European banking system, and establish a European Infrastructure Investment Bank to collaborate with the BRICS New Development Bank.