Written by Charles Scaliger on February 14, 2012

Anarchy Draws Near as Greece Flirts With Default

“People sent a message yesterday: Enough is enough! They can't take it anymore,” trade union leader Ilias Iliopoulos told Reuters. “The social explosion will come one way or another, there is nothing they can do about it anymore.”

“It's not over yet,” Mary Bossis, professor of International Security at the University of Piraeus, predicted. “On the contrary, this was just the beginning. We will see more.”

After five years of recession and unemployment levels approaching 50 percent for Greece’s rising generation, the era of denial has ended. Despite arguments that the austerity package is the lesser of two evils, Greeks now point out that all of the evils that default would supposedly engender are coming to pass anyway. As Leto Papadopoulou, a civil servant whose salary has been cut in half, put it, "I wouldn't mind paying for the next two years if I knew austerity would take us somewhere , but this crisis seems endless. In 10 years from now, I will be a lost cause for the labor market.”

The backlash is a response to the newest round of austerity measures, which the European Central Bank, the IMF, and the European Union (the so-called “troika”) have insisted upon before a second mega-bailout worth 130 billion euros is released. The Greek government needs the cash to avoid default on a 14.5 billion euro bond issue to be redeemed (or not) in March.

The terms of the austerity package, which the Greek parliament voted to uphold, include further deep cuts in government spending and severe reduction of the deficit. It includes a requirement to raise 19 billion in euros by selling off public assets, and contemplates restructuring Greece’s tax and pension systems (read: taxes will be raised and pensions cut). It is hoped that the crushing Greek national debt, now in excess of 160 percent of the GDP, can be reduced to a still-obese 120 percent by 2020.

Figures such as these reveal the utter futility of the Greek project. By getting her creditors to agree to a “haircut” of around 50 percent, Greece has already negotiated a partial default on her obligations. But hoping to trim Greece’s debt by so little over eight years is a chimera. Greece cannot pay her debts and will default, as we have been predicting for the past couple of years. Greece has defaulted before and will do so again, except that this time, the Powers That Be have struggled mightily to keep Greece on a financial leash, lest her default and subsequent departure from the Eurozone might prompt other foundering European economies to do the same. At stake is nothing less than the entire Eurozone and, perhaps, the European Union itself, that grand program of international government by consent cobbled together by patient internationalists over the course of more than a half-century. The globalists are unwilling to let go of their pet project, the European Union, and are willing to go to almost any length to preserve it.

Yet the laws of economics and of political behavior are going to win in the end. The Greeks are not going to tolerate additional tax hikes and cuts in the benefits that they have grown accustomed to — any more than Americans, in a not-too-far-off day, will submit to massive tax hikes and deep cuts in our own pet welfare programs, like Social Security and Medicare, in order to keep Leviathan on life support. Greece, with her spiraling civil unrest and terminally-ill economy, is lurching toward full-blown revolution, a path other debt-choked European countries may soon follow. As for the United States, the lesson is clear: Choose to regain control over our public finances, or have international bankers make our choices for us.

Photo of burning cinema in Athens: AP Images

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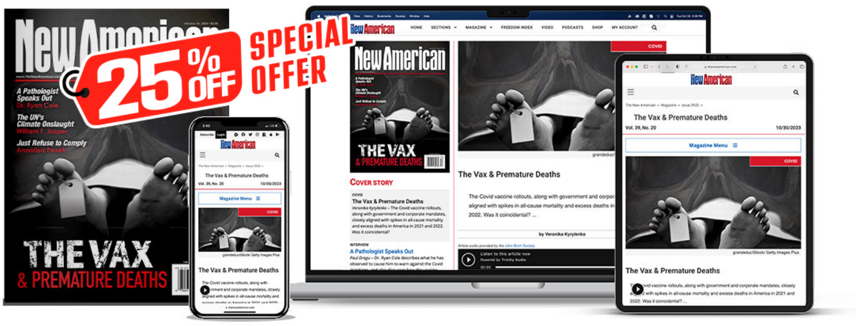

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