German chancellor visits Greece to prop up right-wing regime

Stefan Steinberg 12 April 2014

The German Chancellor Angela Merkel flew to Athens Friday to bolster the prospects of the right-wing government of Antonis Samaras in the forthcoming European elections. Important regional and municipal elections are scheduled in Greece for the same week.

Following her support for the ultra-nationalists and fascists represented in the Ukrainian transitional government, Merkel is now seeking to prop up the Samaras regime, which has close ties to similar forces in Greece.

The Greek government has been thrown into tumult in the past few weeks after the release of a video which revealed the intimate links between one of Samaras' closest advisors, Panagiotis Baltakos, and the fascist Golden Dawn party. The video records Baltakos having a friendly conversation with Ilias Kassidiaris, a spokesman for Golden Dawn, who is currently facing prosecution on charges of membership in a criminal organization. Baltakos was Samaras' legal and political adviser for the past 20 years, since the latter founded New Democracy in the 1990s.

The affair demonstrated that repeated claims by Samaras and other government spokesmen that they oppose Golden Dawn and its racist policies are so much hot air. Samaras was subsequently forced to accept the resignation of his longtime political ally. An immediate consequence of the scandal was a further fall in the polls for Samaras' New Democracy party, which has a slender one deputy majority in the Greek parliament. According to one of the latest opinion polls, ND now stands three points behind the main opposition party, SYRIZA.

Greek security forces were put on high alert for the German chancellor's visit, with the police announcing a ban on any rallies in large parts of the Athens city centre between 11:30 until 21:30, with 5,000 heavily

armed riot police deployed to quell any protests.

Merkel's visit comes two years after her last trip to Greece in 2012. At that time, her visit was accompanied by extensive demonstrations directed against the European leader regarded by most Greeks as the prime mover of the austerity policies which have wreaked such havoc on the lives of millions of workers and their families.

In 2012, Merkel was ridiculed by demonstrators who portrayed the chancellor wearing a Nazi uniform. The caricature was aimed at recalling the fateful consequences of Nazi Germany's invasion of Greece during the Second World War. This time Merkel returned as public supporter of a government with proven links to the fascists.

Police spokesmen sought to justify the massive security operation in the city with the explosion of a car bomb on Thursday. The bomb went off in front of the Greek Central Bank in central Athens, causing some material damage but no casualties. The bombing had all the hallmarks of a state provocation aimed at diverting attention from the links of the government to the fascists and justifying the build-up of state and security forces.

For their part, the Greek trade union movement sought to defuse opposition to Merkel's visit by holding small token demonstrations on Wednesday.

Merkel's visit was accompanied by a barrage of propaganda in the European press implying that, after years of austerity which have slashed economic output in Greece by a quarter, the Greek economy and also the euro zone, were finally turning the corner.

On Thursday, the Greek government announced that its attempt to re-enter the bond markets had been successful. The sale of Greek government bonds was the first since the European Union and International Monetary Fund effectively assumed economic control of the country in 2010.

In the run-up to the sale of the Greek bonds the German *Der Spiegel* magazine hailed the return of Greece to the markets as a "dubious miracle". After the sale the Greek financial newspaper *Imerisia* headlined "The great comeback", while the head of the IMF, Christine Lagarde, declared that the bond sale was "an indication that Greece is heading in the right direction".

In fact, as was the case with all of the financial measures imposed by the EU and IMF on Greece during the past five years, Thursday's bond sale was yet another bonanza for Western banks. Reports of the sale relayed that hedge funds and other major financial institutions were queuing up for the bonds which, according to a Greek government spokesman, were eight times oversubscribed.

The 4.75 percent interest rate on the Greek bonds is the highest among euro-denominated sovereign bond issues and more than double the rate Greece currently pays to its official creditors of around 2 percent.

Investors were so eager to pick the five-year bonds because their creditworthiness is virtually guaranteed by existing euro zone finance mechanisms. The total raised by the Greek government in the sale—€3 billion—is a drop in the ocean compared to the €240 billion Greece owes to Western banks following a succession of EU-IMF bail outs. German and French banks are expected to be the main beneficiaries after the European Central Bank (ECB) barred Greek banks from participating in the sale.

Once again, it will be the Greek population which will pick up the tab for the sale in the form of interest repayments estimated at between €125 million and €150 million due in the not-so distant future

For her part, the German chancellor made clear there would be no let-up in the implementation of austerity policies. She addressed a meeting of small businessmen in Athens on Friday and promised a small contribution by Germany to a so-called "Institution for Growth".

Before departing for Greece, however, she declared: "We have some difficult years behind us when it comes to the debt crisis, but we can see first successes. We should not trivialize these successes, even though we certainly haven't reached the end of the road".

What Merkel describes as "successes" are measures which have devastated the Greek economy. Well over a

quarter of the workforce is unemployed, with youth unemployment over 60 percent. The country's debt burden has reached an historic high of 175 percent of GDP, and a 1.5 percent drop in consumer prices, year on year, indicates that the economy is stagnant and confronts outright deflation.

In its recent (April 8) economic report on Greece, Citigroup Inc. concluded: "A failure of the economy to show further signs of recovery may reignite political instability, which remains the main source of risk" to investors.

Merkel ruled out any meeting during her visit with the head of the Coalition of the Radical Left (SYRIZA). For his part, SYRIZA leader Alexis Tsipras criticized the visit of the German chancellor and EU policy in order to appeal to his domestic audience.

For his international audience, however, Tsipras plays a different tune. At the end of March, George Tzogopoulos, a researcher at the Hellenic Foundation for European and Foreign Policy (ELIAMEP), reported: "In Greece, it [SYRIZA] is condemning the bailout for obvious political reasons, but in Europe it is 'more friendly' towards the European economic policy".

Tzogopoulos went on to note that, in relation to European policy, SYRIZA would now be prepared to negotiate and even apply the same bailout terms that it openly condemns at home.



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