GEAB
GlobalEuropeAnticipationBulletin
La lettre confidentielle de LEAP
Anticipating, it's foreseeing to act
August Ist, 2015

SPECIAL FILE « GREECE IN THE GEAB »

Extract from the GEAB No 40 / 15.12.2009

Spring 2010 – A new tipping point of the global systemic crisis: When the slip knot around public deficits is going to strangle Western states and their social security systems

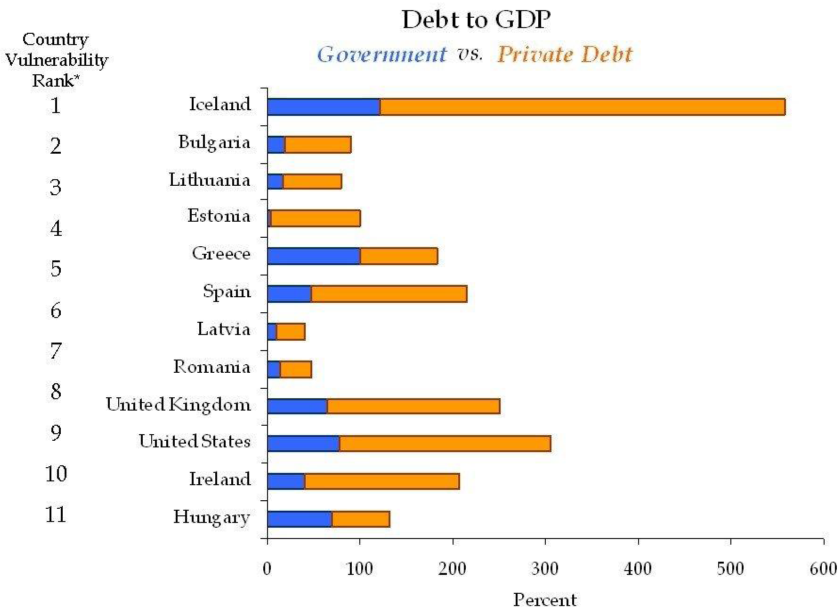
LEAP/E2020 believes that the global systemic crisis will experience a new tipping point from Spring 2010. Indeed, at that time, the public finances of the major Western countries are going to become unmanageable, as it will simultaneously become clear that new support measures for the economy are needed because of the failure of the various stimuli in 2009[1], and that the size of budget deficits preclude any significant new expenditures.

1 Consumption still remains lack-lustre in the United States and Europe as well (in spite of year-end celebrations). So-called Chinese growth (watch this eye-opening video by Al Jazeera on the reality behind the Chinese numbers) doesn't even begin to stimulate its Japanese neighbour one little bit (which would have been a clear signal that there really has been a restart of the Chinese economy), requiring it to be the first major country to adopt a second economic stimulation package in less than two years (source: Asahi Shimbun, 09/12/2009). On the other hand the faking of statistics is beating all records: a « radical » fall in unemployment in the United States fed by temporary jobs related to the Christmas shopping period and a method of calculation as « theoretical » as before (source: Global Economic Trend Analysis, 04/12/2009), « Black Friday » which in fact saw the value of sales dropping compared to the year before (source: Reuters, 29/11/2009), unemployment which continues to rise, and business real-estate in free-fall in Europe (source: Les Echos, 10/12/2009, and an interesting visual stroll amongst empty office blocks in Amsterdam made by Tako Dankers), « reassuring » Chinese industrial production numbers in November 2009 since they were compared to the big fall in November 2008. Such fantastic results for the hundreds of billions of 2009 stimulus plans!

If this public deficit « slip knot » which governments gladly placed around their necks in 2009, refusing to make the financial system pay for mistakes[2] is going to weigh heavily on all public expenditure, it is going to particularly affect the social security systems of the rich countries in always impoverishing the middle classes and the retired, and setting the poorest adrift[3].

At the same time, the general context of the bankruptcy of an increasing number of states and other authorities (regions, provinces, federal states) will entail a double paradoxical event of increasing interest rates and the flight out of currencies towards gold. In the absence of an organised alternative to a weakening US Dollar and in order to find an alternative to the loss in value of treasury bonds (in particular US ones) all central banks will have, in part, to « reconvert to gold », the old enemy of the US Federal Reserve, without being able to state the fact officially. The bet on recovery having been, at this point, totally lost by governments and central banks[4], this Spring 2010 tipping point is thus going to represent the beginning of the huge transfer of 20,000 billion USD of « ghost assets »[5] in the direction of the social security systems of the countries which have accumulated them.

In GEAB N°40, the LEAP/E2020 team develops its anticipations on these various subjects, whilst also giving a detailed appraisal of its 2009 anticipations which achieved an overall success rate of 72%[6]. Finally our researchers unveil their recommendations regarding this month in particular: commercial real estate, currencies and expatriates' revenues.



The ten most vulnerable countries on a debt/GDP ratio (in blue; public debt; in orange: private debt) – Source: Crédit Suisse, 03/2009

2 And in believing the banks who told them that saving them would save the economy.

3 Source: USAToday, 12/14/2009

4 Source: CNBC, 08/12/2009; Yahoo/Reuters, 27/11/2009

5 Two-thirds of the global amount estimated by LEAP/E2020 a year ago, out of which two-thirds haven't yet gone up in smoke in the various financial and real estate markets of the world.

6 This score is lower than the 80% of 2008 but still high, particularly for an exceptional year with regard to the unprecedented extent and number of interventions by the authorities, multiplying the factors at play.

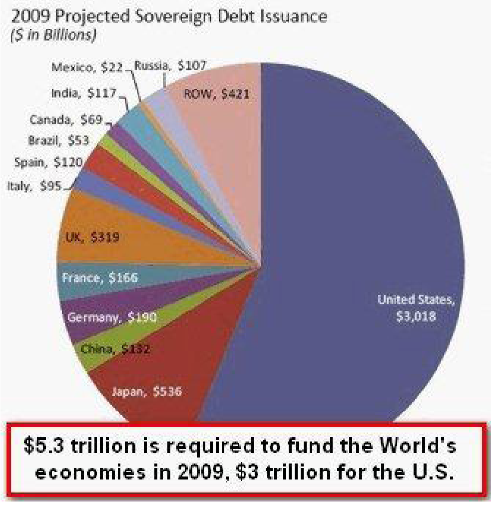
Reality quickly fuelled GEAB N°39's anticipation which indicated that 2010 would be a year noted for three trends, one of which would be state bankruptcy[7]: from Dubai to Greece, via more and more worrying reports from the rating agencies on US and British debt, or the draconian Irish budget and the Eurozone suggestions for grappling with public deficits, states' increasing incapacity to manage their debts is making press headlines. However at the centre of this press ferment, all the information isn't of the same value: certain are no more than laborious works on the « finger » of the Chinese proverb[8], whilst others really stretch to the moon.

On the subject of laborious works on the « finger », this introduction of the GEAB N°40 presents the case for its anticipations on Dubai and Greece.

[...] Greek debt crisis: A small problem for Frankfurt and a strong warning for Washington and London

Coming now to Greece, we find a theme similar to what our team showed up in the GEAB N°33 in March 2009, when the press gave widespread publicity to the idea that Eastern Europe was going to lead the European banking system and the Euro into a major crisis. We have explained that this « news » was not based on anything credible and that it was only « *a deliberate attempt on the part of Wall Street and the City (2) to create the belief of a crack in the EU and instill the idea of « deadly » risk weighing on the Eurozone, in continually publishing false stories on the « banking risk from Eastern Europe » and trying to stigmatise a Eurozone cowardness compared to American or British « willful »* measures. One of the objectives is *also to try and turn international attention away from the increasing financial problems in New York and London, all with the purpose of weakening the European position on the eve of the G20 summit* ».

The Greek case is rather the same. Not that there isn't a crisis in Greek public finances (that is the reality), but the supposed consequences for the Eurozone are overestimated, whereas this crisis indicates increasing tensions surrounding sovereign debt, the Achilles heel of the United States and Great Britain[9].



New sovereign debt issuance in 2009 (USD billions) – Source: PhoenixProject, 07/2009

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7 On the subject of « fiscal pressure », London and Dublin have just started the ball rolling. Sources: Times, 06/12/2009; Irish Times, 11/12/2009

8 « When the wise man points at the moon, the fool looks at the finger »

9 And of Japan to a lesser extent.

First of all, one must remember that Greece remains the country above all others, which badly managed its EU accession. Since 1982, different Greek governments have done nothing but use the EU as an inexhaustible source of subsidies, without ever taking steps to modernise the financial and social framework of the country. With nearly 3% of GDP coming directly from Brussels in 2008[10], Greece is indeed a country which has been on a European drip-feed for almost thirty years. The actual deterioration in the country's public finances is, then, only another step in this drawn-out development. The Eurozone leaders have known for a long time that the Greek problem would materialise one day.

But with a country producing 2.5% of the Eurozone's GDP (and 1.9% of the EU's) we are far from a dangerous situation weighing on the single European currency and the Eurozone. By way of example, the California's default (12% of US GDP) entails far more risks of destabilisation of the Dollar and the American economy. Moreover, since the same analysts usually like to make lists of all the Eurozone countries facing up to a serious crisis in their public finances (Spain, Ireland, Portugal, to which we can add France and Germany), for the sake of completeness it should be pointed out that in the United States, besides the fact that the Federal State would be technically bankrupt[11] if the Fed weren't printing Dollars in unlimited quantities for the purpose of buying, directly or indirectly, Treasury Bonds for an equal value, and besides California (the richest state in the Union teetering on the edge of the abyss for months), there are altogether 48 States out of 50 with growing budget deficits now[12]. As summed up by the title of the December 14th edition of Stateline, an American website specialising in the US States and municipalities, said « Nightmare scenarios haunt the States », all the states of the United States are afraid of defaulting on their debt in 2010/2011.

The Eurozone, which has the largest gold reserves in the world[13], also includes countries which accumulated budget surpluses until last year, a foreign trade surplus and a central bank which hasn't turned its balance sheet into a pool of « rotten or ghost » assets (contrary to the Fed in the last 18 months). So, if the crisis in Greek public finances clearly indicates something, it is not so much Greece's situation or a specific Eurozone problem, but a wider problem which is going to become much worse in 2010: the fact that Government bonds are now a bubble on the verge of exploding (more than 49,500 billion USD worldwide, a 45% increase in two years[14]). The deteriorating ratings published by US rating agencies since the Dubai crisis shows, as always, that these agencies don't know how to (or can't) anticipate these developments. Let's remember that they didn't see the sub-prime crisis coming nor the collapse of Lehman Brothers and AIG, nor the Dubai crisis. Because they are dependent on the US government[15], they are unable, of course, to directly blame the two at the heart of present financial system (Washington and

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10 Source: La Croix, 10/05/2009

11 Source: New York Times, 11/22/2009

12 Source: CBPP, 12/19/2009

13 For instance, between national central banks and the ECB, the Eurozone possesses 10,900 tons of gold and the United States only 8,133 tons (source: FMI/Wikipedia, 11/2009). Or, more precisely: the US Treasury declares that the United States holds that amount of gold, knowing that there has been no independent audit of US gold reserves for over forty years. We will return to the subject of the true amount of US gold reserves in more detail in the next edition of GEAB (N°41). Indeed our team believes that in 2010, in a context of explosion of the Government bond bubble, gold is going to become an absolute necessity for central banks.

14 Sources: DailyMarkets, 11/24/2009; Telegraph, 11/30/2009; Forbes, 11/24/2009

15 Legally and even financially speaking, see previous editions.

London). However, they show from which direction the next big shock is going to come, State bonds… and in this field, the two countries with the most exposure are the United States and Great Britain. Besides, it is very instructive to see the subtle change in the tenor of the articles published by these agencies. In a few weeks we have gone from the same old explanation stating that the intrinsic quality of these two countries'[16] economies and their management removes all risk of default on the part of their respective governments to a warning that, from 2010, it will be necessary to demonstrate these qualities and management skills in order to keep the coveted Triple A rating which allows borrowing at the lowest cost[17]. If even the rating agencies start to ask for proof, it's because things are going really badly.

To finish on Greece's case, our team feels that the current situation is a triple positive for the Eurozone:

. it requires it to seriously consider the solidarity measures to put in place in this type of situation. The watchers are thus going to have to make a clear choice: either they treat Greece as an isolated example, or they treat it as a component of the Eurozone. But they can't do both at once, adding the weakness of an isolated Greece to a weakened Eurozone caused by Greece.

. it requires, at last, the Greek authorities to carry out an operation of « Truth » on the financial state of their country and allows the EU to push forward the necessary reforms, notably to substantially reduce endemic corruption and cronyism[18].

. it should serve as an example to European governments (and others) who fudge economic and social statistics more and more, demonstrating that such fudging only results in plunging a country into crisis even more. Sadly, we are more doubtful on the idea that other leaders will follow the Greek Prime Minister's example… certainly not before a change of government in Great Britain, the United States, France, or Germany.

Extract from the GEAB No 42 / 15.02.2010

The five characteristics which make up the « Greek case » into the tree with which one tries to hide the forest

Let's take a look at the « Greek case » which has concerned the media and experts for several weeks now. Before entering into the detail of what is happening, there are five key points to our anticipation on the subject:

- As we stated in our anticipations for 2010, which appeared in the last GEAB issue (GEAB N°41), the Greek problem will have disappeared from the international media's radar several weeks from now. It is the tree used to hide both a forest of much more dangerous sovereign debt (to be precise that of Washington and London) and the beginning of a further fall in the world economy, led by the United States[19].

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16 Sometimes we see the wildest surrealism in reading the views of these agencies.

17 Source: Wall Street Journal, 12/08/2009

18 Source: Financial Times, 12/11/2009

19 During the last four years our team has regularly exposed the anomalies in calculating US GDP. We will make no further comment here on this very « Greek » aspect of American statistics. As to the development of the American economy over the next few months, it is sufficient to note that the Truck Tonnage Index went into freefall in January 2010, just as it did at the end of the first half of 2008. Source: USAToday, 02/11/2010

- The Greek problem is an internal issue for the Eurozone and the EU, and the current situation provides, at last, a unique occasion for the Eurozone leaders to require Greece (a case of « failed enlargement » since 1982) to leave its feudal political and economic system behind. The other Eurozone countries, led by Germany, will do the necessary to make Greek leaders bring their country into the XXIst century in exchange for their help, at the same time making use of the fact that Greece only represents 2.5% of Eurozone GDP[20] to test the stabilisation mechanisms that the Eurozone needs in times of crisis[21].
- Ango-Saxon leaders and media are using the current situation (just like last year with the so-called banking tsunami coming from Eastern Europe which was going to carry the Eurozone away with it[22]) to hide the catastrophic progression of their economies and public debt and attempt to weaken the attractiveness of the Eurozone at a time when the USA and the United Kingdom have increasing difficulty in attracting the capital which they so desperately need. At the same time Washington and London (which, since the coming into effect of the Lisbon Treaty is completely excluded from any management of the Euro) would be overjoyed to see the IMF, which they control completely[23], brought into Eurozone management.
- Eurozone leaders are very happy to see the Euro fall to 1.35 against the Dollar. They well know that it won't last because the current problem is the fall in the value of the Dollar (and the Pound Sterling), but they appreciate this « whiff of oxygen » for their exporters.
- The speculators (hedge funds and others) and banks heavily involved with Greece[24], have a common interest in trying to bring about rapid Eurozone financial support for Greece, since otherwise the rating agencies will, unintentionally, pull a fast one on them if the Europeans refuse to dig into their pockets (like the scandalous actions of Paulson and Geithner over AIG and Wall Street in 2008/2009): indeed a lowering of Greece's rating will plunge this small world into the throes of serious financial losses if, for the banks, their Greek loans are similarly devalued, or if their bets against the Euro don't work out in due course[25].

20 See the chart below which puts the « Greek problem » into proportion against Eurozone GNP.

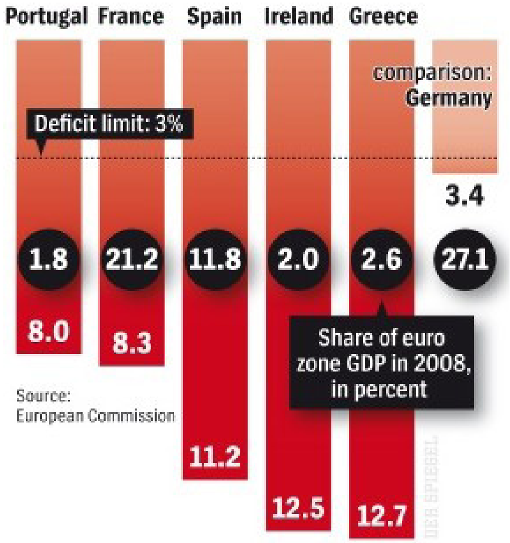
21 For which GEAB has emphasized the necessity for four years, as well as the wide public support (an average of more than 90% according to GlobalEurometre monthly polls) a Eurozone economic governance could count on.

22 As a reminder here, GEAB N°33 was one of the rare media sources which, in Spring 2008, revealed the dishonest and manipulative aspects of the big fear of a « banking tsunami » coming from Eastern Europe which was supposed to carry away the Eurozone banking system. At the time, the Euro had fallen to much lower levels than those seen today…only to rise again several weeks later. For those who wish to understand the current media position, we suggest a re-read of the GEAB N°33 public communiqué.

23 The fact that a Frenchman is its head changes nothing.

24 Source: Le Figaro, 02/12/2010

25 That said, media manipulation in this area is remarkable. These last few days one has seen/read/heard almost everywhere that huge sums have been bet on a fall in the Euro, some eight billion US Dollars. In fact this « huge sum » is only a drop in the ocean of the world currency markets which turn over several hundred billion USD a day. Source: Financial Times, 02/08/2010



2008 comparison of the deficits and Eurozone GDP of Portugal, Ireland, Greece, Spain, France and Germany – Source: Der Spiegel / European Commission, 02/2010

Goldman Sachs' role in this Greek tragedy... and the next sovereign defaults

In the « Greek case », just like in every suspense story, a « bad guy » is needed (or, following the logic of an old-style tragedy, a « deus ex machina »). In this phase of the global systemic crisis, the role of the « bad guy » is usually played by one of Wall Street's big investment banks, in particular by the leader of the gang, Goldman Sachs. The « Greek case » is no different as indeed this New York investment bank is directly implicated in the budgetary conjuring tricks which allowed Greece to qualify for Euro entry, whilst its actual budget deficits would have disqualified it. In reality it was Goldman Sachs who, in 2002, created one of its cunning financial models of which it holds the secret[26] and which, almost systematically resurfaces several years later, to blow up the client. But what does it matter, since GS (Goldman Sachs) profits were the beneficiary!

In the Greek case what the investment bank proposed was very simple: raise a loan which didn't appear in the budget (a swap agreement) which enabled a ficticious reduction in the size of the Greek public deficit[27]. The Greek leaders at the time were, of course, 100% liable and should, in LEAP/E2020's opinion, be subjected to Greek and European political and legal process for having cheated the EU and their own citizens within the framework of a major historic event, the creation of the single European currency.

But, let's be clear, the liability of the New York investment bank (as an accomplice) is just as great, especially when one is aware of the fact that Goldman Sachs' vice-president for Europe was, at the time, a certain Mario Draghi[28], currently President of the Italian Central Bank

26 With the same highly constructive regard for the countries where it operates as that which led it, in the United States in 2006/2007, to provoke a fall, for its own benefit, in the value real estate based financial products which it had sold to its own clients.

27 Sources: Spiegel, 08/02/2010; Le Temps, 13/02/2010; Reuters, 09/02/2010

28 During Italy's preparation for Euro entry, he was Director General of the Italian Treasury. Sources: Bank of Italy; Wikipedia; Goldman Sachs.

and a candidate[29] to succeed Jean-Claude Trichet at the head of the European Central Bank[30]. Without wishing to pre-judge Mr. Draghi's role in the affair of the loan manipulating Greece's statistics[31], one should ask oneself if it wouldn't be worthwhile to question his involvement in the affair[32]. In a democracy, the press[33], like parliaments (in this case Greek and European), are expected to take on this task themselves. Considering the importance of GS in world financial affairs these last few years, nothing that this bank does should leave governments and legislators indifferent. It is Paul Volcker, current head of Barack Obama's financial advisors, who has become one of the strongest critics of Goldman Sachs' activities[34]. We already had the occasion to write, at the time of the election of the current US President, that he is the only person in his entourage having the experience and skills to push through tough measures[35] and who, at this moment, knows what, or rather whom, he is talking about.

With this same logic, on the issue of transparency in financial activities and state budgets and using the ill-fated role of Goldman Sachs and of the large investment banks in general as an illustration, LEAP/E2020 takes the view that it would be beneficial for the European Union and its five hundred million citizens, to exclude former managers of these investment banks[36] from any post of financial, budgetary and economic control (ECB, European Commission, National Central Banks). The mixing of these relationships can only lead to even greater confusion between public and private interests, which can only be to the detriment of European public interests. To begin with, the Eurozone should immediately require the Greek government to stop calling on the services of Goldman Sachs which, according to the Financial Times of 01/28/2010, it still uses. If the head of Goldman Sachs believes he is « God » as he described himself in a recent interview[37], it would be prudent to consider that his bank, and its lookalikes, can seriously behave like devils, and it is therefore wise to draw all the consequences. This piece of advice, according to our team, is valid for the whole of Europe, as well as every other continent. There are « private services » which clash with « public interests »: just ask Greek citizens and American real estate owners whose houses have been repossessed by the banks!

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29 Very strongly supported by the London and American financial milieux, to which we have already alluded several months ago in one of our reports… and, of course, by Silvio Berlusconi. Source: Sharenet/Reuters, 02/10/2010

30 His strongest adversary is Axel Weber, current head of the Bundesbank.

31 What would be surprising is that the European head of the bank making a loan intended to hide a portion of a country's public deficit, and himself the former Treasury head of a neighbouring country, should not be aware of such an undertaking.

32 And, considering his past positions, one can only appreciate his sense of humour when he calls for a reinforcement of Eurozone economic management. Source: Les Echos, 02/13/2010.

33 Which, for the present, satisfies itself by copying articles from the Anglo-Saxon press casting the Greek case in the role of « wrecker of world markets » repeating at length that the Euro will fall… whilst it trades at a level which the same media thought it impossible to achieve only four years ago.

34 Source: Reuters, 02/12/2010

35 He belongs to that generation of Americans who built the « post-war US empire », who know its weak points and exactly how it works, contrary to Summers, Geithner and others like Rubin. Our team rarely compliments Barack Obama, but if he continues to listen to the likes of Paul Volcker, he is definitely moving in the right direction.

36 Our team knows, from first-hand knowledge, that there once was a time, thirty years or so ago, when investment bankers would take action having the long term interests of their clients at heart. This period is long gone and now they only act in their own short-term interests. From this, we should draw the inevitable conclusions and exclude them access to key posts in the public service, rather than try and reform their behavior. If there were child investment bankers (as there are child soldiers) one could, perhaps, hope to save a number of them from their addiction to short-term profits, but for adult investment bankers, it's far too late.

37 Source: Times, 11/08/2009

To conclude, our team suggests a game to convince those who seek where the next sovereign debt crisis will surface: simply look for those states which have called upon Goldman Sachs' services in the last few years and you will have a serious lead[38]!

Extract from the GEAB No 44 / 15.04.2010

Global systemic crisis / USA-UK - The explosive duo of the second half of 2010: Summer 2010 - The Bank of England battle / Winter 2010 - The Fed at risk of bankruptcy

Just as LEAP/E2020 anticipated many months ago, and in contrast to the reports coming out of the media and the « experts » during these past few weeks, Greece really has the Eurozone behind it to give support and credibility (especially concerning good management in the future, the only guarantee of an escape from a damnable cycle of growing public deficits[39]). There will not be, then, any Greek default of payment even if the commotion over the Greek situation really is an indication of a growing awareness that money to finance the huge Western public debt is becoming increasingly difficult to find: a situation now « untenable » as a recent report of the Bank of International Settlements underlined.

The fuss made over Greece by the English and US media in particular tried to hide from the majority of the economic, financial and political players the fact that the Greek problem wasn't a sign of an upcoming Eurozone crisis[40] but, in fact, an early warning of the next big shock of the global systemic crisis, that is to say a collision between, on the one hand, the virtual British and US economies founded on untenable levels of public and private debt and, on the other hand, the double wall of borrowing, maturing from 2011 onwards, combined with a global shortage of available funds for refinancing at low rates. As we have explained since February 2006, at the time of our anticipation of its imminent arrival, one mustn't forget that the current crisis has its origin in the collapse of the world order created after 1945, of which the United States was the support, assisted by the United Kingdom. Also, in order to understand the real effect of events caused by the crisis (the Greek case, for example), it is useful to relate their significance to the structural weaknesses which characterise the heart of the world in full meltdown: so, for

38 For the private sector, ask Lehman Brothers, AIG…they will confirm its accuracy.

39 The United Kingdom must impose this type of restrictions itself after the next General Election or certainly via direct IMF intervention; whilst the United States is unable to do the former without a major crisis affecting its public debt.

40 Not only was the fear disseminated by experts throughout the interviews given by them without foundation but, in addition, the Greek case has duly served to push the Eurozone into equipping itself with the instruments and procedures which it was missing in the field of governance. We will not even mention the clear frustration of numerous commentators and experts who dreamt of seeing Germany refuse its support and/or who made the Greek case the living proof of their economic theories on monetary zones. On this topic, the LEAP/E2020 team wants to give a reminder of its own view: economic theories, whether about monetary zones or other subjects, are as much use as horoscopes. They make no mention of reality, but say all on the thoughts of their writers and about those they « target » with their analyses. A monetary zone only exists and lasts for so long as there is a strong and lasting political will to share a common destiny, as is the Eurozone's case. To understand, one should study history, not the economy. So, in order to avoid constantly repeating his biased babyboomer and dogmatic theories, a Nobel prizewinner for economics, like Paul Krugman, would be better studying history. That would allow the readers of the New York Times and numerous other publications which duplicate his work throughout the world to stop mistakenly focusing on the few trees which hide the forest.

our team, the « Greek finger » doesn't cite the Eurozone as much as the explosive dangers of the exponential financing needs of the United Kingdom and the United States[41].

Extract from the GEAB No 55 / 15.05.2011

When Athens aims to hide London and Washington

Greece is back in the Anglo-Saxon media's headlines. So, like last year at the same time, we must not seek the "speck of dust" but "the plank in the eye" of Washington or London. Last year, the "Greek crisis" had been used to divert attention from the British major risk embodied in an explosive budget and dangerous political situation (with elections producing no overall majority). The operation succeeded in preventing the world realizing that the UK "IMFed" itself, demonstrated by the establishment of a drastic budget cutting plan for the following quarters that even the IMF version 2011 (less ideological than some years ago) would have hesitated to impose on Britain. But it was a Pyrrhic victory in two key aspects. On the one hand, it pushed Euroland to carry through a coup at the centre of the European Union, finally marginalizing the United Kingdom and precipitating the emergence of a "new sovereign" which is expanding bit by bit every quarter in terms of the management process of the financial crisis and of governance[42]. On the other hand, the "FMIsation" of British politics[43], dressed in a meaningless concept of the "Big Society" by David Cameron, proves to be a social, economic and budgetary failure a year later: the fact that Greece in the first quarter of 2011, afflicted with all the flaws by the Anglo-Saxon media, achieved higher growth than the UK, this is what the media should have as headlines!

So, according to our team, Greece's comeback in the financial media, including concepts as absurd as Greece's Eurozone exit, is a sign of a serious new crisis in the United Kingdom, and also in the US this time because the US media are well to the forefront on the subject. We have already identified in previous issues the US event to camouflage: it is impossible to end QE2 (see above for its impact on US Treasury Bonds and the US Dollar[44]). As for the United

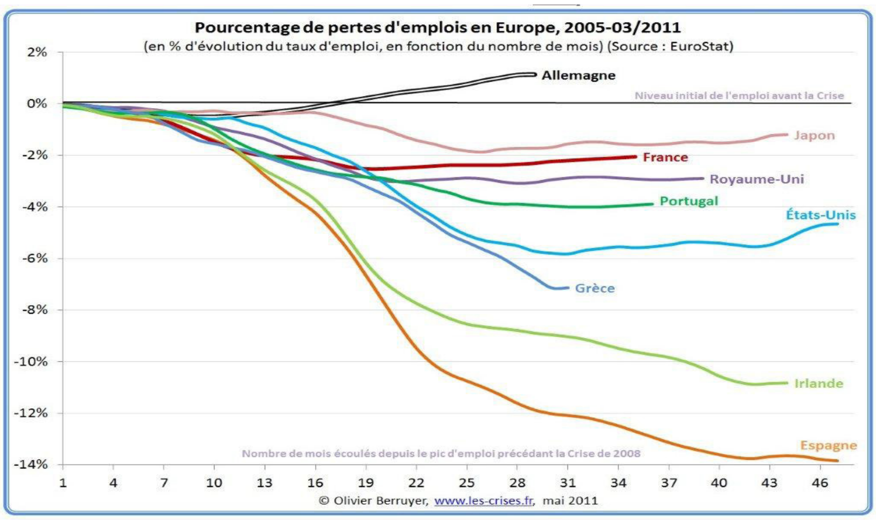
41 As we have often reminded subscribers for more than a year now, it is quite clear that some Eurozone countries face substantial financing needs and, precisely, that helps to create a difficult environment for all large-scale public debt refinancing, knowing that the United States and the United Kingdom are the two « champions » in all categories of financing/refinancing needs.

42 Remember that our team only analyses the facts objectively. The fact of appreciating, or not, European integration and the single currency has nothing to do with it. Those who predicted the shattering of the Eurozone were wrong and increasingly so because, in contrast, Euroland is now equipped to withstand the financial crisis (while it was helpless only a year ago). Moreover, we emphasize that those who followed our advice last May on the Euro-Dollar exchange rate trend can only congratulate themselves, while those who listened to the "anti-Euros" and their forecasts of Euro/US dollar parity lost a lot of money. To conclude this theme, we note that, according to LEAP/E2020, there is no risk of Euroland shattering in the medium or long term. The real risk in Europe, and Euroland in particular, is a democratic risk in the second half of this decade, but not a monetary risk. Even the far-right movement will rally to the Euro as «Paris is worth a mass» and because they have no credible economic policy. They will endorse the existing technostructure, as always. For the rest, everyone can continue refusing to look reality in the face and continue to believe in the good old days that reassure him or sink into the nostalgia of his youth embodied by the Franc, Mark, Lire or Florin. Yet a youth embodied by a currency shouldn't have so much nostalgia!

43 Moreover David Osborne, Chancellor of the Exchequer, has now said he is very pleased that the UK is included in the group of seven countries required to be "scrutinized" by the IMF. At least things are becoming clearer! Sources: Independent, 04/16/2011; Journal des Finances, 04/16/2011

44 As we have emphasized for several years now, it isn't that the Euro will benefit from the end of US Dollar hegemony. The Brazilian Real, Russian Ruble and Indian Rupee will also be big winners as the "experts" now recognize and the media who didn't believe any of it three years ago. Source: Spiegel, 05/10/2011

Kingdom, it's a sort of a return to the situation prior to May 2010, but in a much worse state because all the bullets have been fired. There is, once again, a political crisis following the collapse of the Lib-Dems, the Conservatives' partners in the ruling coalition. The Lib-Dems have just realized that they have been «made fools of»[45] and from now on will refuse to endorse the Cameron government's toughest budget measures. The British political mood, therefore, once again swings towards the chronic instability that was narrowly averted last May, now including a prospect of the country breaking up with the likelihood of a referendum on Scottish independence following the tidal wave election of Scottish independents[46]. And now social instability has developed, illustrated by the huge demonstration last April which had little media coverage, whilst we could see the extent to which a demonstration of minor importance in Athens made the headlines everywhere. At the same time, all the macroeconomic numbers are deteriorating[47] and government financing needs are not getting less, steering the country towards a new risk of a crisis in government debt. The second half of 2011 will certainly bring new twists to the government debt crisis on Euroland's periphery. But as we showed in the GEAB No. 50, the main consequence will be the decision by Euroland to make investors pay some of the costs, including banks. But we maintain that the main countries that contribute to this explosive fusion of the crisis in the second half of the year will not be Greece, Portugal or Spain, but the United States[48], the United Kingdom and Japan (which is also now in the front line of future shocks, caught between its post-tsunami recession and its staggering government debt without any credible political leadership[49]).



Percentage of loss of employment in Europe and the United States (2005-03/2011) (as a % of the evolution of the employment rate each month since the peak in employment preceding the 2008 crisis) - Sources: Berruyer-LesCrises, Eurostat, 05/2011

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45 Source: New York Times, 05/11/2011

46 Source: Irish Times, 05/07/2011

47 Source: The Independent, 04/28/2011

48 Including State and city bankruptcies. It suffices to note that MarketWatch of 05/13/2011 now compares Las Vegas to Detroit, or even to discover in the Herald Tribune of 05/12/2011 that cities are "begging" from foundations of all kinds, to measure the increasing fragility of the whole fabric of US local authorities, and wonder, in the second article, about the real power of a State that sees so many economic players escape paying taxes.

49 Note that these are the same three features found in the Japanese, British and US cases: staggering government indebtedness and deficits, recession and lack of credible political leadership (that's to say competent, having the means to act). It's an explosive cocktail for the quarters to come.

Extract from the GEAB No 57 / 15.09.2011

Greek crisis and the Euro: Itemizing the huge manipulation in progress

But let's come back to Greece and what is beginning to be a «very repetitive old story[50]» which, as we have already explained, returns to the front of the media stage every time Washington and London are in serious difficulties[51]. Moreover, coincidentally, the summer has been disastrous for the United States which is now in recession[52], which has seen their credit rating cut (an event deemed unthinkable by all the «experts» only six months ago) and exposed their political system's state of widespread paralysis[53] to an astonished world, all whilst being incapable of putting any serious measure in place to reduce their deficits[54]. At the same time, the United Kingdom is sinking into depression[55] with riots of uncommon violence, an austerity policy that fails to control budget deficits[56] whilst plunging the country into an unprecedented social crisis[57], and a ruling coalition that doesn't even know why it governs together against the backdrop of the scandal of collusion between political leaders and the Murdoch empire. No doubt, in such a context, everything was ripe for a media relaunch of the Greek crisis and its corollary, the end of the Euro!

If LEAP/E2020 had to summarize the «Hollywood style» or «Fox News»[58] scenario, we would have the following synopsis: «*While the US iceberg is ramming the Titanic, the crew leads the passengers in search of dangerous Greek terrorists who may have planted bombs on board!*» In propaganda terms, it's a known recipe: it's a diversion to allow, first of all, the rescue of the passengers one wants to save (the informed elite who know very well that there are no Greek terrorists on board) since everyone can't be saved; and then, hide the problem's true nature for as long as possible to avoid a revolt on board (including some of the crew who sincerely believe that there really are bombs on board).

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50 Every 3 or 4 months, we have a «puff» of Greek crisis/end of the Euro, which vanishes as quickly as it arrived when everyone ultimately finds that nothing happens other than the continuation of the tortuous Euroland decision-making process of and Greece's slow exit from its budgetary black hole». The triggers vary of course, because otherwise it wouldn't work with the public any more: one quarter we'll use «Greeks revolt against austerity» to explain that everything will go up in flames ... including the Euro (the sequence that leads from Athens to the whole of Euroland is always very vague of simplistic, but no matter because the journalists don't ask questions); the next quarter, like this summer for example, a stock market collapse is used to identify a culprit ... Greece ... a thousand times more important, of course, than events as insignificant as the United States entry into recession and the US credit rating downgrade! And so on. The Greek gods are definitely still alive and very powerful to get the world to tremble like this.

51 See this extract from GEAB N°51

52 Sources: MarketWatch, 09/14/2011; New York Times, 09/13/2011; USAToday, 09/07/2011; La Tribune, 09/05/2011; Mish's, 08/29/2011; USAToday, 08/29/2011; CNBC, 06/17/2011

53 That hasn't surprised GEAB readers, since in the GEAB N°49 of November 2010, we had anticipated «widespread policy paralysis and the USA's entry into austerity in 2011».

54 For relaxing on a serious subject, take a look at this rap clip of a very political theme "Raise the debt ceiling". Source: Telegraph, 07/29/2011

55 Source: Telegraph, 08/31/2011

56 So, adding private and public debt, the United Kingdom is the most indebted country in the world. Source: Arabian Money, 08/28/2011

57 Humanitarian and charitable organizations in the country are currently struggling for their financial lives due to lack of donations and grants. Source: Guardian, 08/02/2011

58 The two treat the news in more or less the same way.

Focusing on the background, we must emphasize that the «promoters» of a Greek crisis presented as a fatal crisis for the Euro have spent their time repeating it for almost two years without any of their forecasts coming to pass in any shape or form[59] (except to continue talking about it). Facts are stubborn: despite the media outcry that should have seen off many economies or currencies[60], the Euro is stable, Euroland has come on in leaps and bounds in terms of integration[61] and is about to break even more spectacular new ground[62], the emerging countries continue to diversify out of US Treasury Bonds and buy Euroland debt, and Greece's exit from the Euro zone is still completely beyond consideration except in the Anglo-Saxon media articles whose writers generally have no idea of how the EU functions and even less of the strong trends that drive it.

Now our team can do nothing for those who want to continue to lose money by betting on a Euro collapse[63], Euro-Dollar parity, or Greece's Euroland exit[64]. These same people spent lot of money to protect themselves against the so-called «H1N1global epidemic» that experts, politicians and the media of all kinds «sold» for months to people worldwide and proved to be a huge farce fueled in part by pharmaceutical companies and cliques of experts under their orders[65].

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59 Even Switzerland is "pegging" its currency to the Euro from now on – which should make the Eurosceptics think like this title of the Spiegel of 09/07/2011.

60 Imagine the state of the dollar or the Pound, if the media and experts devoted the same energy to describe and fantasize on all the United States' or the United Kingdom's problems. If, for example, one drew the same conclusions for Britain during the summer riots as those drawn for the really sensible Greek demonstrations (compared to the English violence).

61 Thus, the EU significantly increased its budget for research whilst the squeeze increases in the United States. Source: Nature, 07/05/2011

62 Even the Wall Street Journal of 09/12/2011, little suspected of acute Europhilia, recognizes that Euroland is about to pass to a new stage of integration through a new treaty. Le Spiegel of 02/09/2011 confirms this trend.

63 John Tammy clearly explained it in Real Clear Markets of 25/08/2011: « Europe's problem isn't really the Euro ».

64 We stress here that political anticipation the methodology on which LEAP/E2020's work is based, doesn't afford itself the luxury of confusing its dreams (or nightmares) with reality (an ideological approach par excellence), but it's a decision making tool, firmly rooted in the real world. And we advise readers to keep a very simple test in mind to distinguish between the two approaches and thus determine what degree of confidence to give to an analysis of the crisis' evolution: have past analyses allowed the developments of the crisis to be precisely and regularly forecast? Or really on the contrary, did little or nothing of what was announced come true? Then, it's up to you to choose what you want to use to make your decisions, but at least you will do it knowingly!

65 With respect to the current crisis, LEAP/E2020 believes that the growing awareness, amongst Euroland leaders and public opinion, of the fact that there is, at least, a propaganda operation coming from across the Channel and the Atlantic intended to «kill confidence in the Euro», will result in a thorough review of the background and credibility of the journalists and experts dealing with the crisis in the coming year. For who says manipulation or complot in the words of Laurence Parisot, president of MEDEF, an organization that brings the heads of the major French companies together, says unthinking intermediaries or manipulative agents. And Euroland, that believed it was still in a brotherhood with the United States and the United Kingdom a short while ago, is finding that things are much more complicated than that. In 2012 we consider, therefore, that some of the Euroland media will begin to question the objectivity or even the honesty of journalists trained almost exclusively in the United States or the United Kingdom and/or in the Anglo-Saxon mainstream media in the forefront of the attack against the Euro. France24, where the situation described below is very common, has just provided an outstanding example. Interviewing the MEDEF President over her statements about an American plot against the Euro (France24, 05/09/2011), the journalist Stéphanie Antoine didn't stop casting doubt, without any argument, on Laurence Parisot's position adding eloquent expressions to show she didn't believe a word of what she said to her. Stéphanie Antoine's CV on Wikipédia speaks for itself: she has worked in New York and London for ABC, CNBC and Bloomberg. Since Laurence Parisot was accusing the US media particularly, one understands the objectivity of the journalist on this subject better. For our team, it is clear that journalists and experts with this sort of background, mainly or only US and UK, will be gradually sidelined during the coming year in all Euroland major media. In this area also the world before is in the course of disappearing.

The rest, as always, is self-propelled by the lack of thought[66], sensationalism and mainstream media conformity. In the case of Euro-Greek crisis, the scenario is similar, with Wall Street and the City in the role of the pharmaceutical companies[67].

Extract from the GEAB No 62 / 15.02.2012

Greece: Leaving democratic bankruptcy! 4 key points of a programmme likely to bring 80% of Greeks together

The Greek problem is first of all a problem of a corrupted, ineffective and parasitic national elite [68]. And there can't be solution to the economic and financial problems without this question being settled first. Euroland can try to put pressure on so that these elite change, but ultimately it's a problem which only the Greeks themselves can solve. Thus it is urgent that the Greek socio-political system leaves the 19th century to enter the 21st. And that will happen via four meansures:

1. A change of electoral system to break the pork-barrelling generated by the current electoral process
2. The creation of a land register allowing taxes to be effectively levied
3. An end to the privilege of the "Sword and the Aspergillum"[69]: 50% reduction in the Greek military budget and normal taxation of the Church
4. An aggressive policy of taxation and legal proceedings against the rich Greek mafia in London [70].

These 4 measures can be prepared by the current Greek government with Euroland's help and set in motion after the April elections. They would constitute a formidable electoral challenge for April 2012, which would widely mobilize Greek public opinion. And with dates of implementation: the end of 2012 for the electoral reform, 2013 for the reduction of the military bud-

66 There is a good example in the interview with former German Finance Minister Peer Steinbrück made by two Spiegel journalists on 09/12/2011. The first exchange is telling: the journalists comment by saying that the euro cannot be saved. The former minister asks them where they get this «truth» from and journalists justify themselves by repeating a cliché run out by Eurosceptics from all sides for years: «*because, in fact, it cannot work because our economies are different*». Two lessons to draw from this example: the journalists position themselves as «experts» ... it's the politician being interviewed who has to ask them questions about the legitimacy of their claims; and in fact of expertise, they only repeat rhetoric without any analysis of the subject they are supposed to be dealing with. It is, unfortunately, the situation which has prevailed in the European media on this subject for months. In defense of the journalists, they are victims of the inability of Euroland's current leaders to present a long-term view. This simple fact would dispel the «fog of war» in a second. Moreover, Peer Steinbrück's comments are very interesting and describe, in LEAP/E2020's view, the coming months' process quite accurately.

67 And Eurosceptics of the right and left, actively working on the European continent, who believe they have found the justification for their analyses, even if they are proved wrong every day by the facts and progress of European integration. They would be wiser to focus on how to get a more democratic governance of Euroland, which is being put in place, rather than dreaming of their «pie in the sky» which has already been consigned to the oblivion of history.

68 A must-read on this subject is the interview with the Greek political scientist Georges Contogeorgis in the Point of 14/02/2012.

69 An ironic expression signifying « the army and the church »

70 For decades, the Greek economic elite (ship-owners and others) settled in London to manage their Greek business there, far from Greek taxes and citizens. Sources: Greekrichlist, 24/10/2011; Guardian, 13/04/2010

get and taxation of the Church, 2014 for the land register[71] and the repatriation of Greek wealth invested in the City[72].

For Greek citizens as well as those of other Euroland countries, this four point programme would give direction to all the efforts undertaken. In politics, it is the action's meaning which determines the ability to mobilize the citizens… what's missing in the Greek question. However, not much is needed to change anger or indignation into constructive political action.

Extract from the GEAB No 67 / 15.09.2012

The systemic causes of riots in Europe

One can cite specific causes of riots as diverse as: racist demonstrations, antinuclear riots, football violence, attacks on police stations [73], etc… As for the systemic causes of riots, they can be seen during the cross-reading of the specific causes of the riots in Europe. They are the signals of a ground favourable to sudden bouts of frenzy. Taken in isolation, each systemic cause seems insufficient to push individuals to put themselves in danger and defy authority. It is really their synchronicity and their deepening which constitute the signal forecasting riots.

1. Unemployment is severely affecting the European Union

In the EU27 the unemployment rate was 10.4% in June 2012. According to Eurostat[74], 25 million men and women were unemployed in June 2012, 18 million in the Eurozone. Compared to May 2012, the number of unemployed has increased by 125,000 in the UE27. The number of unemployed young people under 25 has risen to 5.5 million in the UE27, of whom 3.4 million are in the Eurozone.

2. Austerity policies with severe cuts in the social shock absorbers

These events are certainly not of the same origin, but they all fit in a context marked by severe budgetary reductions and heavy austerity measures. The governments are perfectly aware it's a risky bet and that such decisions threaten to lead to disorders on a scale which countries haven't seen since the beginning of the 1980s. The measures put in place over the last two years have bluntly focused the spotlight on the gap between the rich and the poor. Europeans support the path to austerity which currently prevails in the EU less and less [75] (graphic 1).

71 With the help of satellites and computer technology, Greece could be equipped with the world's most modern land register in two years. A few tens of millions of Euros supplied by Europe would be enough to do it. And it would be a particularly profitable investment, bringing in additional billions of Euros each year to the Greek State.

72 Without Europe's help it's an impossible task for Greece. And for Euroland that would provide a case study to continue breaking the status of the "pirates' base" which is the City London.

73 Riots in Europe from 2007 to 2011.

74 EU unemployment rate. Source: Eurostat, 31/07/2012; and the web site Toute l'Europe, Emploi et protection sociale

75 European austerity championship, part II terraeco.net, 08/11/2011

Country	Austerity Plan in 2012	Austerity Plan in 2015
1. Greece	1,061 Euros per person	3 180 euros par habitant (x3)
2. Portugal	973 Euros per person (twice the country's minimum wage)	1,950 Euros per person (x2)
3. Ireland	671 Euros per person	4,865 Euros per person (x7)
4. Italy	547 Euros per person	1,641 Euros per person (x3)
5. Spain	362 Euros per person	1,450 Euros per person (x4)
6. United Kingdom	308 Euros per person	1,540 Euros per person (x5)
7. Netherlands	302 Euros per person	1, 210 Euros per person (x4)
8. France	294 Euros per person	1 470 Euros per person (x5)
9. Germany	195 Euros per person	975 Euros per person (x5)

Per person cost of each plan announced: 2012 draft budgets initially identified by AFP (if all European countries took steps to cut, only austerity plans presented as such have been compared) - Source Eurostat, Insee, OECD

An English study, «*More cutbacks mean more riots* »[76], focused on the links between budgetary cuts and social rebellion and gives some answers, whilst the number of demonstrations noted in Europe and the world in 2011 broke all records. Sociology professor at the University of Kent, Peter Taylor-Gooby, initially relied on the work in a first study of the economists Jacopo Ponticelli and Hans-Joachim Voth[77], circulated in August 2011, which had underlined a strong correlation between the periods of budgetary reduction and those of an increase in "instability", namely riots, demonstrations as well as delinquency and violence in the people observed. In his report, Peter Taylor-Gooby studies which sectors of cut spending is an instability factor. His study shows that the waves of privatisation "which deprive part of the population of access to public services", the severe cuts in the social shock absorbers and the phases of rising poverty systematically generate a renewal of social disorder.

3. Poverty affects 80 million people in the EU of who 13 million are the young

The European Union hasn't finished with poverty[78]: 16.4 % of the European population is poor. The rate varies between 9 % in the Czech Republic to 21.1 % in Romania. In 2010, 16.4 % of the EU population, 80 million people, lived below the poverty line if one takes the threshold at 60 % of the national median income. The Czech Republic (9 % of the population), the Netherlands (10 %), Austria and Hungary (12 %) belong to the group of countries where poverty is the lowest. At 14.1 %, the poverty level in France[79] continued to increase in 2009 and 2010, and is just behind the Scandinavian countries (around 13 %). The highest rates, exceeding 20 %, are seen in Eastern Europe, Romania and Bulgaria. Spain and Greece have similar levels of poverty, around 20 %: these two countries are badly affected by the economic crisis, and have seen their unemployment rates increasing considerably, particularly amongst the youngest.

76 Peter Taylor-Gooby's study, « More cutbacks mean more riots ». Source: Scribd, 31/01/2012, and its summary.

77 See the article: "Fact: There is a link between cuts and riots". Source: The Guardian, 16/08/2011; and Jacopo Ponticelli and Hans-Joachim Voth's full study, 08/2011

78 Source: La pauvreté en Europe (Poverty in Europe), Observatoire des inégalités, 26/01/2012

79 Standard of living: what one needs to know about the inequalities in France. Source: L'Expansion.com/AFP, 07/09/2012

In the EU27 (plus Norway and Iceland), some 13 million children don't have access to the basic necessities for their development. They are confronted with at least a form of poverty or social exclusion (Figure2).

Whilst austerity measures and the reduction in welfare expenditure are at the heart of the discussions around the world, a new report [80] from the UNICEF International Research Centre reveals the extent of the poverty and deprivation which affect these children… Published on Friday, May 25, 2012: "10% of children in France are poor" and Poor Children: "More than 30 million children live in poverty in the countries considered as *rich*".

Hardly any comparable data on an international scale exists on the impact of the economic recession over the last three last years on child poverty. However, it's obvious that the increase in the number of people in need and the reduction in available services due to austerity measures put great pressure on the frontline services for families everywhere. It's also quite clear that the worst is to come. Many families, including those with low incomes, have a kind of "safety mattress" - savings, assets or assistance provided by other family members - which allows them to cover their expenditure during difficult times. There is, therefore, practically always a gap between the beginning of an economic crisis and the moment when its impact is most intense.

Extract from the GEAB No 91 / 15.01.2015

Greece will stay in the Eurozone

Notwithstanding what one reads or hears in the media, and whatever the results of the upcoming Greek elections, Greece will stay in the Eurozone Mario Draghi has said so[81], Aléxis Tsípras as well[82]. There really is no plan B, in fact, regardless of the threats made by Merkel or the IMF, which should only be seen as attempts to influence the Greek vote. If the EU doesn't withstand the immense tensions generated by the global systemic crisis, it won't be by a split in the Eurozone or by a return to national sovereignty, but by a totalitarian drift.

Serious political difficulties in Greece

The parties which are somewhat to the left, democratic and not anti-European, like Syriza in Greece, Podemos in Spain or New Left in Slovenia, will introduce the conditions for a democratic debate on solutions to the Euro crisis. It's the big opportunity for Europe in 2015, which must show that it's able to integrate contradiction, manage democratic debate, and build on a variety of options to identify the best solutions to the crisis. We anticipate that the European technocrats and the financial markets will have difficulty in accepting peoples' incursion into their own closed world and that Greece, a main link in this European democratic revolution, will find itself under fire from serious political problems combining terrorist threats, the rising power of neo-Nazi movements like Golden Dawn, fire fanned by criticism from the Greek media and others… which will prevent Tsipras from moving the agenda he has set himself forward.

grecs et autres, qui empêcheront Tsípras de faire avancer l'agenda qu'il s'est donné.

80 Measuring child poverty: new graphics classifying child poverty in the "rich" countries. Source: UNICEF, 05/2012

81 Source : BCE, 02/01/2015

82 Source : La Tribune, 11/01/2015

Extract from the GEAB No 92 / 15.02.2015

Syriza: Catalyst for Europe's politico-institutional reform

We have already mentioned the great change which Juncker's arrival at the head of a Commission which he himself calls that of "the last chance" means[83], as he clearly expressed the idea that if the institution failed to connect with European citizens (or "democratize"), it is the whole of the European construction project as intended by the founding fathers[84] which will fail.

Now combined with this political will at the highest European structure, is that resulting from the election of a non-institutional party in Greece, Syriza[85], on the basis of a clear mandate: put European institutions at the service of Greek citizens' interests, interests the extent of which we can already see overlap those of citizens of all the countries facing austerity, Spain and Portugal primarily, but well beyond. The feeling of a lack of control of the tools to resolve the crisis by all Eurozone citizens is slowly seeing the light of day and Tsipras clearly represents a political hope for whole sections of citizens throughout the Eurozone[86].

Syriza's arrival, like a dog in a game of skittles, in the cozy atmosphere of the European politico-institutional system is a real catalyst for reform. And the fact is that if the community system feared Tsipras' election (with, for example, Merkel's threats to exclude Greece from the Eurozone[87]), one can only be surprised at the welcome currently reserved for him[88]. In fact, Tsipras seems capable of triggering a change that all the categories of European players are now expecting:

. In spring 2014, Jean-Claude Juncker's campaign programme included a proposal on the need to *"replace the troika with a more legitimate democratic structure and more accountable for its acts, based around the European institutions, with greater parliamentary control, both at European as well as national level"*. But would it have happened at the top of the European Commission? Probably not. Therefore, Tsipras comes as a saviour, finally making reform of the mechanism of the crisis' management and Eurozone governance possible[89].

. We have talked about Draghi and his covered call for a mandate reconnected to the reality of the crisis rather than the application of obsolete Treaties.

83 Source : Euractiv, 22/10/2014

84 Being, according to the community of States' principles, the objectives of peace and shared prosperity, and through democratic governance.

85 Source : BBC, 25/01/2015

86 Source : Euractiv, 04/02/2015

87 Source : Le Figaro, 04/01/2015

88 2014 taught caution to our team which now knows that good news causes sudden breakouts of bad news. As regards Syriza, in this issue we are concentrating on the potential to exit the crisis that its election conveys but we are completely clear about the attempts that certain obscure interests or bureaucratic reflexes could make to block the developments taking place. This ranges from the system's inability to agree to Tsipras' requests to the risks of attempts to destabilize the country. Source : Club Newropeans, 04/02/2015

89 Source : Le Monde, 02/02/2015

. The major European bureaucratic malfunctioning of recent months, judged to be the result of the limits reached by the so-called "intergovernmental" method[90], equally puts civil servants in agreement with Tsipras, likely to give more political direction to their institutional structure.

. The limits also reached by a financial system gorged on liquidity but incapable of injecting it into an economy at a standstill, allowing it to clearly see the opportunity personified by Tsipras to revive public investment which it contributed itself to stopping professing the ultra-liberalism[91].

. National politics stuck in technocratic governments or national union for the last six years, are back to life as we have seen with Renzi's second political "coup d'état", putting an end to the alliance with Berlusconi by reinforcing his political group with the appointment of a socialist head of state[92].

. And, of course, citizens who are finally hearing talk of a Europe which debates, thinks and which is looking for solutions which speak an understandable language this time instead of the incessant technocratic-financial rot to which they have been entitled until now.

The only problem is, once again, the media. Not that they are so buoyed up as one might believe against Syriza, but rather because they have a very limited understanding of the size of the stakes in the current negotiations between Greece and the rest of the Eurozone and the complexity of the reform project developing between all these players (ECB, Eurozone, Greece, European Commission, national governments). The only reading to which we are entitled is to define if what happens brings us closer or distances us from a Eurozone rupture. But, we repeat once again: there will be no Eurozone rupture! No Grexit (nor Brexit as well probably)[93]: we are all embarked in a boat which can go far from the moment that we give ourselves the means to occupy the cockpit. History hasn't been given a "rewind" button in which only ideologues and demagogues try to make their flock believe: the boat has left the bank and those who disembark will drown and capsize the rest[94]. The process triggered by Tsipras is nothing less than a complete change in the way the Eurozone operates. The troika system (IMF, ECB, Commission) has been revoked; Tsipras insists on negotiating with the Eurozone's elected representatives[95]; a new more legitimate governance mechanism of the Eurozone will have to be invented, in addition to solutions to the Greek crisis. Such aims are unlikely to be reached in a jiffy, no more than peace in the Ukraine and between Europe and Russia. We are witnessing the slow and painful birth of Europe and the world of tomorrow, with all the risks that a birth without medical help (absent all anticipation) entails.

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90 "We are being killed by intergovernmentalism" a Eurozone leader told us recently. The "intergovernmental" method refers to the decision-making system of the 28 on a rationale of national interests, as opposed to the "community method" which would put decision-making solely at European level, both methods hoping to economize on democracy, which would be to base the European decision-making system on the will of the European people.

91 Thus the Bank of England referred to the necessity of exiting the austerity policy a few days after Tsipras' election. Source : The Guardian, 28/01/2015

92 Source : Bloomberg, 30/01/2015

93 Here again, contrary to what the media understand, a UK referendum on an EU exit would end in a refusal (as the opinion polls have already shown) and any UK blackmail leverage over the EU will end. Source : EUObserver, 23/10/2014

94 The prospect of leaving the Euro is a bargaining tool rather than anything else. When we see the extent to which the political, institutional and financial system lives in fear of any decision likely to cause a stock exchange fall, we can't really imagine them excluding one of its members! The good news is that they will therefore have to reach an agreement.

95 Source : BBC, 30/01/2015

The main obstacles to negotiations are basically as follows: the ECB, which clearly has no mandate to agree to a single state's request and therefore is waiting for a collective decision by the whole Eurozone; and Germany which is losing its domination – all relative by the way – that it had of the Eurozone (in the knowledge that this dominant position embarrasses it more than anything else and that it will abandon it with pleasure as soon as the next mechanism puts its mind at rest); the structural incapacity of the current politico-institutional straitjacket for the slightest reform (which requires going right up to rupture); the influence of countless hidden agendas which will inevitably lose influence in the framework of the current system placed under political control[96]. What concerns the Germans, just like the French as a recent opinion poll proved[97], and much more than Merkel imagines, they are certainly easy to convince of the putting in place of a solidarity system to exit Greece from the rut, aware as they are that the resolution of the Greek crisis wouldn't only be good news for the Greeks. Moreover it's this Eurozone here which has to be invented: a real Euroland based on solidarity and win-win reasoning.

It is something which hasn't been discussed much in Syriza's victory: here where our media passes its time analyzing the economic problems experienced by the Eurozone these last six years will raise political extremism, xenophobia, the rejection of Europe and democracy, we are seeing with Syriza or Podemos, for example, that European public opinion is holding up remarkably well under the shock, refusing as far as possible to opt for radical solutions[98] and, on the other hand, beating a path to anything which seems to be a sure alternative, but reasonable above all. Our team gives credit for this great collective reliability of the European people to the ideological opening up due to the internet and "direct" access to information. Politicians or the media can no longer take interconnected public opinion hostage[99], a fact which we will henceforth take into account in our anticipations.

[…]Comparing such difficulties to finance a European public investment plan and the amounts which the ECB is preparing to inject into the financial markets with its QE is nothing less than shocking. And if one considers that Syriza's victory is, here again, a catalyst for reorganizing Eurozone economic-financial priorities in favour of a revival of the real economy consisting of channelling investment where it's most needed (towards the public sector), one can imagine that Draghi's QE will be shorter than expected and that a "taper" is rapidly put in place in favour of a linked European official public investment plan for example, with the activation of a tax on Eurozone financial profits[100].

96 ON this last aspect, we already remarked that a dysfinctional institutional system cannot even serve lobbies. The stake thus become common to relaunch the machine.

97 "Only 15% of respondents were in favour of keeping the current Greek debt and repayment schedule". Source : Les Echos, 04/02/2015

98 Apart from the inevitable minorities and the effects linked to the absence of an alternative between the institutional and extremist parties… as in France or England, for example.

99 Also seen in the Western media coverage of the Ukrainian crisis, not at all objective and extremely warlike, which has left people septic call at the very least

100 Besides the good results in terms of Eurozone growth partly cancel the urgent need for QE (source : Bloomberg, 13/02/2015). And if European QE is only just a show? And never in fact began?

We are not claiming here that the mechanism will be exactly that to which we are referring to here; the purpose of this description is to illustrate the type of change that could be implemented in a Eurozone passing to political rather than financial control[101].

Speaking of shifting priorities, Greece and debt, there is one last point to mention and which will make the transition to the next chapter: Greek military spending is mainly responsible for the country's public debt[102] ; but this spending is linked to the army's importance in the Greek state apparatus, an importance which has been fed for years by the latent Greco-Turkish conflict… completely obsolete moreover. With great delight, the military keep a whole raft of potential conflict points going in the world (like North Korea, Cuba, or Iran again, Japan…), justifying their presence, their spending, their existence… Today, the trend seems to be the closing down of these points of conflict: Obama has eased the Cuban embargo[103], the Russians and Chinese have partially unblocked North Korea making it accessible thanks to the routing of gas pipelines and railways[104]. Again the Russians still seem to play a positive role in normalizing Greco-Turkish relations by a similar method, namely their project to create a gas hub in Turkey which will inevitably connect Turkey to Greece on its way to the rest of Europe[105].

That said, the prospect of a cancellation of this part of Greek spending by Tsipras to free up the country from debt could well be the cause of failure of all the hopes carried by Syriza. Arms dealers and the military will probably seek to limit the risk of a Greek demilitarization.

Extract from the GEAB No 94 / 15.04.2015

Summer 2015: from the end of the Greek crisis to new geopolitics in the Eastern Mediterranean

The Greek crisis is about to end… and it won't be a European cheque which saves it but the fact that Greece is about to find the money to pay off its debt itself. Russia? The US? …

Lack of political will to save Greece

Since 2009 the GEAB has repeatedly said that the Greek crisis was ridiculous in accounting terms compared to the EU's means and that its resolution was only a matter of political will… unfortunately absent on all fronts in 2014:

. political weakness of Barroso's EU in particular, preventing Europe from solving the problem with a few cheques

. the Greek political system's corruption, preventing any hope of solving the country's malfunctioning

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101 We must realize that the power of the financial lobbies in European Commission type bureaucratic machines, is a result of the weakness, even the non-existence, of a political control mechanism. The industrial, financial, cigarette manufacturer lobbies… did what it took to have their interests taken into account; for 25 years the people have done nothing… apart from complain and read the newspapers.

102 Greece is the fifth largest importer of conventional weapons after China, India, the UAE and South Korea. Its main suppliers are the US (42%), Germany (25%) and France (12%). Source : Workers, 10/02/2015

103 Source : Washington Post, 17/12/2015

104 Source : The Diplomat, 22/04/2014

105 Source : The Time of Change, 27/01/2015

. German paralysis, unable to respond to the so-called paradoxical injunction between its interest in resolving the Greek crisis and its interest in not resolving it

. the opposing political will of a whole bunch of Western players (financial, military, Greek oligarchs in particular), thriving on all the country's faults.

But things have changed remarkably in these last few months…

The Greco-Turkish « Cold War » at the heart of the Greek crisis

To very briefly summarize, the residue of Greek archaism comes from the fact that it has never been able to free itself from its "Cold War" with Turkey. But this situation is finally about to clear itself under the influence of the very large changes underway. A 200 year old simmering conflict with Turkey[106], in fact put the country under military tutelage. This tutelage showed itself particularly clearly during the Colonels' dictatorship (1967-1974) but didn't disappear with the end of this junta. Which is why Greece spends 2.5% of its GDP on its army, the highest proportion of military spending/GDP of the whole EU 28 – followed by the UK and France (both 2.2%), then Portugal (2.1% – another aberration moreover…). Globally, the biggest spender and by far is Saudi Arabia with 9%, followed by Israel at 6%[107]; whilst the US spends 4.7%, Russia 4.2% and China 2.1% (2013 data)[108]. Only since 2010 has Greece, « thanks » to austerity measures, begun to be able to reduce this spending. But the inevitable collusion of interests between the institutional political forces and the military hasn't allowed it to go very far in this direction. The EU neither hasn't risked pushing Greece in the right direction from this point of view considering the fact that, besides the US, the major arms suppliers to Greece are Germany (25%) and France (12%), two key-giants of the Eurozone[109].

Turkish Stream to the rescue of the Greek crisis

But Syriza's election, a non-institutional party, to lead the country is a real revolution in this sense. The new Greek government thus has the advantage of being free of all of the Greek state machine's ancestral guardianship. And the pressures it faces to resolve the crisis quickly is forcing it to find strong and fast solutions. The reduction of the country's military budget is one. As we have already seen, an excellent opportunity now exists to resolve the 200-year-old Hellenic-Turkish crisis, provided by the proposed Russian gas hub on the Greco-Turkish border. For the record, Euro-Russian tensions led to Russia's abandonment of the South Stream pipeline project which was going to pass through Bulgaria but which the EU ruled infringed European competition rules. Right away Putin announced a replacement project this time centred on Turkey, turned into an energy hub… a naturally irresistible project for Erdogan[110]. But for this project to happen, Greece must also give its agreement. However, Euro-Russian tensions in

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106 Source : Greek-Turkish relations, Wikipedia

107 The sums spent by Israel and Saudi Arabia on defence are huge enough to suggest that these two countries' gradual disarmament is a real challenge for world peace. We must just hope that this objective of disarmament doesn't happen through the use of this weaponry.

108 Source : The World Bank, 2013

109 We recommend a reading of Frank Slijper's excellent analysis of insane Greek military spending. Source : ExploreGreece, 02/03/2015

110 Source : Reuters, 01/12/2014

2014 would have made things really difficult for an institutional government, suitably obedient, forced to get into line with the EU's official policy of anti-Russian sulking. But for Tspiras, involved in a job of disputing and improving European policies, it's much less difficult to agree to go to Moscow and consider cooperating in the framework of such an attractive project.

Thus, first having sent Varoufakis to see Lagarde in Washington a few days earlier[111], Tsipras went at Putin's invitation and the foundations were laid for a Greco-Russian "memorandum of cooperation"[112]. Turkish Stream will distribute the gas, not only Russian but perhaps from elsewhere[113], to Europe via Greece. And the major distribution crossroads will even be located on the Greco-Turkish border, *de facto* putting an end to the "Helleno-Turkish Wall".

Therefore, it's not surprising to see, in the wake of Tsipras' visit to Putin, the characteristic signs of goodwill between Greece and Turkey[114], nor exuberant optimism from the UK Foreign Secretary, Philip Hammond, on the resolution of the Cypriot problem. And the fact is that UK has some interest there...

And oil suddenly appears !

Because the third converging axe of the Greek crisis' resolution (and the Greco-Turkish one in its wake) is Eastern Mediterranean oil. The media don't mention it much but Greece rests on huge hydrocarbon deposits[115].

The previous government had grasped the dossier, already seeing it as a solution to its economic crisis as well as its geopolitical structural crisis. Thus it signed exploitation and development contracts for three sites with Canadian, UK and European (Italian and Irish) companies in May 2014[116]. But its enthusiasm had to cool slightly when it was forced to recognize that rather than reducing tensions with its Turkish neighbour as hoped, the project seemed to revive them[117]. Greece isn't the only country to have discovered deposits in the eastern Mediterranean. They can also be found off the Israeli, Lebanese, Syrian and Cypriot coasts…[118] At of this stage, the only country to have dared to start moving its pawns and begin exploitation is Israel. As regards all the other countries, exploration is so risky in geopolitical terms that progress is extremely slow.

There are further deposits along the Albanian[119] and Italian Adriatic coasts. The exploitation of Greek hydrocarbon deposits at the junction of the Balkans and the Middle East has all the ingredients of a multiregional conflagration.

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111 Source : Deutsche Welle, 05/04/2015

112 Source : Daily Sabah, 10/04/2015

113 It would probably only depend on Europe "connecting" Algerian or Iranian gas, as well as Russian gas, to the Turkish terminal in the framework of its policy for energy independence.

114 Source : World Bulletin, 09/04/2015

115 Source : GeoExPro, 2014

116 Source: Enikos, 15/05/2014

117 Source: The Guardian, 10/11/2014

118 Source: Nexity/Le blog Finance, 28/12/2013

119 "Events" may also happen on the Albanian side, directly related to negotiations over the exploitation of Greek deposits. Indeed, if Greece has a hold over Albania on its European candidacy, Albania has a hold over Greece on its hydrocarbon deposits, and that will be a give and take. A track has recently been suggested by the Albanian the president's statements over Kosovo's "return" to the greater Albania… which made the Serbian president as well as Mogherini scream… but the show isn't over. A Great Albania in exchange for Greek oil? Source: EUObserver, 09/04/2015

Towards new geopolitics in the eastern Mediterranean

Eastern Mediterranean geopolitics must therefore change considerably for anyone who gives the go-ahead for the exploitation of these deposits. And this is precisely what is now happening with the detent between Greece and Turkey now in view which provides a favourable context for Greece's exploitation of its deposits in exchange for Turkey becoming a gas distribution crossroads… and why not oil. Indeed, in the wake of a giant gas pipeline network's construction, doubling up with an oil pipeline could undoubtedly be done for relatively little extra cost. Thus Turkish Stream could also provide an answer to the question that one cannot help but ask: will Greece be saved at the cost of continual oil spills in its idyllic islands?

The fact is that our team has often asked itself, since 2009, if Europe really can't afford the Greek paradise and if it's really necessary to cover the Cyclades with factories, turning them into a *Ruhr Gebiet*[120], to satisfy the Germans' principles of economic responsibility

It's likely that Greece will satisfy the Germans by becoming an oil producing country… but hoping that environmental damage will be limited thanks to the possibility of the exploration zones' direct connection to the Turkish-Russian distribution network. Let's hope from this point of view that no one skimps on the choice of the most reliable drilling technology in the world… and that the EU will impose this choice on private operators. Greece alone, under pressure to survive, undoubtedly hasn't the means.

End of the arm wrestling competition between oil and weapons… but not of History

In this power struggle between oil interests and military interests, our team believes that oil has already won; the signs which enable us to say so are stemming from the current reorientation of the Western arms markets. The contracts recently signed by Dassault in Egypt and India could be to compensate for those that they will no longer sign with Greece… and Russia[121]. Germany also is turning irresistibly towards Egypt, but also Saudi Arabia… which also asks a lot of questions moreover[122]. With the prospect of savings on military spending, savings on the price of gas[123] and oil profits, in a world where everything is anticipation, Greece will soon become solvent again.

Therefore, if our team anticipates that solutions to the Greek crisis are going to "miraculously" appear between now and this summer, we are also aggrieved that a debt crisis which could have been very quickly resolved by Europe and political will will be *ultimately* resolved by Russia/Turkey and greed. But the key is that we stop talking about the Greek crisis, that Tsipras' methods are given credit for that, and that one more European Wall falls this year, paving the way to new geopolitics on the borders of Europe and the Middle East, based on well thought out cooperation (i.e. between equals).

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120 Germany's industrial region *par excellence*. Source: Wikipedia

121 Source : International Business Time, 11/04/2015

122 Source : Deutsche Welle, 11/04/2015

123 Source : NewEurope, 12/04/2015

On the basis of a "memorandum of understanding" between Turkey and Greece on the horizon from this summer, let's hope for the creation of a "Mediterranean organization of oil producing countries" gradually bringing other former enemies together and founding a new model for the essential international governance of energy which has every chance of being multi-polar too. If such stakes are poorly managed, this "attractive" solution will quickly turn into a nightmare. But the end of the Greek crisis isn't, of course, the "end of history"… so goes the world.

Extract from the GEAB No 95 / 15.05.2015

Greece: modernisation underway

A few words also on Greece which, as anticipated, still found the money needed to repay the interest due to the IMF[124]. During the last four weeks, our team has particularly noticed the draining of Greek municipalities' liquidity by Athens[125]. Here, where the media saw a desperate Greece, we see Tsipras, playing on European pressure, profiting by weakening the local chiefs – mostly members of the two institutional parties who, caught in a patronage system, prevent any modernization of the Greek state apparatus – and is centralizing his country's reform tools: money and power. The Greek politico-institutional system's modernization, a priority for Europe in the 21st-century, is moving ahead quickly…

Extract from the GEAB No 96 / 15.12.2009

Greek crisis : the temptation to close the door on the IMF

To believe our media, it would seem that the whole world is hanging onto the Greek agreement sought by the EU, the ECB and the IMF. Between sudden developments and stalemate the tension is rising and from now on a Greek payment default isn't excluded[126]. Cataclysm or opportunity?

Greece will stay in the Eurozone

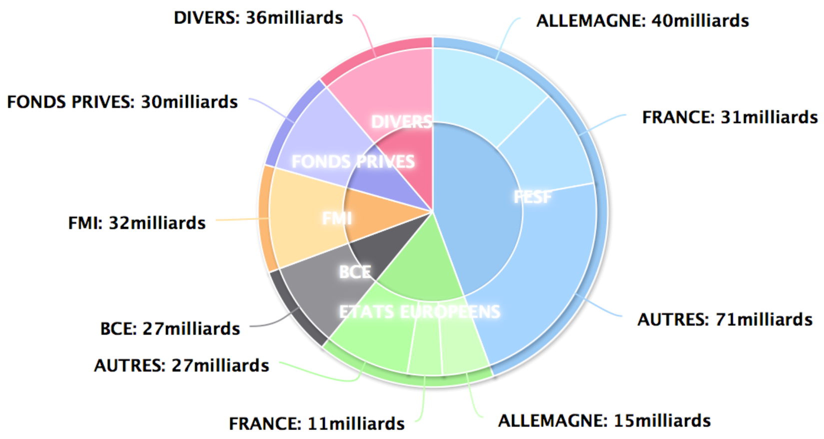
As we have always said, and continue to say, Greece will stay in the Eurozone. It's strange that, until just recently, all the media associated default and Grexit. This time has passed : the two problems are henceforth clearly separated, as they should be, and it's a sign that Greece will keep the single currency. Whether it defaults is a possibility on the other hand. And if it's the case, this will be a deliberate default, organized and even planned, between Europeans. The Greek case hasn't been under the global microscope for the last six years for the outcome of the crisis to happen in an unexpected fashion. Besides we are seeing the Eurozone being taken in hand politically, with Merkel and Hollande who want a "strengthening of the Eurozone" [127] with Juncker who is breathing life into a new political energy and, with Sigmar Gabriel (the

124 Source : The Guardian, 11/05/2015
125 Source : Ekathimerini, 25/04/2015
126 Source : Le Monde, 13/06/2015.
127 Source : Reuters, 26/05/2015.

German Vice Chancellor) and Emmanuel Macron (the French Minister of the Economy) who are demanding a "radical integration" of the Eurozone[128]. Clearly, all this isn't very compatible with a disorderly Greek exit from the Eurozone. Neither Juncker nor Tsipras, who have been struggling for months to get an agreement, expect a Grexit. A Grexit which is only a fantasy of the financial markets and the media.

The IMF : a thorn in the European Foot

Certainly, this Grexit had been sought, deliberately or not, by some players in the poker game currently being played, and particularly the Washington player. Everyone knows the IMF's historical position as regards managing sovereign debt. The Greek case is no exception : of the three members of the troika, the IMF is by far the most ideologically exacting in its requests as regards Greece[129]. If the Greek tragedy has lasted so long, it's not the size of the problem which is in question. To be sure it was necessary to inject around 240 billion€ into the Greek economy – or rather into the Greek banks and financial system, so that they didn't collapse (which would have risked dragging down the whole European system). An amount which only represents a quarter of the ECB's QE, for example, or a small part of the European recovery and bank support plans. No, if the Greek tragedy has lasted for so long it's because there is another reason. The Germans don't want to pay ? They are not the only ones to pay (they only represent 22% of funds lent), and they have always done so up until now, without too much fuss in the end. Rather go and look for the reason at the IMF, its excessive demands and far too neoliberal for the European continent. An "ally" imposed by Washington in 2010 but which represents less than 20% in aid (of which more than half has now been repaid); a troublesome ally which Europe would like to get rid of so as to manage its problem alone, without US interference. Especially since it has finally created the means of resolving this problem, thanks particularly to the EFSF (European Financial Stability Facility), then its successor the ESM (European Stability Mechanism).



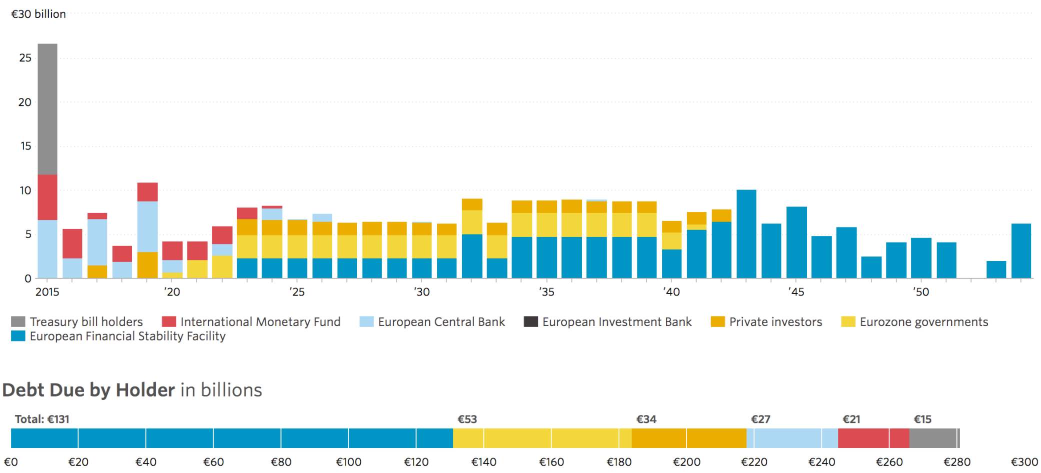
Greek debt distribution (320 billion €). Source : La Croix.

128 Source : The Guardian, 03/06/2015.

129 "The IMF still taking a hard line"; "The IMF more demanding than the Commission"… Source : Le Monde, 27/05/2015.

The ideal opportunity to get rid of the IMF

The outcome of the Greek problem is therefore intimately linked to the resolution of the IMF one. A problem which is worth "no more than" 21 billion Euros.



Amounts due by Athens to its creditors and their repayment schedule Source : WSJ.

Many sources are skeptical that Greece has the amount demanded by the IMF as that 30 June (1.6 billion Euros) and the Interior Minister himself has ruled out an IMF repayment without outside help[130]. To believe the Minister of the Economy, Yanis Varoufakis[131] (who laments the method used and would have liked to negotiate directly with the European Member States), the troika has actually never really negotiated and satisfies itself with imposing its requirements. One way to play poker by betting that Greece would fold its hand ? Perhaps. But especially a technocratic management of a Greek crisis with clear political implications... and a very risky game because the messages sent by the Greek government to the European people (whether it be Tsipras' platform or Varouflakis' interviews in the European newspapers) are clear and our finishing by bearing fruit : who doesn't understand that they are right[132] and that they have, moreover, put in an extraordinary willingness to continue negotiations without using their decisive argument – default and Eurozone exit ? This is the idea that we have supported for several months already, that there is a tacit agreement between Greece and the Eurogroup, where the Tsipras government has been sent into battle against the IMF and its unreasonable demands.

Will European leaders have the courage to take on an outright payment default by Greece ? Probably not because the consequences are quite unpredictable[133]. But another normal solution exists, as Varoufakis mentions : that the ESM (which was created for this) advance the money

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130 Source : RT, 25/05/2015.

131 Read this very clear interview: Tagesspiegel, 09/06/2015.

132 A recent example concerns a remark by Varoufakis pleading not guilty over the government's incapacity to deal with the tax evasion question taking account of the fact that the country's legal system was at a halt through lack of money (see the previous link). How to reply to that ?

133 The stakes are well summarized here : Bloomberg, 25/05/2015.

that Greece owes to the IMF[134]. No payment default, European solidarity and an ousting of the IMF (since the latter would be fully reimbursed) : there are many advantages to this solution. This would even suit the IMF, because it clearly understands that everyone is now in the same boat and that it's better to be repaid by Europe than to continue pouring oil on the flames and risk the whole financial system exploding. And then, let's imagine for a second the message a refusal of Greek reimbursement to the IMF would send towards all this institution's debtors. Does the IMF really envisage going to the end of reason ? Or isn't this, as we have thought for several months, only a piece of showmanship between players who all have an interest in change and for that need a situation of extreme tension to justify their moves ? The Varoufakis solution is undoubtedly the right compromise. But if it really can't be applied, there is another one, more violent and unpredictable but with the same potential for ending the crisis.

Payment default in the Eurozone : dream or nightmare ?

In reality, at the point where the negotiations are, the other most credible alternative now is the most violent : let Greece default partially. A priori this would require far more political courage than our leaders are capable of – unless European procrastination pushes Tsipras to the limit (one mustn't forget that here he has a big card up his sleeve). According to our team this option is, therefore, unlikely. That said it would have interesting consequences and increasingly less taboo. Actually, it would require an examination of Eurozone debts from all sides (and possibly global). Because why relieve Greece of part of its debt when Spain, Italy, Portugal or France, for example, are also struggling with their debt ? This would have the merit of launching some thought on the subject[135], with the possibility of purely and simply wiping off a portion of public debt[136]. Public debt has been changed into sovereign debt which is crushing the states, and not only Greece, henceforth incapable of the least action of economic revitalization. A forced cleansing through a partial and thought out default would certainly have disagreeable consequences for some parasite financial establishments, but it would finally be a way of balancing the system – this balancing which is the key to exiting the global systemic crisis. Therefore, it's a great temptation to organize a non-reimbursement of certain creditors or the IMF and initiate a debt cancellation process, especially in a context of rising interest rates which are about to undo all the austerity efforts made by indebted countries. The whole negotiation around the emblematic Greek case is undoubtedly, above all and especially, a good time for thought and preparation of the application of a final solution which could, after all why not, entail pushing the Greeks to trigger the large bomb cancelling the debts which are crushing the planet.

But our prognosis is, all the same, the choice of a "reasonable" solution of transferring debt to the Eurozone marking the resumption of the continent's financial independence.

134 Another solution : that ECB QE finally benefits Greece

135 Some have already begun : 60% of French public debt would be "illegitimate". From there to clearing it is only one step. Source : The Guardian, 09/06/2014.

136 At a minimum, clearing the debt held by other European States can't hurt, but the amounts aren't very high.