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# The slow shredding of western democracy

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By Loretta Napoleoni



Marxist and neo-Keynesian economists unite in arguing that European economic and monetary union has made the rich countries the creditors of the poor ones. But this analysis does not fully explain what is happening in Greece.

Among those responsible for this Greek tragedy is a political class that used votes as goods of exchange. Each time a party won an election the public sector expanded, says Panos Kazakos, a professor at the

University of Athens. After all, establishing a limited company required the presentation of 200 pages of certificates, he notes, while a public sector desk job could be had just by tapping the right contacts.

Since votes were bought, no one paid much attention to economic policy: today's situation makes clear the perfidy of this oversight.

Today, Greeks who lived through the military junta find it hard to believe that the democratic state, seen as a "good father", could have made so many mistakes: that it could have laid off 200,000 people in the past 12 months, cut pensions by 25 per cent and state salaries by 60 per cent. The graffiti covering the drawn shutters of downtown Athens stores suggest a Star Wars battle of two worlds: "evil" Germany has imposed austerity on "good" Greece. Newspaper cartoons frequently depict Angela Merkel in a Nazi uniform. In Greece, one truly feels one is "in the trenches" – but in a war where no one knows who the enemy is.

In exchange for the most recent financing, the Greek government has had to cede part of its sovereignty to the Troika (the European Union, European Central Bank and International Monetary Fund). The lobby of the elegant Hotel Grande Bretagne on Syntagma Square swarms with north European lawyers and bureaucrats and their assistants laden with files. It is they who now determine Greece's future. Many come from the law firms that advise the giants of global finance and the EU, the very institutions that helped create the Greek debt crisis.

Greece increasingly looks more like a company in administration than a nation in crisis. The troika is organising the first funeral of a European nation state, to replace it with a Teutonic company run by foreign professionals. Greeks intuit this but cannot rationally accept such

betrayal by the “father” state. In the streets of Athens, where the unemployed wander aimlessly and old people beg, one can see the slow shredding of western democracy.

Every day, the Orthodox Church distributes about 10,000 free meals, as opposed to 3,500 two years ago. It is no longer only poor immigrants who come for a plate of hot food; it is Greek families and many, too many, children. “The food emergency is serious,” says Father Vassilios Havatzas, director of Christian Solidarity, a charity, “but even more serious is the existential crisis.”

A sharp rise in the number of suicides is just the tip of the iceberg. Since 2010, there has been a marked increase in mental illness, from depression to schizophrenia, related to the sudden change in social conditions. Doctors at the PanHellenic Union of Hospitals speak of social disorientation stemming from the loss of identity. People don’t know what is happening, who is in charge or what will happen tomorrow. Certainty no longer exists.

Yet it is the de-linking of money and reality that most damages the psyche. Money is an existential anchor, as even Keynes noted when he criticised the huge reparations imposed on Germany at the end of the first world war – resulting in hyperinflation, the fall of the Weimar Republic and the rise of Nazism. Austerity is corroding this anchor.

At €2.60, a coffee at Athens airport costs more than at Frankfurt airport, even though the average Greek salary is €600 a month, compared with Germany’s €2,200. From eggs to beef to fuel, Greece’s cost of living is higher than that of rich Germany. “The euro should have protected the Greek economy from inflation, but prices rose because the Greek market is not competitive; there has never been true competition,” says Prof Kazakos. All previous governments responded by raising salaries. From 2000 to 2008, the Greek unit labour cost rose 24 per cent while that of Germany rose a mere 4 per cent. Then came the crisis, and austerity.

It is hard to see how this sad story will end, but it is certain that the gap between the eurozone’s rich and poor is increasing day by day. Soon, all they will have in common is the little coin, the modern version of the golden apple, which led Greece into an absurd, useless and unjust war.

*The writer’s latest book is ‘Maonomics – Why Chinese Communists Make Better Capitalists Than We Do’*

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