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DUSK OF THE EURO?

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STRUCTURE

- **Promise about the euro**
- **The Greek problem and solidarity**
- **Solidarity with Germany after WWII**
- **The way out**
- **Conclusions**

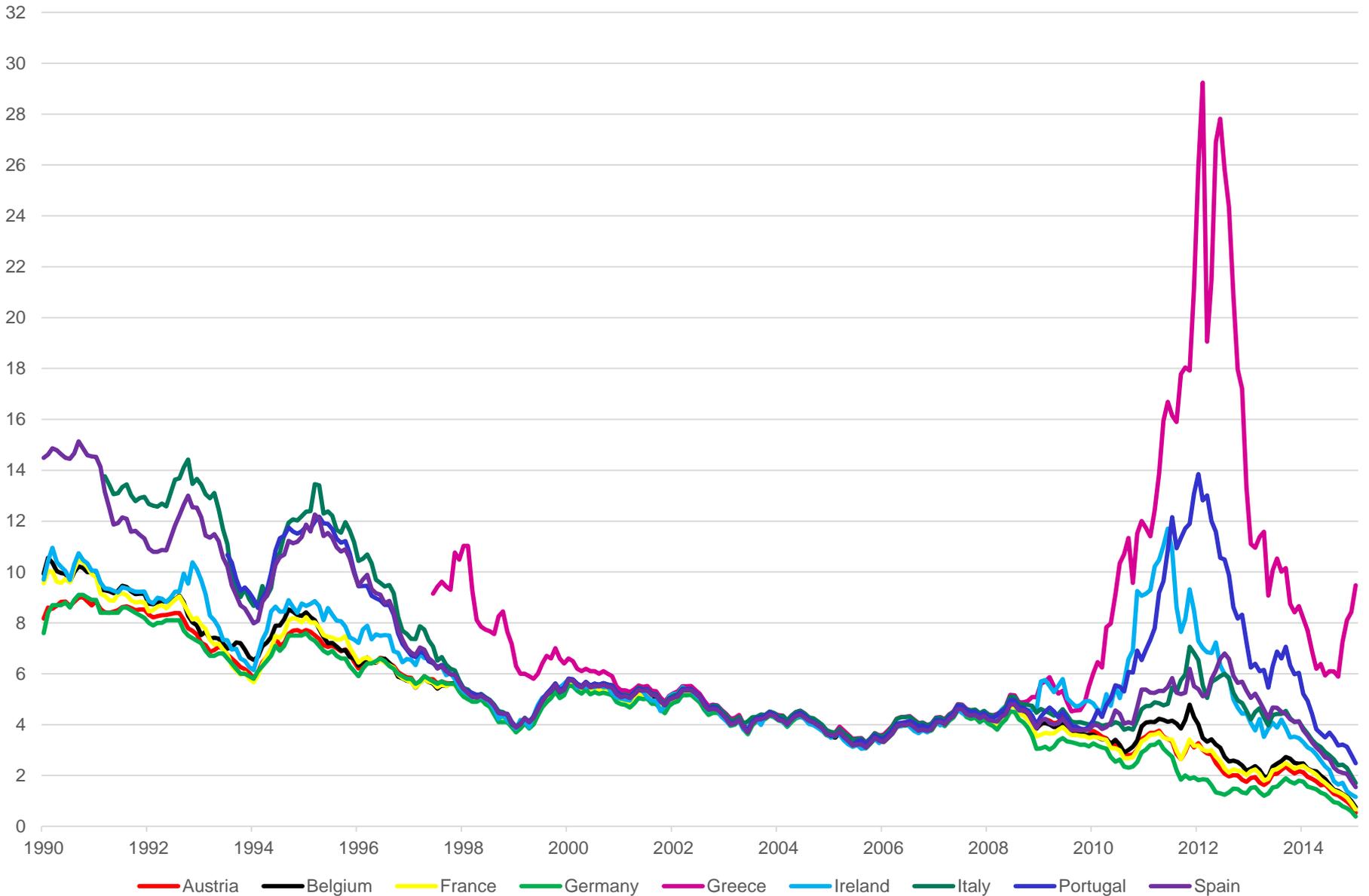
PROMISE ABOUT THE EURO

- It would be a 'glorified version' of the German mark
- It would be stable
- Financially thrifty countries would not have to bailout the prodigal ones
- It would bring perpetual growth and prosperity to everyone and
- German taxpayers would not foot the bill for all of the above

GERMAN ECONOMIC BEHAVIOUR

- **The German manufacturing sector is much bigger than is the domestic demand**
- **Germany's internal absorption of export surpluses is limited**
- **Banks 'had' to invest them abroad**
- **Germany did not ask for the creation of the euro**
- **Germany was playing by the rules**

EUROPEAN BOND YIELDS (10-YEAR BONDS, PERCENT)





CORRUPTION IN GREECE: FINES

SIEMENS

€170 mil (2012)

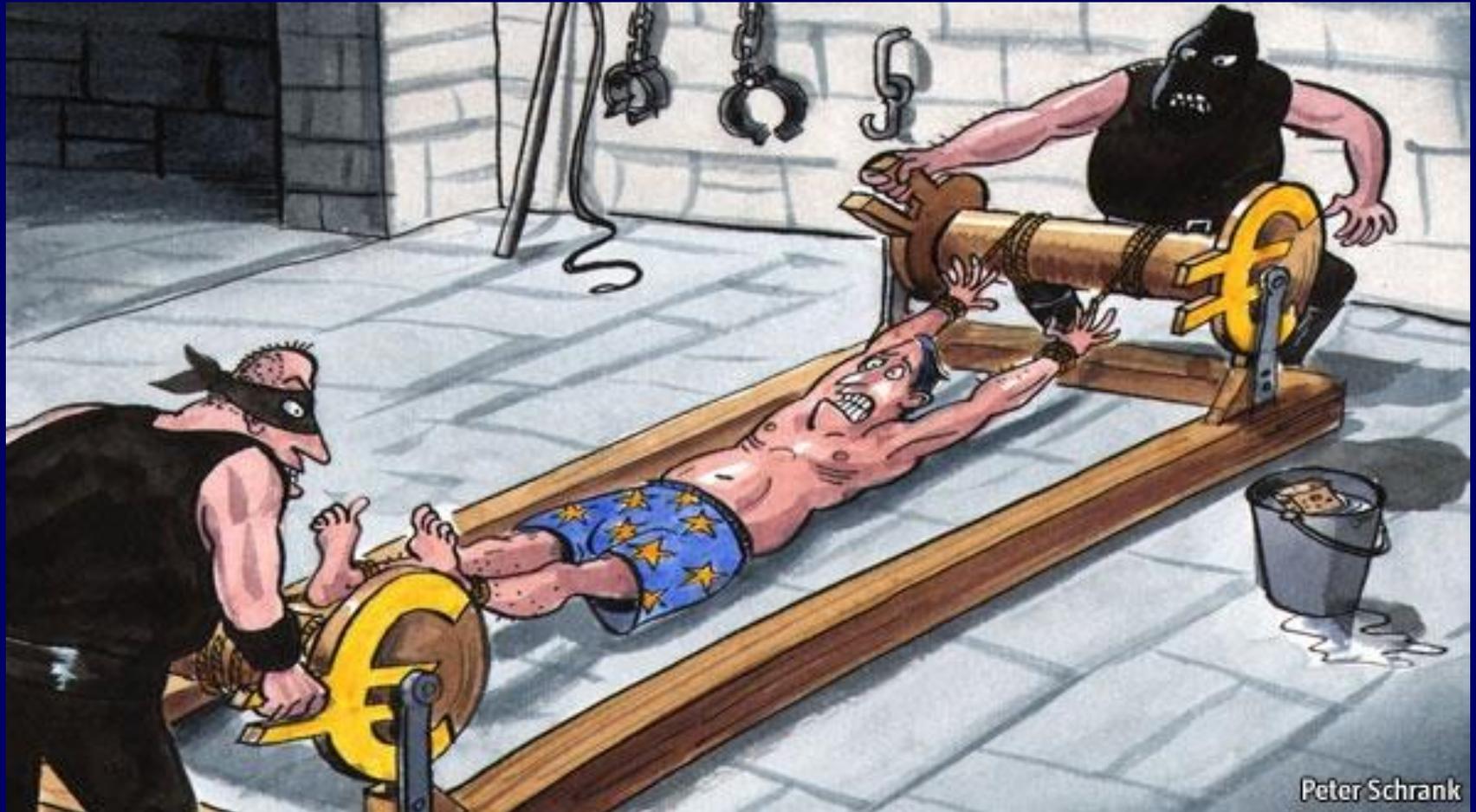


€149 mil (2011)

'ASSISTANCE' TO GREECE

- **Cuts in the public expenditure**
- **Cuts in public employment**
- **Reduction in wages**
- **Taxes: increases and better collection**
- **Price increases: fuel, alcohol, cigarettes**

TORTURE CHAMBRE



Peter Schrank

BAILOUT CONDITIONS AND TEUTONIC SOLIDARITY

- The Greek PM Papandreou ‘begged’ for easier bailout conditions
- The German chancellor Merkel said that the bailout *had to hurt*:

"We want to make sure nobody else will want this."

The Guardian, 8 November 2012

WHO WAS RESCUED?

- Assistance was to Greece
- ‘Clandestine’ rescue of German banks that invested in Greece
- That is the *real* reason why Germany entered in the Greek ‘rescue’ package
- This was never mentioned publicly

SOLIDARITY WITH GERMANY

- **Marshall plan (1947-52)**
- **1953 The London Debt Agreement**
- **Debt forgiveness (50%)**
- **280% of the 1950 W. German GDP**
- **It was as controversial as the Greek “haircut” today**
- **Germany started afresh**
- **Greece contributed to that**

THE TROIKA SINCE 2010



- **Institution not foreseen either in an international treaty or in a country's constitution**
- **Democratic legitimacy: Who voted for them?**
- **Accountability**
- **Solidarity among bankers**
- **Is this the post-democracy or the post-law organisation of a society?**



TROUBLES AHEAD?

- Proposed 'new' structure is to Germany's *absolute* advantage:
 - No country can devalue (to compete with Germany)
 - All must be open to German goods and capital
- Would the 'poor' ever catch up and compete with Germany?
- Would this proposed architecture hold the eurozone together *or* would it lead to its downfall?

THEORY AND PRACTICE

- Quantitative easing – money for nothing
- Money is pumped into the economy, **but** there is no inflation!
- **Why?**
 - No employment
 - No wages
 - No demand
- Inflation exists for fine art, real estate (heart of London,...)

ON HER MAJESTY'S SERVICE

- **The arrogant EU elite imposed the euro on the citizens**
- **TINA – there is no alternative**
- **The euro was supposed to serve the Europeans**
- **Now the Europeans are asked to serve and save the euro, i.e. to accept:**
 - **Lower wages**
 - **Higher taxes**
 - **Lower social benefits**

THE WAY OUT - CONCLUSIONS

- **Greece needs a debt forgiveness**
- **Strong federal institutions and a political union in the EU**
- **Monetary unions have a limited shelf life (\$, £, Sfr)**

**‘Lieber ein Ende mit Schrecken,
als ein Schrecken ohne Ende.’**

**‘Better an end with horror,
than a horror without end.’**

German proverb