The Legacy of a Fractured Eurozone: the Greek Dra(ch)ma

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January 2018

Abstract

This paper addresses **neoliberal origins of** the accute **geoeconomic** and social crisis that was inflicted on Greece since 2010 with the unleashing of the 3 consecutive bailout plans and the implementation of fierce austerity policies. We scrutinize the composition of the soaring Greek debt and most importantly, the unsettling utilization of the troica loans for the 2010-15 period. For the first time in the literature, we provide evidence that the vast bulk of the loans went overwhelmingly not to benefiting a "profligate" Greek state but to avoiding the writedowns of bad loans made by reckless creditors (mainly, German and French banks) to the Greek government and private banks. We propose the temporary adoption of a parallel currency in the form of government IOUs, together with other drastic measures to reboot the ailing Greek economy inside the Eurozone.

JEL Classifications: E50, E62, E65, GO1

Keywords: Greek crisis, Eurozone, neoliberalism, neoliberal policies, sovereign debt, austerity, parallel currency.

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1 Introduction

A decade since the beginning of the Great Recession, and the accute economic crisis afflicting the Eurozone countries does not abate. The economic malaises of the neoliberal[1] market economy that were exposed by the financial meltdown in 2008 have been amplified by draconian austerity measures that the "structuralists"[2] have imposed in the common currency area. Fiscal retrenchment programmes were presumed to deal with what has been commonly framed as a sovereign debt problem. In the process, real GDP in the most deeply affected ountries remains substantially below pre-crisis levels, leading them into a depression. Real GDP is -23.3% (Greece), -7.1% (Italy), -6.4% (Spain), and -2.9% (Ireland) below its respective 2008 levels (source: Eurostat 2014). The result is an ever more serious social and political crisis: Greece and Spain suffer from huge unemployement rates in excess of 25%, while youth unemployement hovers around the 50% mark.

Arguably, macroeconomic indicators have recently improved in countries like Ireland and Spain **(and in the Eurozone as a whole mainly as a result of the European Central Bank's (ECB) quantitative easing monetary policies)** but, whatever temporary rebound is evidenced through dry statistics, it is plagued by five, in our view, main characteristics of 21st century neoliberal capitalism: (i) **Rising economic and social inequality which increases the marginalisation of large sectors of national populations and concentrates even more forms of capital within certain geographic regions and among certain groups, a phenomenon of uneven spatial development (Harvey (2005))** ; (ii) Increased propensity to crisis and secular stagnation (as described by A. Hansen, see below) with the explosive financialization of the capital accummulation process; (iii) Business concentration, hoarding of cash reserves and lack of productive investment by big companies; (iv) Casualization of the labour force ("Gig" underclass of labourers, "Uberization", impoverished middle class; and (v) Hollowing-out of democratic institutions.

The aim of this study is to revisit and reexamine key economic data following the inception of the Euro for Greece, the undisputed "guinea pig" of the "Alice in Wonderland" economics of austerianism. **Given that since 2010, turbo charged fiscal consolidation is being undersigned by debt fundamentalists through 3 consecutive bailout plans (see Karanasos et al. (2017) for details) as the prime remedy for the tumultuous state of the Greek economy, a fresh assessment is needed for its geoeconomic impact and efficacy. Two are our main contributions:**

First, we present new evidence about the composition of the soaring Greek

[1] For details, see the discussion in Section 2.

[2] We refer to as "structuralists" the dominant Eurozone neoliberal policy makers that believe, out of ideological conviction, that whatever the economic problem, structural reform, deregulation, and fiscal flexibility in framing the future steps of austerity, will grow ailing economies stronger.

sovereign liabilities and, crucially, of the unsettling utilization of the "troica" (IMF, European Union, ECB) loans. We demonstrate that the vast bulk of the loans went overwhelmingly not to benefiting a "profligate" Greek state but to avoiding the writedowns of bad loans made by reckless creditors (mainly German and French banks) to the Greek government and Greek systemic banks. We view this destabilizing conduct by the Eurozone's economic elites as a form of what Harvey(2005) terms as 'accumulation by dispossession': "By [accumulation of dispossession] I mean the continuation and proliferation of accumulation practices which Marx had treated of as 'primitive' or 'original' during the rise of capitalism. These include...colonial, neocolonial, and imperial processes of appropriation of assets (including natural resources)...and usury, the national debt and, most devastating of all the use of the credit system as a radical means of accumulation by dispossession"(p.159).

Second, we propound a concrete alternative plan with a number of interconnected and synergistic actions that will alleviate the Greek crisis, will avert the dissolution of the Eurozone and shake discredited neoliberal beliefs and economic functioning. Our key proposal is the temporary adoption of a parallel (to the Euro) currency whilst, crucially, Greece remains formally a Eurozone member. A complementary currency may be pertinent not only for Greece but for other troubled nations within the Eurozone, foremost Italy, given the state of its economy and of its ailing banking system.

We acknoweldge that the synergistic forces behind the genesis and the unfolding of the Eurozone crisis are extremely deep-seated ranging from over-accummulation, surplus absorption, monopolization and the financialization of the capital formation process that characterize the world economic system to Eurozone specificities.

For the present analysis, we employ Peck, Theodore, and Brenner's (2012) understanding of neoliberalism as market disciplinary regulatory restructuring. Crucially, it is this disciplinary impulse that, in Polanyi's model, gives the Euro project its chimerical character, due to the political impossibility of allowing the societies of the member states to be "transformed into heap of ruins" (Polanyi (1944[2001], pp.202) by the "sanction of hunger" (Polanyi (1944[2001], pp.123), although both testaments are tested to the limit in the case of Greece. The result is an inevitable coupling of market disciplinary reforms (e.g., the inception of the Euro) to the growth of financial backstopping institutions which provide state-funded security (e.g., European Stability Mechanism (ESM), European Stability Fund (ESF)), in other words an expansion of big-government finance under the auspices of small-government ideology, in an escalating cycle of crisis and crisis interventions.

In recent related work, Hatgioannides, Karanassou and Sala (2013, 2017) addressed in detail the Eurozone's woes and the prospect of secular stagnation (see below) in the common currency area by unravelling (i) the supply-side imbalances that formed the core-periphery economic divide, and (ii) the necessity of the periphery's sovereign debt to finance imports from the export-led core. Since in a monetary union, a member state cannot devalue to boost its exports and put a brake on its imports, it is the fiscal budget balance that will have to fill up the gap left out by private and external sectors; hence the exlosion of sovereign debt in parts of the periphery and the need of debt "mutualization".

The prevailing view that countries of the core have funded the sovereign debts of the periphery was thus challenged, and subsequently it was demonstrated that the commonly held argument that the periphery countries (first and foremost Greece) have lived beyond their means -due to wages growing beyond what is justified by productivity gains- is in stark contrast to the trajectories followed by the wage shares. In addition, they provided evidence that intra-euro mercantilism was forming the salient economic project during the booming times 2001-2007 of the monetary union.

They further scrutinized the credit flows , the role of FIRE (finance, insurance and real estate) as a major source of economic stimulus by partially soaking up surplus capital and the role of the ECB in creating an asymetric monetary union. During the pre-2008 period, it was shown that the main booming private enterprise of the recently deemed as troubled countries of the periphery was a rampant financial sector fuelling a multi-facet credit bubble. A bubble that was funding the unsustainable purchase of goods from the exporting core and the explosion in speculative property construction. At the same time, the private sector agents (banks, insurance companies, pension funds) of the richer and higher saving core, funnelled huge money flows to the poorer periphery. As this investment decision was driven by their quest for boosting short-term profitability, it had a destabilizing impact on the allocation of scarce resources at the recipient states. During the ongoing austerity era, the very same private institutions are reversing former and reckless cross-border investments. The credit draught in the periphery, the differences in the funding costs of core/periphery states, were found to be symptoms of the concurrent attempts by surplus countries private creditors to repatriate the massive opportunistic claims they have accumulated on deficit countries debtors.

As early as 1938, the leading Keynesian economist in the US Alvin H. Hansen dubbed the term secular stagnation: "According to this theory, the modern developed capitalist economy has an enormous capacity to save, both because of its corporate structure and because of the very unequal distribution of personal income. But if adequate profitable investment opportunities are lacking, this saving potential translates not into real capital formation and sustained growth but into lowered income, mass unemployment, and chronic depression, a condition summed up in the term stagnation" (see Sweezy and

Magdoff (2009/1987), pp.30). Secular stagnation might "prove the New Normal".[3] With reference to the world economy, both Summers (2013, ibid) and Krugman (2013, ibid) are adamant that what is needed is increased spending of all kinds to get the economies moving again, initially through expanded government expenditure, but with the object of jump-starting private investment spending

If, or rather when (in our opinion) should the current disastrous policies perpetuate, Eurozone goes into stagnation, there are many problems endemic to this block of countries; most notably, that this is one region of the world where "rules" have triumphed over even mainstream economic pragmatism (see Stockhammer and Sotiropoulos (2014)), forcing to pointless cuts in government spending. **It is the cobwebbed, yet conflicting, dynamics of structuralism (see Footnote 2) and an obsession with the "rules" that shape the contradictory and geographically uneven institutionalization of the political project of neoliberal integration in the Eurozone**.

Conceptually, the tendencies toward neoliberalization, financial marketization and, ultimatelely, economic integration in the common currency block of countries are conditioned by a Polyanian ([1944]2001) "double movement". This is driven, on the one hand, by an overarching laissez faire ideology and the concommitant impulses of market discipline and pursuit of economic opportunity at the European/global level, and on the other, the pressures these impulses create for the institutionalized protection of social security and national sovereignty. As noted by Polanyi ([1944]2001), "internal and external, social and national protectionism [tend] to fuse"(pp. 213) Haberly and Wojcik (2017) observed that the latter "countermovement" aspect of the double movement mentioned above is often less driven by conscious political opposition to neoliberalization, than an ad-hoc dynamic of elite cognitive dissonance within the implementation of neoliberalism. For the Eurozone in particular, the rolling back of state intervention via financial deregulation is paradoxically leading to increased central intervention (European Union's commision in Brussels and other state funded bodies such as ESM/ ESF) in financial bailouts of countries such as Greece, Portugal and Ireland and the ECB's expansion and dominant role in both bailouts and quantitative easing monetary policies.

[3] See Lawrence Summers (2013). Another leading Neo-Keynensian, Paul Krugman (2013) picked up Summers's comments arguing that "an economy facing secular stagnation...isn't just a temporary state of affairs, it's the norm". As Magdoff and Foster (2014) point out, "Neither Summers nor Krugman offer a theoretical or historical explanation for secular stagnation. Instead they focus simply on the liquidity trap in which interest rates approach zero-making it difficult to stimulate the economy monetarily by further lowering rates", ibid, pp.2. In a footnote, they carry on noting that "Hansen's theory is discussed by Krugman as if it merely emphasized demographic factors, not issues such as industrial maturity, monopoly and inequality", ibid , footnote 7, pp. 23.

The remainder of this paper is organized as follows. Section 2 reflects on the concept of neoliberalism and sheds light on the dynamics and contradictions of neoliberalization processes observed in the Eurozone. In **Section 3**, **we evaluate** the trajectories of main macroeconomic indicators for Greece before and, primarily, after **the onslaught of the debt crisis in** 2010. In **Section 4**, we present new evidence about the composition of the Greek debt and most importantly the utilization of the troica (IMF, European Union and the ECB) loans. **Section 5** outlines our proposals for a temporary resolution of the Greek crisis, notably with the adoption of a parallel (to the Euro currency), whilst, crucially, Greece remains formally a Eurozone member. **Section 6** reminds the eerie similarity of Greece to that of Germany in the interwar period. Finally, **Section 7** concludes.

2 Neoliberalism and Neoliberalization Processes in the Eurozone

Our current phase of capitalism is underpinned by a much used but loosely understood economic and political philosophy called neoliberalism. Brenner et al. (2010) correctly observe that neoliberalism "has become something of a rascal concept-promiscuously pervasive, yet inconsistently defined, empirically imprecise and frequently contested" (pp.184). At the same time, the ongoing Eurozone's economic crisis has added still greater urgency to debates around the polysemic nature of neoliberalism and its internal contradictions. Divergent interpretations of neoliberalism-its histories, its geographies, its crisis tendencies and its trajectories-are generating radically divergent diagnoses of the present geoeconomic conjuncture, the ongoing transformation of regulatory formations at all spatial scales and the possibilities for alternatives to the market-based economic order (see Brand and Sekler (2009), Peck et al. (2009)).

Neoliberalism was first introduced by M.Friedman in Latin America in the 70s and was subsequently established in the early 80s, in the US during the tenure of presidentR.Reagan and in the UK by prime minister M.Thatcher. In turn, the Anglo-American economies at the heart of global finance were treated by the majority of the other mature economies as a black box of market fundamentalism filled with caricatured liberal and/or market-based institutions, which were presumed to act as the default template for global economic restructuring.

Broadly speaking, neoliberalism is a project that reduces all human activities to "homo economicus", redefines democracy beyond the narrow confines of elections as a kind of market rationality-and the only criterion to judge our political class by is how successful they are in "marketizing" human relationships and the commons (pasture land, woodland, water supply). It is evident that neoliberalism has lately started to undermine the very institutions with which the capitalist establishment has traditionally been identified- the legal system, the police, parliament, local government. Under the earlier forms of liberal democracy these could be counted on to play a moderately autonomous role in tempering capitalism. Under neoliberalism they are increasingly shaped so that they will not be obstacles to market priorities, especially when the latter are servile to the interests of big business.

More specifically, in heterodox political economy and within the field of economic geography in particular, there are two key perspectives on neoliberalism[4]: The first is a Marxian perspective which views the ostensible ideological goals of neoliberalism as mostly a smoke screen for a project of capitalist class power restoration, that sees to rip down institutional and political barriers to the development of new ones, and full exploitation of existing investment opportunities. The second perspective is a broadly Polyanian one with links to institutional regulation school-in particular Veblen's original ideas of evolutionary institutional change-and "varieties of capitalism work". Whereas Marxists view the ideological contradictions and hypocrisies of neoliberalism as evidence that ideology is of secondary importance to class interests, the Polyanians argue that these contradictions are largely produced by the dialectic between a genuine elite commitment to the market-oriented "liberal creed" (like J.M. Keynes, they believe that economic ideas matter), and the practical constraints, tensions and crises that emerge whenever an attempt is made to remodel an already existing human society to the dictates of this creed.

Harvey (2005) is arguably the leading exponent of the Marxian tradition. Neoliberalism, according to Harvey, is the intensification of the influence and dominance of capital[5]; it is the elevation of capitalism, as a mode of produc-

[4]We are very thankful to the detailed, thorough and thought-provoking comments of an anonymous referee. We are incorporating them freely in this Section.

[5]Harvey's(2005) analysis stems from Marx's insight about the nature of capital itself. Capital is not simply money, property, or one economic variable among others. Rather, capital is the organising principle of modern society. It should be recalled that, in his *Grundrisse,* Marx explicitly argued that capital is a process that puts into motion all of the other dimensions of modern economic, political, social and cultural life. It creates the wage system, influences values, goals, and the ethics of individuals, transforms our relation to nature, to ourselves, to our community, and constantly seeks to mold state imperatives until they are in harmony with its own. Neoliberalism is therefore not a new turn in the history of capitalism. It is more simply, and more perniciously, its intensification, and its resurgence after decades of opposition from the Keynesian welfare state and from experiments with social democratic and state politics.

tion, into an ethic, a set of political imperatives, and a cultural logic. It is also a project: a project to strengthen, restore, or, in some cases, constitute anew the power of economic elites. The creation of the Euro as the shared currency for the majority of the European Union members is, in our view, such a project. Harvey argues that the global expansion of capital is premised on what he terms "accumulation by dispossession". This concept argues that accummulation under globalisation continues to expand by dispossessing people of their economic rights and of various forms of ownership and economic power. It is highly relevant to structural adjustment policies imposed in the Eurozone such as privatization and the prioritization of bondholder repayment at the expense of brutal forms of austerity, in particular for highly indebted countries such as Greece. Accummulation by dispossession also includes "...the conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights;...commodification of labor power and the supression of alternative (indigenous) forms of production and consumption" (p.159) and "...the dimunition or erasure of various forms of common property rights (such as state pensions, paid vacations, and access to education and health care" (p.160). The latter observations are highly relevant to Greece under the 3 consecutive bailout plans as we shall show in Section 3.

There are three particularly important aspects of the second perspective on neoliberalism.

First is what Polanyi described as the "double novement" in which the market impulse toward marketization ultimately buckles under the weight of the institutions that protect society from the market[6]. In Polanyi's ([1944]2001) analysis, Nineteenth Century capitalism was rooted in four institutions -the liberal state, balance-of-power geopolitics, the gold standard, and the ideology of the market- with haute finance functioning as a permanent agency of the most elastic kind, and the myth of the self regulating economy serving as the system's "common matrix". Today's "common matrix" has plenty of echoes of its Nineteenth Century forebear, being structured around the historically distinctive intersection of neoliberalization, financialization and a host of new political-economic geographies such as the Eurozone. Polanyi noted that the fact that the "self-regulating" market could, by definition, never be implemented in any sort of pure, unadulterated form in an actually existing human society meant that proponents of liberalization could always that any socio-

[6]In contrast, in a Veblenian "double movement", a predominantly Darwinian evolutionary impulse buckles under the weight of the institutions that protect the market from society-with society understood broadly to refer to the entire array of actually existing human limitations and idionsyncrasies. Haberly and Wojcik attempt a very imteresting fusion of both Polyanian and Veblenian "double movements".

economic prob;ems in existing liberalizing policies were a result of their not yet having gone far enough due to mainly, self-serving political obstruction by vested interests.

In his original work, Polyani also argued that a commitment to the Gold Standard (see also Section 6) became, from the mid-19th to early 20th century, the primary ideological motor of the "double movement", with elites being so obsessed with preserving it as the core institution of global/liberal-based civilization that they, ironically, constructed a massive cobweb of interventionist tools in an effort to salvage it (e.g., Brenner, Peck and Theodore (2010), neoliberalism is also characterized by a counterintuitive and perverse dynamic whereby its continued expansion is actually fueled by its own catastrophic failures[7]mercantilist and protectionist trade policies, colonial empire-building and elaborate networks of inter-central bank loans) that ultimately proved to be fundamentally confict-ridden and unsustainable. As we shall argue in Section 5, the pretence of irreversibility is what distinguishes a true monetary union from a fixed-exchange rate system with a shared currency. The recent developments in the Eurozone and in particular, the stance of the elites of the European Union and the ECB towards moribund member states such as Greece pause an existential threat to the incumbent form of monetary union and raise serious doubts about the feasibility of the much aspired closer economic integration.

Secondly, as noted by . Only very recently (in early January 2018), the highest rank officers of two out of the three "troica" members, such as Jeroen Dijsselbloem (President of the Eurogroup from 21 January 2013 until 12 January 2018, and President of the Board of Governors of the European Stability Mechanism (ESM) from 11 February 2013 until 12 January 2018) and Christine Lagarde (Managing Director of the International Monetary Fund (IMF) since July 2011) publicly acknowledged that the bailout loans for Greece were ill-designed, unfit to reignite its ailing economy; instead they have created an accute socioeconomic crisis. The bailout loans, they plainly admitted, were only susseccful in rescuing -collapsing at the height of the crisis in 2010- mainly, German and French, private sector banks (for details see Section 5).

Thirdly, Peck and Theodore (2007) engaged with the "varieties of capital-

[7] Brenner et al. (2010) write "For reasons that deserve more systematic exploration elsewhere, policy failure is central to the explaratory and experimental modus operandi of neoliberalization processes- it is an important impetus for their continual reinvention and ever-widening interspatial circulation. Indeed, rather than causing market-oriented regultory projects to be abandoned, endemic policy failure has tended to spur further rounds of reform within broadly neoliberalized political and institutional parameters. Ironically, the chronic "underperformance" of neoliberal strategies has been a source of forward momentum for the project as a whole" pp.209.

ism" school which, since its origins in the early 1990s has been consolidated into one of the most infuential strands in comparative and heterodox political economy. They elaborated on the contradictory dynamics of neoliberal market institutionalization showing that are "variegated", i.e., interdependent across space between institutionally and politically diverse processes of market institutionalization occuring within and across multiple countries, localities and regions. Lim (2010) applies the variegated capitalism approach to the international dynamic of institution building and interdependence surrounding the macroeconomic imbalances between the US and China.

Very pertinent for our present assessment of the economic architecture of the Eurozone and the ascension of Germany as its supreme engine via what we have called in recent related work (Hatgioannides et al. (2017)) as intra-Eurozone “neo-mercantilism”, is the critique made by Peck and Theodore (2007) that while the "varieties" approach has served as a potent foil against the orthodox globalization thesis, its alternative vision of a bipolar global economy comprising two competing capitalisms was found by the authors to be wanting.

As Peck and Theodore (2007) observe, in rejecting a monolithic conception of capitalism, Albert ([1991]1993) identified amidst the global economy’s patchwork complexity two “diverging currents”-a boisterous, neoliberal strand epitomized by the US in the post-Reagan period, pitched against a formidable, but somewhat disarticulated Rhinish model: “With the collapse of communism, it is as if a veil had been suddenly lifted from our eyes. Capitalism, we can now see, has two faces, two personalities. the neo-American model is based on individual success and short-term financial gain; the Rhine model, of German pedigree but with strong Japanese connections, emphasizes collective success, consensus and long-term concerns. In the last decade or so, it is the Rhine model-unheralded, unsung and lacking even nominal identity papers-that has sworn itself to be the more efficient of the two, as well as the more equitable” (Albert, ibid, pp.18).

The challenge, in the coming ideological battle, was for European politicians, especially of Germany, to assert the social and economic superiority of their underrated system in the face of a rapacious and insidious competitor willing to “sacrifice the future for the present”, seizing short-term and selective gains at the expense of the formation of an “inner "Third World" of American-style urban blight on the outskirts of Manchester or Lyons or Naples” (Albert, idid, pp.259-60).

The subsequent neoliberal (“neo-American” in Albert’s terms) economic

ascendancy of the 1990s and the faltering of the German coordinated market economy ("Rhinish" in Albert's terms) at the same time, bestowed new legitimacy on (ostensibly) free-market forms of capitalism. A singular world of millennial capitalism, market unification and institutional convergence seemed to beckon with the creation of the Euro circa 1999.

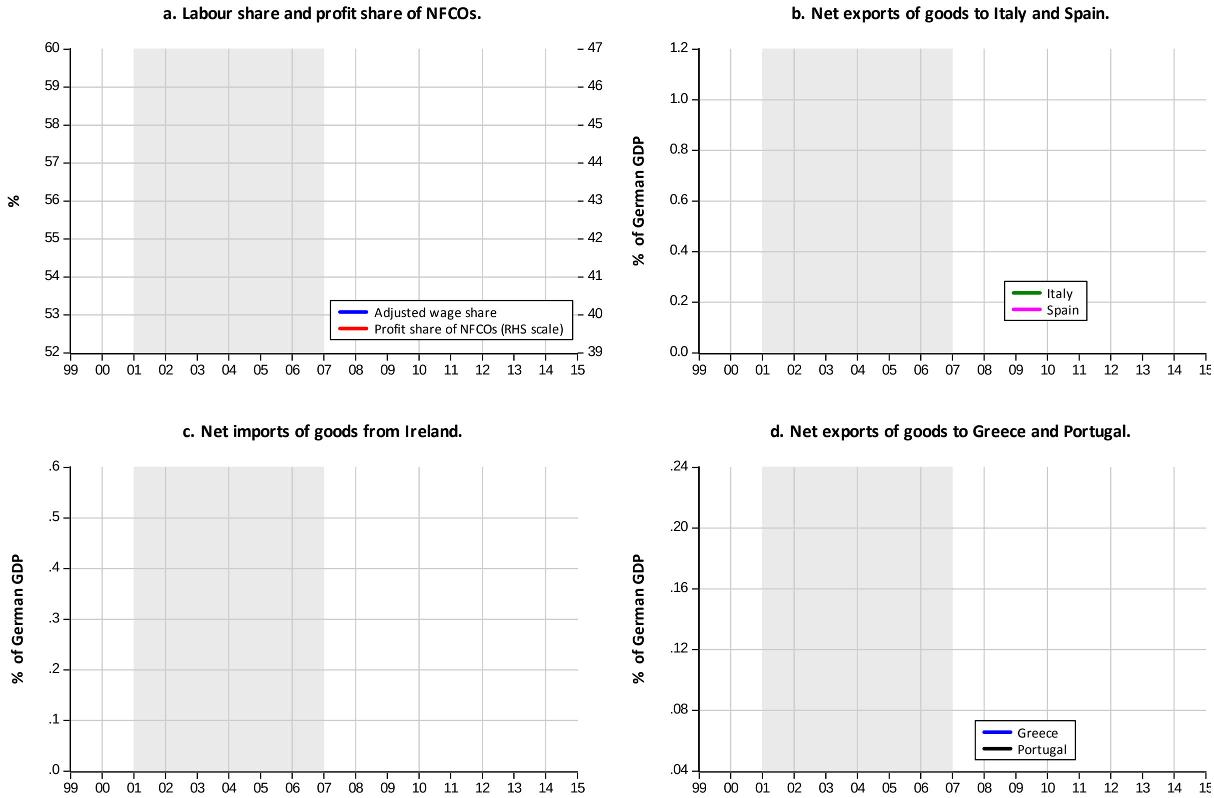
As early as 2003, the German political and economic establishments led by the socialist (of the SPD party) chancellor Gerhard Schroder pre-emptively unleashed the (in)famous "Agenda 2010" of structural labour market reforms (which will be subsequently propagated by the "structuralists" across the entire Eurozone). Deregulation, freeze of nominal wages and salaries, and the slushing of social security, the indirect wage [8] and pensions were the top priorities. Domestic demand was thus suppressed due to the fall of the living standards for the majority of the population, and "competitiveness" (the wage-productivity gap in our reading of the term) was boosted mainly inside the Eurozone. At the same time, German non-financial corporates (NFCOs) have been the undisputed champions among private firms of member states on both Return on Capital and Return on Equity measures[9].

Figure 1 depicts the falling labour share and rising profitability of NFCOs (Figure 1a), and the associated trade-balance positions of the German economy with the countries in the Eurozone periphery (Figures 1b-d).

[8] The terms of employment (or 'indirect wage') are associated with the existence of a national health system, state pension, benefits system, the time it takes to re-establish benefits, strings attached to receive benefits, minimum wage, and progression opportunities.

[9] See Hatgioannides et al. (2017) for comprehensive evidence of the profitability of NFCOs across the Eurozone members.

Figure 1. Germany's growing profitability.



Source: European Commission (for the adjusted wage share) and Eurostat (rest of varia

Table 1 shows that the trade balance of Germany to the EU15 member states almost doubled over the early 2001-05 period of the monetary union's life ratifying Germany's "neo-mercantilistic" avenue for the economic domination of the Eurozone.

Table 1. Germany's trade balance (net exports of goods) to the European Union (15 countries), € billion.

1998	1999	2000	2001	2002	2003	2004	2005	2006
26.0	36.3	42.0	51.5	68.4	76.4	87.2	87.0	84.7

2007	2008	2009	2010	2011	2012	2013	2014	2015
106.6	86.5	67.1	63.0	51.8	45.9	43.1	52.4	69.1

Source: Eurostat.

At the end of 2017, Germany's economy is the envy of the Eurozone. Growth hit a five-year high; a surge in exports produced the biggest trade surplus of the postwar era. The inception of the Euro together with Agenda 2010- overhaul of the welfare and labour laws- tranformed Germany from the "sick man" of Europe in the 1990s into its economic powerhouse. The traditional

German-style coordinated capitalism has finally succumbed to the teleology of the neoliberal institutional monoculture for the regulation of economic affairs

Martin Schulz, leader of the Social Democratic Party (SPD) of Germany since March 2017, the former (between 2012-2017) President of the European Parliament, and a potential member of a new grand coalition to govern Germany from early 2018, has challenged the triumphant reading of the state of the German economy, declaring that gains in efficiency through Agenda 2010 had come at the expense of social solidarity, pledging to make social justice and robust social security central aims of economic policy. He is addressing well-founded concerns over the predicament of Germany's labour market. Despite official records showing that unemployement is at its lowest level since the reunification of the late 1980s, a rapidly increasing prevalence of fixed-term contracts and a growing proportion of the workforce earning low wages make Germany similar to the intrinsically unequal Anglo-Saxon economies. It is a sign of optimism which may herald the dawn of major policy shifts that the articulation of a victorious and unitary mode of capitalism is challenged by the emergence of a critical countercurrent (in mainstream politics) in Eurozone's most puissant economy.

3 The Impact of Austerity Programmes in Greece

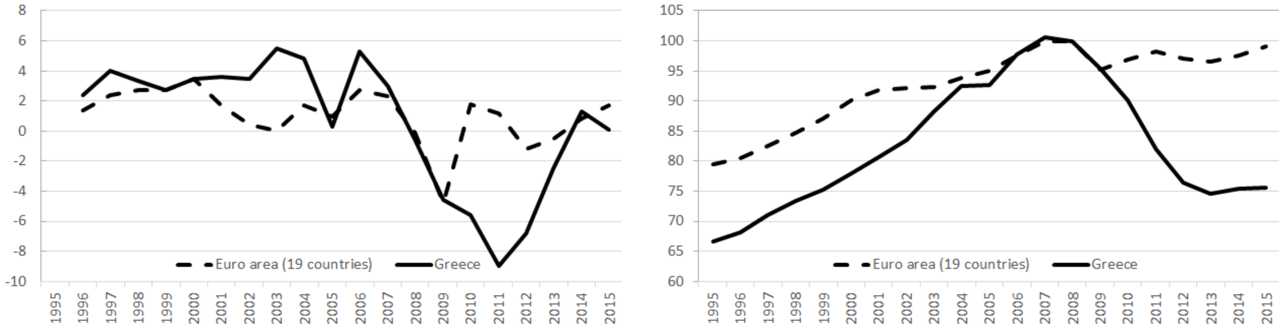
The ailing Greek economy, the first Eurozone member to fall in the spring of 2010 under the troica of lenders' stranglehold and implement the voodoo economics of austerianism, is in the midst of a 1930s-scale Great Depression with a cumulative reduction of its GDP -during 2008 to 2015- around 25% (see Figure 2).

It is important to note that GDP is a particularly inappropriate measure of the real fall in economic welfare. Given that the current account balance was minus 15% of GDP in the third quarter of 2008, and has been in suprlus since the second half of 2013, it means that spending by Greeks on goods and services has fallen by a minimum of 40%.

The cyclically-adjusted fiscal balance improved by 20% of GDP between 2008 and 2014, while government employment fell by 30% between 2009 and 2014. Two ill-conceived bailout plans (the first in 2010 and the second in 2012) accompanied by self-defeating economic recipies have resulted in official unemploymemt of 26% (see Figure 3a) and youth unemployment at over 50% (see Figure 3b).

Figure 2. GDP per capita. 1995-2015.

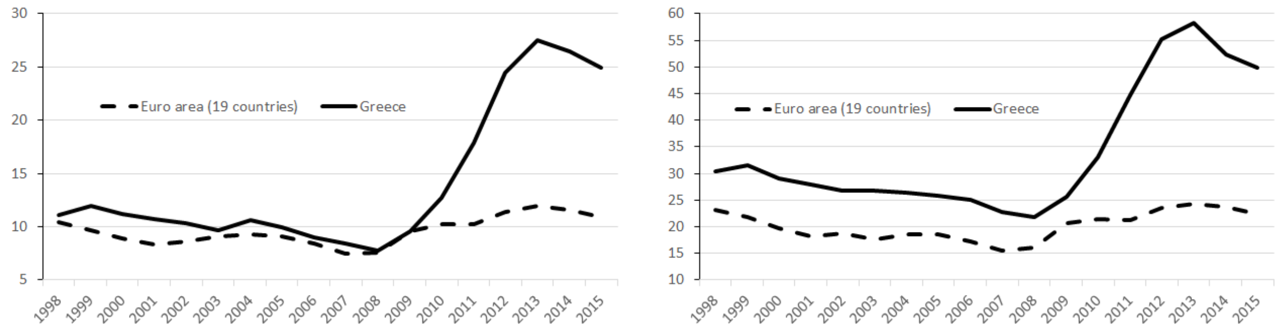
a. Growth rates (percent) b. Index 100 = 2008



Source: Eurostat (data extracted on: 14.09.16).

Figure 3. Unemployment (percent of active population). 1998-2015.

a. Total b. Youth (less than 25 years)

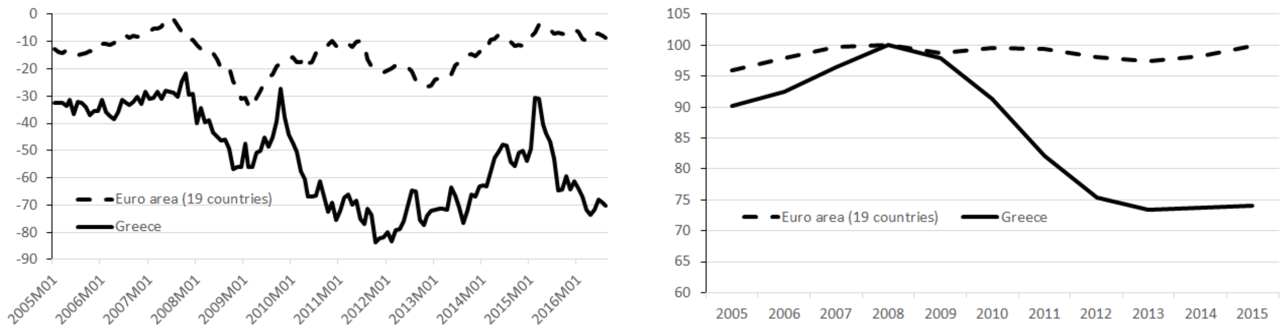


Source: Eurostat (data extracted on: 14.09.16).

Figure 4a plots the level of trust that consumers have towards the Greek economy. The steep downward trend shows that the consumers' confidence in Greece after 2010 fell sharply, which had a significantly negative impact on private consumption (see Figure 4b).

Figure 4. Consumer sentiment and private final consumption expenditure. 2005-2016.

a. Monthly consumer confidence index b. Private final consumption expenditure (index 100= 2008)

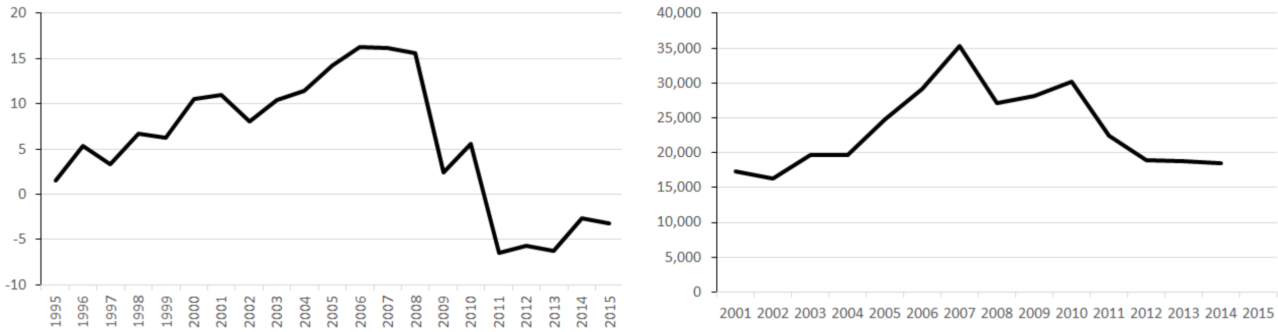


Source: European Commission and Eurostat (data extracted on: 14.09.16).

Figure 5 shows the collapse of private sector's credit flow and foreign direct investment in Greece since 2010.

Figure 5. Credit flows and foreign direct investments. Greece, 1995-2015.

a. Private sector credit flow (percent of GDP) b. Stock of foreign direct investment (millions of euros)



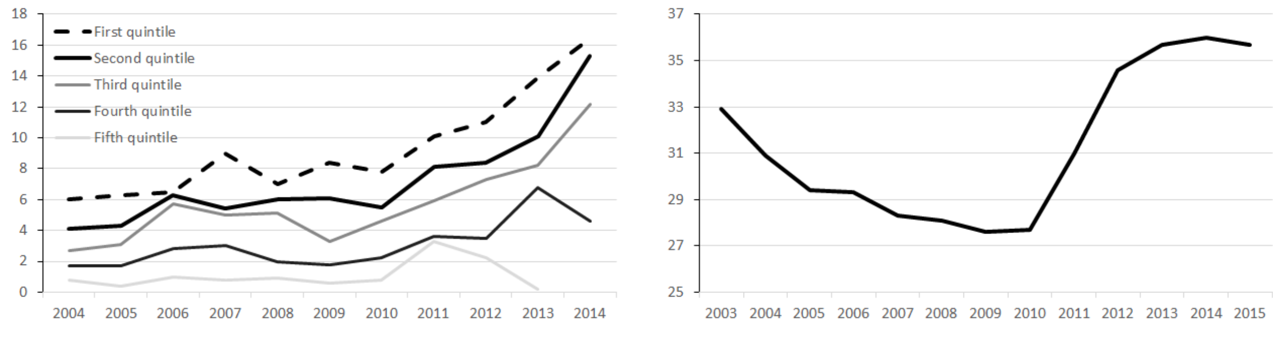
Source: Eurostat (data extracted on: 14.09.16) and Bank of Greece.

Finally, Figure 6 depicts the self-reported unmet needs for medical examinations (including all ages, both male and female, as a share of medical visits) and the percentage of the people that face the risk of poverty and social exclusion (increased from around 28% in 2010 to more than 35% since 2013), demonstrating the serious social consequences of the austerity programmes.

Figure 6. Healthcare access and poverty risk. Greece, 2003-2015.

a. Self-reported unmet needs for medical examination by income quintile (percent of total visits). Reason: Too expensive.

b. People at risk of poverty or social exclusion (percent of total population)



Source: Eurostat (data extracted on: 14.09.16).

4 The Reality About the Composition and Use of Greek Debt

Exotix (a boutique brokerage that specialises in illiquid markets), reorted that the much heralded spring/summer 2012 Private Sector Involvement Initiative (PSI) which restructured €200bn of the Greek government bonds debt pile, had still left about €62bn (approximately 31% of the wilting Greek GDP in 2012) of bonds of varying maturities held by private investors. Collectively known as the "strip", these bonds (in November 2012) were trading at an average price of 25 cents on the euro. Interestingly, in response to the "bad" idea of bond buybacks, entertained by Eurozone officials (who wanted to avoid inevitable decisions on their own loans) on how to tackle Greece's ominous debt trajectory, hedge funds were investing in the strip with the expectation of sheer profiteering should a future buyback be tabled.[10] Approximately 8bn Euros was accounted by the "international law" bonds held by the private sector that have been exempted from the 2012 restructuring, as it could have triggered a series of lawsuits by the hedge funds in possession.

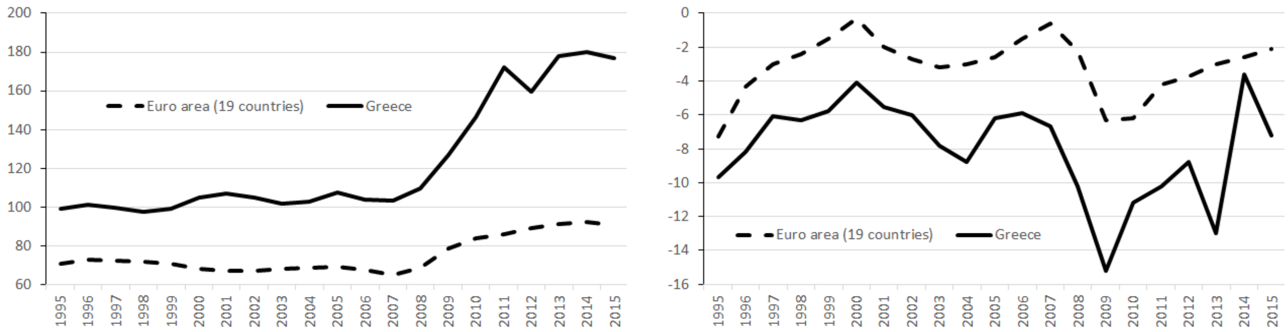
Greek banks disposed of almost 30bn Euros of "new bonds" in December 2012 in a buyback scheme agreed with international lenders that reduced the country's debt by around 20bn Euros, still hold the bulk of the short-term debt , amounting to some 15bn Euros in Treasury bills, which were rolled over in monthly auctions before even this funding facility of the Greek state was curtailed by the ECB in 2015 (having reached the upper allowed threshold). Greece's four systemic banks are understood to hold 2bn Euros of new bond issuances and another 4-5bn Euros of new bnds created after the 2012 debt swap. In total, private sector investors hold around 15% of the countries debt burden. Those include investors such as Capital Group that hold restructured debt, and fund managers such as Carmignac-Gestion that took part in the ssale of new debt, as well as investors who held international law bonds and refused to take part in the 2012 debt swap.

Despite the collosal (as a % of GDP and outstanding debt) restructuring which in reality destroyed the assets (held in the form of government bonds) of the main pension funds and erroded the wealth of small to medium treasury bond investors, Greece's debt burden miraculously increased and surpassed in 2014 the 180% of the country's GDP (see Figure 7).

[10]The Financial Times (2012, December 18) reported that *Third Point* "One of the world's most prominent hedge funds is sitting on a $500m profit after making a bet that Greece would not be forced to leave the eurozone, ...[it] tendered the majority of a $1bn position in Greek government bonds, built up only months earlier, as part of a landmark debt buyback deal by Athens on Monday [December 17], ... The Greek government swapped holdings of its own debt for notes issued by one of the eurozone's rescue facilities at a value of 34 cents on the euro. Third Point had scooped up holdings of Greek debt earlier this year for just 17 cents on the euro."

Figure 7. Public sector imbalances (percent of GDP). 1995-2015.

a. Gross general government debt   b. General government net lending (+) /net borrowing (-)



Source: Eurostat (data extracted on: 14.09.16).

As of the beginning of 2015, Greece's estimated €317bn of sovereign liabilities is overwhelmingly owned to the troica of international lenders (approximately €270bn) with an approximate breakdown shown in Table 2 below:

Table 2. Estimated Greek sovereign liabilities at the end of 2014.

Lender	Amount
EFSF	€142 bn
Market Debt (ECB and other Central Banks)	€54 bn
European Union bilateral loans	€53 bn
Market debt (non Central Banks)	€27 bn
IMF	€24 bn
Other lenders	€17 bn
Total	**€317 bn**

Source: Own calculations based on information supplied by the Hellenic Republic Debt Bulletin and the IMF.

It seems like that since the crisis hit, the rest of the Eurozone and the IMF have been extraordinarly altruistic to Greece. Was it so? A reality check shows an unsettling utilization of the troica loans (and own Greek financing, albeit relatively small, through the issuance of short-term Treasury bills) for the 2010-15 period of two successive, yet ill-conceived, bailout plans: Out of a total of €254.4 bn, the sum of €226.7 bn were loans supplied by the Eurozone and the IMF (about 125% of Greece's 2015Q1 GDP). The breakdown of where the money actually went is striking and is shown in Table 3 below:

Table 3. Use of cumulated Greek loans in 2010-2014.

Use	Amount
Maturing debt obligations	€81.3 bn
Recapitalisation of Greek banks	€48.2 bn
Debt reduction	€45.9 bn
Interest payments	€40.6 bn
State operating needs	€27 bn
Repayments to IMF	€9.1 bn
Contributions to the ESM	€2.3 bn
Total	**€254.4 bn**

Source: Own calculations based on information supplied by the IMF Macropolis, Thompson Reuters Datastream.

Clearly, the vast bulk of the loans went overwhelmingly not to benefiting a "profligate" Greek state[11] but to avoiding the writedowns of bad loans by reckless creditors (mainly, German and French banks) to the Greek government and Greek banks. In a word, money came in and flowed out again from Greece for bailing out, indirectly through Greek's state liabilities, private creditors. We can only ponder as to why the Greek crisis is still profiled as a debt crisis.

July 2015 seals an immolation of Greece: In exchange of what is called a third "bailout" (potentially worth €80-85bn)- in reality is the imposition of new debts to pay existing creditors- the Greek state must hand over €50bn of public assets to an "independent" privatisation fund. On top of that, more austerity has to be injected into a shrinking economy and any legislation passed in the Greek parliament that is deemed unsuitable by the Eurozone's overlords has to be reversed. At present, outlandish and unconstitutional additional "contingency measures" worth €3.6bn are asked by IMF in particular to be triggered in the event that Greece fails to meet its onerous fiscal targets.

A capitulated Greece would be turned into an economic "protectorate", one purred, where all the decisions would be taken by foreign governments, unelected European Union bureaucrats and self-styled technocrats. Greece becomes the locus where liberal, progressive illusions are to be shattered.

[11] A mere 11% of the total loans directly financed government activities in a country that does not have access to international markets since the spring of 2010.

5 Proposals for a Temporary Resolution of the Greek Crisis

The iminent question is how to sustain and rebuild the Greek economy, crucially without exiting the Eurozone; a country that has no access in the markets for raising debt, has to confront the bailout creditors and abandon their economic illiterate programme for lunatic fiscal adjustments until viable and sustainable aggreements are reached.[12]

We are extremely averse to suggestions that Greece exits the Eurozone and reverts to a national currency , historically the drachma. Such a resolution could have been considered and assessed back in April 2010, prior to the first bailout plan. At present, and after 6 years of fierce austerity measures, massive internal devaluation and drop of living standards, exiting the Eurozone will be just rubbing salt in deep wounds; the whirlwind of such an action, in the short/medium run, for both the economic and social spheres will undoubtedly be devastating. Longer run benefits are also very questionable for a relatively closed and distressed economy such as Greece.

There is another, equally important reason, that we strongly favour that Greece remains, officially at least, in the Eurozone: The common currency was an outgrowth of efforts that began in the mid-20th century, as Europe reeled from the carnage of two world wars. The Euro was not just an economic project that sought to improve standards of living by increasing the efficiency of resource allocations, pursuing the principles of comparative advantage, enhancing competition, taking advantage of economies of scale and strenghtening economic stability. More importantly, it was a political project that was supposed to enhance the political integration of Europe, enabling Europe's historical diversity to function effectively and collectively.

It is the neoliberal economic and political elites that are failing the noble intentions of the founders of the European Union, the common curency area and their citizens. A flawed achitecture was designed, driven by an unwavering faith in monopolistic/oligopolistic markets of modern global capitalism , one size-fits all policies, central bank focusing solely on inflation- as opposed to the mandate of the Federal Reserve in the US, which incorporates unemployement, growth and stability-. It is not simply that the Eurozone is void of a set of proper institutions to accommodate Europe's economic diversity; it is rather that the structure of the Eurozone, its rules and regulations as they stand, that

[12] Hatgioannides et al. (2017) propose the following actions regarding the re-orientation of the Euro and an ending to the crisis: (i) Writting-off the debt of ailling member states in excess of the Maastricht criterion of 60% of their GDP; (ii) Credible and heavy-touch auditing of the so-called SIFIs by a new independent public pan-Eurozone body that is accountable to both national and European parliaments; (iii) Formal and complete separation of retail and investment banking along the lines of the Glass-Steagall Act for this part of the banking industry that managed to recapitalise itself without delving deeply into the public purse, and (iv) Reboot the ECB and change its mandate (explicit nominal GDP and unemployment rate targets).

are not designed to promote growth, employement and stability for the member states.

Under this diagnosis, we proceed next to address the central question of this paper, asked above, in a manner that not only will avert the dissolution of the Eurozone but will also shake discredited neoliberal beliefs and economic functioning.

We propose (i) the adoption of a parallel currency[13], (ii) temporary default on the loans owed to official creditors but servicing all private loans with the strategic objective to regain market access in the future, (iii) nationalization of the central bank and the systemic commercial banks, (iv) partial recapitalization of the (nationalized) commercial banks using the newly issued currency, and (v) the introduction of capital controls.

We should stress that our five proposals should be envisaged as a singleton and implemented as a whole, since they will work synergistically in offering credibility and viability to our alternative plan.

We view the temporary default on the loans owed to official creditors as a rightful and economically plausible action; It is clear from Table 3 above that only a small fraction of the debt burden of Greece during the tumultuous post 2010 period was actually used for servicing the Greek state's operating needs. Official partners in the bailout programmes such as the IMF are also pressing for a significant debt relief.

The systemic commercial banks are already recapitalised directly by the Greek taxpayers to the order of 48.2 bn Euros as of the beginning of 2015, see Table 3, and by a further 12-15 bn Euros up to the present, totalling nearly a third of the Greek GDP. Unless one is (ideologically) convinced for an apriori private business model, formal, albeit temporary, nationalization of the Greek banking system is duly sanctioned.

We ellaborate below on our key proposal and contribution, namely the adoption of a parallel currency, which may be pertinent not only for Greece but for other troubled nations within the Eurozone, foremost Italy, given the current state of its economy and of the banking system. Historically, complementary currencies, especially in areas of high unemployement or underemployement, were successfully implemented ever since the Great Depression of the 1930s in the US, Canada, Western Europe and elsewhere. (for details, see Lietaer (2001)). Complementary currencies have proved a key tool in buffering a region from the shocks caused by the failures and crises in the official money system, as we are evidencing today within the Eurozone, and have fuelled a cooperative "domestic" economy operating in parallel with a competitive global economy driven by the official currency, namely the Euro.

In our modern take, the parallel currency would be issued in the form of govern-

[13] See Munchau (2015). Stiglitz (2015) also points out that an alternative way to exit the crisis might be moving towards a dual currency circulation, using both the Euro and a "Greek Euro", a currency that would be tradable only within the country's own banking system. He draws also on the experience of Argentina and the astonishing resemblances between Greece and Argentina in being choked by austerity, experiencing rising unemployement, poverty and inmense suffering.

ment IOUs denominated in Euros at a parity of one-for-one and consitute legal tender inside Greece. At first IOUs could be used to pay directly the public sector workers and pensioners.

As public *fiat,* it would be a form of social relationship based upon trust (as indeed, every currency in the post Bretto Woods era). In order to avert inflationary concerns and discounting in a possible "black market", the issuance of IOUs will be restricted to service the monthly payroll and would be collaterised with the stock of Euros deposited in central/commercial banks of the country. For Greece in particular, the stock of Euros deposited in commercial banks is in excess of 70bn Euros t present.

Liquidity would be sustained when people and companies with banking accounts use 'claims on bank deposits' instead of Euro notes, which they will no longer be able to obtain from their bank. Such deposit receipts will be the IOUs of the nationalised banking sector, fully redeemeabe to Euros at a parity of one-for-one (should the political impasse with the Eurozone's creditors ends), and will serve as legal tender as well.

Once a parallel currency is created, the (nationalized) central bank has also to avert hoarding. Every time someone hoards currency, by definition, its lack of circulation deprives other people of being able to perform transactions. The more sophisticated forms of complementary currency of the 1930s included a circulation incentive feature recommended by Silvio Gesell.[14]He proposed a "stamp scrip"mechanism; the core idea was to encourage people and companies to circulate the money through an anti-hoarding fee (technically called "demurrage", a word dating back to the railroads' practice of charging a fee for leaving a railroad car inactive). The back of each note, or deposit receipt in our scheme, typically had 12 boxes (one for each month) where an official stamp could be affixed. Any bill, to remain valid, had to have its stamps up to date.

What will be the impact on the Greek economy's external position and most importantly on vital imports of oil/gas and pharmaceutical products? Manageable, since unlike the small economies of northern Europe, Greece is a relatively closed economy; about three quarters of its GDP is domestic. Of the quarter that is not, most comes from tourism (approximately 18% of Greek GDP in 2014) which will also bring into the country valuable Euros and other foreign currency to finance the vital imports paid in the official Euro currency.[15]

Such an unorthodox scheme, however mountainous and courageous to implement, will cushion the Greek economy against a total collapse, avert further capitulation together

[14]In 1891, Silvio Gesell described the velocity of money as a decisive fctor in determining the level of prices, preparing the ground for Irving Fisher's celebrated work of the 1920s. Two Nobel prize winners in economics, Maurice Allais and Lawrence Klein have joined in the earlier praise by Keynes and Fisher of Gesell's contributions in monetary economics. (see Lietaer (2001).

[15]Euros will be exchangeable to IOUs at a parity of one-for-one and other foreign currency at market rates. Tourists will be able to exchange any unwanted IOUs to their imported currency upon departure from Greece.

with the perils of internal devaluation and shake the Eurozone, and the EU by and large, to its foundations.

There is little doubt that the wrath of the official creditors will follow; most likely than not, the ECB that supervises Greek banks, would view the government IOU's as "Mickey Mouse" money, cut off their liquidity through the Emergency Liquidity Assistance (ELA) mechanism and potentially revoke their licences.

The irony and tragedy though is that at the end of June 2015 capital controls were in place in Greece, commercial banks and the stock exchange were closed, citizens could only withdraw up to €60 per day, all without the adoption of a parallel currency, just because the ECB did (temporarily) freeze the ELA!

During a historic weekend in the 11th and 12th of July 2015, Wolfang Schauble, the German finance minister, insisted on 5-year Greek exit from the Eurozone, a "timeout" as he called it, that "could perhaps be a better way for Greece than the proposed €86bn bailout package". In reality, the most powerful member state pushes for the expulsion of another, tormented one. In doing so, creditor nations reverted to the nationalist European power struggles of the early 20th century; they demolished the idea of a monetary union as the stepping stone towards a democratic fiscal and political union.

The pretence of irreversibility is what distinguishes a true monetary union from a fixed-exchange rate system with a shared currency. The coup of the 11/12th July 2015 demoted the Eurozone into the latter system, held together by the threat of absolute destitution for those who challenge the prevailing order.

6 Déjà Vu?

The situation in the Eurozone today bears an eerie similarity to that of Europe in the interwar period, especially when the ruling elites of the creditor countries are trapped in similar orthodoxies to those of the post-WWI years. Ironically, Germany was then in a similar position to that of the periphery countries, Greece in particular. It was weighted down with its government debt because of the brutal reparations imposed at Versailles; its banking system was undercapitalised as the result of the hyperinflation of the early 1920s, and worse, it had become dependent on foreign borrowing at punitive rates. Germany was locked into the absolutism of the gold standard, which it dared not tamper with for fear of provoking a confidence crisis. When the Great Depression hit and private markets shut down, Germany had no choice but to impose bestial austerity with unemployment rising to 35% and populism surging.

Like today, in the beginning of the 1930s there was one major economy bestowed with prolonged large current account surpluses and low unemployment. France was deemed to act as the locomotive of growth for the rest of the continental Europe.[16] Beggar-thy-neighbour policies were framing the mindset of the economic rulers in France who were (i) refusing to accept responsibility of their version of mercantilism and its dire effects in the proximity of Europe, and (ii) in sheer denial of the necessity of expansionary policies and direct lending to Germany, fearing that they would be throwing good money after bad. The effect of such an opportunistic and short-sighted French policy was to herald the enthronement of a populist totalitarian regime that steered the world into the savagery and traumas of WWII.[17]

John Maynard Keynes's prophetic work, 'The Economic Consequences of the Peace' ([1920]2012), was ignored by the powerhouses of the 1920s and 1930s. In his capacity as the official representative of the British Treasury at the Paris Peace Conference in 1919, J. M. Keynes felt compelled to resign when it became clear to him that there was no hope for substantial modifications in the draft Terms of Peace. In his diatribe, he lays the ground of his objection to the Treaty, and dedicates his book "to the formation of the general opinion of the future" (ib., p.77). The following extract is revealing.

"...with every one owing every one else immense sums of money. Germany owes a large sum to the Allies; the Allies owe a large sum to Great Britain; and Great Britain owes a large sum to the United States. The holders of war loan in every country are owed a large sum by the State; and the State in its turn is owed a large sum by these and other taxpayers. The whole position is in the highest degree artificial, misleading, and vexatious. We shall never be able to move again, unless we can free our limbs from these paper shackles. A general bonfire is so great a necessity that unless we can make of it an orderly and good-tempered affair...it will, when it comes at last, grow into a conflagration that may destroy much else as well" (ib., p.73). How pertinent and topical for the current malaises of the Eurozone is his nearly 100 years old conviction for a collective reordering of debts and the necessity for adopting a new economic paradigm.

[16]France returned to the gold standard in 1928 - by 1932 French gold had risen from 12% to 28% of the world reserves. Notably, when Greece required financial assistance to overcome the dire straits of that period, "the French delegate advocated closing schools and cutting the salaries of public employees by 20 percent" (Bloomberg, 2012)

[17]Mouré's (2002) study is enlightening: "...the rhetoric of the gold standard, with its claims for automatic adjustment and a natural regulation of prices and external balance, is argued to have contributed significantly to misperceptions of the economic problems of the inter-war period, producing mis-prescriptions in order to resolve them. In this sense, gold standard rhetoric misled inter-war policy, with the Great Depression of the 1930s part of the price paid for the gold standard illusion" (ib., p.15). The point made by Mouré is that even if a structurally flawed gold standard system pushed inter-war economies towards major slumps (as Eichengreen, 1995, argues in the 'Golden Fetters' analysis), policy prescriptions played a crucial role in the timing and severity of the depression.

7 Conclusions

Economic convergence together with shared and inclusive growth were perceived as the intrinsic features of a 'brave new world' in the Eurozone. Within a decade of its creation and in the aftermath of the Great Recession, fiscal retrenchment has being undersigned as the sole recipe for the economic survival of the union. The Eurozone at present, given its marked imbalances and asymetric economic performance of its member states since its creation, reminisces more a fixed exchange rate area with a shared currency than a true monetary union with a common currency.

This paper addressed the flawed neoliberal economics of the architecture behind the bailout plans for Greece and the **accute geoeconomic** impact of **a series of fierce** austerity programmes. **We ellaborated on the relevance for explaining the Eurozone's woes in general and Greece's perilous condition in particular, of the two key perspectives on neoliberalism in heterodox political economy and within the field of economic geography, namely the Marxian one and the broadly Polyanian one. We employed Peck, Theodore, and Brenner's (2012) understanding of neoliberalism as market disciplinary regulatory restructuring. We corroborated to the argument that it is this disciplinary impulse that, in Polanyi's model, gives the Euro project its chimerical character, due to the political impossibility of allowing the societies of the member states to be "transformed into heap of ruins" (Polanyi (1944[2001], pp.202) by the "sanction of hunger" (Polanyi (1944[2001], pp.123), although both testaments, as we demonstrated, are tested to the limit in the case of Greece. The end result is an inevitable coupling of market disciplinary reforms (e.g., the inception of the Euro) to the growth of financial backstopping institutions which provide state-funded security (e.g., European Stability Mechanism (ESM), European Stability Fund (ESF)), in other words an expansion of big-government finance under the auspices of small-government ideology, in an escalating cycle of crisis and crisis interventions.We further attested to the observation made by Brenner, Peck and Theodore (2010) that neoliberalism is also characterized by a counterintuitive and perverse dynamic whereby its continued expansion is actually fueled by its own catastrophic failures.**

We proceeded by documenting ,for the first time in the literature, that the composition of the soaring Greek debt and most importantly its use **was** not to benefiting a "profligate" Greek state but rather overwhelmingly to avoiding the writedowns of bad loans made by reckless creditors (mainly, German and French banks) to the Greek government and to the Greek systemic banks. **We viewed this destabilizing conduct by the Eurozone's economic elites as a form of what Harvey(2005) called "ac-**

cumulation by dispossession". We **finally** offered our proposals for a temporary resolution of the Greek drama, whilst Greece officially stays in the Eurozone, primarily via the adoption of a parallel currency.

A credible and comprehensive "Plan B" of a complementary currency-along with the Euro-together with firm demands for legitimate substantial write-offs of public debt (the Maastricht criterion points to 60% sovereign debt as a fraction of GDP) for ailing member states may (i) avert the disintregration of the Eurozone and, ultimately the end of the Euro (similar to the Gold standard), (ii) re-orientate economic policies away from the conflict-ridden, unstustainable and perverse dynamics of neoliberalism whereby its continued expansion is actually fuelled but its own catastrophic failures, and (iii) halt the alarming ascendancy of anti-Euro/EU populism and its copious rhetoric of attributing the socioeconomic malices of large scale inequality and unemployment/casualization of the labour force on intra- Euroland/EU immigration from poorer to richer countries rather than on the malevolent form of contemporary capitalism.

Dealing with the fallacy of composition, where the collective austerity programmes and deleveraging of the private sector together with unconventional monetary policies such as quantitative easing are the roadmap to rescue the Eurozone as a whole, and Greece in particular, from its macroeconomic downhill, self-defeating internal devaluations and disintegration, the views of two of the most prominent scholars sitting on different ends of the economic spectrum are compelling.

On the liberal side, the 1930s Chicago School economist Henry C. Simons argued that "For the moment, however, attention must be focused on the task of escaping from the present affliction of extreme unemployment and underproduction. Unless the immediate crisis can be dealt with, there is no sense in talking about long-run policy. ...consequently, main reliance must be placed on "reflationary" government spending. ... Inflationary fiscal policy is dangerous, to be sure - but not so dangerous as the alternatives. ..Measures of this kind must be undertaken, merely to keep running a system which banking and monopoly have brought to its present plight" (Simons, [1934]1948, p.74). On the *Keynesian* side, John Maynard Keynes ([1920]2012) policy recommendations for a collective reordering of debts and re-orientation of the economic mindset were ignored by the powerhouses of the 1920s and 1930s.

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