50 ways to leave the Euro: Greece and the global crisis
By Thomas H. Greco, Jr.

The problem is all inside your head, I told the Greeks
The answer is easy, you need only stop the leaks
The power is yours to claim the freedom that you seek
There must be fifty ways to leave the Euro
(Apologies to Simon and Garfunkel)

Following the resounding "NO" vote by the Greek people on the bailout conditions in the July referendum, the negotiations between the Greek government and "the institutions" resumed with the expectation that a better deal for Greece would ensue. The outcome was quite the contrary. Greek negotiators ended up agreeing to a bailout deal that was far more onerous than the one the voters had rejected. Why?

The harsh reality is that the Greek government is insolvent. Having been lured into the debt-trap and the shared euro currency by western oligarchs using a combination of measures, including outright fraud, Greece was forced to accept the onerous conditions attached to the first two bailouts. Now it has been bludgeoned into accepting a third. The weapon of choice is the euro currency itself which is being wielded by the European Central Bank (ECB). By throttling the flow of euro currency into the country, the ECB last summer created near chaos in the Greek economy. This, and the threat of even more severe punishment in the future, was enough to bring the Greek government to heel.

With sovereign debt up around 180% of GDP, there is no way that the Greek government will ever be able to grow its way out of the current mess. The draconian measures demanded by the creditor institutions will just make it worse. Even the IMF has acknowledged (with apparent reluctance) that some debt relief is necessary for the Greek economy to recover. The new agreement forces the Greek government to yield even more sovereignty and to open its economy and its people more fully to exploitation by corporate interests and transnational banking institutions.

While the Greek government may be insolvent, the nation of Greece is not poor, at least not yet. But many of the conditions being imposed on the Greek government and the Greek economy will change all that. These include the demands for privatization of public assets, as well as the debt repayments and increasing tax burdens that are doing great harm to family-run businesses and mid-level enterprise that form the backbone of the Greek economy.

The fact is that Greece is blessed with many riches and the vultures from the west would dearly love get their hands on all of them. All the negotiations, past and present, have been about pressuring the Greek government to help them do it. Investigative reporter Greg Palast, with Michael Nevradakis, in a recent article[i] spotlighted a fundamental root of the current problem saying that, "… the euro itself ..is the virus responsible for Greece's economic ills," and "The imposition of the euro had one true goal: To end the European welfare state." So it isn't Greece alone that has been a target. Palast and Nevradakis continue, pointing out that, "Each Eurozone nation, unable to control neither the value of its own currency, nor its own budget, nor its own fiscal policy, could only compete for business by slashing regulations and taxes."

But the roots of the problem go even deeper than the euro currency. The present eurozone crisis is but one current example of the elite agenda that was kicked into high gear during the Reagan-Thatcher era of the 1980s and became codified in the "Washington Consensus." Using international trade agreements and institutions like the International Monetary Fund (IMF) and World Bank as their instruments, "the powers of financial capitalism" have been able to easily invade one country after another with toxic loans, enabling them to wield increasing power as they loot the commons and convert all manner of publicly owned assets to private corporate profit centers. Professor Carroll Quigley, mentor to former U.S. President Bill Clinton, revealed almost 50 years ago that "…the powers of financial capitalism had another far-reaching aim, nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole. "[ii]

Fortunately, in the wake of the 2008 financial meltdown, money and banking are at long last again becoming common topics for political debate. People are waking up to the fact that those who control money control economics, politics, and virtually everything else. Yet we have all been duped into allowing the money power to be turned over to unelected and often unknown persons. The result has been the subversion of democratic government, increasing disparities in incomes and wealth, and economic hardship and impoverishment of the masses.

Greece is now the pivot point of a struggle that has been ongoing for a long time. People around the world must now decide whether we will create a "new world order" based on democratic government by and for the people, or allow ourselves to be herded into a neo-feudal society dominated by the few at the top of the international banking and corporate pyramid.

In the wake of his re-election victory on September 20, Greek Prime Minister Alexis Tsipras continues to argue that Greece's economy cannot recover from its deep depression unless the burden of servicing its debt is eased. As things stand at this moment, it seems the best the Greek government can do is to negotiate a stretching out its debt repayment schedule. That may buy a bit more time, but will not be enough to cure the "disease."

Despite all the fear mongering and predictions about the dire consequences that might result from Greece's exit from the eurozone (Grexit), the choice is clear for the Greek government, either it will continue to surrender its people and its economy to be raped and plundered, or it will declare its independence, withdraw from the eurozone, and do what needs to be done to rebuild its economy on its own terms. How might that be done?

Now that we recognize what the elite agenda is and the true nature of the political currencies that are being used to beat governments and peoples into submission, it is clear that we must find ways to (1) disencumber ourselves of obligations that have been fraudulently imposed on us, (2) reduce our dependence on systems and structures that cheat and disempower us, and (3) build functional alternatives that serve the common good. Here are the steps that will eventually need to be taken by Greece and others that find themselves in a similar predicament.

Debt triage

With regard to its debts, the government needs to find respite and relief. As in a corporate bankruptcy, all debts must be frozen with no further accrual of interest until its finances can be restructured, then, decisions must be made about which obligations will be honored and which will be repudiated. Government obligations should be divided into three categories.

1. Obligations to pension funds, municipalities, schools, employees, and contractors. These must be fully honored.

2. Obligations to banks that have loaned money that they have created "out of thin air," and obligations to supra-bank entities like the IMF, World Bank, ECB, etc. These should be repudiated as illegitimate, immoral, and even illegal.

3. Legitimate obligations to non-bank corporations and certain other entities should be honored but the period of repayment should be stretched out with annual repayments being capped at a reasonable percentage of total output (GDP) so as not to impose undue hardship on the people.

Create domestic liquidity

The fundamental need of any developed economy is for a means of payment (liquidity) to facilitate exchange of real goods and services. As described above, the ECB cannot be relied upon to provide an adequate supply of euro currency, nor is the euro a "friendly" instrument for enabling domestic trade. The government therefore will need to find ways of providing "home grown liquidity" (payment media) for the domestic economy. It can do this by issuing its own national currency that could circulate alongside the euro, but that must be done in ways that are non-inflationary and maintain parity with the euro. Any currency issued by the government therefore must **not** be forced to circulate by making it a general legal tender. Only the government should be required to accept its own currencies as payment of taxes and other dues. Everyone else should be free to refuse it or discount it. However, when issued in proper proportion to its anticipated revenues, government issued currencies will be acceptable in the marketplace.

Tax Anticipation Warrants

Tax revenues provide a solid foundation for the issuance of a government currency. There is plenty of historical precedent for *Tax Anticipation Warrants or notes*, and many contemporary writers have put forth proposals of that kind for Greece**.** But there are limits to everything, and if this Greek currency is to be both interest-free and inflation-free, the government must, along with balancing its budget, limit the amount of warrants it issues to some reasonable amount in relation to its annual revenues. They also must not be favored with legal tender status beyond the government's own promise to receive it back, at face value, in payment for taxes and dues. But, tax anticipation notes will not provide enough liquidity for the economy to thrive as it should. So what else needs to happen?

Reemployment notes

There is also precedent for "development loans" to be made by government agencies to support domestic business and industry and thus get the wheels of commerce turning again and put unemployed people back to work. The government should therefore establish a national Development Bank to allocate, especially to small and medium sized domestic businesses, what might be called *Reemployment notes* (or *credits*). These should be interest-free and repayable within a relatively short period of time, say one or two years, but they should be issued in a steady stream to maintain liquidity at an optimal level. These loans should go first to businesses that have a ready supply of goods and services which can immediately be sold. As the *Reemployment notes* are used to pay employees and suppliers, they begin to circulate throughout the domestic economy enabling numerous transactions to occur prior to their repayment. By the simultaneous injection of currency and goods into the market, inflation and currency debasement will be avoided.

Private Currencies and Credit Clearing Exchanges

A further step should be to encourage and support the emergence of non-governmental payment media. Private and community currencies have a long history and they have again been popping up around the world over the past 25 years. Most of these have had very little impact but if properly done, such currencies have enormous potential. Private currencies that are spent into circulation by trusted producers of desired goods and services can provide "home grown liquidity" that is interest-free. By monetizing the value of goods and services that are already in the market and waiting to be bought, private currencies can also be inflation-free. Like tax anticipation warrants, these, too have the power to put people back to work and connect unmet needs with available supplies. Railway notes that were issued during the 19th century are one example of how valued services can be monetized to provide a sound circulating medium of exchange.

The same results can also be achieved by organizing **Mutual Credit Clearing associations** to enable reciprocity amongst businesses that exchange goods and services. The 80 year old Swiss *WIR cooperative business circle* is a good example of the successful application of the clearing process, as are the scores of commercial trade exchanges (sometimes called "barter exchanges") that have for the past several decades been operating successfully all over the world. One such successful exchange that I recently visited, called *Sardex*, has for the past five years been providing domestic liquidity on the island of Sardinia through the credit clearing services it provides for its 3000 business members.

Meanwhile, at the grassroots level, systems like LETS, and the Greek version called TEM, are struggling to find the proper procedures needed to achieve effective scope and scale of operation. They, too, have enormous potential benefits, especially if ways can be found to harmonize their structures and operations with those of the commercial trade exchanges.

Solidarity loans

We are all together in this battle for freedom, sovereignty, and a humane world order. People everywhere need to stand in solidarity with the people on the front lines, and right now the front lines are in Greece. It has been suggested that supporters might help cash-starved small businesses operating in places like Greece by making small euro loans to them through Crowdsourcing or Crowdsourcing campaigns. Such a program might help some businesses to hang on a bit longer, but liquidity added to the Greek economy in this way would only provide a small amount of short-term relief because the euro currency will quickly be drained away from the domestic economy as payments are made on external debts, or to pay for imports, or as people hoard physical cash. **However, there is a way that euro loans can provide longer term liquidity that will not leak out of the country or be hoarded.**

The euros or other political currencies that are loaned (dollars, pounds, pesos, etc.) need to first be **sanitized** and **domesticated** by converting them into **a parallel domestic currency that must be used only within the Greek economy.**

How does it work?
Crowdfunders or peer to peer lenders can **provide euros or other political currencies to an NGO that would act as trustee that would then make loans to selected businesses in the form of Solidarity Notes (SOL).** Each SOL note would be 100% backed by euro or other currency deposits like Swiss francs, or better yet, by real assets that will hold their value despite bank failures, deposit confiscation, or debasement of political currencies by the monetary authorities**.**

SOL currency could then be used by the selected businesses to pay their employees and suppliers who would, in turn, use them to make purchases from shops or other providers of desired goods and services. SOL currency will change hands many times prior to repayment of the loans, circulating throughout the Greek economy, in parallel with euro currency, for the duration of the loan, which might be two or three years, or even longer. As the business borrowers earn back the SOL, they will repay their loans at maturity. The NGO will then return to the original lenders the political currency that they provided as backing for the SOL. Whatever income is derived from the political currency investments can be used to cover the costs incurred by NGO in administering the program, and any residual income might be paid out as dividends to the people who provided the capital.

The key to success of this program is to provide the SOL loans to established businesses that have desired goods and services that are already available and waiting for buyers. The goods and services could be food, medicines, clothing, housewares, building supplies, energy, and any other necessities, plus essential services. In each case SOL provides the payment media needed to connect available supplies with unmet needs.

In summary, this is the process:

- Supporters provide an NGO with deposits of euros, dollars, pounds, or other political currency which the NGO invests in various financial and real assets (similar to retirement funds).
- Using those assets as backing, the NGO then issues a private currency, called SOL, by making interest-free, short-term loans to qualified domestic producers and sellers of essential consumer goods and services
- This to enables the reemployment of idle workers and the sale of excess capacity,
- while at the same time satisfying basic needs, without inflation.
- SOL loans are then repaid to the NGO and that amount of SOL is extinguished.
- The assets that backed that amount of SOL are liquidated and deposits are returned to the original donors.

- The process is continuous as new deposits enable new SOL loans to be made.

Although we have been speaking about issuing domestic currencies in the form of printed notes, they might also be issued in digital form as account balances that are accessed by means of credit or debit cards or transferred using the newer mobile phone technologies. Each of these forms of manifestation has its own particular advantages and disadvantages, so the choice must be tailored to the local situation.

This approach to *sanitizing and domesticating* can also be applied to improve the performance of the many community currencies that are sold into circulation, such as Bristol and Brixton Pounds in the UK, Toronto and Salt Sprig Island Dollars in Canada, and Berkshares in the US.

Besides the actions outlined above, the Greek government must also take bold action to correct the internal errors and imbalances that have plagued it for a long time. Corruption, cronyism, tax evasion, and over-regulation of small business are but a few of the problems that need to be addressed. And finally, the Greek people must embrace the spirit of solidarity and cooperation if they are to reclaim their dignity, survive as a nation, and maintain the quality of life that so many visitors flock to Greece to experience. If all that can be achieved, then Greece, the historical "cradle of democracy" can blaze a trail for others to follow toward a new **convivial** world order of peace, freedom, and a dignified life for all.

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[i] http://www.opednews.com/articles/GREECE-D-We-Voted-No-to-by-Greg-Palast-Austerity_Euro_European-Union_European-Union-150706-62.html. accessed 08 July, 2015.

[ii] See *Tragedy and Hope* (1966), p. 324.