

Wheel of recurrence in Athens brings echoes of Irish banking fiasco



Richard Pine Greece Letter

Country's fifth largest bank is in copycat exercise of Anglo Irish debacle

If history did not continually repeat itself, we would be unable to learn its lessons. Consider this: "There is nothing that can be done about Greece. We are too poor. We have only a lot of rocks to offer for sale. We can only exist on skilful borrowing."

Sounds familiar? One of Greece's more recent finance ministers? Selling "a lot of rocks" – its islands – is precisely one of the asset-stripping activities Greece is obliged to undertake by the terms of its bailouts. And, unless it returns to the drachma, borrowing is Greece's only way forward.

No, it's not a present-day politician, but a character in a novel by Lawrence Durrell from the 1960s, in which selling the Parthenon to a multinational corporation becomes a crucial test of self-determination. Was Durrell foreseeing the time in 2011 when the

German tabloid *Bild* would make exactly such a demand? What goes around, comes around.

In the 19th century the West was apprehensive about Russian interest in the Mediterranean and Central Asia. Today, we can add Chinese expansion to the same fears, as Russia and China are competitively buying into Greece and Cyprus.

In 2014 the then Greek prime minister, Antonis Samaras, declared that "Greece can become the main European entry point for China thanks to our strategic location". The Chinese company Cosco, which owns Piraeus (the busiest port in the Mediterranean), recently announced plans to increase cruise ship traffic by 50 per cent immediately and 300 per cent in the long term, while also aiming to buy the Greek national electricity grid.

But the economy is not the only geopolitical signpost: Samaras, in asserting "Greece is the friendliest and most reliable country in Europe for China", also indicated that joint naval exercises between the Greek and Chinese navies were part of the bilateral agreement to include a naval base for China in Crete. A Chinese naval base in the Mediterranean? How bizarre is that?

Wheel of recurrence

So Greece is caught up on this wheel of recurrence, which is now demonstrating extraordinary parallels with the Irish banking fiasco. Attica Bank, the fifth largest in Greece, is deep into a copycat exercise of the Anglo Irish Bank debacle. Initially, a routine inspection revealed a shortfall in its capital holdings. A further inspection earlier this year



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showed that the bank's board had been lending large sums without security and in blatant contradiction of central bank directives.

Crisis management led to the dismissal of senior management and board members in July, but unsecured and unauthorised lending continued, and further inspection revealed that non-performing loans worth €2.2 billion amounted to 60 per cent of the bank's portfolio, while deposits had shrunk over the past 18 months by €1.2 billion – 32 per cent of its assets.

The Greeks have a word for it: *thalassodancia* – literally, a loan thrown in the sea.

Most of these unauthorised loans went to companies in the business sector which were on the brink of collapse. This, too, sounds horribly familiar. One of the borrowers was a construction company owned by

Christos Kalogritsas, a developer with links to socialist parties whose tax affairs have been under scrutiny.

At a time when it was instructed to lend no more than €100,000 to any single borrower, Attica raised his credit limit from €10 million to €100 million, despite the fact that his personal credit rating had slumped.

His son, Yiannis Kalogritsas, made a tax settlement of several million euro in order to legitimise his successful bid for one of four broadcasting licences recently up for auction. But, perhaps because, as a result, he no longer held the €18 million deposit for the licence, young Kalogritsas had to relinquish it in favour of the under-bidder, Ivan Savvidis, a Russian-born Greek who is a Russian MP, a close associate of Vladimir Putin and one of Russia's richest men.

And this, in turn, has caused concern about the entry of Russian interests into the lucrative and powerful Greek media industry. Both these stories will run and run.

Self-confidence

Compared with the impact on the national banking system of the Anglo Irish collapse, Attica's debacle is small potatoes, and prosecutions, if they are started, are unlikely to lead to imprisonment. And I doubt there will be any tapes to match the radio drama we heard from Anglo Irish. But the effect on Greek self-confidence of the ongoing Attica saga is far-reaching.

The similarity between the two scenarios, in what amounts to illegal lending of a highly irresponsible nature, is stunning. Readers of this column can say "I told you so". That's what history helps you to do.

Briefs

Germany

Steinmeier set to be German president

German chancellor Angela Merkel has suffered a political setback by accepting that foreign minister Frank-Walter Steinmeier, a candidate from the rival Social Democrat party (SPD), should be the country's next president.

Mr Steinmeier is likely to be voted into the largely honorary post with reluctant backing from the chancellor's conservative CDU/CSU alliance, which has failed to find a suitable candidate. While there was no official confirmation, leading CDU/CSU politicians spoke out in Mr Steinmeier's favour.

The decision will rob Germany of an experienced and respected foreign minister at a time of tension in international politics. – Copyright The Financial Times Limited 2016

London

Assange questioned by prosecutor

WikiLeaks founder Julian Assange faced questioning yesterday by prosecutors at the Ecuadorian embassy in London, where he has been holed up for four years, over allegations he committed rape in 2010.

Swedish chief prosecutor Ingrid Isgren arrived at the embassy to pose questions to Mr Assange through an Ecuadorian prosecutor over the allegations which Mr Assange has denied.

Mr Assange, who enraged the United States by publishing hundreds of thousands of secret US diplomatic cables, took refuge in the embassy in August 2012 to avoid being extradited to Sweden over the rape allegation. – (Reuters)

UK



■ A court artist sketch of Thomas Mair

Cox killing 'politically motivated'

Labour MP Jo Cox was shot three times and stabbed repeatedly in a pre-planned murder with a political or ideological motive, the trial of the accused man has been told.

Thomas Mair repeatedly said the words "Britain first" as he carried out the attack, Richard Whittam QC, prosecuting, told the Old Bailey in London yesterday. "It was a cowardly attack by a man armed with a firearm and a knife," Mr Whittam told the jury on the opening day of the trial.

Mr Mair (53) is accused of the murder on June 16th this year. Cox was 41 when she died, and had two children, then aged five and three. – (Guardian service)



Poland begins exhuming bodies of Smolensk air crash

President Lech Kaczynski was among 96 people killed in 2010 disaster in Russia

Long-running drama, subject of conspiracy film, has divided and exhausted Poles

DEREK SCALLY

Six years after they were buried, Poland's state prosecutor has begun to exhume the remains of those who died in an air crash in western Russia – beginning with former presidential palace, and a year after his national conservative Law and Justice (PiS) party took office, the exhumations began yesterday.

While Kaczynski supporters have welcomed the year-long process of exhuming the bodies to test for traces of explosion, many relatives of the dead have protested against the move – to

no avail. Last month, more than 200 relatives of 17 Smolensk crash victims wrote an open letter to President Andrzej Duda, saying they felt "abandoned and distraught in the face of a cruel and heartless act" of exhuming their loved ones' remains.

Jaroslaw Kaczynski has said Poland will never be "truly free without the truth" on Smolensk. His supporters point to how Russia has never released the wreck of the plane. They have also criticised how some body parts were placed in the wrong coffins.

But Poland's political opposition has dismissed the PiS party's version of events as an attempt to transform a tragic accident into a founding myth for Mr Kaczynski's party and a new Polish state it is trying to create.

The long-running Smolensk drama – subject of a recent, conspiracy-filmed film – has divided and exhausted Poles.

Just 10 per cent approve of the exhumations, according to an Ipsos poll last week, though one in five believes the exhumation may bring new information about the circumstances of the crash.

Assassination
On April 10th, 2010, a high-level Polish delegation was flying to Russia for a ceremony remembering thousands of Polish army officers killed by Soviet forces in 1940 in the forest of Katyn.

The president's Tupolev plane crashed shortly before landing, killing all on board. PiS supporters see in the tragedy a deliberate assassination by Russia and a subsequent cover-up.

The original Polish and Moscow investigators deny any wrongdoing and stand by their reports. The Polish report blamed adverse weather conditions, poor guidance by Russian air-traffic controllers and an in-

experienced pilot. Russia's investigation blamed the Polish pilot, suggesting he came under pressure to land the plane in dense fog from an air force commander.

Former prime minister Kazimierz Marcinkiewicz has accused Mr Kaczynski of "exploiting the death of his own beloved brother" for political gain.

Mr Kaczynski's critics say there is little chance of a neutral investigation considering how the state prosecutor who ordered the exhumations was absorbed into the justice ministry shortly after the PiS took office a year ago.

Rescue workers at the site where a Polish government Tupolev Tu-154 aircraft crashed in April 2010 near Smolensk airport, Russia, killing then president Lech Kaczynski. PHOTOGRAPH: NATALIA KOLESNIKOVA/AFP/GETTY IMAGES

Austria awaits 'Trump effect' for election rerun



Derek Scally

Last presidential election ended with narrow victory for Green candidate

Austria knows all about aged, erratic billionaires running for public office. In 2013, Frank Stronach, an Austrian emigrant who earned his fortune as a Canadian car parts magnate, funded a populist general elec-

tion campaign. But hopes of tapping Austrian fury at the Viennese political elite fell flat and his "Team Stronach" took less than 6 per cent of the vote. Now on 1 per cent in polls, it is unlikely to run again.

Despite Stronach's failure, Austria's populist Freedom Party (FPÖ) is hoping for a Trump bounce for its candidate Norbert Hofer in the December 4th presidential election rerun.

Last May's election ended with a narrow victory for his opponent, Green Party-backed Alexander Van der Bellen.

But with just 30,000 votes between the two candidates, and problems with the postal vote count, Austria's supreme court ordered a rerun.

A first attempt in September was cancelled due to defective glue on postal vote envelopes.

FPÖ strategists are confident the Trump triumph will reduce Austrian inhibition of fol-

lowing the US lead to elect post-war Europe's first populist head of state.

But Van der Bellen's camp is confident their candidate can capitalise on the after-shocks of the Trump victory.

Latest polls give Hofer the narrowest of leads and both candidates know that victory lies in winning over the almost 200,000 voters still unsure of who to vote for, despite the long-entrenched political campaign in Austrian history.

The Trump and FPÖ/Hofer campaigns mirror each other in extensive use of social media and regular attacks on the "biased" mainstream media. Unlike Trump, Hofer – a long-serving member of the FPÖ – cannot play the outsider ticket. And unlike the US billionaire, Hofer has presented himself to voters as a moderate conservative.

In an interview after the

Trump victory, Hofer bristled at comparisons to the president-elect, saying: "I'm solid as a rock and won't change my calm style."

While Hofer is likely to maintain his buttoned-down image, political analysts expect his par-

In an interview, Hofer bristled at comparisons to the US president-elect

ty will crank up the volume in the final weeks of the campaign, with political attacks led by FPÖ leader Heinz-Christian Strache.

With the FPÖ now Austria's largest political party, Strache has framed this election as a referendum on the unpopular Social Democrat-conservative grand coalition in Vienna. A

Boost for Russia in Bulgarian and Moldovan elections

DANIEL McLAUGHLIN

Bulgaria and Moldova face political uncertainty after presidential elections in both countries were won by candidates who seek warmer relations with Russia.

Bulgarian prime minister Boiko Borisov resigned yesterday in response to the defeat of his party's candidate Tssetka Tsacheva, putting the EU and Nato member state on course for early parliamentary elections next spring.

In Moldova, Igor Dodon is celebrating a victory that he has pledged to use to rebuild ties with Moscow, a policy that would put him at odds with a government that sees deeper integration with the EU as vital to the impoverished country's future.

Former Bulgarian air force commander and opposition Socialist candidate Rumen Radev took 59.4 per cent of the vote in Sunday's election run-off, well ahead of Ms Tsacheva's 36.2 per cent.

A political novice who capitalised on his compatriots' disappointment with Mr Borisov's government and lack of enthusiasm for Ms Tsacheva, Gen Radev hailed a "victory for all Bulgarian people. Democracy has beaten apathy and fear."

While making clear that he does not question Bulgaria's membership of the EU and Nato, Gen Radev attracted some voters by calling for a rapprochement with Russia, which still plays a major role in the Balkan state's economy.

"I will closely work with the

government and EU colleagues to achieve the lifting of the sanctions," he said, referring to measures taken against Russia in response to its 2014 annexation of Crimea and support for separatist militia in Ukraine.

Gen Radev (53) praised US president-elect Donald Trump for "seeking more dialogue with Russia", saying it "gives a lot of hope for reducing [the risk] of confrontation, particularly in Syria".

In Moldova, a country wedged between Ukraine and Romania that is considered



■ Bulgaria's Rumen Radev: "Democracy has beaten apathy and fear."

the poorest in Europe, Igor Dodon took 52.3 per cent of votes on Sunday to beat pro-EU former World Bank economist Maia Sandu on 47.7 per cent.

The Socialist party leader has always espoused turning back to Russia as Moldova's main strategic partner, in opposition to a government that signed an association agreement with the EU in 2014.

Most Moldovans have seen little benefit from the country's strategic turn to the West, however, and many officials who portray themselves as "pro-western" have proved to be corrupt and incompetent, tarnishing the appeal of EU integration.

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