

Cycle of recession leaves Greeks in a shadow of unknowing



Richard Pine
Greece Letter

Announcements about progress are merely public charades

If the function of a parliamentary opposition is to express "loyal dissent", then many would see the current Syriza-led government of Alexis Tsipras as "disloyal assent".

In government, Tsipras has reversed the policies he voiced in opposition. He has not only accepted the bailout he inherited, but has succumbed to what seems to be the indefinite national debt.

Today, he cuts the ribbon on highways whose construction he had opposed, and welcomes the incoming German operators of Greek airports whose sell-off was anathema to the left only three years ago.

The impasse between Greece and its creditors is due to Greece's apparent incapacity to introduce reforms into a top-heavy public administration and Syriza's resistance to tax increases and pension cuts.

Every meeting of Tsipras or his finance minister Euclid Tsakalotos with the EU or IMF

is heralded as leading to a breakthrough in this impasse. Every post-meeting statement explains why the breakthrough didn't happen.

As long as the EU and IMF are dissatisfied with reform progress, and the balancing of the exchequer by whatever means, there is little question of debt restructuring and even less of debt relief.

A newspaper headline in September 2016 read "Reforms to be done by early October, government says"; it didn't specify which October, and we are still waiting.

Original bailout

The facts of economic life on the macro-scale are terrifying. The original bailout in 2011 was supposed to reduce the debt-to-GDP ratio from 160 per cent to 110 per cent. The ratio now stands at 177 per cent, due in large part to the IMF's incorrect calculations which have created a self-perpetuat-

ing recessionary cycle.

Greece was bankrupt in 2011, is even more bankrupt now and will be further into bankruptcy next year.

The current debts will not be repaid until at least 2040. The state itself owes €3.8 billion to its suppliers. In July it must make interest repayments to creditors of €7 billion, money it simply doesn't have.

Supermarket turnover is down 15 per cent; it is reckoned that 40 per cent of retail businesses will have closed between 2014 and 2017. On the level of the average household the increases in VAT (especially on foodstuffs) from 13 per cent to 23 per cent in 2015 and to 24 per cent in 2016 are putting many domestic budgets at risk. Some 20 per cent of all electricity bills are unpaid.

Two-thirds of all households have an annual income of less than €12,000, of which 23 per cent goes in tax, leaving the average family with €9,250.



Greeks can be justified in thinking that Brussels and Berlin do not care what happens to Greece as long as the euro zone and the EU itself are preserved. A Grexit would not be as serious as a Frexit or a Spexit, but it would set up a tsunami of its own

Unemployment among the over-45s is up from 20 per cent to 30 per cent.

A major problem with assessing the Greek condition is the inconsistency of statistics and the variability of projections. The latest triumphant announcement that in 2016 Greece achieved a primary surplus of 3.9 per cent (instead of the expected 0.5 per cent) was immediately capped by another which pointed out that that figure included overtaxation which has to be repaid in the current year.

Debt restructuring

A week earlier, Brussels had reduced its forecast for the Greek economy; now it had to rejig the figures. With the IMF on one hand admitting it got the original bailout figures wrong, and on another arguing with Germany about the point at which debt restructuring can start, no one really knows what is going on.

Greeks can be justified in thinking that Brussels and Berlin do not care what happens to Greece as long as the euro zone and the EU itself are preserved. A Grexit would not be as serious as a Frexit or a Spexit, but it would set up a tsunami of its own. Greeks see the posturings of the EU and IMF as having little to do with the Greek economy.

Sources in the ministry of finance acknowledge that while relations with EU inspectors are cordial, the various announcements about progress are merely public charades. The reality is that progress is impossible while Greece lacks a computerised tax-gathering programme, something which was born in 2009-10, went missing in 2011 and has yet to phone home.

The IMF spring meeting in April was very largely concerned with the question "What should we do about Greece?" Clearly no answer

was found, as reports of the meeting indicate that a "breakthrough" is as far distant as it ever was. One EU official states "We are close to a deal" while another admits "There is no deal on the table".

A survey of the Greek economic future by PricewaterhouseCoopers published in the same month argued the obvious: that there is a vicious cycle of recession which can only be exited by measures to stimulate growth and competitiveness and drastically reform public administration.

TS Eliot, echoing Plato, wrote: "Between the idea and the reality, falls the shadow." If it were not for the resilience of the Greek people, and their capacity to tolerate confusion, their dissent would erupt into disloyalty of a dangerous kind. But loyalty to the "idea" of Greece, even if it nowhere matches the reality, allows dissent to inhabit this shadowland of unknowing.

Labour manifesto commits to public spending rise and single market access

Corbyn promises plan will transform UK economy for the benefit of the many

Proposals include nationalisation of Royal Mail and the railway network

DENIS STAUNTON
London Editor

Labour has promised a massive increase in public spending, funded by an increase in corporate tax and higher taxation of those earning more than £80,000 a year.

Launching the party's election manifesto in Bradford on yesterday, Jeremy Corbyn said it was a fully costed plan to transform Britain's economy for the benefit of the many.

"We are asking the better-off and the big corporations to pay a little bit more – and, of course, to stop dodging their tax obligations in the first place. And in the longer term we look to a faster rate of growth, driven by increased private and public investment, to keep our accounts in shape. This is a programme of hope. The Tory campaign, by contrast, is built on one word: fear," he said.

Many of the details of the manifesto were leaked to the media last week, but there were some new announcements, including a plan to nationalise water, as well as the Royal Mail and the railway network. It promises big increases in spending on health, social care and education, including the abolition of third-level tuition fees.

negotiations, prioritising access to the single market and the customs union. But he made clear that Labour accepts the outcome of the referendum and will not seek to reverse it.

Labour opposes a second referendum on Scottish independence but promises more devolution elsewhere, including the



■ Jeremy Corbyn at the launch in Bradford of the Labour Party manifesto for the UK general election yesterday. Many details were leaked to the media last week. PHOTOGRAPH: DANNY LAWSON/PA WIRE

appointment of a minister for England. On foreign policy, the manifesto would not hesitate to voice disagreements with Donald Trump and promises to immediately recognise the state of Palestine.

Campaigning in Stoke-on-Trent yesterday, Theresa May dismissed Labour's manifesto as unrealistic.

"The question isn't what people are promising but can you believe that people will deliver what they're promising?" she said.

"You can only fund our NHS, you can only have the funding that we've made available in re-

lief to childcare if you've got that strong economy."

"What we see from Labour's proposals today is that they don't add up and their nonsensical economic policies would mean that actually it was ordinary working families who would pay the price for Labour's coalition of chaos."

Trade union leaders praised the manifesto as a promise of

"This is a programme of hope. The Tory campaign... is built on one word: fear"

real change but Adam Marshall, director general of the British Chambers of Commerce, condemned its plans to increase taxation and public spending.

Enterprising society

"High personal taxation, sweeping nationalisation and deep intervention in business decision-making are not the hallmarks of an ambitious and enterprising society," he said.

"Taken together, some of the headline propositions in the Labour Party manifesto will give business communities across the UK real cause for concern." Plaid Cymru also published

its manifesto, promising to be a strong voice for Wales during negotiations on Brexit. The party wants Wales to continue to be able to trade with the EU without costly barriers but its leader Liane Wood said it is no longer seeking to keep Wales in the single market.

"Things have moved on. We've moved on from the referendum. We've moved on from talking about membership of the single market," she told BBC Wales.

"What is vital now is that we are able to do whatever we can to protect those 200,000 jobs reliant on access to the single market."

Labour plans nearly €50bn a year in taxes



Denis Staunton
Analysis

Nobody earning less than £80,000 a year would pay more income tax

Much of Labour's manifesto was already familiar after last week's leak of a draft version but the full document highlights the starkness of the choice facing British voters on June 8th.

The manifesto is not, as the right-wing media claim, a blueprint for a return to the 1970s and is not nearly as radical as Michael Foot's in 1983.

But Labour is proposing a dramatic increase in the rate of the state, funded by an extra £48.6 billion a year in taxes, and tens of billions of pounds in extra borrowing. It would, according to the Institute for Fiscal Studies, take tax as a proportion of GDP to its highest level for 70 years.

Nobody earning less than £80,000 a year would pay more income tax and there would be no increase in VAT or national insurance contributions. The biggest new source of revenue would come from gradually increasing the corporate tax rate to 26 per cent, which the party says would bring in an extra £19.4 billion a year.

Labour would nationalise the water industry, along with Royal Mail and the railway network. It would abolish

third-level tuition fees and spend more on housing, health and social care.

On Brexit, the party would not seek to reverse the referendum result but promises a different approach to negotiations, with an emphasis on "retaining the benefits" of the single market and the customs union. The manifesto rejects the idea of leaving the EU without a deal.

"Labour recognises that leaving the EU with 'no deal' is the worst possible deal for Britain and that it would do damage to our economy and trade. We will reject 'no deal' as a viable option and if needs be negotiate transitional arrangements to avoid a 'cliff-edge' for the economy," it states.

Jeremy Corbyn introduced the manifesto with a confi-

"The biggest new source of revenue would come from gradually increasing the corporate tax rate to 26 per cent, which the party says would bring in an extra £19.4 billion a year"

dent speech in Bradford, contrasting what he called Labour's campaign of hope with the Conservatives' appeal to fear. Polls show that many of Labour's policies are popular but Corbyn is a drag on his party's fortunes.

Labour supporters have been heartened in recent days by polls showing the party's support rising above 30 per cent.

The same polls carry better news for the Conservatives, however, with support edging towards 50 per cent.

Brady's ashes must not be scattered on moor, says coroner

HELEN PIDD and **SIAN MILLS**

Ian Brady's ashes must not be scattered on Saddleworth Moor, where he buried four of his child victims, a coroner has said.

Opening an inquest into the 79-year-old killer's death, Christopher Sumner said he also wanted assurances that a funeral director and crematorium willing to take the Moors murderer's body had been found.

Brady, who, along with girlfriend Myra Hindley, tortured and murdered five children between 1963 and 1965, died in Ashworth secure hospital in Merseyside on Monday night without ever revealing where he had hidden the remains of Keith Bennett, a 12-year-old boy from Manchester.

The cause of Brady's death was heart failure and chronic obstructive pulmonary disease, the inquest at Sefton coroner's court heard. Sumner, senior coroner for Sefton in Merseyside, said he would not release Brady's body until certain conditions were met.

"I would like an assurance before I do so that first of all the person who asked to take over responsibility for that funeral has a funeral director willing to deal with the funeral," said Sum-

ner, using Brady's full name.

"I also wanted to have assurance that when Mr Stewart-Brady is cremated his ashes will not be scattered on Saddleworth Moor. I think that's a right and proper moral judgment to make. I think it would be offensive if Mr Stewart-Brady's ashes were scattered on Saddleworth Moor."

Brady's death was not celebrated by Keith Bennett's brother, according to the Bennett family lawyer, who urged Brady's solicitor to pass on any information that could help locate Keith Bennett's remains.

Police vow
Multiple searches of Saddleworth Moor have failed to uncover Keith's remains. Following Brady's death, Greater Manchester police have vowed never to close the case unsolved.

John Ainley, who represented Bennett's late mother, Winnie Johnson, said he had contacted Brady's solicitor advocate to ask him to pass on "any documents and information that [Brady] may have left behind that would be relevant to the search for Keith Bennett, be that in documents he had left in his cell, or documents he had given to third parties to be opened after his death, if such documents exist".



Just before Johnson died in 2012, one of Brady's advocates claimed Brady had written a letter addressed to Winnie to be opened only after her death. Jackie Powell, Brady's legal ad-

vocate at the time, claimed the letter existed during a television documentary.

No corroboration
Police interviewed her but could not corroborate the

claims. Brady later claimed there was no such letter. "Since 1985 I have repeatedly stated that I know/knew the whereabouts of Keith Bennett," he wrote, "but to know or have known the

whereabouts is entirely distinct from stating that a vast wilderness that changes with the seasons every year would, after 50 years, remain precisely familiar to anyone." Guardian service

UK trade agreement may need approval of all EU member states

The UK may have to wait – and hope – for every single one of its European Union neighbours to give full legislative consent before it can fully benefit from any post-Brexit free trade deal, EU judges ruled yesterday.

In a verdict that may also delay and potentially obstruct a string of other EU trade pacts, the European Court of Justice (ECJ) said an agreement struck with Singapore in 2014 cannot take full effect until ratified by 33 national and regional parliaments across the 28-nation bloc.

The European Commission, which runs trade policy for the EU, had hoped Brussels might be free to implement deals without having to consult assemblies, such as that of Wallonia in Belgium that nearly wrecked an accord with Canada last year.

The EU's last major trade deal to enter force, with South Korea, took five years to be ratified. The commission, which sought the ruling, said it clarified divisions between EU and national powers.

A UK government spokes-

woman said only that the UK hoped the Singapore deal would now be implemented.

London wants a trade agreement to keep much of its current access to Europe's single market once it quits the EU in March 2019. But Brussels negotiators have warned such deals can take a decade or more from start to finish.

National parliaments
Any trade pact with Britain would need to be signed off in Brussels by all 27 EU governments after Brexit, but the ECJ ruling implies that, depending on the deal, national parliaments would also get a veto. So would federal Belgium's five regional assemblies, among them Wallonia and German-speaking East Belgium (population 77,000).

"If the UK wants to sign a swift trade deal with the EU, it may have to get every one of the EU's national governments to agree if the deal falls within their powers. This is no easy task," said Laurens Ankersmit from environmental activists ClientEarth.

– Reuters