

EUROPOLIS

Press Release

Berlin, July 9th 2015

Juncker bends over backwards and ECB continues emergency assistance

Despite the denial of reality of the Greek population, Brussels continues to consider Greece as creditworthy

Even after transferring at the expense of the Eurosystem billions of savings from Greek accounts abroad, neither Brussels nor Frankfurt are making a realistic assessment of the game players. Instead of waiting for the Greek population to feel the pinch of the policy approved or tolerated by them, *Juncker* by pure discretion makes new compromises with the Athens government. Moreover the Eurogroup receives the new finance minister with all honours although *Tsakalotos* refuses to bargain in a realistic manner.

In the meantime, the European Central Bank (ECB) continues its tightrope walking as banking supervision and monetary manager of the Eurozone. It must be aware that the Greek banks are not worth a cent. According to its own guidelines, the ECB is obliged to cease Emergency Liquidity assistance (ELA). At least the ECB has resisted the claim for increase of ELA, and has requested higher haircuts on collaterals. It is noteworthy that the ECB, similarly to any finance minister of the Eurozone, would have to write-off receivables against Greece, acquired under the Securities Markets Programme (SMP). A write-off would damage the ECB's reputation, because national banks never have any write-offs on assets acquired through open market operations.

Fortunately Estonia and Lithuania - apart from Ireland und Portugal - have proved how to reengineer their economies. The courage of their citizens should also serve to encourage the lukewarm German establishment to call the Greek bluff and to show them the door. More than ever before, the fate of the Eurozone and the

EuropolIS

stability of Europe depends on the Baltic nations frequently undermined by French power.

Press contact:

Robert Heaton PhD PGCE
heaton@europolis-online.org
Paulina Rusak, Ass. Iur.
rusak@europolis-online.org
Europolis e.V.
Hackescher Markt 4
10178 Berlin
+4930-84314136

Notes to Editors

Europolis is an independent Berlin-based think-tank with no party political affiliations.
Prof Kerber is available for interview by arrangement.