Greece. Once again. – Fiat Euro! 6/2014

Brown twilight in Greece. German media are charging. Nice statue cures it all.

At first, the EU officials resolutely deny. Later they accept a theoretical possibility. Finally, they start negotiate the conditions. But it is clear for all that from the very first moment, despite everything, money is on their way. We are talking of course about the rescue packages in the euro crisis, which were handed out like nothing. And because we are coping with the snowball effect here, we are facing the same problems again and again - namely Greece. Let's count, how often, during last four years, this country came to the brink of default. First, it was in year 2010, when the problem was solved via bilateral loans (in which Slovakia participated only partly - as a member of IMF). Later, in 2012, a debt restructuralization took place, when 53.5% of nominal value of part of Greek bonds was cut. Next time, country received more help, in the form of temporary EFSF (European Financial Stability Facility). The connoisseurs can perhaps include the third default, few months later, after which the repayment was extended and interest lowered in favour of Greece. (And we are leaving aside the help of ECB to Greek zombie banks.)

And as the result of the support is inextinguishable debt, the next bailout is in the oven already. But the elites of the EU and IMF are also discussing new measures how to help Greece, because it is possible that budgetary revenues, even in combination with current loans, will not cover the expenses planned for 2014. The gap is not smaller than 6 billion euro. What is more, the privatisation is not enough to cover it, since there is only a mediocre interest to purchase the listed assets among foreign “predatory capitalists”. So what is now on the agenda is the extension of the maturity of the bilateral loans to 50 years and/or further reduction of interest rates by 0.5%. And German sparrows are already tweeting about the rescue package worth 10-20 billion euro.

But there are not only debts, which are presenting a problem in the Hellenic Republic. Members of the third strongest and openly neo-Nazi party Golden Dawn destroyed the memorial monument dedicated to murdered musician Pavlos Fyssas last week, they intimidated his family in their house and smashed several bars without any resistance from the security forces' part. Even though the chairman of Golden Dawn has been arrested and accused of participating in the murder of Fyssas, members of party are not afraid to continue in their activities. What is more, party’s Crown Prince Illias Kasidiaris candidates for the position of a mayor of Athens with pre-election results ofstaggering 55% of votes. Memories of the Nazi occupation of the country, which was the hardest among non-Slavic countries and brought famine and death of several hundred thousands of people, have probably already faded. No less than five (out of seven) parliamentarian parties in Greece include characteristics of national or proletarian socialism in their programs and all hate each other.

This all creates an unpleasant situation for Brussels, right before the upcoming European elections. German Bild newspaper already computed possible share of Germany in the new "package" for Greece to 6 billion euro and it came up with the headline: "The Greeks richer than us...But want another billion - from us.". In the article, newspaper recalls the recent research of ECB, according to which, even though German households have nice incomes, they own less assets (especially real estate). Results of such a research can handle various interpretation, but for German euro sceptics they just bring desired bullets for the pre-election campaign.

Not that they did not have any, so far. Wirtschafts Woche, for instant, summed up the wasting of European funds in Germany. Among some interesting examples, there are the unsuccessful project of pets' crematorium, marketing project for improvement of the position of isolated butchers or nearly 10 million euro for the bankrupted factory producing vegetable oils.

Motorized voters might not be pleased with expected increase in prices of fuels (British experts estimate the increase on 240 euro per motorist - and this sum is not including an increase in food prices) due to new regulations on fuels - they should include more "green" ingredients. To be expensive and to be "green" is probably necessarily connected, otherwise it is hard to imagine that Brussels has introduced duties on imports of cheaper U.S. ethanol. Last week, we informed you about the idea of the EU to install in all cars a device that would make it possible to deactivate them remotely. Hopefully, there is going to be a by-product invented - a device that would disable the Brussels' bureaucratic machine.

In the shadow of Greece remained news from Spain, where additional 113,000 registered unemployed were reported. If you are wondering how the country can actually survive at 27% unemployment, the answer is - grey economy. Its estimated share on Spanish GDP between 2008-2012 increased from 17.8% to 24.6%. In Italy, it should be possible to live from the look at Donatello sculptures and landscapes - as local officials imagine. They are actually considering legal action against the credit rating agency S&P for damages worth 234 billion euro. The agency supposedly forgot to fully appraise Italian "history, art and natural scenery", in awarding the investment rating of the country. Well, I bet that at least Italian history was for sure taken into account.

If you cannot call it a week without news from banking sector, we have at least one piece. One part of the upcoming stress test will be also the test of quality of bank assets (bonds, loans and other securities held by banks). ECB is slowly revealing the criteria that are used for the test purposes. Those assets that are held for trading will be market to market. The question however remains, how the others will be ranked.

And we cannot conclude this issue otherwise than by the visit of Sochi. 2014 Winter Olympics cost 40 billion euro, which is more that all previous winter games together. The vast resources allowed the building of many advanced gimmicks - radiator in the ceiling, throwing the toilet paper on the ground, or lawn sprayed with green colour - you can choose your favourite!

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