

Greece and Economic Recovery: Fake News in Action



Ten years ago, the implosion of Lehman Brothers ignited a financial crisis whose impact and effects were felt virtually across the globe as banks and financial institutions everywhere that were exposed to subprime lending, formed part of a long chain of complicated and interconnected derivatives, and partook freely in Wall

Street shenanigans.

In Europe, the global financial crisis that started in the United States did not reach shore until late 2009, and the first victim was the land that gave birth to democracy and laid the foundations for the emergence of Western civilization.

Enter Greece and an ongoing debt drama, with catastrophically spectacular economic, social, and political ramifications, that has no end in sight.

Indeed, now into its eighth year, Greece remains entirely dependent on international bailouts (three bailouts involving the European Union and the International Monetary Fund have been arranged since 2010), has lost a quarter of its GDP with no realistic expectations of recovering it for decades to come, experiences unemployment levels which have oscillated between a high 27.8 percent (in July 2013) and a low 21.2 percent (in June 2017), and has seen the standard of living decline to 1960s levels.

Worse, Greece's debt-to-GDP ratio has exploded since the start of the bailout programs, rising from 128 percent in 2010 to over 185 percent in 2017, and, with no debt relief in sight, the small Mediterranean nation has become truly a permanent debt colony inside the world's richest region. In the meantime, a mass exodus of young and educated people has been in motion for several years now (youth unemployment rate in Greece stands currently at 43.3 percent), a process that is bound to have long-term effects on demographic trends and a significant impact on future economic developments.

Nonetheless, the story line advanced these days from Athens, courtesy of a pseudo-leftist government that has not only reneged on every one of its promises to the Greek citizens since coming to power, but has ended up reinforcing the neoliberal agenda of the European Union/International Monetary Fund duo with more perseverance than all previous governments put together, is that the country has “turned page” and that the crisis is now practically over.

Yes, these days, “post-truth” politics, the production and “fake news” and the dissemination of “alternative facts” are not the exclusive domain of the narcissistic megalomaniac with the pseudo-populist agenda occupying the White House. The Syriza/ANEL coalition government in Athens, a mephitic political marriage of sorts between the radical Left and a nationalistic and xenophobic party, has been following closely in the footsteps of Trumpian manipulation of political discourse and extreme populist propaganda surrounded by lies and more empty promises.

First, the actual facts about the broken promises and the continuous lies of and the dissemination of fake news by the Syriza government. For starters, not only did Alexis Tsipras deceive the Greek people by winning the popular vote with passionate pleas that, if elected, he would do away with international bailouts, secure a debt write-off, and put an end to the vicious cycle of debt-austerity-recession-unemployment, but ended up signing a third bailout agreement with the country’s international creditors and has even consented to the enforcement of Procrustean economics, which entail additional cuts in excess of five billion euros (about \$6bn), even deeper pension reductions, and the attainment of outrageously high primary surplus targets – well into 2020.

The impact of all these measures will be the equivalent of a surgery that was successful, but the patient died.

Indeed, the country’s fiscal affairs have improved and some aspects of economic activity are even showing a slight improvement in 2017 (for example the GDP expanded by a pitiful 0.5 percent in the second quarter of 2017, although household consumption continued its steady decline, dropping by an additional 0.1 percent, while fixed investment shrunk 4.5 percent) but the majority of people sink ever deeper into poverty and despair.

Nonetheless, the Greek “economic success” story advanced by Tsipras and some

of his lackey ministers would have been hilariously funny if it wasn't such a serious matter. But one couldn't possibly expect anything else from such an unethical and opportunistic government.

After all, the message of a Greek "economic success" story implies, and in contrast to everything known so far about economic reality, or what Syriza government officials were professing themselves until fairly recently, that austerity and the brutal experiment undertaken on the part of European authorities to convert Greece into a neoliberal laboratory are finally paying off; thanks in large part to the government of Alexis Tsipras in enforcing to the fullest possible extent policies such as blanket privatisation of state-owned assets, sharp cuts in wages and pensions, draconian reductions in public spending, and unrestrained labor market flexibility.

However, the reality of the situation in Greece is that the depression that broke out as early as 2009 has stabilised since late 2014, although the economy took an additional huge dive immediately after Syriza took power in January 2015 and it did not stabilise again until the spring of 2017.

To be sure, back in 2014, the conservative government of Antonis Samaras was also celebrating the "recovery" of the Greek economy on account of having produced a primary surplus thanks to huge taxes and draconian budget cuts and having successfully launched a temporary return to the private credit markets.

Of course, as an opposition party, Syriza made a mockery of the propaganda campaign launched by the Samaras's government to convince citizens that it had succeeded in putting an end to the crisis.

Yet, for the last year or so, Tsipras' government had been doing exactly what the Samaras government was doing by virtue of having "accomplished" all of the above tasks.

The problem is that the Greek people, who are stretched to the outer limits with the imposition of massive tax hikes on everything from income, property, and consumption, while experiencing at the same time mass unemployment, a sharply reduced minimum monthly wage, and never-ending austerity, are not buying the "fake news" of their tieless prime minister.

Unsurprisingly, all latest polls in Greece show that, if elections were held now,

Syriza would lose by a big margin. And this piece of news is not surprising because whatever its flaws and limitations, under democracy fraudulent populism, lies, and fake news have an expiration date.

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