# Is Greece Planning to Print Energy?

Contributed by Allan Stromfeldt Christensen
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Over the past couple of months the story keeping many people on the edge of their seats has been the ongoing dilemma of Greece's detested debt burden, its Great Depression-worthy 25% contraction of its economy, and its voluntary or even forced withdrawal from the eurozone – the fabled "Grexit."

For about five years now, heavy austerity policies (cutbacks in government spending) have contributed to what is being described by some as a "humanitarian crisis."
As per stated in the conditions of €240 billion in loans that Greece has received over these years, the Greek government has had to significantly cut back on expenditures, which has included laid off government workers, reduced pensions, a gutted minimum wage, and the selling of state institutions. Partially as a result of this, general unemployment is a bit above 25% while youth unemployment is at nearly 60%; suicide rates are up by 35%; rates of divorce, depression, children suffering from malnutrition, children suffering from physical and emotional abuse, and hospitals lacking basic equipment and medicines are all up; infant mortality has increased 43%; and married women are begging brothels to let them work, but who are then turned away because, well, it's apparently illegal to sell oneself for sex if one is already betrothed.

Nonetheless, and to the acclaim of many alternative media outlets, late-January saw the stunning election-win of what is called a far-left political party, Syriza. The prime mandate on which it was voted in on by the Greek electorate was to reverse the five-year policy of austerity and to essentially tell its Troika creditors (the European Union, the European Central Bank, and the International Monetary Fund) to shove it where the sun don't shine.

With Syriza promising to repeal all the aforementioned discomforts, accolades came pouring in, possibly the most astoundingly hyperbolic drivel coming from the online magazine Truthdig.

Exhibit #1: "[T]he Greek people have defied the global ruling class by electing Syriza."
No, ticking a different box on a ballot while changing nothing about the way you live your life changes absolutely nothing.

Exhibit #2: "[W]hat the European elites perhaps fear most is a successful left-wing government in Greece."
Painting this as a left-wing versus right-wing issue is about as ridiculous as it gets. That should be made obvious as I continue.

Exhibit #3: "Opposing austerity means nothing more than bringing back the mainstream policies of mid-20th century industrial societies... (which remain in place in Northern European countries),... but that represents an existential threat to the logic of neoliberalism and must be drowned in the bath."

Long story short, and elaborated upon in a moment, wrong again. Industrial civilization is coming to an end.

And finally, exhibit #4: "Syriza's appeal... is about more than just alleviating the crisis – it's about a common-sense vision for a better, fairer society that goes beyond Europe's progressive social democracies of the second half of the 20th century. And herein lies the tremendous promise of this moment: Out of crisis, an empowered left may be born that not only takes on neoliberalism, but also raises the specter of something truly worth fighting for, the most humane and egalitarian technological societies yet."

Now please don't get me wrong – I'm not a fan of neoliberalism in the slightest. But with that out of the way, let me just say then that paralleling the energy of actual slaves that allowed some Europeans to live lives of privileged comfort in the 19th century and prior, what the "progressive social democracies of the second half of the 20th century" were based on was the latest energy of slaves. Or in other words, on fossil fuels. No fossil fuels, no "mid-20th century industrial societies."

In other words, what's going on isn't just another juvenile left-versus-right debate-class game. Because the fact of the matter is that thanks to peak oil we've now entered the early stages of a world that is smacking up against the limits to growth. Simply put, since the world's supply of conventional oil (that under the ground and deserts) peaked in 2005, and since conventional plus unconventional supplies of oil (the former plus tar sands, fracking, and deep sea oil) are all about to peak as well, the world simply doesn't have the energy required to power the continuation of economic growth. With growth slowing down in some places and even reversing into contraction, this means that there is less economic activity to create revenues to pay off debts. Greece just happens to be one of the first losers in this game of musical chairs, also known as triage from modernity and the industrial economy. Why might Greece be a deindustrializing vanguard?

First off, and unlike a "Northern European country" such as Norway, Greece doesn't have abundant supplies of oil to power its modern industrial economy, nor to sell on the open market to pay for imports (or to pay off debts). Secondly, unlike Japan (which has barely any domestic supplies of fossil fuels either), exports of baklava don't quite bring in the revenue that Hondas and Nintendos do, and being part of the eurozone, Greece can't print out yen (or euros in its case) to paper over all its problems and convey the illusion of solvency.

(That being said, Norway and Japan will soon enough be losing out in the musical chairs game as well: crashing oil prices are already hitting some in Norway hard and are a sign of things to come; and when the world can no longer afford high-tech Japanese toys, Japan is going to be in a world of pain which no yen sorcery will be able to paper over and which will make the Greek situation look like a case of the chickenpox.)

Unfortunately, and as all appearances indicate, Syriza is under just as much of a mass delusion as Truthdig is. As Greek finance minister (and former academic on game theory) Yanis Varoufakis stated in a New York Times opinion piece before Syriza's election win, he wants to "bring back growth," to "table our proposals for regrowing Greece," and that there will be "[n]o more loans – not until we have a credible plan for growing the economy in order to repay those loans [and] help the middle class get back on its feet."

Again, this is utter nonsense. Unless Varoufakis and company are on the one hand trying to pull a fast one on the Troika, or on the other hand trying to fool the Greek electorate, then it appears that Syriza is just as much of a band of deluded fools as the ones whose offices they took over, and that Varoufakis' New York Times piece is nothing but a game theorist trying to take game theory to the next level and so game theory-theory other game theorists.

Since, as already mentioned, growth is now over, similar talk about securing Greece a "new deal" is just as ridiculous. In a time of booming growth, sure, it could be possible, but when growth is stagnating the world over – even in China, and even in Germany – foreign lenders aren't about to sacrifice their middle-class creature comforts so that Greeks can have back their middle-class creature comforts thank you very much.

Regardless of that though, if Syriza were to implement a default on Greece's loans and unilaterally pull off its Grexit from the eurozone, it could thus free itself from the euro straightjacket and enable itself to reissue and print as many new drachmas as it likes, even Greenback-styles, via the government and not private banks. However, not only would a new drachma crash in value the moment it was released, and not only could there be a line-up of unscrupulous and pissed off former creditors itching to take revenge on the newly issued currency, but who in their right mind is going to want to sell oil to Greece for depreciated drachmas, particularly when all they're likely to get in return for the depreciated currency are container ships of said baklava?

However, even though discussions about money and currency provide plenty of fodder for pundits on the payroll, money has essentially nothing to do with the current problems in Greece. As I explained in my previous post, the core function of money is that it enables us to command energy – the energy used to move our bodies with, to power our machines, to feed to domesticated animals whose energy we then use to do work (which nowadays generally means entertaining us), etc. In other words, it might be tough and/or inconvenient, but one can get by without money. You can't get by without energy.

In other words, what Greece needs in order to revive its growth, its middle-class creature comforts, its "European social contract" and "mainstream policies of mid-20th century industrial societies," and the rest of all that claptrap, is oil. Greece isn't short on money. It is short on energy.

Is the Greek populace aware of all this? For the most part I would say no, and if solidarity marches with the chant of "let Greece breathe!," which recently erupted in Paris, Madrid, Amsterdam, Berlin, Copenhagen – basically all over Europe – can be taken as an indication, then the answer is no. Most of Europe apparently hasn't the slightest clue that remaining in the eurozone (in order to maintain modernity) means debt peonage, and that a quick Grexit means poverty on a whole new level for much of the Greek populace.

So unless Syriza is planning to come out straight with the Greek electorate and inform them that modernity and industrial civilization (the myth of progress) are coming to a close, and that they're going to have to cut back on – if not give up – their happy motoring, the majority of their imports, and their pirated Netflix feeds, then the only option they have left to make up for their shortcomings is to print energy. But not even these new Greek gods can do that.

To be fair, those on the other side of the negotiating table have even far less credibility to speak for. For starters, when the Troika and the rest of the Wall Street shills state that no further aid will be granted upon Greece until all austerity measures are met, this is a load of disingenuous BS. So are statements by finance ministers who proclaim that "Greece has lived beyond its means for a long time." Truth be told, only a miniscule amount of those loans actually stayed in Greece, with an even tinier amount going to assist the hungry. The fact of the matter is that the vast majority of the loans are simply shuttled right back to banks in Germany, France, Holland, etc., simply to pay off interest on the old loans and prop up their parasitic banks. In short, it is banks that are being bailed out, and on the backs of Greeks, to boot.

To explain why this must inevitably happen requires a little lesson in banking. As it stands, private banks currently enjoy the racket of being able to create money out of thin air (no, they don't simply lend out the deposits of others) under the fractional-reserve, interest-bearing debt system. Furthermore, because private banks create and issue out the principal but not the interest, there is never actually enough money in circulation to pay off all the loans plus all the interest. While some players in this game of musical chairs do in fact earn enough profits from their loans to pay back all the principal plus interest charges, since the system was short the funds to pay back all the principal and all interest charges in the first place, not only do some end up short of the funds to make payments on their debts, but since their initial loans were siphoned away as profits by those who managed to pay off their loans and interest (and who may have even stashed away some money as savings) these "losers" in the game sometimes lack not only the interest but even the principal to pay back. In other words, unless they – Greece – miraculously switch(es) roles with one of the "winners" – a Germany – then their loans can never actually be paid back.

On global and national scales, when in the past "losers" in this game have claimed bankruptcy, the system has been able to somewhat absorb the losses thanks to economies growing at strong enough rates. That is, copious and growing amounts of fossil fuels enabled enough economic growth so that new loans could be created quick enough in order to inject new money ("liquidity") into the system to cover (paper over) the defaulted loans.

However, as things now stand, if enough "losers" in the game were to now claim bankruptcy, not only would they be throwing themselves into a world of pain, but, and through no direct fault of their own, they could theoretically precipitate an implosion of the entire interest-bearing debt, fractional-reserve, house of cards, monetary system. Reason being, since peak oil means that there is no longer an increasing amount of cheap fossil fuels available to spur on economic growth, this then means that there simply isn't enough new economic activity to seek out new loans to pay off the interest on old loans.

Sure, in the past central banks have ramped up the "printing presses" (also known as "quantitative easing," or QE for short) in order to temporarily paper over the problems until the oil started flowing again, but this time the problem isn't that the oil is being held back for whatever political reason(s), but that it has finally reached its maximum level of output. Yes, central banks all over the world are currently "printing" money like there's no tomorrow, and banks are offering super-low-interest-rate credit cards to pretty much anyone who can fog up a mirror, but in the long run this can only lead to inflated currencies, bankruptcies galore, and things getting uncomfortably hairy.

Since the oil has now peaked, growth can no longer continue and the grandiose fractional-reserve, interest-bearing debt system is coming to an end. For now there is just one Greece, but soon there will be another, then another, then another, until it is discovered that not only the European Union but the entire world is essentially insolvent. No amount of austerity, free market ideology, Keynesian stimulus, or any other fake solution can right this ship.

Sure, in the short run perhaps Russia with its massive fossil fuel reserves will prop up Greece for a while longer, allowing those on the left to pompously vilify those on the right as being the bad guys here. But that just kicks the can down the road and buys Greece – never mind those next in line – just a few years of token respite. On the other hand, perhaps the European Union and Greece are planning for some kind of orderly Grexit. But that still wouldn't address issues of energy shortages.

In summation, at this point in time there are no options left to avert serious economic pain, but that doesn't mean that implementing the suggestions that some have been speaking of for years now (and even decades) are all for naught. Although this is putting it a bit simplistically, the more localized our food systems become, the more local currencies we implement (like the Tem in Volos, Greece), the more we strengthen our local democratic systems, the better we'll be able to deal with the upcoming collapse of our national and global economies.

As I like to say, the best, easiest, and most accessible way(s) to enable this to actually start happening would be to ditch the TVs and forego yet more purchases of brand new cars. But truth be told, those have actually always been good ideas.

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References:

Greek Bailout chart is by
Telesur

The above article first appeared on Allan Stromfeldt Christensen's website FromFilmersToFarmers.com. His previous article in Culture Change was Peak Oil and the Fracking Bubble: Could this Mimic the 2004-2008 Housing Bubble?, 07 January 2015.

About the author: After four years in the film studies program at Ryer-son University in Toronto, Allan Stromfeldt Chris-tensen decided to turn his back on film-making and refrained from submitting what became his final film into the short film program of the Toronto International Film Festival. He is currently finishing off his first book, From Filmers to Farmers: From Couch Potatoes to Potato Cultivators , which will be followed by the starting of a small fruit wine and cider operation (and the raising of goats), on an experimental, demonstration, and educational farm: The Centre for Recovering Filmmakers.

Culture Change editor's comment on Greece's condition:

A silver lining: The cancer-like growth of car-oriented, often unsightly and cheap development receded greatly due to Greece's Crisis -- thanks be to the gods and goddesses. The ecosystem (a Greek word and concept) got a break. Despite Greece's somewhat ravaged environment and the impossibility of printing energy in the post-peak-oil world, the people's prospects for survival are better than those in the hyper-consuming nations with less family cohesion. This and the resilience of Greek culture that features many people's traditional connection to the land and sea have helped cushion the economic hard times. - Jan Lundberg

Further reading:

Essay Ending Industrialism, January 2007 on CultureChange.org and EnergyBulletin.net (now Resilience.org), by Jan Lundberg