

■ COMMENTARY

Pact between Greece and its creditors deserves a chance

By Joergen Oerstroem Moeller

HARDLY was the ink dry after the agreement on July 17 between Greece and its creditors before columnists, commentators, economists and politicians jumped to far reaching conclusions: Greece would never make it. Leaving the euro (Grexit) is certain. This is the beginning of the end for the eurozone. Germany is bullying the other members of the eurozone and by throwing its weight around, dooming the whole European edifice to collapse. The engine driving European integration since 1952 – the Franco-German axis – has come to an abrupt end primarily because of German policies.

What have been written so far reminds one of the fairy tale *Alice in Wonderland* with the Queen of Hearts saying "sentence first, verdict afterwards". Why not opt for common sense and wait until signs indicating the effect of the measures are available? Over the next six to 12 months, we will know more about the performance or non-performance of the Greek economy, more about the political reverberations among other things because of the coming election in Spain, and have a clue of the Franco-German relationship not the least how they tackle challenges such as the British request for new terms of EU-membership, and the unstable situation in Ukraine. We will also have a better basis for prognoses concerning public opinion, attitude of politicians and economic policy of the eurozone.

The Greek economy is weak, definitely, but at the end of 2014 the growth rate was respectable and surpluses on the primary public budget and current account pointed to a better future. It is not a spring chicken, but the effort to turn the economy around may not be insurmountable.

GREECE'S DESTINY

When the dust settles the Greeks are going to live in a much more competitive economy than they were used to. Do they adjust exploiting the opportunities auguring a new beginning or do they fall back on the behavioural pattern seen over decades locking the country and its economy into a failed state? Only the Greeks can give the answer. Often overlooked is the plain fact that the destiny of nations rests with the people – Greece is no exception.

The chorus predicting continued contraction and inevitably Grexit is deplorable exactly at the moment when the most intricate challenges since the overthrow of military dictatorship in 1974 lurks around the corner. Membership of the European Union (1980) was designed to cement democracy after the colonels were dismissed. Euro membership connoted confidence in the Greeks' right to be a European nation contributing to stability inside Greece and in the Eastern Mediterranean and south of the Balkans.

Is it wise to cast doubt over these indisputable beneficial political objectives for Greece and the rest of Europe by coming out with all guns blazing, telling the Greeks that whatever they do, future membership of the euro is out and future membership of the European Union (EU) is in question? Greece outside the euro and – at best – a second-rate member of the EU can easily turn into something very nasty judged by its history over the last 200 years.

It is open for discussion how wisely creditors behaved. Certainly! And the Greek government too! But this is irrelevant. We cannot go back to the past. The agreement – good, bad, lousy, or promising – is what Greece and the creditors have. No one with the slightest experience of being in office can seriously contemplate going back to the negotiating table. This is it or nothing. So why not give it a chance?

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The Greek economy is weak, definitely, but at the end of 2014 the growth rate was respectable. PHOTO: AFP