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Collapse, Part 1: Greece

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by Charles Hugh Smith

The theme this week is collapse. It's a big, complex topic because there are as many types of collapse as there are systems. Some systems appear stable on the surface but collapse suddenly; others visibly decay for decades before finally slipping beneath the waves of history, and some go through stages of collapse.

The taxonomy of collapse is broad, and each unsustainable system (i.e. a system that will fail despite claims to the contrary) has its unique characteristics.

Which brings us to Greece.

I have written extensively about Greece and the doomed financial arrangement known as the euro for many years—for example: [Greece, Please Do The Right Thing: Default Now \(June 1, 2011\)](#).

[When Debt is More Important Than People, The System Is Evil](#) (February 18, 2012)

[Greece at the Crossroads: the Oligarchs Blew It](#) (January 27, 2015)

[Greece and the Endgame of the Neocolonial Model of Exploitation](#)(February 19, 2015)

[When Europe Gets Greece's Jingle Mail: Dealing with Default](#) (May 15, 2015)

With the bankruptcy of Greece now undeniable, we've finally reached the endgame of the Neocolonial-Financialization Model. There are no more markets in Greece to exploit with financialization, and the fact that the mountains of debt are unpayable can no longer be masked.

Europe's financial Aristocracy has an unsolvable dilemma: writing off defaulted debt also writes off assets and income streams, for every debt is somebody else's asset and income stream. When all those

phantom assets are recognized as worthless, collateral vanishes and the system implodes.

The peripheral nations of the EU are effectively neocolonial debtors of the core, and the taxpayers of the core nations are now feudal serfs whose labor is devoted to making good on any loans to the periphery that go bad. (see chart of Greece's debtors below)

Greece's financial/political Elites milked the entry into the EU for all it was worth, effectively destroying the Greek economy in their limitless looting: [Misrule of the Few: How the Oligarchs Ruined Greece](#).

What has already collapsed is the faith that institutions within Greece and the European Union can effectively manage the inevitable Greek default. As noted in the essay linked above, Greece's power structure is designed to do one thing: protect vested interests and dissipate accountability.

The same can be said of the European central Bank (ECB) and the European Union (EU). Both were sold as abstract financial magic: the Elitist power structures of every nation in the union—the ultimate source of the rot that is now emitting the foul stench of collapse—would be left intact while the economies of all member nations would magically produce more goods and services based on ever-expanding debt and leverage.

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