

## The Greek 'Impossible Triangle'-Europe's Trapdoor Slams Shut

Jorge Vilches\*

*Financial op-ed columnist based in Buenos Aires, Argentina*

\*Corresponding author: Jorge Vilches is a financial op-ed columnist based in Buenos Aires, Argentina, Tel: 4706-3460; E-mail: [jorgevilches@fibertel.com.ar](mailto:jorgevilches@fibertel.com.ar)

Received date: March 16, 2015; Accepted date: March 24, 2015; Published date: March 31, 2015

Copyright: © 2015 Jorge Vilches. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

### Article

Nothing has changed with the 'new' agreement between Greece and its European 'partners' because the Greek so-called 'impossible triangle' stands in their way.

The three mutually incompatible vertices of the Greek 'impossible triangle' are:

- The Syriza ruling party staying in power.
- Reversing the current Troika austerity programs.
- Greece staying in the euro.

The uncompliant list of promises made to the Greek people by Syriza has now been replaced by an equivalent uncompliant list of promises made to the Troika. The European soul-searching exercise is thus over, leaving no further room for self-correction.

The Troika is back in Athens with yet heavier boots on the ground pushing for the very same things it always wanted --and needs-- from exemplary Greece. Meanwhile, government money is running out fast, as we speak. Near term payments of all sorts have been jeopardized with no solution in sight.

Major events --including a referendum-- are highly probable very soon in Greece, way before the June 'agreed' reset date which can't solve anything anyway. Thus, the stage has been set for the Pan-European Grand Project to come apart at the seams. The 2010 - 2012 dress rehearsal is over, now it's for good.

Adrift in European shallow waters, the Greek ship will now run aground into uncharted political rocks. Europe's own trapdoor has slammed shut.

### Vertex 1

Syriza's DNA is hard-wired to Vertex 1 because political parties are conceived and grow in their quest to exercise power.

Staying in power is Syriza's obvious 'raison d'être', the very reason it became a political party in the first place.

Syriza will do 'whatever it takes' to stay in power, including some extending and pretending to buy some time, political lies included with full blown ambiguity ruling the process with the tacit approval from both sides.

That's what the Feb.20 'new agreement' was all about, nothing else.

Thus, bank runs have been avoided for a short while.

So Vertex 1 is here to stay.

Don't waste time fighting it.

### Vertex 2

After the February 2015 elections, reversing the current Troika austerity programs is a "must" because:

- Greeks voted Syriza into power with the specific mandate of doing just that. Greeks just can't bear an additional inch of austerity.
- Syriza invited nothing less than its right-wing arch-rival (!) the Independent Greeks party to form a majority coalition on the exclusive basis of sharing the common goal represented by Vertex 2.
- Any 'agreement' has to be approved by the Greek parliament.

Not reversing the Troika austerity programs would immediately melt down Syriza's foundation with no political engineering solution anywhere in sight.

As Vertex 2 is Syriza's passport for ruling Greece, they'll never tear it up.

Otherwise, anomy will rule Greece, dragging down Europe's weakest flank, the PIIGS.

Let's not be fooled then by the supposed 'new' agreement.

Greece is still same old Greece, the same you and I know no matter how many "wired" tourists roam about country-wide retail merchants. The only difference is the (short) time gained by the (short) punt just kicked a few (short) yards away from the goal line.

Any 'solution' without Vertex 2 would turn infuriated Greeks to the streets.

If Vertex 2 is not complied with, Vertex 1 would automatically flash red-hot political and social alarms [1].

So Vertex 2 is also here to stay.

Get used to it.

### Vertex 3

Accordingly, the only variable left for possible modification within such 'impossible triangle' is staying in the euro (Vertex 3) meaning that tomorrow morning most Greeks would have to wake up as competitive and organized as most Germans, Dutch or Finns, something that simply can't happen.

Massive loans and investments would also need to arrive to the Hellenic Republic overnight. That won't happen either.

Furthermore, if Greece stays in the euro, it would find it impossible to reverse the current austerity programs (Vertex 2) and, thus, Syriza would not be able to stay in power as per Vertex 1.

So, as Vertex 1 and 2 are cast in concrete with mutually reinforcing bondage, the triangle discussed so far is truly, really impossible.

---

## Enter Alexander the Great

So here comes the Alexander-the-Great moment for Greece whereby the Gordian knot has to be cut apart, high and dry.

Because no matter the rationale or how the problem is sliced... or temporarily postponed... by having Vertex 1 and 2 firmly embodied into the Greek current power structure, the final outcome necessarily means the devaluation of the Greek currency, namely the euro (or rather the Deutsche Mark?)

And that means Grexit.

Additionally, repudiating the USD \$ 0.5 Trillion real, effective sovereign debt [2] would jump start the Greek economy with primary account surplus on the 'get go' similarly to what happened in Argentina.

Russia and/or China would probably (and eagerly) take it from there for their own good reasons.

So with Vertex 3 demolished, the "impossible triangle" is instantly solved and both Greece and Euclidian geometry would find themselves back in business... with a lot of hardship ahead.

## Costs

There will be no shortage of costs, both inside and outside of Greece, both inside and outside of Europe. But such costs would be far lower for everybody than having Greece turn into an anomic state. Greeks know this already and Europeans are finally finding out.

There will also be additional Grexit losses because of the euro area GDP reduction. That'd be another Eurozone problem, not Greece's, something which Brussels, Paris and Berlin should have thought about long ago.

So make no mistake: the Greek 'impossible triangle' can be solved in great style as Alexander the Great had in solving the Gordian Knot. Former Fed Chairman Alan Greenspan agrees 100% with this. He should know [3].

## References

1. <http://www.zerohedge.com/news/2015-02-24/mutiny-athens-central-committee-member-slams-syriaza-leadership-strategy-which-failed>
2. <https://thenextrecession.wordpress.com/2012/05/10/eurozone-debtmonetary-union-and-argentina/>
3. <http://www.iiprc.org/europe-s-trapdoor-slams-shut.html>