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Lazy Ouzo-Swilling, Olive-Pit Spitting Greeks Or, How Goldman Sacked Greece

Sunday, November 6, 2011

by Greg Palast for *In These Times*

Here's what we're told:

Greece's economy blew apart because a bunch of olive-spitting, ouzo-guzzling, lazy-ass Greeks refuse to put in a full day's work, retire while they're still teenagers, pocket pensions fit for a pasha; and they've gone on a social-services spending spree using borrowed money. Now that the bill has come due and the Greeks have to pay with higher taxes and cuts in their big fat welfare state, they run riot, screaming in the streets, busting windows and burning banks.

I don't buy it. I don't buy it because of the document in my hand marked, "RESTRICTED DISTRIBUTION."

I'll cut to the indictment: **Greece is a crime scene.** The people are victims of a fraud, a scam, a hustle and a flim-flam. And—cover the children's ears when I say this—a bank named Goldman Sachs is holding the smoking gun.



*This is an adaptation of an excerpt from **Vultures' Picnic**, Greg Palast's new book, out next week, an investigator's pursuit of petroleum pigs, power pirates and high-finance fraudsters. [Read the first chapter](#) or just [get the book](#) here.*

In 2002, Goldman Sachs secretly bought up €2.3 billion in Greek government debt, converted it all into yen and dollars, then immediately sold it back to Greece.

Goldman took a huge loss on the trade.

Is Goldman that stupid?

Goldman is stupid—like a fox. The deal was a con, with Goldman making up a phony-baloney exchange rate for the transaction. Why?

Goldman had cut a secret deal with the Greek government in power then. Their game: to conceal a massive budget deficit. Goldman's fake loss was the Greek government's fake gain.

Goldman would get repayment of its "loss" from the government at loan-shark rates.

The point is, through this crazy and costly legerdemain, Greece's right-wing free-market government was able to pretend its deficits never exceeded 3 percent of GDP.

Cool. Fraudulent but cool.

But flim-flam isn't cheap these days: On top of murderous interest payments, Goldman charged the Greeks over a quarter billion dollars in fees.

When the new Socialist government of George Papandreou came into office, they opened up the books and Goldman's bats flew out. Investors' went berserk, demanding monster interest rates to lend more money to roll over this debt.

Greece's panicked bondholders rushed to buy insurance against the nation going bankrupt. The price of the bond-bust insurance, called a *credit default swap* (or CDS), also shot through the roof. Who made a big pile selling the CDS insurance? Goldman.

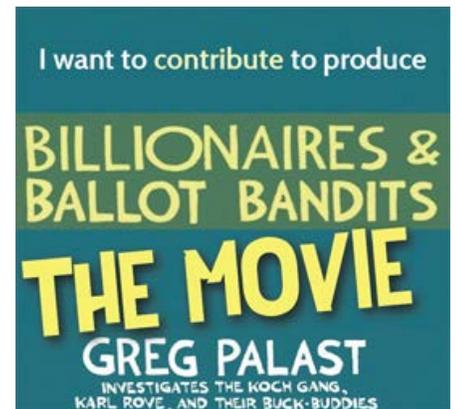
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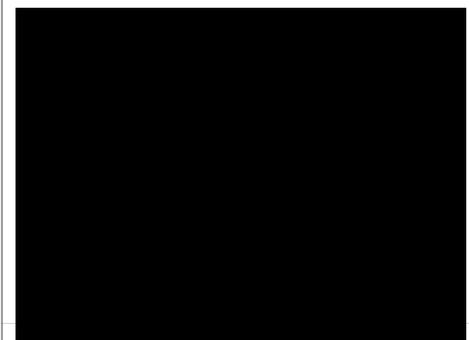
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And those rotting bags of CDS's sold by Goldman and others? Didn't they know they were handing their customers gold-painted turds?

That's Goldman's specialty. In 2007, at the same time banks were selling suspect CDS's and CDOs (packaged sub-prime mortgage securities), Goldman held a "net short" position against these securities. That is, Goldman was betting their financial "products" would end up in the toilet. Goldman picked up another half a billion dollars on their "net short" scam.

But, instead of cuffing Goldman's CEO Lloyd Blankfein and parading him in a cage through the streets of Athens, we have the victims of the frauds, the Greek people, blamed. Blamed and soaked for the cost of it. The "spread" on Greek bonds (the term used for the risk premium paid on Greece's corrupted debt) has now risen to — get ready for this—\$14,000 per family per year.

Euro-nation, the secret Geithner memo, and the Ecuador connection

Why did the Greek government throw its nation's fate into Goldman's greasy hands? What the heck was in the "RESTRICTED" document? And why did I have to take it to Geneva, to throw it down in front of the Director-General of the WTO for authentication, a creepy French banker I otherwise wouldn't bother to spit on, and then tear off to Quito to share it with the grateful President of Ecuador?

To give you all the answers would require me to write a book. I have: *Vultures' Picnic—in Pursuit of Petroleum Pigs, Power Pirates and High-Finance Fraudsters.*

It's really quite important to me that you read it, that you [get it now](#). That's a funny statement, I suppose, from an author. But if you've been reading my stories in The Guardian or watching my reports on BBC Newsnight, you've gotten the facts; but I really want to let you inside the investigations, to cross the continents with me and follow down the leads so that you can get a full picture of The Beasts. The Beasts and their trophy wives, intelligence agency go-fers, political concubines and bone-breakers. And besides, it's enormous fun when it's not scary as sh*t.

Here's a taste of Chapter 12 - The Generalissimo of Globalization - from the film-enhanced eBook edition. [And more on the 1% Greece-ing us, check out the upcoming issue of *In These Times*.]

Note: I will be in Chicago for *In These Times* on November 29, part of our 15 city tour that begins this coming Sunday, November 13, in Portland, then moves to San Francisco, LA, San Diego, Denver, Boulder, New Mexico, Albuquerque, Chicago, Madison, New York, DC, Houston, Burlington, and Atlanta. [Find out more info here.](#)

Greg Palast is the author of *Vultures' Picnic: In Pursuit of Petroleum Pigs, Power Pirates and High-Finance Carnivores.*

 **Get it now!**
For more information about Palast's brand new book and his book-signing events in your city, go to www.VulturesPicnic.org

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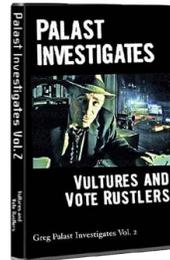
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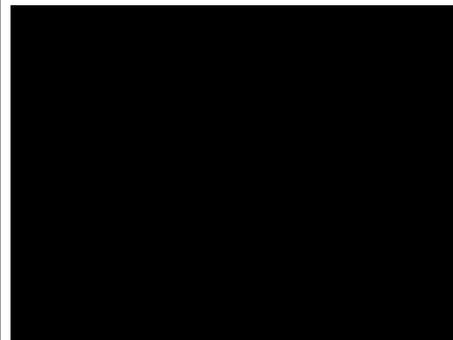
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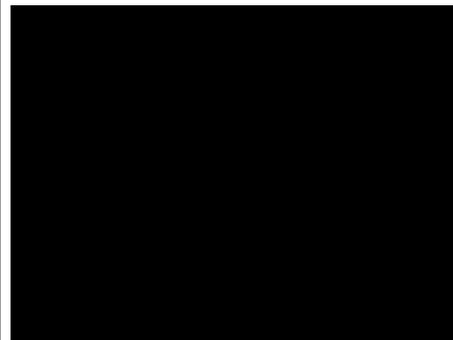
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