

Game of Kremlin or change of government? [FIVE OPTIONS FOR GREECE]

Even if Russia had nothing to do with the development of the situation in Athens, it would still be convenient for it to spread such rumours. It is not very difficult to come up with a scenario that assumes the participation of Kremlin. What is the option for Greece? What can happen to this country? Marcin Lipka, Cinkciarz.pl analyst, commented on the matter.

The society chooses savings

Since the Greeks voted earlier for the populist Syriza, it seems that they will resign from the savings policy and deny the creditors' plan in Sunday's referendum. However, last week's surveys published by the research agencies Kapa Research and Alco Polls say otherwise.

According to the first survey, 53% of the respondents do not support the government's actions leading to Grexit and only 43% are for the policy of confrontation. The survey of Alco Polls shows that 57 percent of respondents think that Greece should compromise with the creditors. Only one out of three respondents (29%) thinks otherwise. However, there is a question – will these opinions remain the same after adopting the control of capital flow.

Will the lack of access to cash cause the society to become more radical, or make it acknowledge that life without the protection of the eurozone is more difficult? New surveys will be published soon. This will be particularly important news.

Change of government

If in Sunday's referendum the Greeks decide to continue the policy of savings, there will probably be a change of government. The current cabinet opposed the reforms and therefore will not have the authority to introduce them. It is likely that a technical cabinet will be created and shortly afterwards new elections will be announced.

Additionally, it is most likely that the creditors will do everything in order to reward the Greeks for choosing the solution forced by Brussels. Thus, it is possible that they will even offer the highly anticipated reduction of debt. This will cause the chance for the victory of pro-european coalition to increase significantly.

Parallel currency

The Greek rejection of the plan forced on them by Brussels will increase the likelihood of Grexit. However, it is possible that two currencies will be valid in Greece. One of them (the national one)

will be worth less than the euro and will be used to pay for wages in the public sector, pay taxes, or pay for the necessities of life subsidised by the government. The second one will be the euro and it will be used by the private sector.

This will cause the nominal wages in civil service to decrease significantly. This will decrease the costs of national activity and at the same time enable the central bank to generate additional cash. It will also allow the limitation of day to day economic shock that could be a possible effect of introducing a new, significantly devalued currency.

Grexit

Just before the weekend Grexit was considered as an unlikely scenario. Now, many consider it to be the most probable situation. Mohamed El-Erian, former chairman of PIMCO, which is the world's biggest debt instruments fund, thinks that there is a probability of 85% for Grexit to take place. According to the Morgan Stanley bank, the risk of Grexit happening by the end of 2016 has increased from 45% to 60%.

However, not everybody is as pessimistic. BNP Paribas, Credit Suisse and the UBS evaluate the chance for Grexit respectively at 20%, 33% and 40%. It is possible though, that these indications will change after the results of the new surveys regarding Sunday's referendum.

Kremlin and the axis of Moscow

Even if Russia had nothing to do with the current development of the situation in Athens, it is still convenient for Moscow to spread such rumours. Coming up with a scenario that assumes the participation of Kremlin is not difficult. Russia is planning revenge after being humiliated by the West which introduced the sanctions. Its target is Greece, which is the weakest link. A disappointed society voted for the populist Tsipras who is now playing a hazardous game with Brussels, because he knows that he can count on the help from Moscow (a pre-payment for the transfer of gas). Besides, the current Greek Prime Minister does not even try to hide his close relations with Vladimir Putin. A few days before the assumed agreement with the creditors he visited the economic summit in Saint Petersburg, and had a meeting with the Russian president. It is additionally recognized that the US Secretary of the Treasury contacted Tsipras during the crucial moments of negotiations. Did Jack Lew receive earlier some signs regarding another PR game between Russia and the USA?

INFORMATION ABOUT THE BRAND

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