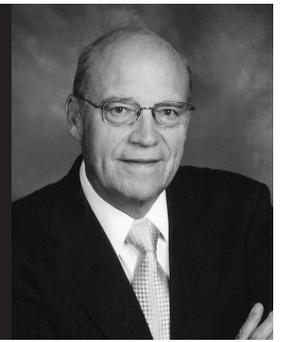




Dr. Fred Schwarz

The Schwarz Report



Dr. David Noebel

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The Truth About the Cuban Embargo

by Humberto Fontova

Low information voters are bad enough. But maybe low information presidents, pundits, and legislators contribute to the problem. To wit:

“In Cuba, we are ending a policy that was long past its expiration date. When what you’re doing doesn’t work for fifty years, it’s time to try something new. (President Obama, Jan. 21, 2015.)

“The permanent (Cuba) embargo was imposed in 1962 in the hope of achieving, among other things, regime change. Well. Regime change—even significant regime modification—has not happened in Havana.” (Syndicated columnist and Fox News contributor/analyst George Will, Dec. 24, 2014)

“In the end, I think opening up Cuba is probably a good idea. The 50-year embargo just hasn’t worked. If the goal is regime change, it sure doesn’t seem to be working.” (Congressman Rand Paul, Dec. 18, 2014.)

Given the breadth of policy-making, policy-influencing, and policy-brokering represented by the figures quoted above you’d hope that one might have prevailed upon their huge staffs to actually research the issue at hand.

They apparently did not. So here I’ll volunteer my services in hopes of raising the information level on this issue:

On January, 21, 1962 at Punta del Este Uruguay, US Secretary of State Dean Rusk gave a speech to the Organization of American States explaining the US economic embargo of Cuba and recommending that the members join the US in voting for these sanctions. In this speech there is not a single word—or even an inference—that regime-change was the embargo’s goal. “The United States objects to Cuba’s activities and policies in the international arena, not its internal system or arrangements.”

Indeed, Secretary Rusk went out of his way to stress that regime-change was NOT the embargo’s goal. In brief, the US was trying to contain Soviet-Cuban sponsored international terrorism:

Every terror group from the Weathermen to Puerto Rico’s Macheteros, from Argentina’s Montoneros to Colombia’s FARC, from the Black Panthers to the IRA, and from the PLO to AL Fatah received training and funding from Castro.

Granted, while most were not immediately defeated they were certainly contained. Then for three decades the Soviet Union was forced to pump the equivalent of almost ten Marshall Plans into Cuba. This drain on her resources certainly helped bankrupt the Evil Empire.

OK, we’ve dealt with false premise No.1. But amazingly, this extremely wearisome embargo debate always starts from—not one—but two false premises. The second one asserts that the US imposes on Cuba something properly definable as an “embargo,” even after Democratic Presidents Carter, Clinton, and Obama loopholed the original sanctions half to death with executive order after executive order. So let’s see:

Webster’s defines “embargo” as “a government order imposing a trade barrier.” As a verb it’s defined as “to prevent commerce.” But according to figures from the US Department of Commerce, the US has transacted almost \$4 billion in trade with Cuba over the past 14 years (as a result of a Clinton executive order/loophole.) In fact, up until five years ago, the US served as Stalinist Cuba’s biggest food supplier and fifth biggest import partner. For over a decade the so-called US embargo has mostly stipulated that Castro’s Stalinist regime pay cash up front through a third-party bank for all US agricultural products; no Export-Import Bank (US taxpayer) financing of such sales.

Enacted by the Bush team in 2001 (to try and patch up a Clinton loophole) this cash-up-front policy has been monumentally beneficial to US taxpayers, making them among the few in the world not stiffed by the Castro regime, which per capita-wise qualifies as the world's biggest debtor nation, with a credit-rating nudging Somalia's and a relentless record of defaults. The Castro brothers have gleefully stiffed taxpayers from the European Union to Canada, from Mexico to South Africa—in brief, the taxpayers of virtually every nation whose government granted trade credits to these kleptocrats. Standard & Poor's refuses to even rate Cuba, regarding the economic figures put out by its communist propagandist apparatus as utterly bogus.

In executive order after executive order, President Obama has already abolished President Bush's travel and remittance restrictions to Castro's terror-sponsoring fiefdom and opened the pipeline to a point where the cash-flow from the US to Cuba last year was estimated at \$4 billion. In comparison, while a proud Soviet satrapy, Cuba received \$3-5 billion annually from the Soviets.

In brief, almost every year since Obama took office more cash has been flowing from the US to Cuba than used to flow there from the Soviets at the height of their Cuba-sponsorship. In the Twilight Zone occupied by the mainstream media (including, apparently, George Will) this is known as an "economic embargo." Mark Levin, on the other hand, recently exposed this farce to his listeners.

In sum, the proof is long in: record tourism and foreign investment into Cuba = record repression for the Cuban people. Plainly observable proof blew the "libertarian" pipe-dream to smithereens years ago. Alas, these dogmatists never bothered to poke their nose from behind their books on economic theory to observe the real world. Every shred of observable evidence proves that travel to Cuba and business with its Stalinist mafia enriches and entrenches these KGB-trained, heavily-armed and terror-sponsoring custodians of Cuba's economy. Thus they remain the most highly motivated guardians of Cuba's Stalinist and Terror-Sponsoring status-quo.

For anyone genuinely interested in the matter, proof of the so-called embargo's success is as obvious as proof of Obama's perfidy in everything from Benghazi to healthcare. Indeed, it clobbers you on the head. To wit: getting these sanctions lifted has been the Stalinist, mass-murdering, war-mongering, terror-sponsoring, US-hating, kleptocratic Castro regime's overriding obsession for half a century.

Actually think about it for a second: if Castro "secretly favors the embargo, because it gives him an excuse . . . blah . . . blah" (as Rand Paul bloviates) then why did every one of Castro's secret agents campaign secretly and obsessively against the embargo while working as secret agents? Castro managed the deepest and most damaging penetration of the US Department of Defense in recent US history. The spy's name is Ana Belen Montes, known as "Castro's Queen Jewel" in the intelligence community. In 2002 she was convicted of the same crimes as Ethel and Julius Rosenberg and today she serves a 25-year sentence in Federal prison. Only a plea bargain spared her from sizzling in the electric chair like the Rosenbergs.

Prior to her visit from the FBI and handcuffing, Ana Belen Montes worked tirelessly to influence US foreign policy against the embargo. The same holds for more recently arrested, convicted and incarcerated Cuban spies Carlos and Elsa Alvarez and Kendall and Gwendolyn Myers. All of these worked tirelessly to influence US policy against the "embargo"—while working as secret agents.

I wonder why? Well, the gentlemen quoted earlier all imply that it's because the Castro brothers (who have micro-managed a totalitarian fiefdom almost five times as long as did Hitler and over twice as long as did Stalin and Mao) are suicidal nincompoops.

—*FrontPageMagazine.com*, January 29, 2015

Founded in 1953, the Christian Anti-Communism Crusade, under the leadership of Dr. Fred C. Schwarz (1913-2009) has been publishing a monthly newsletter since 1960. *The Schwarz Report* is edited by Dr. David A. Noebel and Dr. Michael Bauman and is offered free of charge to anyone asking for it. The Crusade's address is PO Box 129, Manitou Springs, CO 80829. Our telephone number is 719-685-9043. All correspondence and tax-deductible gifts (CACC is a 501C3 tax-exempt organization) may be sent to this address. You may also access earlier editions of *The Schwarz Report* and make donations at www.schwarzreport.org. Permission to reproduce materials from this Report is granted provided that the article and author are given along with our name and address. Our daily blog address is www.thunderontheright.wordpress.com.

Radical Groups

by Discover the Networks.org

This section of Discover The Networks focuses on organizations whose agendas are those of the political far left. All of these groups are committed to radical social change; some go so far as to seek the overthrow of the US government and the dissolution or transformation of all American institutions—particularly capitalism.

Perhaps the most notorious radical group in the United States today is the Association of Community Organizations for Reform Now (ACORN), which grew out of George Wiley's National Welfare Rights Organization (NWRO). In the late 1960s and early 1970s, NWRO invaded welfare offices across the US—often violently—bullying social workers and loudly demanding every penny to which the law “entitled” them. ACORN has long continued this tradition of high-profile theatrics and intimidation. Today the organization's efforts are devoted chiefly to discrediting capitalism, increasing government control over the economy, promoting socialized medicine, advocating open borders, passing “living-wage” laws, increasing taxpayer funding for urban public schools, and conducting get-out-the-vote drives on behalf of Democratic political candidates. Adds Foundation Watch editor Matthew Vadum: “The group claims to fight for affordable housing and it rails against foreclosures and so-called ‘predatory’ lending, even though it demands that banks make loans [to underqualified borrowers] destined to default.”

In recent years, ACORN has engaged in massive campaigns of voter-registration fraud. The organization's get-out-the-vote activists have been implicated in schemes involving the falsification and destruction of registration forms, the forging of signatures, the registration of dead or non-existent people, the registration of the same individuals multiple times, and the illegal registration of convicted felons. In 2008, election officials in several states said that fully half of ACORN voter registrations were fraudulent. All told, ACORN was under investigation for voter-registration fraud in at least 13 states.

Another major radical group, the Committees of Correspondence for Democracy and Socialism (CCDS), was established in 1992 by a number of prominent Communist Party USA members. Aiming to serve as a “catalyst for change” that will inspire “united action among all who feel the brunt of oppression in the US,” CCDS today describes its members as “activists in all the social movements of our country—[movements] of labor, civil rights, immigrant

rights, women, peace, international solidarity, gay and lesbian rights, environment, youth and students, seniors, and religion.” The organization seeks “to help shape a clear-cut alternative to the destructive, mean-spirited corporate drive for profit above all else” that allegedly undergirds capitalism. CCDS also pursues “constructive solutions” to the problems it says are caused by capitalism, namely “poverty, unemployment, racism, sexism, [and inadequate] health care, education, and housing.”

A close ideological ally of CCDS is the Democratic Socialists of America (DSA), the largest socialist organization in the United States. “To achieve a more just society,” says DSA, “many structures of our government and economy must be radically transformed. . . . Democracy and socialism go hand in hand.” DSA seeks to increase its political influence not by establishing its own party, but rather by working closely with the Democratic Party to promote leftist agendas.

Another very influential radical group is the International Action Center (IAC), founded in 1991 by the infamous America-hater Ramsey Clark and staffed by members of the Marxist-Leninist Workers World Party. IAC's activism is founded on the central premise that a racist, imperialist, sexist, homophobic United States is the world's chief violator of human rights—guilty of unspeakable atrocities, past and present, foreign and domestic. As one IAC official puts it, “no one in the world . . . has a worse human rights record than the United States.”

Also a vital constituent of the radical left is the Chicago-based Midwest Academy (MA), a training center for a variety of leftist causes and organizations. MA instructs its trainees in techniques of “direct action,” i.e., confrontation and intimidation. Moreover, the Academy indoctrinates its students in “us-versus-them” leftist ideology, thereby turning out an ever-growing cadre of radicalized activists who can be called on to “take on larger issues,” including anti-war protests, labor rallies, and political confrontations.

A relative newcomer to the scene of radical politics is the Movement for a Democratic Society (MDS), founded in 2006 “to effect change at the most basic levels of economic, political, and social organization” by means of “a radical, democratic program counter-posed to authoritarian movements.” MDS acts as both mentor and financial support for the newly revived Students for a Democratic Society (SDS), ideological descendant of the eponymous organization from the 1960s. Many MDS members are

veterans of the New Left whose heyday was the Sixties and Seventies. One of MDS's major goals in 2008 was to help Barack Obama win the US presidency.

The Party for Socialism and Liberation (PSL), founded in 2004, also represents part of the radical mosaic in America today. A proponent of "revolutionary Marxism," PSL's *raison d'être* is to oppose capitalism, which it defines as "the system in which all wealth and power is held by a tiny group of billionaires and their state," and to promote "socialism."

Few radical groups are as extreme in their agendas as Refuse & Resist! (R&R), founded in 1987 by longtime Revolutionary Communist Party member Charles Clark Kissinger. R&R's founding statement condemns America for what it calls the country's drive to use "force of arms" to achieve "global dominance and superiority over other people"—a goal with "a distinctly fascist aura . . . raising the specter of a police state."

—*Discoverthenetworks.org*



Iran-Cuba-Venezuela

by Mary O'Grady

Oranjestad, Aruba—Regular readers of this column will remember that in July the US asked local officials here to arrest Venezuelan Gen. Hugo Carvajal and to extradite him on suspicion of drug trafficking with Colombian guerrillas. He was detained but the Netherlands stepped in, refused the extradition request and let him go.

The general had been sent here to become Venezuelan consul and spread Bolivarian propaganda. He would have been an important intelligence grab for the US. So it wasn't too surprising that Venezuelan foreign minister Elias Jaua and Cilia Flores, the wife of Venezuelan strongman Nicolás Maduro, celebrated the Dutch decision by meeting his plane when he returned to Caracas.

The third person in the high-level greeting party at the airport—the governor of the state of Aragua, Tareck Zaidan El Aissami Maddah—seemed out of place because he is not in the national government. That is until you consider his résumé: One part master of Middle-Eastern networking, one part honorary Cuban revolutionary, and one part highly ambitious chavista, Mr. El Aissami is a dream come true for Tehran and Havana. That makes him a powerful man in Venezuela.

Although President Obama is being lobbied by left-

wing activists to change US-Cuba policy before the next Summit of the Americas in Panama in April, his options are limited by laws that require congressional action to change. But one important decision in his hands is whether to remove Cuba from the US State Department list of state sponsors of terrorism. Before the president does that, Americans ought to learn about allegations by a regional security analyst of Cuba-supported work by Mr. El Aissami on behalf of radical Islam.

The West is well aware of the growing presence of Islamic fundamentalism in the Americas, but policy makers may be underestimating the threat. Joseph Humire is a security analyst and co-editor of *Iran's Strategic Penetration of Latin America*, a book published earlier this year. In an interview in New York last week, Mr. Humire described Iran's significant progress, over three decades, in setting up operations in the region.

The earliest stages of the process have featured clandestine operatives using mosques to make connections inside Muslim communities and then using those connections to access wealth and gain political prominence. Where these initial forays have been successful, says Mr. Humire, Iran has opened embassies and established commercial agreements that allow operatives to create businesses, which can be used as fronts for covert operations.

In Venezuela and Bolivia, Iran has moved to the next level, developing a military presence through joint ventures in defense industries. In Venezuela, the state of Aragua, where Mr. El Aissami is now governor, is ground zero for this activity.

Havana applauds this Islamic intervention. Since the rise of chavismo, Cuba has supplied intelligence services to Venezuela and its regional allies, notably Nicaragua, Bolivia and Ecuador. Mr. Humire says it has also supplied passport-information technology to allow these countries to process individuals from the Middle East, hand out new documents and maintain the secrecy of true identities. Cuba has used this capacity to exchange information with like-minded nations, including Russia and Iran.

Raised in Venezuela by a Lebanese-born Muslim father and mentored in the "Utopia 78" left-wing student movement at the University of the Andes, he was Venezuela's interior minister from 2008-12. According to a June 2014 paper from the Washington-based Center for a Secure Free Society, where Mr. Humire is executive director, "regional intelligence officials" believe that Mr. El Aissami's office used information technology developed by Cuban state security to give some 173 individuals from the Middle East new Venezuelan identities that are

extremely difficult to trace.

The paper, “Canada on Guard: Assessing the Immigration Threat of Iran, Venezuela, and Cuba,” says that regional intelligence officials believe that “of the more notable persons of interest” who received false papers from Caracas was Suleiman Ghani Abdul Waked, an important member of Lebanese Hezbollah. The same paper, citing interviews with unnamed Latin American intelligence officials, says Mr. El Aissami has built “a criminal-terrorist pipeline bringing militant Islamists into Venezuela and surrounding countries, and sending illicit funds from Latin America to the Middle East.” Mr. Humire told me the Venezuelan government dismissed the report as US propaganda.

Mr. El Aissami’s Aragua state is where Parchin Chemical Industries (PCI) and Qods Aviation, two Iranian military-owned companies, have joint ventures with Venezuela’s military industry, according to “Iran’s Strategic Penetration of Latin America.” PCI is a maker of explosives, ammunition, and rocket propellant for missiles. Qods is a maker of unmanned aerial vehicles. Both companies have been sanctioned by the U.N. Security Council under Resolution 1747.

The chapter written by Mr. Humire says Havana is now “trying to clear its debt to Iran” in order to receive economic assistance from Tehran. This aid will doubtless be conditioned on greater Iranian access to nations under Cuban influence, including Venezuela, he says. They will likely turn to Mr. El Aissami for help.

—*The Wall Street Journal*, November 24, 2014, p. A13

De Blasio has been accused by critics, including New York police officers, of helping to fuel racial tension between police and protesters.

One of the major anti-police protests in New York that received media attention was an attempt to shut down Manhattan’s Fifth Avenue shopping district before Christmas.

The protest was led by the group Act Now To End War & Stop Racism Coalition, or ANSWER, together with Occupy Wall Street and at least 10 other so-called economic justice and pro-Palestinian groups.

ANSWER has worked with ACORN and has led protests in the past with MoveOn.org, a group with which de Blasio previously worked.

De Blasio, Soros, MoveOn.org and protests

During the mayoral race last year, New York City media reported billionaire George Soros had endorsed de Blasio. But the reports failed to disclose the billionaire’s major financial donation to de Blasio’s nonprofit as well as the candidate’s cozy working relationship with Soros-funded activist groups. De Blasio worked with some of those groups to stir protests.

In 2011, using his position of public advocate, de Blasio launched a nonprofit called the Coalition for Accountability in Political Spending, or CAPS. The group received its primary launch donation of \$400,000 from Soros’ Open Society Institute.

De Blasio used his group and his public office to organize with other Soros-funded groups.

In 2011, Chris Bragg at CityAndStateNY.com reported de Blasio pursued a case against the Minnesota-based Target Corporation after it contributed \$150,000 to an organization that promoted a local politician, Tom Emmer, for governor. Emmer had drawn controversy for reportedly opposing a law that sought to combat the bullying of homosexual youth.

De Blasio’s office responded by organizing a protest with MoveOn.org, which is funded directly by Soros as well as by the Soros-funded Tides Foundation.

De Blasio also worked with other Soros-funded groups, noted Bragg, including Common Cause, the advocacy group Public Citizen, and the D.C.-based Center for Political Accountability.

According to Braggs, de Blasio first became more familiar with Soros after the politician was invited to speak in 2011 at an intimate panel discussion at the billionaire’s Fifth Avenue apartment.

“I really didn’t know Soros before this,” de Blasio later stated. “At the end of it, I talked to him a bit, and he



New York’s Mayor

by Aaron Klein

Largely unreported in the news coverage of the recent race-related demonstrations is that New York Mayor Bill de Blasio has a history of working with extremist activist groups to stir protests.

Further, de Blasio has a largely unreported history with the controversial Association of Community Organizations for Reform Now, or ACORN.

ACORN’s renamed group, the New York Communities for Change, is one of the organizations helping to lead the protests over the death of Eric Garner, who was killed by police in July.

expressed some appreciation for the notion of finding a constructive way to address this. He said, ‘Stay in touch,’ and we did.”

He added, “Then we went to his staff and said, ‘Look, we’re trying to build this out nationally, and here’s an idea how to do it.’”

De Blasio the ACORN mayor?

In September 2013, WND was first to report de Blasio has a long history with the controversial ACORN, once even steering public funds to an ACORN front group.

De Blasio previously served several terms on the city council and as New York City public advocate from 2010 to the present.

He was endorsed by ACORN for his 2010 public advocate race.

De Blasio spent \$43,000 to hire N.Y. Citizens Services Inc., an affiliate of ACORN, to run canvassing, consulting, and field work for his public advocate campaign.

As a councilman, de Blasio steered \$115,000 in taxpayer dollars directly to ACORN as well as to the organization’s affiliate, the New York Agency for Community Affairs.

De Blasio’s 2010 public advocate campaign was also endorsed by the ACORN-founded Working Families Party, with which the politician demonstrates a larger working relationship.

As a councilman, de Blasio was hired as a consulate by a group called the Progressive America Foundation, which reportedly paid him \$33,000 to lobby for election regulations that would ease restrictions on third parties such as the Working Families Party, or WFP. The foundation is closely tied to WFP.

De Blasio turned around and spent \$67,740 to hire WFP’s for-profit branch, Data and Field Services, for canvassing and election consulting. The organization was run from the same office as New York ACORN.

WFP was founded by progressive activist Dan Cantor, who also was a founder of the socialist-oriented New Party.

De Blasio reportedly served as executive director of the New York branch of the New Party.

WND previously exposed that President Obama himself was listed in New Party literature as a member.

De Blasio is clearly still supported by the ACORN nexus.

Bertha Lewis, the former executive director of ACORN, spoke for de Blasio at numerous events during the mayoral election.

“I’ve known Bill for decades, and we’ve fought on the front lines together. We’ve organized together,” Lewis

said, according to EAG News.

“[He’s] proud to say he’s liberal. [He’s] proud to say he is severely progressive and was proud to stand with me, to back me, to back ACORN, and said, ‘We will march down the street together and I dare you, I dare you, to say something against my friend!’” Lewis continued.

With additional research by Brenda J. Elliott.

—WorldNetDaily.com, January 7, 2015



Cuba’s Political Prisoners

by Mary O’Grady

Who and where are the 53 Cuban political prisoners that President Obama promised would be freed by Havana as part of a deal to liberate three convicted Cuban spies serving lengthy sentences in the US?

I asked the State Department this last week. State referred me to the White House. White House officials declined to provide the list of names citing “concern that publicizing it would make it more difficult to ensure that Cuba follows through, and continues with further steps in the future.”

Bottom line: The US government cannot confirm that they have been released and is not certain they’re going to be released, even though the three Cuban spies have already been returned.

A government official told me that keeping the names of the 53 quiet will give Cuba the opportunity to release them as a sovereign measure, rather than at the behest of the US, and that this could allow for additional releases.

In other words, the Castros are sensitive boys who throw despotic tantrums when their absolute power is questioned. Asking them to keep their word is apparently a trigger.

Mr. Obama was destined to have trouble changing Cuba policy. Nixon went to China. But “Obama goes to Havana”? That sounds like stand-up comedy. A man with some humility might have prepared for the challenge. Mr. Obama did not. Now, little by little, what he says he got in the “negotiations” seems to be evaporating while what he gave away appears reckless.

The US president hasn’t gone to Havana, not yet anyway. But he did use the prisoner swap to announce that he plans to unconditionally open diplomatic relations with the military dictatorship, something that the Castros have

long demanded. Count that as concession one.

He said he would ease restrictions on American travel to the island and make it legal to use US credit cards and debit cards in Cuba, thereby boosting revenues for the military-owned tourism industry. That's concession two.

His promise to review Cuba's designation as a state sponsor of terror sounded like he had already made up his mind. "At a time when we are focused on threats from al Qaeda to ISIL, a nation that meets our conditions and renounces the use of terrorism should not face this sanction," Mr. Obama said.

That would complete the concession trifecta. Cuba still supports the FARC, the Colombian terrorist group, it got caught in 2013 trying to smuggle weapons through the Panama Canal to North Korea, and credible intelligence analysts say Cuba has provided Venezuela the technology it needs to falsify identities for Middle East terrorists.

If Mr. Obama is serious about selling US-Cuba détente, a little less obfuscation would be nice. The US has not confirmed the identity of the intelligence asset who it says had been in a Cuban prison for nearly 20 years and was also traded for the Cuban spies. Mr. Obama said the Cuban, before his arrest, had supplied key information to the US that led to the nabbing of those spies, as well as three others.

Press reports and intel experts I talked to say the "asset" is Rolando Sarraff. But a debate is raging in the intelligence community about whether Mr. Sarraff, who has not been heard from since his arrival on US soil, is all he's cracked up to be by Mr. Obama. Another possibility is that his résumé was embellished to cover up for what was essentially a trade of the convicted spies for Alan Gross, the US Agency for International Development contractor who was arrested by Cuban state security in Havana in 2009.

Mr. Obama claimed in his speech that Mr. Gross's release was a humanitarian gesture on the part of Cuba. That's not believable. Almost from the day Mr. Gross was arrested, Havana made it clear that he would not be released until the Cuban spies were returned to the island. He was a hostage.

If the Castro brothers renege on their promise to free the 53, it wouldn't be a surprise. But nothing in their history suggests they would want to keep the release a secret. On the contrary, going back to the days of Jimmy Carter, Fidel has always released dissidents as a propaganda tool to boost his image as a benevolent leader—even while he sends them into exile or only paroles them.

Most of the prisoners arrested in Cuba's Black Spring of March 2003, for example, were shipped off to Spain

when international pressure forced the regime to let them out. The regime boasted about it; the press and the Catholic Church reported it as a humanitarian gesture.

In the weeks since Mr. Obama's rapprochement with Cuba, reports from the island say that more than 50 dissidents have been arrested, including the husband of the dissident blogger Yoani Sánchez. Most have been released but some remain in prison.

Don't expect much outrage from Washington. Mr. Obama wouldn't want to damage his newly reconciled relationship with the police state.

—*The Wall Street Journal*, January 5, 2015, p. A15

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Greeks Go Red

The Associated Press

ATHENS, Greece — A radical left-wing party vowing to end Greece's painful austerity program won a historic victory in Sunday's parliamentary elections, setting up a showdown with the country's international creditors that could shake the eurozone.

Alexis Tsipras, leader of the communist-rooted Syriza party, immediately promised to end the "five years of humiliation and pain" that Greece has endured since an international bailout saved it from bankruptcy in 2010.

"The verdict of the Greek people ends, beyond any doubt, the vicious circle of austerity in our country," Tsipras told a crowd of rapturous flag-waving supporters.

Syriza appeared just shy of the majority that would allow it to govern alone. With 97.6 percent of polling stations counted, Syriza had 36.4 percent—and 149 of parliament's 300 seats—versus 27.8 percent for Prime Minister Antonis Samaras' conservatives.

If Tsipras, 40, can put together a government, he will be Greece's youngest prime minister in 150 years, while Syriza would be the first radical left party to ever govern the country.

The prospect of an anti-bailout government coming to power in Greece has revived fears of a bankruptcy that could reverberate across the eurozone, send shockwaves through global markets and undermine the euro, the currency shared by 19 European countries.

The already battered euro was down 0.3 percent Monday, at \$1.117, on the news of Syriza's victory. That was its lowest since April 2003.

Syriza's rhetoric appealed to many in a country that has seen a quarter of its economy wiped out, unemployment above 25 percent and average income losses of at least 30 percent.

Tsipras won on promises to demand debt forgiveness and renegotiate the terms of Greece's 240 billion euro (\$270 billion) bailout, which has kept the debt-ridden country afloat since mid-2010.

To qualify for the cash, Greece has had to impose deep and bitterly resented cuts in public spending, wages and pensions, along with public sector layoffs and repeated tax increases.

Samaras soon conceded defeat Sunday, saying he had received a country "on the brink of disaster" when he took over in 2012 and was close to ushering it out of the crisis.

"I was asked to hold live coals in my hands and I did," he said.

The country's progress in reforms is reviewed by inspectors from the International Monetary Fund, European Commission and European Central Bank, collectively known as the troika, before each installment of bailout funds can be released.

Tsipras pronounced the troika and its regular debt inspections "a thing of the past."

Greece's creditors insist the country must abide by previous commitments to continue receiving support. In Germany, Bundesbank President Jens Weidmann told ARD network that he hoped "the new Greek government will not make promises it cannot keep and the country cannot afford."

The election results will be the main topic at Monday's meeting of eurozone finance ministers. Belgium's minister, Johan Van Overtveldt, said there is room for some flexibility, but not much.

"We can talk modalities, we can talk debt restructuring, but the cornerstone that Greece must respect the rules of monetary union—that must stay as it is," Van Overtveldt told VRT network.

JPMorgan analyst David Mackie said negotiations between the new government in Athens and creditors "are likely to be very difficult" but cannot drag on indefinitely.

"If Greece is unable to honor its obligations this year, then economic, financial, and banking stress is likely to lead either to an agreement, or to a second round of elections, or to an EMU exit," he said, referring to Greece's membership in the eurozone.

But Re-Define think tank analyst Sony Kapoor said that while Greece has failed the eurozone and EU authorities, they have also failed Greece.

"The Greek rescue package was financially unsustainable, economically wrong-headed, politically tone-deaf, and socially callous," he said. "Syriza deserves a chance, and their victory will force the EU to confront the elephant in the room: unpayable debt and bad policy decisions."

He noted that Syriza's moderation of its rhetoric before the election "is promising, making it likely that it will govern closer to the center than many think."

A Syriza official said Tsipras would meet Monday with the head of the small Independent Greeks party, which elected 13 lawmakers, "to confirm the support and possible participation of the Independent Greeks in the new government." Apart from their mutual opposition to austerity, the two parties disagree on practically every other issue.

The official, who asked not to be named because he was not authorized to speak on the record, said Tsipras would likely be sworn in as prime minister later Monday, and the new government would be formed in the following couple of days.

The centrist Potami (river) party was battling for third place with the Nazi-inspired Golden Dawn, whose leader and several lawmakers campaigned from prison, where they are awaiting trial on charges of participating in a criminal organization.

—*The New York Times*, January 25, 2015

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