



Written by [Bob Adelman](#) on February 21, 2012

Plans Revealed for Greek Default on March 23

German Finance Minister Wolfgang Schauble has increasingly voiced his opinion that the economic implosion taking place in Greece would result in its bankruptcy despite official protestations to the contrary from German Chancellor Angela Merkel. One official close to Schauble said, "He just thinks the Greeks cannot do what needs to be done. And even if by some miracle they did what has been promised, he ... [is] convinced it will not pull Greece out of the hole."



Schauble's opinion gained increasing credence by a report issued last week by the European Commission, the European Central Bank, and the International Monetary Fund (EC, ECB, and IMF — the "troika"). According to their report, even if Greece were successful in accomplishing all that it has promised in order to secure the next round of financing, it will still fall far short of bringing down its debt load to manageable levels. Waterfield went on to say that Schauble, behind the scenes, is pushing Greece to declare itself bankrupt and demand a 70 percent "haircut" from the banks holding the bulk of its debt.

The timetable is pushing events inexorably forward: Greece must receive the next round of financing in order to pay debt service of \$20 billion on March 20. Without it the debt will default and government checks will start bouncing. But it will take at least four weeks to get a formal agreement on the haircut, which puts it just days before March 20. A eurozone diplomat explained: "The private sector involvement takes at least four weeks to issue the prospectus and to get subscribers, and without an [immediate] deal then time will run out in March."

Ward's separate and reliable sources told him that there will be "an inevitable Greek default some time in the third week of March 2012." His anonymous source told him that there is nothing in writing, and the meetings to plan for the Greek bankruptcy were few in number and lightly attended. But the firm date is Friday, March 23, after which Greece will be officially declared in default by the credit rating agencies. All bank accounts will be frozen over the weekend with no withdrawals allowed. All Greek financial markets will be closed for at least one day, perhaps longer.

Marc Slavo, in reviewing Ward's warnings, [told his readers](#) to follow the advice given by an observer: "Sell up fast, do a sale and leaseback on property, empty bank accounts, and change to a hard



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currency.”

Despite Merkel’s continued insistence that Greece will stay in the eurozone and that the next round of financing will proceed as planned to keep Greece afloat for another few months, banks are continuing to unload risky securities and moving into dollars and U.S. treasuries.

Slavo has issued a disclaimer: “While the sources for the above report are as of yet unconfirmed, and no copies of it have been made available, if true we will likely see bits and pieces emerge over coming weeks.” He added,

There have been false alarms in the past and we won’t deny that this may be one of them. But we’re of the view that when a smoke alarm goes off, we evacuate first and substantiate it once we’re out of harm’s way. The alternative is that you end up trapped in a burning building.

What’s most persuasive about the scenario painted by Ward and his informants is the denial by Merkel that anything of the sort is likely to happen.

Photo: Greek Parliament building



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