

The politics of the German war reparations to Greece

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Vassilis
Paipais

By Vassilis Paipais

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Crises are often described as moments in which the barriers between normality and its exception break down. The controversial German jurist of the previous century, [Carl Schmitt](#), argued that during exceptional times when given definitions, established habits and standard procedures are called into question, every issue -be it social, economic, juridical or even aesthetic- can assume a political quality. The dispute between Greece and Germany over the issue of World War Two reparations is apriori beset not only by the complexity inhered in judging claims to historical justice by contemporary standards but by its entanglement with debt-related political controversies evoking strong emotional responses from both sides.

The last couple of weeks revealed that Greece is planning to pursue its long-dormant claim over World War Two reparations from Germany adding a further strain on relations with Berlin which carries most of the burden for its €240 billion rescue. According to reports by Greek weekly newspaper [To Vima](#), also picked up by German magazine [Der Spiegel](#), the Greek Finance Ministry has compiled a secret report that takes stock of all relating available data over the course of six decades. The report documents Greece's claim of €108 billion for damage to its infrastructure and €54 billion for a loan the Greek National Bank was forced to procure to Hitler's Germany during the war, both adjusted for inflation. The total sum of €162 billion is the equivalent of almost 80 percent of Greece's current annual gross domestic product. To give a sense of scale, were Germany to pay the full amount, it would reduce Greece's public debt to more than half. Offsetting the country's debt against German war reparations is not a claim openly made by Greek officials but it is apparently one irritating Berlin which was quite adamant in dismissing the question of reparations. According to [Deutsche Welle](#), German Finance Minister Wolfgang Schäuble was quoted by the [Neue Osnabrücker Zeitung](#) saying: "I consider such comments irresponsible. Much more important than misleading people with such stories would be to explain and spell out the reform path. Greece has already accomplished a lot but also still has a longer way ahead of it. One should not divert attention from that". Mr. Schäuble's statement was diplomatically rebutted by Greek Foreign Minister, Dimitris Avramopoulos, who did not deny the necessity of budgetary restraints and structural reforms but insisted that "that does not change the fact that reparations claims remain in place." For Avramopoulos, it is wrong to link the issue to the debt crisis: "This has been an open issue for 60 years, it is too large an issue to fit into the confines of the fiscal crisis", he said.



At first glance, Avramopoulos is right to make this distinction. The issue is primarily a legal dispute and both countries, while not officially engaged in litigation, hold specific legal views on the matter. The documents collected by the Greek Finance Ministry reportedly confirm that, in 1960, Germany paid 115 million German marks in reparation payments to victims of Nazi terror in Greece in accordance with a bilateral reparation agreement. From Germany's perspective, that payment settled all claims definitively. Greece in turn makes mention of the 1953 London Agreement on German External Debts, a treaty between the Federal Republic of Germany and creditor nations stipulating that payment obligations from World War II were to be deferred until "after the signing of a peace treaty." In 1990, Germany was unified and peace was brokered with the four occupying powers. Yet, Germany refused to discuss with its former victims and present allies the legitimacy of their claims to compensation for war losses. The second part of the war reparations issue relates to the occupation loan that a starving Greece was obliged to provide to the Nazis in 1942. On this matter, the government of the Third Reich had started repaying the

loan in installments, but postwar Germany reneged on further payments. According to Professor Emeritus of the University of Athens, [Hagen Fleischer](#), on this latter issue Greece could make a better case as the occupiers recognised their loan debt of 476 million Reichsmarks and had actually started repayment shortly before the end of the war.

However, one should not be distracted by the complexity of the legal dispute. The periodical revival of the Greek claim for reparations against Germany is not just a legal matter; it also has an ethical and political dimension that is hard to disentangle under the debris of emotional responses surrounding it. In fact, sentimental outbursts demanding the reparations are almost the rule in the Greek media these days. A top-selling daily [Ta Nea](#) described the situation as a 'Cold War' between Athens and Berlin. What was seen as Mr. Schäuble's disdainful dismissal of the Greek claims provoked equally sentimental reactions from the Greek side with SYRIZA parliamentary spokesman Dimitris Papadimoulis telling [Deutsche Welle](#) that Schäuble presents Greeks with a crude ultimatum, 'reform or reparations'. Similarly, Manolis Glezos, a veteran leftist icon and former SYRIZA MP, railed against what he termed the current German government's 'policy of subordination of Greeks'.

Part of the Greek fury can be explained by what they understand as modern Germany's ungratefulness and lack of historical memory. Having learned from experience, the Allies in 1945 did not impose reparations upon Germany. Rather than hold to a moral right to exploit enemy resources, as had been done previously, the victors underscored future reconciliation and assisted its defeated enemies to re-establish themselves. In hindsight, this policy is widely celebrated as it turned out to be one of the cornerstones of post-World War Two reconstruction and reconciliation. Thanks to the write-off of its debts in 1953, a defeated and destroyed Germany was able to get back on its feet and achieve its post-war economic miracle. Yet, now that Germany's former enemy and current debt-strapped ally is suffering under belt-tightening policies, Greeks are inevitably making historical comparisons demanding that their historical magnanimity be reciprocated. No wonder that Mr Schäuble's blunt cynicism only helps to further inflame an already hostile mood among the Greek people and a feeling of mutual suspicion between the two nations.

That said and [despite the fact that a number of German media and politicians](#) did not seem to share Mr Schäuble's outright rejection of the Greek claim, ordinary German citizens tend to interpret it as a direct attack to their deeply embedded conviction that post-war Germans have proven to be committed and responsible Europeans. In fact, any claim about Germany's outstanding debts is immediately perceived as a deeply resented accusation that the country has not adequately addressed its world war failings. That in itself is enough to stir strong self-defensive reactions in the German population. [Some German bloggers](#), for example, sarcastically wondered whether Greece is justified to demand reparations for the Ottoman occupation, or the Persian invasions in antiquity or the Frankish rule during the Middle Ages.

On the other side, frustrated with Germany's persistent refusal to settle what they see as decades-long pending WWII German reparation obligations, ordinary Greek citizens have organised an ongoing petition and are collecting signatures (over 188,000 so far) to demand the long-delayed settlement (www.greece.org/blogs/wwii/). Few could disagree with the motivations behind such an initiative given the ferocity of Nazi atrocities in Greece during the war such as the massacre of 218 people in the village of Distomo. However, beyond these perfectly justifiable sentiments and accompanying legal claims, one should not underestimate the domestic motivations undergirding Greek reactions. A reluctant political elite with no effective reform vision and a frail legitimacy finds itself fighting rear guard battles in a desperate attempt to boost a dispirited nation, even if it may not mean any money coming into the state coffers. The real danger here is turning a real issue into a smokescreen to hide incompetence and lack of political will for painful reforms. It won't be the first time grandiose and self-righteous speech is employed to justify inaction and ignite agitation for lack of real policy. Between Mr Schäuble's arrogance and Greek political elite's mischievousness the casualty is probably once more going to be the rule of law and European solidarity.