

17.7.2015. Greece, Iran. The sting is in the tail

The announcement of a final agreement is always a fateful moment. The press holds its breath, the temperature rises, tempers flare, and at the very last moment everything could still go wrong, because 'the sting is in the tail'.

Every process has its 'moment of truth', when the pressures are such that a resolution becomes a matter of urgency. This home straight seems interminable at the moment, but when we look back only the terms of the final agreement and its political consequences will remain.

This 'fateful moment' is the worse time to be in a position of weakness. And so it is for Greece. The Greeks are on the verge of panic as the risk that their banks will fail grows.

At the beginning, the best-off protected their interests by sending their savings abroad. This capital movement was prevented by the government, which imposed exchange controls. Then small savers turned to the cashpoints and bank counters to withdraw their saved euro in paper money, which, in the event of a Grexit and a return to the drachma, would preserve the value of their savings against a new currency that promises a sharp devaluation on launch. The banks closed, and cashpoint withdrawals were limited to twenty euro a day. Credit card consumption surged as if it were Christmas at the very least, as consumers acted on the assumption that material goods could not be devalued whereas their savings could.

In just a few days these three phenomena have emptied private bank accounts and syphoned off the funds held by Greek banks. For Alexis Tsipras, time is now counted in hours, if not in minutes. Across the table, European negotiators have all the time in the world, and Athens has no margin of manoeuvre to resist their demands. His only real support comes from the allies - including France - which he has found to support a proposal that runs counter to the referendum held just a few days before. So now the referendum has turned against him, the victorious 'no' undermining the legitimacy of his new proposal. Which opens the door to those creditors who question the reliability of his undertakings and demand guarantees denying the sovereignty of Greece. For Alexis Tsipras this is a point of no return which could see the break-off of negotiations and the risk of an impossible situation for his country. In short, all the scenarios facing Greece are dire, and the least dire is a solution made possible by those in European governments who want to continue to believe in the Europe of solidarity promised 15 years earlier when the euro was born. At the time of writing, nothing has been concluded. For the Greek government, the dregs in the cup will be very bitter, possibly even poisonous!

While the future of Greece hangs in the balance in Brussels, the fate of the Middle East is at stake in Lausanne. The agreement on Iran's nuclear programme has overcome the main difficulties, and all the parties have validated Tehran's undertakings to put an end to its ambitions to become a military nuclear power. In return for these undertakings, economic and diplomatic sanctions should be lifted, but very many people are grinding their teeth and demanding restrictions that Iran is rejecting in the name of sovereignty. Including those on the trade in conventional arms, which Iran manufactures and which Tehran's allies - starting with Bashar al-Assad in Syria - desperately need. Iran's great enemy Israel continues its obstruction, the major Sunni states, led by Saudi Arabia, fear that support will go to the armed Shiite militants they are fighting Yemen and elsewhere, and so on. But the real emergency in the Middle East is the question of Daech, the Islamic State which, like North Korea, is in the process of creating a real 'black hole' in the geopolitics of the region. Iran is a bulwark against its spread. Tehran is in a position of

strength, and the outcome of the negotiations is drawing close.

Unless, of course, the sting is in the tail!