

## One of three jailbirds arrested in Agrinio

Police in Agrinio, western Greece, on Tuesday managed to arrest one of three men who escaped from the local police station's holding cell earlier in the day, as the hunt for the other two escapees continued.

A 30-year-old Greek facing misdemeanor charges was located by police officers combing the city and the countryside for the three jailbirds.

Still at large were a 29-year-old Albanian national charged with homicide and another Greek, aged 22, who also faces misdemeanor charges.

## One of three jailbirds arrested in Agrinio

A fire that broke out in a first-floor apartment in Nea Philadelpia, northern Athens, on Monday, was brought under partial control later in the day.

According to initial reports the cause of the blaze was unknown, while no injuries were reported. The apartment was destroyed. The three men managed to escape by cutting through the metal bars on the window of their holding cell.

## Greece cracks down on illicit street trade ahead of Easter

Greek authorities will be increasing their customs checks at all key entry points as well as cracking down on unlicensed street vendors, the head of the Greek Police's task force against illegal trade told Skai TV on Tuesday.

With the Easter holidays expected to bring a spike in the illegal street trade, police will be increasing their investigations into locating warehouses for illegal goods such as knock-off handbags, sun glasses and other accessories, Dimitris Bouloukos said, adding that his unit will be in closer cooperation with customs officials in order to intercept large shipments of contraband into Greece.

Authorities estimate that the illegal street trade accounts for 20 billion euros a year in lost taxes and tariffs.

## Ex-minister's relatives seem above board in Lagarde list probe

The four relatives of former Finance Minister Giorgos Papaconstantinou whose names were allegedly removed from the Lagarde list of depositors do not appear to have broken any laws, two inspectors from the Financial Crimes Squad (SDOE) told a parliamentary inquiry. Panayiotis Mantouvalos and Haralambos Sgouros told the committee that preliminary checks indicated that Papaconstantinou's relatives – two cousins and their husbands – are able to account for the money they had deposited at the Geneva branch of HSBC. There was no indication that the four had flouted any tax regulations, the inspectors told MPs.



# Cypriot Nobelist Pissarides 'appalled' by deposit tax and eurozone's 'bullying'

Christopher Pissarides, who shared a Nobel Prize in economics in 2010, told Bloomberg Businessweek in an e-mail today that he is "appalled" by Europe's plan to impose a tax on deposits in Cypriot banks to help pay for a \$13 billion bailout. Pissarides was born and raised in Cyprus.

As a child, he recalled in his Nobel biography, "I used to spend the time with my cousins, fishing in Kyrenia (mostly unsuccessfully) or playing in the riverbeds and springs of Agros."

He has professorships at both the London School of Economics and the University of Cyprus. Last month he was named to head an economic policy council that will advise President Nicos Anastasiades.

He is traveling in China and provided the following responses to questions e-mailed to him by Bloomberg Businessweek Economics Editor Peter Coy.

**As a native of Cyprus, how does this episode make you feel?**

I am appalled by the decision of the euro group. The idea of the single currency and monetary union was that we had a union of equal partners helping each other in difficult times. Here we have a big partner (Germany) bullying a small one, for what is perceived by the small one to be political reasons. And the Cypriot depositors caught in the fire are an unfortunate collateral damage.

**Do you favor or oppose taxes on bank depositors?**

I am totally against it. First, deposits under 100,000 are insured. What happened to that insurance? How could the euro group agree to taxing deposits as small as one euro? What is the meaning of deposit insurance in the euro zone?

Second, deposits include the savings of honest people who have paid their taxes and saved for retirement, to buy a home, educate their children or whatever. Why pay a hefty additional tax? And how would these people feel when they woke up on Saturday morning to be told, "Sorry guys, we are not letting you withdraw your money anymore, until we sort out how to take

a big chunk away from you." And why? Because two banks out of the tens operating in Cyprus made bad investment decisions three years ago to help Greece out of its crisis, and got hit by the troika. What's the incentive that banks now have in the European Union to treat risky investments with caution? If one of them takes bad risks the others will pay for it; if it works well for it, it will keep the profits. A classic scenario for market breakdown.

**Was it a good or a bad idea for Cyprus to join the EU and the euro zone?**

Small countries be warned when joining the euro zone. You could be bullied any time by your big brothers if it suits their political objectives.

**Did the EU, ECB, and IMF inadequately monitor the Cypriot banking system?**

No! They seem to think that all big depositors are Russians with dirty money. But after months of searching they couldn't find a single one. In a large system two banks misbehaved and the troika solution is [to] destroy half the system. There are other ways of monitoring and regulating large banking systems, not through destruction and massive unemployment.

**Is Cyprus overly dependent on financial activities—and if so, what can be done?**

Cyprus is dependent on them just like Luxembourg, the Channel Islands, Hong Kong and Singapore are. Every mature small nation has a large financial system. Malta is building its own now, after joining the Eurozone, and is benefiting from the Cyprus fallout. Financial services is what Cypriots are trained to do. The system could be regulated more adequately and kept to its present size. Regulation in Cyprus followed the principles recommended by the ECB to the letter. The ECB needs to realise that there are members in the Union with different needs from those of Germany and devise rules that regulate the system, not try and make everyone like Germany.