

# Greece: The implosion of the systemic crisis

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Greece has been again front-page news in the world press in the last few months.

First, because of the new flare-up of riots in Athens in December 2009 caused by the alienated youth of the country marking the first anniversary of the police killing of a 15-year old student a year before —when an unprecedented social explosion took place, which, as I tried to show a few months ago,<sup>[1]</sup> had not been seen again since the student uprising in the early seventies that eventually led to the fall of the military junta in 1974. However, this was only a pretext and the new flare-up should be seen, in fact, as part of a process indicating the flimsy foundations on which the post-war social and economic system has been built and, also, as an indication of the fact that the systemic crisis in Greece is continuously deepening. In this context, the recent Greek elections in October, which gave an overwhelming parliamentary majority to PASOK's social-liberals and was celebrated by the political and economic elites both in Greece and abroad, could be shown to be just a sideshow, mostly irrelevant to the underlying social processes going on, their only real interest being that they were indicative of the elites' plans for the future.

Second, because of the near bankruptcy of the Greek economy when it was revealed that it enjoyed the highest combination of public debt and budget deficit as a proportion to GDP among the Eurozone countries. This prompted the rating agencies to downgrade Greece as regards the degree of reliability in repaying its huge debts to foreign lenders, boosting the “spreads” (i.e. the rate at which the Greek state could borrow compared to Germany) to a record level and creating a vicious circle as regards the financial reliability of the Greek elites, while giving at the same time the chance to the European elites to impose almost unbearable conditions on the Greek people, in order to continue lending the Greek elites —perpetuating in the process the economic and political dependence of the country on them! The outcome, as usual in these cases, is that the Greek people and particularly the lower social strata would be called upon to pay the heavy price of further borrowing, (in terms of lower incomes and employment), so that the local and foreign elites could continue enjoying their huge income and wealth which they have accumulated.

In this article, I will examine, first, the political bankruptcy in connection to the October elections and recent events, and I will discuss next the present near economic bankruptcy in relation to the myth of “green growth” promoted by the reformist Left and Greens and, after I consider the social crisis with reference to the systemic problem of immigration, I will continue on with the massive suppression of the December demonstrations, which confirmed the rise of social-fascism in Greece. Finally, I will examine the current attempt by the EU elites to transform Greece into a EU protectorate and I will propose an alternative solution that will aim to stop the Latin-Americanisation of Greece, and create the preconditions for a self-reliant economic democracy as an integral part of an Inclusive Democracy.

## **Political bankruptcy, elections and parliamentary parties**

It is now clear that the decision to call a general election, just two years after the previous one, was very much enforced on the political elites by the local economic elites and the EU elites, in view of the social unrest that would inevitably have followed the introduction by a right-wing government of the radical reforms of “structural adjustment” demanded by the EU and other international organizations (OECD, IMF etc.). Particularly so, as these reforms would inevitably have included drastic restrictions on public spending (health, social security, etc.), suppression of wages and pensions, further “flexibility” of labour and so on, aiming at a drastic improvement of the competitiveness of the public and private sectors at the expense of the working people, in other words, aiming at the completion of the country’s economic integration into neoliberal globalisation. Of course, whether the political and economic elites and the new government which expresses their interests will manage at the end to avoid an effective systemic (economic and political) bankruptcy is another story, which will be determined by the outcome of the social struggle, now reaching a critical turning point.

However, given the above plans of the European and local elites, it is not surprising that the overwhelming victory of the social-liberal PASOK party in the October general election was celebrated by the elites, locally and abroad. This is particularly so, after the December 2008 social explosion made clear the extent of the systemic crisis in Greece. It was at this particular point that the elites realised that the need for a self-declared “socialist” government to take over, with the main aim to introduce the drastic “reforms” mentioned above, was imperative.

PASOK —today under the leadership of George Papandreou (offspring of the Papandreou dynasty of the centre-“Left”) was the “perfect” choice for the elites, as this party has governed Greece, in turns with the Karamanlis dynasty of the centre-Right, during the entire post-junta period that followed the fall of the military dictatorship in 1974. In fact, these two dynasties, initially under the tutelage of the British and then of the US elite, and, lately, under that of the transnational elite, have been the main players of the Greek political scene for the entire post-war period, which began with the end of the Greek Civil War in the late 1940’s. However, the very fact that PASOK managed to gain a comfortable parliamentary majority (thanks to an electoral system that blatantly favours the first party in number of votes), in reality, sowed winds which, most likely, will, soon, reap whirlwinds. This is because the bipartisan system in Greece is not based on any solid foundations. An indication of this is the fact that, while in Europe, neo-liberal parties alternate with social-liberal ones (which have, long ago, abandoned even the socialist rhetoric) on the basis of a clear agenda that summarises the demands of neo-liberal globalisation, in Greece, both parties, and especially the social-liberals, systematically hide their true identity! When therefore, the true identity of PASOK is being revealed today, following the harsh measures it is introducing to deal with the crisis, its electoral base is in fact being dismantled and the result may well be the future dissolution not just of PASOK but of the entire bipartisan system in Greece.

It is clear that the same, more or less policies, with perhaps small variations on the actual fiscal measures to be introduced, would have been adopted by whatever party was elected, given the main goal imposed by the European Monetary Union (EMU) on all member-states for the reduction of the public debt to meet the Maastricht Treaty criteria. The “choice” given

by the elites to the Greek people was clear: either to re-elect the previous governing party (New Democracy) with an explicit new mandate to implement the savage cuts in social spending suggested by the EU commission and international organisations, or to elect a party (PASOK) which was in fact deceiving the electorate that it could somehow avoid the suggested savage cuts —in other words, a party that was, in fact, relying on its socialist name and its control of trade union bureaucracies to pass exactly the same policies! The method has been, after all, successfully tested for many years by the British Labour party, with the full support of the elites in Britain. It is therefore obvious that PASOK aspires to play exactly the same role now, with the full support of the local elites, which played a crucial role in its rise to power.

As for the New Democracy Party, it was apparently “sacrificed” temporarily by the economic and political elites in the EU and Greece, on the expectation that a “socialist” government could pass the same measures much easier, given its control of trade union leaderships. So, the only hope of its newly elected leadership for a return to power —in case PASOK is finally dismantled following its present irreparable damage to its “socialist” identity— is the “nationalist” card that Samaras, the new leader elected after the resignation of Karamanlis, is in a good position to play, given his past conflict with the party establishment on nationalist issues. Particularly so, as PASOK is even more obedient to the transnational elite than New Democracy on “national” issues (Cyprus and Greek-Turkish relations, Macedonia, etc.). This, of course, is by no means surprising, given that Papandreou is well known as one of the most docile instruments of the transnational elite in the Greek political elite and Pangalos, his vice president, is a brazen adventurer who has shown in the past that he has no qualms to do any despicable act that his transnational bosses would ask him to do —as the Ocalan case<sup>[2]</sup> has clearly shown, when he played a leading role in trapping the Kurdish leader on behalf of the US and Turkish secret services and then effectively handed him over to his Turkish tormentors— just in order to satisfy his personal political ambitions.

As regards the parties of the Left, the Communist Party, although it is the only parliamentary party which has adopted a clear line against the participation of Greece in the institutions of the transnational elite in general and the EU in particular, yet, it has lost so far the unique opportunity that was created by the present deep crisis to raise the topical demand for an immediate break with the EU, beginning with an exit from the Eurozone. And this, despite the fact that today it is more than ever generally accepted that it was the integration of the country’s economy into the internationalised market economy in general, and the EU in particular, which has led to the present disintegration of the country's production structure<sup>[3]</sup> and, consequently, to the current deterioration of the chronic economic crisis.

As far as the parties of the reformist Left is concerned, SYN, which belongs to the “European Left” (a reformist coalition of European parties which are fully integrated within the EU institutions), is only critical of the Maastricht Treaty and its Stability Pact, while it adopts Greece’s integration into the EU and the EMU. However, at this moment of crisis, it seems that the Left wing of SYN is in a process of rethinking its EU orientation and tending towards some sort of coalition with some “radical left” components of SYRIZA (an umbrella organisation of reformist Left groups to which SYN itself belongs), but it is not yet clear at this moment of writing whether the new radical grouping will proceed beyond the usual reformist Left policy of just criticising the Stability Pact of the Maastricht Treaty, but not the EU as a whole, despite the fact that under conditions of neoliberal globalisation, i.e. of open and liberated markets, the EU itself is unviable unless it adopts the fiscal criteria of this Treaty. The

same contradiction characterises some parts of the Left to the left of SYRIZA (mostly Trotskyites) which, also, do not raise the issue of a unilateral exit from the EU and set instead utopian demands for a pan-European abolition of the Stability Pact —something that with the present composition of the EU— is unthinkable to ever be agreed on by most of its members, apart perhaps from a few members in the European South (what markets call “the PIGS” [!] i.e. Portugal, Italy/Ireland, Greece and Spain). Finally, the libertarian Left seems to be dominated by a so-called “anti-authoritarian” tendency (AK), which is very close to the Znet empire (the US self-declared “anarchist” movement of Chomsky, Albert, the late Zinn and others), well known for its reformist tendencies covered under “anarchist” rhetoric.<sup>[4]</sup>

Lastly, the Greens propose a “Green growth” kind of process, in the form of a “green” capitalism, which has already become a big “business” in the international scene and is promoted by the elites of every persuasion, clearly out of potential profit considerations rather than out of their concern about the imminent ecological threat. However, green capitalism, although useful in advanced capitalist countries like Germany where it might well give rise to extra production and employment in producing renewable energy apparatus (wind turbines, solar panels, etc.) or green products (e.g., green cars), in countries in the periphery of the Eurozone like Greece —which do not have the required production structure and technology— it would simply increase further the level of imports and foreign debt, with some marginally positive results for consumers and the environment! Needless to add that the participation of several Green parties in European governments had hardly helped in restricting the impact of the continually deteriorating ecological crisis and that the only thing for which “radical” crooks of the European Greens like Daniel Cohn-Bendit and Joschka Fischer are remembered for is their direct or indirect support to the criminal wars of the transnational elite for the imposition of the New World Order!<sup>[5]</sup>

Given the above positions of political parties, it does not come as a surprise that, according to the latest Euro-barometer, 85% of Greek citizens do not trust political parties, while 67% do not trust the Parliament itself! Although, there was never any doubt that the client system in Greece (complemented by compulsory voting) would eventually “work” in the last election as well —as it actually did— yet, abstention from what “passes as politics” seemed to be the only consistent choice with the Eurobarometer’s conclusions. And indeed, as we shall see next, abstention did play a prominent role in the Greek election results.

In fact, the election results demonstrated clearly the bankruptcy of the political system. Thus, the two parties, which have been running Greece for the past 35 years (i.e. the centre-left PASOK and the centre-right New Democracy Party) managed to attract only 30% and 23%, respectively, of registered voters. The reason is, of course, that the long-term growth of electoral absenteeism (expressed by abstention, and the casting of blank or invalid votes which is usually deliberate in Greece), was confirmed once more, as it has been amply shown by the fact that the rate of absenteeism in the above sense has grown by 14% between the 2004 and 2007 elections, and by an additional 11% between the elections in 2007 and 2009. As a result, this rate is now close to 32%, compared to about 20% for the entire period from mid 1970’s until the beginning of the last decade! However, if in a clearly client political system such as the Greek one, the two establishment parties can just manage to attract only half of the registered voters, then, the political system is certainly in serious crisis!

Yet, the political crisis does not only concern the establishment parties, but also the

traditional Left, parliamentary and extra-parliamentary, which has just managed to hit 13% of the votes, presenting even a small decrease of its power compared with the last parliamentary elections. This, at the very moment when the internationalised market economy in general was confronted with an unprecedented crisis like the present one, and the Greek economy in particular was facing an even worse crisis due to its distorted “development”!<sup>[6]</sup> Of course, these results were not unlike similar trends in Europe as a whole. Thus, it is not only the social democratic parties which have been collapsing everywhere following their adoption of social-liberalism. The Green parties have passed through a similar crisis, after becoming everywhere a leading support of the system, mainly appealing to the middle classes that have basically solved their survival problems —not surprisingly, the Greek Greens collected their highest number of votes in the luxury “northern suburbs” of Athens. Besides, the Green parties have become for a long time the “Left boot of the system”,<sup>[7]</sup> as it is shown by their despicable stand of either directly supporting the wars of the transnational elite, or keeping “equal distances” on crucial issues like Palestine, in return, of course, for the role of the “legitimate” opposition to the system that the former anti-systemic Green movement is reduced to play today, the lavish subsidies to their party funds from the EU funds and the scandalous salaries of the members of European Parliament!<sup>[8]</sup>

## **Economic bankruptcy and “green” development**

However, as I recently tried to show in this Journal,<sup>[9]</sup> the present international crisis is not only economic (namely, a crisis which is a symptom of the chronic crisis of the system of capitalist market economy), but also, political, ecological and social. In other words, it is a systemic multi-dimensional crisis. In Greece, the chronic economic crisis, which is expressed in the post-war period by the dismantling of the production structure that was brought to completion with the opening of its markets to the world market —a process that was accelerated by its integration into the EU at the beginning of the 1980s— has been accompanied by a corresponding chronic crisis of the political system. This crisis deteriorated with the outbreak of the current financial crisis and it became all too obvious by the social explosion of December 2008,<sup>[10]</sup> followed a few months later by the effective resignation of the New Democracy government at the end of the Summer 2009 and the ensuing general election at the beginning of October.

The effective dismantling of the productive structure inevitably led to the continuous growth of the external debt as well as of the public debt —the latter reaching an explosive point in the eve of the elections. No wonder that the Governor of the Bank of Greece, representing the economic elite, waited for the victory of PASOK, the preferred party by the economic elite, to be announced, before revealing that the budget deficit exceeded 10% of the GDP (a figure to be revised upwards later to 12.5%) and describing the extent of the crisis in the public finances —something that was well known to the political and economic elites before the elections. A crisis, which has resulted in Greece being formally placed initially under the European Commission’s “surveillance”, with the aim to force the political elite to follow strict “adjustment programs” in order to drastically reduce the budget deficit and that of the balance of payments. Of course, this does not imply anymore that, failing this, the fleets of foreign lenders will besiege Greek ports to supervise compliance with the conditions imposed —as it did actually happen in the last major bankruptcy of the Greek state at the beginning of 20th century! Nowadays, the economic and political-military mechanisms that can ensure

compliance with these conditions (which are based on social-liberal reforms aiming at squeezing the social insurance and public sectors, “flexible” work, etc.) are already “inside the walls”. It was not accidental that one of the first acts of the new social-liberal government was to rename the Ministry of the National Economy to add “competitiveness” in its title. The signal was that any direct or indirect economic activity (namely, almost every social function) must now be judged by the criteria of the market economy: from the mode of operation of the National Health Service and of public transport to that of the University. The obvious aim of the new social-liberal government, whose model is the American and British social-liberals (Obama and Blair/Brown, respectively) is for everything to become “business”, functioning according to market criteria. And of course, those who resist this process and take to the streets will have to face the “Ministry for Citizen’s Protection” (sic!), i.e. the renamed —according to the US elites’ standards of political correctness and the Orwellian criteria— former Ministry of Public Order, with all its noble armour (chemicals, plastic bullets —if not real ones— etc.!).

Furthermore, economic developments in late November made even more urgent for the local elites the need to implement drastic economic “reforms”. Thus, a speculative attack against sovereign bonds (namely, bonds issued by the Greek state to borrow from commercial banks which buy them) led the economy on the brink of bankruptcy and to a new intervention of the European elites to “save” it, imposing of course their own conditions. Naturally, these developments did not —nor could they— lead, anyway, to the formal bankruptcy of the Greek state. It would obviously be unthinkable for a member of the EMU to declare bankruptcy, not only on account of the possible serious damage to the Eurozone’s “prestige”, but also because it would potentially put at risk the stability of Euro itself. Especially, when other countries of the periphery/semi-periphery in the EU face similar problems —mainly, the PIGS. However, the price to be paid, particularly by the lower income strata (workers, employees, under-employed, unemployed and pensioners) in the coming years, will be very heavy indeed (see last section).

But, how did Greece come to the brink of bankruptcy? Initially, it should be noted that this has been a cumulative process rather than a sudden development. In fact, the economic and political elites led the economy to the brink of bankruptcy, with their acts and omissions, throughout the post-war period. In other words, today’s effective (though not formal) bankruptcy is clearly a systemic problem, which is not only related to the current global crisis and the policies of the New Democracy party, as the professional politicians of PASOK claim, “forgetting” the crucial role of their own party in the creation and enhancement of the cumulative process that led Greece to its present situation!

In fact, both the external debt and the public debt began exploding immediately after joining the EEC in the 1980s, which coincided with the rise of PASOK to power<sup>[11]</sup>. Thus, the external debt was mainly created because of the fact that the economic and political elites left the entire development process virtually to the market forces, creating the paradox of a “consumer society without a production basis”. The inevitable result was that Greece got used to consume much more than what it produced and, correspondingly, exported goods and services of a value that represented a small fraction of the value of those imported. At the same time, the public debt also exploded, because PASOK, under its founder (the father of the present PM) attempted in the 1980s, as soon as they took over, to combine the consumer society being created with a rudimentary welfare state. But the latter was supposed to be

created not through a redistribution of income, which as a socialist party espoused (i.e., by taxing heavily the tax evasive privileged social strata to which many of its supporters belonged), but through heavy borrowing. This, through the growing payments for debt servicing, led to a vicious circle of debt accumulation. As a result, the public debt as a percentage of GDP increased more than five times within just six years, from about 8% of GDP in 1979 to over 42% in 1985 and, correspondingly, the total external debt (public and private) quadrupled within the same period from 13% of GDP to 50%<sup>[12]</sup>. Inevitably, government spending rose from an average 28.8% of GDP in the 1970s, to 41.1% in the 1980s<sup>[13]</sup>, and over one third of this increase in spending was due to the huge increase in service payments on government debt, which more than tripled as a percentage of GDP.<sup>[14]</sup> Since the 1980s both the public debt and the external debt have increased three times, and, according to the Deutsche Bank, the public debt is today about 135% of GDP while the external debt has reached the 150% mark!<sup>[15]</sup> Thus, even according to the conservative calculations of the new Budget, a quarter of the total public revenue will be used for interest payments. That is, over 5% of GDP (which is more than double the rate of the 1980s) will be spent on interest, so that the Greek elites can continue to borrow further!

This does not, of course, mean that these loans benefited production, since they were merely used for consumption purposes, as is evidenced by the fact that during the same period the effective dismantling of the manufacturing and agricultural sectors was also completed, as it is indicated by the growing trade deficit, as a result of our accession to the EEC and later the entry to the EMU, which made even less competitive the Greek exports. For example, it is estimated that from the beginning of the decade to date the Euro has become dearer by 20%.<sup>[16]</sup> Nor did these loans benefit the public, and especially the lower income strata that, mainly, bear the burden of these debts, given that indirect taxes hurt disproportionately these social strata, despite the fact that they are the only ones who dutifully pay their taxes.

Thus, public spending on education and health, as a proportion of GDP, in 1988, after seven years of “socialist” government, was only half of that in the European countries of OECD.<sup>[17]</sup> Today, it is still 66% of that in the EU —although in the meantime Greek public debt has quadrupled!<sup>[18]</sup> Furthermore, even official data show a highly skewed income distribution, with the 20% of the poorest receiving today less than 7% of income, while 20% of the richest receive almost 42% and Greece showing a significantly higher degree of inequality than the EU average.<sup>[19]</sup> Furthermore, as I will show in the last section, the latest barbarous measures imposed on the Greek people by the EU and Greek elites are bound to further deteriorate a very unequal distribution.

In the midst of the worst deterioration in the chronic Greek economic crisis on record, PASOK, followed by the reformist Left (SYN) and the mainstream Greens propose the panacea of “green growth”. However, assuming green growth is feasible in countries at the level of development of Greece, it would still be undesirable as a means of creating income and employment, let alone as a means to deal with the worsening ecological crisis, for the following reasons:

- First, because no “tidying up” of public spending (an old Thatcherite slogan implying savage public spending cuts) and “cracking down on tax evasion” (a permanent slogan of the Greek elite) would be adequate to finance such a growth.

As the public assets still available for privatisation are rapidly running out, following the selling out of the nation's silverware by previous governments, it is obvious that the only way for funding such a policy is either further borrowing or foreign investment. However, the former would not only directly contravene the Maastricht stability criteria (which have already been dramatically violated by Greece), but it would also inevitably lead to a further downgrading of the country's ratings by the credit agencies—a development that would surely lead to more onerous borrowing terms in the future, further enhancing the vicious circle of debt. And the chances of the latter are even smaller now than they used to be, given the deep recession to which Greece has been condemned by the latest EMU measures,

- Second, because any attempt by the Greek ruling elite to minimise the effects of the crisis through some sort of “green’ growth” —instead of the favoured austerity by the EU elite for member-countries heavily indebted like Greece— is impossible, unless it represents the consensus of the elites controlling EMU. Moreover, it is not accidental that the only countries that have attempted a similar policy to deal with the present crisis, US and UK, have their own currency. This means that only at EMU level could similar policies be implemented and not by member countries on their own, given the potential impact of such “Keynesian” policies on the stability of the common currency. It is also highly indicative that out of the two countries mentioned above which followed such policies, only the US has not experienced problems with the stability of its currency, simply because Chinese investors still have confidence in the dollar. Britain, on the other hand, saw the value of Sterling collapsing since the last year or so, as a result of the huge rise in its public debt. No wonder, its political elite is presently forced to adopt savage cuts in public investment, and

- Finally, because “green growth” mainly benefits the countries which can produce green products (cars, appliances, etc.) and equipment for the creation of renewable energy (wind turbines, solar panels, wave power, etc.), so as to benefit both directly (from additional production) and indirectly (from cheaper consumption, etc.). That is why the elites in countries like Germany (with the strong support of the Greens) fight for green growth, i.e. not only because they consider it as a good tool to overcome the ecological crisis, but also, because it is big “business”. However, countries in the periphery of EMU, like Greece, which import almost everything, not only are they not going to expand income and employment by adopting a green growth process, but, also they will help to the further deterioration of the structural problems of the Greek economy and, in particular, of the balance of payments and the foreign debt. In other words, the only benefit for Greece from green growth would, mainly, be on the side of consumption (lower energy cost) and only indirectly on the side of production, (e.g. because of the creation of some jobs in the trade of green products, the installation and maintenance of wind turbines, solar panels, etc.).

## **Social crisis and the systemic problem of immigration**

To this political and economic bankruptcy, one has to add the worsening social crisis, as



manifested by the “old” problems of the expansion of drug abuse<sup>[20]</sup> and crime, as well as the new growing problem created by the massive influx of immigrants (another clearly systemic problem).

Thus, the new “socialist” government, not only, as we saw above, is already taking the worst economic measures against the lower social strata in living memory, but it also continues and expands further the state repression of the last government. This repression is not only manifested against the “usual suspects”, that is, the young (mostly unemployed) people, who are baptized “hooligans” by the “energetic” Minister for the “protection” of civilians (who has received US training on policing methods!) and the current “wretched” of the system, the immigrants. As from its early days, the new government, walking on the steps of the previous one<sup>[21]</sup>, began using brutal force against “unruly” workers and citizens who dared to protest against the atrocities of the police and the related racist pogroms.

Prosecutions against immigrants are not, of course, a new phenomenon. In the EU, only in 2008, there were 146,337 arrests of immigrants (that constitute 24.5% of total arrests!), representing an increase of 65% compared with 2006.<sup>[22]</sup> The mass arrests in Greece followed the announcement of draconian legislation in July last year, which included dramatically extending the amount of time undocumented migrants can be detained. And, despite widespread protests from Greeks and migrant groups over the prospect of “migrant concentration camps” being created, the conservative government has also floated the idea of detaining “illegals” in disused military facilities.<sup>[23]</sup> It is therefore clear that, as Simone Troller points out, “other EU member states are all too willing to look the other way as Greece performs their dirty work of keeping migrants out.”<sup>[24]</sup> No wonder, therefore, that the UN High Commission for Refugees inspectors described as unacceptable the conditions of detention of immigrants, stressing, for example, that more than 850 people, among whom 200 were unaccompanied children, mostly from Afghanistan, were detained under appalling conditions in Pagani of Lesbos. Nor is it, of course, accidental that “Greece's notorious asylum process has the lowest acceptance rate in Europe. Of the 20,000 applicants last year, asylum was accorded to only 379”.<sup>[25]</sup>

However, the question is what really changed since the beginning of the decade, when the elites in Europe and in Greece turned a blind eye to the massive —legal or illegal— influx of immigrants from the periphery (Asia, Africa, etc.) and semi-periphery (Eastern Europe)? In fact, what has, mainly, changed is the deterioration of the chronic economic crisis, which has led to the present explosion of unemployment in Western Europe —at an enormous political cost to the elites— that endangers the system itself. In Greece, in particular, the economic crisis had begun deteriorating earlier, when, following the 2004 Olympics, the country was left with an even bigger debt than before while the construction explosion, which was based on cheap immigrant labour, rapidly subsided.

A crucial role on the ups and downs of immigration is played by the opening and liberalisation of markets in the present era of neoliberal globalisation, which has led to a huge concentration of economic power, income and wealth to economic elites and the privileged social strata. However, while the liberalisation of the markets for commodities, capital and labour (“flexible” labour relationships) was complete, that was not also the case as regards the opening of these markets. The opening of the labour market has always been controlled by the transnational elite, so that the inflow of cheap labour in the North could be regulated,

in accordance with the needs of the economic elites and the economic conjuncture.

The economic and political advantages to the elites from immigration are obvious. Not only does cheap immigrant labour reduce the cost of production and directly improves productivity and competitiveness, but it also plays a role in depressing real wages of local labour, leading indirectly to a parallel expansion of competitiveness. From the political and cultural perspective, immigration is the modern form of the historically tried out policy of “divide and rule”, through which the elites usually perpetuated their dominance. Thus, foreign workers are blamed by the yellow press and TV channels as the source of the present multidimensional crisis, with problems such as unemployment, the explosion of crime, the crisis of the welfare state (imposed by neoliberal globalisation through cutting up social spending for the sake of competitiveness) as well as cultural homogenisation (another by-product of globalisation) —all attributable to immigrants. In this way, the real culprits of the multidimensional crisis (the economic and political elites and the privileged social strata)<sup>[26]</sup> are exonerated from responsibility, while the lower social and economic strata are persuaded to see the social “enemy” in the usually even poorer immigrants! A growing culture of xenophobia<sup>[27]</sup> is cultivated directly or indirectly by the elites, which, in several European countries, becomes even nastier when it is combined with Islamophobia, like the one promoted by Geert Wilders in Holland, whose neo-fascist Freedom Party did tremendously well in the March local elections —a fact which positions him well for the general election, with his Party now being forecast to emerge as the first or second largest in parliament.<sup>[28]</sup> No wonder that Britain, which last year banned his entry into the country, this year changed its mind and allowed him to give a lecture in Parliament about the “terrorism” that Islamism represents!

Of course, all this does not mean that mass immigration is not a problem for workers. However, in reality, this is a systemic problem which is produced and reproduced by the very system of the capitalist market economy and its dynamics. Thus, the dynamics created by the opening and liberalisation of markets, in the context of the present economic globalisation, led to the de-industrialisation of the “North” and the corresponding creation of some economic bubbles of the “South” (China, India and the rest). The combined effect of the mass inflow of capital to the bubbles of the South —which have been transformed into the assembly lines of transnational corporations from the North— and of the reverse inflow of cheap commodities and labour to the North, not only led to the massive expansion of long term unemployment and poverty in the North and to the dismantling of local economic self-reliance in the South, but it also played a crucial role in the world financial crisis<sup>[29]</sup> which has now been transformed into a debt crisis. At the same time, political globalisation, namely the need for full integration of the whole of the world (and particularly the crucial energy-rich Middle East) into the internationalised market economy, led to the criminal wars of the transnational elite in Afghanistan, Iraq, etc., which have added huge “armies” of political refugees to the millions of economic refugees.

## **The move of PASOK from social-liberalism to social-fascism**

The newly elected social-liberal government attempted, initially, through a massive communications campaign, decisively helped by the media (most of which are sympathetic to PASOK, whereas state TV and radio play a clear propaganda role in favour of the government

and the Prime Minister personally), to create a favourable image of a revamped party, which was determined to break with the past and create a new prosperous Greece rid of old practices (massive tax evasion, corruption, etc). In this framework, the government attempted first to create a false impression of redistributing income. False, because with one hand it was making some petty extra payments to lower income groups in the form of a lump sum allowance, while with the other it was increasing indirect taxes which primarily hit the same social strata! Particularly so, as it left the relatively low direct taxes on income (personal and corporate) untouched —a recipe that surely leads to further deterioration of an already highly unequal distribution of income.

At the same time, the government engaged in a massive media “transparency” campaign, of a kind very reminiscent of “mirrors for the cannibals”! Thus, Papandreou, assuming the role of a supreme ruler who wants to be “close to his people,” was almost daily seen on TV visiting numerous state services to see for himself whether they serve well his “subjects” and issue corresponding “directives” to the civil servants involved, or, functioning as a kind of mini-US President, he was seen presiding over “open,” clearly staged, Cabinet meetings, which were highlighted for hours live by state television, and where ministers were seen reading ready-made insubstantial speeches (enriched with diagrams, etc.). The show clearly aimed to create the image of transparency, when, of course, it is well known that real decisions are not even taken by the Cabinet, but by the think tank around the PM and his close family!

At the same time, the Orwellian Ministry “for citizen’s protection” unleashed a campaign of increasing repression, not only against the “usual suspects,” i.e. the youth who rose up in December 2008 and the immigrants, but also against “unruly” workers who dared to challenge it, with the right to strike being the first to suffer from the new “socialist” government. Thus, the strike of the dockers against the privatisation of the biggest port in the country, the port of Piraeus, was effectively suppressed by the executive part of the elite, the judiciary, which declared the strike as “illegal” because it openly aimed at the privatisation of the port —an aim that the political elite had already taken care to declare “political” and, therefore, illegal, in a process where the political and judicial power, in perfect harmony, confirm the Greek folk wisdom “John offers a drink and John drinks”! Similarly, the strike by one of the poorest sectors of society, the municipal dustmen who work under temporary contracts, was also declared “illegal” by the courts, with the consent, of course, of the “socialist” government, which obviously had no qualms about strangling the right of even the poorest workers in Greece to strike!

Then, it was the turn of the youth which was determined to commemorate the killing of a fifteen years old student by the police in December 2008. A massive police operation was launched to deal with it, whereas the Athens area where the killing took place, had effectively been transformed, since the PASOK taking over, into a police-controlled ghetto, leading to frequent clashes between residents and the police. Mass arrests and brute force were used to terrorise the protesting youth with police on motorbikes chasing rioters (leading to the serious injury of a woman demonstrator who was hit by a police motorcycle) and firing mass volleys of teargas and chemicals (allegedly bought from Zionist Israel, which of course has a long experience in violently suppressing popular resistance!) to disperse the youths in running street battles in the centre of the capital.<sup>[30]</sup> Clearly, the message was that no mass protest, of the scale of December 2008, will be tolerated in the dark future that was already dawning in Greece.

However, the descent of the Greek social-liberal party towards semi-totalitarianism is far from a local phenomenon. It well reflects a general trend which has transformed the European ex-social democratic parties and presently social liberal ones into social-fascist parties. But, social-fascism today takes a very different form from the old image used by the Comintern to describe the social democratic parties in the 1930s. Social-fascism then was supposed to be a variant of fascism, in the sense that it stood in the way of the final transition to communism. Today, social-fascism takes the form of a mix of spurious social democracy and semi-totalitarian “democracy,”<sup>[31]</sup> as the inevitable outcome of the adoption by the ex-social democratic parties of the necessary social-liberal policies to make them conform with the present neoliberal globalisation of open and liberated markets. This outcome was inevitable, because it was only through massive, preventive as well as repressive, systemic violence that the present reversal of the social democratic achievements, which were realised during the statist period (1945-mid of 1970s), could be consolidated. Thus, the disintegration of the welfare state, through the effective dismantlement of fundamental social services (free education, national health systems, comprehensive social security arrangements, etc.), with the ultimate aim to fully privatise them; the massive unemployment and underemployment following the massive cuts in public spending; the introduction of “flexible” labour relations; and more importantly, the enormous concentration of economic power in the hands of the privileged social strata that has led to the present monstrous levels of inequality in the distribution of income and wealth—all these could not have been achieved without being effectively “shielded” from popular counter-violence, namely, the defence of the weaker social strata against the mass systemic (economic as well as physical) violence.

No wonder, therefore, that cameras have been installed everywhere in major cities like London, supposedly to protect citizens from crime; citizens are humiliated when travelling even to the extent of being forced to have an electronic striptease before being allowed to travel; demonstrators are violently suppressed when they dare to blame the transnational elite for the present multidimensional crisis (e.g. in London during the G20 meeting, then in Copenhagen during the climate conference, etc.); the right to strike is effectively suppressed through the banning of wildcat or sympathetic strikes, inevitably leading to the consolidation of the power of trade union bureaucrats (who are usually controlled by the elites); telephone and internet communication is closely monitored by “Big Brother” and so on.

The case of the transformation of the British Labour Party from a social-liberal to a purely social-fascist party in the above sense is clear and it is obviously the model used by PASOK in Greece. The British social-liberals, on the pretext of war against “terrorism” (which they have created in the first place by invading countries like Afghanistan and Iraq), have led to a police state system of mass surveillance (cameras, internet, etc.) and repression of all forms of popular counter violence.<sup>[32]</sup> No wonder that even an ex-head of the anti-terrorism service now claims that Britain under Labour social-liberals “is sliding towards a police state!”.<sup>[33]</sup>

Social-fascism, like the original Fascism, requires the parallel development of a sophisticated propaganda system that will ensure a significant degree of popular support. Furthermore, it needs a system that will foster fear and suspicion in citizens, even for their neighbours. This irrational fear and insecurity—which is also cultivated by the whole sub-culture of Hollywood and television serials—is already bearing fruit in Greece where, according to a recent poll, nearly 60% of people stated that they feel being “in danger”.<sup>[34]</sup> Indeed, today’s social-fascist

regimes have a very powerful tool in their hands, which the fascist regimes could not even dream of: television. Television plays the role of “manufacturing consent”, not only through panel discussions, etc. in which the guests are carefully chosen to express the systemic views, but even more so through the way they present news. This way, a virtual reality is created which essentially has no relation to the actual reality and, given that most people nowadays learn about reality sitting in their sofas and few could be characterised in any meaningful sense as active citizens, effectively two worlds have been created: the world as seen and created in TV and the actual world. This blatant contradiction is being used to the full by the new PASOK government in Greece and the modern communication techniques obviously helps it on this task to distort reality, as seen by the average citizen.

It is, therefore, obvious that PASOK (which was selected by the local and foreign elites in preference to the New Democracy party, so that the deepening economic crisis could be dealt with in a way that would minimise the effect on the elites themselves and the privileged social groups) had to complement such measures with the corresponding social-fascist measures of mass surveillance and repression, to tackle the inevitable popular counter violence. Thus, the strangulation of strikes through legalistic means was followed by the implementation of a “zero tolerance” policy —a clearly totalitarian policy which, when applied by the military Junta in 1967-74 was considered “undemocratic,” but now, when applied by the pseudo-democratic regimes all over the world (following the US semi-totalitarian example), it has been re-baptized as democratic! The pattern is well known: the political and economic elites, which control the economic and political process, initially institutionalize the arrangements that produce and reproduce the concentration of power in their hands, and then they go on to institutionalise as unlawful any substantial resistance to these measures and repress it accordingly.

## **The transformation of Greece into a EU protectorate**

At the beginning of February, the European Commission announced plans which *The Guardian* characterised, with the usual British kind of understatement, as “the most intrusive scrutiny of an EU member state’s fiscal and economic policies and book-keeping ever attempted”, while the Commissioner himself stated, “this is the first time we have established such an intense and quasi-permanent system of monitoring,” —a system that involved a stiff regime of quarterly reports from the Greek government on progress towards fiscal probity and the EC right to order extra action if needed.<sup>[35]</sup> This was followed a month later by the announcement (made by the Papandreou government on behalf of the EC —although they kept the pretence that they have designed themselves the measures!) of swingeing spending cuts and huge tax rises hitting the lower social groups. These measures involved, in a nutshell, shaving off a month’s salary from the already low (by Eurozone standards) incomes of people employed in the public sector (who are estimated to be about one million, i.e. 20% of the total labour force), squeezing of public spending, rises in indirect taxes, including VAT, freezing of pensions and worsening of social security conditions with respect to pensionable age, etc.

At the same time, a huge media campaign was launched by the political elite to persuade the victims (employees, pensioners, unemployed, etc.) and lower income strata in general to bear once more the burden of the crisis. Inevitably, a huge “river of anger” has been pouring since then in the streets of Athens and other major cities, in repeated general strikes, in face of the mockery of local elites who are blatantly trying to transfer the impact of the measures

imposed by the transnational elite —through the EU— to the lower social strata. Particularly so, as it is more than obvious that the measures announced will neither catch the enormous tax evasion, nor shall they force repatriation to the country of the billions of euros, already escaped abroad in the last couple of months since the crisis was announced, to be added to at least 60 billion euros which had already fled the country!<sup>[36]</sup> However, had these funds and the local wealth been subjected to a significant proportionate extra property tax (something which is of course inconceivable for the elites), the famous problem of debt could have been solved in a flash, without having to beg for help and for new loans from the foreign elites, which (with profit in mind of course!) have been imposing instead onerous conditions that the future generations will have to pay for many years to come. This, despite the fact that it was the same elites and privileged social strata that created —and primarily benefited from— the debt, as shown, for instance, by the significant deterioration in the degree of inequality in the distribution of income in the last 30 years or so and the fact that, according to the official statistical data, almost 20% of Greek population are at the margin of poverty struggling to survive. It is also worth noting that Greece is the joint record holder with another PIGS member (Spain) as regards the size of poverty in the Eurozone.

But, let us examine briefly the mythology used by the media propaganda of the elites to justify the unprecedented structural measures against the lower social groups, as well as the real causes of the current crisis.

— **First Myth: The primary responsibility for the crisis lies with the speculators** who caused a tsunami of negative speculation against the Greek government bonds, or (if we accept the plot theories), against the euro as a whole, with a view to profit. In reality, however, to blame the speculators for speculating is like blaming the military for killing in war! Obviously, this is their job in the system of market economy: to find the weakest links in the system and engage in speculation to maximise their profits. In other words, all that speculators can do is to make a bad situation worse, but not to create it in the first place, and as we saw above, the Greek debt problem had begun exploding since the 1980s. So, all that speculators can do is to bring down the prices of sovereign bonds (and correspondingly push their yields up) affecting the rates at which the country concerned borrows in the world markets and possibly the “ratings” of the international agencies, leading to a vicious circle which may make refinancing the existing debt more difficult. Papandreou’s effective propaganda machine presented the speculators as the main culprit for the crisis, simply in order to be able afterwards to present his “marathon” of trips to the main capitals of the transnational elite (Germany, USA, France, etc.) —at the expense of course of the Greek taxpayer who has to pay for the luxury trips of Papandreou and various ministers and advisers, even members of his family!— as well as the painless (for the elites) promises that they will help in the control of speculation, as a kind of personal “success” and at the same time divert the attention of the angry Greek people from the measures he has been imposing on them.

— **Second Myth: Greece is on the verge of bankruptcy and Greeks have to make sacrifices to save their country, as such an eventuality would lead to the loss of sovereignty.** In reality, however, although Greece is actually on the verge of bankruptcy, as I showed above, it is not in interest of the EU elites to allow such a development, either politically or economically, and therefore they will certainly provide financial help of some form to prevent such an outcome, of course on their own (strict —and beneficial to them) terms. Yet, this is an “exogenous” factor, which does not in any way question the fact that Greece is really the weak link, despite

the attempted alchemy of figures by some (reformist Left) analysts, who went a step further and even attempted to show that Greece is not near bankruptcy at all, as supposedly is shown by the fact that an attempt by the state in the midst of the crisis to sell state bonds of about €5bn was oversubscribed or, alternatively, because similar levels of budget deficit and public debt characterise other members of the Eurozone as well. What however, they “forget” to mention is that although neither the public debt nor the budget deficit, in relation to GDP, are by themselves, the highest in the Eurozone, neither of the other member countries does it pose a similar combination of high rates (113% and 12.7% respectively).<sup>[37]</sup> Furthermore, no other Eurozone country has to repay or refinance, in just five years, half its total €300 b debt (mainly to German and French bankers) —€31b of which has to be repaid this year alone— and to spend more than half of the total government revenue in servicing the debt!<sup>[38]</sup> Furthermore, any sovereign nation in the Eurozone could easily make similar loans to the recently oversubscribed one, particularly when it would have to pay, like Greece, an interest rate which was seven times as much as that of any commercial bank in the EU, while at the same time lenders do not face any real risk of losing their money, as they are fully aware that a member country of the Eurozone is never going to proceed to a compulsory expropriation of the debt, and that, one way or another, it will be finally forced to repay it in full! Finally, as regards the potential loss of sovereignty in case Greece becomes bankrupt, in fact, as we shall see, below, exactly the opposite is true: it is now that Greece has lost even the last vestiges of any kind of sovereignty!

— **Third Myth: The EU itself has to be blamed for the crisis as it has no mechanism to prevent surpluses/deficits.** Thus, the EU is blamed for not showing the necessary “solidarity” to a member state, by creating, for example, an economic union in addition to the monetary one. Moreover, as reformist economists emphasize<sup>[39]</sup> —taking of course for granted the entire institutional framework of open and liberalised markets and the EMU— the main culprit is the European Central Bank and the German elite which, thanks to the policy of “hard euro” it followed (which includes the suppression of labour costs), it improved significantly German competitiveness and consequently improved the German balance of payments, creating a significant surplus to it. Conversely, the faster increase in labour costs in countries like Greece has led to the decline of its competitiveness and it consequently worsened its balance of payments, further worsening its deficit —something that ultimately led to an increase in the public debt to finance the bubble of “growth” Greece enjoyed since its adoption of euro. And indeed, it is true that Germany, starting with a deficit of 1% of GDP in the Balance of Payments on Current Account in 2000, achieved a huge surplus amounting to 5% of its GDP today, while in the same period huge deficits were conversely created in the European South (Greece tripled the deficit in absolute numbers, Spain increased it as much as six times, etc.) and it is also true that, in the same period, labour cost in the European South has risen faster than that in the North. But, what such analyses “forget” is that, historically, wages were and still are, almost half in the South compared to those in the North (the minimum monthly wage in Greece, Spain and Portugal in 2006 was less than half of that in the European North<sup>[40]</sup> ) and had a real convergence been achieved —supposedly a main EU policy— even greater differences in competitiveness would have been created among these countries, which no transfer of funds from a new institution (like the US Fed, as some suggest) would have been capable to eliminate. Particularly so when such convergence within a capitalist market economy has not been achieved even within nation-states (Italy, Germany, UK, etc.) let alone an economic union of states like the EU!

So, the EU is blamed by reformist analysts for the wrong reasons, i.e. for its internal organisation and structure —something that is hardly surprising coming from analysts who are only interested in improving the EU rather than in finding out whether there are any systemic reasons which intrinsically lead to crises like the ones that have been created at the moment in Greece and the PIGS in general. But, in fact, as it could be shown by both theory and historical experience, in any economic union consisting of members characterised by a high degree of economic unevenness (as is the case with the EU), the establishment of open and liberalised markets for commodities and capital, would inevitably lead to a situation where those which primarily benefit from the free movement of commodities and capital would be the more advanced regions/countries (which have already developed high productivity levels and advanced technologies) at the expense of the rest. No wonder therefore, that Greek productivity in manufacturing, in the period 1980-84, was about 42% of that in Germany and that after almost 20 years of membership, it was even lower at 38% in 1995-99!<sup>[41]</sup> It is not therefore surprising that, historically, none of the presently advanced capitalist countries —which are now keen to promote the freedom of trade, etc.— opened its own markets before it has already achieved a high level of competitiveness for its own exports, under protected markets.

A clear case of how an entire production sector has effectively been dismantled, as a result of the opening and liberalisation of markets under EU rules, is the Greek agricultural sector, which, for almost every Winter in the last few years, has been in turmoil, with farmers blockading the main Greek roads —the last time in January of this year.

Thus, while the agricultural sector until Greece's accession to the EEC, in 1981, had been employing 31% of the active population<sup>[42]</sup> (against an average of 6% in the metropolitan centres of the EEC), following the accession, a general stagnation of agricultural production was recorded, despite the much-advertised subsidies through the CAP (Community Agricultural Policy). In fact, the agricultural population suffered a dramatic decline between 1981 and 2006, with the proportion of farmers in the total working population dropping by more than half in this period (from 31% in 1981 to 13% in 2006). The same of course happened in metropolitan countries as well, but while in these countries we talk about an approximately 3% of the active population which had to find (and basically found) employment in the expanding modern service sector, in Greece we talk about an 18% of the population, which had to turn to a parasitic "services" sector<sup>[43]</sup> to find employment. Moreover, while the reduction of the rural population in metropolitan centres did not prevent their agricultural production to continue growing rapidly (because of its greater productivity), in Greece it has completely stagnated. Thus, while the average annual growth rate of agricultural production in metropolitan centres in the period 1990-2006 was about 0.9%, the corresponding Greek rate was negative (−0.9%)!<sup>[44]</sup> And this, while in the two decades prior to accession (1961-81) Greek agricultural production was increasing at an average annual rate of 2.7%!<sup>[45]</sup> Similar conclusions can be drawn about the effective dismantlement of the manufacturing sector following Greek entry to EU and EMU.

However, the above findings should not lead us to utopian conclusions and wishful thinking on the need for "self-organization" of farmers and the "regeneration of local communities," that supposedly would create "the conditions for establishing models of direct democracy." Self-organization by itself, within the existing institutions of the internationalised market economy and representative "democracy," either would lead to stagnation and eventual



failure, or to integration in the system (see e.g. the case of Mondragon in Spain), since there cannot exist viable “islands” of an alternative organisation of production and society in general within an economy, such as the Greek one, that is fully integrated into the globalised market economy, through the EU. For instance, at what prices will the self-organized farmers dispose of their products when, in today’s open and liberalised markets, on the one hand, the prices of their output (i.e. of their products) are determined by the lower cost of production which, ultimately, means the cheaper labour cost, and on the other, the prices of their “inputs” (i.e. of fertilizers, machinery, technology, etc.) are controlled by the multinationals? How can the “self-organized” farmers compete without “protection” against the agricultural products produced by India, China or Egypt, with their starvation wages, or even those produced by other EU countries or the US, with their higher productivity?

## **Is there an alternative solution to EU colonisation ?**

The predatory measures imposed on Greece by the Directorate of the EU, expressing the Eurozone’s political and economic elites, clearly give the impression of a complete colonisation of the country by the transnational elite. This is not just about the implementation of neoliberal prescriptions of the EU in Greece, as claimed by some in the Left. It is one thing to implement similar measures by formal consensus of the people (as in Britain, Holland, Sweden, etc.) and quite another to enforce compliance with such measures, as it happens now in Greece. Especially when these measures do not have any popular legitimacy, given that the ruling party was elected on a program that provided for measures entirely different from those imposed now on the Greek people. This, despite the fact that the leadership of the ruling party (just as that of the New Democracy) was fully aware of the crisis—which is basically chronic—and deliberately deceived the electorate with the help of the political and economic elites controlling the media, assuming (rightly) that only a “socialist” party could have a chance to impose such measures, because of its comprehensive control of trade unions. And of course, no one can take seriously opinion polls paid for by private companies or parties, claiming strong political support for these measures. When “Greek statistics” is considered a kind of a joke in the Eurozone (as it is obvious now that they were compiled according to the wishes of the particular fraction of the Greek political elite in power at the time of compiling), it is clearly a kind of a bad joke to refer to the supposedly impartial findings of opinion polls, especially on such a crucial issue for the elites who finance these polls as the popular approval of the barbarous measures being imposed at the moment. The very fact that some polls have been published lately, which not only overturn the conclusions of the above fake polls but also show an overwhelming rejection of these measures, is a clear indication of this.

The enforced measures are presented, in a massive brainwashing by the elites and their acolytes in the media, as unavoidable. This however is true only if we take for granted the present institutional framework of today’s globalisation, namely, open and liberalised markets, which are the ultimate cause along with the consequential treaties of Maastricht, Lisbon and the Stability Pact. In this context, competitiveness plays indeed a crucial role with respect to an exporting economy that bases its development on the free movement of commodities and capital (like Germany or China!). At the same time, competitiveness itself is related to low production costs which, in turn, are a function of wages, productivity, price stability, and also employers’ contributions/taxes. The euro, therefore, cannot be separated from the Stability Pact, as is imprudently proposed by the reformist Left, because it is only

when the common currency is complemented by criteria like those prescribed by the Stability Pact that, in the given institutional framework, monetary stability and the competitiveness of developed economies in the Eurozone can be achieved. In other words, without the policies of squeezing wages, prices and the associated deficits, the EU could not indeed survive in any competition with USA, China, etc. Therefore, the Eurozone was formulated on the basis of the needs of economies such as Germany's, which have little to do with the needs of countries like Greece, or other countries in the "European South".

So, the slogan "abolish the Stability Pact" is misleading, because it means, in fact, transferring the issue to be resolved within the EMU countries, something that presupposes a dramatic change in the overall balance of power within it and therefore postpones the implementation of this proposal to the indefinite future (if ever!). In the meantime, the Greek people will have gone down on their knees through an imposed neoliberal state of poverty and unemployment —something which nowadays usually leads to conservatism and apathy, as, for instance, in Britain. Similarly, the slogan of "disobedience to the EU" becomes rhetoric when the ruling party controls the main trade unions, out of which usually the future professional politicians in the party are selected!

On the other hand, however, an alternative "package" of measures could be proposed, which, even within the existing system of market economy and representative "democracy," would provide for:

- an exit from the current financial crisis (albeit not from the chronic economic crisis, which is associated with long term radical changes in the production and consumption structure of the country) without the current attack against social conquests and a consequent massive unemployment and poverty for decades to come,
- a genuine social justice (no relation to the one invoked by the government) for transcending the crisis, by forcing those, who have mainly benefited over the years by the massive borrowing, either directly (through the huge fortunes they have amassed by tax evasion, profiteering, etc.) or indirectly (through the huge increase in the value of their properties, as a result of the growth bubble that public borrowing made possible). On the other hand, the kind of social justice invoked by the EMU elites and the PASOK government involves the Governors of the European Central Bank and the Bank of Greece, who demanded (and got it!) the severe cuts on wages and salaries — including the trifling salaries paid to the young in their first job (the so-called in Greece "generation of 700 Euros"), whereas at the same time they themselves pocket 345,252 and 362,500 Euros respectively!<sup>[46]</sup>, and
- the creation of the preconditions for economic self-reliance (not self-sufficiency) and overcoming unnecessary consumerism in the future.<sup>[47]</sup>

The fundamental precondition for a similar "package" of measures is the recovery of national sovereignty that has now disappeared completely, even formally. Of course, Greece was never a fully sovereign country, as the modern Greek state that was established at the beginning of the 19th century, following a revolution against the Ottoman rule (a rule which lasted for

almost four centuries), was in fact an informal protectorate of the powers that helped the Greek liberation (Tsarist Russia, Britain, France) and, following the demise of the Tsarist regime and the decline of French influence, it came under the political and economic tutelage of Britain. This was until the decline of the British empire and the rise of the American “empire,” following the second world war and the defeat of the Left in the civil war (with the decisive military and economic help to the Right given by the Americans), created a new US protectorate (in all but its name) in Greece.

The political and economic elites in post-war Greece were completely dependent on the American elites, which did not have any qualms even to give the green light for the imposition of a military dictatorship in 1967, when a strong popular movement from below in the mid-1960s questioned the very political institutions on which American domination (centered around the Palace) was based. The military junta had further integrated the Greek economy into the internationalised market economy, relying on foreign investments and the foreign markets to boost an economic development of a purely dependent type.<sup>[48]</sup> It was during the military dictatorship period (1967-74) that a consumerist society was created in Greece, which, however, was based on an economic growth bubble, as the degree of self-reliance of the Greek economy was effectively being undermined with the gradual opening of the markets, which had led to an ever increasing gap between what the country could produce and what it was consuming, as it was shown by the fact that the trade deficit as a proportion of GDP has almost doubled from 9% in the 1950s to 16% in the 1970s.<sup>[49]</sup> This gap was initially covered by the remittances of millions of Greeks who were forced in the 1960s to emigrate to Germany, Australia, etc. to avoid unemployment and poverty at home, the shipping remittances (the Greek economic elites have always excelled in the shipping industry) and finally tourism, which was the emerging “heavy industry” for countries in the periphery and semi-periphery in the 1970s and 1980s. However, the first two sources began drying up in the 1980s when the demand for immigrants in the host countries was drastically reduced and Greek ship-owners began transferring their ships under various flags of convenience, reducing drastically Greek personnel in the process.

At the same time, Greece’s integration into the internationalised market economy was sped up as a result of Greece’s entry into the EEC, which not only led to the complete opening of its markets and a further loss of economic sovereignty through the loss of its right to protect its own agricultural and manufacturing sectors (leading to the inevitable effective dismantling of both!) but also led, when it joined the Euro at the beginning of last decade, to the formal end of a Greek monetary policy, which was determined since then by the European Central Bank (i.e. the economic elites of the Eurozone). Furthermore the Stability Pact of the Maastricht and Lisbon Treaties imposed strict controls on fiscal policy (the total debt level should not be higher than 60% of the GDP and the state budget deficit should not exceed 3% of it). In fact, as it has now been revealed, the Greek elites achieved these entry criteria only through “creative accounting,” although Greece was not alone on this as other countries among the PIGS did the same to secure their entry, and most probably the European economic elites looked the other way, in order to expand the Eurozone.

So, the present takeover by the EU elites of even the last remnants of economic policy-making within Greece represents the completion of a long process, which presently formalises the transformation of Greece into a EU protectorate. Therefore, the first step in any attempt to recover economic sovereignty, which is a fundamental precondition for any restructuring of

the Greek economic structure in a way that would make possible the control of the economic process by the Greek people themselves rather than by the foreign economic and political elites in collaboration with the local ones, is the immediate exit from the Eurozone, as a first step in the exit from the EU itself. In fact, an exit of Greece from the Eurozone —usually as a temporary measure and of course with a different rationale and a very different packet to complement it— is proposed presently also by distinguished orthodox or reformist economists like Martin Feldstein of Harvard University,<sup>[50]</sup> Erik Jones of Johns Hopkins University at Bologna,<sup>[51]</sup> or Dirk Meyer of Hamburg University,<sup>[52]</sup> contrary to Greek economists of the Left (Marxists and non-Marxists alike) who, following the establishment’s line, predict a Greek economic catastrophe in case we exit from the Eurozone, usually without any serious arguments to support this view —something that creates a reasonable suspicion for those of them who are also academics that they have also vested economic interests in taking such a stand, given the heavy involvement of many of them in various research and teaching programs financed by the EU!

The first step, therefore, to be taken is an immediate referendum on whether the Greek people approve the predatory measures imposed on it by the Greek political elite on behalf of the Eurozone elite. This is actually the only way to legitimise these measures given that PASOK had blatantly deceived the Greek people in being elected on a program which promised exactly the opposite measures of the ones it now tries to implement. The centre-right New Democracy party was in fact more frank than the “socialists” of PASOK, as they did not hide their determination to freezing salaries, wages, etc., at the very moment when Papandreou and his clan were shamelessly lying to the people that they will proceed with increases in wages and salaries, in full knowledge of the size of the crisis they were facing (as I had revealed in my fortnight column at the Athens daily *Eleftherotypia* at the time<sup>[53]</sup>) and with the full support of the media controlled by the elites, which wanted at all cost to have a “socialist” government elected with the aim to deceive the people into submission —as they have succeeded so far in doing! The very fact that millions of people all over Greece are now taking part in repeated general strikes against the government measures and thousands take part in almost daily demonstrations against them, the conflicts which have already been created between the trade union bureaucrats controlled by PASOK (who desperately try to keep the social dissent controlled until it fizzles out) and the rank and file (which demands tougher union action to prevent the implementation of measures) are clear indications that the present brainwashing by the mass media is failing —a fact that is also confirmed by several “true” polls in contrast to the suspicious polls I mentioned above.

If, therefore, the political elite is interested even in keeping up the appearance of “democracy,” it should proceed directly to a referendum for the approval or rejection of the predatory measures, so that the alternative proposals be publicly discussed —provided of course that conditions of absolute equality of the rights of participants in the media discussions are fully guaranteed. On the other hand, if the government continues imposing such measures without any legitimisation, then, it will not be anymore a kind of “democratic” government of the usual Western representative “democracy” kind; it will be a pure “parliamentary junta” and will be treated correspondingly by the Greek people.

But, assuming a democratic referendum does take place and the present so called “stability program” implemented by the local elites on behalf of their foreign collaborator elites is rejected, what next? The next step, as I proposed above, is the immediate exit from the

Eurozone but then the issue is: how the new currency to replace the euro would not be devalued significantly in foreign exchange markets under heavy speculation, and Greek capital will not move en masse out of Greece —possibilities that, if materialised, will force the lower social strata to pay an even higher price than before and possibly terrorise them to return to the present situation, marking a full circle?

### ***Immediate measures following the rejection of the present elites' measures***

In fact, however, there are ways to avoid, or at least minimise any such harmful side-effects. I would therefore propose a complementary “package” of measures, which could be implemented following a Greek exit from the EMU and the consequent release of Greece from the Stability Pact stipulations. These are measures that could be taken immediately following the rejection of the present ones by a referendum, which can be taken within the existing system of the capitalist market economy, and could set the preconditions for a self-reliant development in the future that could lead to an inclusive democracy in the long term. Such measures are:

**a)** a sensible devaluation of the “new drachma,” which would be introduced in place of the euro —something that would make tourism and exports (particularly of agricultural products which are now suffering from an expensive euro) cheaper, and, at the same time, would make imported commodities more expensive —a development that would give significant protection to the local agricultural and manufacturing production. Imported basic necessities could be subsidised (so that the lower social strata would not pay higher prices to cover their basic needs) and the subsidies could be financed by the revenues generated through a heavy additional tax on imported luxury commodities, while strict price controls could prevent any unnecessary rise of prices,

**b)** a renegotiation of debt (under the threat of an immediate stoppage of payments in case this is not accepted), aiming at a significant lengthening of the period of its repayment and a corresponding reduction of the present exorbitant amount,

**c)** a gradual repayment of the renegotiated debt, through extra revenues generated mainly from a new and highly progressive tax on wealth, on any kind of property with a total value exceeding, for instance, €1m. The calculation of the tax to be paid could be based on the results of a general census of property located in Greece, as well as of deposits in foreign banks, etc., with the state proceeding to confiscate any property of a corresponding value to the estimated tax in case property owners declare inability to pay within a reasonable short period of time,

**d)** a parallel introduction of strict controls on capital movements, so as to stop any movement of speculative or non-speculative capital abroad (only in recent months the outflow of capital has exceeded 10 billion euros<sup>[54]</sup>), and protect the new currency from speculation.

The combination of these measures would mean the generation of more jobs and incomes, as well as a decrease in the hugely unequal distribution of income, in place of poverty and the

greater inequality to which Greeks are condemned by the European and the local elites. However, given that the European and local elites show no intention of allowing a referendum to take place, as they are very well aware of the fact that —despite the massive propaganda campaign to create a kind of Orwellian truth, where “war is peace,” or, in this case, “unemployment and poverty is freedom”— the result would surely be humiliating for them, the question is: what are the prospects for the future? To my mind, there are two possible scenarios “scenaria”: a) the Latin-Americanisation of Greece, and b) the setting of the preconditions for economic democracy, as part of an Inclusive Democracy.

## **The prospects for the future of Greece**

### ***a. The scenario of Latin-Americanisation of Greece***

According to the first scenario, the elites will push forward, no matter what, the present (and worse to come!) measures, which will lead to the Latin-Americanisation of Greece, a kind of Mexico within NAFTA, both at the political and the economic levels. In fact, there are indications that this process had already begun and it is funny indeed that some “critics” of my proposal for an exit from the EMU already stressed that such a step would mean the “Argentinisation” of Greece!

Thus, at the political level, Papandreou already behaves accordingly, and when for instance recently in Germany, begging Merkel for support, he had no qualms to respond as follows when asked to take a stand on the very offensive proposal made by German newspapers that Greece should sell some of its islands or national treasures to pay off its debt: “There are more imaginative and effective ways of dealing with the deficit than selling off Greek islands,” and then he went on to explain these ways in terms of German investors investing on the “green growth” of the islands! Clearly, this is a response that no self-respecting leader will make, apart perhaps from the Prime Minister of a Latin American banana republic. And then again, when a few days later he was begging Obama for support, he declared, full of admiration like the district governor of a poor region, his complete support for the US’s “fight against any form of tyranny and oppression” —i.e. to the mass crimes of the empire in Afghanistan and Iraq and the planned new crime in Iran!

At the economic level, implementation of the present measures will mean the continuation of present policies, rubber-stamped by PASOK, which is determined (despite the theatrical grumbling of some MPs) to vote on any bill proposed by the Leader, even a bill declaring that “pigs could fly,” as long as they are kept in power, with all the financial and social benefits this secures for them. On this they will have the help of the docile trade union leaders close to them, who are ready to declare as “illegal” any strike which creates problems to the elites, and, also, the decisive help of the mass media, particularly the TV channels, with the state-owned channels playing a leading role in distorting the truth in a Goebbelian way and in praising the “Leader,” in a not too dissimilar way to the role of their counterparts in praising Ceausescu! And, of course, with the crucial help of the security forces in suppressing any kind of annoying dissent against the predatory measures.

Inevitably, poverty will grow as a result of the implementation of the “stability program,” as the direct result of the severe cuts in civil servants’ salaries and in public spending, which will

be complemented by the indirect negative effects on income (through the multiplier) that, according to the Deutsche Bank predictions, would mean a decline in the GDP by 4% this year alone, whereas the total decline of GDP during the implementation of the program in the next three years would be in the range of –12% up to –20%. Consequently, unemployment will become massive, as the already dismantled private sector has almost a null capability to absorb extra labour, whereas the traditional labor-absorbing sector, i.e. the public sector, will also become completely ineffective to continue this function in the future, as a result of the new measures. The combination of poverty and unemployment with the uneven effects of the increases in indirect taxes on low incomes will create even bigger inequality, in a country which is already among the most unequal countries in the Eurozone. The inevitable result would be the creation of a number of oases for the rich (locals and foreigners) in the midst of huge deserts in monster cities like Athens, where street gangs will shoot each other in drug wars —exactly as it happens in similar cities all over Latin America at the moment! Of course this does not mean, as a Castoriadian put it recently, that “the economic problem in Greece is political and is due to the corrupt and useless politicians, as well as to the institutional framework which promotes them”<sup>[55]</sup> with not a single word uttered about the socio-economic system, globalisation, and the EMU/EU —presumably because it is just the imaginary significations of the Greek people which have to be blamed for the present crisis! Similarly, the exit from the crisis cannot of course be achieved through “disobedience,” as the supposedly “anarchist” Howard Zinn used to declare. Disobedience by itself could only lead to some improvements of the system or, at best, to easily suppressed insurrections but it would never lead, not it has ever led, to systemic changes. This brings us to the second possible scenario.

### ***b. The scenario of setting the preconditions for an economic democracy as part of an Inclusive Democracy***

According to this scenario, once the present measures are rejected through a referendum, and the immediate measures proposed above are implemented through the exit from the EMU and the Eurozone, a mass movement of self-organisation from below could develop and set the preconditions for self-reliance and economic democracy. Citizens could self-organise in every village, or neighbourhood, and begin building new institutions —outside the internationalised market economy— and increasingly rely on them to meet their needs.<sup>[56]</sup> It is only through the general assemblies of the citizens in such institutions, that the real public interest could be expressed, in contrast to the existing institutions, within which only the special interests of political and economic elites, and the social groups dependent on them, could really be expressed —an arrangement which has led to the current deep multi-dimensional and ever-worsening crisis.

Such a movement could proceed to the creation of:

- a) new political institutions where all the important decisions are taken by the assemblies of the *demos*, i.e. the citizens’ body assemblies in a highly decentralised society (decentralisation needs to be only administrative in the first instance) , which could send recallable delegates (not “representatives”), with specific mandates, to regional and confederal assemblies for implementing the principles and values decided at the local level in relation to regional and confederal problems (Political Democracy),

**b)** new economic institutions based on the collective ownership and control of the means of production and distribution, which will be leased free to the “demotic” enterprises (i.e. the enterprises which will be under the overall control of the demotic assemblies and will be self-governed through the assemblies of the employees in each enterprise). Such assemblies could implement the decisions included in a confederal plan for meeting the basic needs of each citizen, according to the principle “from each according to ability to each according to need”. Freedom of choice as regards the satisfiers for basic needs (the means to satisfy the basic needs) as well as the non-basic needs themselves and their satisfiers could be secured through an artificial “market” (based on vouchers or on a demotic credit card system) that will replace the present market system (Economic Democracy),

**c)** new institutions for running each place of work or education based on self-management and the abolition of any differentiation of people according to gender, race, nationality or cultural and sexual identity (Democracy in the social realm) and, last, but not least,

**d)** of a society which will be reintegrated with nature, through the replacement of the present growth economy based on an eco-catastrophic consumerism by an economy geared to meet the real needs of the people in ways that do not put at risk the quality of life, if not life itself, as at present (Ecological Democracy).

The combination of these four essential components of democracy (political democracy, economic democracy, democracy in the social realm and ecological democracy) constitute what we call an Inclusive Democracy.

In conclusion, it is imperative that the anti-systemic Left, in Greece and in Southern Europe as a whole (the so-called PIGS!), directly challenges the present European integration in terms of markets and capital and establishes instead a new confederation of European Inclusive Democracies, as a model for the integration of European peoples as a whole, within a pan-European confederation of Inclusive Democracies, which consolidates the equal distribution of political and economic power among European peoples, and among all citizens within each part of the confederation.

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