

BURDENED WITH DEBT

“Debt Crisis” and Class Struggles in Greece

“The only part of the so-called national wealth that actually enters into the collective possession of a modern nation is the national debt”
Karl Marx, *Capital* vol. 1

“Have these genealogists of morality up to now allowed themselves to dream, even remotely, that, for instance, that major moral principle ‘guilt’ [Schuld] derived its origin from the very materialistic idea ‘debt’ [Schulden]?... Where did this primitive, deeply rooted, and perhaps by now ineradicable idea derive its power, the idea of an equivalence between punishment and pain? I have already given away the answer: in the contractual relationship between creditor and debtor, which is, in general, as ancient as the idea of ‘legal subject’ and which, for its part, refers back to the basic forms of buying, selling, bartering, trading, and exchanging goods... In order to inspire trust in his promise to pay back, in order to give his promise a guarantee of its seriousness and sanctity, in order to impress on his own conscience the idea of paying back as a duty, an obligation, the debtor, by virtue of a contract, pledges to the creditor, in the event that he does not pay, something else that he still ‘owns’, something else over which he still exercises power, for example, his body ...or his freedom or even his life...”
On the Genealogy of Morals
A Polemical Tract
by
Friedrich Nietzsche

Through the constant terrorism of the media for almost a year now concerning “our” debt, the modern moralists, the preachers of the word of capital and money are trying violently to convince us, the “debtors”, that in order to pay back “our” debt to “our” creditors we are obliged to take up our cross of torture and sacrifices, to place our faith in the orthodoxy of the Memorandum of Economic and Financial Policies and the Stability Pact and filled with awe to anticipate in the fullness of time the post-deficit life.

For months now, fiscal terrorism attempts to become more effective targeting, through the collective responsibility of the debts, our own subjectivity. The storm of the imminent threats against “our” national economy aims at the internalization of the crisis as fear and guilt: “our” debts (Schulden) should become our collective guilt (Schuld). Thus, the original sin recurs even more violently to make us, paraphrasing Nietzsche, pledge our already low wages, our already labour-intensified life, our very expectations for a world where capitalist domination will be history. They want us to pledge our own claims for a life liberated of debts and guilt now and in the future; to get indebted with the burden of a depressingly insecure present so that we eliminate even from our imagination any possibility of abolishing this old, burdened with guilt and debts, world.

The terror of deficits aims at creating an emergency *now* in Greece transforming it into a laboratory of a new shock-policy implementation. Certainly, this does not only reflect the aggravation of the global crisis and the particularity of its manifestation in Greece (as we will see below). It also reflects the catalytic effect of the December 2008 rebellion which made the crisis even more acute causing the delegitimization of the previous government and the subsequent delay in taking the necessary pro-capital measures. In this sense, fiscal terrorism along with police repression could be considered as part of the ongoing counter-insurgency campaign that takes up – even in a preventive way– global dimensions.

During the last months, Greece has been located at the heart of the continuing global capitalist crisis. The outbreak of the “debt crisis” and the implementation of a “shock-therapy” by the PASOK government in cooperation with the European Union and the International Monetary Fund have drawn internationally the attention of both capitalists and proletarians, since many people believe that the outcome of class struggles in Greece will greatly influence the outcome of the crisis on a global level. From this perspective, we believe that it is necessary to put the developments in Greece into a broader framework of analysis of the capitalist crisis; moreover, we should draw conclusions from the experience of the ongoing class struggles against the austerity measures in Greece since it has now become clear that similar “adjustment” programmes have already begun to be implemented in other European countries as well.

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The global economic recession of the previous years is nothing but the most recent manifestation of the permanent crisis of reproduction of class relations which started in the 1970s, a crisis that was never truly resolved.

The strategy followed by the “Capitalist International” since the mid-1970s was aimed at addressing the original cause of the reproduction crisis in the developed countries, i.e. the indiscipline and insubordination of the proletariat which in the late 1960s/ early 1970s was extended to all spheres of everyday life, as the class struggles in the workplaces “came together” with the emergence of a multitude of new proletarian struggles (by women, minorities, unemployed, etc) in the sphere of distribution leading both to an exploitability crisis of labour power and to a legitimacy crisis of the capitalist state and its institutions. This strategy has assumed many different forms in the course of the years. A variety of different methods to restore profitability has been employed leading to recoveries which were proven to be only temporary:

- The real direct wages have been reduced in order to increase the rate of exploitation, and social expenditures have been restructured in order to discipline the workers through the imposition of workfare and the promotion of separations and atomization. However, statistics show that even if the real direct wages have been reduced in the developed countries, this is not the case for the real compensation per worker which includes health care benefits and employers’ shares of social security contributions.¹ At the same time, the labour productivity growth rates have decreased over the past four decades even if they have been higher than the growth rates of real compensation per worker.²

¹ See OECD Employment Outlook 1998, OECD Employment Outlook 2007 and America’s Dynamic Workforce 2007 report by the U.S. Department of Labor.

² L. Skoczylas and B. Tissot, *Revisiting recent productivity developments across OECD countries*, Bank for International Settlements Working Papers No. 182, October 2005, OECD Employment Outlook 1998 and OECD Employment Outlook 2007. One of the main reasons for the productivity slow-down has been the relative expansion of temporary and

- In the capital-intensive sector of the economy, apart from the relative deindustrialization that took place in the West and the relocation of a part of the production to developing countries, labor-saving technological innovations have been introduced aiming at the breaking up of the historical centers of working class power and the disorganization and control of the insurgent proletarians. As a consequence, these tactics faced the necessity of economizing on the employment of constant capital so that the organic composition of this part of capital would not be increased. But this process depends on many interrelated factors of the global accumulation circuit which have constituted a whole range of different terrains of struggle. These factors include the intensity of the labour process, the productivity of labour employed in the production of means of production, the concentration of the means of production, the length of the working day, the growth of employment, the education, skills and discipline of the workers, the efficiency of organization of the production process, the combination of “industrial labour” with “creative labour” in the services, the reduction of wastes, the prices of raw materials, etc. For example, educational struggles that have broken out in a number of different countries have undermined the reproduction of skilled labour power and the discipline of the collective worker; environmental struggles and peasant struggles against the expropriation of lands rich in raw materials in the so-called Third World have weighed down on the cost of raw materials and means of production; the relatively low identification of temporary workers with their job has had adverse effects on the intensity of the labour process as well as on productivity growth. *Therefore the increase of the rate of exploitation in relation to the increase of the cost of the constant capital employed has been, in total, rather mediocre.*
- After the mid-70s, the surplus capital that could no longer find a profitable outlet in production was transformed into money capital that was directed to the financial sector leading to its gigantic expansion and to the liberalization of capital flows on a global level, playing also the role of the “watchman” of the global capitalist profitability, directing the flows of capital into locations of profitable investment. A significant part of this capital was employed in speculative investments betting on the future extraction of surplus value. At the same time, the removal of restrictions on the international flows of capital has become a basic instrument of the neoliberal strategy, accelerating processes of classic primitive accumulation in the periphery that have taken the form of the enclosures of communal land and of the violent proletarianization of millions of people in South-East Asia, Latin America and Africa.³

unskilled labour through the implementation of casualization and flexibilization policies mainly for the entrants in the labour market.

³ For example, primitive accumulation in China has provided a cheaper labor power than in the “West”, which resulted in cheaper commodities for private consumption and also in cheaper means of production. Since the beginning of the 80s, the model of capitalist development in China has been based precisely on the gradual dissolution of the Maoist welfare state and on the permanent devaluation of labour power. China’s economy has been completely dependent on extensive foreign investments of (cheap) labour-seeking and export-oriented global capital and, consequently, not on the expansion of domestic consumption. Rapid export growth led to ballooning foreign reserves which boosted debt-financed overinvestment in export-oriented sectors of the economy, whose maintenance hangs on the even greater export expansion. Thus, idle capacity has been soaring ever since the mid-1990s and it is estimated that 75% of China’s industries are plagued by overcapacity. In parallel, over the past decade there has been a shift from exports of labour-intensive consumer goods to capital-intensive capital goods, parts and components. Such a shift has made China’s economy far more dependent on foreign demand as well as on the real effective exchange rate which depends on the relation of wages to productivity. A drastic fall of foreign demand stemming from an economic recession due to the overaccumulation crisis in the West may have catastrophic results leading to an intense outbreak of enterprise bankruptcy and a destabilization of the banking sector, which in its turn would hugely aggravate the global crisis of overaccumulation by directly influencing the credit stability of the United States. On the other hand, wage increases gained through class struggles or through “income redistribution programmes”, labor legislation and a relative strengthening of the Chinese welfare state would prop up domestic consumption and would reduce both the dependence of China on foreign demand and the danger of a total collapse. Also, wage increases would provide a vast market for foreign capital, especially from the United States, supporting growth and employment overseas. Nevertheless, if such an option is not accompanied by a faster rise in productivity through higher worker retention rates, increased efficiency and

- A key driver of the above-mentioned process has been the “sovereign debt” as noted by Marx already since the 19th century.⁴ However, the politics of the expansion of “sovereign debt” was not limited to the periphery. According to statistical data provided by OECD, since the end of the 1970s, the “sovereign debt” doubled or even tripled in all the developed countries in the West⁵ for two reasons: one reason has been the successive reductions in the taxation of capital to prop up its burdened profitability; the other reason has been the inability to restrain government expenditures despite the restructuring which aimed at directing expenditures towards productive investments through the privatization and monetization of a significant part of the forms of reproduction of labour power.
- The welfare state has been partially transformed from an institution for the extended reproduction of labour power into an institution for the control of the marginalized proletarians and the imposition of low wages and poverty. The reforms of the welfare state have been also directed against the weakest parts of the working class –young workers, women, ethnic minorities, etc– reinforcing the separations within the proletariat. However, this transformation has proven expensive and difficult to implement because of the high administrative and policing costs related to the control of the surplus population and due to the cost of the unemployment benefits which fluctuate according to the rate of unemployment. Despite the subordination of the state to the rule of money and the growth of relative surplus population, the national state still has to stabilize and secure the expanded reproduction of domestic capital and its integration into the accumulation of capital on a world scale. At the same time, the state has to guarantee the physical and social reproduction of the working class and the maintenance of social coherence and control. The rise of surplus population in a period of crisis does not exclude a rise in the absolute number of labor power which is valorized. So, the state still increases its social expenditures, but at a slower rate and in a more selective way.
- In parallel, the central banks’ policies of low interest-rates and easy credit after the mid-1980s led to the expansion of every form of private debt –consumer, business and mortgage loans. As a result, some commentators started to talk about the appearance of “privatized Keynesianism” aiming at the promotion of effective demand on the level of society. The ephemeral boom of the mid-1980s was based on the decomposition of the working class and on the explosion of credit. Both the debt expansion and the restructuring of public expenditures have been used in order to promote the decomposition and disorganization of the working class. The

higher skills –which is totally unsure given the spreading of industrial unrest throughout China’s factories in the previous years– it would also lead to a reduction of exports as well as to an increase of the cost of constant capital in the global economy, worsening the overaccumulation problem from a different route. If this situation seems like a dead end –which is reflected in articles and studies by organizations such as the “Financial Times” (e.g. *Tables turn on Chinese employers*, FT 4 June 2010)– it, however, originates from the character of the neoliberal project which is based on “spatial-temporal” fixes to global overaccumulation which do nothing more than switch the crisis from one territory of the planet to another territory of the planet –turning the recipients of surplus capital (in this case China) to exporters of surplus capital– or from one point of time to another point of time –through the reallocation of capital into financial and real-estate investments that delay the moment of profit realization. In other words, neoliberal politics have not been able to constitute a new regime of accumulation, all the more so that this would require an extended devaluation and destruction of the non-productive capital. See Ho-fung Hung, *Rise of China and the Global Overaccumulation Crisis*, Review of International Political Economy, vol. 15, no. 2, 2008; Li Cui, *China’s Growing External Dependence*, Finance & Development – A Quarterly Magazine of the IMF, vol. 44, no. 3, 2007 and David Harvey, *The Limits to Capital*, Oxford: Blackwell, 1982. (By the way, in the latter title as well as in a recent book by the same author, *A Companion to Marx’s Capital*, some terms and themes of the present text are discussed more fully and thus they may be very useful to those who are not versed in marxist lingo).

⁴ “The public debt becomes one of the most powerful levers of primitive accumulation. As with the stroke of an enchanter’s wand, it endows barren money with the power of breeding and thus turns it into capital, without the necessity of its exposing itself to the troubles and risks inseparable from its employment in industry or even in usury. The state creditors actually give nothing away, for the sum lent is transformed into public bonds, easily negotiable, which go on functioning in their hands just as so much hard cash would.” K. Marx, *Capital* vol. 1, chapter 31.

⁵ OECD *Economic Outlook*, No. 59, 1996; No. 71, 2002.

“socialization” of the debt has integrated the better educated / specialized / productive part of the working class through a credit-sustained boom. The mirror image of credit-driven prosperity has been the exclusion of the weakest parts of the working class from consumer credit leading to their impoverishment and marginalization. This had another effect as well: those proletarians managing to “participate” in this “prosperity” are disciplined by the fear of exclusion. However, the disciplining/divisive role of the debt expansion was seriously undermined in the years before the 2007 subprime mortgage crisis when the autonomization of speculative investments in the derivative markets connected with consumer and mortgage debt led to a total relaxation of the rules and criteria for providing credit: in Greece even precarious workers could acquire cars with no advance payments, not to mention what happened in the United States with the housing loans, where even unemployed black families were able to get mortgage loans.⁶

The combination of an insufficient increase of the rate of exploitation with the failure to effectively economize on the employment of constant capital has led to a protracted crisis of overaccumulation. Despite temporary recoveries, the rate of profit has never returned to its “golden age” levels. Moreover, in the West, the liberal-democratic character of the integration of the proletariat into the capitalist state after the 2nd World War has prevented the only definitive way out of the crisis: a wide devaluation or even physical destruction of unproductive capital through a generalized war for a fresh start of the capitalist machine of accumulation. All the more so, because in the beginning of the 1970s, when the crisis had first broken out, the capitalist state and its institutions faced a deep legitimization crisis which made such an option totally unthinkable. Despite the promotion of separations within the proletariat in the decades that followed, the legitimization crisis has not been weathered and this model of the integration of the working class into the capitalist state has not been abandoned. As we showed before, the decomposition of social relations and the deepening of separations within the proletariat, promoted by the debt expansion and the partial transformation of the welfare state into a penal state, have not proven adequate for the reconstitution of the circuit of social capital. This reconstitution entails the transformation of money into productive capital which presupposes the subordination of labour to an expanded extraction of surplus value: *the exploitation of labour must deliver rates of profit high enough to redeem debt and allow for an expanded and accelerated capitalist accumulation.* The fact that this has not been possible shows that the strength of the proletariat even at the moment of retreat has to be considered.

However, since debt and speculation cannot be used ad infinitum to boost capitalist development faster than it is warranted by the underlying flow of new value generated in production, the bubbles created by the excessive run-up of debt burst one after the other resulting in recurrent crises. In the beginning of the previous decade, the bubble of the so-called “new economy” burst in the United States. The resulting recession was dealt with on the one hand through the creation of a new bubble in the market of mortgage housing loans⁷ and on the other hand through the burgeoning

⁶ That was the case with the notorious Ninja loans (no income, no job, no assets) whereby the banks tempted the low income households. These Ninja loans offered the possibility of completely deferring the payment of principal during the first five years. In addition a “teaser rate” which was often below the market rate was agreed initially. However, it was replaced by an adjustable rate after some years.

⁷ Household debt in the United States has increased from around 68% in 1997 to around 98% of the GDP in 2007. It must be noted that non-mortgage loans as a share of disposable income remained relatively constant at 31-35% between 1998 and 2007 whereas mortgage loans as a share of disposable income ballooned in the same period from around 60% to 104%. In total, household liabilities rose from around 92% in 1997 to 135% in 2007 as a share of the disposable income. Moreover, the share of income devoted to servicing mortgage debt payments rose in the same period from 8.3% to 11.25%. If we look at the distribution of the household debt by income quintile in USA, the lowest fifth of households doubled their borrowing from 2000 through 2007 and the total value of their outstanding debt rose from 198 to 376 billion dollars. However, in absolute terms, the total borrowing by low-income households is relatively small, since the lowest first quintile accounted for just 4% of the total growth in all household debt, the second quintile for 5%, the third

of the speculative investments in the markets of derivative financial products such as the Collateral Debt Obligations and the Credit Default Swaps (CDS), whose original function was the reduction of individual investment risk through its spreading within the market.⁸ Ironically, the spreading of risk throughout the whole economy had disastrous consequences for financial capital. The bursting of these new bubbles in the beginning of 2008 brought the global banking system on the verge of total collapse and the global economy in deep recession. It seems that the financial sector played with money which didn't command labor, money which has lost its grip on labor. Credit represents abstract labor in the form of a claim on future exploitation, of surplus value that has not been produced yet. This fictitious surplus value appears to be a gamble. It is uncertain if it is produced.

All the governments of the developed capitalist states chose to deal with this situation through the even greater burgeoning of the "sovereign debt" with the provision of astronomical sums of money to bail out banks and boost capitalist growth. Naturally, this choice led to the transformation of the crisis into fiscal crises in a number of different countries: the first stop was Dubai with Greece following next and the rest of the PIIGS waiting in the line. It seems that since the end of the 1970s, the monetarist dialectics of credit/debt sustained accumulation remains the principal way through which capital tries to maintain its domination.

The political choice to deepen the "sovereign debt crisis" exhibits great advantages for capital: the bogeyman of bankruptcy becomes a useful tool for a new cycle of violent primitive accumulation, in a similar fashion to what had happened in the countries of the periphery in previous decades. In the periphery the process of primitive accumulation takes the form of open looting, of enclosures of communal land and water resources, of the plundering of raw materials and resources resulting in the separation of millions of people from their means of production and subsistence, creating new, cheaper and available for exploitation proletarian populations. On the other hand, in the West it takes the form of an attempt at the complete integration of the relatively decommodified forms of social reproduction into capitalist valorization as well as the form of labour power devaluation and disciplining: wage and pension cuts, reduction of the expenditures of public services and utilities, increase of the taxation of the working class, privatizations, reforms of social security, deepening of the separations between young and old workers, between permanent and temporary workers, between "idlers" and "industrious" workers. There is also crude violence and media propaganda against strikes and protests.

"...[C]rises of capitalist accumulation find a temporary resolution in the imposition of conditions of primitive accumulation upon new populations, including the creation of new markets,

quintile for 14%, the fourth quintile for 28% and the fifth top income quintile for 49%, near half the growth in all household debt during this period. Furthermore, if we look at the percentage of families holding home secured debt by income quintile in the period between 1998 and 2007, the proportion of families in the first quintile rose from 11.2% to 14.9%, in the second quintile from 23.9% to 29.5%, in the third quintile from 63.5% to 69.7%, in the fourth from 73.6% to 80.8% and in the fifth top quintile from 73.0% to 76.4%. Last but not least, the average debt to income ratio is much higher in the lowest income quintile (around 260% in 2007) than in the other quintiles, which means that the poorest households have a far more difficult time in servicing debt payments. To a lesser extent the second, the third and the fourth quintiles as well as the 9th decile face also difficulties in servicing their debt payments since the respective ratios are quite high around 150 to 180%, with the only exception of the top decile with a corresponding ratio of around 87%. Surely, these figures show why household debt has become unsustainable, putting the banking system of USA in jeopardy. The data were drawn from the following sources: Federal Reserve Survey of Consumer Finances 2007; OECD Economic Surveys 2010 United States; M. Baily, S. Lund and C. Atkins, "Will US consumer debt reduction cripple the recovery?", *McKinsey Global Institute Report*, March 2009; G. Horn, K. Droege, S. Sturn, T. van Treek, R. Zwiener, "From the financial crisis to the world economic crisis. The role of inequality", *Macroeconomic Policy Brief*, October 2009.

⁸ Apart from the reduction of the individual investment risk, the derivatives market was supposed to have another prominent function: the universal supervision of the extraction of surplus value and the "disciplining" of individual capitals. Derivative financial products provide a measure of the efficiency of individual capitals through the calculation of the "discount" of surplus value corresponding to the individual capital stocks and securities. Therefore, in addition to contributing to the near collapse of the banking system, the burgeoning of speculative investments and the autonomization of derivative markets also undermined this supervising and rationalizing function.

*discovery of new raw materials, and new and cheaper proletarians. Dispossession and expropriation are means of overcoming crises of capitalist reproduction. The werewolf hunger of capital for surplus labour, appropriating social labour time without an equivalent, develops through the expanded reproduction of dispossessed labour”.*⁹ “...Primitive accumulation is a constantly reproduced accumulation, be it in terms of the renewed separation of new populations from the means of production and subsistence, or in terms of the reproduction of the wage relation in the ‘established’ relations of capital. The former seeks to bring new workers under the command of capital and the latter to contain them as an exploitable human resource - the so-called human factor of production.”¹⁰

At the same time, the privatization of public services and utilities (public health, social housing, public transport, telecommunications, energy, water, etc) leads to the release of a set of resources and assets at a very low cost, providing outlets to the surplus capital for capital-saving profitable investments. Finally, private investment in state bonds ensures profits which are extracted from the direct and indirect taxation of the workers aiming towards interest repayments.

Therefore, the “debt crisis” intends to become a productive crisis: a driver of primitive accumulation, dispossession and proletarianization, a linchpin for the terrorizing, the disciplining and the more effective exploitation of the proletariat through the curbing of class conflicts, proletarian desires and expectations.

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Without a doubt, the selection of Greece as a laboratory for the implementation of a “shock-therapy” policy is related to the big problems which the imposition of neoliberal restructuring faced throughout the last 25 years due to the persistent eruptions of class struggles: in Greece the crisis of exploitability and disciplining of the proletariat is more intense than in any other country in Europe. This was explosively demonstrated by the rebellion of December 2008 which broke out simultaneously with the unfolding of the global economic recession. Even if only a proletarian minority participated in the rebellion, it however brought about a complete delegitimization of the previous government and, as we mentioned before, a delay in taking the necessary restructuring measures for capital.

Apart from the consequences of the reduction of global economic activity during 2008 to the exports of Greek capital, especially in the shipping and the tourist sectors, the profitability of capital in Greece has been continuously slowing down in the last years because of the slow growth of productivity in relation to wages.¹¹ It is surely a fact that Greek capital and its state have made continuous attempts during the last 20 years to deal with the crisis of exploitability through repeated

⁹ W. Bonefeld, *Primitive Accumulation and Capitalist Accumulation: Economic Categories and Social Constitution*, draft working paper, CSE TransPennine Working Group.

¹⁰ W. Bonefeld, *The Permanence of Primitive Accumulation: Notes on Social Constitution*, Commoner, no. 2, 2001. Besides, Marx as well noted the incessant character of primitive accumulation: “*The capitalist system presupposes the complete separation of the labourers from all property in the means by which they can realize their labour. As soon as capitalist production is once on its own legs, it not only maintains this separation, but reproduces it on a continually extending scale.*” Karl Marx, *ibid.*

¹¹ According to the *European Economic Forecast – Spring 2010* official publication of the European Commission, “*Widening competitiveness losses over the recent years [in Greece] are also reflected in the sizeable appreciation of the real effective exchange rate (REER) based on unit labour costs. The rapid rise of wage costs and mark-ups in excess of productivity growth, as well as the persistence of the inflation differential with the euro area, has contributed to a wage-price spiral and resulted in high real-wage growth, well above productivity growth. The disconnection between wages and labour-market and productivity developments, including the still weak response of wages growth to the downturn, are set to come to an end in the short term, with positive impact on country's competitive position. Appropriate wage developments, in line with the moderation of public wages, would help to regain part of the lost competitiveness.*”

reforms of the welfare state; through the flexibilization of labour relations of young workers; through continuous legal interventions for the imposition of discipline among immigrant workers and for the control of the flows of migration; through the cuts of allowances, wages and social benefits in combination with the expansion of consumer credit.¹² In spite of the significant successes achieved by Greek capital in the period between 1996 and 2004 when the rate of exploitation and profitability rose, the crisis was not definitely resolved in favour of capital. As indicated by statistics, the rate of increase of productivity of labour has been continuously slowing down since 2004 to reach a negative growth figure of -0.5% in 2009, while real wages have been going up since 2007.¹³ Productivity has risen in the period between 1995 and 2008 because of the public investments related to the Olympic Games, the influx of EU structural funds leading to the increase of constant capital investments and imports of capital goods, as well as the proliferation of a specialized work force through the rapid increase of workers with a university education. However, according to the report prepared by the Bank of Greece the boost provided by these factors is exhausted. This is attributed by the capitalist think tanks to the relatively big size of the agriculture, trade, construction and public administration sectors. The first three sectors are characterized by low capital/technological intensity, while the third one is attributed with a chronically low productivity performance. Also, they refer to the relatively small size of Greek enterprises, the limited connection of wages to productivity in individual workplaces as well as the “failures” of the education system. Furthermore, they do not hesitate to openly assert that the profitability slowdown is caused by our “maladjusted attitude” towards the aims of “national development”, in other words by our indiscipline, by the “exalted” wages in the public sector and by the “excessive” raises agreed to by the Greek General Confederation of Labour (GSEE) and the Hellenic Federation of Enterprises (SEV) in 2008. The same reports also add that the privatizations of public utility companies, and deregulation, in general, have not proceeded as they should have, as well as that the labour market remains “rigid”, aggravating the economic situation, and what’s more, in a more permanent way. On the other hand,

¹² According to the Economic Bulletin of the Bank of Greece of May 2009, household credit has increased in the period between 2002 and 2007 by a rather high annual rate of 28% because of the relaxation of the liquidity constraints of Greek banks due to the entrance of Greece in the European Monetary Union. Despite the fact that the rate of increase has slowed down since 2005, the total household debt (including both consumer and mortgage loans) has risen from 34.7% in the end of 2005 to 47.5% in the end of 2008 as a proportion of the GDP. It must be noted though that this figure is still lower than the average in the Eurozone, which amounted to 59.5% in 2008, as well as the average in OECD, which amounted to almost 80% in 2005. Nevertheless, according to Eurostat, the highest shares of the population living in households that had been in arrears with mortgage are found in Greece. According to another research conducted by the Bank of Greece in 2007, 6 out of 10 Greek households had been in arrears with mortgage, 7 out of 10 had been in arrears with consumer loans, 1 out of 2 had been in arrears with credit cards. The number of households on credit exceeded 51% in 2007 and that means 2,15 millions are on some kind of credit. If the average household debt relative to disposable income per income quintile is considered, it can be seen that the poorest households have a much harder time in paying the instalments of their loans. In the first quintile (the lowest one) the rate of debt relative to income is around 150%, in the second quintile almost 100%, in the third quintile about 80%, in the fourth quintile about 70% and in the fifth quintile about 50%.

¹³ The average real gross wages have risen by 1.8% in 2008 and by 3.8% in 2009. This increase is mainly due to the rises in the public sector and the public utilities. Even if the annual average increase of the nominal regular wages was only 2.8% in the period between 2007 and 2009 for workers in the public sector, there have been special wage regulations (benefits, back pays, etc) for juridical employees, military personnel and cops, doctors, nurses and teachers that have led to an annual average increase of the nominal gross wages by 5.9%. Furthermore, the workers in the public utilities managed to get annual raises of their average nominal regular wages in the same period of 6.2%. In the private banking sector the average nominal gross wages have stagnated in 2008 whereas in 2009 they have been increased by 6.8%. On the contrary, even if in the non-banking private sector the collective contract of 2008-2009 provided for annual raises of the average nominal regular wages by 5.8%, in 2009 the nominal wages paid fell below 2% because of the recession that led both to the reduction of overtime and of the average labour time (with a corresponding reduction in the wages) and in some companies to an outright reduction of regular wages. Nevertheless, this does not constitute an argument for the propagandists of separation, since the capitalist institutions themselves admit that in the period between 2001 and 2009 the increases of wages in the public sector and utilities swept along the wages in the private sector (see *Bank of Greece, Monetary Policy – Annual Report, 2009-2010*).

public expenditures related to wages in the public sector, health care, and so-called social protection (that is money for benefits and pensions) are continuously increasing in the last decade.

As a result, profitability started to fall from 2006 onwards, until it collapsed in the first half of 2009 by 51.5% in relation to the same period of 2008, because of the global recession. The fall of the turnover and of the profitability of private enterprises led in turn to a significant reduction of investments because of the increasing inability of private enterprises to get credit from the banks. Moreover, banks were directly affected since their profits dramatically declined because of the significant increase of losses stemming from the overdue loans or even from the non-repayment of loans, having, in addition, a more general liquidity problem because of the global financial crisis.

Naturally, the state did not stay idle. It hurried to confront the problems that emerged because of the outbreak of the crisis by increasing its expenditures by 10.9% in 2009 in order to support capitalist accumulation, thus contributing to the GDP by 1.7%. At the same time, the state provided banks with funds of 28 billion euros, which is an amount that corresponds to 11.5% of the GDP of 2008, in order to save their profitability. This policy was continued by the government of PASOK which provided recently an additional amount of 40 billion euros. Besides, public expenditures were increased for other reasons as well, such as, for example, the payments of unemployment benefits since the number of unemployed workers has increased, while revenues from taxes and contributions decreased because of the recession, i.e. the decline of GDP (and what's more because of the consecutive decreases of the rate of taxation of profits in the last 20 years). Unsurprisingly, the result was that both public deficit and debt rose steeply to reach 13.6% and 115.1% respectively as a proportion of the GDP, according to the latest figures from EUROSTAT.¹⁴

However, the “debt” noir literature is an old affair in Greece, even if the hack writers of the ruling class try to present the “necessary sacrifices” for its reduction as something new. In fact, debt skyrocketed during the 80s. Until the end of the 70s, the government had managed to limit public expenditures related to wages and pensions. This tendency would be completely reversed in the beginning of the 80s, since the “socialist” government of PASOK was forced to increase both the direct and the indirect wages of the workers under the pressure of class struggles of the previous decade. Bound to balance between two basic, but contradictory state functions, the reproduction of capitalist accumulation and the legitimization of exploitative social relations, the governments of that period agreed to “generous” wage increases in the public sector that also swept along the wages of the private sector. At the same time, they made investments in social welfare without securing new revenue through increased taxation of private capital or trying to reduce the shadow economy and tax evasion. Thus, the income policy and the creation of a rudimentary “welfare state”, contributed to the expansion of public debt from 22.9% of the GDP in 1980 to 57.8 % in 1985 and to 79.6 % of the GDP in 1990.

Despite the increase of public expenses and debt, one cannot argue that the formation of social capital was carried out in the same way as in the developed capitalist countries. It seems that the aim of the welfare state during the 1980s was not so much the guarantee of the social conditions for the expansion of capitalist accumulation, but the management of the “social costs” of the reproduction crisis of the capitalist relation caused by the reduction of external revenue, the increase of social demands and class struggles and advancing deindustrialization.¹⁵ The low increase of productivity in

¹⁴ According to EUROSTAT, due to the bad quality of the statistical data reported by Greece, 2009 deficit figure could be revised an additional 0.3 to 0.5 and 2009 debt could be revised an additional 5 to 7. Relative figures for 2009 in other European countries for deficit and debt are respectively the following: UK 13% and 68.6%; Spain 11.25% and 54.3%; Ireland 10.75% and 65.8%; Italy 5.3% and 114.6%; and Germany 3.5% and 73.1%. The average figures of deficit and debt in Eurozone were in 2009 6.5% and 78.2% respectively with a tendency of increase.

¹⁵ With a paucity of public services for very small children, the lack of financial support for families –in Greece the family benefits are very low and the maternity benefits are the lowest of all EU countries– and the limited amount of provisions for “reconciling” family and employment, it is plausible to argue that to a large extent the Greek family substitutes for the welfare state in Greece. A situation which is unlikely to change as, according to data, there has even been a strong increase in living with parents until about the age of 35 (in 1986 52% of men and 29% of women in the 25-

relation to wages during the 1980s forced the PASOK government to change direction initiating an austerity programme in 1985 that was combined, on the ideological level, with a frontal attack against the “excessive demands” of wage workers, denouncing the workers of public utility companies as a “labour aristocracy” and trying to impose separations by blaming the workers of the public sector for enjoying “fat salaries” at the expense of the low paid workers of the private sector.

Initially, this policy led to a wage reduction of 12.5 % and to a profit increase of 150% in the period between 1985 and 1987. Nevertheless, this policy was confronted by intense struggles of the supposedly privileged parts of the working class (teachers’ strikes, strikes at public utility companies, bank employees’ strikes, etc.), that continued to have offensive demands pushing the whole class upwards. These struggles forced PASOK to take back the austerity programme, leading, thus, to a reduction of the wage cuts by a half of their initial size. Although the “national unity” government in 1990 and the subsequent neoliberal governments took on the responsibility of the capitalist counter-attack, the “debt dynamic” was not checked, leading thus, to further debt increases. By the mid-90s, debt had climbed to a figure of 97 % of the GDP and was stabilized until the end of the decade around 95-100% of the GDP. In 2000 debt climbed to 103.4% of the GDP and in the following years it fluctuated around 100% of the GDP. It doesn’t require much effort to recognize the common motto that politicians and journalists have repeated during the last twenty years every time they ask us to work more for less in order to “save the country from bankruptcy”.

But let’s return to the present developments. Since 2008, world financial institutions have decided to invest mainly in government bonds which almost everywhere have multiplied because of the global state policies of bailing out banks. After the sovereign debt crisis of Dubai in October 2009 and the failure of the credit rating agencies in forecasting it, these agencies went frantic to downgrade Greek government bonds. This led in its turn to the rise of the CDS prices and spreads. The fact that the European Central Bank initially planned to raise the minimum credit rating for the eligibility of government bonds as collateral in liquidity provision from the start of 2011 encouraged the financial institutions holding Greek government bonds to dump them, precipitating the “debt crisis” and raising the interest, which in its turn raised the cost of debt refinancing.¹⁶ Thus, public expenditures related to the payment of interest as well as forecasts for the increase of public deficit and debt have risen. The so-called “financial stabilization mechanism” created by the EU and the IMF to “support” Greece through the provision of loans with a lower interest rate than the one that is

29 age group were still living with their parents while in 1996 the proportion for the same age group were 65% for men and 44% for women) and it is certainly going to be stronger after the onset of the debt-crisis.

¹⁶ It is interesting to examine the distribution of the Greek sovereign debt among debt holders. According to the official data of the Greek government, 29% of the Greek sovereign debt is held by Greek investors, around the half of which is held by Greek banks. The rest 71% is held by foreign investors: to be more specific 60% of the Greek sovereign debt is held by EU financial institutions (23% UK/Ireland, 11% France, 9% Germany/Austria/Switzerland, 5% Netherlands, etc). In this case as well, almost half of this part of the debt is held by EU banks. However, this estimation is provisory since these data refer to the moment of bond issuance and cannot grasp the current situation since bonds are exchanged in the financial markets. In any case, these data show that the nationalist propaganda spread by the Greek media about the role of the greedy foreign speculators is totally unfounded and fabricated since Greek banks and other Greek capitalists hold a significant part of the debt and, therefore, the imposed measures are also defending the interests of local capitalists. Recent developments reveal the mechanism which is employed by the EU and the European Central Bank to protect the stability of the European banking system (including Greek banks) and to avoid a possible contagion to other highly indebted European countries. During the last months the ECB has bought around 40 billion euros of Greek government bonds by French and German banks and in addition it has accepted as collateral 40 billion euros of bonds held by Greek banks to provide them with liquidity reaching about 90 billion euros. Furthermore, it is expected that the ECB will buy more Greek government bonds from other financial institutions dumping them and, therefore, it is estimated that soon it will hold around 35% of the Greek sovereign debt. In other words, the ECB has undertaken the risk reducing the exposure of the European banking system to the Greek sovereign debt. This is completely reasonable since the ECB can manage the risk in a much more efficient way than the isolated capitalist institutions, principally through its role in the imposition of the structural adjustment programme...

determined in the market in “exchange” for the imposition of a strict structural adjustment programme should be seen in this context.¹⁷

It must be noted that the proportion of wage labour in Greece hardly reaches 65% of the economically active population, with self-employed people reaching a proportion of 22%,¹⁸ while more than 90% of businesses employ less than 10 workers. Therefore, the fact that 19,000 small businesses closed down in 2009, with a forecast that 45,000 small businesses will close down in 2010 and 60,000 in 2011, shows that the so-called “fiscal consolidation” assumes in Greece characteristics of a typical process of primitive accumulation with the proletarianization of tens of thousands of self-employed people and professionals as well as small business proprietors.

In conditions of economic recession, businesses which are not adequately profitable and productive are forced to close down; the inefficient part of capital is destroyed so that a rising capitalist accumulation may start again. Of course, it is questionable whether this destruction of capital is adequate when the state provides astronomical sums to bail-out banks, which are “too big to fail”. But, here we can also detect capital’s tendency to concentrate: bank, transport and hospital merging negotiations are up and running.

An overview of the measures that the Greek government tries to impose through the stability programme is sufficient to reveal the extent of the attack against us:

- Repeal of 13th and 14th salary in the public sector. They are replaced by a 1000-euro benefit but only for workers with gross salaries less than 3,000 euros per month. 7% pay cuts on the regular wages in the public sector. Pay freeze for three years for all public and private sector workers. 20% total cut down on the benefits in the public sector.
- Repeal of 13th and 14th pension in the public and private sector. They are replaced by a 800-euro benefit. Pension freeze for three years in the public and private sector. 3% to 10% cut down on pensions of over 1,400 euros net.
- Cut down on lay-off compensation and increase of the number of workers that can be laid-off every month per workplace (especially in big companies).
- Reduction in overtime costs.
- VAT increase at all levels with the maximum reaching 23%. VAT base broadening. Increase of indirect taxes by 10% (fuel, alcohol and cigarettes).
- “Liberalisation” of closed-shop professions.
- “Liberalisation”/privatisation of public transportation (buses, trains etc) and energy.
- Pension system reform
 - Since the early 1990s the Greek governments have made successive reforms of the pension system. One of the main aims of these reforms was the splitting up of workers in various categories with different ages of retirement, different minimum contribution periods for retirement and so on. This has been further intensified by this reform.
 - Thus, despite the fact that from 2015 the age for retirement will be increased to the age of 65 and the minimum contribution period to 40 years for all the workers (equality between women and men), on the other hand there is a designation of a series of subcategories of workers with different requirements in order to get and determine their pension. Of course, the retirement age for these subcategories is also increased gradually to the age of 65 which will be applied for everybody from 2015. Apart from the workers officially hired before 1983 who are not affected by the new law, workers who have been officially hired up to 1993 are gradually assimilated to the new status from 2011 with an annual increase of the relevant requirements, while the workers that have been officially hired after 1993 are immediately subjected to the new pension limits.
 - Regarding the determination of the pension, there are also several new categories: for workers officially hired from 1983 to 2011, the pension amount will be calculated for the years of work until 2010 with

¹⁷ An overview of the measures is presented in the table that follows.

¹⁸ In some cases, in Greece, “self-employment” is the disguise of proper wage labour; it’s a labour relation where, except for the direct wage, the cost of the reproduction of labour power has been shifted from the capitalists onto the “self-employed” workers.

the old law and for the years of work after 2010 with the new law. Here we must note that, according to the new reform, there is a significant reduction of the replacement rate for every category. Finally, the workers that will be officially hired from 2011 onwards will be subjected only to the new law. This situation leads inevitably to an individual determination of pension with obvious consequences on the potential collective workers' struggles in the field of social security.

- From 2011, the amount of pension will be determined based on the wages throughout the work life and not on the best five years of the last decade before retirement, as it was until today.
- Within the next two years, there will be a reduction of the supplementary pensions according to the economic status of each auxiliary fund.
- A further reduction of pensions of 7% on average is planned, both in the public and the private sector.
- Significant reduction of the professions that are ranked as heavy and health-hazardous occupations.
- Revision of the framework for awarding disability pensions aiming at their reduction.
- From 2020, there will be automatic adjustment of retirement age to life expectancy.
- Suspension of all recruitments in public sector in 2010 and from 2011 implementation of the rule: one recruitment for every five retirements. This rule excludes teachers on all levels of education, nurses, doctors, cops and military personnel. After 2011 the replacement ratio for teachers, nurses, doctors and cops is set to one recruitment for one retirement.
- Establishment of lower wages than the minimum wage for entrants and the long-term unemployed.
- Legislative regulations for the promotion of temporary and part-time contracts.
- Legal predominance of labour contracts at enterprise level over contracts at sectoral level in enterprises facing profitability problems.
- Cut down on public investments by 2 billion euros during the next two years.
- Creation of a Financial Stability Fund with state financing (10 billion euros) for the stability of the Greek banking system.
- Reform of the “anti-terrorist” legislation. While in the previous “anti-terrorist” law there were some clauses whereby certain offences were not considered to be “terrorist acts” if they were done for the “protection of the democratic regime” and as an “exercise of fundamental individual, political and labour rights”, in the new reformed law they have been repealed. Such offences (like “disturbance of the safety of transportation”) are obviously related to an attempted stronger repression of class struggles and proletarian or political violence.
- Restructuring of Higher Education. On top of the previous reforms (2006-2007), which proved unsuccessful to a certain extent because of the student movement, a series of new restructuring measures have been announced:
 - Reduction of expenditures through mergers, closures of institutions in the periphery and layoffs which will lead to a reduction of the number of students.
 - “Financial self-sufficiency”: funding will be provided by the state on the basis of specific contracts with terms related to assessment of quantifiable targets such as research performance and the absorption of graduates in the labour market. In this manner, universities are being pushed to introduce student fees and to reduce their workforce.
 - Reform of the administrative structure of the universities: the participation of students' and professors' representatives in the administration will be abolished in effect through the establishment of a “Board of Trustees” organ which will be appointed by the government and will consist of CEOs and other representatives of the private capital in order to promote further entrepreneurialisation and commodification of studies. In parallel, it is obvious that this will lead in effect to the abolition of the academic sanctuary.
 - Further intensification of student labour through the imposition of examinations acting as “filters” in the first year of the studies, as well as intensification of employee and teacher labour through the introduction of further assessment procedures and external evaluators.
 - Individualization and fragmentation of the academic diplomas through the division of studies into units in order to measure the academic performance of students and to align studies with business needs in a more effective way.

We must note that these measures are not taken once and for all but will be expanded (e.g. further VAT base broadening, further increase of indirect taxes, further reduction of recruitments in public sector etc.) during the next years as the Greek state continues the implementation of the “stability programme” and gets the scheduled payments of the instalment loan from IMF and ECB.

* * *

Notwithstanding the impressive participation of 200,000 people in the strike demo of the 5th of May in Athens, which was the greatest workers' demonstration after the fall of the dictatorship, despite the attempts to invade the parliament and the massive conflicts with the police, the response of the working class does not correspond to the size of the attack that we're facing. Indicative of the retreat of the response was the very small participation of 10,000 people in the general strike demo on the 8th of July, which was the day that the pension reform act was passed in the parliament¹⁹

Given the range of the attempted restructuring under the general name of the "austerity measures", a series of 24-hour, 48-hour strikes or work-stoppages have taken place in different key sectors (electricity, public transport, shipping sector, etc) almost each month since March, as separate and sectional mobilisations, though, without any kind of coordination and communication among them.

The trend of isolated strikes would go on. Later, in June, a 3-day strike took place in the Athens metro against lay-offs, but it stopped after some vague promises given by the Minister of Transport to the metro union which is controlled by PASOK that the workers will be rehired in other public organizations. Other strikes also took place in the transport sector. The employees of the OSE, the state-owned railway company, declared a 24-hour strike on June the 10th against the wage cuts imposed by the government and the planned privatization of the company as part of the broader attempts at cuts in the public sector. As a first step, the government decided to cut down on the operating costs of the company by abolishing railway routes that were not profitable. A 48-hour strike was decided by the employees of the suburban railway, a subsidiary company of OSE, on 22-23 of June. The employees of ETHEL, the state-owned bus company in the city of Athens, declared a 24-hour strike on June the 3rd and a 5-hour work-stoppage on June the 17th against wage cuts and the government's plan to reduce the state subsidy to the company. Another 24-hour strike was declared on the 1st of July when the company failed to pay on time the salaries and the holiday pay to its employees.

The secondary school teachers who were going to mark the students' exams for the admission to the Universities decided to abstain from work, protesting against the decision of the Ministry of Education to cut down on their compensation for correcting the candidates' tests. In the end, OLME, the teachers' union, decided to show a "sense of responsibility" and put an end to this mobilisation. Since entrance to the university still has a major importance in the Greek society, OLME justified their decision by claiming that they did not want to "punish" the students.

In July, hospital doctors went on a five-day strike against the new reform of public health which aims at cutting down on public hospitals' expenditures, promoting the privatization of some health services and adjusting the work conditions of doctors (especially the entrants) to a more flexible and precarious status. The strike was called by the Federation of Unions of Physicians (OENGE).

Bank employees went on a 24-hour strike against the oncoming takeover of the Agricultural Bank of Greece, which was the only Greek bank that failed the European "stress test".

The mobilization of lorry-owners was the longest one and it also had a great impact on transports. In the end of July, the owners of public transport lorries announced a strike against the imminent law for the "liberalisation" of public transport. The main consequences of that law are (a) the devaluation of their licenses, which could be sold at a very high price until now and (b) the

¹⁹ In this chapter we refer to mobilisations that took place in the last months. As far as strikes and demos since the beginning of the "debt crisis" are concerned, one can have a look at our texts "There's only one thing left to settle: our accounts with capital and its state" and "In critical and suffocating times". Both can be found on our site http://www.tapaidiatisgalarias.org/?page_id=105

setting up of companies and the minimization of self-employment. Some professions, such as lorry owners, pharmacists, lawyers, architects and others are “closed shop” ones. For example, only a pharmacist can obtain a license to open a pharmacy and not an entrepreneur or a company without a pharmacist’s specialty. Of course, in some “closed shop” professions, like lorry-owners, lawyers or architects, companies already exist. But, at the present moment, capital is less concentrated in “closed shop” professions. Lorry owners’ profession is the first one to be “liberalized” and the others will soon follow. In this sense, we can say that this “liberalisation” constitutes a crash test for the government’s ability to implement such a measure. The insistence of the IMF, the European Central Bank, the European Commission and the Greek government on abolishing the “closed shop” status particularly of the Greek transportation shows the importance they lay on the concentration of capital in this particular sector increasing thus its profitability. We could say that the essence of the “liberalization process” is the destruction/devaluation of small scale capital, self-employment and petit-bourgeois private property. Nothing is being “liberalized”. On the contrary, capital is “tightening” itself in order to expand even further.

The road transport strike caused big problems for the distribution of commodities, especially fuel, and since it was called in the holiday peak, the government managed to isolate the lorry owners condemning them as “enemies of the public interest”. On the 4th day of the strike the government made use of the “civil conscription” method on vehicles and drivers. Lorry owners defied the order and continued their strike and road blockades. The state decided to mobilize army vehicles and naval vessels to ensure the supply of fuel in “critical sectors” and break the strike. Private companies’ fuel lorries were used in the same way, too. It is interesting to mention that most of the lorry owners’ union representatives own transport companies although the vast majority of lorry drivers are self-employed. After nine days of strike, their leaders announced that they were going to cancel the strike, negotiate with the government for side issues of their profession (insurance and taxation policy) and consider further action in September, when the law was going to be voted in the parliament. It is also important to mention that except for the combative attitude of this sector (clashes with riot police outside the Ministry of Transport in Athens, outside an oil refinery in Thessaloniki, road blockades and scab beating), the social content of their struggle was totally sectional and not without nationalist features (Greek national flags and famous ancient Greek battle cries were used by the strikers!)

In the end of September the law was voted, while the “civil conscription” was still active. Lorry-owners were on an 18-day strike at that time and they continued even after the law was enacted. The state’s response was the mobilization of a scab-mechanism: the police escorted convoys of lorries, some drivers were arrested and the riot police cleared the road and port blockades. An aggressive propaganda against the strikers had been systematically used by the media. On top of that, the lack of any concrete social alliance led the strikers to become isolated and demoralized. Eventually, they were divided between a majority who went back to work defeated and a small minority of angry and desperate strikers who were labeled “extremists”. Their actions (slashing the tyres of scab lorries and in some cases even shooting against them or burning them) and the formation of a strike committee were undermined and condemned by their own representatives. Finally, the strike was over.

In the public sector, many civil servants were on a kind of slow-down strike, delaying the function of their services. Especially those who work in ministries and civil services, slowed down their work pace creating problems and delays in the function of the state.

An example of such a reaction was the air traffic controllers’ mobilisation who initially announced a strike on the 24th of July which was ruled illegal (as it was in the peak of the tourist period in Greece). They chose to go on a work-to-rule strike using the strict international regulations for air traffic in order to block or delay airplane departures. Another example is the primary and secondary teachers’ local unions’ decision to reject the self-assessment process imposed by the

Ministry of Education as the first step of the attempted disciplining assessment of both teachers and school units.

Despite that, we could say that the overall response of the civil servants, who are excessively affected by the government's policy, is rather lukewarm.

The mobilisation of temp workers in ERT (the national radio-television company) against the non-renewal of their contracts met with the complete indifference of their permanent co-workers. The occupation of the ERT headquarters ended ingloriously after a negotiation between the PASOK-controlled temp workers' union and the management, without blocking the function of the TV stations and without exploiting the opportunity to take over the control and broadcast their demands all around Greece.

On the 24th of September, 2,000 temp workers from all over the public sector demonstrated outside of the Hellenic Supreme Court of Civil and Penal Law premises in order to press the court to issue a favourable judgement on the conversion of fixed term contracts of two cleaners working in a public company (OPAP, the official organisation of betting) into permanent ones since this judgement would be a *res judicata* for all similar future disputes. The recommendation of the rapporteur was negative for the workers but after a request by the union representatives the court decided to postpone the judgement until the 20th of January 2011 in an attempt to let off steam since the attitude of the demonstrators was rather combative. Afterwards, the demonstrators marched towards the parliament. When the demo passed outside of the Ministry of Interior some eggs were thrown and some minutes later a bunch of temp fire fighters tried to invade the building after the main part of the demo had already reached Syntagma square. Their action was unsuccessful since only a hundred of them were there but it gave the opportunity to their union representatives to enter the building and deliver a resolution... At the same time, in Syntagma square, some right wing unionists in a spectacular move got to the front and urged the demonstrators to chant the national anthem. Much to our dismay many demonstrators joined in the chanting.

During September, the workers of OSE (the Hellenic Railways Organization) went on a series of strikes and stoppages, against the oncoming restructuring. The rationalization process of OSE is a key matter for the restructuring and privatization policy of the public transport sector in general. Using as an excuse the large deficit of OSE (about 11 billion Euros), a deficit which was created by the previous state policies, the government is trying (a) to reduce labour and functional costs (cutting down on wages, overtimes and benefits, minimizing the number of workers, closing down unprofitable lines), (b) to maximize OSE revenues by selling or using assets of the organization (infrastructure) which remained idle until now and by increasing ticket prices, and (c) to create the conditions for the privatization of parts of the organization's services and functions. All these are accompanied with a new internal regulation and reorganization of OSE's work relations and conditions.

We should mention that the leadership of the union of OSE is controlled by PASOK and until now we haven't seen any rank'n'file initiatives to create links with the "users" of the railway, i.e. other proletarians. The law for the restructuring of the national railways is going to be voted in the parliament in October.

Although these struggles have created significant problems for Greek capital and its state in the course of the last eight months, they nevertheless seem to follow a general pattern: so far all the responses against the new measures have remained fragmented, unconnected, defensive and totally controlled or sabotaged by unions. A typical example of how unions undermine the strikes is what happened during the general strike of July the 8th when the union of the Metro employees, controlled

by PASOK, contrary to what had happened during previous strikes, decided a complete blocking of the metro, preventing thus many strikers from demonstrating because they couldn't access the centre of the city.

The paralyzing and mediating role of the union apparatuses is best seen in the activities of the union confederations –GSEE (the umbrella organization of the private sector unions) and ADEDY (the corresponding organization of the public sector) – which are totally controlled by the socialist government and do their best to avoid any real resistance against the recent offensive.

The fact that GSEE has called six 24-hour strikes in the previous eight months, while ADEDY has called in the same period eight 24-hour strikes and a few stoppages should not be interpreted as a real effort on their part to promote struggles nor as an indication of a mighty working-class response. It must be noted that the declaration of these strikes was not accompanied by an effective union or other mobilisation in the workplaces. Without any preparation for the strikes, the percentages of the strikers gradually diminished after May and the demos degenerated, exhausting people, mainly functioning in most cases as a “steam releaser”. Thus, at the moment, it seems rather improbable that the crisis and the pressure exerted to those dinosauric bodies by the rank 'n' file will lead to major changes in their structure and function, if we consider the almost lethargic behaviour of the low in hierarchy union cadres of the socialist party who still win most of the votes in most workplaces. Although the “debt crisis” increasingly undermines their already weak function to guarantee the improvement of the conditions of the reproduction of the proletariat as labour power, still the power of the unions resides in the sectional and even individualistic use the proletarians make of them: the particular history of political clientelism in Greece is also evident within the unions, especially in the public sector, as voting for the socialist or right-wing unionists usually meant either climbing up the social ladder or at least some kind of legal advice. Thus, even if such material gains are limited now, they are not drastically cut yet; union cadres can still rely on social inertia and political clientelism that creates a relatively loose hierarchy and discipline in the public sector so as not to feel threatened and attempt major reforms in the union apparatuses.

As for PAME's activities (the “labour front” created by the CP), they probably seem impressive, taking into account the fact that in many cases PAME was the first one to call mobilisations, obliging GSEE and ADEDY to follow. PAME has organized a number of spectacular moves, such as occupations of ministries, TV stations, the stock market, blockades of the port of Piraeus, etc –in one case, PAME's members had blockaded the port in order to defend a strike of the shipworkers that was ruled illegal by the courts. However, these mobilisations were under the complete control of the party without a grain of initiative from the rank'n'file and it is certain that if the struggles escalate, the CP will again assume the role of the police repressing any radical initiative or action, as it has done many times in the past. Besides, this is clearly shown by its permanent tactics to prevent any contact and communication of its members with other strikers, organizing separate and, above all, peaceful demonstrations.

But, apart from the role of all kinds of unionist policing mediation, there is an almost total lack of autonomous proletarian action and of openly expressed radical contents of struggle going beyond the union/sectional demands. It is maybe frustrating, but the truth is that those strikes and demos that have attracted worldwide attention have been called and organized from above, be it the union confederations or federations that determined their time and content. The response of the greater part of the working class has remained to a considerable extent passive. It is true that the class combativeness of many strikers in the streets, against the cops and the trade union leadership, their joy in mixing with strikers of other sectors and in occupying the centre of the city (in the case of the first demos in February and March and on the 5th of May) reveal a deeper rebellious content which is however latent and has not been expressed in an autonomous and co-ordinated organization of the struggle within the workplaces or in the neighbourhoods.

Partly, an explanation for the inadequate response of the proletariat to the attack called “debt crisis” can be traced back in the state’s effective propaganda to legitimize it. In order to work more for less money we have to accept that we face a “problem” that is beyond our reach and control, something that needs our sacrifices,. Thus, the cause of the crisis is attributed to an almost metaphysical but inescapable world of markets, statistics, rating agencies, speculators and so on. This mystification veil is used in order to conceal the real cause of the crisis: the convulsive but persistent refusal of the global proletariat to become totally subordinated to capital and the circulation of its struggles, however limited it is.

Thus, in a period of acute crisis, capital’s obsession with regaining control over the proletariat – especially when the command of capital and its state was recently questioned and delegitimized in a violent way– is transmuted into the invisible dark omnipotence of “economy” and the “markets” working above us, causing a generalized feeling of weakness and impotence. The hard austerity measures, this clear declaration of class war, has to become “naturalized”: crisis has assumed the character of a natural catastrophe that cannot be reversed until it will come full circle after some years, as the economists-weathermen keep telling us in their forecasts.

The Greek state, under the PASOK administration, together with its European partners and the media scum, intensified the ideological terrorization by also using a traditional but all-weather powerful “weapon”: *national unity*. During crises, the partners turn into commanders and rivals; the unified European village whose inhabitants live harmoniously and co-decide democratically falls apart while a matter of utmost importance, the defence of the nation –this perennial deception– comes to the fore. In a few words, they try to persuade us that we won’t work for our bosses but for the country’s good.

The “debt crisis” offers the capitalist state a unique opportunity to reimpose the unification of the proletariat around the nation-state form and through that its disciplining, in the hope of an increasing productivity and higher profits. In the words of the Greek prime minister “...it is clear that the way in which we dealt with our finance affairs led us to lose a part of our national sovereignty. We have to take that part back by means of our credibility, our political programme and everyone’s *self-sacrifice*”. His “sacrifice” to “give away a part of the country’s sovereignty” entails “our self-sacrifice” in order to “take it back”. But we have to pay for this “part” with more work, less money, deeper divisions and competition among us in the face of the increasing numbers of the reserve army of unemployed.

National unity is reinforced as a surrogate “collective” identity when, at the moment of economic and social disintegration, individualist roles within the reified social relations are shattered. In the last two decades, trade unionism and politics, which are both typically characterized by the use of collective means for individualist ends, tended to be less attractive and effective compared to the use of individual or household loans. The “sovereign debt crisis” and the imminent bankruptcy could entail a disaster on an individual and family level that most proletarians are not prepared to reverse in a class autonomous way. Passivity then under the flag of “national unity” can serve as a refuge and a rationalization for those who, not willing to protest against their devaluation now, put their hopes for a future increase of the value of their *own* labour power in the increase of the competitiveness of the Greek economy. The non-strikers might even attack verbally their fellow workers whose strikes would destroy this endeavour.

Since crisis is experienced as a multitude of personal failures bound together (“living beyond our means” summarizes the individual “excesses” and “malfunctions” that led to a “national failure”), self-blame and guilt can take such epidemic dimensions, that certain defence-mechanisms are needed. Those defence-mechanisms are activated through the projection of the feeling of guilt

onto the witch-hunted “extravagant” civil servants, tax evaders or even selected scapegoated “corrupt” politicians who “failed” to perform their high functions. The state ideologues, on their part, who know that in periods of crises capital and its state are no longer trustworthy since the “rewards promised” never came, they are all too willing to channel anger and fear to a path safer for the system.²⁰

Nationalism and populism, however, can also emerge through another route as well: through the struggles themselves mainly because of the influence of the dominant left and leftist discourse and activity on them. Nationalization of banks, self-management of key sectors of the national economy, different suggestions for the renegotiation of the debt by (this or another) government, emphasis on the “corruption” issue, ideas for a “productive” reorganization of Greece are the most popular slogans of the left in these days –in sum, a capitalism confined within the borders against the three foreign evils (IMF, ECB and EC) and the “Quisling” Greek government.

Finally, to the “irresponsible” strikers who betray the “national cause” through struggle, the prime minister was clear when he declared: “*Sacrifices are needed; we cannot afford blockades and strikes*”. It is obvious that the government and the capitalists are afraid of a social unrest which can burst out if all mediations and mechanisms prove ineffective. The ideologues of the system try to eliminate even the memory of the December 2008 rebellion as a nightmare that should not be repeated. When they demand social peace they know that they are walking on thin ice: their arsenal – be it union apparatuses and functions, individualism or doses of fear and guilt– may be exhausted. That’s why while the government puts on its humanist-antiracist mask and speaks the language of the “common good”, it holds the cop’s bludgeon at the same time. Social consent must prevail in any way. No wonder the streets are full of cops that try to control every space that could become a field of struggle and clash. To return to Nietzsche: “*this world deep down has never again been completely free of a certain smell of blood and torture*” –something that the Minister of Labour reminded us when, some months ago, during the announcement of the new “*hard but necessary measures*” he declared: “*there will be blood*”. Maybe, he unconsciously presaged the storm which is coming. A storm which may bring the recomposition of the struggles and will send the “public deficit” to the dustbin of history, together with the “life deficit”, the only real one.

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August-October 2010

²⁰ Another aspect of the general feeling of “weakness” in the face of the enforcement of the austerity measures and the “alien forces of economy” that control our lives can be traced in the rise in the number of people who ask for help from psychiatrists and psychiatric institutions. According to some specialists, specific mental disorders like depression, panic crisis or anxiety disorder are explicitly connected with the rise of unemployment, individual indebtedness and the general feeling of uncertainty. Reports from two of the major Mental Hygiene Centers in Athens show a significant increase of the number of people who asked for help in 2009 compared with 2008 and an additional rise in the first three months of 2010. Unfortunately, there are no overall data or public researches for the general mental health in Greece. But this rising tendency is also confirmed by the increase in the sales of psychiatric medication, especially antidepressants, anxiolytics and hypnotic pills since January of 2010. We should also add a slight but not insignificant rise in the number of suicides, during the last ten months, often because of an inability to repay debts.