The Real Causes of the Catastrophic Crisis in Greece and the "Left"

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1. The integration of Greece into the EU is the real cause of its catastrophic crisis

The almost complete destruction of the lower classes in Greece is not due to the causes usually attributed to it by the "Left".[1] In fact, contrary to the misleading "explanations" provided by this Left and the Right alike, the actual cause is the full integration of the Greek economy into neoliberal globalization, through its accession into the EU. This has meant the complete transformation of Greece into an economic and political protectorate of the Transnational Elite.[2]

The catalyst for this crisis was Greece's unofficial default, which, however, was merely the consequence of the destruction of its production structure, as a result of the opening, and liberalization of markets imposed the EU, following Greece's entry in 1981. It is therefore no wonder that both the Left (apart from the Communist Left) and the Right––in fact, the entire Greek establishment––are fully united in not challenging the main cause of the present economic destruction: Greece's membership in the EU.

In other words, contrary to the deceptive pre-election promises of SYRIZA, (which is an organic part of the Euro-left that has just chosen its leader, A. Tsipras, as its candidate for president of the EU Commission), there is no way that an EU/EMU Member State could refuse to apply the policies imposed by neoliberal globalization, as borne out by History with Mitterrand, Lafontaine, Hollande, et. al. It is equally disorienting to state, as SYRIZA does, that, if elected to power, it would revert the catastrophic legislation imposed by the well known 'Troika' (representing the IMF, the EU and the ECB) in the past three years or so.

The above deceptive promises are based on the myth that neoliberalism is some kind of a mistaken ideology or a doctrine[3] upheld by "bad" politicians such as Thatcher, Merkel, Blair, etc. However, neoliberal globalization is, in fact, a systemic phenomenon implying, also, that the EU members' economic growth does not rely anymore mainly on the domestic market but on the international market (within the EU and without) and that it is the Trans-National Corporations (TNCs) that control world production and trade, and–– through the Transnational Elite[4]––the international political, military and cultural institutions.

So, only if the EU governments were taken over by the Euro-Left and they then forced the TNCs based in EU to operate solely within the EU area––imposing in the process strict social controls on the movement of capital and commodities from the other economic blocks (i.e.

those of the Far East and America)––only then could the European economy be indifferent to its own level of competitiveness and live in the Euro-Left's nirvana, happily ever after. In fact, however, EU is moving in exactly the opposite direction of further integration within the New World Order (NWO) defined by neoliberal globalization! This is clearly shown by the current negotiations between EU and US for a Transatlantic Free Trade Area.

2. Capitalist globalization can only be neoliberal

The Euro-elites simply cannot afford to lose more of their competitiveness. In fact, the real reason for the creation of EU and later of the Eurozone had nothing to do with the ideals of freedom, democracy, human values and the rest of its ideology, as EU's history has clearly shown. It was the growing gap in competitiveness (in terms of EU's share of world exports) during the 1980s, which led the Euro-elites to speed up the integration procedures, which were mostly dormant up to then. The EU economic failure was clearly due to the fact that the competitiveness of its commodities was increasing at much slower rates than those of is competitors, particularly in the low cost countries of the Far East.[5] As supporters of the EU and its integration were claiming at the time, only a market of continental dimensions could provide the security and the economies of scale that were necessary for the survival of the European capital in the hyper-competitive global market that was just emerging at the time.

However, despite the high degree of integration achieved by the 'Single European Act' in the 1990s, and even despite the creation of the Eurozone, its decline in competiveness continued. Thus, whereas the share of Euro-exports to world exports was 35.8% in 1990, ten years later, it has fallen to 29.7% and by 2010 it has fallen further to 26.3%![6] In other words, within two decades, the Eurozone countries have lost more than a quarter of their competitiveness, measured in terms of their share in world exports. Although the Euro-elites are well aware of the fact that a significant part of their 'loss' of exports is in fact due to their de-industrialization––because of the move of industrial capital by the TNCs (most of them based in the metropolitan countries including the Eurozone ones) towards the low-cost paradises of China, India and the rest–– this is obviously no consolation to their own workers (and electorates), which benefit very little (if at all!) by globalization!

The present EU policies therefore, are not the result of a conspiracy or a satanic plot of the elites to exploit further the European workers but simply of the fact that the opening and liberalization of markets required by globalization, so that TNCs could expand their activities further, inevitably led to the present neoliberal policies implemented by every country fully integrated into the New World Order. To put it simply, globalization in a capitalist world can only be neoliberal and the rest is mythology adopted by today's bankrupt world "Left"––apart from the genuine (but diminishing) anti-systemic Left.

3. Competitiveness is the rule

If, therefore, we accept the premise that the Euro-elites have no other option but to improve their competitiveness within the globalized economy, the next question is how competitiveness can be improved. There are two main ways in which a country's competitiveness could improve: either by changing relative prices, i.e. squeezing the prices of locally produced commodities with respect to those produced abroad by squeezing wages and salaries, or by improving productivity of locally produced commodities, which may lead to lower cost of production without reducing real wages and salaries or to better quality products, etc.

Changing relative prices in the former way is the easy solution, as it could be implemented, almost at a stroke, in case a country controls its own currency and Greece itself has repeatedly resorted to devaluation policies in the post-war period to improve, temporarily, its competitiveness. In case however a country does not control its currency, as is the case of Greece in the Eurozone, the only other option, given its historically low level of labor productivity because of the lack of investment in research and development, is the presently implemented policy of squeezing wages and salaries in the hope that the cost of production will fall accordingly. In fact, the level of Greek productivity of labor, for instance has always been historically much lower than that of the Eurozone (in 2006 it was just 77% of the average Eurozone one[7]), something which is not that much peculiar if we take into account the fact that the proportion of productive investments to the GNP is much higher in the European 'North' than in the 'South' in general and Greece in particular.

So, if we start with the premise that the uneven levels of competitiveness and productivity are unavoidable in an economic union like the EU, which consists of countries at highly different levels of development (as they have been historically formed within a very uneven development process like the capitalist one), then we may easily understand the causes of the crisis in countries like Greece. The fact, therefore, that a Eurozone country like Greece, facing a problem of low competitiveness, cannot devalue its currency (i.e. change its relative prices without the need for suppressing domestic wages and incomes) is not the cause of the crisis. This may be the cause of a similar competitiveness crisis of an advanced capitalist country like Germany but not of a country like Greece where low competitiveness is a development problem.

Particularly so, when the Greek entry to the EU and later to the Eurozone had itself significantly exacerbated the development problem by effectively dismantling the productive structure of the country, as its infant industry and agriculture were not capable to compete with the imported commodities, following the opening and liberalization of markets imposed by the Single Market. Under these conditions, even a Greek exit from the Euro and a devaluation of the drachma that will be re-introduced in its aftermath, could only have temporary effects on Greek competitiveness, unless mass investment in its productive structure takes place at the same time, which is far from guaranteed in an internationalized market economy.

4. The EU as a mechanism to transfer surplus from its "South" to its "North"

In other words, competitiveness at the core Euro countries, which are characterized by higher levels of labor productivity than in the South, mainly depends on keeping wages and prices under control, so that German commodities continue to be competitive (because of their higher quality and so on) compared to similar commodities produced in East Asia and beyond. On the other hand, compettiveness in the European periphery, which consist of countries with lower levels of labor productivity, like Greece, mainly depends on improving productivity through new investment on R&D. Therefore, the competitiveness problem in the South is mainly a development problem and refers to the need of creating a strong productive base, which will not be formed within the process of uneven capitalist development (as today), but within a process of social control of the economy to create a self-reliant economy.

Yet, despite the fundamental difference concerning the causes of low competitiveness between the "North" and the "South" of the EU, in the framework of the post-Maastricht Europe, a common policy was adopted for all member countries––a policy that was determined by the needs and the interests of the North. Thus, the Single Market, did not mean the unification of peoples, as the EU propaganda presented it, not even the unification of states, but simply the unification of free markets. 'Free markets', however mean not only open markets (i.e. the unhibited movement of commodities, capital and laboutr), but also flexible markets (i.e. the elimination of any obstacle in the free formation of prices and wages, as well the restriction of state role in the control of economic activity, which implies the drastic restriction of the element of 'national economy'.

This was the essence of the neoliberal globalization characterizing the new institutional framework of the EU, i.e. that the state control of the domestic market of each member state (which was drastically restricted within the Single Market of 1992) was not replaced by a corresponding EU control of it, apart from some (mostly nuissance) regulations on uniformity, etc. In other words, the new institutions aimed at the maximization of the freedom of organized capital,, whose concentration was facilitated in any way possible, and the minimization of the freedom of organized labor, whose co-ordination was restricted in any way possible and mainly through the unemployment threat.

If Germany is indeed the country which was on the receiving end of the greatest benefits from joining EU and the Eurozone, whereas the countries of the European South received the least benefits out of it, this was far from accidental or due to the bad designing of the Eurozone as, post-Keynesians and other reformists (including the Euro-Left!) argue. When the Eurozone was institutionalized at the beginning of the new millennium Germany already enjoyed relatively high levels of labor productivity and competitiveness and the new currency essentially has 'frozen' the relative deviations between the advanced North of the Eurozone and the much less advanced South (parts of which were in fact underdeveloped).

Then, the Single Market itself, under conditions of a common currency, brought about a relative equalization of commodity prices and a certain increase in wages in the South, as workers were struggling to maintain the real value of wages and at the same time to narrow the gap in wages with Northern workers. On the other hand, German employers were in a much better position to suppress wage rises because of the difference in labor productivity they enjoyed due to advanced technology and investment in R&D, but also due to better relative prices. As Wolfgang Münchauput it, "Germany entered the Eurozone at an uncompetitive exchange rate and embarked on a long period of wage moderation.

Macroeconomists would say Germany benefited from a real devaluation against other members".[8] If we add to this, that the countries in the South no longer had the power to devalue their currencies, whereas Germany did not have any need to devalue its currency as long as it could keep wage rises in pace with labor productivity increases, then we can understand why (and how) the Eurozone essentially functions as an economic mechanism to transfer economic surplus from the countries of the European South to those in the North and particularly Germany.

5. The disorienting role of the "Left"

The obvious conclusion is that it is impossible to take any radical measures to exit from the current economic (and not only!) disaster, without a unilateral exit from the EU along with a cancelation of the debt (for which the people were never asked anyway), as well as the discarding of all legislation imposed by the Troika and the adoption at the same time of the necessary geostrategic changes. Only this way, Greece could retrieve the minimum required economic and national sovereignty for a strategy for economic self-reliance, which is necessary for the permanent exit from the crisis, through building a new productive structure to meet its needs.

This means that the views that we could implement another policy even within the Eurozone, as SYRIZA suggests, or that it would suffice to exit from the Euro (without the parallel direct and unilateral exit from the EU) to implement a radically different economic strategy (as other Left organizations suggest), are completely misleading. This is because, as I tried to show above, the cause of the present economic catastrophe in Greece is neither the austerity policies of the Troika, as the supporters of the former view claim, nor the poor design (and implementation) of the Euro that led us to deficits and massive debt, as argued by the supporters of the latter view.[9]

Thus, supporters of the former view (Laskos and Tsakalotos), in fact, reproduce the myths of an obsolete internationalism according to which the struggle of the European proletariat within the EU will reverse the austerity policies, despite the fact that, after almost five years of economic crushing of the popular strata, there has not been even a single ("official" or unofficial) European strike against these policies! On the other hand, the supporters of the latter view (Flassbeck and Lapavitsas), acting as the "Plan B" of the Euro-elite––in case it is forced to expel (temporarily or permanently) Greece from the Eurozone––argue for a Greek exit from the Euro, but not from the EU. However, in both cases, the failure of the proposed policies can be taken for granted, although the consequences will not be identical.

Thus, in the first scenario of a SYRIZA-based government (which looks likely following the Euro elections that could well function as a catalyst for general elections) it is a matter of time for its failure to become evident, if it insists on its pro-EU and pro-Euro policy. Despite its present rhetoric, it would simply have to follow the same economic policies as the present government, perhaps with a minor relaxation of austerity policies (assuming that the Euro-elites will find a way to cancel part of the Debt to make the rest of it payable). As markets will remain open and liberalized under a Syriza government (the party never challenged this fundamental tenet of neoliberal globalization), labor markets will also continue to be flexible. However, open and liberalized markets mean:

- wages and salaries will be kept at around their present minimum levels, or, at least, these levels will be the basis for any future increases strictly linked to productivity rises;
- Public Health and Education will never recover from their present dismantling, as the government will have to continue implementing the present Eurozone strict fiscal policies to keep budget deficits under strict controls;
- the selling out of the social wealth of Greece, following privatizations of essential services like electricity, water, transport, ports and airports, communications (and now even Greek islands!) will not be reversed, making the implementation of any effective social policy to protect the victims of globalization impossible;
- Unemployment may marginally fall from the present almost 30% of the working population (and 60% of young people) only to the extent that foreign investors will be attracted by the present extremely low wages/salaries and the 'political stability' that SYRIZA might secure. However, given the strong competition on this front by other low-wage countries in the Balkans and beyond (East Asia), unemployment is bound to be stabilized at very high levels for any foreseeable future, with young Greeks having either to work in Greece's "heavy industry" (as the establishment calls tourism) or emigrate.

Clearly, this Latin-Americanization (or Balkanization) of the Greek economy will become permanent under SYRIZA's pro-EU policy, and in the elections to follow a (likely brief) period of SYRIZA in power, the party will probably have the fate of the social democratic party PASOK, which has effectively been demolished. In fact, this would simply be the belated end of the Euro-Left in Greece, following the similar end of this kind of "Left" in the rest of Europe, in the era of globalization. Yet, the International "Left" is unable to see all this and would be ready to celebrate the possible victory of SYRIZA in the next elections,[10] whereas Leo Panitch, is so enthusiastic about the new kind of 'progressive' reform SYRIZA represents that he became almost lyrical when reading that Tsipras "spoke in terms of the 'historic opportunity' that now exists for a left alternative to the current capitalist 'European model'.[11] This, at the very moment when the same Tsipras is also indirectly praised by the New York Times, the leading organ of the Transnational Elite, presumably as a 'serious' Left politician worthy of its trust, compared to the 'loony left' they so despise:

Mr. Tsipras…has backed away from past rhetoric about abandoning the euro and said he does not want Greece to drop out of the 18-country zone that uses the currency. But he does want a fundamental reworking of the terms of Greece's bailout funds, worth 240 billion euros, or about $328 billion."Our intention is to change the framework, not smash the euro", he said.[12]

On the other hand, in the case of the second scenario, i.e. of a Left government that decides a Greek exit from the Euro (but stays in the EU), the image would be much more blurred, as the reintroduction and significant devaluation of the reintroduced drachma would initially bring in some positive results. But, these would be completely temporary, unless they were accompanied by a parallel radical restructuring of the productive structure, based on social decisions and not left to the market forces, as both scenarios implicitly or explicitly assume. And this brings us back to the need for a strategy of self-reliance that presupposes a Greek exit from both the Euro and the EU.

The main reason why both approaches are not only wrong, but also completely misleading, is that they are not based on the fact that the current devastating crisis is due to structural reasons having everything to do with the uneven capitalist development process, which is further exacerbated in the era of neoliberal globalization and the consequent policies implemented by the EU, and very little to do with the broader financial crisis[13], austerity policies, or the debt itself and the ways to deal with it .

Thus, as far as austerity policies are concerned, it is obvious that they are a consequence and not the cause of the devastating crisis. The solution, therefore, to the "problem" is not just the redistribution of income at the expense of profits and in favor of wages, as (supposedly is the conclusion drawn by a "Marxist" kind of analysis), as this inequality is nothing new but an inherent characteristic of the capitalist system. Unsurprisingly, despite growing world inequality during the era of neoliberal globalization, the system has enjoyed a sustained period of expansion throughout this period, with world GDP rising at an average 2.9% in the 1990s and 3.2% in the period up to the beginning of the latest financial crisis (2000-08)[14]. Furthermore, the only case that a systematic redistribution of income against the rich took place in a capitalist system was when the tax burden was shifted to the rich during the social democratic period (approx. 1945-1975). However, this kind of redistribution is simply not feasible anymore in the NWO of Neoliberal Globalization, since Trans-national Corporations can easily move to tax havens like Ireland, India, etc. leaving massive unemployment and poverty behind them.

Yet, neither the deficits and the consequent debts were created by reckless fiscal policies nor, as more sophisticated variations on the same theme maintain, because of the fact that the German elite were suppressing wage rises at a time when the other elites in the Eurozone, and particularly the elites in the Euro periphery, were doing the exact opposite. This policy, according to the same argument had created an artificial competitive advantage and consequent Balance of Payments (BP) surpluses in Germany and, vice versa in the European South, i.e. low competitiveness and BP deficits. This, in turn, had led to excessive borrowing by the peripheral countries, (made easy by the fact that it was backed up by a strong currency, the Euro) up to the moment that the fiscal "bubble" burst, when the consequent shortage of liquidity made lending to these countries much tighter, leading to the well known debt crises in countries like Greece. Not surprisingly, the Euro-elite, has just decided to adopt an even tighter economic control of the Euro-members, through the Banking Union.[15]

6. Concluding remarks

The crucial, therefore, issue arising is the following one: can a small Euro-peripheral country like Greece afford not to implement the policies of neoliberal globalization today? Or, should, (as the present "Left" suggests), the millions of unemployed and poor wait for a radical change in the balance of forces in the EU and the Eurozone, so that a new pan-European Left government proceeds with the 'progressive' reforms suggested by its supporters? Alternatively, should they better wait for a new socialist revolution in order to proceed with genuine socialist policies, as suggested by the dwindling anti-capitalist Left? My sympathies would of course be (as have always been) for an anti-systemic Left, as it is the only one which struggles against its full integration into the system and the NWO. Yet, it is obvious to me that, today, this Left is no less millenarian than the integrated into the system "Left", and as such is equally useless to the victims of globalization, who every day lose even more their hope for any better future, many of them increasingly resorting to suicide.

Under these conditions, it is clear to me that only if a country broke away from the internationalized market economy and pursued a policy of self-reliance, it could retrieve the necessary degree of economic and therefore national sovereignty, so that it is the people who will be determining the economic process, i.e. which economic and social needs are met and how, instead of leaving this life-and-death issue to 'market forces' and the Social Darwinism they inevitably imply. This, for a country like Greece would imply the need for the creation 'from below' of a Popular Front for Social and National Liberation[16] (instead of relying on the professional politicians of the "Left" or of the Right), which will formulate a program for the radical changes needed to achieve the short term aim of restoring full social control on all markets, unilaterally cancelling the Debt and all related legislation imposed by the Troika, as well as a unilateral exit from the EU. Although socialization of the banking system and of the de-nationalized industries, particularly those covering basic needs (energy, water, transport, communication, etc.) will be necessary even at this early stage, yet, the medium-term aim will have to be economic self-reliance, so that the basic needs of all citizens are met through the rebuilding of the economic structure according to social needs rather than according to market demand. On the other hand, the issue of the systemic change, i.e. whether Greece would be in the future a state-socialist society, an Inclusive Democracy,[17] or a radical kind of social democracy, will be determined by the people themselves at a later stage once the present crucial problems concerning their survival have been sorted out..

In fact, Greece will not be alone in such a struggle against the NWO and neoliberal globalization. Not only the peoples in other countries in the European periphery and beyond would follow its example when they realize that there is a way out of the present catastrophe, HERE and NOW, but also the peoples who already fight against neoliberal globalization would also join the common struggle against the New World Order of neoliberal globalization. In fact, this struggle is already intensifying from Latin America (Venezuela, Bolivia, Cuba, et. al.) up to the Eurasian peoples of the ex-USSR, and the peoples in the Arab countries (I do not of course mean the pseudo-revolutions in Tunisia and Egypt or the engineered insurrections in Libya and Syria),[18] who shed their blood everyday in the struggle for their national and social liberation.

Takis Fotopoulos is a political philosopher, editor of Society & Nature/Democracy and Nature/The International Journal of Inclusive Democracy. He has also been a columnist for the Athens Daily Eleftherotypia since 1990. He is also the author of numerous books in Greek on development; the Gulf War; the neo-liberal consensus; the New World Order; the drug culture; the New Order in the Balkans; the new irrationalism; globalization and the Left; the war against "terrorism"; His latest book in Greek is Greece as a protectorate of the transnational elite: The need for an immediate exit from the EU and for a self-reliant economy (Athens: Gordios, November 2010). He is also the author of over 1,000 articles in British, American and Greek theoretical journals, magazines and newspapers, several of which have been translated into over twenty languages. His latest book is :Subjugating the Middle East. Integration into the New World Order (Progressive Press, 2014)

Notes

[1] See e.g. the recent book by two members of the SYRIZA leadership, (one of them a member of Parliament representing the party), Christos Laskos and Euclid Tsakalotos, Crucible of Resistance: Greece, the Eurozone and the World Economic Crisis, (Pluto Press, Sept. 2013).

[2] Takis Fotopoulos, "Greece: The implosion of the systemic crisis", The International Journal of INCLUSIVE DEMOCRACY, Vol. 6, No. 1 (Winter 2010); see, also, Greece as a protectorate of the transnational elite,(Athens: Gordios, November 2010),http://www.inclusivedemocracy.org/fotopoulos/greek/grbooks_gordios_EE_2010/grbooks_gordios_EE_2010.htm

[3] see e.g. Naomi Klein, The Shock Doctrine:The Rise of Disaster Capitalism, (London: Penguin, 2008).

[4] see for the meaning and significance of the Transnational Elite in administering the NWO, Takis Fotopoulos, Subjugating the Middle East: Integration into the New World Order – Vol. 1: Pseudo-Democratization, (Progressive Press, 2014), Part I.

[5] Thus, whereas the EU share of world exports was stagnant between 1979 and 1989 , the US share increased by 3.5% and the Far Eastern share increased by a massive 48% ,(World Bank, World Development Report 1991, Table 14).

[6] World Bank, World Development Indicators 2002, (Table 4.5) & World Development Indicators 2012, (Table 4.4).

[7] World Bank, World Development Indicators 2008, Table 2.4.

[8]Wolfgang Münchau, "Germany's rebound is no cause for cheer", Financial Times, 29/8/2010.

[9]Heiner Flassbeck and Costas Lapavitsas, Left-Wing Strategies to Solve the Euro Crisis, (Rosa Luxemburg Foundation:: Berlin, May 2013, http://www.rosalux.de/fileadmin/rls_uploads/pdfs/Studien/kurzfassung_flassbeck_en.pdf

and full version in "The systemic crisis of the euro – true causes and effective therapies", http://www.rosalux.de/publication/39478.

[10] See e.g. Andreas Bieler, "Crucible of Resistance: Class Struggle Over Ways Out of the Crisis", Socialist Project • E-Bulletin No. 926 January 10, 2014; Reproduced also in Global Research.

[11]Leo Panitch, "Europe's left has seen how capitalism can bite back»" , The Guardian, 13/1/2014.

[12]Andrew Higgins, "Opposition Dissent Tempers Greek Attempts at Optimism",

The New York Times, 12/1/2014.

[13] Takis Fotopoulos, "The myths about the economic crisis, the reformist Left and economic democracy", The International Journal of INCLUSIVE DEMOCRACY, Vol. 4, No. 4, (October 2008), http://www.inclusivedemocracy.org/journal/vol4/vol4_no4_takis_economic_crisis.htm

[14] World Bank, World Development Indicators 2010, Table 4.1.

[15] 'Big step' reached in rescue plan for eurozone banks, BBC News, 12/12/2013 <http://www.bbc.co.uk/news/business-25348977>; See, also, Maria Snytkova, "European countries lose bank sovereignty", English Pravda, 2012/2013 http://english.pravda.ru/world/europe/20-12-2013/126445-bank_sovereignty-0/

[16]see Takis Fotopoulos, "Neoliberal Globalization and the need for popular fronts for national and social liberation", The International Journal of Inclusive Democracy, Vol. 9, No. 1/2 (2013), (under publication).

[17]Takis Fotopoulos, Towards An Inclusive Democracy, (London/NY: Cassell /Continuum, 1997/1998).

[18] Takis Fotopoulos, Subjugating the Middle East: Integration into the New World Order – Vol. 2, Engineered Insurrections,(Progressive Press, 2014).

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