

Lessons from Greece: the necessary transition towards a post-capitalist model

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1. Introduction

It is possible but also necessary to qualify the present situation in Greece as an economic, social but also ecological disaster. It is a clear proof that pure neoliberal policies to manage a debt issue can only lead to a dramatic collapse of productive capacities, social services and capacities to cope with environmental issues. But it is even more important to admit that all complete programs to stabilise and develop the economy, the well known “memoranda”, and thus increase the resources available to assume the payment of the debt, have been unrealistic and did not realise their promises. The result is that the depression, the loss of productive capacity, the stagnation of investment and exports, are a trap which the most aggressive neoliberal measures are incapable of questioning.

The recent years have shown that there is no project for the greek economy and society other than the existence of investment possibilities for some enterprises, without declared aims for the productive capacity of the economy, or the dramatic social and environmental issues, and also without convincing macroeconomic projections for the future. This is not simply a question of having or not having a plan and a government assuming it, but mainly of having or not a social alliance supporting a project for the whole of society and managing the proper institutions to develop it. The greek case shows that pure neoliberal policies (applied long before the memoranda) to manage a debt crisis, lead to a dead end, since there is no class willing to serve a global development project, and since there is no effort to create the institutions that can govern such a project at all levels of the public authorities.

Until now the logic of the left government policies for all development issues, did not question the traditional keynesian approach, hoping and assuming that the increase of demand will “restart” the economy so that gradually the main economic and social issues will be tackled. This was the backbone of the SYRIZA program before the 2015 elections and the argument behind the central importance given to the reduction of the debt payments, so that resources would be available for “development”. Now that this perspective is still under discussion, and the austerity measures of the 3rd memorandum are under way, there has been a shift towards supply side expectations and the “deus ex machina” of foreign investment. There is almost no preparation for some sort of planning of reconstruction (in all ways) or some systematic effort to invent and construct new institutions and policy instruments to assume in reality a reconstruction process, with defined necessary productive, social and ecological aims.

The left government in Greece was not prepared to take such a turn in comparison with the existing institutional framework, and the choices made concern “really existing policies”, that are the heritage of the past, that is of the neoliberal adaptation of the clientelistic post war model. This combination of neoliberal choices and clientelistic methods is the key explanation to understand the long term degradation – since the 80’s - of the greek economy, a process that led to the deep crisis of the post 2008 period and the loss of any sort of dynamism of the capitalist economy. But it is also the key to understand the destructive effect of the management by the european institutions of all successive

strategies concerning cohesion, regional development, competitiveness etc. The present “blindness” of the European institutions concerning the results of the policies and measures imposed by the “memoranda”, is to a great extent due to the refusal of European politicians and technocrats to make some sort of evaluation of the neoliberal policies applied during a long period of time.

The understanding not only of the destructive consequences of austerity policies, but also of the impasse for capitalist reproduction itself to which lead neoliberal policies, is crucial to produce a valid evaluation of the present moment in European history. There is no possibility to reproduce and develop capitalism without the expression by economic and political forces representing capital, of the will to construct social alliances and institutional instruments assuming a new project. The combination in Greece of a state assisted financial capital managing its immense non performing loans with the help of public money, of a dramatically reduced industrial sector with no substantial promising sectoral activities, of deposits fleeing to foreign banks, and of a sea of SMEs struggling to survive against depression, new taxes and old loans, has led to the impossibility of a global project and the necessity of a serious questioning of the institutional framework inherited from the past period.

The main and dominant method to implement a global reconstruction project must start with the recognition of the necessity for a non capitalist way to assume the main strategic aims for production, social rights and environment. The collapse of the capitalist regime must lead to methods capable of constructing a new regime with a strong and determining public sector, and the capacity to construct agreements and plans with the collaboration of the private sector and the social and solidarity economy. Public institutions and public policy instruments must offer the new framework for the survival and development of private initiatives, and for the development of the social and solidarity economy. But this complete reversal, from the reign of private entrepreneurship to the leading role of the public sector, must be based on a solid and lasting new social alliance, between popular classes and middle class sectors, which accept a post capitalist project because they have been struck by the crisis, or because they have adopted through cognitive processes, institutionalised or informal, radical positions and projects for society as a whole.

The left, and particularly the Greek left, has neglected the necessity to prepare even for the management of existing institutions and policy instruments, but mainly for the necessary reform of the existing institutional framework, not to speak about the planning of reconstruction according to environmental limits, social needs and productive possibilities. Even if the aim is to reform the existing framework, and of course if it is necessary to construct a new economic regime, the left has to elaborate original plans for the future, and to educate “organic intellectuals” capable of assuming the implementation of such plans. Governing does not mean having only ideas and strategic aims for the future, but having rather precise road maps for change in many important fields, and the personnel capable of managing the change and the transition. The belief that the existing institutions of capitalism can be managed in a more efficient and socially biased way by political and technocratic personnel coming from the left, has in Greece as elsewhere led to the neglect of the need to elaborate new original plans and prepare the personnel capable of implementing them. It is a paradox that parties willing to inaugurate a completely new approach of priorities at all levels, and the use of rational methods and solutions, can be incapable of adopting the corresponding knowledge producing and education processes, as main functions.

2. The weight of the past

The entry of Greece in the Common Market in 1981, coincides with the installation of a socialist government aiming to reform Greek economy and society, in a direction which was developmentist, and was promising social institutions as well as competitiveness of national production. The result of the socialist governance is widely considered to be the instauration of an inefficient, corrupt and clientelistic political system, but this approach is simplifying the description of the PASOK Greece and ignoring two important factors that in reality permitted the survival of the model of development and governance formed after the civil war: the refusal of the economic elite to question the basic characteristics of the economic and social model, and the evolving at that time turn of the European community towards neoliberal, market and enterprise centered policies.

The post war model was the consequence of the formation during the WW2 occupation of an entrepreneurial class closely dependent on personal and political connections with the state institutions, but also and mainly of the defeat of the left after the civil war and the creation of an anti-communist state treating differently the citizens according to their political beliefs, and maintaining privileged relations at all levels with special categories of economic interests. Undeclared work was widely tolerated, salaries were maintained at low levels, trade-unionism was repressed by the police, and social institutions were elementary. The external deficit (the lack of international competitiveness) of the economy was managed through the "export" of work force, tourism, or sailors' remittances, while the state institutions remained inefficient and corrupted.

The PASOK governments during the 80's had the aim to construct new institutions implementing industrial policies, but this orientation met a strong opposition from the side of industrial capital, as no part of this class agreed to reform profoundly the existing institutions and adopt a new industrial strategy. Industrial capital was strongly opposed to the increase of salaries (which had been dramatically reduced during the dictatorship), the instauration of a social state, and thus the redistribution of income. The rapid increase of public debt during the decade (up to 100% of GDP by 1993), was due to an increase of social spending without a parallel redistribution of income. So instead of supporting the productive capacity through an appropriate industrial policy, to redress a private economy suffering from a debt crisis and a structural impasse after the entry of the country into the common market, the deregulation of the banking sector, previously commanded by the state policies, led to the formation of a bank cartel which redressed finance capital through high interest rates, and sank the productive economy.

The counteroffensive of the right, against the socialist government, adopted a Thatcherite program, and the result was a new socialist victory in 1993, after the Mitsotakis New Democracy government (1990-1993) lost the battle against the strong trade union organisations of the public sector, on the issue of privatisation, while trying to adopt a genuine neoliberal strategy which was already implemented by the European community. The question of the class alliances is crucial to understand what happened during the 80's and the 90's also. PASOK expressed in the beginning a strong middle class alliance (with the participation of the agricultural economy social groups), which was not approved by the capitalist class, and satisfied the mass of salary earners, through the increase of salaries and the improvement of social services, but not through the completion of their institutional presence. The Mitsotakis government tried to implement a strategy supporting capital and defeating working people, but it was not the proper moment for such an aggressive neoliberal offensive.

The stabilisation of the political system occurred with the Simitis (PASOK) governments after 1996, when the “modernisation” strategy formed a clear alliance between capital, middle classes and privileged salary earners, with a program supporting “entrepreneurship”, and in particular financial capital, and gradually advancing towards the privatisation of public enterprises, the reduction of trade union power, and the flexibilisation of the labour market. All the “modernisation” declarations did not change the clientelistic methods of governing economic and industrial policies, and in particular the structural funds’ european money, nor the deeply corrupted and inefficient public administration. In the mean time productive capacity and “competitiveness” of the economy was constantly shrinking because the uncritically supported private sector, was left alone to reproduce it’s obsolete specialisation and it’s incapacity to adopt innovation strategies, which would have needed strong institutions capable of implementing strategies developing a competitive private industrial sector.

The particular characteristics of the greek debt crisis are the result of this medium term dynamic, which led to increasing reduction of taxation and public borrowing, and also support of consumption and growth through private debt to the banks, and increasing pressure on salaries especially of young peoples’ earnings and working and living conditions. This destructive dynamic was strongly facilitated by the entry into the euro zone, which reduced interest rates and created the illusion of an indefinite stability and growth. The greek economy did not only have to manage the debt crisis, but also the loss of control of institutions managing the economy at the macro or micro level. The period which started in 2004 with the electoral victory of the right, was the final stage of the formation of an impasse, since public debt started increasing over 100% of GDP, the productive capacity was continuing it’s fall, and the public sector deficit was increasing also, regardless the authorities’ efforts to hide this dangerous tendency.

3. The destructive effects of the memoranda

It is well known that the management of the economy and society according to the plans elaborated by the Troika, led to a tremendous fall of production and employment, and even the IMF has been obliged to recognise that several assumptions of these plans were wrong and had serious negative effects. The expected growth of private investment and exports never came, and stagnation together with the adoption of further austerity measures to correct the errors of the past, were the only consequences of the memoranda logic. Today, despite the efforts of the left government to apply the agreements made for the 3rd memorandum with the less negative effects for society and the economy, there are no signs of recovery of the crucial magnitudes of exports and investments.

Even the political personnel of the left does not fully realise that the institutional framework inherited from the previous period, is incapable of managing efforts to restart the economy taking advantage of even neoliberal measures. The troika and the successive greek governments supported only the banks and no other economic sector, of services or materiel production. No choices were made by government or representatives of the private sector to support such activities, because no instruments exist to make such choices, and the illusion of the virtues of individual entrepreneurial projects, continues to be the main strategic logic of the existing institutional framework. The unlimited possibility of sending savings to foreign banks, at a massive scale (before the capital controls applied more than a year ago), was a tendency that also showed the reluctance of the rich to support the national economy one way or the other.

All efforts to support profitability adopted by the memoranda, were mainly used by the enterprises to manage their debt, or increase their income reduced by the fall of demand and sales. Pauperisation of middle class categories was the result of the recession combined with the increase of taxation, which was not combined explicitly with investment or social policies. The further deregulation of the labour market served mainly for the survival and some times the development of a cheap service economy, exploiting undeclared work, and low salaries. As neoliberal measures did not prevent in the beginning of the years 2000 the evolution of the economy towards a deep crisis, in the same way the repeated package of deregulation measures are not capable now to redress a destroyed economy.

The political crisis in such conditions, is characterised by the absence of an internal dynamic of managing the economic and social crisis, because of the absence of social forces elaborating projects in that direction, and of state institutions capable of filling that vacuum. This is the reason why all parts of the opposition to the left government are supporting the neoliberal austerity, and the idea that reduction of the state and in particular social spending and salaries, are incentives capable of restarting private investment. The "Popular Unity", a party of ex-SYRIZA people, is opposed to austerity of course but constitutes an old fashion statist left without any plan to reconstruct the economy and society. It is a party that expresses the continuation of the traditional incapacity of left organisations to elaborate plans for the economy and society, as well as governance and financing methods. It remains confined to ideological and general political choices.

The question of social alliances that could form the dominant political alliance, and in a more general way determine the evolution of the social structure and of the forms of political expression of the various social forces, is the consequence of the crisis and its governance. The people of the working class (of the mass of salary earners of the private sector), already disorganised after the "modernisation" process, have become a multitude of unemployed, underemployed, undeclared or flexibly employed, who have almost completely lost the capacity to defend themselves in an organised and collective manner. Important parts of professionals have become unemployed or underemployed, and to a great extent incapable of paying social security. The organisations of employees of the public sector and the banks, were opposed to austerity measures, but have developed different strategies, ranging from direct left opposition to austerity measures, to negotiation mainly with employers, through a mainly independent defense of rights and advantages.

The electoral victories of the left were the consequence of the very serious economic and social effects of the memoranda, and the expression of a de facto alliance between "le monde du travail" and the middle classes hit to various degrees by the austerity measures. But the connection between these social strata and the left is loose and originally expressed through the language and the programmatic directions referring to a model of an organised working class, which has nothing to do with the present degree of social and political organisation of working people. The continuing reference of the left language to notions as capitalist development, social state, keynesian economics, social contract, show that the point has been completely missed concerning the character of the crisis and the successive programs managing this crisis. The alliance of working and part of middle classes is opposed to the ruling alliance of various forms of capital and the successful part of middle classes.

The particularity and the special interest of the greek crisis is thus that we have a combination of an economic and social collapse, of the absence of social forces willing to be the driving forces of recovery and reconstruction, and of the absence of state or public institutions which could be used by a left government to mobilise resources, social forces

and productive capacities. The existence of such institutions would not counter balance the effects of the memoranda, but could support to a certain extent economic and social activity and social forces capable of opposing the austerity and neoliberal strategy, and supporting the strengthening of public policies and solidarity activities. The greek crisis makes clear that the dynamic of neoliberal management of the economy and further on of the economic crisis, leads to a multilevel destructive effect on productive capacity, social institutions, public policy institutions, and also productive influence of social classes, the capitalist class included.

4. A necessary transition

The left must understand that coming out – one way or another – of a crisis is a process of transition from one situation to another, with resources and productive capacities that are known and given, and radical institutional innovations which are absolutely necessary. This means that no miracle can occur concerning resources and productive capacities, and that no real help can come from the existing institutional framework as a whole. In particular, the continuing reference to institutions of a keynesian model for the presentation of propositions aiming to restart economic activity or rebuild social services, is a sign of lack of realism and imagination about the real challenges we face. On the other hand, the idea that political power is the key to the necessary radical institutional changes, is a leap in vacuum common to most tendencies of the left, until the moment they discover that governing needs a new alliance between existing social forces, an adequate plan, adequate institutions and instruments, and personnel capable of managing them.

The most troubling lesson of the greek experience is that the programmatic expression of the radical new social alliance cannot follow the known paths of the compromise of capital accepting a contract with other classes, or the conquest of power by a political party or armed force pretending to express and represent the majority of the people. Now that it is obvious we can have neither of these two ways, that we cannot expect capital to lead the reform of the economic and social strategy, and assure its political support, or that we have discovered the non existing capability of the left to even trace by itself the directions of an alternative path, many difficult questions come up: how can the alliance of working people and parts of the middle classes be strategically described and sealed? How can the maintenance of this alliance be reproduced and democratically approved and legitimised? Which institutional changes are necessary to assure planning, management and financing according to the strategic aims of this alliance? How can organic intellectuals and citizens be educated to assume the new roles within the new institutions?

The fordist alliance was offering the possibility of capital reproduction and accumulation, under the domination of private capital, in exchange of security of employment and an increase of revenues and social benefits for salary earners, although an autocratic organisation of labour remained the rule. Knowledge production was serving the technological and organisational improvements of capital accumulation, but also the management of private or public entities. Most institutions serving knowledge production and management of public and social services were assumed to protect public interest. A new alliance which is not dominated by private capital and expresses the common interests of popular classes and part of the middle classes – of professionals, small entrepreneurs, managers and well payed salary earners – cannot be constructed around the strategic interests and domination of one class, but has to seek an agreement that must be constructed through political and cognitive processes.

Since there is no dominant class in this new alliance, it must be clear which are the particular interests satisfied, which are the advantages for each social class or group, and how the explicit participation of all is assured in the new framework of “collective negotiations”, some groups of capitalist interests included. All groups involved must negotiate a total implication in the global development plan, which means that they must have the capacity to propose, negotiate and decide explicitly about the use of resources, and their management. The implication of public institutions is necessary, as the stabilisation of the functions assuring the negotiation and decision process, at the levels of knowledge production, political propositions, and implementation of policies, should be based on groups elaborating programmatic propositions, structures permitting democratic decision making, and instruments applying the political decisions taken. Reforms of existing administration and institutions, or the creation of new ones, should adopt these directions to complete a new institutional framework, opposed to neoliberalism, and using by “upgrading” them some institutions of the fordist regulation.

A transition is necessary towards the adoption of aims that satisfy needs concerning material and immaterial production, social services and environment, by the development of activities which abandon capitalist relations of production, and to a great extent the functioning of markets. Many different changes are necessary: decisions of authorities at central or regional level that adopt the logic of “common interest” concerning important choices of strategic importance, satisfaction of political or social mobilisations, recognition of initiatives of social movements, disponibility of social groups for participation to “collective bargaining”, and disponibility of knowledge producing institutions or informal knowledge groups. The necessity of transition means that such a period is inevitable, during which some of the elements of the new model appear and are established, and the activity of the left is turned towards the effort to generalise these elements.

A model of a new general institutional framework should be elaborated and constructed at the levels where this is possible. The first important innovation should be the creation (where they do not exist already) of “knowledge groups”, at sectoral, local and national level, capable to elaborate plans, applying the basic directions for the economy, society and the environment, adopted by the new class alliance. The second innovation should be the creation of an assembly at local or sectoral level (the parliament should be the core of such an assembly at national level), representative of all groups of society and of social movements, capable of deciding about the content of the corresponding plan. The third innovation should be the creation of structures applying the decisions taken by the assembly, with the necessary knowledge, human resources and experience, to report also about the adequacy of the plans adopted. In many cases such innovations could be implemented through the adaptation or reform of existing institutions, but should be an explicit part of the corresponding programs of the left parties, at all these levels.

Grass-root initiatives concerning the development of social and solidarity economy, the self-management of existing production units, the social solidarity activities, the peer to peer production, the protection and production of common resources or goods, are directly or indirectly related to strategic choices about production, social services and the environment, but are also examples of new methods of management. These new methods are about moving apart from capitalist relations and market functions, through democratic decisions about production processes and the offer of services, planning of the activities, adopting explicit aims expressing common interests and needs of the people, deciding about payments of salaries or social advantages through democratically adopted political choices. The development and expansion of these initiatives strengthen the will of public authorities to adopt democratic methods for the elaboration of plans at local or sectoral

level, and to gradually instaurate the management of the distribution of income and social benefits.

A decisive factor for the strengthening of an anti-neoliberal alliance and the elaboration and implementation of its strategy is the capacity of the majority class of salary earners to become a decisive social and political force. This means that all possibilities to reconstruct their organisational strength and presence should be supported, through the development of trade unions, cooperatives and all forms of social and solidarity economy, and further of the capacity to assume workers control, self-management, and protection or creation of common resources or goods. It must be understood that such an aim cannot be achieved without an organisational process accompanied by an educational process and a constant activity of programmatic elaboration. For the reconstruction and renewal of the forms of organisation of salary earners, workers in the SSE and commoners, and the substantial upgrading of their capacity to participate in these processes, a great effort must be made in that direction, concerning activities that have been seriously neglected by the parties of the left.

A series of radical changes have to be made to guarantee the protection of common interest but also the shift from the incentive of profit to the incentive of satisfactory revenue and social services for all, and the satisfaction taken by participating to improvement and fairness. Planning is not anymore about accumulation of capital and growth, but about a productive, resource saving and distributional perspective. New values can be fully adopted, which are still in the memories of people who remember the solidarity and equality side of the fordist model, or at least its ideal version. New strategic choices can make such a perspective possible and viable:

- Full globalisation must be questioned and the predominance of local production and balanced external economic relations must lead to a new regulation of international economic relations.
- Concerning the production of durable goods, higher quality, longer duration, cyclical production, free technology, can increase productivity and lower costs very seriously.
- The new international regulation can offer the possibility to produce consumer goods of high quality based mainly on organic production, and make choices about the health of the population.
- The increase of renewable energy production must be accelerated, as the installation of a genuine recycling process and decisive measures concerning the protection of the environment.
- Public services in all possible fields must be developed, reducing private consumption in favor of the increase and the commonification of public services.
- The public control over the creation of money and financing of the economy must be accelerated, at a first stage through the implementation of complementary currencies.
- Redistribution of income and wealth must be directly related to plans for production, social services and environmental policies, especially concerning financial capital.
- Education and research must expand to satisfy the need for knowledge production and increase of "organic intellectuals", and also education possibilities on common issues for all.

There is no reason to present this approach as a political program that can be fully implemented by a left government or a coming revolutionary movement. It must be clear that the transition can take many forms, and that popular mobilisation is necessary as well as commitment by public authorities. It is, or should be a struggle on many fronts, which should be accompanied by continuous programmatic elaboration and education. The overwhelming majority of people long for justice and a decent living, but must be fully informed about the dangers, the possibilities and the choices that can be made, and must be convinced to participate in the decision processes at all levels.

5. Concluding

Left parties aiming to propose and implement a transition to a post-capitalist regime must adopt (or readopt) fully developed activities of programmatic elaboration and education of members, citizens and workers. Such an activity is a political choice, which traditionally goes beyond commitment for the working class, and is based on the necessity to elaborate and implement a project for society as a whole. Revolutionary changes beyond capitalism has always been the aim of popular classes allied to intellectual strata. An important legacy of fordist capitalism still exists in the form of knowledge producing institutions, or the generalised education and the high level of knowledge among the population. The capacity of society to elaborate solutions to crucial economic, social and environmental problems is greater than ever through the mobilisation of scientific knowledge, expertise and practical experience of all.

As the insistence on neoliberal strategies is destroying the reproductive capacity of national economies, the left should adopt an independent programmatic, educational and social activity stance to implement the transition to a post-capitalist regime. In Greece this means that the elaboration of a “parallel program” should be systematically organised, that the planning of activities that can protect the working people and the population should have an absolute priority, and that in particular, the country should increase its independence concerning banking and the creation of money. The insistence of the greek government on the reduction of the debt is of course correct, and must be supported, but the possible increase of public resources should not lead to the revival of a keynesian approach, and should increase the possibilities to implement public plans in the direction of a reconstruction strategy.

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