III. Greece's Failed Attempt to Become a Minor Imperialist Power

So far, we have seen in how Greece, since having achieved independence, has been a capitalistically backward country, completely dependent economically and politically on the imperialist powers –with some specific features of its own, like the Greek Diaspora shipowner capitalists. This is why we characterize Greece as an advanced semi-colony with specific features.

However, between the beginning and the end of the 1980s two important events of historic proportion took place for the Greek bourgeoisie: the accession to the EU and the downfall of Stalinism in the Balkans. These events constituted a historic chance for the Greek bourgeoisie to overcome its dependent, semi-colonial status and to become a regional imperialist power.

III.1 Accession to the EU and the 1980s

Greece joined the European Union in 1981. This was the result of the growing role of Western European imperialism and the relative decline of the US. The Greek bourgeoisie had hoped that, by joining the EU, it could overcome the country's dependent status and be transformed into a minor imperialist power. The Greek Marxist academics Stavros Mavroudeas and Dimitris Paitaridis aptly characterized this project as the new *Megáli Idéa* ("Great Idea") of the Greek capitalist class. [95]

While Greece's joining the EU accelerated some features of the modernization process, at the same time it increased the country's dependence of imperialist monopoly capital and widened the gap in the development of the productive forces between herself and the imperialist countries in the EU.

This is reflected in a number of figures. As can be seen in Table 4, Greece's GDP grew by only 0.7% in the 1980s compared with 2.4% for the EU-12. [96] Its GDP per capita even declined by an average of -0.3% compared with and average increase of 1.7% for the EU-12. And the industrial production also grew less (1.0%) than that for the EU-12 countries (1.6%).

95 *"In a broader sense, participation in European integration constituted Greek capitalism's contemporary 'Big Idea' of becoming a significant regional imperialist power."* (Stavros Mavroudeas and Dimitris Paitaridis: The Greek crisis A dual crisis of overaccumulation and imperialist exploitation, in: Stavros Mavroudeas (Editor): Greek Capitalism in Crisis. Marxist Analysis, Routledge, News York 2015, p. 169)

96 The EU-12 were the old member states of the European Community before the Eastern European countries as well as Austria, Sweden, Finland, etc. joined it in the 1990s and 2000s.

Table 4: Greece's Economy Compared with the EU-12, 1981-1990 (Annual Averages) [97]

	Greece	*EU-12*
Gross domestic product at 2000 market prices	0.7	2.4
Gross domestic product at 2000 market prices per person employed	-0.3	1.7
Industrial production; construction excluded	1.0	1.6

Manufacturing as a share of GDP decreased from 25.3% (1973) to 20.1% (1983) and to 16.8% (1993). This development was caused by the lack of capital accumulation, because the country's capitalists didn't make sufficient profit in the sphere of capitalist value production.

It is precisely the change of the rate of profit which is crucial to our understanding the longer-term development of each country's economy, as well as the world economy. As Marxists we seek the underlying cause of capitalism's development neither in the financial/speculative sphere nor in consumption or commerce, but in the sphere of production, i.e., the sphere where capitalist value is created. As we have repeatedly emphasized in this publication, for historical reasons Greece's capitalism has traditionally been characterized by a chronic structural weakness in capital accumulation which resulted in distorted industrialization and dependency on the imperialist monopolies. The fundamental cause of its capitalist crisis is rooted in the inner contradiction of Greece's dependent production, meaning the dynamic of the surplus value in relation to the total capital invested, i.e., in the development of the rate of profit.

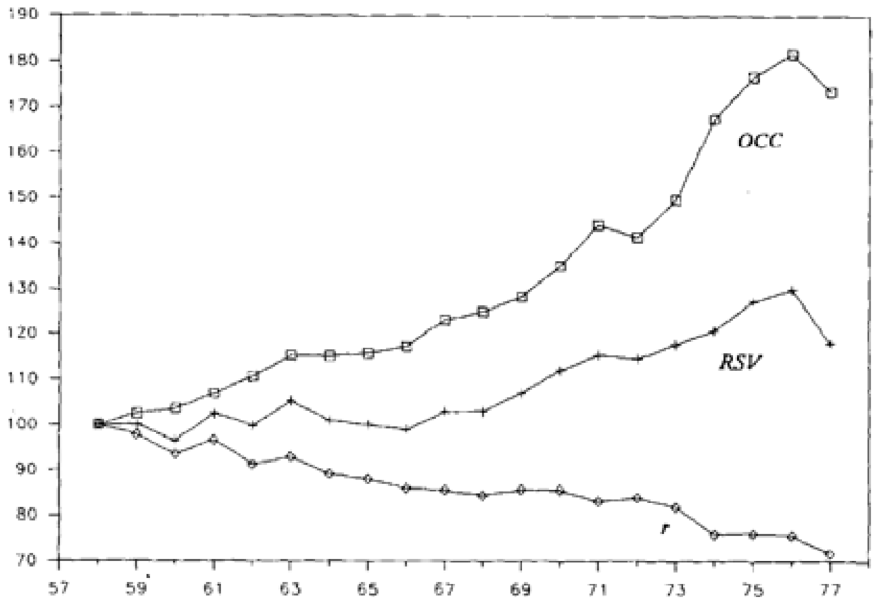
Basically, as Marx elaborated in *Capital Vol. III*, this means that in the long run the share of surplus value becomes smaller relative to the totality of the capital invested in production (in machinery, raw materials, etc., as well as wages paid to workers). Therefore, the surplus value which can potentially be used for the reproduction of capital on an extended basis becomes less and less. This inevitably leads to disruptions and crises, and as we have witnessed since the early 1970s, and in particular since the beginning of the historic period which began with the outbreak of the capitalist crisis of 2008. A number of Marxist economists have elaborated on the historical tendency of the rate of profit to fall and have demonstrated in a number of publications that this is the fundamental cause of the decline of the world economy. [98]

97 European Commission: European Economic Forecast Autumn 2006, Statistical Annex of European Economy, pp. 48-52

98 See for example: Guglielmo Carchedi: Behind the Crisis. Marx's Dialectics of Value and Knowledge, Leiden 2011; Andrew Kliman: The Failure of Capitalist Production. Underlying Causes of the Great Recession, London 2011; Michael Roberts: The Great Recession. Profit cycles, economic

This is also valid for Greece. The Greek Marxist economist Dimitri Papadimitriou calculated that the rate of profit fell between 1958 and 1977 by almost 30%, while in parallel both the rate of surplus value and the organic composition of capital were rising. [99] (See Figure 5)

Figure 5: Greece: Rate of Surplus Value (RSV), Organic Composition of Capital (OCC) and Rate of Profit (r) in 1958-1977 [100]



crisis. A Marxist view (2009); Michael Roberts: A world rate of profit. Globalisation and the world economy (2012); Michael Roberts: Revisiting a world rate of profit (2015); Alan Freeman: The Profit Rate in the Presence of Financial Markets: A Necessary Correction (2013); Esteban Ezequiel Maito: The historical transience of capital The downward trend in the rate of profit since XIX century (2014).

We have also written in a number of our RCIT publications about the tendency of the rate of profit to fall as the fundamental cause for the stagnation and decay of the capitalist world economy. See for example: Michael Pröbsting: World economy – heading to a new upswing? in Fifth International, Volume 3, No. 3, Autumn 2009, http://www.thecommunists.net/theory/world-economy-crisis-2009/; Michael Pröbsting: Imperialism, Globalization and the Decline of Capitalism, Originally published in the Book Richard Brenner, Michael Pröbsting, Keith Spencer: The Credit Crunch - A Marxist Analysis (2008), http://www.thecommunists.net/theory/imperialism-and-globalization/; Michael Pröbsting: *The Great Robbery of the South.* Chapter 3, http://www.great-robbery-of-the-south.net/great-robbery-of-south-online/download-chapters-1/chapter3/.

99 Dimitri Papadimitriou: The Political Economy of Greece. An Empirical Analysis of Marxian Economics, in: European Journal of Political Economy 6 (1990), p. 198.

100 Dimitri Papadimitriou: The Political Economy Of Greece, p. 194

Hence, net fixed capital formation, a measure of how much fixed capital was invested in the economy after depreciation of existing assets is taken into account, declined by an annual average of 0.17% in the 1980s, while it had grown by 16% on average in the 1970s. In other words, there was virtually no expanded reproduction of capital in Greece during the 1980s.

This development went hand in hand with a substantial increase of unemployment and a decline of the real wages of the working class. Unemployment rose from 2.7% in 1980 to 6.7% in 1989. By 1993 it already stood at 10%. In 1980, the average Greek had a standard of living that was 7% below their European peers; by 1989, the gap had widened to 24%! [101]

In the 1980s, the Greek government, led by the bourgeois, left-populist PASOK party, had to repeatedly intervene with state-capitalist measures like nationalizations of bankrupt enterprises in order to avoid political and social explosions. [102]

Public debt climbed from 22.3% of GDP in 1980 to 64.2% in 1989. Against this backdrop, the Greek government was forced to take out more loans from the imperialist banks. In only five years, between 1981 and 1986, Greece's external debt more than doubled from $7.9 to $17.0 billion. As a result, foreign debt stood at 45% of GDP and payments accounted for close to a quarter of export earnings. [103]

Stavros D. Mavroudeas, a Greek socialist economist, summarizes the effects of Greece's accession to the EU as follows:

"One of the more serious implications of the crisis was the weakening of Greek industry, which had a serious negative impact on Greece's position in the international division of labour and on its balance of payments. It also had long-term negative effects on the internal structure of Greek capitalism. The opening of the economy deteriorated in several areas the position of the Greek capital. It is indicative that 85% of the deterioration of the competitive position of key sectors of Greek industry was caused by its deterioration in competitiveness against the EU and only 15% by that against third countries. (…) It has been shown that beginning in 1985 there is significant upward trend in the actual work-time (as in the case of the U.S.) which was boosted with the passing of time. This, coupled with the real wages' increases lagging behind productivity increases strengthens especially in the Greek case the process of extraction of absolute surplus-value. This is reinforced by the fact that, as noted by Carchedi,

101 Nikos Tsafos: Did the 1980s Ruin Greece? September 12, 2010, http://www.greekdefaultwatch.com/2010/09/did-1980s-ruin-greece.html; Dimitri G. Demekas and Zenon G. Kontolemis: Unemployment in Greece: A Survey of the Issues, Working Paper, International Monetary Fund 1996, p. 2; See also Heinz-Jürgen Axt: Modernisierung durch EG-Mitgliedschaft? Portugal, Spanien und Griechenland im Vergleich; in: Michael Kreile (Ed.): Die Integration Europas, Politische Vierteljahreszeitschrift, Sonderheft 32/1992, Westdeutscher Verlag, p. 213

102 See on this e.g. Yannis Caloghirou, Yannis Voulgaris and Stella Zambarloukos: The Political Economy of Industrial Restructuring: Comparing Greece and Spain, in: South European Society and Politics, Vol. 5, No. 1, 2000, pp. 76-83

103 James Petras: The Contradictions of Greek Socialism, New Left Review I/163 (May-June 1987), p. 14

the European integration forces the less developed countries to boost the extraction of absolute surplus-value." [104]

He concludes: *"In a nutshell, Greek capitalism's accession in the European integration dismantled its previous coherent and competitive productive structure without replacing it with another equally or more successful. On the contrary, the Greek economy became, to a great extent, a supplement of its North European partners."* [105]

In short, Greece accession to the EU enhanced a dependent and distorted form of modernization, one which rather increased Greece semi-colonial status.

III.2 Capitalist Restoration in the Balkans after 1989 and Greek Capital's Expansion

However, the Greek bourgeoisie got another chance to overcome its backward and subordinate status. The fall of the Stalinist bureaucracy in the former Soviet bloc and the ensuing restoration of capitalism offered a tremendous opportunity for Greek capitalists. It opened up to them economies which were more backward and poorer than their own and in which, therefore, Greek capitalists could play a hegemonic role. In addition, the Greek bourgeoisie could profit from the wave of migration from Balkan countries to Greece where they could exploit the migrants as cheap labor force. Let us examine these developments in detail.

Traditionally, Greece hardly undertook any investment abroad. According to a study of three Greek academics, *"until the opening of the Balkan economies in the early 1990s, there were fewer than 10 Greek companies that had invested abroad."* [106]

At this point, we shall also note that compared internationally, Greece only had a minor role in worldwide monopoly capital. By 1990, compared with other European countries, Greece had received relatively few investments from abroad. According to a study on foreign investment in Europe by 1990, Greece received only 1% of all foreign investments, these coming from both Germany and the Netherlands. From all other major imperialist countries, Greece's share in their foreign investment was 0%! [107]

However, with the capitalist restoration Greece's bourgeoisie started to

104 Stavros D. Mavroudeas: Greece and the EU: capitalist crisis and imperialist rivalries, 2010, p. 10

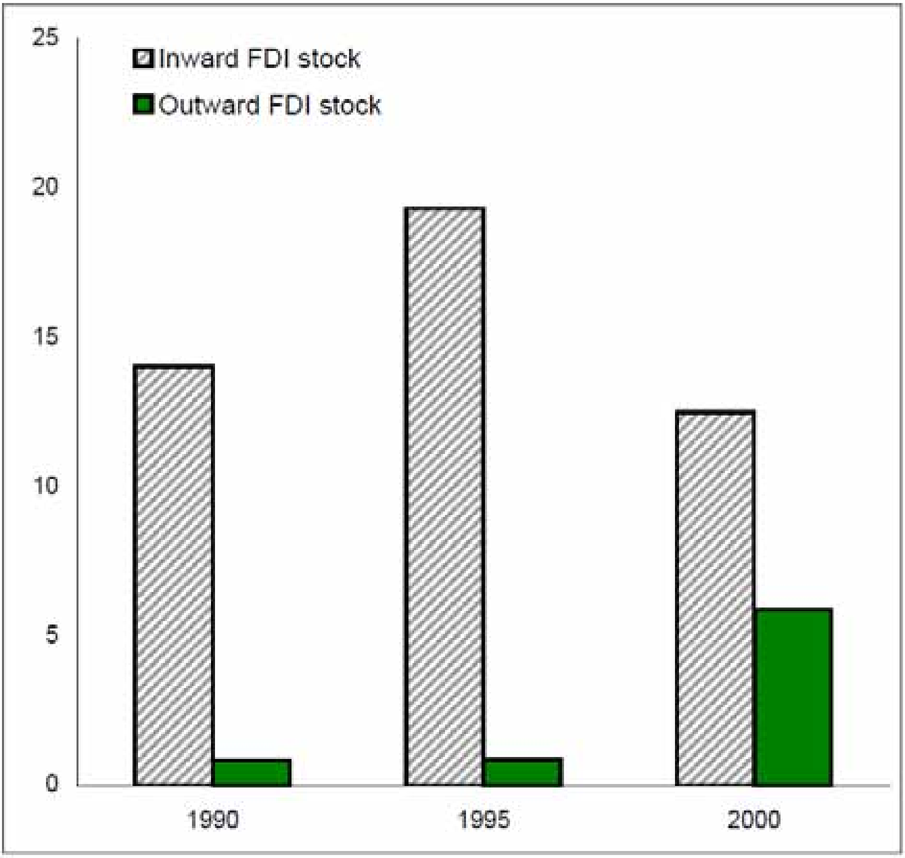
105 Stavros D. Mavroudeas: Greece and the EU: capitalist crisis and imperialist rivalries, 2010, p. 18. These observations are even more remarkable since Mavroudeas, in opposite to us, considers Greece as an imperialist country: *"This has not transformed it to a dependent economy – in the sense usually employed by dependency theory. Greek capitalism remained a middle-range developed and imperialist economy. However, it was downgraded comparing to its more developed partners."* (p. 18)

106 Dimitrios Maditinos, Dimitrios Kousenidis and Dimitrios Chatzoudes: Foreign Direct Investment (FDI) in the Balkans: The Role of Greece; in: Anastasios G. Karasavvoglou (Editor): The Economies of the Balkan and Eastern Europe Countries in the Changed World, Cambridge Scholars Publishing, 2011, p.210

107 See Stephen Thomsen and Stephen Woolcock: Direct Investment and European Integration. Competition among Firms and Governments, The Royal Institute of International Affairs, Pinter Publishers, London 1993, p. 48

increase its trade with the Balkan countries and soon become an important trading partner for these countries. In addition, they began to invest abroad, in particular in their neighboring Balkans. For most of the 1990s, it invested relatively small sums abroad. [108] This can be seen in Figure 6 and Figure 7 which compare the sum of Greek Foreign Direct Investment (FDI) invested abroad relative to foreign investment in Greece. As one can see, Greece's outward foreign investment was negligible in comparison with foreign investments which were made in the country.

Figure 6: FDI stock, 1990, 1995 and 2000 (Billions of dollars) [109]



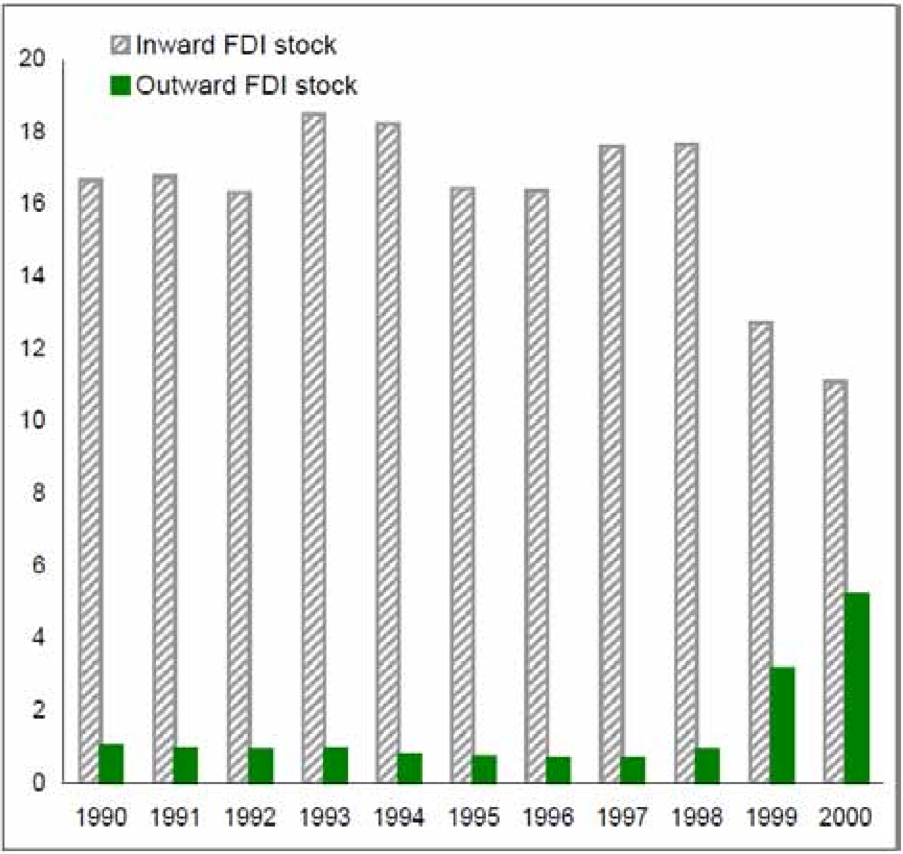
108 On the difficulties for Greek capital in the Balkan countries in the 1990s see e.g. Lois Labrianidis, Antigone Lyberaki, Platon Tinios and Panos Hatziprokopiou: Inflow of Migrants and Outflow of Investment: Aspects of Interdependence between Greece and the Balkans; in: Journal of Ethnic and Migration Studies, Vol. 30, No. 6 (2004), pp. 16-23

109 UNCTAD: FDI in brief: Greece. Outflows up, decline in inflows in 2002, p. 1

However, Greek capital did manage to become a dominant factor in small and poor Balkan countries like Albania and Macedonia. By 1999 Greece was already the biggest foreign investor in Macedonia with 34.5% of all the latter country's total FDI. [110]

In larger Balkan countries like Bulgaria, Greek capitalists remained relatively minor foreign investors during the 1990s. It was only the eight-largest investor with a share of 3.6% in 1995 and the ninth-largest in 1999 with 3.13%. [111]

Figure 7: FDI stock as a Percentage of Gross Domestic Product, 1990-2000 [112]



110 Trajko Slaveski, Pece Nedanovski: Foreign Direct Investment in the Framework of Cross-Border Co-Operation in Selected Balkan Countries, 2001, p. 4

111 Lois Labrianidis: The Opening of the Balkan Markets and consequent Economic Problems in Greece, in: Modern Greek Studies Yearbook Vol 12/13, 1996/97, University Of Minnesota, p. 232 and Trajko Slaveski, Pece Nedanovski: Foreign Direct Investment in the Framework of Cross-Border Co-Operation in Selected Balkan Countries, p. 8

112 UNCTAD: FDI in brief: Greece. Outflows up, decline in inflows in 2002, p. 1

With the new millennium, Greek capitalists started to make significant investments abroad. In time they became important and even hegemonic foreign investors in several southern Balkan countries. According to official sources, Greek direct investment in the Balkans was estimated at 7.2 billion dollars before the beginning of the Great Recession in 2008. Of this volume, one third was invested in Serbia, one third in Romania, and the remaining one third in Bulgaria, Albania and the Republic of Macedonia. [113]

It is said that in the 2000s Greece became first among foreign investors in Albania, FYROM (the Former Yugoslav Republic of Macedonia) and Serbia, third in Romania and forth in Bulgaria:

"In Albania, Greece is responsible for the 40% of the invested foreign capital, reaching almost 550 million Euros, while it is estimated that approximately 270 companies of Greek interest are located in the country. In FYROM, Greece has always been the first investor, with total invested capital over 1 billion Euros. Greece, moreover, is the first investor in Serbia for the time being (2009), since Greek companies have invested approximately 2,5 billion Euros through 120 companies of exclusive Greek interests and 150 joint-ventures. Greece is, also, the third larger investor in Romania, with 4.500 Greek companies and a total of 3,1 billion Euros in invested capital. In Bulgaria, Greece holds the fourth place, with the capital invested being approximately 2,2 billion Euros. Additionally, Greek banks hold 26% of the total assets of the Bulgarian banking sector." [114]

Another author gives slightly different figures. He argues that, by the mid-2000s, *"Greece was the second largest investor in foreign capital in Albania, and the third largest foreign investor in Bulgaria. Greece is the most important trading partner of the Former Yugoslav Republic of Macedonia. It ranks first among foreign investors in terms of invested capital and in the number of investing groups. In Romania, Greece ranked eighth in terms of invested capital and fourth in terms of established enterprises."* [115]

By 2009, Greece accounted for 6% of Balkan countries' combined inward FDI stock (outside Albania). The highest Greek FDI shares were in Macedonia (13%) and Serbia (10%). Greek FDI accounted for 41% of Albania's inward FDI stock. While this shows that Greece is an important foreign investor, their share in Balkan countries' combined inward FDI stock is less than 1/3 of Austria's (which accounts for 19%). (See also Figure 8 for 2008.)

However, Greek capital also plays an important role in the banking sector:

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113 Bureau of Economic, Energy and Business Affairs: 2010 Investment Climate Statement – Greece, March 2010, http://www.state.gov/e/eeb/rls/othr/ics/2010/138073.htm; see on this also Dimitris Chatzoudes and Despoina Kaltsidou: Greek Foreign Direct Investment (FDI) in Turkey (2006), pp. 8-10

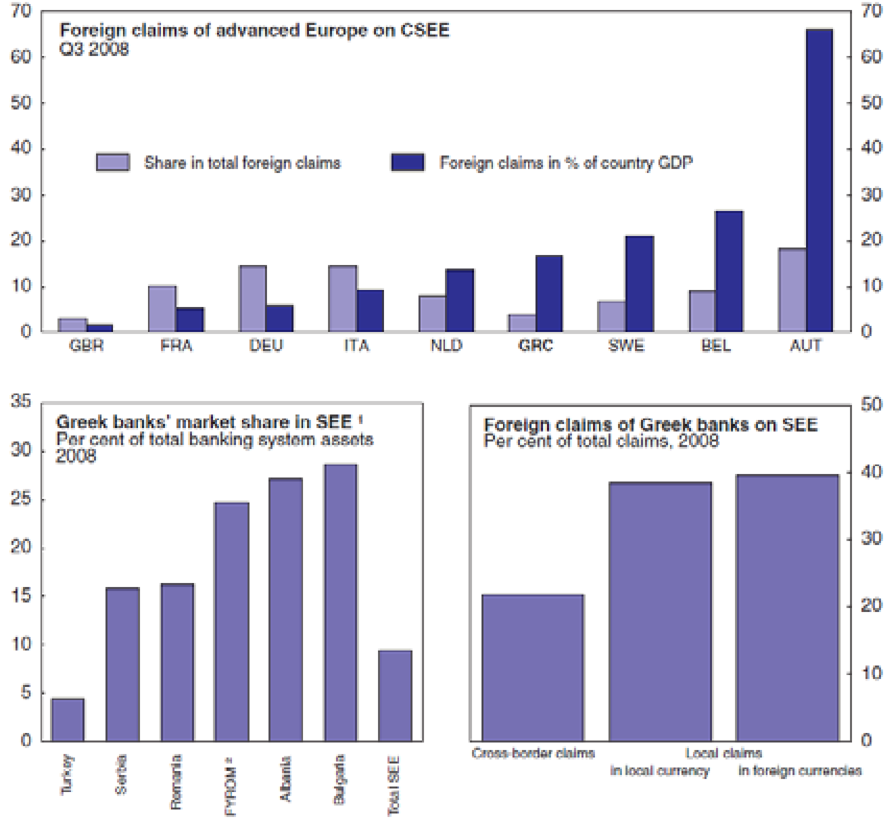
114 Dimitrios Maditinos, Dimitrios Kousenidis and Dimitrios Chatzoudes: Foreign Direct Investment (FDI) in the Balkans: The Role of Greece; in: Anastasios G. Karasavvoglou (Editor): The Economies of the Balkan and Eastern Europe Countries in the Changed World, Cambridge Scholars Publishing, 2011, p. 216

115 Kostas Ifantis: Greece and Southeastern Europe (2015), p. 163

"Greek foreign affiliates make up four of Bulgaria's top 10 banks, three of Serbia's top 10 banks and two of Romania's top 10 banks. Greek banks account for about 28% of the banking system's assets in Bulgaria, about a quarter of those in Macedonia FYR and about a sixth of those in both Romania and Serbia." [116]

According to the OECD, Greece's banks were severely affected by the economic crisis in Eastern Europe since 2008. *"Loans from Greek banks to these countries, mainly through subsidiaries, are about EUR 53 billion, i.e. 13% of their assets. At 17% of GDP this is high compared to many other countries, although significantly lower than in Austria or Belgium. About 85% of these loans are concentrated in Bulgaria, Romania and Turkey. While Greek banks have a relatively small market share (less than 5% of assets) in Turkey, they are among the largest foreign lenders in Romania and Bulgaria"* [117] (See Figure 8)

Figure 8: Banking Sector Exposure to Central and South Eastern Europe [118]



116 Persephone Economou and Margo Thomas: Greek FDI in the Balkans: How is it affected by the crisis in Greece? Columbia FDI Perspectives, No. 51, November 21, 2011, pp. 1-2
117 OECD Economic Surveys: Greece, July 2009, p. 40
118 OECD Economic Surveys: Greece, July 2009, p. 41

Hence, it is clear that Greek capital succeeded in the 1990s and 2000s in becoming a major component of foreign investment in some southern Balkan countries. From this it could extract a significant amount of extra-profits.

However, with the beginning of the crisis in 2008, Greek capital came under massive pressures. It became more and more difficult for Greek businesses to receive new loans and, as a result, their foreign investments dropped substantially.

"For instance, only in the first nine months of 2009 over 70 million Euros of Greek capital left FYROM with the Greek owners of communication companies selling out and leaving the country" [119]

Greece's share in foreign direct investment in Albania halved: "*Macro analysis also concludes that the Greek crisis has resulted in lower than normal foreign direct investment (FDI) to Albania – dropping from 53% of total FDI in 2006 to 27% in 2011 – a trend that is expected to worsen given current conditions in Greece. (…) In addition, although trade between Albania and Greece has drastically declined over the years.*" [120]

Similarly, Greece lost its dominant position as a trading partner. For example, for many years Greece was Albania's second largest export market, but today it ranks in fifth place.

A similar development took place in Bulgaria. Between 2008 and 2014, Bulgarian exports to Greece contracted by 1.9%, but during that period Bulgarian exports to the EU as a whole soared by 50%. Likewise, Greek foreign investment in Bulgaria declined by 7.6% between 2008 and 2014. [121] By 2010, Greece was only the third-biggest foreign investor in Bulgaria as it was in Serbia, where it had formerly been number one for some time. [122]

According to actual data, Greece which had been the largest foreign investor in Macedonia for a long time, has also lost its leading position there and is now number three behind the Netherlands and Austria with a share of 11.64%.

Since the beginning of the crisis, Greek banks have also started to sell off their foreign affiliates to foreign or local banks. "*For example, ATE Bank has announced plans to sell its majority stake in ATE Bank Romania by the end of 2012 and exit the Romanian market.*" [123]

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119 Dimitrios Maditinos, Dimitrios Kousenidis and Dimitrios Chatzoudes: Foreign Direct Investment (FDI) in the Balkans: The Role of Greece; in: Anastasios G. Karasavvoglou (Editor): The Economies of the Balkan and Eastern Europe Countries in the Changed World, Cambridge Scholars Publishing, 2011, p.218

120 Albanians and the Greek Crisis: A Briefing of Economic and Social Concerns, Balkanist, July 13, 2015, http://balkanist.net/albania-economic-social-concerns/

121 Balkan Economic Forum: Balkan Economic Development Outlook, Athens 2015, http://www.balkaneconomicforum.org/wp/balkan-economic-development-outlook/

122 Saul Estrin and Milica Uvalic: Foreign direct investment into transition economies: Are the Balkans different? LEQS Paper No. 64/2013, July 2013, p 24. See also Lindita Muaremi, Rigersa Konomi, Sindise Salihi: Foreign Direct Investment in Macedonia; in: European Scientific Journal, Vol. 11, No.4 (February 2015), p. 64

123 Persephone Economou and Margo Thomas: Greek FDI in the Balkans: How is it affected by the

To summarize, Greek capital utilized, with a certain amount of delay, the opportunities which capitalist restoration offered it in the Balkans after 1989. It became an important foreign investor in Albania, Macedonia, Serbia, Bulgaria and Romania and managed to extract significant extra-profits from those countries. However, Greece's foreign investment abroad remained much smaller than inward foreign investment in Greece. With the onset of the crisis in 2008, Greece's foreign investment was significantly reduced. Later on we will discuss how to evaluate these developments when deciding how to characterize Greece, as an imperialist or a semi-colonial country.

III.3 Rising Migration after 1989

Another crucial development since the collapse of Stalinism was the increased migration to Greece. Before this there were few migrants in Greece: in 1991 there were 167,276 migrants in Greece. [124] As we stated in the first chapter in the context of our discussion on theoretical issues, migrants, in their huge majority, belong to the lower strata of the working class. They are nationally oppressed and economically super-exploited.

According to estimates, the share of migrants – both legal and illegal (undocumented) – rose to 7.3% of the entire population in 2001. Towards the end of the first decade of the century, it has was estimated that this figure had increased to more than a million or 9–10% of the country's population. The migrants' share among the working class is even significantly greater their proportion of the total population – constituting to 20% of the total labor force. Migrants from Albania account for more than half of all migrants in Greece (57.5%). The second largest group is from Bulgaria, followed by immigrants from Georgia, Romania and Russia [125]

In our studies on migration we have shown that migrants usually earn less than domestic workers even if they have similar qualifications. This is the case in Greece too, as we can see in Table 5.

In a study from 2005, the OECD estimated that migrants paid substantially more in taxes and social insurance contributions than they received in the form of social benefits, etc. (about 1% of GDP). [126] This is a development similar to that in other countries like Britain or Austria as we have shown elsewhere. [127]

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crisis in Greece? Columbia FDI Perspectives, No. 51, November 21, 2011, p. 2

124 Vasileios K. Siokorelis: Economic Effects of Migration from Albania to Greece, in: Journal of Identity and Migration Studies, Vol. 5, No. 1, 2011, p. 118

125 Ioannis Cholezas, Panos Tsakloglou: The Economic Impact of Immigration in Greece: Taking Stock of the Existing Evidence, Institute for the Study of Labor, October 2008, pp. 6-7

126 OECD Economic Surveys: Greece, September 2005, p. 135

127 See on this Michael Pröbsting: Migration and Super-exploitation: Marxist Theory and the Role of Migration in the present Period of Capitalist Decay, in: *Critique* Vol. 43 No. 3 (August 2015), pp. 313-330, as well as *The Great Robbery of the South*, pp. 184-188

Table 5: Greece: Wages for Various Categories of Workers as Reported by Farmers [128]

	Wages		*Social security Contributions*		*Payments in kind*	
	Daily	*Monthly*	*Daily*	*Monthly*	*Daily*	*Monthly*
Perm. Skilled Greek workers	5.0	153.0	1.8	52.0	-	10.0
Perm. Unskilled Greek workers	4.3	112.3	1.5	-	1.0	-
Legal skilled Immigrants	4.6	137.5	1.2	30.0	1.5	45.0
Legal unskilled Immigrants	-	109.5	-	-	2.0	62.5
Illegal skilled Immigrants	2.5	99.2	-	-	1.5	40.0
Illegal unskilled Immigrants	3.5	125.0	-	-	1.1	45.0

Source: Lianos et al (1996), CIDER Survey Phase I

Another expression of the national oppression of migrants – as it is the case in other countries too – is the vast over-representation of migrants among the incarcerated. Due to Greece's institutionalized racism, migrants are a target for the state repression. Two Greek academics, Leonidas K. Cheliotis and Sappho Xenakis, have published an interesting study on the consequences of the neoliberal social catastrophe in Greece and report the following:

"Regarding the nationality of convicted prisoners, official data collection only began in 1996. Between then and 2006, the annual total caseload of non-Greek convicts rose by 140.5 percent, from 2,253 (or 404 per 100,000 non-Greek inhabitants) to 5,420 (or 559 per 100,000 non-Greek inhabitants). Correspondingly, the proportion of non-Greeks amongst the total caseload of convicts increased from 25.3 percent to 41.1 percent – four times higher than the estimated share of non-Greeks in the general population of the country. The level and nature of criminal involvement by non-Greeks, however, leave much unanswered as to the driving forces behind their overrepresentation in the total caseload of convicted prisoners. Between 2000 and 2006, for example, the police-recorded rate of non-Greeks amongst offenders was 1.6 times higher than the rate of Greeks, but the likelihood of imprisonment under conviction was 7.9 times higher for non-Greeks than the equivalent likelihood for Greeks. Over the same period, non-Greeks represented an average of 43.2 percent in the total caseload of prisoners convicted of

128 Ioannis Cholezas, Panos Tsakloglou: The Economic Impact of Immigration in Greece: Taking Stock of the Existing Evidence, Institute for the Study of Labor, October 2008, p. 13

a drug-related offence, but secondary analysis of police data reveals that the average proportion of non-Greeks amongst the perpetrators of drug offences only stood at 10.9 percent. Expressed in terms of the ratio of rates per 100,000 population, the average likelihood of a non-Greek being imprisoned under conviction for a drug offence was 9.4 times higher than the equivalent likelihood for a Greek, but the police-recorded rate of non-Greeks amongst the perpetrators of drug offences was only 1.5 times higher than the rate of Greeks." [129]

To summarize, Greek capitalism has succeeded in acquiring a significant layer of migrants who serve the bosses as a super-exploited stratum at the bottom of the working class. This layer has not been reduced by the recent crisis and this is unlikely to happen because the wars and catastrophes in the Middle East make certain that there will be many more refugees coming from countries with even worse living conditions.

A related but not identical issue is the growing number of refugees who are arriving in Greece. Most of them are fleeing the terrible civil wars in Syria, Iraq and Afghanistan. However, when they succeed in arriving in Greece, they are usually herded together in deportation camps and registration centers living under awful accommodation. The Greek state and the EU-bureaucrats give only little financial support to the local authorities. The fascists, who have become a strong force in Greece as the repeated successes of the Nazi-Party *Chrysi Avgi* (Golden Dawn), in the last elections having become the third-largest list, are systematically attacking (and killing) migrants and refugees.

Finally, concerning migrants, not only are there the migrants coming to Greece but also – as we mentioned above – the longstanding phenomena of Greek migrants living. The numbers of the Greek Diaspora vary between three and seven million people.

The Greek migrants' remittances – most of them from the US, Germany and Australia – sent home to family still constitute a significant share of Greece's income. While the remittances were the equivalent of nearly 4% of GDP in the early 1970s, this sum was still about 2.5% by 2001 (see Figure 9).

Not unlike many other economically backward countries, Greece loses many well-educated specialists, like doctors, who go abroad for work. In Figure 10 we can see that Greece has one of the highest immigration and expatriation rates of doctors of all the OECD countries.

129 Leonidas K. Cheliotis and Sappho Xenakis: What's neoliberalism got to do with it? Towards a political economy of punishment in Greece, in: Criminology & Criminal Justice Vol. 10, No. 4 (2010), p. 358

Figure 9: Workers' Remittances as a Percentage of GDP [130]

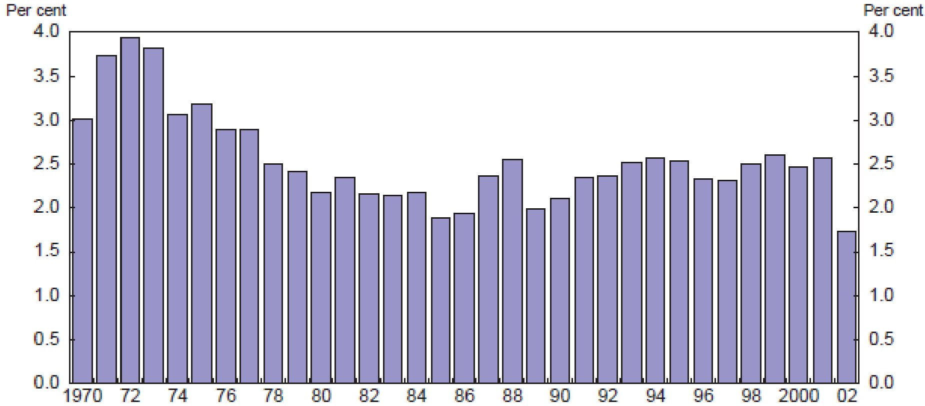
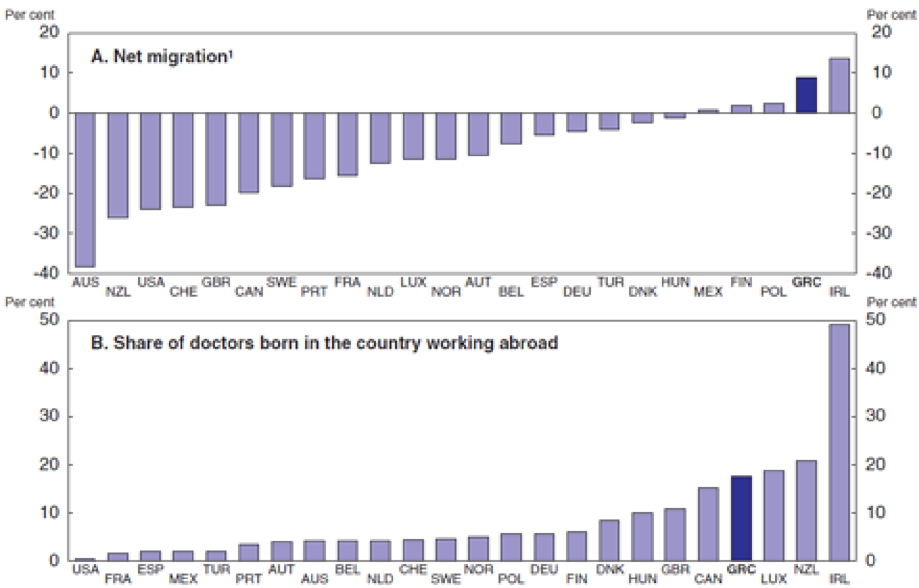


Figure 10: Immigration and Expatriation Rates of Doctors [131]
Per cent of total number of doctors, circa 2000



130 OECD Economic Surveys: Greece, September 2005, p. 136
131 OECD Economic Surveys: Greece, July 2009, p. 98

III.4 Failure to Overcome Backwardness and Increasing Indebtedness to Imperialist Powers

Let us now make a general assessment of the development of Greek capitalism and analyze whether Greece has succeeded in becoming a minor imperialist state. In doing so, we cannot avoid but referring beforehand to some developments which post-date the onset of the historical crisis of Greek capitalism after 2008. However, as we will demonstrate, all the elements which led to the collapse of Greek capitalism during this period were already present beforehand and certainly did not suddenly emerge out of the blue.

In our previous chapters we have seen that Greece has always been and still is the poorest – with the possible exception of Portugal – of the traditional capitalist countries of Europe (i.e., if we leave aside the ex-Stalinist states in Eastern Europe). This has remained so until today. In Table 6 we can see a comparison of the historical development of Greece's GDP per capita – as an indication of the development of the productive forces – between 1820 and 1998 with those of other southern European countries, as well as the average of western European states. As we can see, Greece is the poorest country with a per capita GDP of US$ 11,268 – less than Portugal, Spain and Ireland, and about 63% of the average western European level.

As we have noted above, Greece grew rapidly in the period 1950–73 but grew slower than other European countries for most of the rest of the 20th century (see Table 7).

Table 6: GDP Per Capita (1990 international $) [132]

	1820	*1870*	*1913*	*1950*	*1973*	*1990*	*1998*
Greece	666	913	1,592	1,915	7,655	9,984	11,268
Ireland	-	-	-	3,446	6,867	11,825	18,183
Portugal	963	997	1,244	2,069	7,343	10,852	12,929
Spain	1,063	1,376	2,255	2,397	8,739	12,210	14,227
Total Western Europe	**1,232**	**1,974**	**3,473**	**4,594**	**11,534**	**15,988**	**17,921**

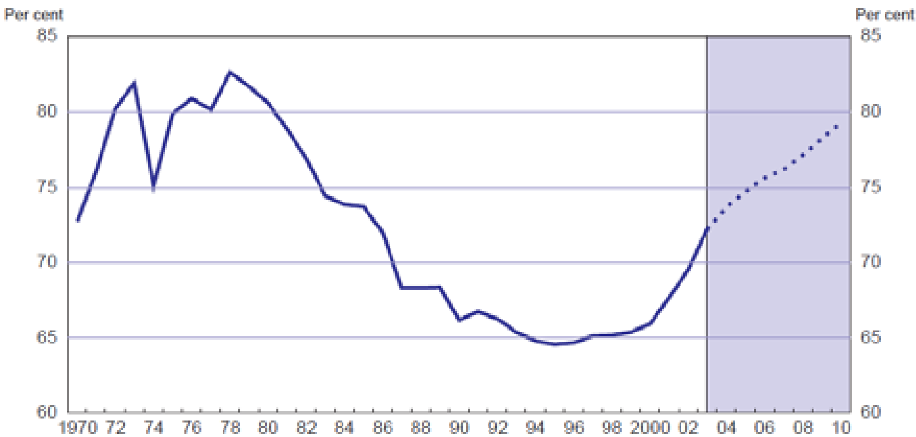
132 Angus Maddison: The World Economy, Volume 1: A Millennial Perspective, Volume 2: Historical Statistics, Development Centre Studies, Paris 2006, p. 185

Table 7: GDP Per Capita Growth Rates (Percents)[133]

	1820–70	*1870–1913*	*1913–50*	*1950–73*	*1973–98*
Greece	0.63	1.30	0.50	6.21	1.56
Ireland	-	-	-	3.04	3.97
Portugal	0.07	0.52	1.39	5.66	2.29
Spain	0.52	1.15	0.17	5.79	1.97
Total Western Europe	**0.95**	**1.32**	**0.76**	**4.08**	**1.78**

Hence, Greece's standard of living – compared with the European Union – dropped dramatically from the late 1970s. While Greece had an average standard of living of about 83% of the EU level in 1978, this has fallen to about 65% by 2000 (see Figure 11). [134]

Figure 11: Greece's Standard of Living Relative to the European Union [135]



133 Angus Maddison: The World Economy, p. 186. See also See Heinz-Jürgen Axt: Süderweiterung der Europäischen Gemeinschaft: Erfahrungen mit der asymmetrischen Integration; in: Cord Jakobeit and Alparslan Yenal (Ed.): Gesamteuropa. Analyse, Probleme und Entwicklungsperspektiven, Leske + Budrich, Opladen 1993, p. 432

134 See on this also Nicos Christodoulakis and Sarantis Kalyvitis: Structural funds: growth, employment, and the environment: modelling and forecasting the Greek economy, Springer Science+Business Media, New York 2001, p. 2

135 OECD Economic Surveys: Greece, September 2005, p. 34. Readers should bear in mind that the line in the figure for the years from 2003 onwards are only optimistic speculations of bourgeois economists for future developments and not facts.

Table 8: Gross Domestic Product at Current Market Prices per Capita of Population in 2013 [136]

	(EU-15 = 100)
Greece	66.9
Ireland	118.9
Portugal	71.7
Spain	86.3

This trend remains today as it was. In 2013, Greece was still the least developed country among the traditional capitalist countries in Europe with a productivity level of just 66.9% of the EU-15 average. (See Table 8)

Some bourgeois economists have pointed out that Greece experienced a boom in the 1990s and the first decade of the 21st century with growth rates above the EU average. But, as the Greek Marxist academic Stavros D. Mavroudeas and others have pointed out, this "boom" was mostly artificial and was based on cheap loans (mostly from foreign creditors) and financial speculation.

"*Greek capitalism attempted to decisively upgrade its position within the international division of labour by participating in the upper tier of European integration. But this strategic choice was risky since the severe constraints on national monetary, industrial and commercial policies weakened further Greek competitiveness vis-à-vis the euro-core countries which were characterized by productive superiority. In the beginning, these problems were ameliorated by securing – thanks to the euro – cheap credit that promoted an artificial growth. This was boosted further by the organization of 2004 Olympic Games in Athens whose exorbitant and over-priced works bolstered Greek (and western) capitals' profitability but at the same time worsened fiscal deficit. Essentially, whenever capital accumulation faltered the Greek state stepped in and, directly or indirectly, subsidized it. The ballooning foreign debt was manageable because of the cheap foreign loans and the relatively high growth rates of the Greek economy. On top of that Greek capitalism, during that period, followed the international trend of aggressively employing credit and fictitious capital expansion. Cheap credit was boosted by euro's low interest rates. The stock market became for a short period a major (but never the dominant) source of enterprise finance, whereas traditionally its role and size were minimal. By artificially (through government policy and bank cartel agreements) lowering interest on deposits to negative real rates, the vast majority of traditional middle-class depositors was pushed to the stock market with the promise of higher returns. It is exactly in this period that the traditional post-war popular and middle-class propensity to save collapses. (…) In toto, there was no significant long-term structural change of the Greek economy along the financialisation lines. The only effect was an artificially boost of capitalist accumulation through fictitious capital and*

136 European Commission: European Economic Forecast Spring 2015, Statistical Annex of European Economy, in: EUROPEAN ECONOMY 2|2015, p. 26

lax monetary policy. (…) All these unsustainable and conjectural factors led to an 'artificial boom' period with better than the rest of the EU growth rates. This 'artificial boom' period had another hidden handicap: there was a steep increase of unproductive activities (particularly around finance and trade) which eroded internally profitability's foundations. To sum up, the period 1985-2007 was marked by capitalist restructuring waves which strived to reverse the falling profit rate trend and the overaccumulation of capital. (…) The 2007-8 crisis ended abruptly this euphoria. The 'artificial boom' collapsed and the lurking behind profitability crisis resurfaced." [137]

The attacks on the working class led to a decline of the share of labor in national income – despite a rise of the number of wage laborers – even before the great crisis began in 2008. Between 1980 and 2007, the labor share declined from about 66% to 58% while capital share followed the reverse pattern, increasing from 34% to 42%. [138]

Figure 12 shows that this decline of the labor share is the continuation of long-term trend which started already in the later 1960s, as it has been the case in other capitalist countries.

Figure 12: Labor Share in Business-Sector Value-Added, 1964-1995 [139]

137 Stavros D. Mavroudeas: The Greek Saga: Competing Explanations of the Greek Crisis, Economics Discussion Papers 2015-1, University of Macedonia, 10 February 2015, pp. 30-31

138 Stella Balfoussias: Potential Output Growth in Greece, in: Stella Balfoussias, Panos Hatzipanayotou, Costas Kanellopoulos (Editors): Essays in Economics. Applied Studies on the Greek Economy, Centre of Planning and Economic Research, Athens 2011, p. 43

139 Euclid Tsakalotos: The Political Economy of Social Democratic Economic Policies: The PASOK Experiment in Greece, in: Oxford Review of Economic Policy, Vol. 14, No. 1, 1998, p. 125

The capitalist crisis has hit the working class as well as the lower strata of the traditional petty bourgeoisie and the rural poor. As a result there has been an important shift in the class configuration in the Greek society since the early 1990s. According to a study of the Greek Marxist Eirini Gaitanou, the working class grew enormously in the past two decades.

"Thus, a new landscape emerges as far as the class structure is concerned, which, according to Sakellaropoulos based on the Greek Statistic Service data for the fourth trimester of 2011 in comparison to those of 1991, consists in:

1) an increase of the bourgeois class (3,4% from 1,4%) and of the rich rural strata (0.6% from 0.3%),

2) a huge decline of the traditional petit-bourgeois class (10,2% from 21,5%), and of the middle rural strata (2,2% from 3%),

3) a small increase of the new petit-bourgeois class (15,2% from 13,2%), due to the increasing demand of their abilities for the achievement of capital profitability, in parallel to an effort of their submission to the most direct capital exploitation and domination,

4) an important increase of the working class (62,2% from 47,5%), and

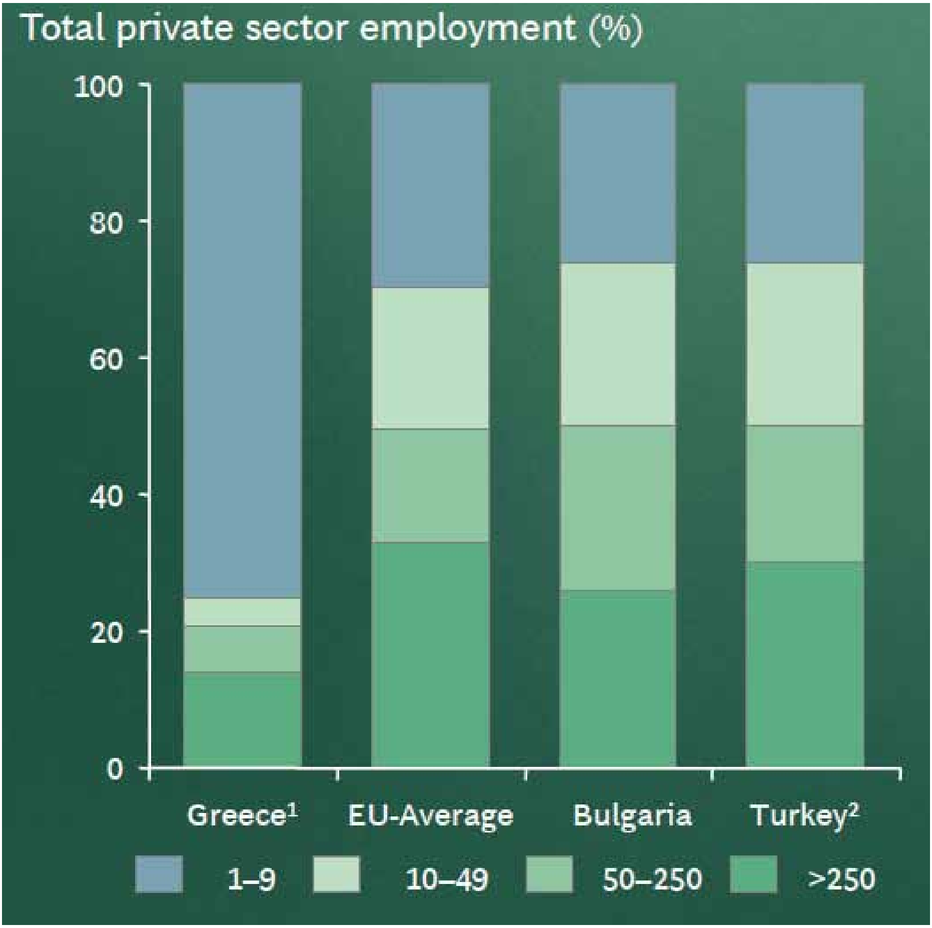
5) an important decrease of the poor rural strata (6% from 13,1%).

In any case, what is clear is the tendency of intensification of class polarization, which leads to the adoption of a social structure akin to that of other European countries (small number of farmers and of the traditional petit-bourgeois class, stable presence of the new petit-bourgeois class as the executive organizer of the productive process, broader bourgeoisie and heterogeneous/uneven but numerous working class. However, this overall image is still away from the class structure of most developed countries." [140]

Furthermore, its economic structure remains backward and dominated by small economic units. About 70% of private employees in Greece work in enterprises with 1–9 employees (figures for 2009). At the same time only about 15% worked in enterprises of more than 250 employees. This is even more backward than the economic structure of other, poorer semi-colonial countries like Bulgaria or Turkey. (In these countries only about 25% work in small enterprises and about 25–30% in large enterprises; see Figure 13)

140 Eirini Gaitanou: An examination of class structure in Greece, its tendencies of transformation amid the crisis, and its impacts on the organisational forms and structures of the social movement, 27 November 2014, http://omilosmarx.gr/%CE%BA%CE%B5%CE%AF%CE%BC%CE%B5%CE%BD%CE%B1/item/39-class-structure-greece

Figure 13: Breakdown of Employment by Country and Company size (Total private sector employment in %) [141]



141 Boston Consulting Group: Hellas ,20:20 Supporting investment in the Greek economy–a foreign investor perspective, October 2011, p. 19. According to another Greek economist, 96% of the country's businesses have 0–4 employees, 2% have 5–9 employees and the remaining 2% more than 10 employees. (Panagiotis Petrakis: The Greek Economy and the Crisis. Challenges and Responses, Springer-Verlag Berlin Heidelberg 2012, p. 65)

Aristos Doxiadis, a liberal Greek economist, writes: "*There is no other European country and no other member of the OECD that has as many self-employed and as many micro-employers as Greece pro rata to its population. In Greece 57% of those employed in the 'non-financial business economy' are either self-employed or employed in firms of under 10 employees. The value of this index for EU-27 is 30%. Italy comes second with 47%, Portugal third with 42%. France is at 27%, the UK at 21%, Germany at 18%. Our newest role-model, Denmark, is at 20%. Agriculture, which is not counted in the NFBE, is even more fragmented. In the region of Corinthia, the average grower of Table grapes for export has less than three hectares, and the biggest has less than 20 hectares. The competitors of the Corinthian growers in Murcia, Spain, have over 100 hectares each. It is the same in California, South Africa, Chile, Egypt. In the economy as a whole, businesses of more than 250 employees employ no more than 9% of the labor force; and this includes banks and utilities.*" [142]

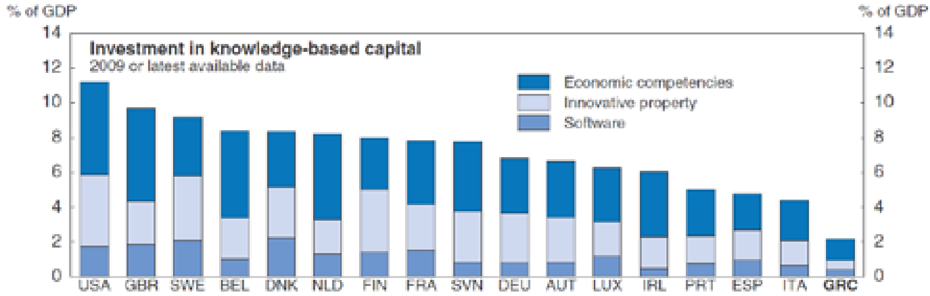
According to a study about self-employment in the EU-27 countries (i.e., including the Eastern European EU member states) which used data for 2007, 35.7% of all employed people in Greece were not regular employees, followed by a similarly high level in Romania (33.7%). The EU-27 average was 16.9%. Likewise, self-employed represented 21.2% of all employed in Greece; with Romania coming next with a share of 19.7% (The EU-27 average was 10.5%). [143]

Another indication of the backwardness of Greek capital is the small degree of investment in knowledge-based ventures when compared with other OECD countries. In a list provided by the OECD, Greece ranks last (see Figure 14).

142 Aristos Doxiadis: The real Greek economy: owners, rentiers and opportunists, Athens Review of Books, June 2010 (in English: www.opendemocracy.net, 23rd September 2010, pp. 2-3. Another Greek economist wrote a similar sober assessment about Greece's backward economy in the later 1990s: "*The Greek economy differs from those of the developed countries in several respects. A quarter of the population works in agriculture, as opposed to 5 percent in OECD countries, and there are high percentages of self employed (28.7 percent) and unpaid family members (14.3 percent). Public debt was 110 percent of GNP in 1992, and the declining competitiveness of the Greek industry is manifested by the rapid increase in imports and decrease in exports, leading to a significant trade deficit. Inflation (10.8 percent in 1994) and interest rates (nominal 28 percent, real 12.5 percent in 1992) are both high, and there is an alarming number of dud cheques. The black economy is estimated at over 40 percent of GNP, and there are 400,000 illegal immigrants, 200,000 of whom are Albanians. Until 1992 Greece's GDP/capita was slowly approaching the EU average, but since 1992 it has been falling increasingly behind.*
The share of manufacturing in GDP has been dropping steadily since 1975, and is now 18.5 percent against the EU average of 30 percent. The Greek manufacturing sector is limited (170,000 establishments and 600,000 employees) and has a weak structure, being based primarily on traditional sectors (i.e. clothing and footwear, food, textiles, transport equipment including car repair) and characterized by a plethora of small firms. In 1988 93.5 percent of the total number of establishments had no more than 9 employees and only one firm in 200 had over 100 employees." (Lois Labrianidis: The Opening of the Balkan Markets and consequent Economic Problems in Greece, in: Modern Greek Studies Yearbook Vol 12/13, 1996/97, University Of Minnesota, p. 212)

143 Roberto Pedersini and Diego Coletto: Self-Employed Workers: Industrial Relations and Working Conditions, Dublin: European Foundation for the Improvement of Living and Working Conditions (Eurofound), 2009, p. 8

Figure 14: Investment in Knowledge-Based Capital and Employment Allocation in the Manufacturing Sector in Greece, International Comparison, 2009 [144]

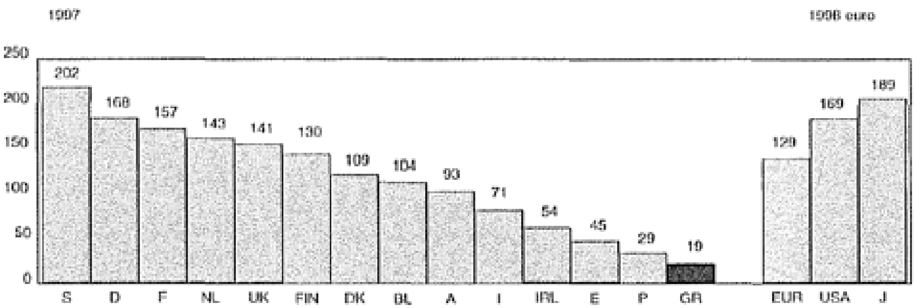


In Figure 15 we see likewise the low level of technology used in the Greek economy compared with other advanced capitalist economies.

This long-standing backwardness of Greece's economy is the central reason why the country has always received relatively little foreign investment compared with other European countries. Imperialist monopolies clearly have no incentive to invest capital in enterprises with 0–9 employees (see Figure 16)!

Figure 15: Technological Capital [145]

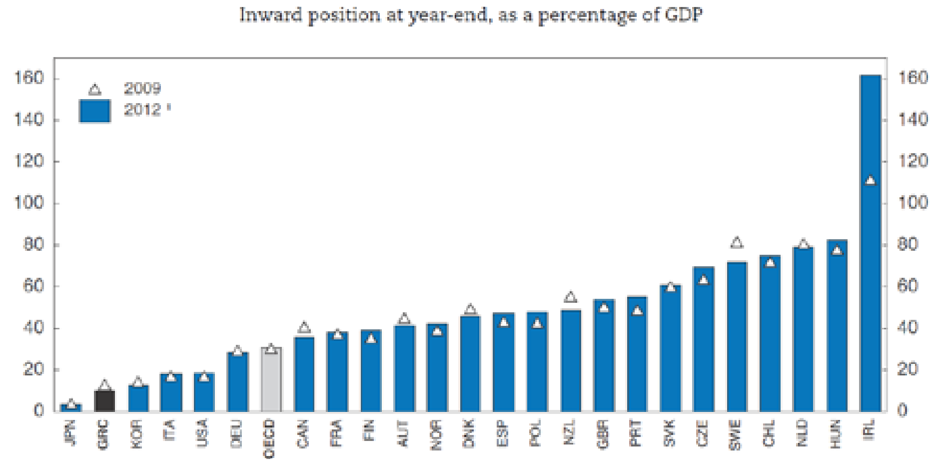
Ratio of stock technological capital to GDP, EUR in 1986 = 100



144 OECD Economic Surveys: Greece, November 2013, p. 66

145 Theodore C. Kariotis: The Economy: Growth without Equity, in: Theodore A. Couloumbis, Theodore Kariotis and Fotini Bellou (Editors): Greece in the Twentieth Century, Hellenic Foundation for European and Foreign Policy, Frank Cass, London and New York 2004, p. 255

Figure 16: Foreign Direct Investment in Greece, International Comparison 2009 and 2012 [146]



In Table 9 we can see how much the role of industry in the country's capital accumulation process has been reduced between the years 2000 and 2007 (from 13% to 7.8%). At the same time, the role of agriculture rose – in contrast to the long-standing global and historic trend – and the parasitic finance and real estate sectors became dominant.

Table 9: Structure of Gross Fixed Capital Formation in Greece, 2000-2007 (in %) [147]

Sector of economic activity	*2000*	*2004*	*2007*
Agriculture, etc.	4,2	4,2	5,6
Industry (including energy)	13	7,6	7,8
Construction	1,3	1,2	2,2
Commerce, hotels, transport	20	27,5	24,1
Finance and real estate	37,5	39,9	43,1
Other services	23,8	19,1	16,9

146 OECD Economic Surveys: Greece, November 2013, p. 65
147 Helen Caraveli and Efthymios G. Tsionas: Economic Restructuring, Crises and the Regions: The Political Economy of Regional Inequalities in Greece, GreeSE Paper No.61, Hellenic Observatory Papers on Greece and Southeast Europe, 2012, p. 10

The increased investment of Greek capitalists in the southern Balkans is certainly an important development which demonstrates Greece's potential to become a minor imperialist power. However, phenomena have to be viewed always in their totality, i.e., as *"a rich totality of many determinations and relations."* [148]

In this light we should note, first, that since the onset of the crisis in 2008, Greece's foreign investment has been declining. Here we should point out a statistical difficulty. Since the onset of the crisis, capital flight has substantially increased in Greece. This very significantly distorts the statistics we have, since such capital flight is often disguised as foreign direct investment. While we don't have exact figures for capital flight masked as FDI, we do have figures from the recently published report from the *Truth Committee on Public Debt* which was set up by the Greek parliament. According to this report, the cumulative illicit capital outflow from Greece was of €202.5 billion between 2003 and 2009 (see Table 10). Noteworthy is that fact this is the sum of capital flight even *before* the onset of the great recession!

Even the capitalist news agency *Bloomberg* pointed out that the huge proportions of the capital flight started long before SYRIZA came to power. Figure 17, below, shows the estimated three-month cumulative capital flows between Greece and the euro area as a percent of Greek gross domestic product (positive numbers are inflows to Greece).

A second factor germane to our viewing Greece's foreign investment in its totality is that it is relatively small in relation to its total capital accumulation. It is particularly small if we compare the accumulated investments in the Balkans ($7.2 billion) and the accumulated sum of illicit capital outflows (€202 billion in 2003–2009). Furthermore its outward FDI is usually substantially smaller than its inward FDI. In other words, Greece is very much more a country in which foreign monopolies invest in order to extract extra-profits than an active exporter of capital to other countries in an attempt to do precisely the same.

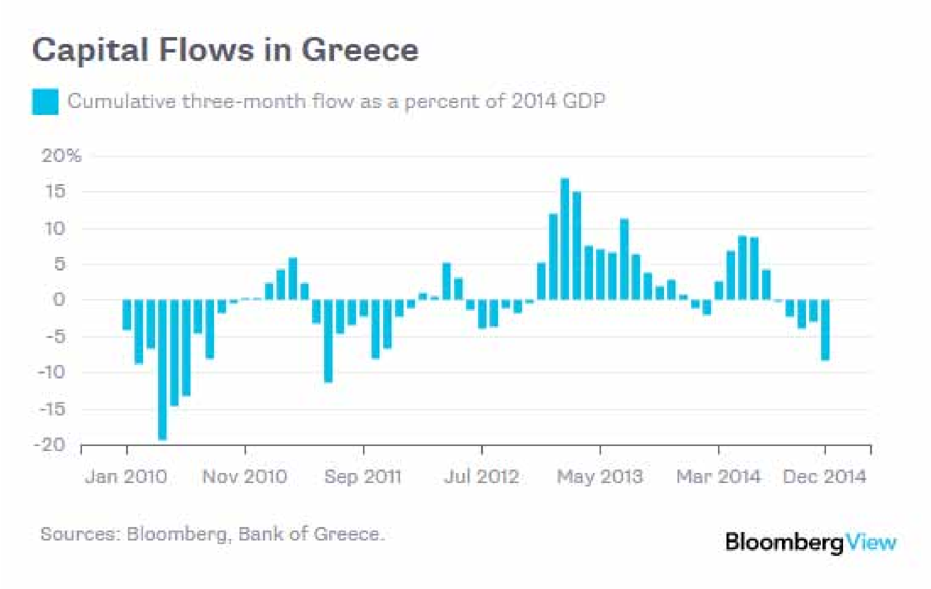
Table 10: Illicit Financial Outflows of Greece (€ Billion) [149]

2003	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2003-2009*
41.2	31.8	0.0	33.0	53.1	2.8	40.5	202.5

148 Karl Marx: Grundrisse [Outlines of the Critique of Political Economy (Rough Draft of 1857-58)]; in: MECW 28, p. 37

149 Truth Committee on Public Debt: Preliminary report (2015), p. 14

Figure 17: Capital Flight from Greece, 2010-2014 [150]



In Table 11 we can see that outward FDI constituted only a very small section of Greece's capital formation in the 1990s. While this share increased in the first decade of the 2000s it remained relatively small, and capital flight had already started in the later part of that decade.

Table 11: Greece: FDI Flows as a Percentage of Gross Fixed Capital Formation, 1990-2012 [151]

	1990	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*
Inflows	4,9	5,3	5,1	4,9	5,0	4,6	4,1	3,9	0,3	1,9	3,9
Outlows	0,1	-0,1	0,2	-0,1	0,1	0,2	-0,1	0,6	-1,0	1,8	7,6

(Continuation)

	2001	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*
Inflows	5,4	0,1	2,7	4,0	1,3	8,6	2,9	6,0	4,0	0,7	2,7	9,5
Outlows	2,1	1,9	0,9	2,0	2,9	6,5	7,2	3,2	3,4	3,1	4,2	-0,1

150 Mark Whitehouse: Greece's Predicament in One Scary Chart, Apr 24, 2015, http://www.bloombergview.com/articles/2015-01-30/greece-s-predicament-in-one-scary-chart

151 UNCTAD: Web Tables for 1990-2012, http://unctad.org/Sections/dite_dir/docs/WIR2013/WIR13_webtab05.xls and http://unctad.org/Sections/dite_dir/docs/WIR2013/WIR13_webtab06.xls

The low share of outward FDI in the country's capital accumulation demonstrates that Greece's export of capital, and hence the relatively small extra-profits to be can gain from such investments, clearly do not offer much support for any argument which seeks to attribute an imperialist class character to this country.

In addition, according to UNCTAD calculations, Greece's outward FDI as a share of the country's gross fixed capital formation had in nearly all the years between 1990 and 2012 the lowest percentage compared with that of all other traditional capitalist countries in Europe. This, again, reinforces the position that that Greece has *not* become an imperialist country.

Furthermore, even while Greek capitalists as a class do invest certain sums abroad, they are in most part forced to acquire new external loans as well as sell their enterprises to foreign capitalists to a much higher degree.

The result has been an explosion of debt both in the public and private sectors. The OECD has observed that since 1995 Greek capitalists were increasingly forced to get loans from abroad:

"*Loans to the private sector grew sharply, especially as from 1995, which expanded indebtedness, primarily vis-à-vis foreign creditors.*" [152]

The consequences of this large debt were severe. According to the Greek economist Euclid Tsakalotos interest payments had reached the level of over 40% of total revenue by 1994. [153]

In fact, the increasing foreign activities of Greek capitalists went hand in hand with a dramatic increase of their debt to foreign financial institutions. External debt in the private sector increased even more than that of the government. In short, as we can see in Figure 18, external debt grew by more than 100% between 2003 and 2010 to about 185% of the GDP. [154]

Figure 19 demonstrates the rise of Greek debt including the country's external debt in a longer perspective – between 1970 and 2010.

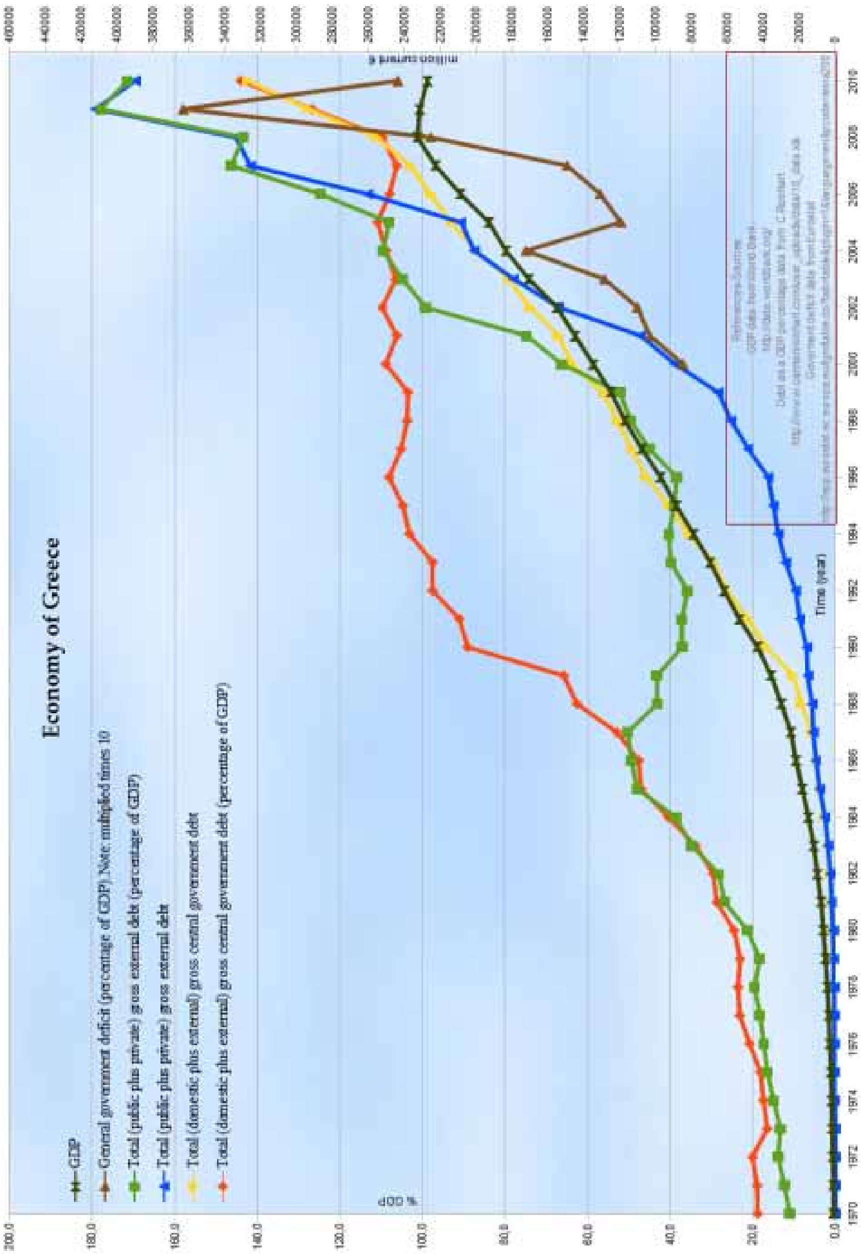
As a result, by the middle of the first decade of the 21st century, Greece had to the pay the highest debt service ratios of any of the traditional capitalist countries in Europe. By 2005, its net interest payments as a percentage of current receipts stood at 11% (see Figure 20).

152 OECD Economic Surveys: Greece, August 2011, p. 32

153 Euclid Tsakalotos: The Political Economy of Social Democratic Economic Policies: The PASOK Experiment in Greece, in: Oxford Review of Economic Policy, Vol. 14, No. 1, 1998, p. 123

154 See on this also George Pagoulatos: Greece's New Political Economy. State, Finance, and Growth from Postwar to EMU, Palgrave Macmillan 2003, p. 128

Figure 19: Economy and Debt of Greece [155]



155 Hari Kumar: The Greek Debt Crisis: A Misnomer for the European Imperialist Crisis, August 22, 2015, The Red Phoenix, http://theredphoenixapl.org/2015/08/22/the-greek-debt-crisis-a-misnomer-for-the-european-imperialist-crisis/

Figure 18: Gross External Debt by Sector in 2003 and 2010 (as percent of GDP) [156]

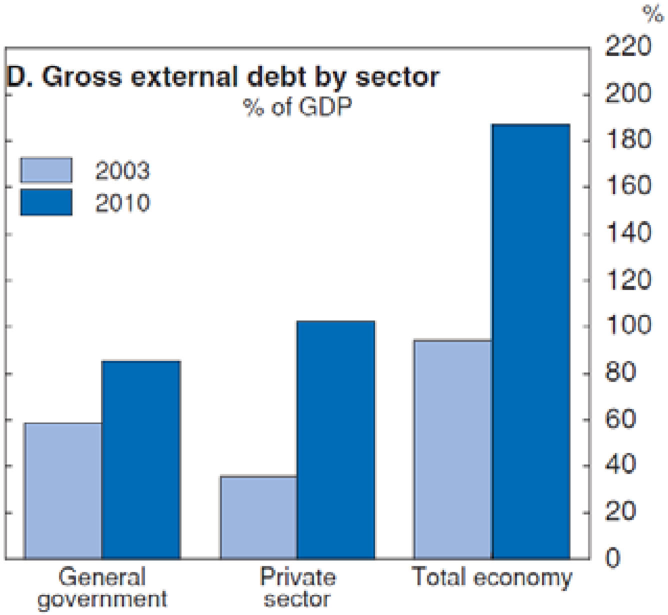
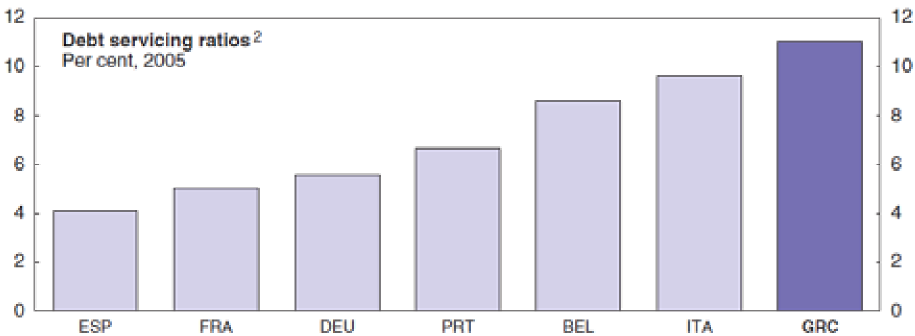


Figure 20: Debt servicing ratios: Net Interest Payments as a Percentage of Current Receipts (Excluding Interest Receipts), 2005 [157]

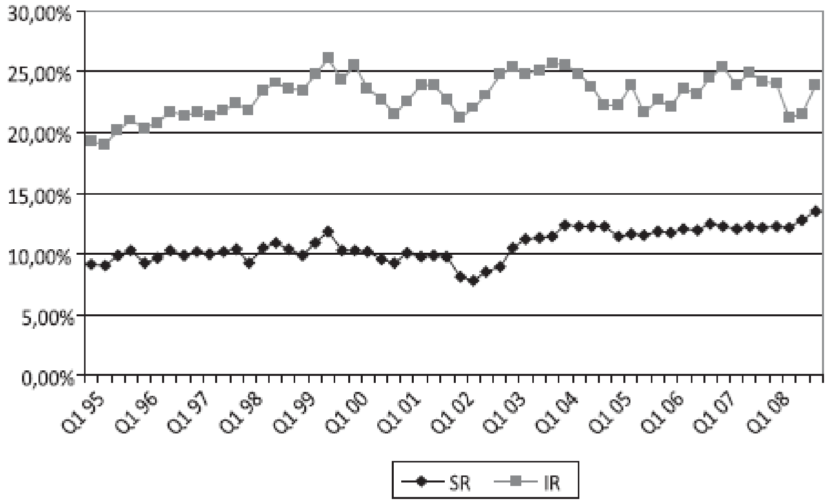


156 OECD Economic Surveys: Greece, August 2011, p. 32
157 OECD Economic Surveys: Greece, May 2007, p. 45

This was true for the entire period of the so-called "boom" of the Greek economy during which the country had to pay an enormous share of its annual production as interest to mostly foreign imperialist creditors – more than any other European state. The Greek Marxist academic Thanasis Maniatis writes: "*Greece is above the European average in all of them since it pays a significant amount (almost double that of the European average) of its product (6.9 per cent of GDP) to its (mostly foreign) creditors in the form of interest. It is interesting to note that interest payments were almost equal to the budget deficits for the entire period meaning that the primary budget was in balance on average all those years.*" [158]

In general, the "Greek model" of capital accumulation could only work by means of a never-ending increase in its external debt, because domestic saving was continuously below the level of investment. (See Figure 21) [159]

Figure 21: Saving and Investment Rate in Greece 1995 (Q1) to 2008 (Q4) [160]



158 Thanasis Maniatis: The fiscal crisis in Greece. Whose fault? in: Stavros Mavroudeas (Editor): Greek Capitalism in Crisis. Marxist Analysis, Routledge, News York 2015, p. 37

159 "*[S]ince domestic net saving was not enough to carry a minimum level of new investments, the Greek economy was dependent on foreign capitals to an extent that was unique within the Eurozone*." (George Economakis, George Androulakis and Maria Markaki: Profitability and crisis in the Greek economy (1960–2012) An investigation, in: Stavros Mavroudeas (Editor): Greek Capitalism in Crisis. Marxist Analysis, Routledge, News York 2015, p. 131)

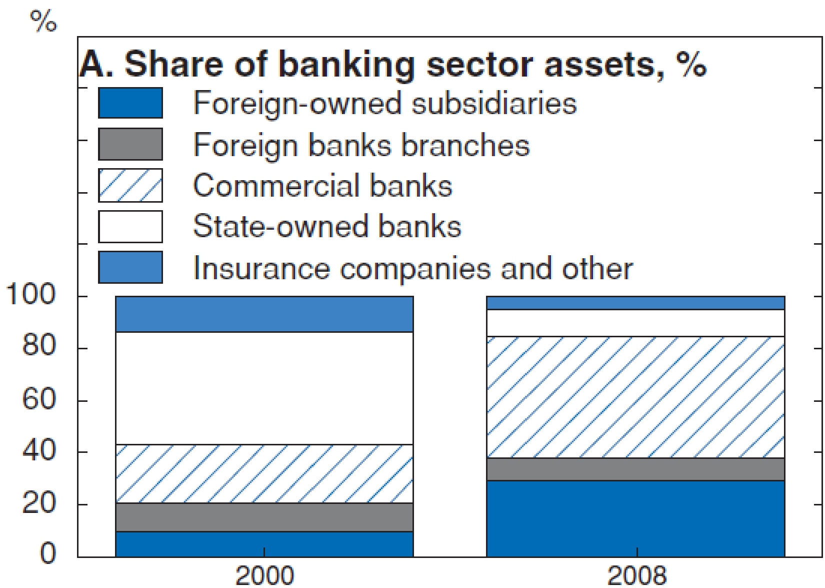
160 Evangelia Kasimati: The Macroeconomic Relationship Between Investment and Saving in Greece, in: Stella Balfoussias, Panos Hatzipanayotou, Costas Kanellopoulos (Editors): Essays in Economics. Applied Studies on the Greek Economy, Centre of Planning and Economic Research, Athens 2011, p. 92

Naturally, as a result of its model of capitalist accumulation, Greece's debt could not fail to continuously rise. In 1991 Greece's public debt was one of the highest in Europe, 70.4% of GDP. In 2001 only Belgium and Italy had higher debts than Greece (100.1%) and since 2007 the latter has surpassed all other European countries. [161]

At the same time, foreign capital became more and more dominant in Greece's economy. Foreign investment is seldom intended to build new enterprises (called new "Greenfield" investments by bourgeois economists) but rather consisted almost exclusively of mergers and acquisitions of existing Greek firms. Furthermore it is almost entirely directed to non-export industries, such as banks, cement companies and services. [162]

In a few years, from 2000 to 2008, foreign monopolies doubled their share in the banking sector from 20% to 40% (see Figure 22). Other sources claim that foreign ownership of major Greek bank stocks increased to close to 50% in 2007. [163]

Figure 22: Share of Banking Sector Assets, 2000 and 2008 (in%) [164]



161 European Commission: European Economic Forecast Spring 2015, Statistical Annex of European Economy, in: EUROPEAN ECONOMY 2|2015, p. 164

162 See Jeffrey B. Nugent and Constantine Glezakos: To What Extent Does Greece Underperform in its Efforts to Attract FDI Relative to Its Regional Competitors and Why? in: Stella Balfoussias, Panos Hatzipanayotou, Costas Kanellopoulos (Editors): Essays in Economics. Applied Studies on the Greek Economy, Centre of Planning and Economic Research, Athens 2011, p. 607

163 Arapoglou: The Future of Greek Banks, p. 11

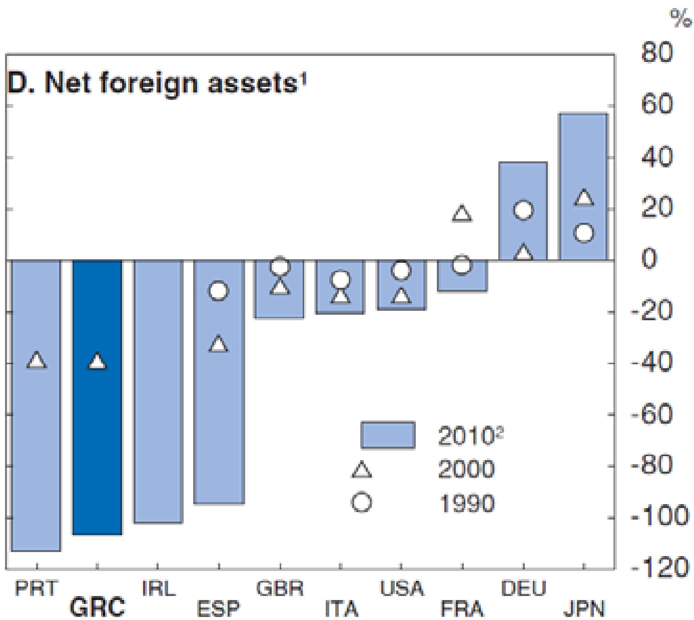
164 OECD Economic Surveys: Greece, August 2011, p. 58

In other words, while Greek banks increasingly engaged in foreign activities, they themselves became less and less "Greek" because foreign monopolies bought an ever-increasing share of their stocks.

Similarly, foreign monopolies are responsible for 27% of employment in corporations with more than 250 employees, 33% of total corporate income tax paid, and the vast majority of corporate profitability. In 2009 foreign-controlled companies accounted for 86% (!) of the net profits of large corporations (more than 250 employees). Again, this share has surely increased dramatically since then. This reflects that Greek capital – outside of the backward, small bourgeoisie – is totally dominated by foreign monopoly capital. [165]

Viewing phenomena in their totality means that we have to compare Greece's increasing foreign investments with the increasing foreign investments in Greece, as well as the country's growing external debt. If examine the following Figure 23 we can see that Greece's net foreign assets (i.e., its total assets minus total liabilities) have always been negative and this trend has dramatically been exacerbated since 2000, placing the country in the worst position from this perspective, with the exception of Portugal, among the western capitalist economies.

Figure 23: Greece's and other OECD's Net Foreign Assets [166]



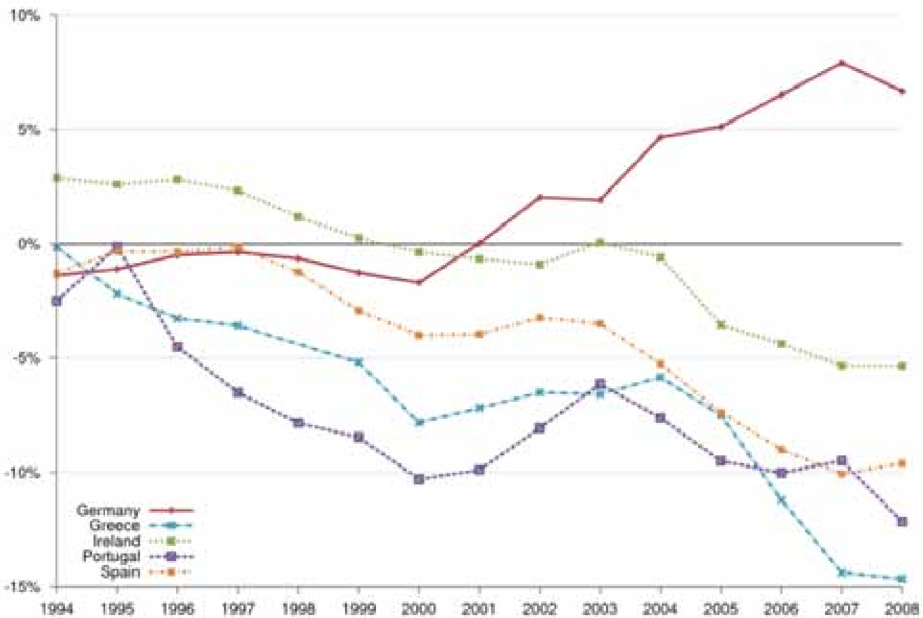
165 Boston Consulting Group: Hellas ,20:20 Supporting investment in the Greek economy–a foreign investor perspective, October 2011, p. 3, 10 and 11

166 OECD Economic Surveys: Greece, August 2011, p. 25. (1) Net foreign assets: Total assets minus total liabilities.

Since the OECD figure reproduced here is for the year 2010, we can easily assume that this situation has subsequently worsened during the last five years given the dramatic slump of the Greek economy. While we do not have figures which can be accurately compared to these from the OECD, we do know that, according to Statistics Department of the Bank of Greece, Greece's long-term Gross External Debt stood in July 2015 at €226.8 billion for loans and another €36.1 billion for debt securities.

Another reflection of this development is the rapid growth of Greece's current account deficit. By the end of the first decade of the 21st century, this already reached nearly 15% of GDP, worse than that of Ireland, Portugal or Spain (see Figure 24).

Figure 24: Current Account Balance (in % GDP) [167]



167 C. Lapavitsas, A. Kaltenbrunner, D. Lindo, J. Michell, J.P. Painceira, E. Pires, J. Powell, A. Stenfors, N. Teles: Eurozone Crisis: Beggar Thyself and Thy Neighbour, Research on Money and Finance, March 2010, p. 27

Finally, it is important to judge the development of a country historically. Greece has always been a dependent, semi-colonial country, albeit with specific features which somewhat ameliorated the overall picture (i.e., the Greek shipowners). In the 1990s and first decade of the 2000s, Greece made headway in transforming itself into a minor imperialist power by exporting capital to some southern Balkan countries and by absorbing huge numbers of migrants. However, Greece's dependence on the imperialist monopolies *also* increased during the same period. Furthermore, the global capitalist crisis since 2008 provides an historical benchmark to evaluate the class character of Greece as a whole. Such historic comparisons are always crucial in discerning potential changes in the class character of a country.

Developments of Greece during the past 7 years have demonstrated beyond a shadow of a doubt that the country has not been strong enough to withstand its complete subjugation by the EU. Greece has been forced to open up its economy, and now even parts of its territory (several islands), to wholesale purchase by foreign investors. Greece has even been formally robbed by the EU troika of its sovereign rights to make its own political and economic decisions.

In short, any imperialist advances made by Greece during the 1990s and up to 2009 were far too little and much too late.

Finally, we should add that the physiognomy of Greece's economy has always been strongly oriented to the needs of the imperialist monopolies, as is illustrated by its focus on commerce, tourism, etc. Likewise, the Greek state apparatus has always been a willing instrument for the plans of the Great Powers as was seen when Venizelos sent his army against Soviet Russia and Turkey, or when Greek troops served Britain in Greece's civil war (1946–49), and later NATO in the Cold War against the USSR.

Nicos Mouzelis has quite rightly stated: *"And of course, one can argue in a similar way if one looks at dependence / dominance relations between Greece and more advanced capitalist countries. As Furtado has pointed out, exploitation and dominance of metropolitan over peripheral countries does not only or necessarily imply greedy foreign corporations taking out of the country more than they put into it, or a local comprador bourgeoisie receiving orders direct from London or New York. The fact, for instance, that Greece has adopted types of technology and consumption that are more appropriate to the developmental requirements of advanced industrial societies, implies a dependence and "disarticulation" of the Greek economy that cannot be overcome by just being "tough" with corporations and other specific interest groups."* [168]

If we recall the categories of imperialist oppression and super-exploitation which we outlined in the first chapter, we can state the following: The Greek bourgeoisie acts like a minor "imperialist" exploiter and national oppressor towards some southern Balkan countries like Macedonia, Albania etc. as well as domestically with its migrants. As a result it does manage to extract some

168 Nicos Mouzelis: The Relevance of the Concept of Class to the Study of Modern Greek Society, in: Annals of the New York Academy of Sciences Vol. 268 (February 1976), p. 401

extra-profits via capital export beyond its borders as well as via value transfer from the exploitation of migrants. At the same time Greece is super-exploited and politically oppressed by the imperialist monopolies and Great Powers. Historically, the most significant expressions of imperialist super-exploitation of Greece have been the extra-profits derived from imperialist loans (i.e. money capital) to it, in addition to the transfer of value via the super-exploitation of many Greek migrants in Western Europe, the US and Australia. With the increasing foreign direct investment in Greece, imperialist super-exploitation also took the form of extra-profits via capital export (i.e. productive capital).

There can be no doubt that the gains which Greek capitalism achieves from its super-exploitation of some southern Balkan countries and the migrants residing within its borders are much smaller and less significant than the huge amount of extra-profits which the imperialists gain from their super-exploitation of Greece. To make an analogy, Greece is like a small peasant who exploits a farm servant and a maid, but who is much more exploited by the banks to which he has to pay most of his income throughout his life.

Hence, we repeat that, in its essence, Greece is an advanced semi-colonial country dominated by and dependent of foreign imperialist monopoly capital.

As we will discuss in Chapter V, these different forms of oppression have important consequences for the revolutionary program in Greece. Clearly Marxists have to fight against the oppression of Balkan countries and the resident migrants by Greek capitalist while, at the same time, defending the country against the imperialist monopolies.

III.5 Excurse: Nicos Poulantzas' Analysis of the Greek Bourgeoisie as Justification of the Popular Front Strategy

Both sectors of Greek reformism – the pro-EU SYRIZA as well as the "anti-EU"-KKE – follow the classic Menshevik strategy of the popular front. This strategy is based on the notion that the working class should form an alliance with a sector of the bourgeoisie for an extended period. This alliance can even take the form of a joint government, as happened in Russia between March and October 1917, during the years 1936-39 in both Spain and France, and yet again in France in 1981. Not being limited to individual actions but instead involving the implementation of a joint program, such a political alliance inevitably implies the subordination of the working class to the bourgeoisie. If this were not the case, no faction of the bourgeoisie would be prepared to join such an alliance.

The KKE has historically demonstrated this in their alliance with Greek monarchists and British imperialism in the period of 1941-46, as well as their coalition governments with ND and PASOK in 1989–90. SYRIZA, despite being more left-wing while in the opposition, proved to be similar arch-opportunists when they twice formed a coalition government with the right-wing racist ANEL party: in January 2015 as well as in September of this year. Despite their traditional anti-Memorandum demagogy, this SYRIZA-ANEL popular front capitulated to EU imperialism and is currently implementing the Third Memorandum which is the worst austerity and privatization program Greece has ever seen.

These examples are ample verification of the Trotskyists' warning about the danger of the *popular front* strategy. Trotsky emphasized that the working class must struggle *independently* of the bourgeoisie (without excluding specific joint actions with sectors of the petty-bourgeoisie or even, in a semi-colonial country, the bourgeoisie itself against imperialism and its lackeys). Instead of the popular front, Marxists argue for the formation of a *united front* of mass working class and oppressed organizations to mobilize actions against imperialism and the bourgeoisie. Such a strategy calls for sharply criticizing reformist forces with which the united front tactic is adopted whenever the reformists betray the class struggle.

Leon Trotsky characterized the question of the popular (people's) front as "*the main question of proletarian class strategy*":

"*The question of questions at present is the People's Front. The left centrists seek to present this question as a tactical or even as a technical maneuver, so as to be able to peddle their wares in the shadow of the People's Front. In reality, the People's Front is <u>the main question of proletarian class strategy</u> for this epoch. It also offers the best criterion for the difference between Bolshevism and Menshevism. For it is often forgotten that the greatest historical example of the People's Front is the February 1917 revolution. From February to October, the Mensheviks and Social Revolutionaries, who* *represent a very good parallel to the 'Communists' and Social Democrats, were in the closest alliance and in a permanent coalition with the bourgeois party of the Cadets, together with whom they formed a series of coalition governments. Under the sign of this People's Front stood the whole mass of the people, including the workers', peasants', and soldiers' councils. To be sure, the Bolsheviks participated in the councils. But they did not make the slightest concession to the People's Front. Their demand was to break this People's Front, to destroy the alliance with the Cadets, and to create a genuine workers' and peasants' government. All the People's Fronts in Europe are only a pale copy and often a caricature of the Russian People's Front of 1917, which could after all lay claim to a much greater justification for its existence, for it was still a question of the struggle against czarism and the remnants of feudalism."* [169]

The basis of the popular front strategy is the delusion that there exist fundamental, antagonistic contradictions within the ruling class, i.e. between different factions of the bourgeoisie, which would allow the working class to create an alliance with one of these factions without subordinating its own class interests. One of the modern influential theoretician, both in Greece as well as internationally, has been the late Nicos Poulantzas. He was Greek but later moved to France where he lectured at a university in Paris. He was close to the *Structuralist School* of Louis Althusser. Poulantzas was close to the so-called Eurocommunist current – a version of Stalinist reformism which distanced itself from Moscow and the worst manifestations of bureaucratic dictatorship. The Greek *KKE Interior*, which split from the KKE in 1968, stood in this tradition as did the Italian PCI and the Spanish PCE. The *KKE Interior*, by the way, is an important organizational and ideological forerunner of SYRIZA. [170]

At this juncture, we will not deal with the methodological failures of the Althusser School. It wrongly claims to have developed a method of scientific Marxism which can only be taken valid if one images Marxism without dialectics and without materialism.

Rather here we want to focus on Poulantzas' conception of the Greek bourgeoisie. In his book *The Crisis of the Dictatorships: Portugal, Greece, Spain*, published in 1976, he elaborated an analysis of the capitalist class in Greece which served as a justification for the popular front strategy.

"Within the European arena, Portugal, Greece and Spain in fact exhibit, if in different degrees, characteristic type of dependence in relation to the imperialist metropolises, and to the United States as their dominant centre. (…)This specific form of dependence, which is a function of the particular history of these countries, has two aspects to it: on the one hand, the aspect of an old-established primitive accumulation of capital, deriving in the Portuguese and Spanish cases from the exploitation of their colonies, and in the Greek case from exploitation of the Eastern Mediterranean, which distinguishes these

169 Leon Trotsky: The Dutch Section and the International (15-16 July 1936), in Writings of Leon Trotsky (1935-36), p. 370 (emphasis in original)

170 Synapsimos, the predecessor of SYRIZA, was originally formed in 1988 as an alliance by the KKE and the EAR (Greek Left), the latter was a split from the *KKE Interior*. In 1991 KKE split from Synapsimos.

countries from the particular type of dependence of other dominated countries; on the other hand, the blockage, due to several reasons, of an endogenous accumulation of capital at the right time, which puts them right alongside other countries dependent on the imperialist metropolises in the present phase of imperialism;" [171]

Here we already discern a problem in the starting point of Poulantzas' analysis since at that time he confuses a dependent, semi-colonial country like Greece with an imperialist state like Spain (albeit one weaker than Germany or France) as well as Portugal.

However, the confusion deepens when Poulantzas attempts to artificially divide the Greek bourgeoisie in two different sectors – the "domestic" and the "comprador" bourgeoisie. While he identifies the latter as the classic shipping and financial bourgeoisie which is highly dependent on foreign capital and the Great Powers, he also claims that there is a domestic bourgeoisie focused on the industrial sector.

"[T]hey [the domestic bourgeoisie, Ed.] are distinguished from the comprador bourgeoisie, which is still very important in these countries. This comprador bourgeoisie (sometimes referred to as the 'oligarchy') can be defined as that fraction whose interests are entirely subordinated to those of foreign capital, and which functions as a kind of staging-post and direct intermediary for the implantation and reproduction of foreign capital in the countries concerned. The activity of this comprador bourgeoisie often assumes a speculative character, being concentrated in the financial, banking and commercial sectors, but it can also be found in the industrial sector, in those branches wholly dependent on and subordinated to foreign capital. In Greece, a typical case is that of shipping (Onassis, Niarchos, etc.), and capital invested in marine construction, petrol refineries, etc. (…) The domestic bourgeoisie on the other hand, although dependent on foreign capital, also has significant contradictions with it. This is principally because it is cheated in its share of the cake, as far as the exploitation of the masses is concerned; the lion's share of the surplus-value goes to foreign capital and its agents the comprador bourgeoisie, at the domestic bourgeoisie's expense. There is also the fact that since the domestic bourgeoisie is concentrated chiefly in the industrial sector, it is interested in an industrial development less polarized towards the exploitation of the country by foreign capital, and in a state intervention which would guarantee it its protected markets at home, while also making it more competitive vis-a-vis foreign capital. It seeks an extension and development of the home market by a certain increase in the purchasing power and consumption of the masses, which would supply it with a greater market outlet, and also seeks state aid to help it develop its exports." [172]

This separation is completely artificial, as the capitalists investing in local industry are also dependent on foreign capital. We have shown how strong the position of foreign capitalists is in Greece. Naturally, Greek capitalists, often acting as minority shareholders or as subcontractor for multinationals,

171 Nicos Poulantzas: The Crisis of the Dictatorships: Portugal, Greece, Spain, New Left Books, London 1976, pp. 10-11

172 Nicos Poulantzas: The Crisis of the Dictatorships, pp. 42-43

are extremely dependent on foreign capital. They are similarly so when they are forced to take loans from foreign-owned banks. Furthermore, as we have mentioned before, some industrial investment has also been made by Greek shipowners. In short, the various sections of the Greek bourgeoisie (as is true in all capitalist countries) are strongly interconnected with each other. And in the case of Greece they are all dependent on foreign capital and the Great Powers.

Poulantzas himself comes close to involuntarily acknowledging this. He has to admit that sectors of the "domestic" bourgeoisie are also part of Greece's monopoly capital: "*The domestic bourgeoisie does not fall entirely on one side of the divide between monopoly and non-monopoly capital.*" Furthermore "*the domestic bourgeoisie is itself still relatively dependent on foreign capital.*" Consequently comes up with the odd assertion that his thesis cannot be proven by facts: "*The distinction between comprador and domestic bourgeoisie, while being based on the new structure of dependence, is not a statistical and empirical distinction, fixed rigidly once and for all. It is rather a tendential differentiation, the concrete configuration it takes depending to a certain extent on the conjuncture.*" [173]

At one point Poulantzas was even forced to admit that the entire bourgeoisie including the domestic bourgeoisie and non-monopoly capital supported the military dictatorship: "*We must remind ourselves here that these military dictatorships were not exclusively the representatives of the big comprador bourgeoisie, the oligarchy (big comprador bourgeoisie / landowners) or even, as far as the bourgeoisie is concerned, of monopoly capital alone. Under the hegemony of the big comprador bourgeoisie (in Greece) or the oligarchy in general (in Spain and Portugal), the bourgeoisie as a whole, including the domestic bourgeoisie and non-monopoly capital (not the same thing), continued to form part of the power bloc.*"

Thus, Nicos Mouzelis is absolutely correct when he criticizes Poulantzas for the latter's artificial distinction between the different factions of the bourgeoisie and concludes that Poulantzas "*fails to provide any convincing empirical account of the existence of the two fractions at all.*" [174]

In passing we note that Poulantzas developed his artificial distinction even

173 Nicos Poulantzas: The Crisis of the Dictatorships, pp. 44-45. See also Nicos Poulantzas: The Crisis of the Dictatorships, p. 104

174 "*[A]ccording to Poulantzas, the basic dimension for understanding both the rise and fall of the Greek dictatorship is the conflict between what he calls the 'interior' bourgeoisie (a more liberal fraction of indigenous capital which collaborates with European monopolies) and the more traditional, commercially orientated, 'comprador' bourgeoisie (which is much more dependent on American capital). However, despite the fact that this intra-bourgeois conflict is the foundation of Poulantzas's book, he provides no real evidence for any such conflict either before or after 1967—indeed he fails to provide any convincing empirical account of the existence of the two fractions at all. In fact, not only is there no serious evidence that these two fractions existed, considered their interests as opposed and were fighting each other; but even from the point of view of the objective class situation, there is no reason to believe that such interests would have diverged significantly anyway. Given the close collaboration of autochthonous and foreign capital, and given the fact that foreign capital was mainly directed by the Greek banking and investment institutions into areas where Greek commercial capital was unwilling or unable to go, it seems obvious that such interests were more complementary than antagonistic.*" (Nicos Mouzelis: Capitalism and Dictatorship in Post-War Greece, in: New Left Review Vol. I, No.96 (March-April 1976), pp. 78-79)

further and created an antagonism between Western Europe and the US, not as an inter-imperialist rivalry but rather as a progressive rebellion of Europe against its dependency of Washington. As a consequence, Eurocommunism à la Poulantzas became a social-imperialist adviser to the imperialist EU (or EEC as it was called at that time) against US imperialism!

In order to retain his schema, Poulantzas posits that it was the domestic bourgeoisie – even the monopoly sector of the domestic bourgeoisie – which actively drove forward the process of overthrowing the military dictatorship in Greece in 1974. However, in fact it was the resistance of the working class and the youth – most famously expressed in the heroic *Athens Polytechnic uprising* in November 1973 – which showed the ruling class that the dictatorship had reached a dead end. Often, if the popular struggle against a military regime becomes too strong, the ruling class is willing to dump the junta and accept a bourgeois parliamentarian system in order to channel and pacify the working class. Therefore, it is the role of socialists to orient the resistance struggles of the working class, organizing them against dictatorships in as resolutely independent and uncompromising a fashion as possible. Only if the workers and youth topple the ruling junta, only then will the bourgeoisie – both "domestic" and "comprador" – consider a process of "democratization." The classic reformist strategy of winning the sympathy of a section of the ruling class (the "domestic" bourgeoisie) by limiting the working class struggle and its demands will certainly *not* divide the ruling class.

Unfortunately, this is what Poulantzas and his admirers were hoping for: creating an alliance between the domestic bourgeoisies and the popular masses against the comprador bourgeoisie:

"*On top of this, the domestic bourgeoisies sought to win the support of the popular masses and the working class in their own struggle against either a comprador-agrarian bloc (Portugal and Spain) or simply against the comprador bourgeoisie (Greece). For the sake of this, they were ready to pay the price of democratization, particularly as this democratization also met their own aspirations, as the only way to readjust the balance of forces within the power bloc to their relative advantage. It is true that the domestic bourgeoisie only gradually came round to these positions, following the successive defeats of various attempts at normalization that would have permitted it to have the advantages of ending the dictatorship without the associated risks : the increased possibilities for popular struggle in the democratic regimes.*" [175]

For Poulantzas, this bloc must not simply overthrow the dictatorship but rather also participate in the building of a new bourgeois democratic system: "*What we do have in the countries under consideration here, though, is a highly significant phenomenon that bears precisely on these countries' peculiarities, and basically therefore on the dictatorial form of regime which they have experienced : a genuine tactical alliance between broad sectors of the domestic bourgeoisie and the popular forces on a precise and limited objective, i.e. the overthrow of the military*

175 Nicos Poulantzas: The Crisis of the Dictatorships, p. 56

dictatorships and their replacement by 'democratic' regimes. We should also remember the other element peculiar to these countries, that it is precisely the monopoly sectors of the domestic bourgeoisie that have been the spearhead of its progressive opposition to these regimes, only drawing after them the non-monopoly sectors." [176]

Unfortunately, the Stalinists in Greece, Spain and Portugal followed exactly such a strategy. As a result, the revolutionary situations which arose in the period of the collapse of the military dictatorships in the mid-1970s were not taken advantage of and the working class was ultimately pacified. These defeats were decisive since they stabilized capitalist rule for the next several decades while weakening the working class so that it was unable to stop the bourgeoisie when the latter launched its neoliberal austerity attacks only a few years later (beginning in the early 1980s).

176 Nicos Poulantzas: The Crisis of the Dictatorships, p. 58