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Greece: A Modern Semi-Colony (Part 1)

by Michael Pröbsting

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Greece: A Modern Semi-Colony (Part 1)

The Contradictory Development of Greek Capitalism, Its Failed Attempts to Become a Minor Imperialist Power, and Its Present Situation as an Advanced Semi-Colonial Country with Some Specific Features

By Michael Pröbsting, Revolutionary Communist International Tendency (RCIT), November 2015

Introduction

The question of the class character of Greece is of crucial importance both for the domestic as well as for the international workers movement: Is it an imperialist state, a semi-colonial country or something else, and what are its specific features?

The importance of this question arises from the intensity of the class struggle in Greece during the recent years. It is hardly an exaggeration to say that what the Arab Revolution has been for the world in the past few years, Greece has been for Europe. While the former has been the region of the world with the most advanced class struggle since 2010, Greece has played this same role for the European class struggle.

The Greek workers' movement and left are divided on the issue of the country's class character. Some argue that Greece is a minor imperialist power while others argue that it is a dependent or semi-colonial country. There are also some who characterize Greece as a sub-imperialist state.

Such an analysis is often used to justify certain tactics. Various reformists and centrists, who consider Greece as dependent, use the country's backwardness as an excuse for their opportunism with regard to Greek nationalism and their adaptation to the Greek bourgeoisie. Others, who consider Greece as an imperialist or a sub-imperialist state, use their analysis to justify sectarian tactics.

The RCIT has elaborated the analysis that Greece is an advanced semi-colonial country with some specific features.¹ We endorse the historical characterization of Greece by the Trotskyist Fourth International which stated in 1945: *"Greece is undoubtedly among the most backward and poorest countries of Europe. For over a century it has been condemned to the status of a semi-colony of the major European Powers."*²

It retained such a dependent position in the decades after World War II. We recognize that Greek capital has made serious attempts to become a minor imperialist power during the 1990s and 2000s. However, in the end it failed to overcome its backward character and remains a dependent country subordinate to the European imperialist powers.

Hence, we support the slogan for Greece's exit from the EU and the Eurozone and combine this with a transitional program for socialist revolution. The European workers' movement must mobilize against the colonialization of Greece by the EU-Troika and support the Greek resistance.

At the same time revolutionaries should oppose Greek chauvinism in all its various forms. This includes the need to support the rights of Greece's migrants and national minorities as well as to oppose the expansion of Greek capital into the Balkan countries.³

The following study will present a more detailed analysis of the contradictory development of Greek capitalism, its failed attempts to become a minor imperialist power and its present situation as an advanced semi-colonial country with some specific features. Finally, we will discuss the most important programmatic conclusions of this analysis.

We hope that the present publication will provide a useful contribution to the discussion among revolutionaries in Greece in order to clarify the class character of Greece and the consequent tasks. We await feedback and criticism from our Greek comrades in arms.

Finally, we wish to express our special thanks to comrade Gerard Stephens who performed the English-language editing for this book.

I. Some Theoretical Considerations

Before we present a concrete analysis of Greek capitalism and discuss its specific class character, we need to begin with a summary of the theoretical approach of Marxists on this issue: What is the respective definition of an imperialist vs. a semi-colonial state? Our methodological understanding of imperialism is based on Lenin's theory, which became the basis for revolutionary Marxism from the early 20th century.⁴

I.1 What are the Respective Characteristics of an Imperialist vs. a Semi-Colonial State?

Lenin described the essential characteristic of imperialism as the formation of monopolies which dominate the economy. Related to this, he pointed out the fusion of banking and industrial capital into financial capital, the increase in capital export alongside the export of commodities, and the struggle for spheres of influence, specifically colonies.⁵

The formation of monopolies and great powers increasingly led to the division of the entire world into different spheres of influence among the rival imperialist states and the subjugation of most countries under these few great powers. From this follows an essential feature of Lenin's (and Trotsky's) analysis of imperialism: the characterization of the connection between the imperialist nations and the huge majority of people living in the capitalistically less developed countries as a *relationship of oppression*. In fact Lenin, and following him, Trotsky too, came to the conclusion that this division of the world's nations into oppressor and oppressed nations is one of the most important characteristics of the imperialist epoch:

*„Imperialism means the progressively mounting oppression of the nations of the world by a handful of Great Powers (...) That is why the focal point in the Social-Democratic programme must be that division of nations into oppressor and oppressed which forms the essence of imperialism, and is deceitfully evaded by the social-chauvinists and Kautsky. This division is not significant from the angle of bourgeois pacifism or the philistine Utopia of peaceful competition among independent nations under capitalism, but it is most significant from the angle of the revolutionary struggle against imperialism.“*⁶

From this, Lenin concluded that the division between oppressed and oppressor nations must constitute a central feature of the Marxist program:

*“The programme of Social-Democracy (this is how the Marxists called themselves at that time, Ed.), as a counter-balance to this petty-bourgeois, opportunist utopia, must postulate the division of nations into oppressor and oppressed as basic, significant and inevitable under imperialism.”*⁷

The relationship between states has to be seen in the totality of its economic, political, and military features – *“the entire totality of the manifold relations of this thing to others”* (Lenin).⁸ Thus, a given state must be viewed not only as a separate unit, but first and foremost *in its relation to other states and nations*. Similarly, by the way, classes can

only be understood in relation to one other. An imperialist state usually enters a relationship with other states and nations whom it oppresses, in one way or another, and super-exploits – i.e., appropriates a share of its produced capitalist value. Again this has to be viewed in its totality, i.e., if a state gains certain profits from foreign investment but has to pay much more (debt service, profit repatriation, etc.) to other countries' foreign investment, loans etc., this state can usually not be considered as imperialist.

The economic basis of the relationship between imperialist and semi-colonial states is what Lenin called the *super-exploitation* of these oppressed nations by the imperialist monopolies. Because of this super-exploitation, monopoly capital can acquire – in addition to the average profit rate – an extra profit. These extra-profits are important additions to the profits which monopoly capital already extracts from the workers in the rich countries. They are, by the way, an essential source to bribe the upper, aristocratic sectors of the working class and in particular the labour bureaucracy in the imperialist countries and this helps to strengthen the rule of monopoly capital.

In our book, *The Great Robbery of the South*, we have elaborated basically four different forms of super-exploitation by which monopoly capital obtains extra profits from colonial and semi-colonial countries:⁹

- i) Capital export as productive investment
- ii) Capital export as money capital (loans, currency reserves, speculation, etc.)
- iii) Value transfer via unequal exchange
- iv) Value transfer via migration (based on the super-exploitation of migrants, a nationally oppressed layer of the working class)

Finally we want to stress the need to consider the totality of a state's economic, political, and military position in the global hierarchy of states. Thus, we can consider a given state as imperialist even if it is economically weaker, but still possesses a relatively strong political and military position (like Russia before 1917 and, again, in the early 2000s). Such a strong political and military position can be used to oppress other countries and nations and to appropriate capitalist value from them.

Naturally, it is not sufficient to divide countries into categories of imperialist or semi-colonial states. There are of course many different shades. This already begins with differences among Great Powers. There are Great Powers like the strongest one, the US, but also others which were economically strong but militarily much weaker in recent decades (like Japan or Germany). Then we have to differentiate between Great Powers and smaller imperialist states (like Australia, Belgium, Switzerland, the Netherlands, Austria, the Scandinavian countries, etc.). Obviously they are not the equals of the Great Powers, but rather are subordinated to them. These smaller imperialist states are politically and militarily dependent on one or several Great Powers in order to participate in the global imperialist order. Hence, they ensure their privileged

position by entering economic, political, and military alliances with the Great Powers like the EU, OECD, IMF, World Bank, WTO, NATO, and various “partnerships.” However, these smaller imperialist states are not super-exploited by the Great Powers but rather participate in the super-exploitation of the semi-colonial world by appropriating a significant amount of value from semi-colonies.

In short, we define an imperialist state as follows: *An imperialist state is a capitalist state whose monopolies and state apparatus have a position in the world order where they first and foremost dominate other states and nations. As a result they gain extra-profits and other economic, political and/or military advantages from such a relationship based on super-exploitation and oppression.*¹⁰

Likewise, one also has to differentiate between different types of semi-colonies. Obviously there are huge differences today between Peru and Argentina or Brazil, Congo and Egypt, Pakistan and Turkey, Nepal and Thailand, Kazakhstan and Poland. Some countries are more industrialized than others, some have achieved a certain political latitude and others not. Hence, we can differentiate between *advanced or industrialized semi-colonies* like for example Argentina, Brazil, Egypt, Turkey, Greece, Iran, Poland or Thailand on the one hand and *poorer or semi-industrialized semi-colonies* like Bolivia, Peru, the Sub-Saharan African countries (except South Africa), Pakistan, Afghanistan, Indonesia etc.

Nevertheless, it is important to bear in mind that these different types of semi-colonies have much more in common than what differentiates between them, as Trotsky has already pointed out:

*“Colonial and semi-colonial – and therefore backward – countries, which embrace by far the greater part of mankind, differ extraordinarily from one another in their degree of backwardness, representing an historical ladder reaching from nomadry, and even cannibalism, up to the most modern industrial culture. The combination of extremes in one degree or another characterizes all of the backward countries. However, the hierarchy of backwardness, if one may employ such an expression, is determined by the specific weight of the elements of barbarism and culture in the life of each colonial country. Equatorial Africa lags far behind Algeria, Paraguay behind Mexico, Abyssinia behind India or China. With their common economic dependence upon the imperialist metropolis, their political dependence bears in some instances the character of open colonial slavery (India, Equatorial Africa), while in others it is concealed by the fiction of State independence (China, Latin America).”*¹¹

To summarize our definition of semi-colonies we propose the following formula: *A semi-colonial country is a capitalist state whose economy and state apparatus have a position in the world order where they first and foremost are dominated by other states and nations. As a result they create extra-profits and give other economic, political and/or military advantages to the imperialist monopolies and states through their relationship based on super-exploitation and oppression.*

I.2 Is a Transition from Being One Type of State to Another Possible?

The analysis and division of countries into different types must not be understood in a dogmatic, mechanistic way, but rather in a Marxist, i.e. dialectical, way. Lenin already pointed out that definitions are not abstract dogmas but have to be understood as elastic categories: *“...without forgetting the conditional and relative value of all definitions in general, which can never embrace all the concatenations of a phenomenon in its full development...”*¹²

Hence, it would be wrong to imagine the Great Wall of China Wall separating the two categories, imperialist and semi-colonial states. As we have argued on other occasions there have been several examples where, under exceptional circumstances, a dependent state was able to become an imperialist country as well as the other way round. The central reason for this is the law of uneven and combined development which explains the different tempos of development of productive forces in different nations and their interaction which again results in instability, clashes, wars and transformations of existing political and social relations.¹³ It is therefore only logical that such developments can bring about the emergence and growth of new capitalist powers as well as the decline of old powers.¹⁴

Lenin himself has explicitly pointed out the possibility that backward, semi-colonial countries could transform their class character:

*“Capitalism is growing with the greatest rapidity in the colonies and in overseas countries. Among the latter, new imperialist powers are emerging (e.g., Japan).”*¹⁵

Indeed, as we have pointed out elsewhere, there have been various historical examples of such transformations. There is the example of Czechoslovakia which was a colony in the Habsburg Empire but became – after the implosion of the latter in 1918 – a minor imperialist power. Likewise, South Korea and Israel became imperialist states in the 1990s as did Russia and China in the early and late part of the first decade of the 2000s respectively.¹⁶ On the other hand, Portugal most likely lost its imperialist status during the last four decades following the loss of its colonies in 1974.

I.3 Is the Category of “Sub-Imperialism” Useful?

A number of progressive theoreticians support the conception of a “transitional” or “sub-imperialist” state as a third, additional category of countries in addition to colonial and semi-colonial countries. We have elaborated our criticism of the theory of sub-imperialism in *The Great Robbery of the South* and we will only summarize here briefly some conclusions.¹⁷

Naturally if states undergo a process of transformation from an imperialist to a semi-colonial country or the other way around, they are “in transition” and in this sense it can be useful to describe a temporary process of transformation. However, the supporters of the theory of sub-imperialism don’t understand this as a category to describe the transition process but rather see it as a separate, independent category. And here lies the fundamental problem.

Capitalism unites all nations in the world via economic

and political expansion and the formation of a world market. This process has taken place from the beginning of the capitalist mode of production and has tremendously accelerated in the epoch of imperialism. Under these conditions, no nation escapes the formation of ever closer economic and political ties with the dominant imperialist powers. Such close relations automatically create, modify, and reproduce mechanisms of exploitation and super-exploitation. In other words, under capitalism – and even more under imperialism – all nations are sucked into the process of super-exploitation. Either they are strong enough and become part of the oppressing nations, or they are pushed into the camp of the majority of humanity – the oppressed nations. There is no “third camp” in between.

Of course, there are significant differences in the development of the productive forces among the imperialist states as well as among the semi-colonial countries. This is only logical given the unequal dynamic of development between nations. Hence, it is indeed true that there are bigger and smaller imperialist countries which are unequal. However, the point is that the smaller are not

exploited by bigger imperialist powers. For example the USA and Canada are certainly not equal but also don't systematically exploit each other. The same is true for Germany and Austria or France and Belgium, Luxemburg or Switzerland. However they are all imperialist nations. Why? Because they have developed significant monopoly capital and financial capital which is used to systematically exploit and transfer value from the South, and they are part of an international imperialist order from which they profit and defend by various means. Likewise there are advanced semi-colonies which have a certain regional influence (e.g., Brazil, India, Greece) and others which have none; some are stronger and others are weaker. But as Marxist we must focus on the law of value and the transfer of value between countries and the political order associated with this. And here it is obvious that the industrialised semi-colonies are also dominated and super-exploited by the imperialist monopolies. For these reasons we reject the usefulness of the category of “*Sub-Imperialism*” as part of the Marxist analytical apparatus.

New Book!

Michael Pröbsting: Building the Revolutionary Party in Theory and Practice

Looking Back and Ahead after 25 Years of Organized Struggle for Bolshevism

The RCIT is proud to announce the publication of a book called *BUILDING THE REVOLUTIONARY PARTY IN THEORY AND PRACTICE*. The book's subtitle is: *Looking Back and Ahead after 25 Years of organized Struggle for Bolshevism*. The book is in English-language. It contains four chapters on 148 pages and includes 42 pictures. The author of the book is Michael Pröbsting who serves as the International Secretary of the RCIT.

The following paragraphs are the back cover text of the book which give an overview of its content.

A few months ago, our movement commemorated its 25th anniversary. In the summer of 1989 our predecessor organization, the League for a Revolutionary Communist International (LRCI) was founded as a democratic-centralist international tendency based on an elaborated program. The *Revolutionary Communist International Tendency* (RCIT) continues the revolutionary tradition of the LRCI. Below we give an overview of our history, an evaluation of its achievements as well as mistakes, and a summary of the lessons for the struggles ahead. This book summarizes our theoretical and practical experience of the past

25 years.

In Chapter I we outline a summary of the Bolshevik- Communists' theoretical conception of the role of the revolutionary party and its relation to the working class. In Chapter II we elaborate on the essential characteristics of revolutionary party respective of the pre-party organization. In Chapter III we deal with the history of our movement – the RCIT and its predecessor organization. Finally, in Chapter IV we outline the main lessons of our 25 years of organized struggle for building a Bolshevik party and their meaning for our future work.

You can find the contents and download the book for free at <http://www.thecommunists.net/theory/rcit-party-building/> ■

**Building the
Revolutionary Party
in Theory
and Practice**

*Looking Back and Ahead after
25 Years of organized Struggle for Bolshevism*



By Michael Pröbsting

Published by the Revolutionary Communist International Tendency

II. Brief Historical Overview of the Development of Greek Capitalism

It is beyond the scope of this essay to give a comprehensive analysis of the history of Greece since its independence from the Ottoman Empire in the early 19th century.¹⁸ Instead we will focus on the development of Greek capitalism so that we can elaborate its specific features.

II.1 The Emergence of the Greek Bourgeoisie under the Ottoman Empire and the Struggle for National Independence

Given the centuries-long occupation by the Ottoman Empire, the peoples of the Balkans began their national and modern development much later than most Western European countries. Among the Balkan peoples, Greece and Serbia were the first who took up the struggle for liberation against Ottoman rule in the early 19th century.

In this effort the Greeks had certain advantages which helped them to achieve independence earlier than most Balkan peoples. Trade in the Ottoman Empire, whose economy was characterized by what Marx called the *"Asiatic Mode of Production,"* became dominated by non-Muslim people.¹⁹ This process already started in the fifteenth and sixteenth centuries. Gradually the Greeks (and to a lesser extent, the Jews and the Armenians) managed to control most of the internal and external trade of the empire and provided many members of the Ottoman state administration and diplomatic corps. (These influential and wealthy Greek families became known as *"Phanariotes."*)²⁰

This development is reflected by the fact that, as late as 1912, out of 112 bankers and bank managers in the Ottoman Empire only one was a Muslim Turk. In industry, it has been estimated that only 15% of capital belonged to Turks. According to the Soviet scholar O. G. Indzhikyan, the ethnic composition in business was as follows (see Table 1).

Hence we saw *"the emergence in the course of the eighteenth century of an entrepreneurial, widely dispersed and preposterous mercantile class whose activities were as much based outside as within the Ottoman domains."*²² As a result Greek became the lingua franca of Balkan commerce. This mercantile bourgeoisie built communities in the Greek Diaspora in Cairo, Alexandria, and Istanbul as well as in major commercial centers of the Russian Empire, in Trieste,

Naples, Marseilles, Amsterdam, Antwerp, London, Liverpool and Paris. Over 80,000 Greek families, for example, resided in the Austro-Hungarian Empire.²³

The rise of the Greek merchants was assisted by the fact that, during the French revolutionary and Napoleonic Wars 1792-1815, the British and the French virtually destroyed each other's merchant marine in the Mediterranean. The Greek shipping traders stepped into the vacuum thus created and achieved a monopolistic position.

As a result, this Greek mercantile bourgeoisie played a leading role, together with intellectuals and professionals trained abroad, in awakening and spreading a national consciousness – combined with Western culture – among the Greek people. In 1814, Greek merchants in Odessa founded the secret revolutionary organization *Philike Hetairia* (Society of Friends). They also provided material support for the popular uprising against Ottoman domination which led to the Greek War of Independence from 1821 to 1829. It was this new merchant class which – together with the impoverished peasantry who were suffering from small land holdings²⁴ – was the decisive force in the national liberation struggle. The traditional Greek elite, i.e., the high clergy and the big landowners, had a greater stake in the status quo and hence were much more lukewarm vis-a-vis the revolution. The majority of them joined the struggle only after they realized that the nationalist movement was irreversible.²⁵

The Greek War of Independence evoked great enthusiasm and won the wholehearted support of revolutionists and liberals throughout Europe, for whom the English poet Lord Byron became a famous symbol. However, the European Great Powers had an ambivalent attitude to this popular uprising. On one hand they had an interest in weakening the Ottoman Empire as a rival. On the other hand, they were also interested in maintaining stability and not igniting the entire Balkan Peninsula. As a result England, France and Russia (as well as Mehmet Ali of Egypt) intervened on different sides of the conflict. Finally, they pressed to bring the liberation war to a close and came to an agreement with the Sultan in 1829.²⁶ This agreement recognized a small independent Greece, only a fraction of present-day Greece, with a population of no more than 800,000, representing less than one-third of the 2.5 million Greek inhabitants of the Ottoman Empire.

**Table 1: Ethnic Composition of Business in the Ottoman Empire
by Percent (1912)²¹**

	<i>Turks</i>	<i>Greeks</i>	<i>Armenians</i>	<i>Others</i>
Internal trade	15	43	23	19
Industry and crafts	12	49	30	10
Professions	14	44	22	20

II.2 Greece after the War of Independence (1821-29) until 1922

However, the Great Powers made certain from the start that Greece became only formally independent while in fact it remained a dependent country, i.e., a semi-colony. The Great Powers forced the new state to become a monarchy with the 17 years old Bavarian prince (!), Otto von Wittelsbach, at its head. After several uprisings he was eventually dethroned in 1862 and a year later was replaced by Prince Wilhelm of Denmark, also 17 years of age upon assuming the throne.

Greece's utter subservience to the Great Powers was also reflected in the Treaty of 1864 which expressly laid down that any one of the three signatory powers (England, France and Russia) might send troops into Greek territory with the consent of the other two signatories, while the consent of Greece itself was not necessary.

Furthermore, the Ionian Islands on the western coast of Greece, home to a number of large shipping magnates, constituted "a sovereign state under the protection of the British crown" until London formally handed them over to Greece in 1864.²⁷

Greece's financial situation was desperate from the beginning. The long war with the Turks left the Greeks with huge debts to British banks. Greece had to ask for another loan which it received in 1833. However, this debt only increased the pressure on the state to impose oppressive taxes on the peasantry, many of whom chose to flee to the hill country. Brigandage, which has a long history throughout the Balkans, once more took on serious proportions. Given the weakness of the domestic bourgeoisie and the lack of foreign investment, the Greek state relied heavily on foreign capital – mostly in the form of loans – for the financing of basic infrastructure projects (harbors, roads and rail networks). From 1879 to 1893 alone, Greece imported foreign loans and investment worth about 750 million Gold-Francs.²⁸

Naturally this exacerbated Greece's debt and the country's inability to pay back its loans resulted in increasing annual budget deficits and finally an official declaration of national bankruptcy in 1893.

According to the Greek historian Giannes Koliopoulos, the country's debt exploded: "Between 1876 and 1884 the national debt doubled. Three years later it had quadrupled and, by 1893, it was seven times the amount it had been 17 years earlier."²⁹

After Greece lost its war with Turkey, sparked by a national uprising of the Greek population on Crete in 1896, it had to pay extraordinarily high indemnities. Consequently, in 1898 the country was brought under the control of the so-called "International Control Commission" (the name was later changed to the *International Finance Commission*). Greece was stripped of its sovereign powers by the "protecting powers." The *International Finance Commission* virtually took charge of Greek finances and guaranteed re-payment of the country's debt. Crete, whose national revolution led to the Greek-Turkish war, was put under international control, with the island divided into British, French, Russian and Italian spheres.

Greeks dependency on the British Empire was also increased by the specific character of the Greek bourgeoisie. As already mentioned, the Greek capitalists were mainly

traders among whom the shipping magnates were the most important. Thus, they were not interested in investing their capital in building a domestic industry with the result that the process of capital accumulation in Greece progressed very slowly and was primarily dominated by foreign capital. Many of the Greek capitalists did not reside in Greece but rather abroad in Europe, Russia or the Middle East. As a result, the Greek population was extremely dependent on the support of the Great Powers.

The Trotskyist Fourth International correctly commented on Greece's history after achieving independence: "In truth, its independence was largely fictitious. It was in reality a semi-colony of Britain, France and Russia, forced to tolerate the rule of a foreign prince imposed upon it by its bond-holding "liberators" or as they dubbed themselves in those days, the 'Protecting Powers.' The history of Greece epitomizes the fate of all the Balkan peoples as indeed of all small nations – the impossibility for small nations to achieve under capitalism real independence, as distinguished from formal political independence."³⁰

This dependency on foreign powers went hand in hand with the persistent backwardness of the Greek economy for which there were a number of important facets. First, as just indicated, Greek merchants hardly invested at home, with the result that only relatively few industrial enterprises existed in the country by the 1920s. In fact, by 1917 there were still only 35,500 industrial workers in the country.³¹

Related to this lack of wide scale industrialization, the Greek economy remained largely dominated by agriculture for the most part of the period until World War II. In 1907, for example, the share of the rural population was 77%.

In large parts of Greece, petty ownership in the agricultural sector predominated. The only exceptions were in the provinces of Thessaly, Macedonia and Thrace. Compared with other countries, Greece's large landowning class was not very large. Nevertheless at the beginning of World War I, about 35% of all arable land was still owned by big landowners.³²

At the same time, agricultural production was strongly orientated towards external markets. As such, it had a high degree of specialization virtually bordering on being a monoculture, with raisins and tobacco being the two main export products.

In short, production, even in small farms, was primarily for the overseas market. This also resulted in a relatively rapid monetarization of the economy, especially once the payment of taxes in cash was introduced.

Greece's important commercial sector was strongly linked to agriculture. In fact, these two branches of the economy depended on each other since agricultural products were the only commodities which the merchants could trade while, at the same time, the peasants needed the merchants to sell their products.

As a result Greece remained a dependent capitalist country and became one of the most backward in Europe. As we can see in Table 2, its level of industrialization was – other than Bulgaria – the lowest in Europe.

Nicos Mouzelis, a progressive Greek sociologist and historian, points out that both agriculture and industry had hardly any large enterprises: "In the nineteenth century, despite the country's full integration into the world market

system, Greece was still a pre-capitalist social formation. Both in agriculture and in industry, capitalist enterprises— i.e. economic units using a relatively large number of wage labourers—were virtually non-existent.”³⁴

While a small group of oligarchic families (the so-called *tzakia*) and capitalists were able to enrich themselves despite the country’s backward economy, the mass of the population lived in dire poverty. According to official statistics, 72% of the total population was classified as “have-nots,” i.e., they possessed neither a piece of land nor a small enterprise. Given the fact that wage laborers constituted only a small minority of the working populace, it is evident that rural poverty was widespread.

It is therefore hardly surprising that many Greeks immigrated abroad – particularly to the United States. It is estimated that during the period 1890-1914 almost a sixth of Greece’s population emigrated.³⁵

Another facet of Greece’s backwardness was the fact that the majority of its population lived in villages – a fact which changed only slowly. According to the first census (conducted in 1861) 74% of adult men were agriculturalists who earned their livelihood by working the land. By 1920 this figure had barely changed (70%). Similarly, in 1920 almost 52% of the entire population lived in villages of less than 1,000 individuals.³⁶

During this same year, 17.6% of the Greek population lived in cities of 20,000 and 12.6% inhabited cities of 100,000 or more. (By way of comparison, the figures for urban dwellers in Chile for the same period were 32.7% and 27.1%, respectively, while in Argentina 27.1% of the population lived in cities of 100,000 in 1920.)³⁷

Regardless of this overall slow urban growth, Athens grew into a huge city of 453,000 people (1920) and became even larger when 1.5 million refugees from Asia Minor arrived in Greece after 1922.

Another important characteristic of independent capitalist Greece is the enormous role played by the state apparatus. During the 1870s, the number of civil servants per 10,000 of the population was approximately seven times higher than in the United Kingdom!³⁸ Such a monstrous administrative glut was necessary to keep this backward society together, to maintain an army which would be needed for Greece’s expansionist plans, as well as to facilitate mobilizing

resources for modernization. Furthermore, the state apparatus could provide employment for many of those who were leaving the countryside and could not otherwise be absorbed considering Greece’s hardly existing industry. Naturally, such an overblown state apparatus ensured relative autonomy for the political superstructure in relation to the economic base.

Nevertheless, Greece was not a stagnant society and its integration in the world market ensured that capitalism also progressed in the country. Slowly, the capitalist class and the newly emerging middle class strengthened their influence. In the aftermath of the revolutionary events in Turkey by the *Turkish Committee of Union and Progress* (Young Turk Movement), a constitutional government was created in Greece in 1909 under threat of a military coup. This brought Eleftherios Venizelos, a Greek liberal nationalist from Crete, to power. He founded the *Liberal Party*, an authentic party of Greek capitalism, and dominated Greek politics for the next two decades.

Venizelos initiated a number of reforms which led to a certain modernization of the country. This included the rationalization of the state administration, the development of financial institutions, and the abolition of the last remaining feudal estates in Thessaly. Education was made free, compulsory and universal. A new public works program of road and railway construction was begun. In addition, Venizelos also initiated the modernization of the army and navy with the help of the British and French imperialists.

The decades of Venizelos rule represented a change in the class basis of the political system, since both the old oligarchy and the Crown were weakened while a strengthened capitalist class as well as a new middle class became central players in Greece’s political system. In that sense one can agree with Nicos Mouzelis’ characterization of “the long transition period from pre-capitalism to capitalism (1880-1920)” and the “bourgeois transformation of Greek society” during this period.³⁹

Venizelos also tried to realize the so-called *Megáli Idéa* (“Great Idea”) – the project of territorial expansion in order to unite all Greeks in a single state (which however also included the occupation and oppression of non-Greek peoples) and to establish the country as a regional

Table 2: Relative GDP per capita (column A) and relative levels of industrialization (column B) in 1913³³

Country	A	B	Country	A	B
Britain	100	100	Ireland	60	—
Belgium	83	77	Italy	52	23
France	81	51	Spain	48	19
Switzerland	81	75	Finland	46	18
Denmark	80	29	Hungary	41	—
Germany	77	74	Greece	38	9
Netherlands	75	23	Portugal	35	12
Sweden	71	58	Bulgaria	32	9
Norway	68	26	Russia	29	17
Austria	62	29			

imperialist power. He was quite successful in this for some time as he enlarged the Greek state in two victorious Balkan Wars in 1912/13 so that it thereafter had 5 million people, more than six times larger than its original population. Greece now included Crete, most of the Aegean islands, Epirus, Thessaly and even parts of Macedonia (see Map 1).

However, Greece's expansionist plans ended in a disaster in 1922/23 after Venizelos had agreed to send his army – as mercenaries for British imperialism – both against the Soviet Union as well as into Asia Minor against the new Turkish state under Kemal Atatürk. Greece lost this war and had to agree to a reactionary treaty which included the exchange of populations (around 1.5 million Anatolian Greeks and 500,000 Muslims in Greece). At the end of Venizelos' adventure Greece was exhausted and humiliated and more in debt than ever. The *Megáli Ideá* ("Great Idea") had achieved a pathetic end.

The Fourth International summarized the state of Greece at that time quite rightly: "Greece was utterly ruined. The country had been at war almost uninterruptedly for ten years. It was hopelessly in bankruptcy. The national debt had grown to fantastic proportions. The drachma was worthless. The poverty-stricken country of 6 million people was suddenly inundated by the arrival of one and a half million homeless, starving refugees. So ended the great "adventure" of the Greek capitalists."⁴¹

We can summarize the first century of Greece's existence as an independent state as follows: The Greek struggle for national independence was thoroughly progressive. However it ended with semi-independence for a small fraction of the Greek people. From the first the newly born Greek state was severely dependent on the Great Powers – Britain, France and Russia – both politically and economically. The Great Powers installed a monarchy headed by foreign kings upon the Greek people. The country's great debt bankrupted the state and an *International Finance Commission* took charge of Greek finances.

In addition, the Greek bourgeoisie was dominated by merchants and didn't focus on developing domestic industry. Hence the country remained backward: its economy was characterized by smallholder agriculture production and commerce and dominated by a few oligarchical families closely linked with the Great Powers; its political system was characterized by a monstrous state apparatus with a rotten monarchy at the top.

The Venizelos-period ensured a certain degree of modernization, both politically and economically, as well as Greece's gradual territorial expansion. But Greece remained trapped in its dependency on the Great Powers and foreign capital. And Venizelos' adventure in

Map 1: The consecutive territorial enlargements of Greece⁴⁰



This map demarks the consecutive territorial enlargements of Greece, including the Greek mandate in Izmir (1919–22)

Map 2: Geographical Macedonia and Present Day State Boundaries ⁴³



Map 3: Ethical Composition of the Southern Balkans ⁴⁴



offering his army as foot soldiers for British imperialism against Soviet Russia and Turkey resulted in a national catastrophe. The defeat at the hands of Turkey caused the inflow of about a million and a half Greek refugees and the state was more in debt than ever.

Nicos Mouzelis accurately describes the structural weakness of the Greek bourgeoisie:

*"Historically, Greek capitalism pre-dated independence. It was not created under the colonial tutelage of the western powers. Although relatively small by international standards, the Greek diaspora bourgeoisie, by exploiting inter-imperialist rivalries and playing the role of intermediary between metropolitan and colonial centres, managed to master formidable financial resources, some of which were channelled into mainland Greece. However, given its cosmopolitan and mercantile character, as well as the weakness of the indigenous bourgeoisie, these resources contributed to the development of a top-heavy state and a parasitic tertiary sector, geared to support a mercantile and finance capital, rather than to the development of industry and agriculture. Both the autochthonous and diaspora bourgeoisies, given their position in the international division of labour, failed to overcome their merchant character. This disabled them from making an effective contribution to the industrialization of Greece."*⁴²

II.3 Excurse: Greek Chauvinism and the Macedonian Question

The conquest of Aegean Macedonia is particularly important since it was not a territory with a Greek majority population. (See Map 2)

While the exact figures for the ethnic composition of Aegean Macedonia before its annexation by Greece are highly disputed, it is clear that the region had rather a mixed, multi-national and multi-religious population. It is likewise easy to demonstrate that large parts of Southern Macedonia, i.e., the region which Greece annexed in 1913, were not predominately populated by Greeks. (See Maps 3 and 4 and compare them with the geographical area of Aegean Macedonia as viewed in Map 2.)

According to an Ottoman census for all Macedonia from 1906, within the province lived 1,150,000 Muslims, 627,000 Bulgarian Orthodox, and 623,000 Greek Orthodox. Even if all Greek Orthodox were Greek, which is unlikely, clearly they were a minority. On the other hand, Muslims were not just Turks since a large percentage were Muslim Slavs.

⁴⁶

Another detailed source gives the following numbers for the ethnic composition of the population in Aegean Macedonia just before the Balkan Wars: 326,426 Macedonians, 40,921 Muslim Macedonians (Pomaks), 289,973 Turks, 4240 Christian Turks, 240,019 Greeks, 13,753 Muslim Greeks, 5,584 Muslim Albanians, 3,291 Christian Albanians, 45,457 Vlahs, 3500 Muslim Vlahs, 59,560 Jews, 29,803 Gypsies, 2112 Cherkez (Mongols), and 8,100 others.

⁴⁷

Human Rights Watch gives the following account: *"Before World War I, Macedonians were the largest ethnic group in Aegean Macedonia, but between 1913 and 1926 major population shifts significantly changed the demographic make-up of the region. After the region's incorporation into the Greek state in 1913, many Greek civil servants, teachers and military personnel moved north and settled there. Moreover, during the*

*post-Balkan Wars period, thousands of Macedonians and Serbs voluntarily left Greek Macedonia for Bulgaria; the Minority Rights Group puts the number at about 15,000. After the Greek-Bulgarian convention of November 1919, between 52,000 and 72,000 additional Slavs left for Bulgaria. Simultaneously, hundreds of thousands of Greeks from Turkey, Bulgaria and Vardar Macedonia were resettled in northern Greece; estimates of the numbers involved range from 500,000 to 618,000. Thus the ethnic character of Aegean Macedonia changed greatly; Macedonians became a numerical minority, and the number of people in Aegean Macedonia who had "a sense of Greek national identity," rather than Macedonian identity, increased substantially."*⁴⁸

Even the Greek historians Koliopoulos and Veremis are forced to report that, out of the 160,000 persons living in Thessaloniki, the capital of Aegean Macedonia, "50,000 were Balkan Christians (predominantly Greek), 61,500 Jews, and 45,000 Muslims while the rest were West Europeans as well as persons belonging to various other nationalities."⁴⁹ In other words, while the Greek authors (suspiciously) claim most "Balkan Christians" to have been Greek, they nevertheless have to admit that they constituted only 31% of Thessaloniki's population.

Immediately after the occupation, the Greek government started to systematically expel the Macedonians. At the same time, they settled ethnic Greeks in this region in order to change the ethnic composition in their favor.

Koliopoulos and Veremis report: *"Between the end of the Balkan wars and the beginning of the First World War, some 130,000 Greeks settled in Macedonia, 20,000 in the Aegean Islands, and 30,000 on the Greek mainland. During the same period Turkey received approximately 122,665 Muslim refugees."*⁵⁰

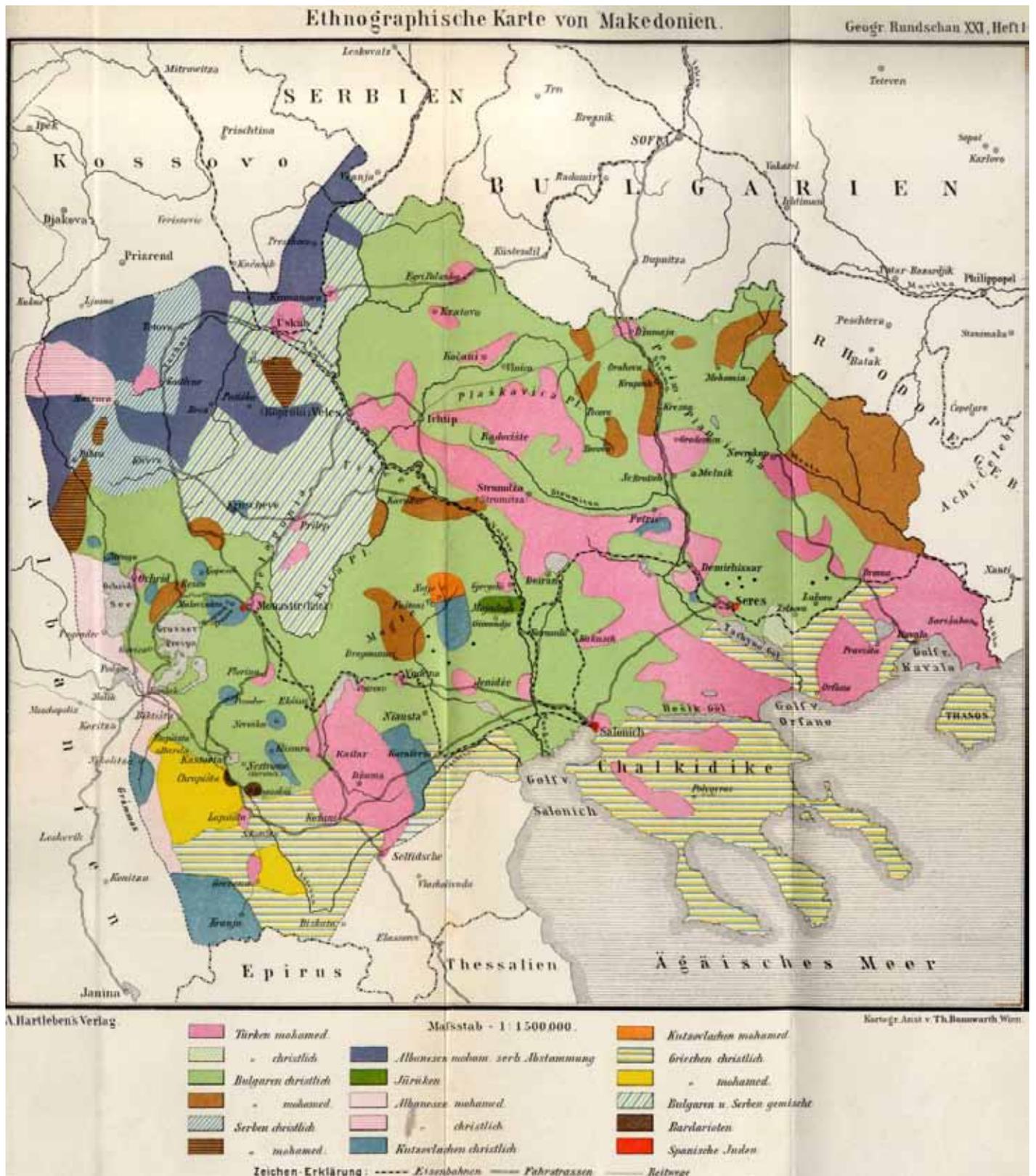
The Greeks *"burned Kukuš, the centre of Bulgar politics and culture, as well as much of Serres and Drama. Bulgarian (including the Macedonian dialects) was prohibited, and its surreptitious use, whenever detected, was ridiculed or punished."*⁵¹

Part of this "Hellenization" propaganda is the policy to deny a specific (Slavic) Macedonian identity. (The same is true, by the way, for Serbian and Bulgarian chauvinists). Hence the Macedonians are usually named "Bulgarians." Hence, until today the Greek government has consistently denied the existence of a Macedonian minority in northern Greece and has adopted a policy of forced assimilation toward the Slavic-speaking inhabitants of Greek Macedonia. After 1913, all Slavic personal and place names were Hellenized and all evidence of the existence of Slavic literacy was destroyed.

As a matter of fact, a Macedonian nation emerged in the later 19th century and fought for its independence for many decades – most famously in the *Ilinden Uprising* in 1903. The vanguard organization of the Macedonian national liberation struggle was the petty-bourgeois nationalist *Vatreshna Makedonska Revolyutsionna Organizatsiya* (VMRO, Internal Macedonian Revolutionary Organization) which fought for an autonomous Macedonia as part of a Balkan federation. The VMRO split in the 1920s and one wing became close with the Communist International.

In short, the Greek government undertook a massive and brutal campaign to ethnically clean as much as possible Aegean Macedonia of all non-Greek peoples and to "Hellenize" it by resettling Greek refugees in this region.

Map 4: Ethnical Composition of the Southern Balkans ⁴⁵



Tens of thousands fled to Bulgaria after the annexation of Aegean Macedonia to Greece in 1913. After World War I, another 220,000 fled from Aegean Macedonia and Thrace to Bulgaria. In the 1920s, another 66,000 Macedonians fled to Bulgaria. However despite this campaign of ethnic cleansing, according to official Greek figures, 162,500 Macedonians still lived in Aegean Macedonia in 1925.⁵²

In the 1920s, the government continued its policy of systematic "Hellenization" of Aegean Macedonia and expelled more Macedonians. "In the mid-1920s, Greece expelled about 53,000 Bulgarians from Greek Thrace and Macedonia in order to make room for 638,000 Greek refugees from the littoral of Asia Minor. Henceforth 89% of the population of Greek Macedonia consisted of Greeks while Greek Thrace was virtually cleared of Bulgarians."⁵³

Hence we see that gradually the Greek ruling class succeeded in its chauvinistic program of expelling the original Slavic population. Similarly, in the 1920s it expelled the Muslim Greek Vallahades from the western part of Aegean Macedonia. Consequently, today most of the native Muslim minority in Greece (i.e., with the exception of the recently arrived Muslim migrants) resides in the Greek region of Thrace. Since the 1920s some 250,000 Muslims were forced to leave western Thrace.⁵⁴ About half of the remaining 110,000 native Muslim minority are of Turkish ethnic origin, with 35% Pomaks and the remaining 15% Roma.

Finally, the Greek ruling class expelled another wave of Macedonians in the wake of the counter-revolutionary defeat of the Greek communists in the civil war of 1946–49. Koliopoulos and Veremis report that between 200,000 and 300,000 people fled the country in 1947, and eventually over 700,000 had left Greece by 1949. This was nearly 10 percent of Greece's population. Among them were many Macedonians, given their disproportionately large support for the communist insurgency.⁵⁵

The brutal oppression and policy of forced assimilation of the Macedonians continue until today. The Greek state still does not officially recognize them as a minority. Macedonian as well as far left activists raising the Macedonian issue have been repeatedly persecuted and imprisoned.

Due to their oppression, the number of the Macedonians has drastically declined. There are widely differing accounts about the current number of Macedonians in northern Greece. The Greek authorities give no numbers. According to the US Department of State, there are between 20,000 and 50,000 Macedonian-speaking people in northern Greece. And the Republic of Macedonia has set the figure at between 230,000 and 270,000 for 1993.⁵⁶

The reactionary character of Greek chauvinism went so far that Athens refuses to recognize the very name of the Republic of Macedonia which emerged after the collapse of Yugoslavia in 1991. Under the arch-nationalistic slogan "Macedonia is Greek" nearly all political parties, the media, the Orthodox Church etc. mobilized two rallies in 1992 and 1994 with hundreds of thousands of participants.⁵⁷ Furthermore Athens denied the Macedonian Republic the use of the *Star of Vergina* in its official flag (and in fact the Macedonian government had to give in and changed its official flag in 1995.) Greece even imposed an embargo against the Republic of Macedonia in the mid-1990s.

As a result, Macedonian organizations continue to fight

against the oppression. "Macedonian human rights groups seek recognition by the Greek government of the existence of a Macedonian minority in Greece. They are working to end discrimination against Macedonians in Greece in the fields of education and employment, as well as in other areas of social, cultural, and political life. They want Macedonians in Greece to have the right to attend church services in Macedonian, to receive their primary and secondary education in Macedonian, and to publish newspapers and broadcast radio and television programs in Macedonian. They also want the right to establish Macedonian cultural organizations, such as the Center for Macedonian Culture, which was formed in Florina in 1984. Four Greek court decisions, however, have refused to grant the Center for Macedonian Culture legal recognition on the grounds that its purpose is to promote the idea of the existence of a Macedonian minority in Greece, an activity which was contrary to the national interests of Greece and therefore illegal."⁵⁸

II.4 Greece as a Backward Capitalist Country between the Two World Wars

The period between the two world wars brought some important changes to Greek capitalism. The inflow of 1.5 million Greek refugees – in a country which previously had a total population of 5.5 million – had a huge impact. It provided the Greek capitalists with a new source of cheap labor. At the same time many of these refugees were quite skilled often having been professionals, merchants, industrial workers, etc. in Asia Minor and eastern Thrace, their former homes.

In addition, many people moved from the countryside to the cities. Greater Athens (including the nearby port city of Piraeus) grew from 453,000 people (1920) to 1,124,109 people (1940). During the same period, the population of Thessaloniki increased from 174,390 to 278,145.

The supply of cheap, skilled labor and the decline of traditional trade stimulated the first significant accumulation of capital in the manufacturing sector. Investments were directed into labor-intensive industries: textiles, leather, food processing, ship repairs, and printing. At the same time, the state made the first systematic attempts to promote manufacturing through the implementation of protectionist measures (e.g., imposition of tariffs and control of commercial transactions). As a result, a small industrial proletariat emerged. In 1928, 15% of the labor force was employed in the industrial sector. All in all, the industrial working class grew from 35,500 (1917) to 140,000 (1938).

The government also undertook a program of agrarian reform which led to the redistribution of 35% of the country's arable land to 305,000 families. Big landowners were expropriated and their land distributed. However, these big landowners were fully compensated and, thanks to these payments, many were transformed into capitalists. Their compensation was paid by the state (1/3) and the peasants who received these lands (2/3). The latter had to pay their debt to the former landowners within 30 years – a sum which further increased their already heavy debt. However, because their landholding was so small, these peasant families lived a life of poverty.

Despite these developments, Greece remained a backward country compared with other European capitalist countries. Agriculture remained by far the dominant sector in terms

of output, employment, and exports. In 1928, 68% of the labor force was still employed in agriculture. Industrial enterprises were mostly small, i.e., handicrafts and artisan shops.⁵⁹ In 1930, 93.2% of manufacturing establishments employed fewer than five persons.⁶⁰

Greece was unable to overcome being primarily a dependent, semi-colonial country. Foreign capital not only dominated the Greek economy via loans, but also directly. In 1929, of 131 insurance companies, only 15 were owned by Greeks! 75-80% of Greece's tobacco trade, one of the country's most important export commodities, was controlled by foreign capitalists.⁶¹

The country remained stuck in a permanent economic crisis. Year after year, its commercial balance sheet had a trade deficit of at least 50%. One quarter of the national income was paid out yearly to meet this debt; another 20% went to the military establishment; and 14% was allocated to the maintenance of the governmental bureaucracy. The already high taxes were increased enormously. The cost of living skyrocketed. The capitalists shifted the full burden of military disasters, foreign loans, and the upkeep of the huge military establishment to the shoulders of the already overloaded and impoverished masses.⁶²

The masses remained poor and unemployment very high. Unsurprisingly migration of Greeks continued and, by the end of 1932, the total number of Greek immigrants in the United States amounted to 445,122.⁶³ Greek authorities encouraged emigration as a means of improving the balance of payments of the domestic economy through remittances.

The growth of an industrial proletariat, the discrediting of the regime after the defeat in Asia Minor, and the example of the Soviet Union led to a sharpening of the class struggle, the growth of trade unions and the spread of communist ideas. About a quarter of the workers were members of trade unions and about 4/5 of them were in unions under the direct influence of the Communist Party.

With the bankruptcy of the *Megáli Idéa* ("Great Idea") and the unification of all Greeks in a single state, Greek nationalism had lost any progressive content. In light of its annexation of areas with non-Greek minorities (mainly Slavic Macedonians and Muslim Turks), Greece became a country which oppressed its own national minorities.

The result of these economic and political contradictions was a perpetual state of political crisis. Between 1920 and the Metaxas regime in 1936, one political regime followed another with the greatest rapidity. The bourgeois parties were incapable of consolidating significant support among the masses. As a result, the Greek army emerged as the regulator of political life. Scarcely a year went by without an actual or threatened coup d'état.

This period ended with the black years of the Metaxas dictatorship and the occupation by German imperialism. These years caused devastating destruction for Greece, the robbery of its assets by the Nazis, and the loss of many lives. (Approximately 550,000 persons, 8% of Greece's population, died during the years of occupation between 1940 and 1944.) Industrial production fell to only 1/3 of what it had been before the war and most of the streets and railways were destroyed. By the end of the German occupation, real wages had fallen to an estimated 6% of their prewar levels.⁶⁴

The years of civil war 1946-49, when the Greek workers

and poor peasants resisted the British occupation and the ascent to power of the discredited reactionary monarchy and military camarilla, but lost the struggle due to the betrayal of the Stalinist leadership, added to the exhaustion of the country. (The civil war claimed another 158,000 lives.)

The Fourth International summarized the state of Greece accurately: "*Greece is undoubtedly among the most backward and poorest countries of Europe. For over a century it has been condemned to the status of a semi-colony of the major European Powers. Foreign kings have been imposed on the Greek people and have exercised their oppressive rule for the benefit of the foreign bankers and the small clique of Greek capitalists and landowners. The Greek people have been ground down under a terrible weight of poverty. The per capita income of the average Greek is 17% that of the average British income. The wealth of the country has been skimmed off by the western bankers and the Greek capitalists. Little remained for the masses.*"⁶⁵

II.5 The Contradictory Process of Modernization after the End of the Civil War until the Accession to the EU

Following the end of the civil war, Greece was exhausted after nearly a decade of occupation, war, and rule by a reactionary clique of corrupt politicians around the discredited king. The country remained severely dependent on Western imperialism, although now the US had replaced Britain as the dominant power. The country became an outpost against the Soviet bloc and was integrated into NATO.

Given the counter-revolutionary settlement by the agreement of Western imperialism and the Soviet bureaucracy (the so-called *Yalta Order*) which pacified and defeated the revolutionary developments of 1943-48, world capitalism experienced a period of a long boom which lasted until the late 1960s and early 1970. On this backdrop of the global growth of productive forces, nearly all countries underwent a process of industrialization and modernization. And so did Greece.

Imperialism had a particular interest in stabilizing the Greek regime during this period as it was one of their outposts in the Cold War. Hence, Greece received huge sums from the US which allowed the regime to stabilize its rule. According to the Greek historian Giannes Koliopoulos, "*between 1947 and 1957 American aid accounted for roughly half of state investment expenditure.*"⁶⁶

The abundance of US capital and the relative stability of Greece ruled by a pro-American regime created the pre-condition for a boost of foreign investment and, related to this, a push for more industrialization.

As a result, Greece experienced a period of rapid growth in the 1950s and 1960s. Its average growth rates in 1950-73 (6.21%) was above the average rates for Western Europe (4.08%) as can be seen in Table 7.

The role of industry grew and, as a result, by 1961, industrial workers constituted 17% of the labor force.

However, these industrial investments had some key characteristics. First, for a long time there was relatively little investment in the core sector for the creation of capitalist value – manufacturing. The Greek sociologist Valia Aranitou writes:

"The main area of enlargement reproduction of petty bourgeois strata originally was the construction sector. Indicative of this

is the fact that the bulk of investment went to the construction industry to the extent that at times, especially in the decades 1950-1960, it reached 35% of total investment while at the same time the manufacturing industry just approached 2.1%. Here is where the "economic miracle" of post-war Greece occurred."⁶⁷

While investment in manufacturing increased later – by the mid-1960s nearly a third of new industrial investment was in intermediate and certain capital-goods groups – unlike in other parts of southern Europe no machine-based metalworking industry developed to fuel all-round industrialization.

Second, only to a limited degree did industrial investment lead to modernization of the rest of the economy. Big industrial enterprises remained what Nicos Mouzelis called at that time "*capital-intensive enclaves*" in a classical land of underdevelopment.

Third, while a new industrial Greek bourgeoisie emerged, all in all the country's production of capitalist value remained heavily dependent on foreign imperialist capital. In fact, foreign capital investments were the decisive factor of economic growth during the boom of the 1960s and early-1970s. According to Nicos Poulantzas, a Greek Eurocommunist theoretician, Greek subsidiaries of imperialist multinationals accounted for 45% of the increase in industrial production. His characterization of this process as "*dependent industrialization*" is therefore quiet accurate.⁶⁸

Until 1966 foreign investment constituted nearly 50% of all industrial investment. According to Efharis Skrvelis, "*in 1978, enterprises under exclusive foreign ownership or with a majority equity participation of foreign capital represented less than 1 per cent of the total number of established enterprises with more than 25 employees. However, they represented 39.5 per cent of the total volume of investments in these branches [chemicals, petrochemicals, metallurgical, shipbuilding and electrical appliances branches, Ed].*"⁶⁹

Furthermore, despite this process of industrialization, large sectors of the Greek economy remained backward and were dominated by petty-bourgeoisie or small capitalist forms of production. If we remember the aforementioned figure for 1930 (93.2% of manufacturing establishments employed fewer than five persons), this figure had changed only little by 1958 (84.9%).⁷⁰ In 1980, most firms registered as "*industrial establishments*" were still family businesses, often artisan-based, where the owner and family members are self-employed. Out of 128,000 enterprises, 109,000 employed up to four persons (85.2%) and another 10,500 employed up to ten persons (i.e., 93.4% of all industrial enterprises employed up to ten persons).⁷¹ In 1976, there were only 80 enterprises which employed more than 500 workers.

Many of these industrial enterprises were in fact not "*industrial*" in the narrow sense of the word but rather involved artisan manufacturing. In 1963, only 41.7% of the industrial enterprises used any kind of machinery!⁷²

Similarly, in 1961 85.5% of all agricultural units were smaller than 10 hectares in size. (This figure, by the way, reveals the extremely slow progress of capitalist concentration in Greece's agriculture, considering that in 1929, 95.4% of all agricultural units were smaller than 10 hectares.⁷³) In 1961, 56% of the total labor force was still employed in agriculture. All in all, Greece had the most prominent division of land into small holdings of any

European country.⁷⁴

Yet another indication of the country's backwardness, on a social level, was the persistence of illiteracy. In 1971, 14.8% of the population above the age of 10 was still illiterate.⁷⁵

Since the mid-1970s, industrial investment stopped playing a dynamic role in Greek economy and has even undergone a steady and progressive decline.

Greece's chronic backwardness, as well the political oppression after the defeat of the communists in the civil war (1945–1949) and the period of military dictatorship (1967–1974), spurred a new massive wave of emigration. This migration lasted for almost twenty years, from the beginning of the 1950s up until the mid-1970s. It is estimated that approximately 1.2 million people left Greece and went to Northern America, Australia, and Western Europe. According to official statistics, between 1955 and 1973, 603,300 Greeks migrated to Germany, 170,700 to Australia, 124,000 to the United States and 80,200 to Canada.⁷⁶

We therefore can confirm the following observation of the socialist theoretician James Petras: "*If the shape of Greek economy and society nevertheless began to change in the late fifties and sixties, the impetus overwhelmingly originated in the industrial heartlands of Western Europe. On the one hand, villages and towns delivered up their jobless and underemployed as nearly a tenth of the population—and considerably more of those of working age—joined Turks and Yugoslavs on the migration expresses to Munich and beyond, their remittances helping to create effective demand in Greece itself for the export-products of their labour on the assemblylines of the North. On the other hand, foreign capital led a significant shift away from traditional industries towards the capital-intensive chemical and metallurgical sectors.*"⁷⁷

The monstrous state apparatus continued to play a central role for Greek capitalism in the post-war period. In the years 1954–63, 33.4% of gross capital formation was provided by the state.⁷⁸ In addition, the state played a dominant role in the banking sector. Furthermore, investment by public enterprises in total gross fixed capital formation increased from 27.7% in 1975 to 42.6% in 1985.

Another reason for the huge size of the state apparatus was the need of the ruling class to maintain a huge standing army of 160,000 men, both to keep the domestic working class under control as well as to fulfill Greece's obligations as a member of NATO.

The result of these developments was that, according to Nicos Mouzelis, "*a very close collaboration*" between the Greek state and foreign capital [existed, Ed], a partnership in which foreign capital occupies the dominant position."⁷⁹

In this context it is important to remind readers that, in this period, important changes took place inside the imperialist camp. While the US remained the hegemonic imperialist power, its influence decreased while that of the Western European imperialist powers proportionately increased, approaching that of the former, in the course of the formation of what would later be called the European Union. This led the Greek government to work towards joining the EC/EU, a process which was finalized in 1981.

All in all, during this period too, Greece was unable to overcome its fundamental structural weaknesses and remained a dependent, advanced semi-colony. Nicos Mouzelis accurately points out the similarities between the development of Greek capitalism and the advanced

semi-colonies in Latin America (like Argentina or Chile). He summarized this in following way:

"Despite its very impressive rates of growth during the nineteen-sixties and seventies, Greece's model of capital accumulation very much resembles that of those Latin American countries which contemporaneously experienced a foreign-capital-led type of industrialization. In this respect, the following points should be noted.

1. Greece in the sixties, due mainly to foreign capital (orienting itself in such key sectors of the economy as metallurgy and chemicals), experienced considerable industrial growth. This was evidenced not only by the very rapid expansion of the manufacturing sector, but also by a definite shift from the production of light consumer goods to capital goods and durables and by a marked increase in industrial exports.

2. However, as in many other countries on the capitalist periphery, this 'late', foreign-capital-led industrialization interacted with the rest of the economy in such a way as to create serious disruptions and bottlenecks. In both industry and agriculture, small-commodity production prevails in significant sectors, whose links with the 'modern' industrial sector are clearly negative. Thus one of the most striking characteristics of Greek industry is the persistence of small, low-productivity units, side by side with large capitalist firms which dominate the market. These small units remain on the whole unspecialized, highly inefficient and permanently on the borderline between bare survival and bankruptcy."⁸⁰

To summarize, Greece experienced a process of modernization and industrialization in the post-war period until the 1970s. For the first time, a considerable domestic industry emerged. Greek shipping magnates, a cosmopolitan layer often living abroad and only to a

certain degree part of the national ruling class, directed some investments to Greece's industry. However, Greece remained economically and politically dependent on Western imperialism. Its economy was still dominated by small enterprises, among the big corporations foreign monopolies played a decisive role and a significant part of its public expenditures were financed by foreign loans. Greece has been a member of NATO from the beginning and its regimes, and in particular its army, were in fact underlings of US imperialism.

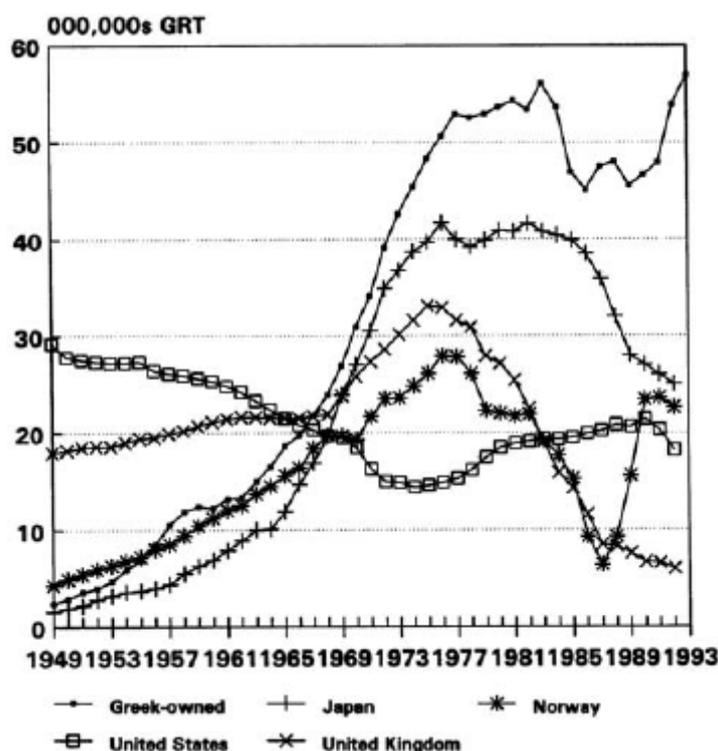
II.6 Excuse: the Greek Shipowners – A Semi-Diasporic Bourgeoisie

In this section we will deal with the specific features of a key sector of the Greek bourgeoisie, its shipping magnates. Their significant role among the Greek bourgeoisie is underlined by the fact that shipping today contributes about 7% of Greece's GDP.⁸¹

As we mentioned above, the Greek bourgeoisie began and for a long time remained largely a merchant capitalist class. This merchant class lived to a large extent outside the Greek state. This however did not mean that it was cut off from Greece or that it did not wield significant influence. As Nicos Mouzelis notes:

"Of course, it is true that in the nineteenth century the autochthonous merchant class was rather weak. But its counterpart living abroad, the Greek diaspora merchants and shipowners, with their formidable financial power, greatly influenced the shaping of most institutions in nineteenth-century Greece itself. In fact, it would not be an exaggeration to say that it is impossible to understand the nature and development of the

Figure 1: Growth of Top Fleets, 1949–93⁸⁴



*Greek social formation without taking into account the merchant communities which were flourishing both in colonial centres (Alexandria, Cairo, Khartoum, etc.), in the major capitals of nineteenth-century Europe and in Constantinople and Asia Minor. For instance, one cannot understand the 'over-inflated' character of the Greek educational systems (Greece, relatively to its population, has one of the highest ratios of university-educated people in the world), without reference to the diaspora bourgeois."*⁸²

In past centuries Greek shipowners played a central role in international shipping. During the second half of the 20th century they became the dominant force in this global industry and have retained this position until today. Their share in world shipping, which was barely 1% in 1947, exploded to 12% in 1970 and soared to 17.4% in 2000.⁸³ The rise of Greek shipowners can also be seen in Figure 1 which shows how they climbed to the top relative to their main competitors, Japan, Britain and Norway.

As mentioned above, the Greek shipowners are an important but peculiar sector of the Greek bourgeoisie. Historically they have been a cosmopolitan layer often living abroad – in the 20th century, mostly in New York and London. They were merchants but hardly invested in production. As the Greek socialist economist Mihalis Malios formulated it: *"Greek tycoons were known as big shipowners, but not as big industrialists."*

As a result the headquarters of Greek-owned shipping firms – particularly the larger enterprises – were (and still are) often located not in Greece but abroad in these cities. In Table 3 we can see that 1914 62% of Greek-owned shipping firms had their headquarters in Greece (Piraeus) and the rest were located in foreign cities. While the Greek share rose to 96% in 1938, it dropped to only 18% in 1958. At that time 45% of the headquarters were in London and another 37% in New York. By 1975, still only 34% of the company headquarters were in Piraeus, although this share grew to 66% by 1990.

It was and is typical for the Greek shipowners to operate a large proportion of their ships under flags of convenience, i.e., foreign flags. During the second half of the 1940s and the 1950s, 80 to 90% of the Liberian fleet and 45% of the Panamanian fleet were operated by Greeks. Today, the huge majority of Greek ships are still operating under foreign flags (see Figures 2 and 3).

There have been some changes in Greek shipping since a number of the country's shipowners began directing important sectors of their business to Greece beginning in

the 1970s due to the downturn in the world economy which started in the early part of that decade. The Greek socialist academic Michalis Spourdalakis wrote: *"Greek shipping capital, which had in the post-war period enjoyed a prominent position in the world's sea transport industry, was reaching its limits both because of emerging protectionism and the world economic recession. Therefore policies which would promote a more competitive, export-oriented resource and manufacturing industry in Greece were in their interests. Such an economic orientation would at least develop a basis to compensate for the markets lost abroad as well as open up new opportunities for their stockpiling of surplus."*⁸⁸

However, several fundamental characteristics of the Greek shipowners as a core sector of the bourgeoisie have remained the same. Let us briefly discuss them.

First, as we noted above, many Greek shipowning families lived abroad. To a certain degree this has changed. Ioannis Theotokas and Gelina Harlaftis report in a study they conducted on the Greek shipowning families:

"If in the first period the entrepreneurship of Greek shipowners in the international environment was the factor in the Greek-owned fleet's success, in the latter period the shipping environment that developed in Piraeus was the driver of renewal and takeoff. Whereas in the first three postwar decades the 'traditional' shipping families moved and resided abroad, in the final two decades of the 20th century, Greek-owned businesses congregated in Piraeus and maritime entrepreneurship was renewed and expanded, with its headquarters now firmly based in Greece."

Nevertheless, to a large degree the shipowners remain a sector of the bourgeoisie which is limited in its connection with the national Greek economy: *"Greek shipowners are to the present day an exemplar of the continuity of the Greek entrepreneurial diaspora, which operated depending on the needs of sea trade and shipping. Many families never lived in Greece. And yet, two or three generations domiciled either in London or New York cleave to their Greek identity and consider their residence temporary, ready to move and settle in the next economic centre when the family firm demands it."*⁸⁹

Hence, the Greek shipowners remain a semi-Diasporic bourgeoisie and therefore are only to a certain degree (or in a peculiar way) part of the national ruling class.

Second, as already mentioned, the Greek shipowners are a trading and not a producing class. Greece has played no significant role in ship-building for a long time and has produced virtually no ships in the past decade.

Today's shipbuilding market is completely dominated by

Table 3: Main Headquarters of Greek-Owned Shipping Firms, 1914–90 (percentage of ship tonnage)⁸⁵

Main headquarters	1914	1938	1958	1975	1990
Piraeus	62%	96%	18%	34%	66%
London	9% (28%)*	1% (45%)*	45%	39%	22%
Constantinople	14%	–	–	–	–
New York	–	–	37%	18%	7%
Other	15%	3%	–	9%	5%

Notes: *Tonnage represented by the London Greek agencies

Figure 2: Greek-Owned Shipping Fleet under Greek and Non-Greek Flags, 1972-2000 (in gross tonnage [millions]) ⁸⁶

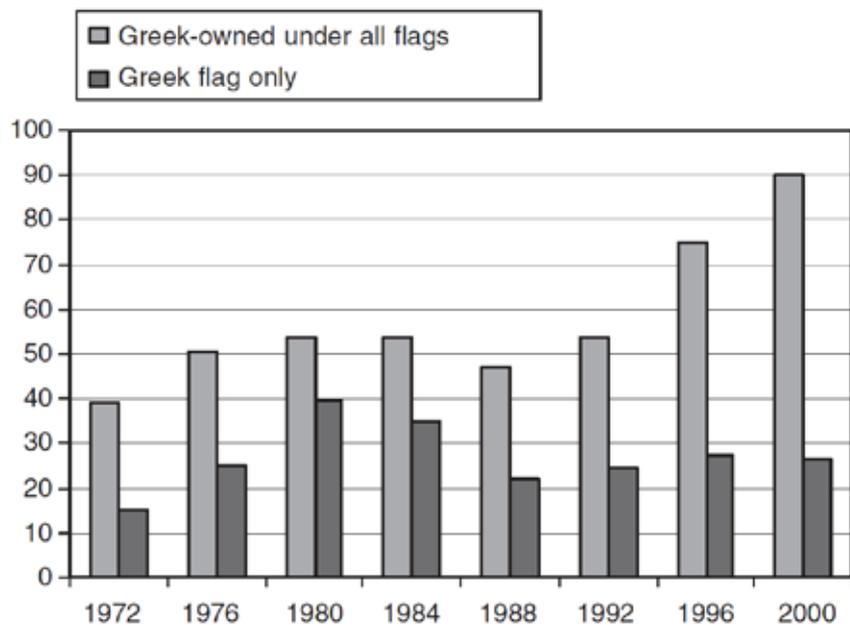


Figure 3: Greek-owned Shipping Fleet under Greek and Non-Greek Flags, 1996-2006 ⁸⁷

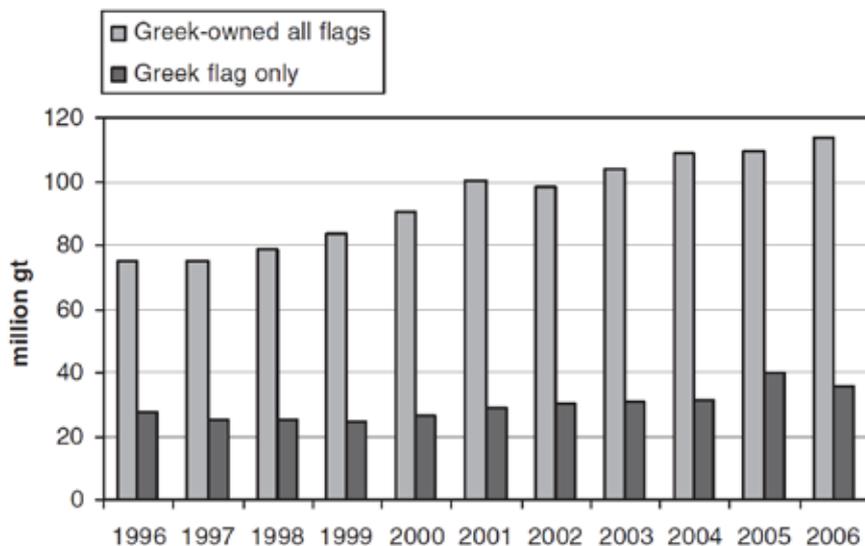
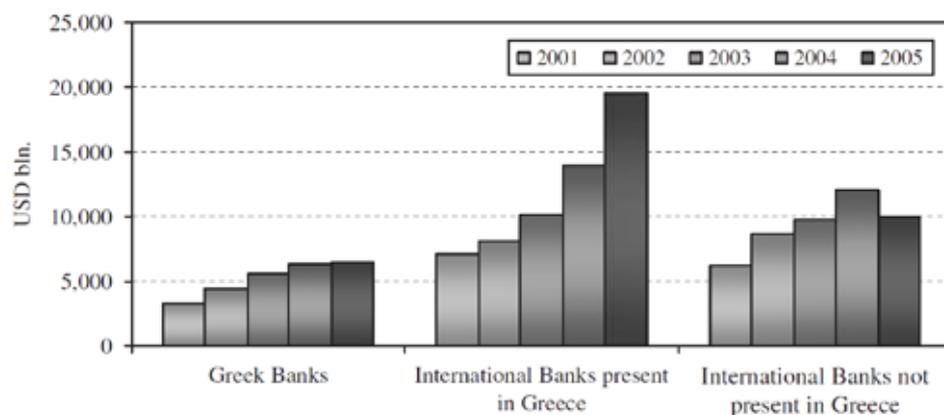


Figure 4: Bank Loan Portfolio to Greek Shipping 2001-05 ⁹³



China, South Korea and Japan. If we examine the statistics for global shipbuilding for the years 2003–2014, Greece's share in all relevant categories ("new orders," "completions," and "orderbook at year-end") is literally 0%.⁹⁰

It is only logical that George Gratsos, President of Hellenic Chamber of Shipping, laments about the lack of shipbuilding in Greece. He recently stated: "Shipbuilding activity today is very limited. Only small commercial units of local shipping are being built. Cargo ships cannot be built economically in Greece. (...) Greece must re-enter shipbuilding and ship repairs with a new, competitive legal and operational framework."⁹¹

Third Greece's weakness as a capitalist country as well as the semi-Diasporic, cosmopolitan character of significant sectors of the Greek bourgeoisie is also reflected in the Greek shipowners' traditional dependence on foreign loans. This has been the case throughout the entire history of modern Greek shipping. Referring to the decades after World War II, Ioannis Theotokas and Gelina Harlaftis report: "The American government explicitly supported the growing use of flags of convenience in the immediate postwar era through its financial institutions; most Greek shipowners who bought ships on credit from American banks were 'urged' to sail under flags of convenience. (...) The economic and political structures of Greece meant that successive governments were able to weaken the Greek seamen unions' power after 1951, but unable to provide financial support to the ever-growing merchant fleet. In this manner, the use of flags of convenience by the Greek-owned merchant fleet was ensured."⁹²

Today, Greek capital is still not able to provide the funds needed by these shipowners. By 2005, Greek banks could finance only about 1/5 of the loans for the Greek shipping industry while 4/5 came from foreign banks (see Figure 4.)

At the same time, the Greek shipowners are greatly in debt. In the mid-2000s, their cumulative debts amounted to about 50 billion US-Dollars.⁹⁴

Fourth, given the nature of sea trade, Greek shipowners have always been dependent on the security provided by Great Powers. For all these reasons, even the Greek shipowners – the economically most potent sector of the Greek bourgeoisie – have always been closely tied to the imperialist bourgeoisie of the Great Powers (mainly Britain and US; recently, also increasingly China). The Greek bourgeoisie as a whole has a particular strong "comprador," submissive character, i.e., it avoids any confrontation with imperialism and loyally serves the Great Powers as local henchmen.

The success of Greek shipowners after World War II relied entirely on the preparedness of US imperialism to hire their services. Again Ioannis Theotokas and Gelina Harlaftis:

"The high labour costs at home, which kept US ships from being competitive, and the need to retain control over a large part of the world's merchant fleet for strategic and political reasons, led US maritime policymakers to support the flags of convenience. The adoption of such flags by US-controlled oil companies and independent owners meant that powerful lobbies were established to ensure their continued existence. During the second half of the 1940s and the 1950s, 80 to 90 per cent of the Liberian fleet and 45 per cent of the Panamanian fleet were operated by Greeks. (...) Part of the success of the Greek shipowners in the immediate postwar years was based on their decision to make the US, the world's leading economic power

*(but a weak maritime power), their main trading partners, as they had done on a smaller scale with Great Britain in an earlier period. This was the advantage of the cross-traders and of tramp owners: by serving international trade rather than the needs of a particular nation, they were able to adjust to changes in the international environment. For their part, Greek tramp owners served the US well: the Americans needed a low-cost tramp fleet that they could control, something they achieved with the Greeks through credit and flags of convenience. The fact, however, that Greece was the only traditional maritime European nation to take such extensive advantage of flags of convenience during the postwar period may be attributed not only to the choices made by US policymakers but also to the internal structures of the country. (...) Apart from financial support, the US provided access to major oil companies and entrance into the tanker market."*⁹⁵

The specific and contradictory nature of the Greek shipowners as an important sector of the Greek bourgeoisie confuses a number of socialists for whom the dominant position of the Greek shipowners in global maritime trade seems to be an argument in favor of the imperialist class character of the Greek bourgeoisie and hence of Greece as a whole.⁹⁶ We think that such an assumption is completely mistaken. First, as we have elaborated, the Greek shipowners as a core sector among the Greek bourgeoisie historically have a semi-Diasporic character. This means that, among other things, they have always had sufficiently strong ties with the Greek state to be able to influence its policies, corrupt its politicians, etc. On the other hand, their links with Greece were not sufficiently strong as they would have been if they had invested their wealth significantly in capital accumulation within the country. As a result, the Greek economy always remained weak, backward and dependent. This is why the economic power of the Greek shipowners, irrespective of all the necessary limitations of this power we have outlined here, could not be transformed into general economic power for Greece as a whole. Consequently, Greece could not forge for itself an imperialist character.

This specific Diasporic nature of the Greek bourgeoisie is also a central reason why the Greek state apparatus has always been so disproportionately large in the Greek society and economy, as Nicos Mouzelis observed.⁹⁷

As we have mentioned, since the 1970s there have been some changes and some of the Greek shipowners have moved their headquarters to Greece. This leads to the question of whether these developments have had effects on the class character of Greece and whether it might have become a minor imperialist power during the last three decades. We believe that this is not the case. Rather this precisely confirms our thesis about the semi-colonial character of Greece, for reasons we will now elaborate.

As we have demonstrated in this publication, the Greek economy – after a period of rapid growth in the 1950s and 1960s – began its decline from around the end of the 1970s. Its capital accumulation in the industrial sector stagnated with the result that, today, the gap between Greece and the European Union in terms of productivity and standard of living is by no means smaller than it was before. Despite all the efforts of the bourgeoisie, Greece has failed to break out of its position at the bottom of the list of the traditional capitalist countries in Europe. This clearly demonstrates that the Greek shipowners were not a sufficiently potent

class to help Greece overcome its status of dependency, even when they directed a significant proportion of their capital to the domestic economy. Furthermore, it shows that the Greek shipowners are a wealthy but parasitic merchant class, not an imperialist monopoly capitalist class.

Finally, let us note in passing that it would not be surprising to us at all if today significant sectors of the Greek bourgeoisie again leave the country and settle in London and New York in reaction to the economic collapse of "their" country. This would most tellingly reveal the "patriotic" character of the bourgeoisie!

To summarize, the Greek shipowners are without doubt a powerful sector in this global industry and a core sector among the Greek bourgeoisie. However, the very fact

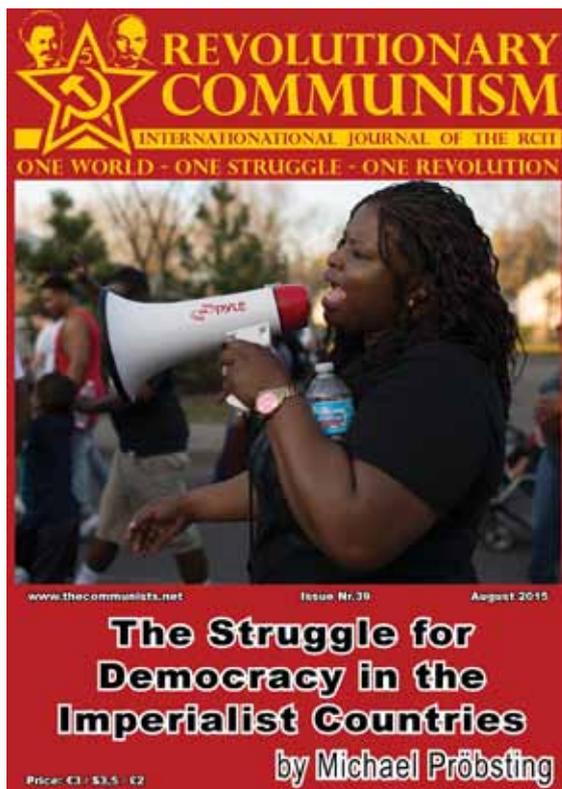
that this sector is the most powerful faction of the Greek bourgeoisie reflects the dependent and semi-colonial nature of Greece. The shipowners cannot finance their business by means of domestic financial resources but must rely mostly on foreign loans. To a significant degree they live abroad. They limit their activity to commerce and are incapable of building ships, i.e., their business is entirely dependent on the production of ships by foreign capitalists. Furthermore, their business is heavily dependent on the imperialist monopolies for which they transport commodities. Finally, they are dependent on the Great Powers who secure the maritime trade routes. In short, they are quintessentially the bourgeoisie of a semi-colonial country, not an imperialist one.

NEW RCIT PUBLICATION ON DEMOCRACY VS. IMPERIALISM

The Struggle for Democracy in the Imperialist Countries Today

The Marxist Theory of Permanent Revolution and its Relevance for the Imperialist Metropolises

By Michael Pröbsting, August 2015



Introduction

1. A Brief Recapitulation of the Three Aspects of Trotsky's Theory of Permanent Revolution
2. On Unevenness in the Imperialist Countries
3. Lenin and Trotsky on the Permanent Revolution in the Imperialist Countries
4. General Considerations on the Question of Democracy in the Imperialist Countries
5. On "Transitional Revolutionary-Democratic Demands" in the Present Period
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III. Greece's Failed Attempt to Become a Minor Imperialist Power (Part 1)

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.⁹⁸

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-12.⁹⁹ Its GDP per capita even declined by an average of -0.3% compared with an 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%).

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.¹⁰¹

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.¹⁰² (See Figure 5)

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

**Table 4: Greece's Economy Compared with the EU-12, 1981-1990
(Annual Averages)**¹⁰⁰

	<i>Greece</i>	<i>EU-12</i>
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

Figure 5: Greece: Rate of Surplus Value (RSV), Organic Composition of Capital (OCC) and Rate of Profit (r) in 1958-1977 ¹⁰³

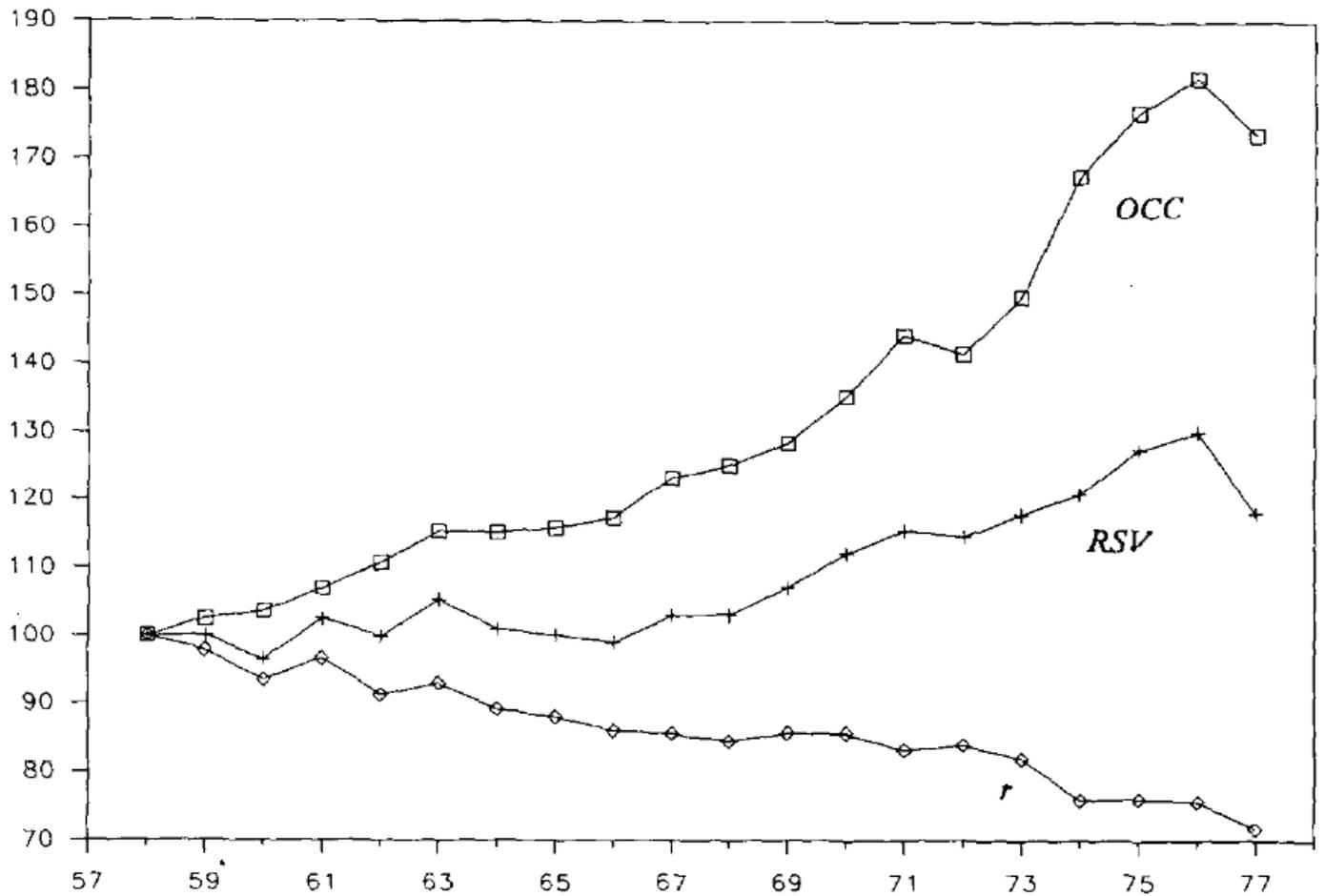


Figure 6: FDI stock, 1990, 1995 and 2000 (Billions of dollars) ¹¹²

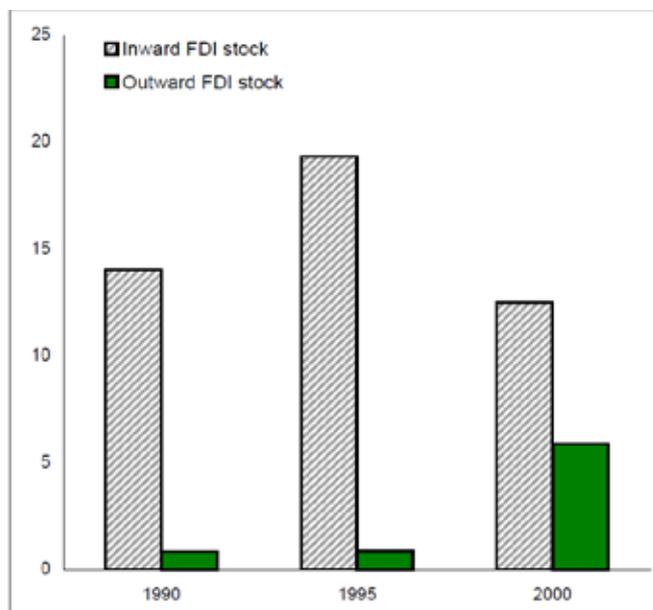
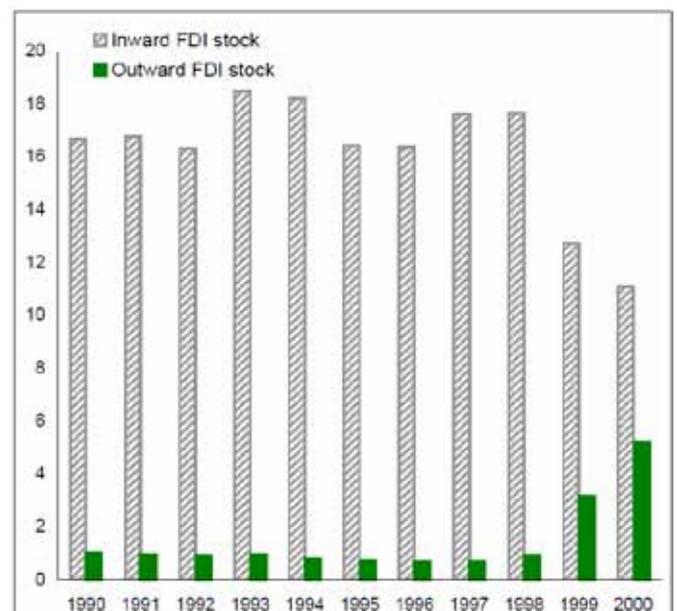


Figure 7: FDI stock as a Percentage of Gross Domestic Product, 1990-2000 ¹¹³



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%! ¹⁰⁴

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. ¹⁰⁵

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. ¹⁰⁶

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, the European integration forces the less developed countries to

boost the extraction of absolute surplus-value." ¹⁰⁷

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."* ¹⁰⁸

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."* ¹⁰⁹

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%! ¹¹⁰

However, with the capitalist restoration Greece's

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bourgeoisie started to 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.¹¹¹ 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.

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.¹¹⁴

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%.¹¹⁵

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

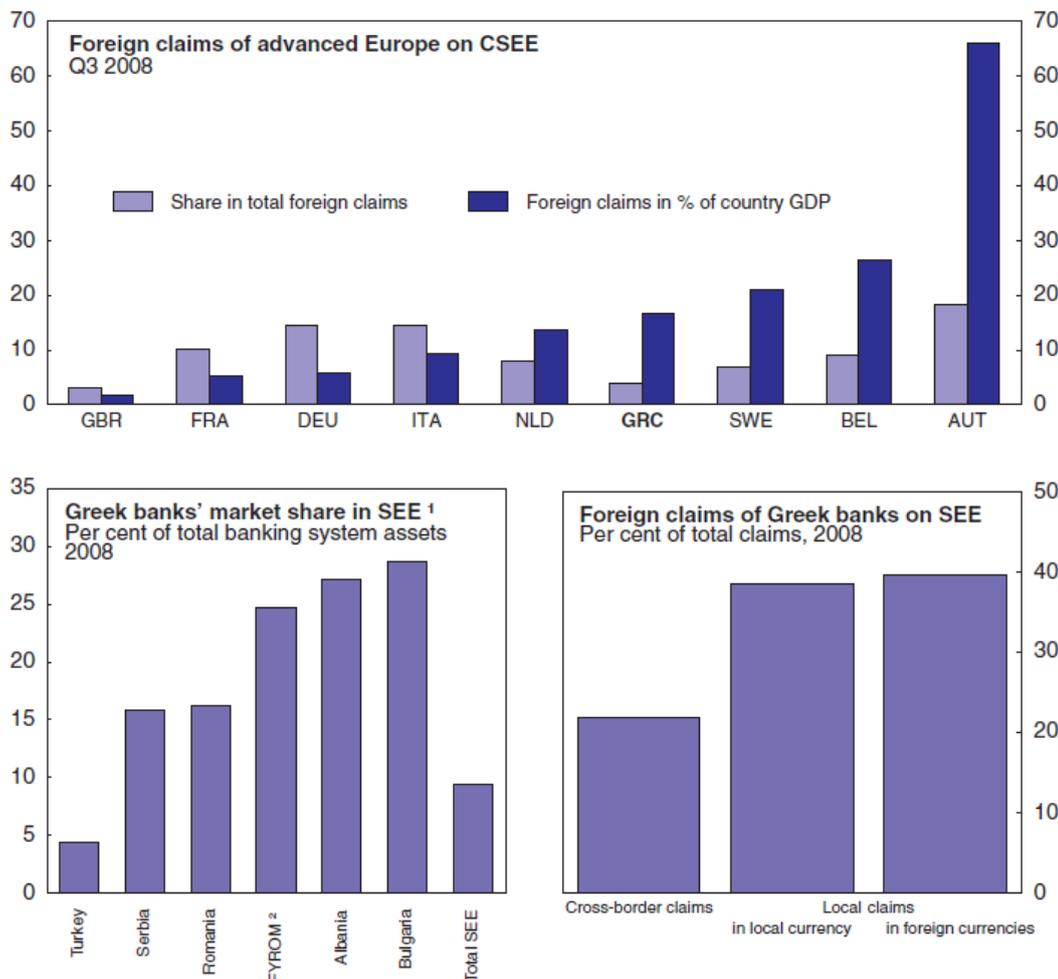
third in Bulgaria, Albania and the Republic of Macedonia.¹¹⁶

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 fourth 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 largest 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."*¹¹⁷

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

Figure 8: Banking Sector Exposure to Central and South Eastern Europe¹²¹



established enterprises.”¹¹⁸

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: “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.”¹¹⁹

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”¹²⁰ (See Figure 8)

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”¹²²

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.”¹²³

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 2014.¹²⁴ 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.¹²⁵

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%.¹²⁶

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.”¹²⁷

To summarize, Greek capital utilized, with a certain

Table 5: Greece: Wages for Various Categories of Workers as Reported by Farmers¹³⁰

	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

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.¹²⁸ 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 been 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 Russia¹²⁹

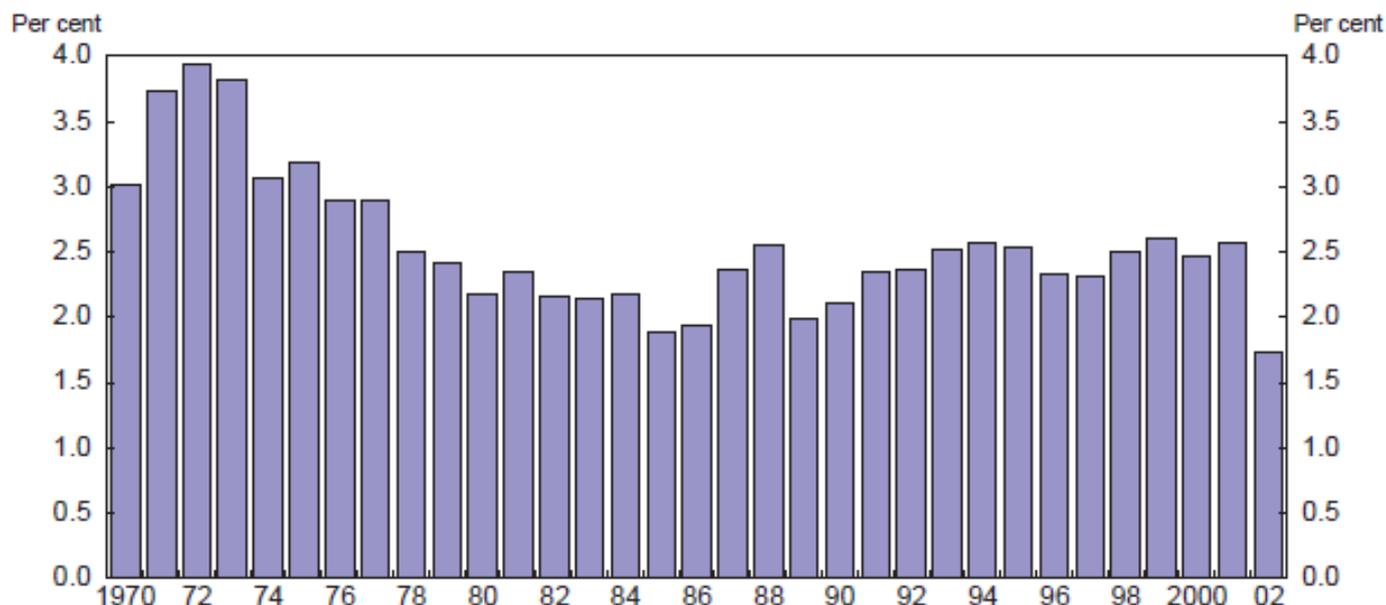
In our studies on migration we have shown that migrants usually earn less than domestic workers even if they have similar qualifications. This is the case in Greece too, as we can see in Table 5.

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).¹³¹ This is a development similar to that in other countries like Britain or Austria as we have shown elsewhere.¹³²

Another expression of the national oppression of migrants – as it is the case in other countries too – is the vast overrepresentation 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

Figure 9: Workers' Remittances as a Percentage of GDP¹³⁴



total caseload of prisoners convicted of 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.”¹³³

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.

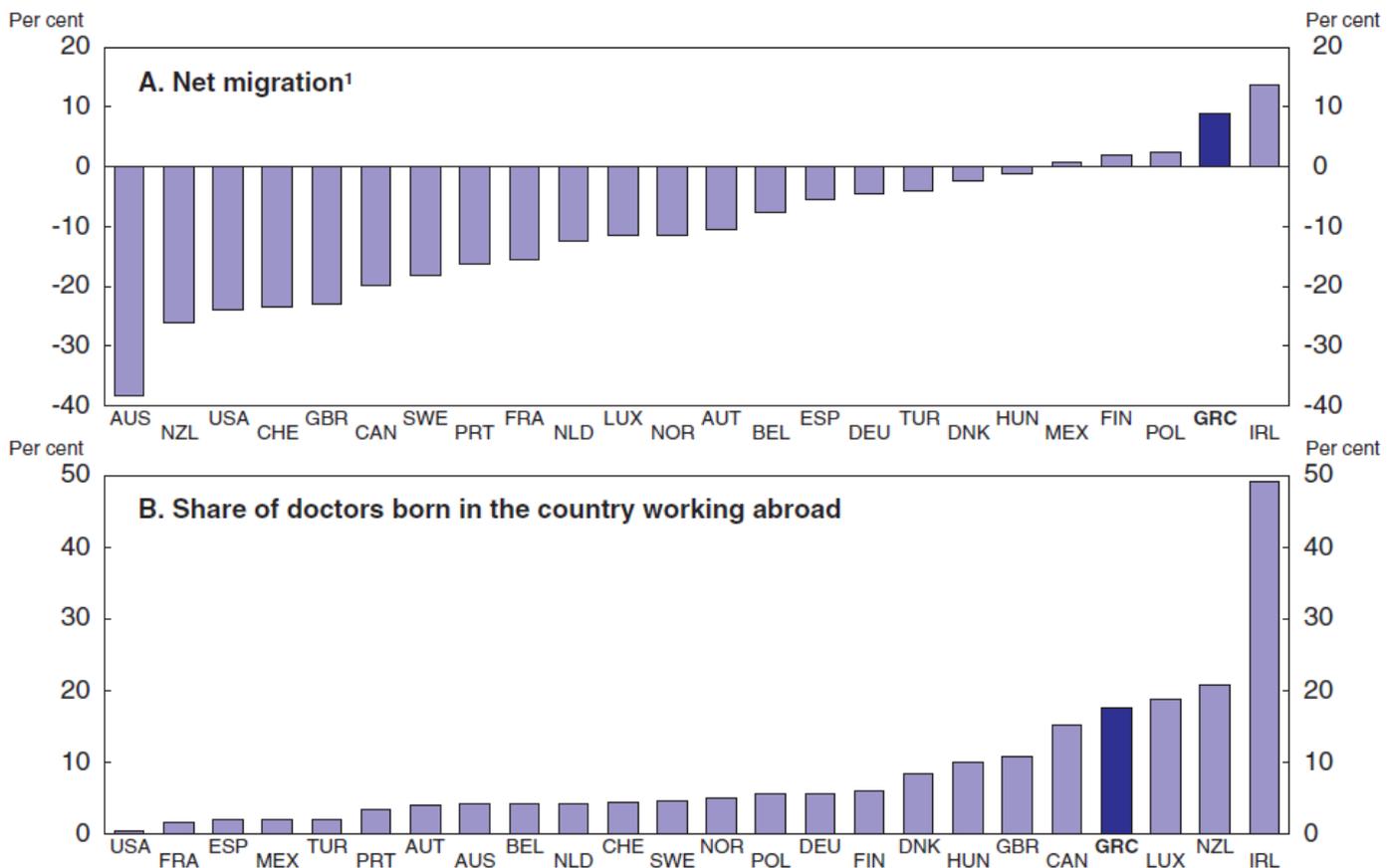
The Greek state and the EU-bureaucrats give only little financial support to the local authorities. The fascists, who have become a strong force in Greece as the repeated successes of the Nazi-Party *Chrysi Avgi* (Golden Dawn), in the last elections having become the third-largest list, are systematically 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.

Figure 10: Immigration and Expatriation Rates of Doctors¹³⁵
Per cent of total number of doctors, circa 2000



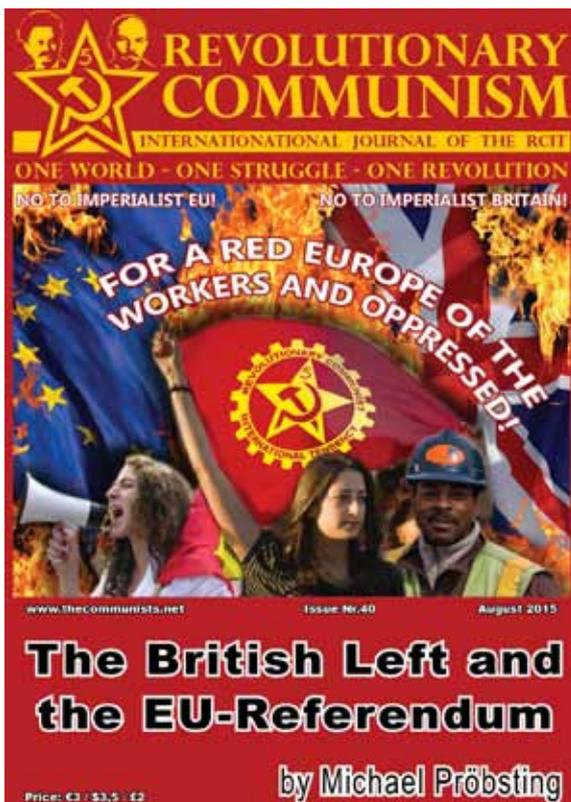
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„We have to begin with as precise and full a definition of imperialism as possible. Imperialism is a specific historical stage of capitalism. Its specific character is threefold: imperialism is monopoly capitalism; parasitic, or decaying capitalism; moribund capitalism. The supplanting of free competition by monopoly is the fundamental economic feature, the quintessence of imperialism. Monopoly manifests itself in five principal forms: (1) cartels, syndicates and trusts – the concentration of production has reached a degree which gives rise to these monopolistic associations of capitalists; (2) the monopolistic position of the big banks – three, four or five giant banks manipulate the whole economic life of America, France, Germany; (3) seizure of the sources of raw material by the trusts and the financial oligarchy (finance capital is monopoly industrial capital merged with bank capital); (4) the (economic) partition of the world by the international cartels has begun. There are already over one hundred such international cartels, which command the entire world market and divide it “amicably” among themselves – until war redivides it. The export of capital, as distinct from the export of commodities under non-monopoly capitalism, is a highly characteristic phenomenon and is closely linked with the economic and territorial-political partition of the world; (5) the territorial partition of the world (colonies) is completed.“ (V. I. Lenin: *Imperialism and the Split in Socialism* (1916); in: *CW* Vol. 23, pp. 105-106 [Emphasis in the original])
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- 8 V.I.Lenin: *Conspectus of Hegel's Science of Logic* (1914); in: *Collected Works* Vol. 38, p. 220
- 9 Beside the extensive analysis in our book *The Great Robbery of the South* (see above) we refer readers also to our booklet on the super-exploitation of migrants (in German language): Michael Pröbsting: *Marxismus, Migration und revolutionäre Integration* (2010); in: *Revolutionärer Kommunismus*, Nr. 7, <http://www.thecommunists.net/publications/werk-7>. A summary of this study in English-language: Michael Pröbsting: *Marxism, Migration and revolutionary Integration*, in: *Revolutionary Communism*, No. 1 (English-language Journal of the RCIT), <http://www.thecommunists.net/oppresed/revolutionary-integration/>
- 10 We think such a definition of an imperialist state is in accordance with the brief definition which Lenin gave in one of his writings on imperialism in 1916: *„... imperialist Great Powers (i.e., powers that oppress a whole number of nations and enmesh them in dependence on finance capital, etc.)...“* (V. I. Lenin: *A Caricature of Marxism and Imperialist Economism* (1916); in: *LCW* Vol. 23, p. 34)
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NEW RCIT PUBLICATION ON BRITAIN AND THE EU



The British Left and the EU-Referendum: The Many Faces of pro-UK or pro-EU Social-Imperialism

An analysis of the left's failure to fight for an independent, internationalist and socialist stance both against British as well as European imperialism

By Michael Pröbsting, August 2015

I. The Need for an Independent and Internationalist Working Class Position
* Our Tradition
* World Economy and the EU: Myths and Facts
* The Marxist Classics on the Internationalist Program of Revolutionary Defeatism

II. The NO-Camp: "UK First" Social-Imperialism (Stalinist CPB, SPEW/CWI, SWP/IST)

III. The YES-Camp: Pro-EU Social-Imperialism (AWL, Socialist Resistance, WPB/LFI)

IV. Conclusions

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- 96 For example: "And, finally, a problem of classification arises, which touches upon the very issue of the extent and nature of the internationalization process of capital. G. Milios notes that, as the 'origin' of foreign direct investments is established on the basis of the 'nationality' of the currency in which capital is imported, certain misperceptions occur: This way, investments realized by Greek shipowners in American, Panamanian, or British currency are classified as foreign investments. Yet, during the period under examination here [i.e., 1962-1973], the largest part of direct investments in the branches of petroleum products, shipyards, and tourism are realized by Greek shipowners and not by foreign investors. In discussing the same issue, A. Gregorogiannis considers this section of capital not "Greek" but "cosmopolitan" and further considers cases of minority equity participation as equally foreign. Whereas Milios talks about "the 'cosmopolitan' section of Greek capital", Gregorogiannis argues that: This constitutes a peculiar category, but still of foreign capital. For in all these cases the bonds of interests abroad carry a greater weight than national memories and language do. This is indeed so, but we may argue that it is so for Greek as well as for American or British "cosmopolitan" or multinational sections of capital. Greek shipowning capital is a case in point of how difficult the increasing multinationalization of capital makes the analytical 'disentanglement' of 'external' and 'internal' factors of accumulation." (Skrvelis, Efharis: *Industrial restructuring and the State in Greece*: national developments within an international setting, pp. 49-50)
- 97 "The precocious growth of the modern Greek state can be understood in a similar way. The relatively rapid expansion of its administrative machinery and personnel were out of all proportion to the internal resources of nineteenth-century Greece. To put it simply, the greater part of the Greek bourgeoisie resided geographically outside Greece proper. As a result, the state erected in Athens was disproportionately large for the Greek polity under its command, while Greek capitalism achieved an international, if limited, mercantile character before it established itself on the Greek mainland. The impressive development and dominance of the state apparatus within the Greek social formation becomes even more striking if one takes into account that not only the autochthonous merchant class but also the landowning classes were rather weak in Greece. For large landowners appeared relatively late (with the annexation of Thessaly in 1881) and only lasted till the agrarian reforms of 1917, which abolished big landed property in Greece irreversibly." (Nicos Mouzelis: *Capitalism and Dictatorship in Post-War Greece*, in: *New Left Review* Vol. I, No.96 [March-April 1976], p. 61)
- 98 "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)
- 99 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.
- 100 European Commission: *European Economic Forecast Autumn 2006*, Statistical Annex of European Economy, pp. 48-52
- 101 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 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/>.
- 102 Dimitri Papadimitriou: The Political Economy of Greece. An Empirical Analysis of Marxian Economics, in: European Journal of Political Economy 6 (1990), p. 198.
- 103 Dimitri Papadimitriou: The Political Economy Of Greece, p. 194
- 104 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 Vierteljahresschrift, Sonderheft 32/1992, Westdeutscher Verlag, p. 213
- 105 See on this e.g. Yannis Caloghirou, Yannis Voulgaris and Stella Zamburloukos: The Political Economy of Industrial Restructuring: Comparing Greece and Spain, in: South European Society and Politics, Vol. 5, No. 1, 2000, pp. 76-83
- 106 James Petras: The Contradictions of Greek Socialism, New Left Review 1/163 (May-June 1987), p. 14
- 107 Stavros D. Mavroudeas: Greece and the EU: capitalist crisis and imperialist rivalries, 2010, p. 10
- 108 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)
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- 110 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
- 111 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
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- 113 UNCTAD: FDI in brief: Greece. Outflows up, decline in inflows in 2002, p. 1
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- 115 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
- 116 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
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- 124 BalkanEconomicForum: Balkan Economic Development Outlook, Athens 2015, <http://www.balkaneconomicforum.org/wp/balkan-economic-development-outlook/>
- 125 Saul Estrin and Milica Uvalic: Foreign direct investment into transition economies: Are the Balkans different? LEQS Paper No. 64/2013, July 2013, p 24
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Books from the RCIT

Michael Pröbsting: The Great Robbery of the South Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism

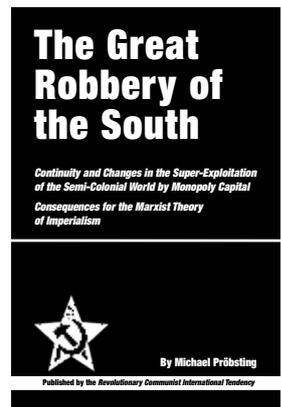
The RCIT is proud to announce the publication of a book called *THE GREAT ROBBERY OF THE SOUTH*. The book's subtitle is: *Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital*. Consequences for the Marxist Theory of Imperialism. The book is in English-language. It has 15 chapters, 448 pages and includes 139 Tables and Figures. The author of the book is Michael Pröbsting who is the International Secretary of the RCIT.

In *The Great Robbery of the South* Michael Pröbsting analyses the super-exploitation and oppression of the semi-colonial world (often referred to as the "Third World") by the imperialist powers and monopolies. He shows that the relationship between the small minority of rich capitalist countries and the huge majority of mankind living in the semi-colonial world forms one of the most important elements of the imperialist world system we are living in. The Great Robbery of the South shows that the past decades have been a complete confirmation of the validity of Lenin's theory of imperialism and its programmatic conclusions. *The Great Robbery of the South* demonstrates the important changes in the relationship between the imperialist and the semi-colonial countries. Using comprehensive material (including 139 Tables and Figures), Michael Pröbsting elaborates that never before has

such a big share of the world capitalist value been produced in the South. Never before have the imperialist monopolies been so dependent on the super-exploitation of the semi-colonial world. Never before has migrant labor from the semi-colonial world played such a significant role for the capitalist value production in the imperialist countries. Never before has the huge majority of the world working class lived in the South – outside of the old imperialist metropolises.

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Michael Pröbsting: Cuba's Revolution Sold Out? The Road from Revolution to the Restoration of Capitalism

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The author demonstrates how the Cuban Revolution, despite the initial modest intentions of its leaders, was spurred forward to more radical policies by grass roots struggles of Cuban workers and peasants. In fact, the very abolishment of capitalism by the Cuban regime was no part of the original game plan of either Castro's Movimiento 26 de Julio or of the official Cuban communist party (PSP), but rather was a product of precisely such pressures from below.

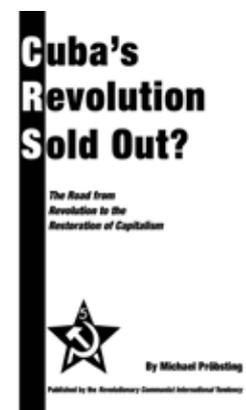
Cuba's Revolution Sold Out? describes in detail how a number of relatively recent political, economic, and social measures were

purposely taken by the Cuban government to open the road back to capitalism. Pröbsting elaborates the key role of the world's new great imperialist power, China, in Cuba's state policy as exemplified in the June 2011 Sino-Cuban agreement for a first Five-Year Plan of cooperation between these two states.

Cuba's Revolution Sold Out? examines these developments from the viewpoint of Marxist theory, the nature of the ruling bureaucracy in Stalinist states, and the process of restoration of capitalism under such regimes.

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The Author: Michael Pröbsting is a revolutionary activist since 34 years. He is the author of many articles and pamphlets in German and English language. He published books or contributed to books on Rosa Luxemburg (1999), on the World Economy (2008), on Migration (2010) and the Arab Revolution (2011). In addition to *The Great Robbery of the South* and *Cuba's Revolution Sold Out?* he also published in 2014 the book *Building the Revolutionary Party in Theory and Practice. Looking Back and Ahead after 25 Years of Organized Struggle for Bolshevism*. He is the International Secretary of the Revolutionary Communist International Tendency.

What the RCIT Stands for

The *Revolutionary Communist International Tendency* (RCIT) is a revolutionary combat organisation fighting for the liberation of the working class and all oppressed. It has national sections in a number of countries. The working class is composed of all those (and their families) who are forced to sell their labor power as wage earners to the capitalists. The RCIT stands on the theory and practice of the revolutionary workers' movement associated with the names of Marx, Engels, Lenin, and Trotsky.

Capitalism endangers our lives and the future of humanity. Unemployment, war, environmental disasters, hunger, and exploitation are all part of everyday life under capitalism as are the imperialistic oppression of nations, the national oppression of migrants, and the oppression of women, young people, and homosexuals. Therefore, we want to eliminate capitalism.

The liberation of the working class and all oppressed is possible only in a classless society without exploitation and oppression. Such a society can only be established internationally.

Therefore, the RCIT is fighting for a socialist revolution at home and around the world.

This revolution must be carried out and led by the working class, for only this class has the collective power to bring down the ruling class and build a socialist society.

The revolution cannot proceed peacefully because a ruling class never has nor ever will voluntarily surrender its power. By necessity, therefore, the road to liberation includes armed rebellion and civil war against the capitalists.

The RCIT is fighting for the establishment of workers' and peasants' republics, where the oppressed organize themselves in councils democratically elected in rank-and-file meetings in factories, neighbourhoods, and schools. These councils, in turn, elect and control the government and all other state authorities, and always retain the right to recall them.

Authentic socialism and communism have nothing to do with the so-called "socialism" that ruled in the Soviet Union and Eastern Europe, and which continues to do so in China and Cuba, for example. In these countries, the proletariat was and is dominated and oppressed by a privileged party bureaucracy.

Under capitalism, the RCIT supports all efforts to improve the living conditions of the workers and oppressed, while simultaneously striving to overthrow this system based on economic exploitation of the masses.

Towards these ends, we work from within the trade unions where we advocate class struggle, socialism, and workers' democracy. But trade unions and social democracy are controlled by a bureaucracy perniciously connected with the state and capital via status, high-paying jobs, and other privileges. Thus, the trade union bureaucracy is far from the interests and living conditions of

its members, based as it is on the top, privileged layers of the working class – a labor aristocracy which has no real interest in replacing capitalism. Therefore, the true struggle for the liberation of the working class, the toppling of capitalism and the establishment of socialism, must be based on the broad mass of the proletariat rather than their "representative" from the upper trade union strata.

We also fight for the expropriation of the big land owners as well as for the nationalisation of the land and its distribution to the poor and landless peasants. Towards this goal we struggle for the independent organisation of the rural workers.

We support national liberation movements against oppression. We also support the anti-imperialist struggles of oppressed peoples against the great powers. Within these movements we advocate a revolutionary leadership as an alternative to nationalist or reformist forces.

While the RCIT strives for unity of action with other organizations, we are acutely aware that the policies of social democrats and pseudo-revolutionary groups are dangerous, and ultimately represent an obstacle to the emancipation of the working class, peasants, and the otherwise oppressed.

In wars between imperialist states we take a revolutionary defeatist position: we do not support either side, but rather advocate the transformation of the war into a civil war against the ruling class in each of the warring states. In wars between imperialist powers (or their stooges) and a semi-colonial countries we stand for the defeat of the former and the victory of the oppressed countries.

As communists, we maintain that the struggle against national oppression and all types of social oppression (women, youth, sexual minorities etc.) *must* be led by the working class, because only the latter is capable of fomenting a revolutionary change in society. Therefore, we consistently support working class-based revolutionary movements of the socially oppressed, while opposing the leadership of petty-bourgeois forces (feminism, nationalism, Islamism, etc.), who ultimately dance to the tune of the capitalists, and strive to replace them with revolutionary communist leadership.

Only with a revolutionary party fighting as its leadership can the working class be victorious in its struggle for liberation. The establishment of such a party and the execution of a successful revolution, as it was demonstrated by the Bolsheviks in Russia under Lenin and Trotsky remain the models for revolutionary parties and revolutions in the 21st century.

For new, revolutionary workers' parties in all countries!
For a 5th Workers International to be founded on a revolutionary program! Join the RCIT!

No future without socialism!

No socialism without revolution!

No revolution without a revolutionary party!

