Introduction

The recent economic crisis and the phenomena it has given birth to, indicate the greatest post-war capitalist crisis. In addition, the structure of European integration is also in crisis, stemming from the EMU and the common currency (euro). Greece, being the “weakest link” in the Euro-zone, experiences the side-effects of the crisis very profoundly, with the implementation of the special “Memorandum”, signed by the Greek government with the so-called “Troika” (EU-IMF-ECB), which has sunk - not only the economy in extended recession, but also - significant portions of the population in growing poverty and boosting unemployment.

1. Global economic crisis

The recent economic crisis is a crisis of capital over-accumulation and especially “fictitious capital”, which constantly asks for new sources of extracting profit. In 2009 global GDP was about 55 trillion dollars, whereas total value of financial “derivatives” (securitisation, public or private bonds, Credit Default Swap-CDS, hedge funds, etc.) was 900 trillion dollars. This bulk of “fictitious capital” leaves in fact very little room for profiting, unless fierce redistribution of accumulated wealth takes place in a global scale.

This means that the blow-up of the “bubble” of “fictitious capital”, on the way of restoring – at least temporarily – necessary balance (price total equals value total), it would leave immeasurable consequences, yet unrevealed in their actual proportions, on both an economic and a social level. Suffice to say that, while the EU had a GDP of about 9.3 trillion euro in 2009, the euro-zone banks owned bonds of 41 trillion euro – 29 of which were “toxic”. How would these “toxic” bonds be amortized, without searching for new sources of profiting and fierce redistribution of accumulated wealth?

This is the critical question that the supporting measures of banks have attempted to answer, on behalf of the US and EU member-states’ governments – still, without establishing viable solutions. This is exactly where the failure of the crisis’ “exit strategy” lays – both in terms of Keynesian or neo-liberal model. Keynesian adjustments create deficits and public debt and lead to a fiscal crisis (crisis of over-debit and increase of cost of lending), whereas extreme neo-liberal policies deepen recession, unemployment, poverty and marginalization of broader social strata.

In any case, controlling market “lawlessness” and implementing regulatory rules in a global scale may indeed be a necessity, but not a sufficient exit strategy from the crisis, even if we temporarily ignore the immense difficulties in applying them; for a reliable exit strategy, it takes a truly alternative policy of surpassing...
deeper causes of the crisis (hidden within the very essence of capitalist reproduction) and swinging the economy towards fulfilling social needs.

2. Crisis in EMU and euro, alternative exit strategy

Absence of coherent macro-economic policy in European level has sharpened stability issues of the common currency. With the EMU, there has been nothing similar to the US united economic policy or the federal Germany after incorporating East Germany. Simultaneously, absence of control over private evaluation companies (S & P, Moody’s, Fitch) and speculators’ actions, uncontrollable credit expansion of banks and ECB’s denial to support member-states with low cost lending as well as meager community budget has so far prevented the possibility of promoting an at least traditional anti-cycling policy in a European level.

On the contrary, what is being promoted nowadays is an extreme neo-liberal version of established economic policy based primarily on two pylons:

- Firstly, EMU criteria being more and more severe, with control and approval of national budgets by Brussels instead of domestic parliaments; severe public debt vigilance and restraint under 60% of GDP; immediate correctional clamp-down in every country, in case fiscal goals of triennial stability programs are infringed; and, finally, enforcing severe penalties in infringers with suspension of the right to vote, fund cutbacks (agricultural funds, etc.) and perhaps even expulsion from the euro-zone.

- Secondly, creating a supranational “lending support mechanism” of countries with high public debt and deficits and implementing harsh neo-liberal measures of “adjustment” within the special “Memorandum”, under severe vigilance by the supranational Troika (EU-IMF-ECB), signaling a new model of accumulation based on the interests of finance capital.

Nevertheless, any advancing of this particular policy would only intensify the crisis’ dead-end, mainly for weaker economies. By making EMU functional criteria more and more severe, the vicious cycle of recession phenomena and overcharge is eternalized, leaving member-states only with the income policy as means of supporting their economies’ competitiveness and practically enhancing their centrifugal tendencies from the euro-zone. In the case of Greece the EMU’s framework, push-out from euro-zone and euro the Greek economy.

On the other hand, implementation of extreme neo-liberal measures within special “memoranda”, hurts fundamental rights and conquests of the European workers (labour relations, social expenditure, social security, etc.), by enforcing a new model of accumulation, which resembles the primal forms of capital accumulation during the first periods of capitalist growth.

An important precondition of any viable exit strategy is implementing a radical turn in the EU and euro-zone applied economic policy, aiming towards full employment, fairer distribution of income and national economies converging allover the EU. The basic axes of such an alternative policy are the establishment of a Growth and Employment Pact, the abolition of the Stability Pact, member-states loaning favorably by the ECB, parliamentarian control of the ECB, increase of communitarian budget funds to 5% of GDP to support development programs and economies’ convergence, gradual equalization of salaries and social grants, etc. All the above would aim towards a common macro-economic policy, without social and tax dubbing, with EU institutions relieved from their embrace with business lobbies, actual control of cartel and multinational companies’ lawlessness, etc.
3. Fiscal crisis in Greece

Fiscal crisis in Greece is in fact a crisis of the Greek economy’s neo-liberal management model and even more, a euro crisis. Inability on behalf of the dominant EU circles to support Greece from speculators’ attacks, led to the enforcement of the so-called “supporting mechanism”, which primarily aimed at securing bankers’ interests and preventing the euro from collapsing. Under the “Memorandum”, Greece steadily becomes a “guinea-pig” the neo-liberal laboratory – much alike Chile in the past. The main measures applied are long-term cutbacks in salaries and pensions, great increase in indirect taxation, dismantling of social security, further flexibility in labour relations, selling public enterprises and property, providing dozens of billions of euro to support banks, etc.

These specific commitments of the “Memorandum” also represent an aggressive response on behalf of Greek capitalism in an effort to re-organize the exploitation mechanism of the employees and the capitalistic dominance in Greek society in general. However, the implementation of the “Memorandum” during the first semester left nothing but ruins and no hopeful exit strategy. GDP decrease in 2010 will surpass 5% and 10% in the triennial period of 2009-2011, unemployment doubled (approaching 1 million people), inflation gallops with 5.5% (strongly higher than the euro-zone average), public debt has risen (135% of GDP), dozens of thousands of small enterprises are shutting down, life conditions deteriorate for the employees, while the youth visions no future.

The spectrum of official bankruptcy still hovers on Greek economy, whereas implementation of the “Memorandum” rather speeds up the process rather than slowing it down. Restructuring public debt and “moratorium of payments” appears as a fatal conclusion, despite contrary assurances. The imperative need to change course before it is too late for the country emerges. Promoting alternative politics demands presuppose social resistances and creating a progressive government which would apply policies of productive re-organization, radical changes and a shift in the economy towards fulfilling social needs, instead of maximizing profits – particularly of finance capital.

In particular, the “Memorandum” and following measures need to be brought down; debt re-negotiation with partial “haircut” and improvement the terms of its pay off; immediate nationalization of banks and full exploitation of public savings to support programs of development and new workplaces; promoting productive re-organization with broad programs of public investments, implementation of departmental policies, support of small enterprises and farmers and environmental protection; radical tax reform, with crush of tax evasion and increasing taxation in high incomes and wealth; cutbacks in military expenses, along with reasonable management of public resources; control over market, capital movement and cartel action, strengthening of the public sphere in strategic sectors of the economy; ensuring purchasing power of salaries and pensions, support of national insurance system, social expenditure increase, special programs of youth employment, etc. It goes without saying that promoting such policies would presume developing a strong social movement and forming a progressive government for the implementation of theses goals.

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