

Communist Dilemmas on the Greek Euro-Crisis: To Exit or Not to Exit?

Christos Laskos, John Milios and Euclid Tsakalotos*, mai 2012

One section of the Greek left converged on a strategy of default and exiting the euro, together with restructuring the economy through devaluation, nationalization of the banks and the renationalization of public utilities, industrial policies etc. At the intellectual level this approach gained powerful support from a number of Greek academics working abroad. At the political level the exit strategy was promoted as a central policy plank by the extra-parliamentary left, especially Antarsya, but also found a strong, albeit minority, support within some sections of Syriza (see Kouvelakis, 2011, p. 30)¹. The forces coalescing around the exit strategy obviously had internal differences and we cannot hope to do justice to all the nuances here. Rather we shall focus on the arguments as presented by those providing the intellectual gravitas to the exit strategy.

The exit strategy has two main elements. The first relies on a deconstruction of any argument that the EU provides any privileged terrain for left wing strategies. The second relies on showing how debt default and withdrawing from the euro provide the indispensable starting point for such strategies. Thus the first report published in 2010 from the *Research in Money and Finance Group*, based in SOAS, argued that the “good euro” option (for instance introducing eurobonds, enlarging the EU budget to include larger fiscal transfers between states or transforming the ECB into a lender of last resort) was politically infeasible (Lapavitsas et. al., 2010). Europeanists, whether “reluctant” or “revolutionary”, Lapavitsas (2012) argues, are widely overoptimistic at what can be achieved on the supranational level. Why should “the main powers” accept major losses from a fundamental restructuring of debt at the EU level (p. 292)? Is it surprising that the “eurozone establishment” has given short shrift to proposals for direct ECB financing of public debt (p. 293)? Moreover is it likely that we could arrive at a coordinated European-level response to macroeconomic imbalances? After all “There is no capitalist class that would systematically aim at raising the wages of its own workers since it would then be ruined in competition. If wage restraint was broken in Germany, the monetary union would become a lot less attractive to the German ruling class, raising the issue of its own continued euro membership” (p. 294-5).

It is difficult to know what to make of this style of argumentation. “Revolutionary Europeanists”, to accept for the sake of the argument Lapavitsas’ widely misleading term for those he disagrees with, are hardly likely to believe that the “main powers” and the “eurozone establishment” will accept willingly either debt restructuring or monetary financing of public debt. Nor do they think that it is somehow in the interests of German, or any other for that matter, capital to increase the wages of their workers. Nor, to take a final example, are they likely to be unaware of the fact that German capital is committed to the

* members of Syriza

¹ Antarsya represents a political alliance of a number of extra-parliamentary leftist parties from various traditions (Trotskyist, orthodox Marxist, and others). Syriza represents a much larger grouping, in terms of numbers and electoral appeal (it currently has 9 Members of Parliament), based around Synaspismos, the largest Greek Left party after the KKE, with a number of smaller leftist parties also stemming from different traditions (Trotskyist, Maoist, left-eurocommunist etc). The main orthodox communist party, the KKE, remained rather aloof from the debate concerning the euro. While the KKE is a virulently anti-EU party, and is clear that progress to socialism requires Greece leaving not only the euro, but the EU itself, it was, on the whole, unwilling to commit itself to a short-term strategy of exiting the euro.

euro as a hard currency whose credibility is crucial to providing the framework for capital accumulation². A radical strategy for the Left that gives more weight to the European-wide level is just as likely to point to the need for a fundamental shift in the balance of class forces as is one that places more emphasis on the nation state.

Thus Syriza, which did not support the exit strategy, was fully aware of the scale of the task in changing the balance of class forces at the supra-national level. But it considered that building alliances with radical forces in both the PI(D)Gs and in the Northern economies was a critical component of any response; not just to respond to the rising debt crisis, but to seek common ground to challenge ruling ideas and practices concerning both production and redistribution. It was under no illusion about the scale of the resistance to be expected to any restructuring of debt, but its analysis maintained that the global nature of the capitalist crisis presented severe limitations for any merely national response. In any case Syriza's internationalist interventions were supplemented with national-level initiatives, calling for a radical redistribution of income, socialization of the financial sector and many of the policies supported by those in the exit camp. Moreover Syriza was in some sense more radical in its skepticism with respect to leftist strategies that relied on the "reconstruction of the national economy" as a stepping stone towards socialism, thereby somewhat sidelining the issue of the relations of production.

In other words, the issue at stake is not the need to think about the balance of class forces, but, rather, where the more favourable terrain for the Left lies, or where should the emphasis be, given that "revolutionary Europeanists" do not ignore national struggles, and nor do supporters of the exit strategy neglect the need for supra-national interventions. Without such an analysis it is difficult to work out why TINA does not hold at the national level, as the entire Left has argued throughout the dark years of neo-liberalism, but somehow the mainstay of capitalist ideology, that there is no alternative, is perfectly correct once we move to the supra-national level. But it turns out that the analysis required opens up nearly the whole gamma of issues concerning Left strategy: from the nature of present day imperialism to that of the state, from the feasibility of national roads to socialism to the nature of leftist alternatives for the economy, from the sources of capitalist ideological hegemony to class strategies for changing the balance of forces. It is for this reason that we believe that the Greek debates are of interest the wider Left.

The Eurozone crisis facing the Ghosts of Dependency Theory: A False dilemma?

Influenced by the anti-colonial struggles many neo-Marxist approaches to imperialism in the post-war period were premised on the idea that ex-colonies and developing economies were subordinated to imperialist countries through relations of dependency. This notion of dependency, together with the related concept of world capitalism, shaped the centre-periphery theories which conceived global economic relationships as relationships of *exploitation and polarization between countries*, with a developed imperialist "centre" and a dependent "periphery", with a "semi-periphery" in between these two major poles. The approach was most influential in the 1970s, and it played some role in the thinking of PASOK in its earlier radical phase before its first administration in 1981³.

2 We are less convinced, however, of the argument that Germany is so committed, as Lapavistas (2012) seems to believe, to the importance of the euro as a form of world money. Germany, before the euro, was always sceptical about the deutschmark turning into a major reserve currency, and this scepticism has carried over with respect to the euro.

3 It is an uncomfortable fact for present day supporters of the exit strategy that their approach has so much resonance with the failed "socialist" experience of the early 1980s in Greece. PASOK in that period was also committed to a national road in which industrial policy, planning agreements and socialization of the public sector

The marginalization of this approach is best explained by the failure of this approach to explain contemporary developments in capitalism: the rise of East-Asian capitalist social formations and later China and the other “BRIC” countries, despite the marginalisation of most sub-Saharan, Latin-American and Asian countries (Milios and Sotiropoulos, 2009, ch.2). But there is a strong element of the centre-periphery schema in many of the supporters of the exit strategy:

The European Monetary Union (EMU) has created a split between core and periphery, and relations between the two are hierarchical and discriminatory. The periphery has lost competitiveness in the 2000s, therefore developing current account deficits with the core and accumulating large debts to the financial institutions of the core. The result has been that Germany has emerged as the economic master of the Eurozone. [...] the Eurozone also has an external periphery in Eastern Europe which has presented similar tendencies to the internal periphery [...] Italy [...] occupies an intermediate place between periphery and core [...] But what alternative is currently on offer to peripheral countries? Trapped within the Eurozone, they are threatened with continued austerity, low competitiveness, high unemployment, growing social tensions, and loss of national independence

Lapavitsas et. al. (2011, p. 5 ff.)

The general tenure of the argument suggests that that the competitive capitalist countries of the European “centre” – especially Germany – have experienced gains in competitiveness by achieving low labour costs, primarily through a squeeze on wages and a slowing down of inflation. In this manner they have improved their exports within the Eurozone, while at the same time destroying the “productive base” of the periphery which seems to be caught in an “underdevelopment” trap. The persistent current account imbalances are thought to be the immediate results. For those accepting this line of argumentation, monetary union seems to have been converted into an area for the exploitation of the *countries of the periphery* by the economic “steam-engine” of the *centre*.

Such an approach displaces a major element of Marx’s problematic, namely class-struggle as the motive force of historical evolution, in favour of a bourgeois theoretical schema, according to which contradictions and exploitative relations between capitalist social formations move history. It has no conception of the state as the political condensation of class relations of domination, *the factor that underwrites the cohesion of capitalist society*. It therefore fails to grasp that capital is a social relationship that is reproduced in a complex way (politically and ideologically over-determined) in the framework of a specific (national) social formation.

The economic development of capitalism, and its crises, does not depend on the “desire” or the “strategies” of powerful states, but on the class struggle as reproduced within the various national state links of the global economic and political order, which through their inter-articulation comprise what may be described as the *global imperialist chain* (Milios & Sotiropoulos 2009, ch. 10). This is a way of conceptualizing the complex economic, political and ideological links that develop between the different social formations which over-determine the class struggle in each country but never acquire priority over it. The imperialist chain provides, *on the one hand*, the field of constitution of different, often contradictory national

were to play a major role, in an environment where capital controls, the exchange rate and monetary policy were freely available as policy tools.

strategies, patently unequal in strength. But *at the same time* the unequal links in the imperialist chain have a common strategic interest: *reproduction of the capitalist system of power*. Each state as it forges its own strategy in the international arena, on a terrain of shifting correlations of power, also contributes to the reproduction of capitalism at the global level. The EU comprises the integration of *capitalistically developed* European countries: a strategic coalition of their ruling classes, seeking to strengthen their position both against the USA and other developed capitalist formations and, primarily, against their “own” (the European) working classes. The key prerequisite for unimpeded capital accumulation is that there should be favourable conditions for the valorization of capital, and capitalist competition is to be included among such conditions. Exposure to international competition is the most appropriate strategy for organizing bourgeois power, as a model for continuing reorganization of labour and the elimination of non-competitive individual capitals to the benefit of overall social capital.

Exit strategy supporters rightly consider that the EU is a powerful and authoritarian construction furthering capitalist interests. However, what we challenge here is the claim that the EU essentially a construction which serves the interests of the Northern economies – as if there are no class relations within northern economies. The exposure to international competition, effected through the single market programme and monetary union, imposed significant restructuring to the benefit of capital in *all* member states. Significantly, this integration secured higher rates of profit, satisfactory rates of growth, and a rise in average productivity, for the less competitive countries, before 2008 at least, went a long way towards closing the gap in per capita GDP that separated them from the more advanced countries of the European north. And all this in an environment of “free” movement of goods and capital is an index of competitiveness!

Thus, during the period 1995-2008 Greece experienced a *real* increase in GDP amounting to 61.0%, Spain 56.0% and Ireland 124.1%. Conversely, GDP growth over the same time period was 19.5% for Germany, 17.8% for Italy and 30.8% for France (see OECD, Economic Outlook, Volume 2009/2, IMF & See Milios and Sotiropoulos 2010, p. 228). We note that during the same period, and contrary to what happened in Spain, Italy and some other European economies, the growth of Greek GDP was more heavily based on investment and on a high growth of employment and productivity, rather than government consumption.⁴ The higher growth rates in the “peripheral” European economies were accompanied by both a fast reduction in the cost of domestic borrowing and a significant inflow of foreign investment (of various forms). This caused lasting surpluses on the financial account. However, the imbalances in the financial accounts within the eurozone shaped an unstable and vulnerable context of symbiosis which quickly unraveled after the 2008 crisis.

One of the most noteworthy features of the first decade of the euro is the persistent current account imbalances: certain countries show chronic surpluses while others invariably suffer deficits. *Nevertheless*, the causality between these two “givens” may not be what it is often casually asserted to be in the relevant discussions. The current account deficit, in other words, may *not be simply* the immediate result of a corresponding “deficit” in competitiveness. On the contrary, it is quite possible that both could be the outcome of a different deeper cause, namely,

4 Alpha Bank, [Greece and Southeastern Europe. Economic & Financial Outlook](#), n.74, May 2010

the considerable differences in the levels of capitalist growth and of the specific mode of “symbiosis” within the euro.

Two other basic parameters seem pertinent in this respect. *On the one hand*, the higher rates of profit at the “periphery” boosted financial yields as a whole, with the result that international investors became ever keener to finance these high rates of growth, particularly in an environment where exchange-rate, and other, risks seemed, at the time, so much smaller. The countries of the “periphery” thus recorded strong surpluses on their financial accounts. Investments of various kinds in these countries rendered them attractive to capital from the centre. *On the other hand*, eurozone economies, with their different rates of growth and different rates of profit, were incorporated into the same regime of uniform nominal interest rates set by the ECB. These interest rates were considerably lower for the countries of the “periphery” than they had been prior to the introduction of the single currency. This fact, in conjunction with the higher rates of inflation prevailing in these countries, translated into even lower real interest rates for the local banking sector, laying the ground for the explosion of (private and public) borrowing.

These two factors strengthened borrowing and contributed to a further heating up of the “peripheral” economy, orienting production to the needs of a considerable domestic demand.⁵ This had the effect of further reinforcing inflationary tendencies. The real level of interest rates fell even further, in this way providing further financial leverage. At the same time conditions of high internal demand caused increasing demand for imports. The flow of capital to the “periphery” on the one hand offset the cost of participation in the single market while at the same time generating the preconditions for a deterioration in competitiveness (as higher inflation boosted the price of domestically produced commodities). Thus the euro contributed to the perpetuation of asymmetries in the current account balances and divergences in unit costs of labour and inflation (competitiveness).

Clearly it is not that easy to sort out the line of causation between current account deficits and capital account surpluses, but a “centre-periphery” approach, we would argue, is misleading with respect to understanding the dynamics of the eurozone. Monetary union evidently generates strategic benefits for the collective capitalists of *all the countries* that participate in it. In other words, the strategy of exposing individual capital to international competition resulted in high growth rates and accumulation in the less-competitive countries of “periphery”. It is not possible to sustain the argument that EMU is exclusively the servant of the “insatiable” schemes of Germany, with its competitive economy. Moreover the experience in Greece, after the adoption of the first stabilization plan, suggests that what we have been witnessing is entirely understandable as a massive assault on the living standards of Greek workers for the benefit of Greek capital. It could further be argued that Greece provides a crucial test case, for European capital’s ability to enforce a “solution” to the crisis which strengthens its hand. The emphasis on Germany’s role severely misrepresents both of these aspects to the detriment of socialist strategy, to which we now turn.

A critique of the National Routes to Socialism: Class Politics revisited

⁵ This, be it noted, does not apply in the case of Ireland.

Above we have argued that the financial and economic architecture of the eurozone, which does not simply rest on the single currency, acts as a mechanism for exerting pressure for reorganizing labour in all member countries. The squeezing of the German working class, which started well before the eruption of the crisis, is an important part of the story. The debt crisis has further served to tighten the screws on labour in all areas of the eurozone. The policies of austerity have been almost universally adopted even though they have been unable to halt the eurozone crisis.

Is the exit strategy as a response to the crisis in the eurozone?

In our view the basic problem is not the supposed radical nature of the strategy, but that it fails to challenge deeply enough prevailing views about the nature of the Greek predicament. In this way it is also unable to break with ruling ideas concerning the importance of the national economy and competitiveness. The serious economic and social consequences of breaking off from the euro are to be met with, presumably in rapid succession, capital controls, nationalization of the banking sector and leading industries, and industrial policies. That is to say, we have a national response in the face of a globalized world, with all the numerous interdependencies that this entails, and a capitalist class united and organized at the world level.

The alternative supported here does not ignore the importance of the nation state and local struggles. On the contrary, it is happy to concede that the primary locus of struggle is within the nation state and against the bourgeois class of that state. But it is also keenly aware of the importance of reaching out to secure alliances, and promoting initiatives, beyond the boundaries of the nation state. Labour in both the PI(I)Gs and the northern economies has a lot of common interests that need to be exploited. Some in the exit camp have been keen to place their approach within the tradition of leftist internationalism. Thus it has sometimes been argued that Greece represents the weakest link in the capitalist chain, and that a radical break with the eurozone in Greece will lead to radicalizing initiatives elsewhere. But it is not that convincing that a strategy that relies, in its initial stages at least, on a competitive devaluation to promote the competitiveness of the Greek capitalist economy can be sold as an exercise in internationalism. Moreover the emphasis on the national economy does not suggest that an integral aspect of the strategy is the process of bringing together the largest possible concentration of the forces of labour to take on the class enemy.

An additional problem is that such approaches fail to learn from history: national roads together with the demonisation of the foreign ‘other’ without a proper antidote of making the necessary class distinctions and integrating within a regional class struggle are easily manipulated by the forces of nationalism. This is particularly poignant in the Greek context, where the debt default and euro exit option has been taken up wholeheartedly by a wide range of nationalistic forces, whose anti-imperialist rhetoric is not always easily distinguishable from that of certain sections of the Left⁶. Debt default is supported in these currents because Greece does “not owe

⁶ Thus D. Kazakis, an independent economist, originally from the KKE, has set up his own party with identifiable nationalistic sentiments. Before that his support for the default and exit option ensured that he was given a platform by leftist organizations that should have known better. Another case is that of Spitha (spark), a group that has coalesced around the famous musician Mikis Theodorakis. Theodorakis is a historic figure of the Left, but his

anything; they owe us”, and that the country is facing a new form of “occupation”, a term that still has a powerful resonance in a country that has not forgotten its wartime experience and all that followed from that. This line of reasoning, needless to say, does not allow any internal division between the “people” and the “nation”.

Syriza has taken a clear position on this. Also on a number of times, the general secretary of the KKE, Aleka Papariga, has suggested that in current circumstances a withdrawal from the euro could have catastrophic consequences. For the KKE the exit is postponed to the longer run, under conditions of “popular power”. Thus the stance of Syriza, and also to a certain extent the KKE, with respect to the exit strategy has nothing to do with their acceptance of a “role of passive repositories for popular rage” (Kouvelakis, 2011, p. 31) but more with a class analysis of the capitalist crisis and their historical understanding of the dynamics of nationalistic politics.

The long tradition within the Greek Left of placing great emphasis on the reconstruction of the economy has also influenced the dominant discourse, in particular modernizing currents that came to the fore with the first Kostas Simitis PASOK government in 1996. The dominant discourse has argued that it represents the outward-looking pro-European option. In actual fact what has been on offer is a national strategy within the EU. Modernizers, before and after the outbreak of the crisis, were willing to offer some criticism of existing EU policies and institutions, but a shift in these was never seen as an indispensable element of the solutions offered. In the post-1974 period, the Left was concerned with the restructuring of national economy. PASOK and the KKE thought that this could be done best outside the (then) EEC, while the KKE-interior, reflecting the eurocommunist tendency within Greece, argued that a *national* strategy inside the EEC was more viable. What was lacking from this conflict, which has subsequently re-emerged in different guises a number of times, was a strategy based *in part* on supra-national solutions.

But it is interesting to note that this national emphasis in socialist politics had, in the years before the outbreak of the crisis, had been subjected to very serious criticism. Much of this revolved around the issue of the *economism* and *statism* of the traditional Left, as well as its focus on winning elections and forming a government, or its *governmentalism* to use the Greek expression. It cannot be said that those supporting the exit have shown any great readiness to engage with such criticisms.

For instance the *economistic* bent of the approach can be fathomed from the importance given to acquiring a national currency. There is a case to be made whether devaluation can provide the same level of real wage decline but with lower unemployment, but it is not obvious that devaluation is always to be preferred to the type of internal deflation being pursued at present by the Troika. The *statism* of the approach seems to have learnt nothing from previous experiences of Left governments, such as the French experiment in the early 1980s. The idea that forming a government of the Left is a sufficient condition for a change in enforceable policies is one that dies hard it seems. And this is especially the case when the emphasis is so much on reconstructing the productive basis of the economy in order to be better able to compete, and so little on changing the relations of production and promoting new forms of social production.

increasingly patriotic rhetoric, and some unsavoury company, has meant that it is the nationalistic aspects of the Spitha that dominate.

This line of argument is taken up more fully in the following section. The *governmentalism* of the approach is evidenced by the emphasis given to what a Left government would do in order to bring Greece out of the crisis. So the whole Left is entangled in a, often vitriolic, debate of what needs to be done once a government of the Left is formed. This can only sideline the central tasks of building a movement towards that end, with that level of active participation that experience shows is a vital prerequisite for making the best use of government.

Underlying this triptych seems a return to a form of popular frontism. It is as if the people have a common interest against large capital, thereby considerably simplifying the problems of popular and state power. This may be also a result of a “centre-periphery” mindset that suggests that Greek capitalism is weak and therefore the forces of reaction are also weak. This approach does, as we have seen, not stand up well in terms of theory, and perhaps more importantly, it has not been borne out by the events after the outbreak of the crisis. As Rylmon (2011) points out that:

[the] higher social groups as well as a large section of the middle strata accept the deterioration in inequality with respect to income and social services, as they do the increase in unemployment and the spread of poverty. In spite of the fact that the consequences of the crisis, and the policies that have managed that crisis, have some effect for nearly all the population, the deterioration that has been enforced by these policies has been met with enthusiasm by a large majority of the privileged ... firms are sacking in large numbers those who are struggling to preserve the legal rights of workers ... therefore calls for national unity in these conditions represent a failure to look at the real issue...

Austerity has seriously worsened the conditions of labour. The equality of insecurity, to use a telling phrase of John Gray, being imposed on both public and private sector workers, has unified the experience of large numbers of people, and has put severe limits on individualistic responses while leading to the proletarianization of sections of the middle class. What we are witnessing is the return of the social question, and the prioritization of the issue of jobs and wages. This is the basis for a return to class politics and the need to start from basics. It is for this reason that one section of the Left has put a radical redistribution of income at the heart of its response. It is not “a simple rejection of austerity”, as suggested by Kouvelakis (2011, p. 29). Such a stance further requires rather more explicitness on possible friends and foes than the supporters of the exit strategy are willing to express.

The central issue, for us, at least revolves around whether the basic contradiction is between capital and labour or between capital and the people. What we need is a discourse, or rhetoric, that elevates class, and not the “popular”, and which has the potential to unite the blue-collar worker, the precariously employed and the supermarket employee.

This does not imply that there are no middle classes that can take sides with the forces labour. But thinking about this issue relies going beyond the anti-monopoly schemas that dominate some parts of the Greek Left. The category of the middle classes, including the petit bourgeoisie (Milios & Economakis 2011), covers a wide range of experiences and social practices. The Left needs to analyse these distinctions. It also needs a hegemonic politics that seeks to reach out to

some these classes, not on the basis of their traditional mode of operation, which in the Greek case could simply imply tax evasion or worse, but on the basis of new practices and new consumption and production prototypes.

Alternatives to the Hegemony of Capitalism

We are criticizing here a position which has a curious conservative quality. It is as if the Left has always known the path to socialism, including the optimum economic interventions along that path, and all that is needed is the appropriate political climate to reactivate the given formula. Making a virtue out of necessity, exiting the euro and suspending debt repayment provides an ideal framework, it seems, for implementing the usual panoply of leftist economic responses: capital controls and the nationalization of the banks, price controls, renationalization of most of the public utilities privatized by the ND and PASOK administrations since 1996, industrial policy and so on. Those who recall the experience, or better the fate, of the *Alternative Economic Strategy* in Britain or the *Common Programme* of the Left in France, might be tempted to express some mild surprise that so little has changed in the rather extensive intervening period. Nor can it be said that the proponents of the exit strategy displayed any great interest in discussing the reasons behind past failures in alternative economic experiments or the extent to which economic developments since the 1970s, such as globalization and financialisation, necessitated certain new departures.

But thinking about alternatives is not only a matter of assessing past failures. In most Marxist conceptualizations, theory, and therefore practice, should in part be based on the generalization of the actual experience of working class. More recently, leftists would be keen to extend this formulation to the experience of the feminist, anti-racist and other movements, such as those that have been struggling against the commodification of social and public goods. The experience of the anti-globalization movement, given its prevalence in the lean years of neo-liberal hegemony, would seem to provide an excellent workshop for leftists seeking guidance about how to think about alternative economic and political strategies. Grass roots activism, self-organization, self-management, the social economy, social auditing, fair trading and ethical banking would seem to be just some of the experiences that have sprung up across the world which could realistically form the elements of a new approach. Not necessarily as alternatives to, say, democratic planning or industrial policy, but at least as useful additions. We would stress two themes, common to many of these innovations: that social needs provide the essential starting point for thinking about any alternative (see Lebowitz, 2003), and that an active response from the agents of change is indispensable for addressing those needs and therefore also for the political aspects of any transition strategy⁷.

It is not that either of these themes was entirely missing from previous experiments. To take just one example, British leftists who engaged with the *Alternative Economic Strategy* were keen to stress the role of industrial democracy and workers' participation. It would go too far to claim that the strategy relied exclusively on the transfer into state ownership of large banks and

⁷ These two themes are central to Laskos and Tsakalotos' (2011) book, in Greek, which looks at the Left's response to the crisis in a historical perspective. The 'no turning back' title of the book refers not only to the social democratic and neo-liberal experiments of the post-war period, but also to the Left's response to the crisis of the 1970s in terms of national strategies, essentially of reconstruction of the domestic economy.

enterprises. But it is no exaggeration to claim that there was an inflated expectation concerning the degree to which such a transfer would, by itself, open new opportunities for a socialist transition. In retrospect it seems that the dominant view was that a state controlled by the Left could be relied upon to know which needs of labour have to be prioritized, while the active involvement of those from below was, at best, an additional extra.

In our conception, on the other hand, what the two themes – needs and active participation from below – provide is a basis for uniting the experiences of a wide range of movements, some of which are anti-capitalist, but many of which have an anti-capitalist dynamic without any conscious commitment to that effect. The connecting threads seek to challenge both production and consumption prototypes of capitalism, and not just of the neo-liberal variety. They bring to the fore, in new and interesting ways, the historical Marxist problematic concerning who produces what for whom and how. They open up the question of new technologies and how these can serve communities rather than the control of capitalists over production and distribution processes. They relate directly to ecological concerns about sustainable development or feminist ones about the role of “care” in our societies.

At the same time after 2008, and in Greece especially after 2010, social resistance to austerity included diverse forms of solidarity and initiatives to set up a parallel social economy. It could be argued that these experiments were hesitant and sporadic, while they lacked the critical mass necessary to provide viable alternative modes of consumption and production, let alone to seriously challenge the system. But in the position we are criticizing here such experiments tended to be seen, if at all, as useful protests that expressed disaffection with the austerity policies of the government. They had little bearing on the big picture of setting up a viable socialist economy.

We would argue that this is too limited a conception. When Kouvelakis (2011) argues that Syriza limited its political strategy to opposing austerity and hoping that the Greek debt problem would be solved at some unspecified moment in the future he is doubly misleading. **First**, one section of the radical Left argues that we need to go beyond the issue of debt, important though it is, if the Left is to provide convincing answers to the crisis. To conceptualize the issue as a straight fight between those arguing for austerity within the euro and those arguing for exiting the euro to provide space for the restructuring of the economy and growth, is to remain on the terrain of the dominant ideology. For that ideology, most often experienced as a threat, maintains that the only alternative to austerity is being expelled of the eurozone and all the significant costs this entails. This dilemma can only be transcended when the problem of debt is given its proper weighting, along with the issues of the crisis in capitalist production and consumption prototypes discussed above.

Secondly, that part of the Left, criticized by Kouvelakis, was intensely engaged in all those movements discussed above. Not only as an expression of solidarity, but also through a belief that if the Left was to regain its hegemony it needed to prove that it was not only saying different things from the dominant elites, but also doing different things. Neo-liberalism has, as it is often argued, led to a devaluation of politics and its potential to actually change things. The issue, therefore, resolves around the agency of social change. For us these forms of solidarity and social economy are better seen as practices with radical potential. At one level they provide

an immediate response to the needs of those at the butt end of the neo-liberal response to the crisis. But at another they provide transformative structures (Suchting, 1983), in which people come to see the value, of say solidarity, in practice and come to see that politics, widely defined, can actually change things. To be sure, people primarily shift position because of material circumstances and ideological reconsideration. But practices that are antithetical to capitalist values can also play a key role: in a context where trade unions, or working class associations of all types, are unable to fulfill such a role, at least to the extent they did in the past, the Left needs to think very seriously about the role of alternative practices.

Unless that is, one thinks that the most important element in transforming consciousness is the homing in on the “correct” political line with respect to present conjuncture. For many on the Greek Left, we fear, the response of exiting the euro and the suspension of debt repayments was/is just such a line, which, for reasons that have already been elucidated we question. But the point here is that there is only so much that the correct “line” can achieve. Given the above, it is not surprising that the position we are critiquing here failed to ask difficult questions about the level of support for its chosen strategy. Often it assumed exactly what needed to be shown.

In Greece, even amongst progressive sections of the population, there is widespread skepticism that the existing state can be a vehicle for change in anything resembling a desired direction. This reflects not only the effects of so many years of neo-liberal hegemony but the actual workings of the Greek state – a hierarchical, inefficient, clientelistic and authoritarian state which has served Greek capitalists and their allies well. How to challenge such a state, how to democratize it, how to make it sensitive to social needs, and how to link it to forms of direct democracy would seem to be some of the more pressing questions for the Greek Left. But not for the view we are critiquing here where it is assumed that: 1) the state is in a position to carry out the traditional panoply of leftist economic alternatives and 2) that enough people believe this to be the case. There seems little warrant for either assertion. It is not as if there any easy answers to such questions. But it is difficult to believe that progress can be made without at least setting them, and at various levels. Can, for instance, public sector unions transform themselves to be able to integrate their traditional demands to those consumer groups and social movements demanding better public services?

But are we seriously suggesting that progress towards socialism, or at least a leftist exit from the crisis that opens up new agendas, needs to wait for the resolution of such difficult questions? Of course not, but our objections do resolve around a long debated issue of the Left. In the context of the Greek conjuncture it can be stated simply in terms of whether the programme of the Left can be said to preexist independently of the movement. Notice that this question holds whether we conceive the movement towards a different society in terms of a long process of evolutionary changes within capitalism, in terms of a more condensed period of rupture with the capitalist system or something in between (of intermediate “ruptures” along the path to socialism as left eurocommunists used to argue).

Opponents of the line of exiting the euro and the suspension of debt repayment were/are keen to argue that, whatever we think of the issue, it need not become an obstacle to finding common ground in the here and present. After all nobody in their right minds actually announces a devaluation - just think what would happen to bank deposits on the eve of an election when a

victory for the Left was on the cards. But the main issue is whether, in the period when the movement to support a radical break with the present system is emerging, we prioritize the essential unity of the movement and its interconnectedness on common concerns and aspirations, or, on the other hand, the “correct” political line? Is the movement to be divided **now** because of the very different answers to what a Left government needs to do once in power concerning the exchange rate and reducing the level of debt repayments? More than the actual answer to the question of the appropriate exchange rate regime, it is the priority given to the question that we have found immensely problematic, and especially when it has been used as an excuse to resist social pressures for the unity of the Left in response to the austerity programmes.

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