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# The Collapse of a Nation: Who's Afraid of Greece?

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The Greek summer is almost over, but the truly hot season this year is going to be between September and November. The failed policies of the second bailout plan backed by the European Commission, the European Central Bank (ECB), and the International Monetary Fund (IMF) are in full swing, causing further pain to an already economically devastated citizenry that has seen its standard of living rapidly retreat to 1960s levels, while the fiscal consolidation program continues to run off course.

Greek GDP has been in free fall since the bailout scheme was implemented in May 2010, with the economy shrinking by more than 6 percent in the last quarter—a contraction that came on top of an almost 7 percent decline in the first quarter of 2012. The unemployment rate currently stands at 23.5 percent, wages and salaries have shrunk by as much as 30 percent, a series of pension cuts has been implemented (the latest proposal is to cut up to 600 euros per month from individual pension checks!), hospital operating expenses have been reduced by half, and the education budget has been hit so hard that many schools throughout the country operated without heating oil last winter. Adding insult to injury, tax increases of every conceivable sort (VAT, solidarity tax, property taxes) have been imposed, while the rich and powerful continue to receive immunity courtesy of a highly corrupt state elite. Overall, what was a modern democratic polity is beginning to resemble a feudal state, with its rulers taking as much money out of the population's pockets as they can.

The notion that the austerity package that has been shoved down the throats of the Greek working population in the name of "fiscal adjustment" will only lead to yet more austerity measures, in an endless cycle, is hardly an exaggeration. From the start of the bailout scheme, each successive Greek government has announced, virtually on a bimonthly basis, new rounds of predatory fiscal austerity measures, leading to an austerity-induced depression and imposing austerity-induced hardship.

The latest example? Not long after the approval of the second bailout plan earlier this year, the Greek government was ordered by the "troika"—the representatives of the European Commission, IMF, and ECB that supervise Greece's economic occupation—to come up with an additional 11.5 billion euros in government spending cuts for the period 2013–14. This is now a condition for the release of the next tranche from the 130 billion euro bailout fund—31 billion euros (all of which, of course, will end up in debt repayments). Yet there are already strong indications that the actual measures for spending cuts for 2013–14 may reach as high as 20 billion euros, if not more. Most of the savings will come, again, in the form of cuts in wages, pensions, and social programs and goods.

The complete disinvestment in the social state is the most pressing objective of Greece's creditors, as they are deeply committed to extreme laissez-faire capitalism as the future for western societies. All capitalist societies are to enter the "brave new world" of the Darwinian economic order (a much more ruthless order than that of early "casino" capitalism, since it has at its command an administrative elite operating on behalf of the global financial sector), and Greece is clearly the prototype. The rollback of the social state is to be accompanied by a massive onslaught on labor rights, increased exploitation, the privatization of all public goods and services, and the breakdown of community values. In the case of peripheral, weak, and financially troubled nations like Greece, the collapse of the remaining industries and the shift of agricultural production into the core economies are also part of the price to be paid in the new Darwinian economic order. The state apparatus is to remain intact for the protection of the interests of the rich and powerful, and for "social peace" and law and order.

The failure of the Greek economy has been followed by the outright sale of the nation's public and natural resources, and the conversion of the domestic laboring population into contemporary serfs. On sale, among other highly valuable state assets, are the ports of Piraeus and Thessaloniki, the Greek telecom OTE, the national lottery, prime real estate, and the postal bank. Greece's financial backers expect the privatization projects to raise 50 billion euros by 2015, but given the condition of the national economy, this scenario is as far-fetched as investing in Martian real estate at today's bargain prices, because the cost of real estate on Mars can only go up.

As the summer comes to an end, the Greek labor movement and virtually all the professional classes are set to embark on a new round of paralyzing strikes and demonstrations as the government seeks to consolidate its latest spending cuts. This time, in fact, things may get even rougher, as the government finds itself facing some unlikely foes on the streets: police officers and maybe even members of the armed forces. As we said, this year, the hot season in Greece is only just beginning.

A more detailed discussion of this topic can be found at www.levyinstitute.org/pubs/pn_12_11.pdf.

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