CHAPTER 2

Imperialist Exploitation and Crisis of the Greek Economy: a Study

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Introduction

The United States' economic crisis appeared at the epicentre of the recent global economic crisis. It has been previously evidenced[1] that during the neoliberal era the profit rate of the US non-financial corporate business sector recovered, without however reaching its mid-1940s and mid-1960s historical levels.[2] In close relation to the re-regulations, which took place during the neoliberal era, a feeble profit rate recovery paved the way for the boom of the financial sector. From this point of view, the recent US economic crisis can be interpreted as a possible result of a 'plethora' of profit-seeking capital in the financial sector,[3] rather than a crisis of 'financialisation'.[4] However, US economic crisis fuelled a global credit risk reassessment and within these circumstances the Greek economic crisis emerged.[5] In this respect and considering the high Greek public debt,[6] it is not surprising that the majority of the Greek Marxist Left initially considered the Greek economic crisis – and bankruptcy – as a mere 'public debt crisis'. However, if the high public debt were the main cause

1 Economakis, Anastasiadis and Markaki 2010.
2 Economakis et al. 2010, pp. 479 ff.
3 Economakis et al. 2010, p. 486.
4 For a critique of the 'financialisation thesis' as the interpretation of the recent economic crisis, see Mavroudeas 2015, pp. 84–9.
5 The global economic crisis turned part of private debt into public debt, which led to a crisis of insolvency, due to the soaring of interest rates. Thus, the global crisis appeared as a public debt crisis (Milios 2011; see also Economakis, Androulakis and Markaki 2015, p. 130; see also in this volume Zisimopoulos and Economakis).
6 The Greek public debt as a percentage of Gross Domestic Product (GDP) is much higher than the Eurozone public debt (see Economakis, Androulakis and Markaki 2015, p. 130). The consolidated debt of the general government, as a percentage of GDP, had reached 110% of GDP in 2005 (Bank of Greece 2013, p. 41, Table 22). For a further analysis of Greek public debt, see in this volume Zisimopoulos and Economakis.

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of an economic crisis and bankruptcy, then other economies would have been bankrupt before Greece, e.g. the Japanese, whose gross public debt as a percentage of GDP reached 248 % in 2015.[7]

From a completely different perspective, other Marxists examine the Greek economic crisis primarily in the context of the 'law' of the falling rate of profit. According to this point of view, 'inadequate profitability remains the fundamental cause of crisis … and this holds true for the case of the Greek economy as well'.[8] Thus, the crisis of the Greek economy should be examined through the prism of 'the Marxian law of the tendency of the rate of profit to fall'.[9] Yet, as it has been previously evidenced,[10] during the period 2007–12 the rising of the intensity of net capital stock (or the net capital stock per employee, which resembles the Marxian technical composition of capital), which impacts negatively on profitability, was mainly due not to the net capital stock increase, but to the employment reduction, under the impact of a very important reduction in the capacity utilisation ratio. Consequently, in the given technological level, intensity of net capital stock rise implies underemployment of capital, due to the reduction of capacity utilisation ratio, i.e. to the activation of the underconsumptionist aspect of the crisis.

However, in the conjuncture of global economic crisis, underconsumption is only a visible aspect of deeper problems of Greek capitalism, i.e. of the model of its development in the 2000s.

After entering the Eurozone, and before the global economic crisis, the Greek economy displayed a high growth rate, as expressed by the GDP's average growth rate. Between 2000 and 2007 the net domestic product increased in constant prices (2005) by 31.41 %.[11] However, this period of 'over-growth' was also a period of high current account deficit,[12] which created a need for

7 OECD. Stat Extracts. In Japan's example we can, however, point out other important macroeconomic variables (such as household net saving rates, current account balance, etc.), which make the public debt only a part of the economic problem and not the actual problem (see Economakis, Androulakis and Markaki 2015, p. 131).

8 Maniatis and Passas 2015, p. 107.

9 Ibid.

10 Economakis, Androulakis and Markaki 2015, p. 147.

11 OECD. Stat Extracts, own calculations; see also Economakis, Markaki and Androulakis 2014.

12 The current account balance is steadily negative and deteriorating from the mid-1990s until 2008, when the single EU market was introduced (in 1993) and the drachma was revaluated in real terms (in order to join the European single currency). These developments removed the Greek economy's ability to use measures of trade protectionism or exchange rate policy as a means of addressing the competition of foreign goods – the latter even before Greece's entry into the Eurozone. The current account deficit reduction