

Greek Crisis: Impact On Society at Large

Professor Tsobanoglou of Greece is president of the International Sociological Association's Research Committee on Sociotechnics and Sociological Practice. He spoke at the Schiller Institute [conference](#) on Nov. 25, on "The Greek Crisis Dynamics: Institutional Emergencies Acting Against Society at Large." This is an abridged transcript.

It's a very complex situation to describe regarding Greece. There is a confluence of events that one can try to address, and I will try to be as brief as possible.

One thing is that it's established in the world of social science, and in the World Bank and world institutions, that development has to be social—that is, that social capital is important in order to also have economic capital. And you can see what is happening in Greece, what kind of economic development we're enjoying at present.

Second, when we're talking about a system of states, as the European Union claims to be, we have to understand that the strength of the chain is equal to the strength of its weakest link; Greece is part of the chain and the strength of European Union is exemplified by exactly what is happening right now in Greece. This shows not only the fragility of the situation, but perhaps also the end of a policy that so far has failed.

And third, regarding Greece, we have to take into account that we have a peculiar situation, with regard to the so-called "hidden society." Most of the Mediterranean states, when they entered the EU—particularly Portugal, Spain, and Greece—had experienced military rule. They were exceptional states, and of course, the southern part of Italy is also, in a way, exceptional, it has a lot of informal structures that are parallel to the state.

Therefore, we witnessed a very weak representation of civil society institutions. It's not Sweden; it's something different. Therefore, with entry into the European Union, civil society institutions and analysis started growing slowing, and Catalonia [Spain] exemplifies



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Prof. George Tsobanoglou: "The Glass-Steagall [reform] has to start with Greece, because we are the epitome of exactly what you've been describing, but we have it in a much more pure form."

that, as does the southern part of Italy. This did not happen in Greece.

The opposition to the military regime wanted social science to be a way of documenting and organizing social institutions, such as a welfare system, social support, and social organization. But this never happened in Greece, in reality.

A lot of religious institutions developed a social theology, but social science—sociology, social geography, psychology, demography, for instance, and social statistics—are very weak subjects at the main universities of the country, such as in Thessaloniki and Athens. Athens is the only university in Europe that has no sociology department, has no geography department; the psychology department is part of education, and it has a lot of other things that deal with social administration, the social aspect of the state, rather than the police, or other forms. Criminology basically does not exist, nor does sociology of law. These are essential elements of defining social governance.

The Greek local governments are probably the only ones in Europe that have no social fund administration. So when a mayor wants to give money to poor people or give them a meal, there's no code in the Greek administration: He has to rely either on the Church, or take money from road construction. So, a social need is subsumed to a physical thing.



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money from public institutions, like my university: They took 80% of our research budget, in order to pay the debt to the banks. They took from welfare institutions the money they had deposited, and also from private social security organizations that deal with handicapped children. They were forced to pay taxes on their property, even though they have donated property. A colleague who works there told me they had to pay EU600,000 as a private, corporate agency; the fact that this is a welfare institution for poor children who are handicapped, doesn't make any difference.

So basically, what you have here is a catastrophe. And this catastrophe is of a global nature; but because, I think if anyone in the world understands what is going on—it has nothing to do with our being in Europe—anywhere in the world, if something like that had happened, people should have been protesting. But in Greece, we have a very different expression of this crisis, because we also have a very corrupt political system. Nobody pays taxes; tax evasion is actually managed by the administration! Our taxation has doubled, because they are taxing us to deal with all these social crises. But our money is not going where it's supposed to go! It's certainly leaving the country.

This inverted relationship, of course, created an anomaly, because if the whole social welfare system is secondary to a physical apparatus, you basically don't have any real welfare system. Therefore, poverty in Greece is a literary concept; everybody, of course, describes a poor person, but there are no institutional foundations to deal with poverty. When you have 30% poverty, and youth poverty at 35%, you have to have cheaper prices for milk, you have to distribute milk in the schools, because it's essential, and it's part of a welfare system. But in Greece this hasn't been articulated at all.

A National Catastrophe

So, what do we have now? Why does this happen?

The debt in Greece was 120% of its GDP when the crisis started. Now the debt is 190%. At the same time, 25% of the country's wealth has been wiped out, and what we have is a forcible extraction of surplus that is leaving the country. The bailout policy is using Greece as an empty vessel that is going to pay the debt, turning a lot of profits for outside sources.

What we have is a total privatization of basic biological and social needs, and all these are being cut off, in the name of austerity. In the Spring, they took

And I can foresee that Greece might explode like Argentina did, in 2001, if this continues, because of the corrupt political system. Taxation: We're being bled white by those who can pay; and at the same time, you have 1,000 [new] unemployed a day, and officially unemployment is something like 25%, but that doesn't include the people who work and don't get paid—a half-million people are working, and don't get paid, in enterprises to which the state owes money. EU10 billion is owed by the state to Greek businesses, but the government is waiting for the bailout to pay them. But the bailout is not going to give them what they want; it's going to give a half-

percent of what the state needs to bump it into the real economy.

The high unemployment and the high inflation are leading the people to exasperation; 150,000 people have left; 5,000 Greek doctors are in Germany; 25-50,000 people are trying to find a job in Berlin. Everywhere you find Greeks trying to find a job, because they also had to abandon their businesses. This year 30% of business is closing down! So, technically, the investment climate can be compared only with Iraq and Afghanistan. The business community doesn't think that Greece is a credible place for business, because, basically, there's no grounds for investment. Even the money that we were supposed to be borrowing is not being directed to creating infrastructure. Investing in what? In education? No! My university's closed, why? Because they fired 40 people, and they had to disappear.

Basically, Greece is in paralysis at the present. And irrespective of what will happen—whether the funding will be released [by the Eurogroup]—Greece is in an emergency situation.¹

And I believe everything that the people have been saying here, about reforming the banks. The Glass-Steagall [reform] has to start with Greece, because we are the epitome of exactly what you've been describing, but we have it in a much more pure form.

In Greece, skills are defined by personal interests. Skilled labor left. And if we had not had the opening of free movement [across borders] in Europe, Greece would have been either like Egypt or Tunisia, there's no question about it, because the pressures in the country have been so high. But skilled labor and those who could make the change moved somewhere else, therefore letting off steam, and therefore we didn't have the explosion and the regime change that other countries in the Mediterranean have experienced.

There is a limit however, to how long this can continue. They privatized the Agricultural Bank, with all its debts, for a fraction of its value. It was sold to a pri-

1. The Eurogroup of Eurozone finance ministers on Dec. 13 authorized the release to Greece of EU34.3 billion, out of a total promised amount of EU49.1 billion. Of this, EU16 billion is supposed to be used for bank recapitalization, EU7 billion for budget financing, and around EU11 billion to finance "debt buyback." The Eurogroup wants the Greek government to repurchase at least EU40 billion of its own bonds from private investors—ed.

vate bank, the Bank of Piraeus, for EU95 million. And the idea had been, before the crisis, to set up a public bank, including the Agricultural Bank and the Post Office Bank, but the banking lobby won!

Greece's Economic Potential—Looted

Greece, as you probably know, has a lot of minerals, a lot of gold, for instance; it could be the top producer of gold in Europe, thanks to Canadian investments. It has also the strategic advantage of being in South Europe and linking Asia with Europe and the [transport] corridor to Kiev and Moscow.

In the middle of Greece, we have a region called Thessaly, which used to be Greece's "green belt," producing wheat, animal feed, corn. Under the European Union, it has been transformed into a cotton belt. Greece produces probably more cotton than Egypt. But this created an ecological catastrophe [because cotton-production requires a great deal of water]: The water level is now so low that they have to dig as deep as 600 meters now to get water, and this part of Greece became like the Netherlands; it's 20 centimeters below sea level because of the problem of subsidence. They also wanted to divert resources from the Acheloos River that also supplies water to Athens. They spent a lot of money to divert the river in order to supply water to Thessaly for cotton production.

At the same time, Greece is importing wheat, is importing animal feed—and all the factories that we had for processing cotton and textiles are closed. Ninety percent of our clothes are now imported. So, we are a country like India in the 19th Century compared to England: We export cotton to global agents, where it is processed, and then it is re-imported into Greece. We import a lot of food, like wheat; we import EU2.5 billion in meat from France, for instance, because we destroyed also our animal husbandry. And our tourist industry imports 80% of the food. Basically, we have been transformed into a Third World country, because we export raw materials, and we import [food and other goods].

And this has been the situation for our agricultural industry. EU100 billion was given to Greek cooperatives, but most of them are very corrupt. They used to employ political cadres, and they used to use foreign labor to take the fruits. And the European Union was paying us to destroy the crop because they want to keep farmers happy, or, because the same food was imported

in processed form from other countries.

And now, as a result of the collapse, because the subsidies are terminating next year, Greece has a food crisis!

The government is selling the successful industries for nothing! For instance, one of the biggest dairy farming companies, Dodoni, in northern Greece, was classified by the Minister of Economics as being “not viable.” It’s a profit-making industry, because it exports feta all over the world; it’s one of the real flag-bearers of Greek food. It was sold to a company which is based in the British Virgin Islands, which has nothing to do with it.

Because the Agricultural Bank was privatized, so all the successful [agricultural] cooperatives have to be sold. But in many cases the workers wanted to buy them, in order to manage them themselves, or to use any means available in a European Union institution. But they were blocked! You now have 7,000 farmers in northern Greece, which is poorest part of the European Union, who are actually occupying the factory. They want to see who bought the factory, and find out

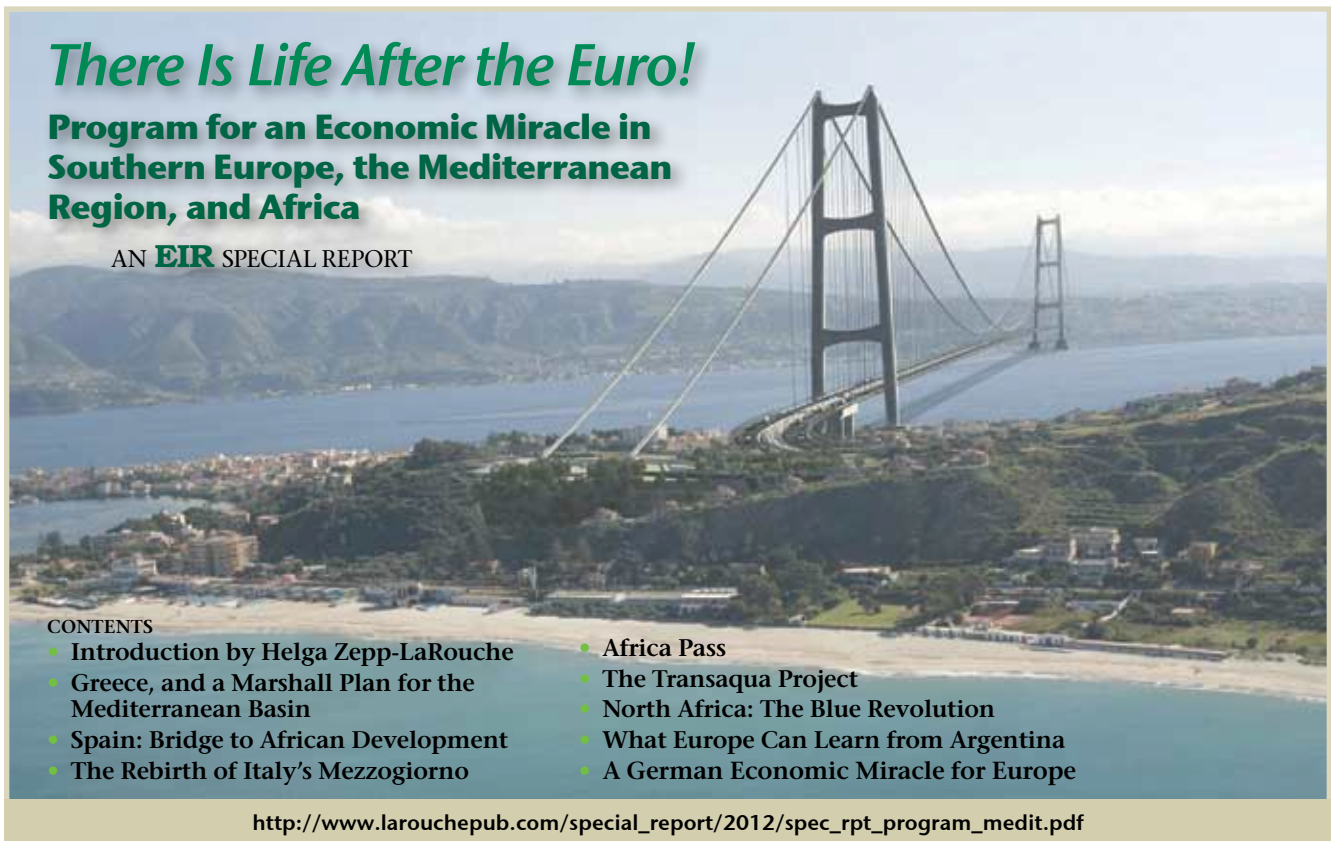
why he bought it the moment they had come up with the money to buy it themselves!

An Economic Dictatorship

So you can call this an “economic dictatorship,” or whatever you want. In the media, it’s amazing that there is a sort of blackout, when it comes to Greece. Because, in Greece what is happening is exactly what you’ve been describing, these past two days, and it’s *in vivo*, in its most pure form. And I think this is why the Schiller Institute should become more focussed on what is happening in Greece. Not as something that is applied to Greece: It is exactly what you have been warning people of, that this is exactly what is happening.

I would like to end my presentation, by making a plea that we cooperate more clearly about the situation. And it’s not a kind of philanthropy for Greece. This is not about the future, it is happening now; this emergency situation, which is a complete failure of Europe, is happening right now, in the country that gave the name to Europe!

Thank you.



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