

COUNTING DEFEATS

**Internal devaluation, the failure of working class struggles
in Greece & the Sino-Greek “success story”**

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The current state of affairs: counting defeats

The forms taken both by the crisis of capitalist social relations in recent years in Greece and its management by the political personnel of capital reflect the contradictions accumulated in the last 20 years at all levels of the Greek social formation and the contradictions of the process of the so-called "European integration" process.

In the ideological sphere of economic entities, the capitalist crisis manifested itself as a "*competitiveness crisis*" and as a "*sovereign debt crisis*".

As a "competitiveness crisis" because the exploitation of the proletariat was insufficient in relation to the progress of labor productivity, the adoption of the expensive common European currency and the ability of capitalists in Greece to maintain high profit margins by keeping prices high because of high levels of demand which, in turn, was made possible by the influx of cheap credit money after the adoption of the euro.

As a "sovereign debt crisis" because the attempts to cut down on the indirect wage were not successful enough (see, for example, the failed so-called "Giannitsi bill" in 2001 and numerous other legislative efforts at restructuring social insurance) since social spending kept increasing continuously from 2000 to 2008, while at the same time taxation on capital profits kept decreasing continuously. And in this case, public spending could for some time increase because of the influx of cheap credit money related to the adoption of the euro.

The outbreak of the global recession in 2008 resulted after a few months in the explosion of all these contradictions. Greek economy was driven into a deep recession, profits collapsed while the deficit of the balance of payments, the public deficit and the national debt soared. The manipulations of both the Papandreou government and the ECB that exacerbated the "debt crisis" were deliberate: both the Greek and the European political personnel of capital saw the crisis as an opportunity to implement a tough policy of "internal devaluation" aimed at the decomposition of working class power in Greece and the devaluation or destruction of unproductive capital.

The policy of internal devaluation that was followed through the mechanism of the infamous 'memoranda' can be characterized as a **policy of capital devaluation**. Its basic components are the vast reduction of direct and indirect wage which has led to a reduction in the value of labor power, the huge increase of the reserve army of the unemployed and all forms of unemployment that further depress wages and contribute to disciplining and work intensification of those who still have a job, a new process of primitive accumulation through the privatizations and the proletarianization of a significant part of the petty bourgeoisie, the increase of the tax burden on the working class and the establishment of permanent austerity mechanisms. The economic measures are combined with the formation of an iron state of emergency in which the social and class struggles are suppressed and criminalized while capital on the other hand enjoys the freedom to violate the civil -and even constitutional- legality, in order to exploit in the most efficient and appropriate way the working class and nature. The result of this policy was the continuation and the deepening of the recession, the destruction of hundreds of thousands of small businesses and, finally, the centralization of capital.

Despite the fact that the policy of the so-called internal devaluation has resulted in a prolonged recession and the prospect of a very slow recovery and very high unemployment rates, the dominant faction of the Greek and European capital is determined to push until the end since the **stakes** for capital is the reconstruction of the circuit of capital accumulation on a new basis, abandoning the previous clientelist-corporatist regime of integrating the working class, deconstructing the limited welfare state and decomposing the bargaining power of the working class. The only factor that could overthrow this policy would be a truly dangerous proletarian movement that would attempt to abolish capitalist social relations. No signs of such a revolutionary movement have emerged yet.

Surely, the policy of internal devaluation was met with significant resistance during the first 2 years of its implementation: strikes against redundancies in the public and private sector, the movement of the squares and neighbourhood assemblies, the movement of the refusal of payments from below, the mass demonstrations during the numerous general strikes and a series of separate workers' and students' struggles. Today, we must admit that the struggles of the previous period failed to overturn the adopted policy despite the delay they brought about in the implementation of a number of measures. It is extremely crucial to seek the causes of this failure for those of us interested in abolishing and overcoming this miserable world of capital.

The main reason for the failure of the strikes has to do with the fact that whether it was the general strikes of GSEE and ADEDY or separate struggles within a sector or a company, strikes remained under the control of the unions. On the one hand, the 24-hour and 48-hour general strikes functioned mainly as a relief mechanism and had limited participation in most cases, despite the fact that there were demonstrations with unprecedented massiveness within which insurrectionary practices were manifested involving large sections of the demonstrators. On the other hand, sectoral or enterprise struggles were in most cases isolated. There were no autonomous forms of organization of the strikers that could overcome the logic of the assignment, the obsession with bourgeois legality and the sectional / corporatist separations that the unions reproduce.

The movement of the squares, with its main manifestation the occupation of Syntagma Square, which lasted two months, *seemed* to give a perspective of overcoming the sectional logic, a perspective of questioning the political parties of the left as alienating forms of the representation of the working class and the political system as a whole. However, it remained at the level of political protest and the demand for "real / direct democracy" despite its role in calling strikes against the medium-term agreement and in the organization of the battles with the forces of the capitalist class in June 2011. The mechanism of SYRIZA and other organizations of the left took part incognito in key organizational groups and thereby succeeded largely in dominating on the content and the forms of struggle by promoting a nationalist leftist ideology of 'national independence', 'productive reconstruction of the Greek economy', "cancellation of the odious part of the debt ", etc. After all, for this reason after all, it tolerated extreme right-wing nationalists who made their propaganda untroubled on the upper side of the square among people who gathered there, protesting workers and petty-bourgeois with nationalist ideas of a right wing flavour. Furthermore, this mechanism did its best to limit the struggle to a purely symbolic level, undermining any practical suggestions that were made for the expansion of the struggle, while it promoted provocateurology against those that clashed with the forces of order in mass demonstrations at that time.

The dominance of the nationalist discourse in the movement of the squares is directly related to the electoral capitalization of the struggles against the Memorandum policy of the capital, whether we talk about the rise of SYRIZA that turned it into the Opposition, or about the formation of the Independent Greeks and the rise of Golden Dawn. A large section of the working class and the petty bourgeoisie rest their hopes for the reversal of the devaluation politics on the election of a SYRIZA government. At the same time, the right wing part of the people who protested in the previous period invoking right wing nationalist slogans such as “real patriotism against traitor politicians” etc. and who initially lacked effective political representation, has been gradually integrated within Independent Greeks or Golden Dawn. Golden Dawn was persistently promoted by a part of the mass media, specific capitalist groups (e.g. shipowners), a part of the clergy and the state apparatus. Thus, the delegitimization of the political system that was dominant two years ago was succeeded by the formation of new political entities leading therefore to its **relegitimization**.

The responsibility of a significant part of the antiauthoritarian milieu is important in determining to a certain extent the course the movement of the squares took since it abstained from the procedures or was openly hostile to them on the grounds that it was a petty-bourgeois movement, that it was apolitical or that it tolerated fascists.

With the recent experience of the fiasco of the strike by the teachers’ union (OLME) or the bitter experience of the self-managed National Broadcasting Company (ERT) occupation by ERT’s ex-employees against government’s decision to have ERT restructured from the scratch and all employees laid-off, an occupation that failed to be transformed into a media centre for the movement against austerity measures despite the fact that many of the people who expressed their solidarity asked for it, it is necessary to make some final remarks on the unions. There is a widespread view that in the current circumstances the state no longer needs the unions as it attacks the bargaining power of the working class and abolishes collective agreements. However, the experience of a strike by the teachers which was called but never realized proves the opposite: the unions are an institution of co-management and reproduction of the working class within the capitalist mode of production and in this sense they **adapt** to the changing circumstances of capitalist accumulation. If in times of capitalist development they appear to be the “factors” that lead the working class to “gains”, in times of crisis they appear to be the guarantors of ensuring ‘less’ losses. In the period we are going through unions are necessary for the state in order to mediate, control and ultimately undermine the anger and resentment.

Certainly, as far as we work in places where unions function, we cannot but attend general assemblies in order to take militant decisions and organize mobilizations. But if we really want to achieve something against the dictate of capital it is necessary to overcome them and establish autonomous forms of organization within and against the unions, which will promote the development of effective links of solidarity and comradeship, which will break the logic of assignment and overcome corporatist divisions. Whether we want it or not, the abolition of the policy of internal devaluation is possible only through an all-embracing struggle against capital and its state.

Chinese capital goes to Greece...

“Good friends are there to help when someone is in trouble”
Chinese Premier Wen Jiabao to G. Papandreou in Athens (summer of 2011)

While Chinese capital flows towards core Eurozone countries are mostly focused on taking over capital-intensive companies (hi-tech know-how and/or high added-value products), and while investments in Africa are primarily related to raw materials extraction/post-process and intensified agricultural cultivation, Chinese investments in Greece are channeled mainly to infrastructure, such as ports, container terminals and airports. By doing so, a desirable “gateway to Europe” for the fast-growing export-oriented Chinese manufacturing sector seems to be establishing.

The most well known Chinese investment in Greece is Cosco's lease of the container pier No 2 at Piraeus' port (until 2039 + 5 years), an investment that was delayed due to strikes by the dock-workers in 2009, but not cancelled.¹ Since 2010 Cosco has also been leasing and operating pier No 3 at Neo Ikonio (Perama) merchant port. Cosco is focusing on having this dock upgraded by July 2013 (e.g. improvement of handling equipment such as dockside cranes, capacity increase so that both terminals No 2 & 3 could simultaneously handle up to 3,7 million TEUs²).

Related to above mentioned investments is the recent agreement between Cosco, Hewlett-Packard and TRAINOSE³ that will enable Cosco to forward HP products from Piraeus to central and northern Europe (e.g. Czech Republic, Macedonia-FYROM, Bulgaria, Serbia, Romania, Croatia, Slovenia, Austria, Slovakia, Hungary), through OSE's logistics centre in Thriasio Field, a huge logistics terminal that has been recently constructed and which includes container terminals, cargo and logistics facilities, customs offices etc. According to the media, similar agreements with giant companies such as Lenovo, LG, ZTE (telecommunications equipment), Huawei (telecommunications equipment) and Samsung are underway, while others (like IKEA, Dell, Sony and Hyundai) have also shown interest. The containers are to be transported by means of trains, as a new 17-km railway, connecting Ikonio to Thriasio Field, was inaugurated this February. These state investments signal a focus from trans-shipment to transit, turning Greece into a major transportation hub for the whole European area.⁴

Recent articles have revealed that Cosco is even considering taking over OLP (Piraeus Port Authority), increasing the total port handling capacity to 4.7 million TEUs (thus making it the

¹ There have been various fragmentary strikes by the dock-workers during the whole 2009. The last one lasted for more than a month and a half, including a 2-week truce. After that strike had been declared illegal by the Greek courts, the unions reached an agreement with the port management authority (OLP). The agreement provided for early retirement schemes and employees transfer to Pier No 1, a dock that was to be launched at the time of the agreement.

² TEU, which stands for “twenty-foot equivalent unit”, is a unit of cargo capacity often used to describe the capacity of container ships and container terminals. It is based on the volume of an intermodal container (6.1 m x 2,44 m).

³ TRAINOSE is OSE's (see Hellenic Railway Organization) ex-subsubsidiary and currently independent company that is operating the passenger and commercial transportation.

⁴ Trans-shipment procedures amount to 75% of the total cargo traffic in Piraeus port (international average: 70%) and by their nature allow smaller surplus value extraction. See National Bank of Greece, *Container Ports: An engine of growth (Sectoral Report)*, 2013.

biggest among all the Mediterranean ports). If this investment *does* take place then Cosco will not only control the whole Piraeus port, but will actually evade paying the annual lease, as according to the lease agreement the lease is to be collected by OLP and not the Greek state. Cosco, in cooperation with the China Railway Corporation, is also interested in taking over TRAINOSE, which as was already discussed will bear the brunt of cargo transportation from the Greek ports to central and eastern European countries. Thessaloniki's merchant marine is on the agenda too (see Hutchison Port Holdings), an investment that has already provoked strong public protests. Other investment plans include ports in Crete, like the one near Timbaki, where another container terminal is to be constructed.

If one is to assess the importance of those investments and the connections among them, one has to delve into the increased share over the last 20 years of maritime trade (especially via Mediterranean ports) involved in transporting big volumes of medium and low value products. Regarding China specifically, a major share of Chinese imports/exports (circa 50%) is put through the Greek-owned merchant fleet.⁵ Moreover, packing standardization has led to the construction of specific types of ships and the development of appropriate port infrastructure, thus resulting in the increased effectiveness of both commodity transportation and management beyond transport. It should be noted that global container traffic has increased from 6% of the total freight traffic to 16,5% by 2011 (or 160 million TEUs), while during the same period the average container size has doubled. These numbers, however, do not reveal the whole story. The actual traffic is even bigger, if loading, unloading, transshipping and returning empty containers are taken into account, reaching 600 million TEUs.⁶

Piraeus Container Terminal (PCT), Cosco's subsidiary company plays a key role in that as handling commodities from Suez canal via Piraeus is substantially more cost-effective than routing the containers via Gibraltar to other major ports such as Rotterdam, Hamburg, or Antwerp.⁷ This is clearly illustrated by the 75% increase of container traffic, via PCT-managed pier No 2, compared to 2011 (2.1 million TEUs compared to 1.2 million TEUs). It is no wonder that Piraeus port has shown the fastest annual growth rates, contributing to Cosco's net profit of €15.5 million, compared to €5m. a year earlier.⁸

Similar trends were recorded at pier No 1, a newly constructed terminal by OLP after Cosco took over Pier No 2 & 3. According to OLP's data a 27.5% increase in freight traffic was accomplished in 2012, compared to 2011 results. An increase of 12% in full spaces at N. Iconio was also noted. These increases are mostly due to the recent agreements that had been signed with giant Italian-Swiss shipping company MSC (Mediterranean Shipping Company). Overall container traffic at Piraeus port (corresponding to more than 90% of the Greek port traffic) has been increased from 0.85 million TEUs in 2010, to 2.7 million two years later (+218%), while at the same period freight traffic at all other major Mediterranean ports

⁵ This Greek-Chinese cooperation goes even deeper: Greek ship-owners are among the top clients of Chinese shipbuilding companies (recently an agreement for the construction of 142 new ships –accounting for more than 60% of the recent global orders of Greek ship-owners and for 10% of the pending orders in the Chinese shipyards– was signed. This agreement was based on a €4 bn. loan fund, set up by the state-owned China Development Bank).

⁶ All data from National Bank of Greece, *ibid*.

⁷ It has been estimated that by forwarding cargo traffic via Piraeus port roughly 6-8 travel days are saved, thus resulting in saving \$1.5 million per shipment.

⁸ According to data presented by Cosco to Singapore's stock market, Piraeus has become the most dynamic container terminal out of all other the terminals that Cosco controls in Europe. While Piraeus has been registering a 75% increase, Naples posted a modest 19.1% rise, Antwerp an 11.6% decline, and Suez a 9.5% drop in container handling.

recorded a slowest increase of 20%. Thus in 2012 Greek ports grossed 5.5% of all Mediterranean freight traffic (from 4% in 2011 and 1.5% to 2% during the 2008-2010 period)⁹, which in turn accounts for 9% of global traffic. To make a comparison, northern European ports have seen their share falling from 20% in 1990 to 10% in 2011. Thus though the overall European share has been decreased by 10%, this has not affected the ports of Eastern Mediterranean area, which due to the rapid rise of Asian exports have seen their share of container traffic increasing from 27% in 1990 to 48% in 2011.¹⁰ It is important to stress that all these impressive figures have been accomplished despite the harsh shrinkage of Greek imports due to the large-scale recession policies that have been implemented over the last 3 years and the profitability problems of international carriers worldwide (e.g. freight rates decrease due to faster world fleet tonnage increases compared with seaborne trade increases, fuel-cost increases etc.).

But investment opportunities do not seem to be limited only to ports but also to other infrastructure, as two other Chinese companies (Shenzhen Airport and Friedmann Pacific Asset Management) are among those interested in purchasing Greece's main airport, at Spata. Taking over or even constructing (see Kasteli, Crete) peripheral airports is on the agenda too, as the aim is to further develop the cargo and logistics services. Connected to the above mentioned plans and those initiated by Cosco, is the interest by various Chinese companies, such as AVIC, to move parts of their assembling lines to Greece. If these plans proceed, the separate components will be imported from China, then they will be stored and managed at the container terminal facilities (e.g. N. Ikonio, Thriasio Pedio etc.), before reaching the assembling lines, where the final product will be constructed. Thus, those products will be labelled as "assembled in EU" and will be eligible for EU legislation. This means that they will be protected from anti-dumping measures, as those recently implemented by EU and US authorities, while simultaneously improving their quality product-profile.

Another sector which seems to attract Chinese capitals is that of renewable energy sources, most notably those based on solar and wind technology. According to mass media companies such as Winsun and Hanergy Holding Group seem to be willing to install photovoltaic parks (ca. 1,2 GW of total installed power) in various Greek regions such as Ilea, Attica, Viotia, Macedonia, an approximately €2 bn investment. Dongfang Electric International Corporation, apart from a 250-MW photovoltaic project, is also interested in installing 750 MW of wind turbines, an agreement that has been announced in June 2011, but its progress remains unknown. Another company, Sky Solar Group, seemed willing to acquire licenses and construction permits for 194 solar projects, each capable of producing 350 to 500 KW of electricity, for a total investment of about €250 million. Having said that, it's worth mentioning the significant share of Chinese photovoltaic modules in the Greek solar energy market, a market showing rapid growth since the early 2000s due to state subsidies. This share will be further increased if those investments are to be fulfilled, as the equipment will of course be imported from China.

⁹ In terms of global traffic, Piraeus port grosses 1.5% (from 0.15% in 2008-2010).

¹⁰ See National Bank of Greece, *ibid*. It is important to note that the decreased share of north European and western Mediterranean ports does not correspond to an *absolute* decrease of the transacted freight volume, but to a *percentage* decrease. This is due to the increased penetration into the European and US markets of Asian-products, and thus to the increased transportation needs towards those markets that favor trafficking containers via the eastern Mediterranean and western US ports. It is also important to note that Cosco does not directly contribute to the increased freight traffic at Piraeus port, as this is due to major shipping companies such as MSC. Cosco's role is "limited" to efficiently handle, manage and forward the inbound containers.

It seems therefore that the strategy of the Chinese state is to promote its export-oriented companies by both developing an alternative gateway to Europe other than Naples, Marseille or Valencia, and even more an alternative to Hamburg, Rotterdam or Antwerp, and securing investment agreements according to which most of the equipment/technology has to be purchased from Chinese companies. At this point it is also important to note the role of state-owned banks, such as China Development Bank as mentioned before, in funding those projects.

The Sino-Greek “success story”

“If in the next 40 years, in 2050, we manage to reach the level of the standard of living in Greece, we will be very happy. This is the target”

Du Quiwen, Chinese Ambassador in Greece (2012)

“We are all pleased to be working here and conditions are very good”
Greek workers at PCT’s facilities upon meeting with the Greek President of Democracy, Karolos Papoulias (2013)

“It was a wonderful visit and what I experienced was exactly the efficiency of Greek-Chinese cooperation”
Karolos Papoulias, the very same day

The future of almost all of the above mentioned investment plans still remains unknown. What it is worth discussing, though, is whether such investments are compatible with the working relations that have *already* been shaped due to the long-term implementation of “internal depreciation” policies. In a nutshell, could the Chinese labor model, based on a mixture of poor salaries, miserable working conditions and mere authoritarianism, be imported to Greece/EU if the ground hasn’t already been prepared by the protracted class war against us? What if the Chinese Ambassador’s true meaning regarding Chinese people reaching the standard of living in Greece, is that of a *simultaneous* convergence? Before answering the above questions, we will first briefly present the working conditions at Cosco’s subsidiary PCT in order to understand what kind of work-positions are associated with the development policy the Greek politicians have been promising us.

PCT’s facilities are manned with ca. 950 workers,¹¹ most of whom are employed as unskilled workers with a 40 to 45-euro-per-day gross salary (45 to 55 euros net salaries for the skilled crane-men).¹² Most of the employees are outsourced from 6 subcontractors and thus are not eligible to form a union. They are also subject to flexible working schedules and constant job rotation (16 working-days per month resulting in 300 to 400-euro salaries), daily/individual contracts, 24-hour call for work (via sms), unpaid overtime and night-work or holiday allowances, safety regulations violations (e.g. improper lighting, lack of heating/cooling devices in the cranes, poor carriage and equipment maintenance), resulting in serious injuries. If the workers are not productive enough or if they dare to complain to the supervisors about the working conditions then they are “black-listed” and face lock-out for more than a week. The same is true in case of impeachment to local supervisory institutions, such as the Labour Inspectorate. The workers are also not allowed to take a lunch or WC break, let alone speak to each other, as various security men are hanging about the workplace.

¹¹ According to PCT’s commercial director 270 of those are white-collar workers and are directly employed by PCT. The rest, who as we shall see are outsourced by subcontractors, work at the docks. Thus the total employment increase in the docks amounts to ca. 250 people (600-700 workers from 400-450 that used to work before Cosco’s arrival and who later either applied for early retirement or were transferred to OLP-managed Pier No 1). However this increase is fictitious as it corresponds to part-time employment (16-day employment per month).

¹² According to ex-PCT’s crane-men the average net salary in Pier No 1 is almost double. It should be noted that before Cosco’s arrival dockworkers salaries could reach up to €100.000, if overtimes, various allowances etc. were to be taken into consideration. Since 2009, however, the salary gap between OLP-managed Pier 1 and PCT’s workers has decreased, since OLP managed to reduce its labor cost from 69% of the total cost in 2009 to 56% three years later. The average labor cost in the Mediterranean ports is 39% equal to PCT’s cost (40% of the total cost). See National Bank of Greece, *ibid.*

Another notable side-effect of Cosco's activity is the destruction of various, so far independent, small-scale entrepreneurs and self-employed professionals in areas such as freight transport and shipping, ship supplying, customs clearance etc. This should also be put into the more general context of the devaluation politics of insufficiently or non-productive capital (constant and variable alike) that has been implemented in Greece over the last 3 years, as it has already been discussed. To that end, we have to remind ourselves of the recent legislature promoting the "rationalization" and concentration/centralization of various closed-shop professions, such as lorry drivers. In that sense, the influx of Chinese investments and the rush of the Greek government to further promote such projects may be a sign of a strategic plan to intensify the "accumulation by dispossession" policy on Greek territory.

Such a development, however, may also be indicative of a more long-term strategy on a European level to establish zones of a cheap and disciplined - both qualified and unqualified - labour force in the peripheral EU countries, similar to the export-oriented SEZ (Special Economic Zones) already created in Poland and various Balkan and Baltic countries. This will also include further deregulation of the labour market and maybe a dual educational system, like the German one, which combines standardized practical education at a vocational school with an apprenticeship in the same field at a company. If this hypothesis, however, proves correct, one has to ask oneself: why does Greek capital and its state promote such a strategy? After all, isn't it true that fiscal discipline and the reduction of public debt is of the "outmost importance", the "ultimate goal" justifying the so-called "state-of-emergency" situation we are all living in, according to which salaries and pensions have to be slashed, social spending has to be further cut, strikers have to be mobilized on the grounds of martial law, immigrants, junkies and homeless people have to be sent to concentration camps? Isn't this what state and troika officials, journalists and other scum keep on repeating day after day? Investments under the SEZ regime, however, are based on tax exemptions, VAT returns and labour market deregulation resulting in lower salaries and lower -if any- employers' contributions regarding, for instance, social security, and therefore, in the final analysis, resulting in smaller tax revenues for the state from both capital and labour. Considering the above, it seems then that servicing the so-called "national debt" is not a goal in itself but a means to further promote the restructuring of labour relations and the production model, that is, to further promote the intensification of our exploitation.

Ta Paidia tis Gallarias

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