

Review Essay

What are we struggling for?

The crucible of resistance: Greece, the Eurozone & the world economic crisis.
Christos Laskos and Euclid Tsakalotos. London: Pluto Press. 2013.

After neoliberalism? The Kilburn manifesto. Stuart Hall, Doreen Massey and Michael Rustin (eds.). London: Lawrence and Wishart Ltd. 2015.

It is much easier to find a good left-wing analysis of neoliberalism than a decent plan of what to replace it with. As Laskos and Tsakalotos (2013) point out in their book, *The crucible of resistance: Greece, the Eurozone & the world economic crisis*:

It is as if the Left has always known the path to socialism, including the optimum interventions along that path, and all that is needed is the appropriate political climate to reactivate the given formula. Those who recall 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 with respect to the details of the economic alternative in the rather extensive intervening period.

(Laskos & Tsakolotos, 2013, p142)

The authors have by now even more reason to lament this situation. They are both members of Syriza, the party which is struggling to protect Greece from draconian austerity measures, imposed according to rigid adherence by its creditors to neoliberal principles. Greece is the first advanced European capitalist economy in which a (more-or-less) Marxist government has been elected and the second author, Euclid Tsakalotos, is now a minister in that government. Greece's economy is (in May 2015) near to collapse through lack of liquidity. If the German and other finance ministers continue to refuse Greece any leeway, the alternatives it faces are either complete capitulation or a debt default which in turn would, sooner or later, result in an exit from the Euro. An exit from the Euro is precisely what some in Syriza favour, but

Laskos and Tsakalotos would prefer to stay in it, for reasons explained later in this article, a preference that is shared by a large majority of the Greek people.

Britain is going the other way, along a path leading further still from socialism, judging from the outcome of the May elections this year to the Westminster parliament. Two pro-austerity parties battled it out and the more austere one won. This makes the title of the book *After neoliberalism? The Kilburn manifesto* (Hall, Massey & Rustin, 2015), which was published a couple of months prior to these elections, seem very optimistic. However, things can change fast, it is good to plan ahead and there is nothing wrong with a bit of optimism. The first part of the title suggests that the book addresses the question of what political-economic arrangements should replace the present neoliberal ones and the book does do this, to some extent. The second part of the title rightly suggests that the perspective is a London one, though the book takes in Britain as a whole and it also includes a chapter (Rustin & Massey, 2015) with a more international perspective, though this focuses mainly on the middle east, for whom the aftermath of neoliberalism is arguably the least of their worries. A big disappointment is the (near) absence, in this edited collection of eleven chapters, of a discussion of the energetic, widespread opposition to neoliberal policies in one part of Britain, namely Scotland, which resulted in huge electoral gains for the Scottish National Party (SNP) in these same elections. More on this below.

Some of the chapters of this book never get round to the question of what might come after neoliberalism, dwelling entirely on its present evils. This is unfortunately true of the two liveliest and most engaging, those by Beatrix Campbell (*After neoliberalism* [sic]: *the need for a gender revolution*) and Ben Little (*Class and generation under neoliberalism*). Six of the remaining chapters are authored or co-authored by one or more of the editors. Their style is clumsy and they are prone to vague generalisations, most of which are either entirely unobjectionable or unobjectionable to the anticipated readership; so they must calculate, anyway, because they rarely offer arguments or evidence for anything they assert. The tone is one of preaching to the converted and

when they happen upon an issue that they think might be controversial among the faithful, they prefer to glide over it. Here is a flavour:

We might perhaps start with the idea that the economy should contribute to the enabling of decent lives, and the flourishing of human potential for all, and in a way that is sustainable. We might add that there needs to be a commitment to a measure of equality, to the idea that all should share in social well-being and be entitled to equal dignity and respect. Even something as general as this might provoke debate among us. That is fine. The point is to generate discussion of the economy at a more political and social level.

It is certainly evident that the currently dominant economic philosophy, and the economic model and policies that the Coalition Conservatives and Liberal Democrats have drawn from it, utterly fail even in these more general aims - they are indeed *not* its aims."

(Massey & Rustin, 2015a, pp119-120)

This quotation is taken from a chapter on the economy, *Whose economy? Reframing the debate*, which does at least achieve a good balance between criticising the present and imagining the future. They propose a stronger role for the state and an enlargement of the public sector at the expense of the private; they also support the introduction of a Land Value Tax, for which they give a reference but do not explain (their view of) its advantages.

A more effective chapter, which also achieves a good balance between the present and the future is written by a collective of writers who call themselves "Platform". It is called *Energy beyond neoliberalism* (Platform, 2015). Granted, they have the advantage that various green energy initiatives are already up and running, which makes the shape of a possible future easier to envisage but they make good use of this advantage, giving examples from South America, Norway, Denmark and Scotland, both of possible methods of regulating the oil industry and of different possible

ownership patterns in renewable energy production. The disappointment with this chapter is that it gives us only the barest outline concerning energy arrangements on the island of Eigg, off the west coast of Scotland, even though Platform float the possibility that just as the NHS was conceived as a scaled up version of the Tredegar Medical Aid Society in Wales (they quote Aneurin Bevan as saying "We are going to Tredegarise you"), energy in Britain might, analogously, they say, be "Eigg-ised". The idea is intriguing but if they really do have this scheme in mind as a possible blueprint for the whole of Britain, they might have told us a bit more about it.

It is baffling that this book contains virtually no discussion of the anti-austerity, left-wing movements which have mushroomed in Spain, Portugal and Ireland and in particular of course in Greece. The book was published before the election of Syriza, but not much before, and it is strange that the editors did not manage to include anything on its meteoric rise or on the similar rise of Podemos in Spain or on the surge in support for Sinn Fein in Ireland, which were all happening during the period (2013-2015) that this book was in the making (see Hall, Rustin & Massey, 2015, p8). Nearer home, they might have allowed more than a paragraph on Scotland (Massey & Rustin 2015b, p216). They do acknowledge the "intense levels of commitment and activity" that started during the electorally unsuccessful independence campaign of 2013-14. This is discussed in relation to the issue of regional devolution in general within the UK, to which they give a cautious welcome (along with a sly allusion to "romantic localism"; another example of gliding over a contentious issue) but they do not acknowledge (perhaps do not realise) that the Scottish independence movement was, and remains, even after its defeat in the referendum of September 2014, the only major political force in the UK lined up against neoliberalism (the SNP was the only anti-austerity party in Britain to achieve electoral success in the general election of May 2015). To partially compensate for their omission, I will devote a paragraph or two to the phenomenon here.

The key aspect of the independence campaign that is missed by Massey and Rustin is that it took on more the character of a class struggle than a nationalist struggle and the predominance of class became ever more apparent in the lead-up to the referendum

and beyond it. Working class support for independence arose to a large extent as a by-product of a transfer of support by large numbers of working class people from the Labour Party to the SNP for reasons which had little to do with nationalist sentiment. The allegiance of the Scottish working class to the Labour Party had been weakening over a number of years, as the SNP and the Labour Party gradually swapped their relative positions on the political spectrum. The Labour Party incautiously embraced neoliberal economics while at the same time conveying a sense of continuing entitlement to the working class vote, not least in Scotland, where this proved fatal. Large numbers of Scottish working class people decided that the SNP was listening more attentively than Labour to their demands to raise their living standards and preserve public services and they duly changed allegiance. The SNP had established itself as the champion of free prescriptions, free care for the elderly and free higher education when in September 2012 Johann Lamont, then leader of the Labour Party, made her notorious speech attacking these things, going so far as to adopt a favourite neoliberal catch-phrase and describe Scotland as a "something-for-nothing country". The point was driven home by Labour's alliance with the Conservative Party in the Better Together campaign. The details of their day-to-day, working collaboration can be read in *The Telegraph's* inside report on the history of the Better Together campaign (Riley-Smith, 2014). The contempt implied by the Labour Party for its (erstwhile) supporters, through its alliance with their ancient enemy, was met by the anger it deserved.

Labour loyalists warn that the SNP's commitment to redistributive policies is skin-deep. Notwithstanding the massive unconscious irony in such warnings, you can see where they are coming from. The Labour Party was formed as an instrument for promoting the interests of the working class whereas the SNP lighted upon the working class in its search for support for its primary purpose of creating an independent state. An appeal to "romantic localism" would never have enticed more than a small fraction of the Scottish population as far as political independence. A class-based approach was necessary and the class had to be the working class. That having been said, there are sure to be some lingering hopes among elements of the SNP leadership for a neoliberal regime, under which the Scottish economy would

exploit the country's natural resources and attract inward investment through offering low tax and cheap labour. These will have been confounded, at least temporarily, by the collapse of the oil price, the near-impossibility of competing with Westminster on tax reductions and labour flexibility and also by an influx of disillusioned former Labour supporters into the ranks of the SNP. In any case, the achievement of higher living standards by the working class in Scotland depends ultimately not on the depth of sincerity of the SNP or any other party but on the persistence of the kind of participatory democracy that gathered strength over the course of the independence campaign, including, as Mackie and Crowther (2015) describe, among young people, a demographic that has otherwise become notoriously resistant to political engagement. It is counter-productive to refuse support to the new direction of working class politics in Scotland on the grounds that it has become entangled with nationalism. It is probably not what most of the Left in Scotland would have chosen but then the Left didn't get to choose.

The Left in Greece may or may not get to choose. Class and nationalism figure prominently in Laskos and Tsakalotos' (2013) arguments against those in Syriza who favour a voluntary exit by Greece from the Euro. As it turns out, two years after this book was written this issue has gained even more relevance, as the country battles against its creditors for economic breathing space and is in daily danger of being forced into default on its debt repayments. The economic arguments for an exit seem quite powerful: Greece would be able to rid itself both of (the worst of) the debt burden and of the stranglehold of neoliberal policies; above all, escaping the Euro would allow Greek capitalism to do what it desperately needs to do, namely devalue its currency. These economic arguments are elaborated in Flassbeck and Lapavitsas (2014) and Costas Lapavitsas has continued to argue for this course of action. A counter-argument is made by the Marxist economist Michael Roberts in one of his online blogs (Roberts, 2015), which characterises Lapavitsas' position as merely reformist and questions the economic case for an exit. Laskos and Tsakalotos might well agree with Roberts but they pursue an alternative line of argument: they argue that the case for an exit is predicated on the idea that the nation of Greece, along with others like Spain and Portugal, is being oppressed by the richer northern nations,

notably Germany (this is the characterization of the Eurozone in terms of 'core' and 'periphery', which Flassbeck & Lapavitsas, 2014, make much of). Laskos and Tsakalotos disagree with this characterization, claiming that the Eurozone is first and foremost an instrument of *class* exploitation and not exploitation of one nation by another. The purpose of devaluing your currency is to gain a competitive advantage over other countries and so after an exit forging alliances with the working classes of other Eurozone countries, including any that elected anti-austerity governments in the future, would become more problematic. Even Germany itself is a low-wage economy and its working class is not nearly as thrilled with the country's economic 'success' as is its capitalist class. In short, a Greek exit, if it succeeded at all, would become primarily a strategy for helping Greek capitalism in the struggle amongst capitalist economies and it would therefore be by no means the optimum escape route from neoliberalism. Therefore Syriza should if possible continue its struggle from within the Eurozone. This seems persuasive and if it was translated into a Scottish context would seem to argue against support for Scottish independence. The danger is doubtless there. However, the situations in the two countries are very different. In Scotland, as in the rest of Britain, conscious class struggle has faded over the last thirty years or so. While the Scottish independence campaign has re-awakened the class struggle in Scotland, in Greece a withdrawal from the Eurozone would risk turning an existing class struggle into a nationalist struggle.

The earlier chapters of this book give a useful and convincing account of the economics and politics of the Eurozone which formed the context of the development of the Greek crisis. The book continues with an account of the crisis itself, the imposition of austerity and the subsequent revolt against it. What I found missing from the narrative was an account of exactly how Greece came to acquire its enormous debt in the first place. I know it was a story of irresponsible borrowing and irresponsible lending. But why did they borrow so much, who did the deals and what did the PASOK and New Democracy governments of Greece spend the money on?

The authors offer an illuminating analysis of the interrelations between neoliberal capitalism, the Eurozone project and certain factors of Greek society which together

have conspired to propel Greece's post-debt economy on a continuing vicious downward spiral. They are at pains to emphasise that Greece was already, before 2008, a thoroughly neoliberal economy and a reasonably successful one at that. The popular narrative has it that Greece spent lavishly on its public sector, including ridiculous amounts on pensions, neither of which was true. Spending on pensions (as a percentage of GDP) was slightly below the EU average until 2007, since when it has only slightly exceeded it (Figure 2.13, p49), while the rest of social expenditure was well below the average (Figure 2.14, p49).

Other aspects of the popular narrative, particularly on corruption and tax evasion are probably closer to the truth. In a section entitled 'Why Greece?', the authors devote quite a lot of space to tax. Government revenue was well below the Eurozone average until 2009, after which it did manage to narrow the gap. The problem is not just one of inefficiency but also one of large-scale legal, semi-legal and illegal avoidance/evasion, mainly by those who are self-employed and notably by capitalists:

Between 2004 and 2008, while taxable profits increased by about 35 per cent, revenues from private sector firms actually fell by 2 per cent. Moreover, if we are to believe income tax receipts, Greece is bereft of rich citizens, as only a tiny percentage of the population declare incomes above €50000. It would not be an exaggeration to say that a large section of the population pays taxes on a voluntary basis, leaving wage-earners, who cannot hide their incomes, to pick up the tab.

(Laskos & Tsakalotos 2013, pp96-97)

Tax collection is not dear to the neoliberal heart, but the problem has been cynically exploited in some of the public pronouncements of Greece's enemies. Germany recently offered to send an army of tax collectors to help Greece out. It would have been more helpful if they had agreed to reveal details of the holdings of wealthy Greeks in German banks. Likewise, their enthusiasm for labour flexibility and privatisation far exceeds their enthusiasm for rooting out corruption. Laskos and Tsakalotos describe a number of scandals involving the government or big business or

the immensely rich Greek Orthodox Church (to be distinguished from some of its priests who have sided with the people). The so-called Vatopedi scandal (Laskos & Tsakalotos 2013, pp146-147) involved all three. Through corrupt dealings with the government, the monastery of Vatopedi acquired hugely valuable real estate which they then sold to offshore companies, which in turn were found to belong to Vatopedi monks.

Chapter 5, called 'The underdogs strike back', is an inspiring description of some of the very diverse single-issue campaigns, as well as union struggles, of the Greek people against the state and big business during the years immediately prior to Syriza's electoral success. One example with an ecological dimension was what happened in the town of Keratea (Laskos & Tsakalotos 2013, pp117-118), in which the entire local community united in a sustained action over the proposed installation of a waste disposal unit:

Barricades were set up, trenches were dug, the machinery of the construction firms was sabotaged and there were violent clashes with the police on a daily basis. Priests were even caught on camera blessing young people and their Molotov cocktails!

(Laskos & Tsakalotos 2013, p117)

At the outset of the negotiations between Syriza and the neoliberal masters of the Eurozone each side obviously under-estimated the other. Syriza underestimated the indifference of the Eurozone negotiators to its democratic mandate and also, probably, the sheer moral nastiness of the human side of neoliberalism, which can with a shrug of its shoulders insist on measures which will lead to increased infant mortality and other forms of suffering and deprivation. The Eurozone negotiators underestimated the resolve, constancy and political skills of Syriza and they also underestimated the fortitude and determination of both the Greek working class and large sections of the middle class, who were expected to dispense with Syriza once the going got rough. If the Greek people end up casting Syriza aside it is likely to be for different reasons. During the run-up to the January 2015 election in Greece, when it was becoming clear

that Syriza would emerge as the leading party, Channel 4 News interviewed a group of cleaners who were involved in the so-called Rubber Glove Rebellion. They had been sacked from their jobs cleaning government buildings and they had taken to the streets in protest, clashing with the notorious Greek riot police. Syriza had supported them, and vice-versa. The interviewer asked them what they would do if Syriza let them down. No expression of loyalty was forthcoming: the question provoked the immediate response that in that case they would fight on without Syriza. Merely provisional support for a political party is probably the best guarantee of the struggle continuing. There is good reason to hope that the surge of support for the SNP in Scotland, which reached dramatic heights in the recent Westminster elections, is similarly provisional.

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