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## Greece and Global Class War

### Debt is the Tool of Modern Imperialism

by ROB URIE

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#### Then

By 2008 the neoliberal project that had been propelled by bullshit, wishful thinking and copious quantities of bank money freed from any pretense that it could ever be repaid was coming unwound. The same ‘favor’ that American mortgage lenders had done communities of color and exurbs in the U.S. found peripheral Europe’s political ‘leaders’ and plutocrats ready, willing and able to borrow money that stood little chance of being repaid by them. As soon as it became publicly evident that trillions in bank loans were unlikely to be repaid bankers, and the government officials who work for them, looked around to see what groups were (1) able to pay interest, and eventually principal, on debt that they had seen no direct benefit from, and (2) lacked the political power to resist being forced to repay it.

Lest this seem too diabolical to be plausible, this is the basic lending model that has been used by Western banks and backed by Western governments and the ‘independent’ institutions they control for some six decades now. The U.S., Germany or France have long lent money for infrastructure projects, agricultural ‘upgrades’ like the Green Revolution and direct purchases of technology and / or munitions. This indebted the citizens-by-degree of both internally and externally organized nation-states while making large profits for the corporations who could sell

their wares thanks to the 'largesse' of Western states and banks. This practice in some measure explains how corrupt and / or incompetent government officials and plutocrats in Greece managed to line their own pockets while permanently indebting the good citizens of that storied nation.

From a creditor's perspective pools of wealth like pensions, bank deposits and health care funds tend to be fungible and therefore ripe for the picking. That ordinary citizens in many cases labored their entire lives and forewent direct compensation in exchange for these benefits has had little to no bearing on their being taken to settle debts incurred by others. Lest these seem wildly primitive, backwater type acts, the current battle over public and private pensions in the U.S. is precisely and exactly this. And while the Federal government backs the FDIC (Federal Deposit Insurance Corporation) limited guarantee of bank deposits in the U.S., bipartisan 'Grand Bargains' and newly negotiated details of coming bank bailouts suggest that bank deposits may be about as 'sacred' as Social Security and public sector pensions in the next crisis.

The most corrupt large-scale bank bailouts were engineered in the U.S. by Democrat President Barack Obama and his Lieutenants Timothy Geithner and Larry Summers following from (George W.) Bush administration efforts. The decision was made early on to fully restore Wall Street while leaving the major players who had destroyed the global 'real' economy in place. The European powers-that-be replaced key players and imposed more onerous restrictions than had the Americans. This differentiated treatment between 'internal' lenders and 'external' borrowers defined state behavior both within and across Western nations. The difference in part confirms the perceived importance that Wall Street, large American, French and German based banks, play in neo-imperialist endeavors.

## **Now**

In this time when liberatory politics are handed down by the Supreme Court and liberal Democrat Barack Obama is pushing stealth 'trade' deals through Congress the rule of money couldn't be more evident. Evolution of the Reagan / Thatcher 'liberation through markets' finds a global corporate class preying on neo-imperial subjects through newly-constructed mechanisms of economic subjugation. This self-realizing professional class now has the same right to sleep in cardboard boxes and beg for money as the economically excluded, the privatized and those held captive by markets. Self-realized German politicians join self-realized Greek pensioners enjoying ethereal rights while engaged in global class war.

Global reach ties for-profit policing and racial repression in Ferguson, Missouri to captive markets and perpetual debt in Athens, Greece. It is hardly incidental that Germans are raising racist caricatures of 'lazy, spendthrift' Greeks much as the narrative of 'personal responsibility' defines the exclusionary / inclusionary class basis for racist mass incarceration and predatory privatization schemes in the U.S. This is the language used to 'explain' the imperial domination that defined the West for much of the 18<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup> centuries now updated for a modern audience. Culture war gimmicks that conflate expansion of conservative institutions like marriage and military service with liberatory politics are used to divert attention from the rapid consolidation of totalizing economic and political power.

The evolutionary process of late-stage debt servitude is largely formulaic. An early-stage analog is the ‘emerging market’ loans made by large American banks in the 1970s and 1980s that were promptly redeposited into the same banks in the names of corrupt foreign officials but repayable by ‘their’ citizens. Step two is insertion of ‘helpful’ Western institutions like the IMF (International Monetary Fund) and World Bank to induce debtor countries to open markets to multi-national monopolists, to eliminate local economic competition, to offer up local resources to be looted, to assign ownership of key industries and utilities to external agents and to use austerity policies to delineate local agents for international capital from neo-imperial subjects. Racist / imperialist apologetics provide socially divisive rationales for engineered economic divisions.

Current mainstream discussion of ‘negotiations’ between a credible Greek government and the Troika (IMF, ECB (European Central Bank) and the EU (European Union)) focus on Greek machinations while it is the Greeks who have limited options and the Troika who could make their neo-imperialist terms disappear in a few heartbeats. The alleged political constraints of the Troika—constituencies that it must answer to, are largely the product of contrived racist chatter used to rally them around its neo-imperial project. In history, the Nazi Occupation of Greece created moral and factual debts owed to the Greek people that couldn’t be repaid in several epochs. This history includes tens, if not hundreds, of thousands of Greeks starved to death to feed the German people and their armies, and tens, if not hundreds, of thousands of Greeks publicly hung, shot or executed in ‘death vans.’

Greek circumstance was recently couched in a plea by Greek Finance Minister Yanis Varoufakis that the Troika help Syriza reorganize Greek governance to force local plutocrats to disgorge their ill-gotten gains for the benefit of the Greek people. The class interest frame that Mr. Varoufakis used (by metaphor) links the evolution of clearly odious debt from French and German banks to its renegotiation in 2010. Recently released conversations between German ‘negotiators’ suggest that it was well-understood in 2010 that the amount of debt was too large to be repaid and that the terms were economically destructive to Greece. What might seem inexplicable in national terms—the inability of the Greek government to bring its plutocrats to heel, finds its likeness in American rule over recent decades.

This last point is important to understand—the contention that Americans could force American plutocrats to act in the national interest rather than their own is contradicted by the history of the last half-century. The American War in Southeast Asia made war profiteers rich while it was known to be a lost cause for the last decade of its undertaking. The sequential wars across the Middle East were sold in the national interest while securing oil for multi-national oil and gas companies was the predominant goal. Wall Street was deregulated and allowed to make predatory loans that cost millions of people their homes and life savings. When Wall Street imploded from its own malfeasance its victims were made to restore it. Should this fail to convince, poll results eternally show plutocrat’s interests determining government policies against those of the overwhelming majority of citizens.

Mr. Varoufakis’ plea, capitulation to 98% of the detrimental economic policies foisted on Greece by the Troika in exchange for small, economically reasoned, forbearance on Greek pensions, employment and regressive taxes, pitted policy imagination against the long history and short

memory of German ‘negotiators’ who seem intent on seeing Germany re-occupy Greece through punishing economic policies and the forced sale of Greek state assets. Giving the game away are the policies being imposed— neoliberalism as economic imperialism dressed in academic garb. Whether one wants to assign malevolent intent, stupidity, ignorance and / or starry-eyed ideological blindness, the genesis of Greece’s debt suggests that Mr. Varoufakis’ identification of a global ruling class in its creation appears to be on target.

The tactic of the Troika in obfuscating this genesis places the 2010 ‘bailout’ at its center. By shifting Greek liabilities from ‘private’ bank balance sheets to the Troika (at a discount) unpayable debts were tied to wholly implausible economics to pretend that a mutually beneficial agreement had been reached. Paradox lies at the intersection of the agreed upon terms and democratic accountability. It’s all well and good that Greek elites came to terms that the citizens of Greece were intended to bear, even if at the barrel of a metaphorical gun. But where is French and German banker culpability in making loans that could under no arrangement of circumstance be repaid? By analogy, by 2007 American mortgage bankers knew that a large proportion of the loans they were making could never be repaid. To cover up this malfeasance President Obama and his Treasury Secretary, Timothy Geithner, created multi-layered bailout programs to shift resources to culpable banks and bankers. And in cases where that didn’t work, bank liabilities were shifted directly onto the public balance sheet.

The central difference between the U.S. and Greece, besides position in neo-imperial hierarchy, is that the U.S. has no constraint on the creation of U.S. dollars to replace those wasted by bankers. Hundreds of billions, if not trillions, of dollars of bad bank loans were buried in Federal government agencies in the U.S. A Greek choice to leave the European Monetary Union would consign it to a tertiary currency, the Drachma, and a very disorderly unwind, or to continue using the Euro as an ‘external’ currency that it lacks the power to create. To stay within the currency union leaves currency creation in the hands of the ECB which views the union as a quasi-gold standard except when it comes to salvaging predatory European banks. That the Greek ‘problem,’ at least as far as the Troika is nominally concerned, could be resolved through money creation by the ECB points to the political (imperialist) nature of Troika policies.

Present circumstance has a referendum scheduled by Syriza for Sunday, July 5, to vote on the bailout package already rejected, and then partially accepted by Syriza. Capital controls have been instituted and bank withdrawals are severely limited causing immediate and severe economic pain. Not only are Greek citizens being individually affected, the set of economic relationships that is required for economic production to take place (supply chain) has been interrupted and is at risk of being lost. The tradeoff at present appears to be acceptance of Troika terms, either by Syriza or the government that follows it, and continued economic misery or immediate and severe economic dislocations with a plan of gradual recovery. The only assurance is that continued accedence to Troika policies will mean perpetual economic misery for the Greek people.

The prevailing wisdom appears to be that Syriza blew an opportunity to gain slight concessions from the Troika by being inconsistent. By calling for the referendum after capital controls have been implemented the question Syriza appears to be putting to the Greek people is whether they will accept severe near-term economic pain in exchange for possible bargaining leverage. The

argument that Syriza wasted good will assumes that, the last eight years notwithstanding, the flawed structure of the monetary union was unforeseen and that Troika negotiations were ever other than naked power politics put forward for economic gain and political domination. Motivations may be complex, but present circumstance carries with it the aggregation of stated and hidden intentions. History now finds Germany playing the role of occupying force, only without the actual occupation, complete with racist caricatures that harken back to the early 1940s.

Regardless of how cleverly or poorly Syriza has ‘played’ its position, Yanis Varoufakis’ identification of a global ruling class, not as singular, unified interests, but as an artifact of the predominant political economy of the epoch, takes the issues at stake out of the narrow Troika-Greek frame to place them in global class struggle. The center – periphery frame that has been used to define European political and economic relations finds metaphor in class relations in the U.S. While economic recovery has been claimed since the middle of 2009, it has largely emanated from an extremely concentrated core— from Wall Street and the executives of large, multi-national corporations to select suburban bourgeois, bypassing traditional ‘out’ groups. The economic detritus from predatory finance can still be seen in the inner city and exurb communities where bank malfeasance was most prevalent. That a liberal Democrat President has implemented ‘trickle-down’ policies demonstrates the reach of the neoliberal project.

While in some cosmic accounting unknown and unknowable to us mere mortals ordinary Greeks may have spent weeks in the early – mid 2000s walking quickly past the needy and buying bourgeois trinkets just to prove they could, the current circumstance of Greece is more systemic than particular. French and German banks made the same predatory loans across the European periphery. Stupidity, ignorance and / or ideological blindness may explain as much or more than malevolence, but expertise in assessing the capacity to repay loans is the business of bankers, not borrowers. The failure of ‘center’ governments to hold malevolent and / or incompetent bankers to account while forcing the consequences of their poor business decisions onto those least able to resist them ties the ‘excesses’ of the 1990s and 2000s to the prior half-century of predatory banking in the service of neo-imperial conquest.

In this frame it doesn’t all that much matter what Syriza did or didn’t do— the game was rigged from the start. As far as reflecting poorly on an international left, if one modeled the distribution of political and economic power before and after Syriza little movement in one direction or another would likely be seen. If the idea of the left is to provide a critical frame and broad principles for social— political and economic, organization then leaving Syriza and the Greek people to their own devices hardly seems constructive. If this analysis has bearing, the people of Baltimore, Detroit and Philadelphia share more interests with the Greek people than they do with the local representatives of international capital in Washington and New York. The unifying factor is neo-imperialist political economy put forward in the realms of the political and the economic as freedom to choose.

## **Next**

Unless economic recovery is but the blind hope that history has ended, renewed crisis well-fits the historical tendencies that were recovered and enhanced since the last crisis. That Greece, and

more likely than not the rest of the European periphery, is in decline in approximate proportion to the extent it was peripheral in the first place, signals the conundrum some time ago entered into by Greek politicians now long out of office. As of this writing, the IMF has publicly stated that Greek debt is unpayable in its current amount. From recently released conversations among senior German negotiators, this was well-understood before the 2010 'agreement' between Greece and the Troika was signed. And at the wholesale and retail levels Wall Street, large American, French and German banks, knew that many of the loans being made, couldn't, and therefore wouldn't, be repaid.

For those who may have forgotten, at the height of the financial unpleasantness in 2008 the IMF made a public *mea culpa* begging forgiveness for decades of denying the very same plutocrat-serving bailout policies that were the first choice of Western policy officials. This is to suggest that just because all parties involved in Greek 'negotiations' know, and have long known, that Greek debts can't be repaid has had no bearing up-to-now on the punishing policies forced on the Greek people. Debt is the tool of modern imperialism. Had the U.S. and Germany extended the same bailout terms to the domestic and global periphery that were applied to 'home' banks the global economic crisis would have ended in 2009. The difference can be framed in terms of economic class or imperialist center-and-periphery. Either way, history is the better guide than mainstream economic theory to determining the trajectory of the political economy that now confronts us all by degree.