

GreeSE Papers

Hellenic Observatory Discussion Papers on Greece and Southeast Europe



Paper No. 140

**Class struggle over absolute surplus value strategies in
Greece: Initial response to the post-2008 economic crisis**

Özgün Sarı Mehmet Duman

Class struggle over absolute surplus value strategies in Greece: Initial response to the post-2008 economic crisis

Özgün Sarımeahmet Duman

GreeSE Paper No. 140

Hellenic Observatory Papers on Greece and Southeast Europe

Contents

Abstract	iii
1. Introduction	1
2. Nature of class relations in capitalist economies	1
3. Rise of neoliberalism in capitalist economies: A struggle over absolute surplus value strategies	3
4. Locating Greece among neoliberal capitalist economies: Absolute surplus value strategies under the shadow of class struggle	5
4.1 Transition to neoliberalism before the economic crisis	5
4.2 Initial response to the economic crisis: 2008–2011	8
5. Conclusion	12

What is the Investment Loss due to Uncertainty?

Özgün Sarımeahmet Duman *

ABSTRACT

This paper focuses on the primary struggle over absolute surplus value strategies in a capitalist society. It discusses the relationship between labour and capital, with a specific emphasis on the role of class struggle in the case of Greece. It analyses the policies of deunionisation, suppression of collective bargaining, deregulation, flexibilisation and social security reforms during the rise of neoliberalism from the late 1980s. It states that the high levels of class struggle were unyielding to the execution of absolute surplus value strategies in full. The paper argues that the post-2008 economic crisis further increased the emphasis on these strategies with the intention to implement the long-been-postponed labour market reforms under the unique economic and political circumstances. Presenting a comparative inquiry into the pre- and post-crisis dynamics of struggle over absolute surplus value strategies, the paper indicates that the high levels of class struggle generated a barrier to the introduction of recovery policies as an initial response to the crisis.

Keywords: absolute surplus value strategy, class struggle, economic crisis, Greece, neoliberalism

* ozgunduman@gmail.com

1. Introduction

The capitalist society is based on capital accumulation, the key actors of which are labour and capital as the major agents of the production process. It generates a contradictory relationship: the labour selling its labour power and the capital accumulating surplus value by exploitation of labour. Hence, the main struggle is over the preservation of rights (in terms of working and living conditions) versus the penetration into the production process by putting more rigid rules to increase efficiency and productivity.

Based on this very fundamental characteristic of the capitalist society, this paper focuses on the strategies introduced to reach the ultimate aim of increasing the profit. These are relative surplus value strategies and absolute surplus value strategies, both of which further highlight the antagonistic relationship between labour and capital by their attempts in weakening the former and strengthening the latter in the market. To this end, the paper briefly defines the relationship between labour, capital and the state with an emphasis on class struggle. It also provides a concise analysis on relative and absolute surplus value strategies, but focuses on the latter, i.e. labour market reforms, that include measures such as increasing the length of the working day, depressing wages per hour and raising the intensity of work. It pays particular attention to deunionisation (abolition of trade unions), suppression of collective bargaining rights, deregulation of the regulations on work, flexibilisation of employment contracts (promotion of atypical forms of work), and restriction of social security rights.

The paper scrutinises the role of class struggle over the absolute surplus value strategies in capitalist economies during the rise of neoliberalism. Based on the inquiry of a common practice since the early 1970s, it aims to locate Greece among neoliberal capitalist economies in terms of the levels of class struggle over absolute surplus value strategies. It analyses the processes of deunionisation, suppression of collective bargaining, deregulation, flexibilisation and social security reforms in the 1980s and the 1990s with a specific emphasis of the role of class struggle.

The paper also questions the impact of the post-2008 economic crisis on Greek market in terms of labour-capital relations. It offers a brief analysis of the origins of the crisis in Greece. It evaluates the initial reform packages and recovery proposals put on the agenda. It questions the introduction and execution of absolute surplus value strategies, also revealing the importance of class struggle. By doing this, it aims to provide a scrutiny into the first years after the crisis with a focus on the reaction of labour unions, the state and the international actors.

2. Nature of class relations in capitalist economies

The essence of the capitalist relations of production lies in the antagonistic relationship between labour and capital – the history of capitalist society is the history of class struggle (Marx and Engels, 2008: 33). For this very reason, an analytical research on class relations in a capitalist society requires a thorough understanding of labour, capital and class struggle in the context of a capitalist market economy. It is crucial to comprehend the relations between these key agents of the capitalist mode of production.

The main motive in a capitalist economy is accumulation, driving force of which is ‘to develop the productive forces without limit’ (Clarke, 1992: 135). Based on this very central

drive in capitalist economy, two major agents of production process, namely labour and capital, are also subject to an essential exchange relation: labour selling its labour power and capital buying labour power as a commodity in the market. Hence, there exists a tension that is inherent to the capitalist accumulation process: labour's struggle to improve its working and living conditions and capital's effort to raise its profits by reducing the cost of labour power.

In this extremely tense relationship, labour aims to safeguard its interests and rights by organised resistance against the intensification of exploitation. On the other hand, the main concern of capital 'is the difference between the price of labour power and the value which its function creates' (Marx, 1982: 682). Value preserves itself 'precisely only by constantly driving beyond its quantitative barrier' (Marx, 1973: 270), and hence, an unremitting increase in the rate of profit turns out to be crucial. Capitalist mode of production brings together a pressure of market competition, and this motivates individual capitalists' desire to 'receive as much labour as possible for as little money as possible' (Marx, 1982: 682).

In its attack on labour, capital concurrently undertakes strategies aiming to increase the rate of profit. These are relative surplus value strategies that incorporate improving the machinery, enhancing the skills of workers, introducing technological innovations, and absolute surplus value strategies that include increasing the length of the working day, depressing wages per hour and raising the intensity of work (by 'reducing the porosity of the work process' or 'increasing the speed at which the worker performs a given task') (Gough, 2003: 50). Implementation of these strategies 'increase[s] the value produced per hour, that is, labour productivity' (Gough, 2003: 50).

It is also important to clarify the position of the state in this relationship. The capitalist state is 'a part of [this] antagonistic and crisis-ridden development of capitalist society' (Holloway, 1996: 121). It secures the rights of private property by safeguarding 'equal exchange relations between the sellers and buyers of labour power' (Bonefeld, 2000: 60). In other words, it guarantees 'the bourgeois relations of exploitation' in the labour market (Bonefeld, 2000: 60). Therefore, the state is subordinated to 'the reproduction of capital, which determines the state as a moment of that reproduction' (Clarke, 1991: 195). The class character of the state is the essential feature of the reproduction of social relations (Clarke, 1991), which, in turn, is crucial for the existence of the state (Bonefeld, 2000: 60). The capitalist state is 'a moment of the class struggle' (Clarke, 1991: 195).

Another key element of the conflict between labour and capital is public expenditure with its very direct influence on class relation of distribution. The class struggle affects the ratio of public expenditure, which is composed of government employment, benefits and tax of the working class. Relative and absolute surplus value strategies are accompanied by a reduction of public services and transfer payments, employment benefits in the public sector and increase of the tax burden. This significantly increases the bargaining power of capital over labour in the market. Labour market, in this regard, is only *ostensibly* free and equal.

Within its limited space, this paper sets aside an analysis of the relative surplus value strategies and rather focuses on absolute surplus value strategies. It stresses how absolute surplus value strategies 'involve changes in control, tasks, or the employment relation' (Gough, 2003: 50), i.e., labour market reforms. It also evaluates changes in the ratio of public expenditure as a mechanism of reducing the bargaining power of labour by disciplinary mechanisms with reference to class relations. The next section, therefore, is

allocated to an inquiry into the political economy of absolute surplus value strategies and public expenditure.

3. Rise of neoliberalism in capitalist economies: A struggle over absolute surplus value strategies

World capitalism experienced an economic breakdown in the early 1970s, based on the contradictions inherent to the capitalist mode of production: mainly the tendency for the rate of profit to fall (Bullock and Yaffe, 1988; Savran, 1988; Wright, 1988) and the overaccumulation of capital (Bonefeld, Brown and Burnham, 1995; Clarke, 2001) among a diversity of Marxist theories of crisis.²

This revealed the need for a paradigmatic shift in the economic policy and the labour regime. Capital reacted to the crisis of profitability with neoliberalism, a 'wide range of social, political and economic phenomena at different levels of complexity' (Saad-Filho and Johnston, 2005: 1). Neoliberal economic and political practices targeted to alter the class relations and increase the rate of profit. This enhanced the 'antagonistic character of capitalist accumulation' (Marx, 1982: 799) so that the conflict between labour and capital became more explicit. The contradictions inherent to the capitalist mode of production deepened the attempt of capital to emancipate itself from labour vis-à-vis its inclination towards the financial market. It fled the factory and 'started to accumulate wealth in the money form without a corresponding exploitation of labour power in the factory' (Bonefeld and Holloway, 1996: 212).

The expansion of the financial market and the enhanced sectoral and spatial mobility of money concurrently occurred with the increasing mobility of commodity and the productive capital. The crisis intensified the competition among individual capitals, and this made devalorisation of capital inevitable as 'the condition for profitable accumulation' (Gough, 2003: 232). Internationalisation of production also engendered a challenge for individual capitals and national states – offering higher rates of profit and attracting foreign capital investment turned into a necessity.

The ability of capital to make profits in the financial market and the increase in international competitiveness in the productive market reinforced the implementation of absolute surplus value strategies, which functioned to overturn the power relations institutionalised between the labour and capital during the Keynesian economic policy.³ The prevailing monetarist economic policy of the post-1970s intensified the emphasis on efficiency and competitiveness by certain strategies. This was how the world market encountered the post-2008 economic crisis.

The key impulse of the capital was to achieve higher rates of profit in the productive market by disciplining labour through absolute surplus value strategies, i.e. labour market reforms. These included increasing the competitiveness of both individual capitals and national states in the world market. Hence, the conflict between labour and capital further intensified in

² For further discussions, see Sarımehtmet Duman (2014a) "A theoretical framework for the analysis of the current global economic crisis: The financial market and the real economy", *The Economic and Labour Relations Review*, 25(2): 240-252.

³ For further discussions, see Sarımehtmet Duman (2014b) *The Political Economy of Labour Market Reforms: Greece, Turkey and the Global Economic Crisis*, London: Palgrave Macmillan.

the neoliberal era due to the implementation of absolute surplus value strategies with a motive to increase productivity and competitiveness. The neoliberal strategy endeavoured to defeat labour in all areas by comprehensive reforms. It disciplined labour to subordinate the new labour regime under the conditions of high unemployment rates and strong competition for jobs. The new labour regime aimed to re-regulate the length of the working day, wages per hour and intensity of work. It highlighted deunionisation, suppression of collective bargaining rights (decentralise wage bargaining processes), deregulation of work, flexibilisation of employment contracts (promotion of atypical forms of work), and restriction of social security and pension rights. These policies targeted inactivation of trade unions in the workplace in order to omit obstacles to weaken the bargaining power of labour on their living and working conditions.

The main motive in the capitalist mode of production, i.e. accumulation, unveiled the magnitude of absolute surplus value strategies in increasing the rate of profit. Deunionisation aimed to facilitate the implementation of all other labour market reforms, depriving labour of power to show resistance against labour market reforms. Trade unions were either outlawed or turned into organisations that contain labour 'within limits compatible with profits' (Cleaver, 1996: 163). Suppression of collective bargaining rights – that also dismantle wage protection policies, and restriction of social security rights made a significant impact on depressing wages per hour.

Deregulation and flexibilisation policies functioned as the most comprehensive absolute surplus value strategies – they had an impact on the length of the working day, wages per hour and intensity of work. As part and parcel of the removal of regulations on the labour market, institutionalisation of deregulated forms of work fragmented some production into small enterprises, which, in turn, decreased the organisational capacity of labour. Flexibilisation of employment contracts (contracting out, part-time work, temporary work, telework) promoted atypical forms of work, and provided capital with more room for manoeuvre in hire and fire, assigning informal tasks to workers, and wages. These policies institutionalised the employment of unregistered workers in arduous and unhealthy occupations with maximum working hours, which degraded the resistance of labour in both formal and informal sectors (Muftuoglu, 2006: 133). Contracting out of public services dispersed welfare provisions in the market (Bonefeld, 1996: 54; Bonefeld and Holloway, 1996: 218).

Social security and pension reforms also constituted an important part of absolute surplus value strategies by increasing the age of retirement, decreasing the pension benefits and re-regulating the health sector coverage by supporting private initiatives. These policies diminished the living conditions of labour, and also functioned as disciplinary mechanisms deteriorating their potential to show resistance against such reform attempts. In this respect, all of these strategies constituted the particular aim of increasing the profitability and competitiveness of the capitalist market economy. The scope of labour market reform processes, on the other hand, was shaped by the organisational capacity of labour and the intensity of class struggle.

Public expenditure policies also performed to bring novelty in state's budgetary strategies towards the public, and hence, discipline labour under neoliberalism. These limited public services, transfer payments and employment benefits, intending to lower the rate of debt to gross domestic product (GDP) and restrict the resistance of labour by developing an environment of low income, poverty and high unemployment. These policies contained

labour within austerity and poverty, and impelled private indebtedness – which, in turn, facilitated the implementation of absolute surplus value strategies. Credit-based private consumption, socialisation of debt through ‘fiscal reforms, rescue of banks, [and] the use of public expenditure as a means of imposing the discipline of poverty’ institutionalised the redistribution of state revenues as a reflection of class relations (Bonefeld, 1996: 38).

4. Locating Greece among neoliberal capitalist economies: Absolute surplus value strategies under the shadow of class struggle

Greece generated a distinctive case among neoliberal capitalist economies in terms of the transition from the Keynesian to monetarist economic policy and the execution of absolute surplus value strategies. The high levels of class struggle due to well-organised labour under trade unions and political party organisations constituted a barrier to the implementation of labour market reforms in full.⁴ General strike functioned as the mainstream trade union resistance activity to structural labour market reforms (Kretsos and Vogiatzoglou, 2015: 223). A comparison of absolute surplus value strategies under the influence of the class struggle before and after the economic crisis present a testimony to the impact of organised labour on class relations, industrial policies and labour market structures.

4.1 Transition to neoliberalism before the economic crisis

Neoliberalism that has dominated capitalist economies from the early 1970s has started to take Greece under its influence from the late 1980s onwards. Absolute surplus value strategies were put on the agenda in the late 1980s and accelerated in the 1990s, despite significant flows in their implementation due to high levels of class struggle. Various governments under the rule of New Democracy (ND) and PanHellenic Socialist Movement (PASOK) demonstrated their dedication to execute the required reforms for a successful transition to a neoliberal setting.⁵

The EU also played a pivotal role in framing the necessity to implement these strategies by defining economic thresholds for the member states. This frame provided a legitimacy ground for the introduction of labour market reforms by relevant governments.⁶ To tackle with the high levels of class struggle and organised resistance of labour, the introduction of European Social Dialogue was instrumentalised to create an illusion of harmony among trade union organisations and the state.⁷ However, the conflict between labour and capital became even more evident during labour market reform processes. The class struggle was intensified, and the 1990s witnessed intense struggle over absolute surplus value strategies in the case of Greece.

The initial policies put on the agenda to limit the intensity of class struggle were deunionisation and suppression of collective bargaining rights. Reform attempts aimed to

⁴ Sarimehmet Duman (2014b), pp. 206-212.

⁵ For a detailed analysis of labour market reforms in the 1980s and onwards, see Sarimehmet Duman (2014b).

⁶ A detailed analysis of the impact of the EU on the rise and consolidation of neoliberal principles in the member states is available in Sarimehmet Duman (2014c) “The rise and consolidation of neoliberalism in the European Union: A comparative analysis of social and employment policies in Greece and Turkey”, *European Journal of Industrial Relations*, 20(4): 367-382.

⁷ A Confidence Pact was signed between GSEE, ADEDY, SEV and the government in 1997.

turn trade unions into interest groups with no political lineage to labour or a political party. Moreover, these policies intended to fragment labour into different interest groups by degrading its organisational capacity. There were also several endeavours to decentralise wage bargaining processes. However, labour resistance continued to be quite high during this first stage of transition to neoliberalism with the number of strikes being very high throughout the 1980s and the 1990s (Ioannou, 1999). For this reason, restrictions on the organisational rights of labour were rather limited. Greece remained as a unique case in that collective bargaining processes continued to piece labour together with nationwide general strikes for improvements in the working and living conditions (EIROnline, 1998).

Greek labour market witnessed trials for deregulation of work and flexibilisation of employment contracts (by institutionalisation of atypical forms of work such as part-time work, temporary work, telework, contracting out and informal work) from the 1990s onwards – initially in the private sector and then in the public sector. Deregulation of work and flexibilisation of employment contracts, which aimed to boost the rate of profit by increasing the length of the working day, decreasing wages per hour and raising the intensity of work, gained an institutional status with the Agreement on Social Policy signed between the European Social Partners⁸ in 1991.

Deregulation and flexibilisation policies accelerated in the early 2000s with the announcement of a neoliberal reform programme. The first strategy employed to increase the rate of profit in the private sector was to deregulate the length of working day, which would in turn contribute to cutting the cost of labour power. The private sector trade union confederation, General Confederation of Greek Workers (GSEE), called for a 24-hour strike, but a law on the length of the working day was adopted in 2000 (EIROnline, 2000). This was followed by another law on the institutionalisation of part-time and temporary contracts in the public sector. The public sector trade union confederation, Civil Servants' Association (ADEDY), protested with a 24-hour general strike (EIROnline, 2003). Despite all the class struggle, these laws on deregulation of work in the private sector and flexibilisation of employment contracts in the public sector were legislated in Greece.

It is important to highlight that there were certain cases GSEE and ADEDY could collaborate to strengthen their resistance against deregulation and flexibilisation policies. They underlined the significance of the unity of labour against the neoliberal strategy by employing general strike as an efficient instrument of resistance. All Workers Militant Front (PAME), trade union organisation of the Communist Party of Greece (KKE), also played a very strategic role of representing class struggle in Greece. PAME operated in affiliation with KKE in its struggle against the neoliberal programme. There were also many cases GSEE, ADEDY and PAME collaborated in general strikes⁹ or a general strike declared by GSEE and ADEDY was supported by PAME to show resistance against certain reform attempts.¹⁰

The social security and pension reforms also played a great role as an absolute surplus value strategy under the pressure for concerns over public spending (Matsaganis, 2007: 545). It

⁸ European Social Partners refers to the organisations engaged in the European social dialogue at the EU level. It incorporates Union of Industrial and Employers' Confederations of Europe (UNICE), European Centre of Employers and Enterprises providing Public Services (CEEP), labour unions, and the European Trade Union Confederation (ETUC) (Eurofound, 2007).

⁹ The 24-hour strike in October 2008 against flexibilisation and deregulation in the labour market is a good example to this.

¹⁰ The key demands were pay rises and improvements in areas such as family and maternity allowances, conditions for workers in unhealthy and arduous jobs, and staff promotions.

aimed to decrease the cost of labour power by regulations on social insurance and pension funds. GSEE and ADEDY protested the first reform package drafted in 2001 with a 24-hour strike, rate of participation to which reached at 100% in some sectors (EIROnline, 2001). Nonetheless, the law was adopted with relatively limited changes in 2002 (Zambarloukou, 2004: 12). The social security and pension reform was put on the agenda again in 2007 to introduce wider regulations on increase in the retirement age, change in the method of pension calculations, unification of insurance funds, limitation of the list of arduous and unhealthy occupations and incentives to remain in the labour market (EIROnline, 2007). GSEE and ADEDY strongly opposed to the proposals with a 24-hour general strike that reached at the highest rate of participation in Greek history. They emphasised that the reform package aims to 'free up public and social resources in favour of the economy and making profits' (EIROnline, 2007). Interestingly, Hellenic Federation of Enterprises (SEV) also supported these protest movements (EIROnline, 2008b), but the reform package was passed in 2007, depriving labour of significant rights.

Trade union opposition to pension reform remained unyielding in the pre-crisis era (Matsaganis, 2007: 549). Intensive class struggle against the social security and pension reforms and SEV's support to GSEE and ADEDY in order to end protest movements and strikes symbolised the retreat of capital. Being economically damaged by the strikes, the capitalist class was ready to put away the reform package that it had attached utmost importance (EIROnline, 2008a). On the other hand, the state's dedication to implement these absolute surplus value strategies was iconic to indicate its commitment to neoliberalism. This incident also indicated that the capitalist state has the potential to be more militant than individual capitals, and this could be interpreted as 'advancement in the class character of the state' (Boratav, 2005: 95). The capitalist state could sacrifice short-term interests of individual capitals for the long-term interest of capital.

When compared to deregulation and flexibilisation policies, it would be plausible to argue that social security and pension reforms attracted an important degree of labour resistance primarily due to their extensive scope. This reform proposal influenced all segments of the society – including the youth (who will be in the labour market in the future), the workers (who are actively in the labour market) and pensioners (who had been in the labour market). The wide scope of social security and pension reforms motivated GSEE, ADEDY and PAME to organise extensive resistance movements. Collaboration among trade union confederations peaked during the social security system reform in the first decade of the 2000s.

In this political and economic setting of Greece, organised labour movements constituted a significant obstacle to the implementation of the labour market reforms in full. There was a dialectical relationship between timing, scope and effect of reform proposals and labour movement. Resistance was limited when the proposals were narrow in scope and effect, whereas the scope and effect of proposals were considerably circumvented when the resistance of labour was extensive.¹¹ The reaction of labour to different reform packages was, therefore, contingent.

Intensive class struggle in Greece attained numerous gains in relative terms, and more importantly, prevented the complete fulfilment of absolute surplus value strategies and consolidation of neoliberal relations. The resistance against deregulation of work and flexibilisation of employment contracts restricted and/or postponed reform packages. The

¹¹ Sarimehmet Duman (2014b), pp. 107-176 and pp. 206-212.

rate of part-time employment to total employment only slightly increased from 6% in 2000 to 8% in 2010 (European Commission, 2006-7). Labour suffered from serious setbacks in social security, but the scope of reforms remained rather limited. Despite these reforms, expenditure on social protection as a percentage of GDP increased from 20.8% in 1997 to 24.3% in 2001 and to 24.4% in 2007 (European Commission, 2011: 289).

There were also some initiatives to bring changes in the public expenditure, which was perceived as an instrument to discipline labour. The 1985 Stabilisation Programme agreed to limit public expenditure (Pagoulatos, 2000: 194–196). The annual rate of real growth in public expenditure was decreased from 10% in 1980-1985 to 1% in 1985-1990 (Close, 2002: 157). However, in spite of many reforms and attempts to budgetary regulations, public expenditure increased from 45.3% of GDP in 2001 to 53.8% of GDP in 2009 (European Commission, 2011: 69).

To sum up, there occurred a significant level of struggle over the implementation of absolute surplus value strategies in Greece from the late 1980s. Greek labour faced many serious attacks on labour rights in forms of deunionisation, suppression of collective bargaining, deregulation, flexibilisation and social security. The well-organised trade union organisations in public and private sectors responded many of these attacks by intensive class struggle via general strike. Hence, labour market reforms remained significantly limited in their scope. This positioned Greece as a divergent economy within the Eurozone in terms of its level of competitiveness (Sarimehmet Duman, 2018). Being diverged from thoroughly functioning capitalist market economies, Greek economy was described with its high unit labour costs and continuous loss of competitiveness (Monastiriotes, 2011: 50-51). Under these conditions, the impact of the post-2008 economic crisis became more challenging for Greece. The next section is allocated to the evaluation of the strong persistence to implement absolute surplus value strategies in the post-crisis Greece and the initial response of labour.

4.2 Initial response to the economic crisis: 2008–2011

Greece had generally been considered as a close economy due to its 'low openness' to the global market. Despite that, it experienced 'an unprecedented fiscal and sovereign debt crisis' by the end of 2009 (Monastiriotes, 2011: 45). The primary reason behind this fiscal shock was the proportion of government debt to GDP. It had earlier been officially reported as 3.7%, however, it was re-calculated as 5.4% in October 2009, 10.6% in November 2009, 12.7% in December 2009 and 13.6% in April 2010 (Monastiriotes, 2011: 50; Featherstone, 2011: 199).¹² Announcement of 'a tripling of the level of government debt' (Featherstone, 2011: 199) was followed by 'a complete collapse of confidence' in Greek market (Christodoulakis, 2010: 89), which eventually put 'additional pressures on the government debt and the budget deficit' (Monastiriotes, 2011: 50).

Within this scene, it is also crucial to underline that the level of financialisation was quite low in Greece. The Greek real estate did not experience a recession similar to the one encountered in the financially liberalised and integrated economies during the post-2008 economic crisis. Banking sector was comparatively simple. It did not 'involve work with the

¹² Government debt increased every year by 7 to 12 billion Euros in 2002-2007, the Olympic year of 2004 being an exception by 16 billion Euros (Christodoulakis, 2010: 89). However, in 2008 and 2009, government debt increased to a total of 56 billion Euros in Greece (Christodoulakis, 2010: 90).

more speculative side of modern international banking', 'loan levels [remained] low' and the mortgage market was 'only beginning to develop in a modern form' (Pettifer, 2010: 1). In this respect, the world recession and the collapse of confidence in Greek market only triggered the economic crisis in Greece.

The post-2008 economic crisis in Greece was, therefore, not a consequence of excessive financialisation (Sarimehmet Duman, 2018). On the contrary, it was a consequence of the Greek sovereign debt, which was based on the 'serious and long-term structural factors in the economy' (Pettifer, 2010: 2). Government debt was increased by the continuous loss of competitiveness in the Eurozone (Monastiriotis, 2011: 49) and continuous rise of unit labour costs (OECD, 2012), both of which were a consequence of the failure to pursue absolute surplus value strategies in the earlier decades. That is to say, the crisis had its roots in the productive sector.

This finding was also evidenced by the fact that the first measures considered to rescue the economy after the crisis were absolute surplus value strategies. The economic crisis generated a legitimate excuse for the implementation of long-been-postponed labour market reforms. The first action taken to tackle the economic crisis was the 28-billion Euros rescue plan announced in October 2008. At the emergency meeting with EU leaders in March 2009, it was argued that the budget deficit should be decreased below 3% of the gross national product (GNP) and the taxation system should be changed to combat one of the main structural problems of Greek economy, tax evasion. The key to decreasing the budget deficit was reducing social benefits, services and public investment, and raising tax revenues. In line with this, reform policies started with budgetary regulations including closing the gap between public expenditure and public revenues. These policies decreased the rate of total general public expenditure to GDP from 53.8% in 2009 to 50.2% in 2010 (European Commission, 2011: 69). There were also some regulations on the tax policy that the tax exemption for the first 9,500 Euros of income was abolished, and the taxes paid by workers were increased. Tax rates on production and imports to GDP decreased from 12.4% in 2008 to 12.0% in 2010 (European Commission, 2011: 71).

These initial measures significantly deteriorated the working and living conditions of labour, which increased the intensity of class struggle. GSEE and ADEDY organised a 24-hour strike to protest against the rescue plan (GSEE, 2008). KKE and PAME also called for a strike with an emphasis on the antagonistic nature of the capitalist mode of production. These resistance movements were responded by the release of a 900-million Euros economic package including financial support to pensioners and unemployed (Kathimerini, 2008). Nonetheless, these superficial measures could not suffice to contain class struggle in the following years.

Economic indicators got even worse in March 2010: 'the budgetary deficit amounted 12.7% of GDP (30 billion Euros); the debt of the central government exceeded 120% of GDP while the debt of the general government exceeded 113% of GDP; annual expenditure on interest has exceeded 12 billion Euros; and the primary regular budget expenditure increased during the last three years by 50% (20 billion Euros)' (EIROnline, 2010). Deterioration in the economy brought further cuts on public spending, including reduction in spending on contract workers, ban on hiring permanent and temporary staff and freeze in wage increases (Kathimerini, 2009a; Papathanassiou, 2009). Additionally, several comprehensive absolute surplus value strategies were put on the agenda for economic recovery. To put it

plainly, the neoliberal attack gained pace with further decrease in the public expenditure and increase in the flexibility of the labour market in post-crisis Greece.

As these strategies mainly targeted the public sector, ADEDY took the lead in the organisation of labour resistance. Two general strikes were held in May and June 2009 to resist the policy proposals such as flexibilisation of work, cut on wages, and privatisations. ADEDY highlighted their claim for social justice, employment under full-time contracts and a just taxation system (2009). These protest movements also had a historical significance by unifying workers from the public sector and the private sector for a common cause. GSEE and ADEDY held a 24-hour general strike to protest the economic recovery actions including budget cuts, flexibilisations in the labour market and restrictions on social security rights. This action presented a highly political resistance against the post-crisis policies by revealing the cooperation between the national and international powers in the management of the crisis (ADEDY, 2009). It aimed to underline that the workers are not to shoulder the burden of the crisis (Apoyevmatini, 2009).

The role of international actors increased by their involvement in the recovery process by the agreement on economic adjustment programmes. Following the First Economic Adjustment Programme in 2010, a 110 billion Euros rescue package released by the EU and the IMF (30 billion Euros from the IMF and 80 billion Euros from the EU). The *troika* (composed of the EU, the ECB and the IMF) presented the implementation of austerity measures and absolute surplus value strategies as a prerequisite for the release of the next instalments of the bailout. The Memorandum of Understanding included a three-year programme for 'macroeconomic adjustment and structural reform' by 'restor[ing] fiscal sustainability and bring[ing] the public debt under control, improv[ing] the outward orientation and competitiveness of the economy, and safeguard[ing] the financial sector while protecting the most vulnerable population groups' (Calamitsis, 2011). The reform agenda also included freeze and homogenisation of wages in the public sector, opening of the 'closed' occupations, liberalisation of the energy market, and privatisation of state-owned enterprises (Eleftheros Tipos, 2010).

The first auditing was completed in June 2010. The troika agreed to release the second instalment of the bailout in September 2010 with the precondition that the reform strategies agreed in the Memorandum of Understanding would be fully implemented. The IMF also approved the disbursement of 3.2 billion Euros loan tranche (a part of the 110 billion Euros bailout package) in July 2011. It asserted that the significant policy challenges such as durable fiscal adjustment, privatisations and, most importantly, productivity-enhancing reforms like reducing administrative barriers to investment were expected to be completed (Kathimerini, 2011e). The European Commission also set up a task force to closely monitor the reform process in Greece (Kathimerini, 2011f).

This neoliberal attack advised by the troika and administered by the state attracted a great deal of labour resistance following the introduction of these reform strategies in post-crisis Greece. Despite the fact that Greece was 'not the only country to experience acute economic problems and ... to adopt austerity policies' (among Spain, Italy, Portugal and Ireland), 'anti-austerity protests were much more intense in Greece than elsewhere, including in comparison to countries that have also had to resort to international financial rescues' (Rüdig, and Karyotis, 2014: 488). The number of general strikes reached up to 7 in 2010. In 2011, ADEDY and GSEE organised nationwide general strikes and rallies to protest 'the government's ongoing austerity drive', 'cuts to wages and benefits' (Kathimerini,

2011a), the approval of new austerity measures (Kathimerini, 2011c; Kathimerini, 2011d), 'further tax hikes and public spending cuts' (Kathimerini, 2011b) and 'plans to put thousands of public functionaries into a labour reserve pool on a heavily docked salary and to push thousands of others into early retirement' (Kathimerini, 2011g). KKE and PAME also played an active role in the organisation of strikes and rallies with an increased emphasis on the importance of conducting EU-sceptic politics.

There were also many sector-based strikes in both public sector and private sector with the involvement of transport workers, doctors, pharmacists, teachers, garbage collectors, media workers, Hellenic Petroleum workers, municipal workers, local authority workers, state audit council workers, sailors, air traffic controllers and nurses who got organised under trade unions and professional chambers of various occupations. Lawyers and taxi drivers joined the protestors to secure their closed occupations against being opened to competition. The initial response of labour to these economic recovery policies mainly including absolute surplus value strategies in Greece signified the importance of collaboration among sectors as well as trade unions with different political views. In this tense political and economic atmosphere, provisions of several reform packages were limited or amended to contain labour resistance. Intensive class struggle prevented the implementation of a significant number of agreed reform strategies.

Economic recovery policies and absolute surplus value strategies in post-crisis Greece were highly influenced by the involvement of international actors in the process. The EU and the IMF highlighted the importance of the execution of austerity policies in the release of their financial support. This international collaboration provided the state with the necessary political instruments to present the reform packages and more structural initiatives such as labour market reforms as economic imperatives put as preconditions for the release of further funds. This offered a unique opportunity to legitimise the absolute surplus value strategies that the most conflicting one of these regulations, social security reform, was adopted in July 2010.

A brief analysis of the first years after the emergence of the economic crisis indicates that the initial response to the economic crisis was quite aggressive in terms of the insistence on introducing comprehensive absolute surplus value strategies. In this political and economic setting, the already strong class struggle in Greece gained further strength to resist the execution of structural labour market reforms. Strikes and protest movements became 'more passionate and frequent', enlarging the 'playing field of union and social movement praxis to unprecedented levels' (Kretsos and Vogiatzoglou, 2015: 226). The level of labour resistance peaked following the agreement with the troika on an extensive reform agenda. Trade union organisations interrupted the attempts of the Greek state and its international collaborators from making significant structural changes in the Greek labour market. A short-term resolution to this political turmoil was the introduction of an EU-led technocratic government under the Prime Minister Papademos, a former European Central Bank Official, in November 2011. This strategic move aimed to facilitate the execution of absolute surplus value strategies and the austerity measures prescribed at these initial stages of the economic crisis.

The neoliberal attack on Greek labour continued with diverse strategies in the next years. The extent and intensity of labour resistance constituted an obstacle to the implementation of comprehensive absolute surplus strategies in full. However, the Second Economic Adjustment Programme agreed in 2012 and the Third Economic Adjustment Programme

agreed in 2015 included longer lists of reform policies. Labour movement remained comparatively less active due to a number of domestic and international factors. Under these circumstances, trade union organisations failed to ‘impede the reduction of wage earners’ income’ and to ‘confirm their leading role in mobilizing the working population’ (Kretsos and Vogiatzoglou, 2015: 217). Moreover, the rule of the ‘so-called’ left-wing government under the Coalition of the Radical Left (SYRIZA) made a significant impact on the containment of labour, which showed less reaction to active implementation of absolute surplus value strategies. Almost one year after the exit of Greece from the bailout programme, the losses of Greek labour in terms of their rights and working conditions deserve a thorough scrutiny.

5. Conclusion

This paper analysed the class relations in the capitalist society with as focus on the concepts of labour, capital, class struggle and the state in the transition to neoliberalism. It highlighted the importance of absolute surplus value strategies in weakening labour in terms of its working and living conditions while strengthening capital in the production process. It pointed out how absolute surplus value strategies aim to increase the rate of profit in capitalist market economies. Hence, it also highlighted how these strategies become the centre of class struggle.

Within this framework, the paper aimed to locate Greece among other capitalist economies in its transition to neoliberalism since the late 1980s. Under the influence of intensive class struggle, Greece became an extraordinary case that many of the absolute surplus value strategies introduced in the 1980s and the 1990s turned unsuccessful. This indicated that well-organised and active labour unions were capable of making a significant impact on the struggle over absolute surplus value strategies. Greece remained as one of the least competitive economies of Europe with considerably better working conditions for labour.

The paper highlighted that Greece faced the post-2008 economic crisis under these unique economic conditions. In this setting, absolute surplus value strategies were put on top of the agenda with an intention to introduce structural changes to the Greek labour market. Troika presented the neoliberal reform agenda as a necessity for a successful recovery. This offered the state a distinctive opportunity to implement the long-been-postponed labour market reforms by presenting structural measures as economic imperatives. Class struggle was restrained by the promotion of austerity measures as an international obligation under the economic and political pressure of the troika. This international setting in the management of crisis in Greece facilitated the implementation of absolute surplus value strategies as an initial after-crisis policy by degrading them to merely technical phenomena.

The paper stated that these initial strategies further revealed the inherent contradictions of capitalism by peaking class struggle during the first years of the economic crisis. As an initial response to the crisis, labour raised awareness against absolute surplus value strategies and collaborated in different sectors. It developed a unified agenda and formed a common front to defend. The class struggle peaked, and the labour got organised via general strikes, rallies and protest movements. Firm neoliberal attack under the unique conditions of the economic crisis contributed to the class struggle by raising class consciousness and unifying different segments of labour.

References

- ADEDY (2009) <http://www.adedy.gr/adedy/site/home/ws.csp> (in Greek)
- Apoyevmatini (2009) 'Workers are on the Ways due to the Crisis', accessed 2 April 2009 (in Greek).
- Bonefeld, W. (1996) 'Monetarism and Crisis', in W. Bonefeld and J. Holloway (eds.) Global Capital, National State and the Politics of Money, London: Macmillan Press, pp. 35-68.
- Bonefeld, W. (2000) 'The Spectre of Globalisation: On the Form and Content of the World Market', in W. Bonefeld and K. Psychopedis (eds.) The Politics of Change, New York: Palgrave Publishers Ltd., pp. 31-68.
- Bonefeld, W., Brown, A. and Burnham, P. (1995) A Major Crisis? The Politics of Economic Policy in Britain in the 1990s, Cambridge: Cambridge University Press.
- Bonefeld, W. and Holloway, J. (1996) 'Conclusion: Money and Class Struggle', in W. Bonefeld and J. Holloway (eds.) Global Capital, National State and the Politics of Money, London: Macmillan Press, pp. 210-227.
- Boratav, K. (2005) Social Classes and Distribution in the 1980s in Turkey (in Turkish), Ankara: Imge Press.
- Bullock, P. and Yaffe, D. (1988) 'Inflation, the Crisis and the Post-War Boom', in N. Satligan and S. Savran (eds.) Depression of World Capitalism, Istanbul: Alan Press, pp. 223-291 (in Turkish).
- Calamitsis, E.A. (2011) 'Greek economy at a difficult crossroads', http://www.ekathimerini.com/4dcgi/_w_articles_wsite3_1_02/05/2011_389319.
- Christodoulakis, N. (2010) 'Crisis, Threats and Ways Out for the Greek Economy', Cyprus Economic Policy Review, 4(1), pp. 89-96.
- Clarke, S. (1991) 'State, Class Struggle, and the Reproduction of Capital', in S. Clarke (ed.) The State Debate, London: Macmillan, pp. 183-203.
- Clarke, S. (1992) 'The Global Accumulation of Capital and the Periodisation of the Capitalist State', in W. Bonefeld, R. Gunn and K. Psychopedis (eds.) Open Marxism - Volume I: Dialectics and History, London: Pluto, pp. 133-150.
- Clarke, S. (2001) 'Class Struggle and the Global Overaccumulation of Capital', in R. Albritton, M. Itoh, R. Westra and A. Zuege (eds.) Phases of Capitalist Development, Booms, Crises and Globalisation, New York: Palgrave, pp. 76-92.
- Cleaver, H. (1996) 'The Subversion of Money-as-Command in the Current Crisis', in W. Bonefeld and J. Holloway (eds.) Global Capital, National State and the Politics of Money, London: Macmillan Press, pp. 141-177.
- Close, D.H. (2002) Greece since 1945, London: Pearson Education Limited.
- Eurofound (2007) 'Agreement on Social Policy', http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/agreement_onsocialpolicy.htm.
- EIROOnline (1998) 'The Mediation and Arbitration Service and the Development of Collective Bargaining', <http://www.eurofound.europa.eu/eiro/1998/12/feature/gr9812102f.htm>.
- EIROOnline (2000) 'New Draft Bill Proposes Industrial Relations Reforms', <http://www.eurofound.europa.eu/eiro/2000/12/feature/gr0012192f.htm>.
- EIROOnline (2001) '24-Hour General Strike over Social Security Reform', <http://www.eurofound.europa.eu/eiro/2001/05/inbrief/gr0105108n.htm>.

- EIROOnline (2003) 'New Law on Part-Time Employment in Public Sector', <http://www.eurofound.europa.eu/eiro/2003/09/feature/gr0309103f.htm>.
- EIROOnline (2007) 'Controversial Changes in Store for Social Insurance System', <http://www.eurofound.europa.eu/eiro/2007/10/articles/gr0710039i.htm>.
- EIROOnline (2008a), 'Employers' Research Institute Calls for Social Security Reforms', <http://www.eurofound.europa.eu/eiro/2008/01/articles/gr0801069i.htm>.
- EIROOnline (2008b) 'Social Partners and Opposition Parties Oppose Government Reform of Pensions System' <http://www.eurofound.europa.eu/eiro/2008/05/articles/gr0805029i.htm>.
- EIROOnline (2010) 'Government adopts extraordinary measures to tackle economic crisis', <http://www.eurofound.europa.eu/eiro/2010/03/articles/gr1003029i.htm>.
- Eleftheros Tipos (2010) <http://www.e-typos.com/>, accessed 29 June 2010 (in Greek).
- European Commission (2006–7) Eurostat Yearbook 2006, http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-CD-06-001/EN/KS-CD-06-001-EN.PDF.
- European Commission (2011) Europe in Figures: Eurostat Yearbook 2011, Luxembourg: Publications Office of the European Union.
- Featherstone, K. (2011) 'The Greek Sovereign Debt Crisis and EMU', Journal of Common Market Studies, 49(2), pp. 193-217.
- Gough, J. (2003) Work, Locality and the Rhythms of Capital, London: Continuum.
- GSEE (2008) 'Catholic Fighting Attendance to the 24-hour Strike and to the Rallies of Workers', <http://www.gsee.gr>, accessed 21 October 2008 (in Greek).
- Holloway, J. (1996) 'Global Capital and the National State', in W. Bonefeld and J. Holloway (eds.) Global Capital, National State and the Politics of Money, London: Macmillan Press, pp. 116-140.
- Ioannou, C.A. (1999) Trade Unions in Greece: Development, Structures and Prospects, Athens: <http://library.fes.de/fulltext/bueros/athen/00740002.htm>
- Kathimerini (2008) 'PM Turns to Handouts', http://archive.ekathimerini.com/4dcgi/_w_articles_politics_1_06/12/2008_102811.
- Kathimerini (2009a) 'PM Heralds Spending Cuts' http://archive.ekathimerini.com/4dcgi/_w_articles_politics_2_26/02/2009_105067.
- Kathimerini (2011a) 'Civil Servants to Join Workers for Strike on Feb. 23', http://www.ekathimerini.com/4dcgi/_w_articles_wsite1_1_26/01/2011_375282.
- Kathimerini (2011b) 'General Strike Expected to Cause Disruption', http://www.ekathimerini.com/4dcgi/_w_articles_wsite1_1_14/06/2011_394665.
- Kathimerini (2011c) 'General Strike Announced for Next Week', http://www.ekathimerini.com/4dcgi/_w_articles_wsite1_1_23/06/2011_395667.
- Kathimerini (2011d) 'PAME Unionists Block Piraeus Port', 2011 http://www.ekathimerini.com/4dcgi/_w_articles_wsite1_1_28/06/2011_396230.
- Kathimerini (2011e) 'IMF Approves 3.2 Billion Euro Loan Tranche for Greece', http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_09/07/2011_397694.
- Kathimerini (2011f) 'EC Task Force to Oversee Reforms', http://www.ekathimerini.com/4dcgi/_w_articles_wsite1_1_31/07/2011_400549.

- Kathimerini (2011g) 'Workers Scale up Protest Action', http://www.ekathimerini.com/4dcgi/_w_articles_wsite1_1_13/09/2011_406190
- Kretsos, L. and Vogiatzoglou, M. (2015) 'Lost in the Ocean of Deregulation? The Greek Labour Movement in a Time of Crisis', *Relations industrielles*, 70(2), pp. 218-239.
- Marx, K. (1973) *Grundrisse*, England: Penguin Books.
- Marx, K. (1982) *Capital - A Critique of Political Economy - Volume One*, Great Britain: Penguin Books.
- Marx, K. and Engels, F. (2008) *The Communist Manifesto*, London: Pluto Press.
- Matsaganis, M. (2007) 'Union Structures and Pension Outcomes in Greece', *British Journal of Industrial Relations*, 45(3), pp. 537-555.
- Monastiriotis, V. (2011) 'The Geographical Dimension of Austerity', *The Greek Crisis in Focus: Austerity, Recession and Paths to Recovery*, Special Issue, pp. 45-71.
- Muftuoglu, O. (2006) 'Crisis and Trade Unions', in F. Sazak (ed.) *Crisis of and Alternatives to Syndicalism in Turkey*, Ankara: Epos, pp. 117-155 (in Turkish).
- OECD (2012) 'Unit Labour Costs', *StatExtracts*, <http://stats.oecd.org/Index.aspx?QueryId=32452>.
- Pagoulatos, G. (2000) 'Economic Adjustment and Financial Reform: Greece's Europeanization and the Emergence of a Stabilization State', *South European Society and Politics*, 5(2), pp. 191-216.
- Papathanassiou, Y. (2009) 'Press Release of the Minister of Economics and Finance', accessed 18 March 2009.
- Pettifer, J. (2010) 'The Greek Crisis – A Pause', *The Balkan Series*, England: Defence Academy of the United Kingdom.
- Rüdiger, W. and Karyotis, G. (2014) 'Who Protests in Greece? Mass Opposition to Austerity', *British Journal of Political Science*, 44(3), pp. 487-513.
- Saad-Filho, A. and Johnston, D. (2005) *Neoliberalism: A Critical Reader*, London: Pluto Press.
- Sarımeşmet Duman, Ö. (2014a) "A theoretical framework for the analysis of the current global economic crisis: The financial market and the real economy", *The Economic and Labour Relations Review*, 25(2): 240-252.
- Sarımeşmet Duman, Ö. (2014b) *The Political Economy of Labour Market Reforms: Greece, Turkey and the Global Economic Crisis*, London: Palgrave Macmillan.
- Sarımeşmet Duman, Ö. (2014c) "The rise and consolidation of neoliberalism in the European Union: A comparative analysis of social and employment policies in Greece and Turkey", *European Journal of Industrial Relations*, 20(4): 367-382.
- Sarımeşmet Duman, Ö. (2018) "The Political Economy of the Eurozone Crisis: Competitiveness and Financialization in PIIGS", *Journal of Balkan and Near Eastern Studies*, 20(3): 211-229.
- Savran, S. (1988) 'Preface: Depression, Re-structuring of Capital, Neo-liberalism', in N. Satlıgan and S. Savran (eds.) *Depression of World Capitalism*, Istanbul: Alan Press, pp. 19-65 (in Turkish).
- Wright, E.O. (1988) 'Alternative Perspectives in Marxist Theory of Accumulation and Crisis', in N. Satlıgan and S. Savran (eds.) *Depression of World Capitalism*, Istanbul: Alan Press, pp. 172-218 (in Turkish).
- Zambarloukou, S. (2004) 'Collective Bargaining and Social Pacts in Greece: Social Actors' Responses to Change', *Proceedings of the 'Economic Sociology: Problems and Prospects' Conference*. Crete.

Previous Papers in this Series

139. **Calliope Spanou**, [Competing Frames, Domestic Discretion and Uneven Outcomes: Administrative Reform in Greece under the Crisis](#), August 2019
138. **Theodore Panagiotidis and Panagiotis Printzis**, [What is the Investment Loss due to Uncertainty?](#), July 2019
137. **Ioannis Laliotis, Vassilis Monastiriotis and Giuseppe Moscelli**, [Summertime and the drivin' is easy? Daylight Saving Time and vehicle accidents](#), June 2019
136. **George Alogoskoufis**, [Greece and the Euro: A Mundellian Tragedy](#), May 2019
135. **Helen Louri and Petros Migiakis**, [Financing economic activity in Greece: Past challenges and future prospects](#), April, 2019
134. **Vassilis Monastiriotis and Angello Martelli**, [Crisis, adjustment and resilience in the Greek labour market: an unemployment decomposition approach](#), March 2019
133. **Axioglou Christos, Christodoulakis Nicos**, [Which firms survive in a crisis? Corporate dynamics in Greece 2001-2014](#), February 2019
132. **Tsiftoglou Anna**, [Greece after the Memoranda: A Constitutional Retrospective](#), January 2019
131. **Georgiadis Andreas, Kaplanis Ioannis and Monastiriotis Vassilis**, [The Impact of Minimum Wages on Wages and Employment: Evidence from Greece](#), December 2018
130. **Pagoulatos George**, [Greece after the Bailouts: Assessment of a Qualified Failure](#), November 2018
129. **Christopoulou Rebekka and Pantalidou Maria**, [Who saved Greek youth? Parental support to young adults during the great recession](#), October 2018
128. **Lyberaki Antigoni, Tinios Platon**, [Long-term Care, Ageing and Gender in the Greek crisis](#), September 2018