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Living on Borrowed Money: On the Social Context and Response of the Current Greek Crisis

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Introduction

In this paper I am concerned with the present Greek crisis. In the present text, some information about the current Greek crisis is selectively presented and the forms the crisis assumes are outlined. This is followed by a look at some social structural features that revolve around the local variant of clientelism and lead to generalised mistrust. These features are considered essential for grasping the particular course of developments in Greece in relation to the crisis as well as of the kind of domestic response to the crisis and its effects.

Brief overview of the ongoing economic crisis

Greece is undergoing a severe crisis and there is no doubt about it; nonetheless a question that needs clarifying is to designate what sort of crisis this is.¹ The current crisis has been perceived as potentially threatening the whole Eurozone.² In this sense, it has definite international and even globalizing dimensions, which explain the (ongoing) involvement in the deliberations and bargaining about ways to counter the crisis not only of EU and Eurozone leaders, but also outside Europe. The crisis is a fiscal crisis of the state, to start with! It has developed gradually as a difficulty the Greek state had in financing its own expansion be it for providing welfare policies, infrastructure projects or direct investments, or other interventions in the economy and society.³ To meet the gap, successive governments, in the course of the last 35 years (roughly the period since the downfall of the dictatorial regime in 1974, known as Metapolitefsi in Greece), particularly since 1981 when

today's ruling political party first came into office, resorted to borrowing from abroad. In fact, borrowing developed into a short-term acceptable way out of the problem of expanding state-related costs and limited revenue – much in line with practices followed in other countries in the western developed world. Then, upon Greece's joining the Euro, the country's borrowing position was substantially upgraded. This development became possible since the various rating agencies (invariably of US origins) came to consider Greek bonds, without much probing, as reliable thanks to what the country's participation in the Eurozone signified, and with little hesitation even went so far as in granting it the much desired AAA status.⁴

The turning point that triggered the current crisis came when the present government, which is of socialist pretensions, took office in early October 2009 and announced that the country's deficit was much higher than the outgoing centre-rightist government had assured it was just a few months before the elections. Thus, instead of a 5.4% of the GDP, it was announced that it was about 12% (a figure much closer to the Bank of Greece official estimate of late summer 2009). And after the dissolution of the Statistical Service of Greece (for producing false statistics on government demand) and its reinstitution as an independent authority under the close supervision of Eurostat, it was announced by mid-2010 that the deficit for year 2009 stood at 15.4% of the GDP; it stands at 10.5% for the current year (Sofocleous 10, 13/05/2011).⁵

Following the first announcement about the real size of the debt the underlying crisis burst into the open, as it became apparent that the debt was not sustainable. The crisis assumed the form of a sovereign debt crisis as Greek bonds were substantially devalued. Thus, credit default swap spreads took the uphill by leaps and bounds: from standing very close to those of Germany – considered as a kind of standard – to the current ones that stand at 1,575 base units (Panagopoulos, Avgi, 12/06/2011). As spreads were rising, it became impossible at the time to keep

Greece's borrowing by continuing its recourse to money markets for new loans.

Specifically, banks that held Greek bonds which they used as collateral for borrowing money were discovering that they could not continue doing so. In addition, rating agencies decided to take now a harsh stand vis a vis Greece's ability to repay its loans. Thus, they unmistakably signalled out that the country was moving fast towards becoming bankrupt and borrowers were informed that they would risk losing their money if the country defaulted on repayments. Besides, the Greek state could not continue the usual practice of borrowing from international money markets to cover its expenses, and debt-related obligations. The "markets", reified as they are in the dominant economic and political thought and discourse, were reluctant to lend Greece more money. The risk was considered as substantial, and led to a spiral of heightened spread prices that made further funding still more difficult due to the harsh interest rates demanded. Furthermore, as this was happening in a country within the Eurozone, the danger of instigating uncertainty about the common currency itself, the danger of exposing the Euro to speculative attacks, and the danger of a trickle-down of the crisis to other weak countries of the Euro in southern Europe or Ireland, became all too real.

Patently, instrumental in the deterioration of borrowing conditions in the Greek case has been a lack of confidence as well as of trust in the ability of the Greek state to repay its mounting debt.⁶ Mistrust towards Greece was the outcome of revelations about the true situation, and of the fact that an EU member country has repeatedly been untruthful to its own partners. Then, negative publicity involving images of Greeks alternating between a Zorba-like exciting lifestyle and being lazy abounded,⁷ generating public discontent in many European countries with the unruly partner and its habits.

It was the realization of this situation and of the possible effects it would have on the Eurozone countries as a whole that prompted the organization of a huge bail-out in May 2010.⁸ The bail-out, organised by a consortium consisting of the IMF, EU-zone countries and the European Central Bank (known as the Troika), consisted of a EUR 110 billion interest-bearing loan, that the Greek government presented as a great success in the struggle to "save" the country. The interest rate this loan carries is less than what could be obtained in the open money markets – interests there have risen significantly, as already noted, partly be-

cause of the speculative attacks, or have become almost unavailable. Nevertheless, it is significant that the interest the bail-out loans bear is about four times over the Euro Interbank Offered Rate (i.e. the Euribor).⁹

As part of the bail-out deal, Greece and the Troika signed a Memorandum of Understanding that includes a series of both austerity measures and concrete actions to be taken that pertain to the state's expenses and organisation and reforms (state-organizational, as well as towards liberalising and privatizing public enterprises and the state sector at large). The Memorandum, under the expressed aim to restore the country's competitiveness and aligned with the dominant neo-liberal dogmas, has formed the basis for substantive cuts in the salaries of public sector employees (additional to those already undertaken since January 2010).¹⁰ It also outlines tax increases as well as the introduction of a set of new taxes affecting all aspects of social life; it anticipates an enhanced tax harvesting by more systematic control of tax evasion and avoidance; it introduces extensive changes that enhance work flexibility, but not job security, and severe cuts in public enterprises.¹¹ Part of the deal is also that Greece's finances and policies are to be undergoing regular inspections and reviews by the Troika's representatives who have undertaken a supervisory role, visiting Ministries and holding discussions there on how to better achieve relevant Memorandum objectives. In a nutshell, via the Memorandum, which was passed in the Parliament, the Troika creditors are allowed to intervene in order to safeguard that the changes they consider necessary for securing the viability of the country take place and, in the end of the day, that their money will be repaid. This situation has become unbearable for some officials and citizens alike; it is being perceived as a reduction of sovereignty.

Troika representatives' inspections check whether the programmed reforms are taking place and with what effect, issue recommendations, and on the basis of an assessment of what has been achieved so far they recommend payment of the next instalment of the loan (on the basis of which salaries and pensions are paid) or, as it has been the case for the last couple of months, they signify that they will not proceed to pay, unless there are some dramatic interventions and changes along the prescribed path are effected immediately.

It is true that the current government has been striving hard to improve its image as a truthful, credible and trustworthy partner in relation to its EU partners. To do so, it has

been more than willing to accommodate Troika's demands. Accordingly, it has been complacent and not particularly successful in bargaining to achieve the best possible deal, as opponents have been most vociferous in pointing out. However, to the extent that its trustfulness is established at the interstate level with the EU partners/countries, it loses any credibility it might have had with its own citizenry. As indicated, the Memorandum involves a whole gamut of changes, some of which could be agreed upon had they been introduced in the domestic scene on a consensual basis. For instance, the attempt to reduce waste and economise on various state expenses, or to rationalise expenses and render them transparent are issues not inherently difficult to agree upon. Instead, the government's attempt has been in the direction of enforcing its measures/policies in a commandist way, with the constant use of dividing and threatening dilemmas, by utilising power rather than argument to put them through.

Not surprisingly, such attempts have been met by successive waves of protest which do not seem to subside. The government on its part is trying to continue with the imposition of measures announced, but not implemented, and to push forward with additional ones it agreed with the Troika in a so-called "medium range" programme (medium-range as it exceeds the life-span of the current Parliament and government), that will be voted for in the end of June 2011. What from the beginning of the reforms has been a cause of anguish is that despite claims that the Memorandum related changes will put the country back on its track, this has not materialised. Accordingly, policies and measures taken are seen as benefiting the creditors mainly or solely, and do not address the issue of growth in a positive way. This feature has gradually become one of the major points raised by those opposing the current policies of the government of the day, which, so they argue, has no mandate to take the measures it pursues.

At the time (May 2010) of the Troika intervention to bail-out Greece and of the Memorandum, the official expectation was that Greece could return to the money markets for borrowing in the course of 2012. Currently, and only 13 months after the bail-out agreement, it is quite evident that it is not realistic to resort to them in the foreseeable future and not at least until 2015. Reforms, as already indicated, have not borne the expected fruits, which means that Greece cannot "go to the markets", and thus repayments are in jeopardy, and so are the payment of state employees and pensioners. The need to counter the threat, given the potential of affecting other Eurozone

economies and of wider repercussions, led to the organisation of a second huge loan scheme to Greece, undertaken by the same Troika organisations. Indeed, a second bail out is currently being organised involving additional sums rumoured to be in the order of EUR 120 billion, approx. The new bail-out scheme, still under negotiation, would have a different structure than the previous (current one), possibly involving private banks that would accept a repurchase of the Greek bonds they hold (known as "rollover"). It will be accompanied by a Memorandum II, the basic provisions of which are described in the government's "medium-term" programme. It emerges that on all counts this is more harsh and severe than the previous scheme; it is involving a set of draconian measures plus the much anticipated privatizations.¹²

Therefore, a fiscal crisis of the Greek state has been real enough and in operation for some time. A way out has been provided, in the form of foreign borrowing, and has been enhanced by participation in the Eurozone, even if that meant that the country has been living on borrowed money on an ever increasing scale. Later on, the crisis reached other dimensions even if the underlying causes driving it have not been altered. It became a debt crisis, one accompanied by an inability to obtain loans at affordable prices to finance the state's ongoing operations and the repayment of the debt.

Social context

As a result of the crisis, "development", by which growth is meant, was negative in 2009. The situation has been exacerbated in 2010 – reaching a minus 4.2% of the GDP, and will be probably be negative in 2011 too. Development is expected to return at 1.1% of the GDP in 2012, according to optimist accounts (Eleftherotypia, 29/11/2010). In the meanwhile, registered unemployment has reached a new record: it stands at 16.2% for March 2011, whilst it was at 11.6% in March 2010. Needless to say that unemployment hits youths the hardest (ERT, 08/06/2011). Moreover, an estimated one in every four shops in retailing – usually micro-businesses – has closed down. Indeed, recession has arrived.

The current situation, even with the upcoming new bail-out deal, seems to be that of stagnation. The realisation that borrowing is going on ad infinitum without some concrete results or prospect for recovery, which the government explicitly promised to the citizenry in return for

bearing the burden, is spreading, and is a pre-eminently important factor in explaining the opposition to the Memorandum-related changes. But it is not the sole reason for the discontent.

I would now like to turn to some social structure features to see how they affect the context in which the crisis is perceived, and lived. I touch on two sets of such features here. The one concerns repeated social practices “from below”, i.e. it relates to the daily social *modus vivendi* and *operandi*. The other set relates to practices “from above”, i.e. party political contestation and non-cooperative traditions, as well as the dominant condition of partyocracy. The starting point between the two has been clientelism, and the meeting point the widespread lack of trust or mistrust. Obviously, in what follows there is a real risk at oversimplification.

Clientelism may be seen as the common matrix that affects such social practices. Clientelism, involving the exchange of votes with favours by politicians, has a long tradition in Greece (Mouzelis 1978). Its roots are to be found in the universal (for males) franchise obtained in 1844, which was “early” when considering the backward pre-industrial economy and tradition-oriented society in which it occurred. The patron-relation link has been a major basis for the organisation of political life but of social life too – getting a job or having a local project done were dependent on it. In this sense the course traversed under its influence may be seen to be path dependent and leading towards the emergence of a variant of Western modernity (Katzstein 2011).

In the process the voter carried along his family’s votes as bargaining chips. Given that social welfare measures, less developed when compared with EU norms, are largely a post 1950s phenomenon in Greece, the family remained as the only consistent welfare provider, and still remains so to a most significant extent (Ferrara 1996). A social contract, so characteristic of western countries, has not been agreed upon or “signed” in modern Greece (Alexakis 2008). On the contrary, voters-citizens have been accustomed to see political elites as “rackets”; essentially the way M. Mann (1986) describes dominant power networks. Towards them, the spirit is that one should take what s/he can in exchange for the vote s/he will grant, and this means that the population is accustomed into bargaining, which has become a pre-eminent and constant feature of Greek social life, waived only within the family.

Given the turmoil of seismic proportions of war, occupation, starvation, resistance and civil war in which Greeks went through in the 1940s, with the eventual mutual destruction of the competing forces as it happens with civil wars, the ensuing political elites were and still are largely perceived by the citizenry not as bearers of social peace, but rather as the thugs that managed to “make it” big, and cater for their descendents too! In which case one may have to follow them for purposes of survival, but certainly not trust them, especially if one’s original political identification was with the defeated left, as was the case with the majority of Greeks in the end of the 1940s and 1950s. Hence the family and the untrustworthy, but necessary for survival, clientelistic relations have remained two basic social mechanisms around which much depended in daily social life.

By default these have generated on a mass scale daily practices that have been described as free-riding (Tsoukalas 1993). This means that, instead of following a procedure, in the conviction or knowledge that many others will just not follow it by finding recourse and a helping hand from someone they know (i.e. by using *μέσων*, meaning the means; also intermediary), one would also rush to mobilise any available connections to have it done at the minimum cost, be that in time, money, effort, or other. The belief or knowledge that this is a system exonerates in the conscience of large numbers of members of the public those that evade paying their taxes, or avoid following the rules. Accordingly, the state is perceived as an alien apparatus in the hands of untrustworthy others with which, nevertheless, one has to live – this necessitates a search for compromises and manoeuvring. The exception is when a state apparatus is run by friendly forces, in which case one is advised to take out what they can, this being a temporary situation. Hence an “us” and “them” logic and practice permeates all aspects of socio-economic life in which the state is involved.

The flip-side is what has been termed Greek formalism (Mouzelis 1978), i.e. a system found among officers in state bureaucracies in which the detailed ritualistic observance of the letter of complex rules is demanded. This formalism is but a form of power exerted towards those who are less protected rather than the power-holder – it evaporates toward the in-group members and is enforced towards the out-group members.

Clientelism, as a system, has had its own particular trajectory. In the course of the last 35 years, i.e. after the resto-

ration of parliamentarianism in Greece, it has been developed. One important difference with the past is that the individualist and personalistic patron-client relationship has been substituted in good measure by the local party political committee that intervenes to distribute favours, jobs, benefits (Lyrintzis 1984). In other words, the patron-client relation has been bureaucratised and this is a process in which A. Papandreou's PASOK party has played an essential role in effecting and spreading. The prevalence of bureaucratic clientelism explains why even when measures and policies that have a universalistic dimension, appeal or claim are put forward, in essence they are aimed at specific audiences/clients – examples just abound.

I now turn to social practices "from above", i.e. party political contestation and non-cooperative traditions, as well as the dominant condition of partitocracy. The state has been the major battleground of political forces in the country's political trajectory. It has been the locus in which the initially quite fragmented socio-political forces and interests that comprised modern Greece due to segmental localism met (Mouzelis 1999, also see Gellner 1994). From the outset, relations have been contested and polarised to the utmost as the benefits involved the distribution of spoils, i.e. public sector jobs, preferred positions and transfers, state contracts, favourable laws, or other benefits. While this legacy has mellowed in its harshness over recent decades, it has not changed in essence. The clientelistic system that forms the basis of the Greek political system requires those holding power to be able to distribute benefits to political clients – otherwise clients and their support will be withdrawn – and to self-serve the political elites. Obviously, in this line of practice, the more exclusive the hold of power is, the better. Accordingly, a constant aim has been the cornering and bushing of one's political adversary – a series of political acts over the last 25 years confirm that this remains the case.¹³ Given this context, which is one of profound mistrust among political elites and constellations, the ongoing repeated calls by Troika participants or other interested parties to the Greek political elites to emulate Portugal's political elite's consensus stand in following a single course to counter the crisis, so that they may continue with the bail-out project, urgent and pressing as it is falls in deaf ears. Indications to the contrary have until now proven to be token only.

Besides, the political parties in Greece, particularly the more influential ones, have been actively penetrating civil society trying to control the social field. This has been designated as partitocracy (*κομματοκρατία*).¹⁴ Partitocracy is a

system of institutional arrangements that resides in the state and strengthens the ability of political party(ies) in power. It is materialised through the enforcement of arrangements that by-pass the autonomy of social spaces and as a prerequisite delegate decisions to political overseers that have a specific party political identity. In this sense some expressions of civil society are penetrated by the party system (Koniordos 2006). In turn this system spreads distrust in various civil society initiatives; they are considered as state/party controlled.

One should add that the claim that generalised mistrust, or very little generalised trust, is a feature of society in Greece finds repeated empirical verification in the successive waves of the European Social Survey that show the very low scores recorded in samples from Greece when answering relevant to trust questions (European Social Survey DATA, various years).

Social responses – the trust deficit

Mistrust, the material base of which in the Greek case, may be partly related to the persisting, still widespread and intensely antagonistic environment of small or petty property (Koniordos 2001), is a social structure feature embedded in the post-civil war experience, and because of repeated practice has acquired an autonomy of its own. Given the above-mentioned non-trusting traditions (e.g. free-riding as a social structure feature and mistrusting hostility among political elites), the current economic crisis, as far as social responses to it are concerned, may be seen as also a crisis of trust, one that negatively impacts on the calls about putting aside differences to cooperate and achieve consensus for countering it.

On the one hand, it is estimated that since the eruption of the present economic crisis, the wealthy in Greece have shipped out of the country, in secure bank accounts in other European countries and elsewhere too, a volume of approximately EUR 50 billion that used to be deposited in local banks. These deposits left the country patently to avoid taxation and/or a possible insolvency and signify caution and a lack of trust towards the country's ability to overcome the crisis – pure and simple. On the other hand, the current government maintains that it intends to arrest and tax the informal economy, which variable estimates consider it represents, depending on the method of calculation, anything from about 27% to 40% of the official economy, or EUR 54 billion, or about 26% of the country's

GDP (Koniordos 2008). (It is noteworthy that the deposits that fled the country to avoid taxation and the informal economy, to be taxed, involve roughly equivalent sums of Euro.) However, such an expectation is probably unfounded. Nor does it seem to fully consider that if these figures are close to the mark then it means that a sizeable section of the indigenous population is involved with informal economic activities. In addition, a significant segment of the estimated 1.2 million migrants that are in the country are employed in business enterprises that do not officially declare them, or, at least in part, work informally. Therefore, it is difficult to see how trusting relations can be developed between those involved with the informal economy and the politicians and state functionaries who are attempting to obtain additional tax revenues from them.

Those that can be milked are those whose working and paying conditions are transparent, namely the public sector employees, plus employees in the larger private companies whose accounting offices tend to follow the laid down rules. Such employees, of course, also form key segments of the middle classes who vote for the major political parties. However, these political clients cannot be expected to comply with what their political patrons command, given that the latter's ability to reciprocate is currently restricted, which gives way to the possibility of an outwardly expressed conflict between them.

A political discourse that is directly related to the ongoing crisis, one propagated by today's government, as well as by the main opposition party, has been in use during the last year. It stresses that the various measures and practices being adopted have been formulated with the explicit aim "to save the fatherland" (*να σωθεί η πατρίδα*), and maintain to political audiences that "we are at war"! Indeed, this discourse directly invokes economic nationalism. It attempts to interpellate, and thus constitute subjects as patriotic citizens, by highlighting the noble aim of saving the country from bankruptcy, which by itself would render the country volatile to hostile neighbouring countries! Obviously, once the subjects' acquiescence is secured, in some measure at least, they would also have to bear the burden of sustaining the harsh measures themselves. However, it just happens that politicians are massively considered corrupt and thus patriotic calls coming from their lips do not seem to be particularly persuasive.

Mass demonstrations in protest to the Memorandum and its imperatives, strikes (three general strikes this year so far), and its public denouncement have repeatedly taken

place and continue to happen expressing opposition to the effects of the debt crisis. These invariably are organized by unions and opposition leftist political parties too. However, of particular interest seem to be the repeated instances of denouncements by citizens of various ministers and MPs of the ruling party when they are identified in a restaurant or a public space. Denouncements against the identified persons in authority are ethical and in anger; they are regularly being named "thieves" – the government usually blames members of a leftist party, but it seems that these are uncoordinated instances that multiply, which is indicative of public discontent.

Interestingly, one form of resistance which has taken the form of a social movement of European proportions is that of the "indignant". These, coordinated largely via e-mails, SMS messages, Twitter and Facebook, make a point of operating outside existing political parties which they see as part of the problem and explicitly deny to be placed under their tutelage. They convene meetings every evening, and for the last 30 days, in the squares of main cities exchanging views, practicing forms of direct democracy, and expressing their anger with the harshness of the measures that accompany the Memorandum. With them, resistance means opposition to the Memorandum and the corruption of the political elites; it signals a disengagement from party political affiliations, while a return to the drachma is not ruled out (a prospect that virtually all political parties and experts consider suicidal). Characteristically, one of basic slogans chanted by such demonstrators is, in rough translation, the following: "we owe nothing, we sell nothing, we pay nothing!" It appears that free-riding has turned into a mass movement that attempts to do away with the problem of debt by denying its existence, on legal-constitutional or ethical grounds, and demonizing those perceived as the opponent, be it the political elites, the Troika, the Memorandum or the debt.¹⁵ The issue is that such a stand of negation attracts a following. On the other hand, the constituents of the political system, as most recent developments confirm, continue their accustomed practices of attempting to corner the opponent elites.

Concluding remarks

Currently Greece is undergoing a most severe crisis, which is economic, but permeates other areas of social life too, and is exacerbated by the disorienting effects of a generalized lack of trust. The exact proportions of the crisis and particularly the prospects are not clear. In part, this is due

to the dilemmatic, conflicting, and nerve-racking picture the political elites emit. In part, it is media generated confusion; the media bombastically present news-items and analyses that are often contradictory, agony laden and reflect a bleak picture that terrorizes audiences. Restructuring of the debt, insolvency, bankruptcy, or even return to the drachma are words continually used, alongside recommendations and prompts on the appropriate course of action to avoid catastrophe, which nevertheless is portrayed to be in the corner. Intellectuals on their part fail to present a clear picture of what is happening, while some economists have been replacing astrologers in their predictive capacity. In the meanwhile, audiences, simply put, are confused and puzzled, finding it very hard to form an opinion, and just magically wishing that the nightmare goes away. On the other hand, solidarity expressed by EU partners is played down, or presented as the solidarity of users to their borrowers, i.e. just interested in getting their money back.

Given that political forces in Greece opposing the government and Memorandum are either converts to liberal markets or in disarray (the Left), the prospects seem to be very gloomy indeed about the near and the not so near future. To my mind, there is no credit-worthy or at least convincing alternative plan to carry Greece away from the crisis. As the political class is holding fast to its essentially neo-liberal market-oriented solution, it does not really question the austerity schemes and the pumping of extra resources from a flabbergasted citizenry, despite clear signs that this cannot be anymore. Thus, it may well be that the Greek crisis is a case in which, as it has been predicted (Mann 2010), either the neo-liberal markets decline or the country does.

In this context of perpetual confusion, it appears that citizens realize the adverse side of living on borrowed money. If a solution and way out of the debt crisis cannot be agreed upon by major domestic political forces, if collective mobilization does not bear fruit, then the only alternative that remains is individualistic and that of time-honored trusting familism: to further reduce one's consumption level, economize even more, or/and support those who can escape the debt stranglehold by migrating abroad.

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and *Sociology in Greece*. In: Kousis, et al. (eds) 2010, *Power and Society: Essays in Honor of Constantine Tsoucalas*. Athens: Kastaniotis, 174-195 (in Greek); *Social Capital Contested*, 2008, In: *International Review of Sociology*, 18(2), July, 317-337.

Endnotes

1The notion of "crisis" comes from the ancient Greek word for decision; it has a close association with tragedy (Habermas, 1980: 2). The understanding of crisis in social sciences has made extensive use of the medical analogy, partly drawing from relevant references by ancient Greek authors of medicine (Online Etymology Dictionary, OED). Thus, a crisis refers to something extraordinary – a turning point – like a high fever, a physical condition that exceeds the condition of health; certainly the current perception of normalcy. In the medical metaphor a crisis may be addressed, e.g., by applying the appropriate medicine and the organism may return to a situation that allows it to keep its usual operation, might result in the death of the crisis laid entity, or may maintain being in crises – in varying degrees and kinds – without perishing for a longer or protracted time-spans, without resolution of the conflicting situation. Besides these two senses (i.e. decision and turning point), a crisis also implies intense difficulty or danger. In the case under discussion all three meanings are relevant and pertinent. By contrast, in Marx's and Habermas' use crisis is tautological to a turning point in the development of a contradiction that affects a social entity's systems integration, and which may be threatening to it once social integration is in jeopardy (Habermas, op.cit.: 3).

A facet that this crisis brings to the fore is that of European socio-political un-development. The economic union of Europe and the Euro, lag significantly in terms of European political integration, arguably part of systems integration and one could add social integration, which appears to be lacking almost completely.

2Greece during the near-180 years of its independent existence has had its share of economic crises as well as of bankruptcies. The latter have left a negative legacy epitomized in the 1893 statement by the then Prime Minister Harilaos Trikoupi in Parliament (Voulē): "gentlemen, unfortunately we are bankrupt". The most noteworthy and remembered bankruptcy is that of 1898, which resulted in the imposition of an international financial control, via a six-member Commission Internationale Financière that had substantive powers. Repayment included reserving income from the country's monopoly items (such as salt, petroleum, cigarette paper, matches or playing cards) for the next sixty plus years. The international financial control expired in 1956, and technically only in 1964.

3For a sober and informative presentation of the debt crisis by an economist, see Tsakalotos 2010. Additional analysis is available in Kouretas and Vlamis (2010).

4Greece's entry in the Eurozone has been the outcome of good performance shown by the pertinent economic indices. At the time it was hailed as a most important achievement – Greece a county of the semi-periphery was succeeding in upgrading its economic performance so much so as to enter the monetary club of economically advanced countries. This happened despite the fact that the country's productive base and real economy has not deepened or expanded substantially and that, arguably, the reverse has been the case, which cannot but lay open and into question the criteria used. Besides, in the course of the unfolding of the present crisis and the antecedent media probing and coverage, it was revealed that Greece, as an entity, did conceal logistically a part of its debt so as to meet the nominal criteria for entering into the Euro; it did so with the active assistance of "Salomon Brothers" whose recommendations it followed. It is worth noting that Greece was not alone in adopting such practices.

By contrast, "Standard and Poors" rating agency devalued Greece's position from "B" to "CCC" status, which is the world's lowest (on 14/06/2011).

5I will mention some relevant figures that may highlight the problem situation. By mid-2009, the Greek deficit was forecasted to reach almost 6% of the country's GDP (with only up to 3% allowed in the countries of the Eurozone), according to the official ESYE statistic service. Once the new government that came out of the elections of October 2009 (5th October) was in office, it officially announced new budgetary and fiscal statistics setting the forecasted deficit for 2009 at 12.7% (announced on 21-10-2009). By April 2010, Eurostat drawing from revised Greek statistical data raised the figure to 13.6%. It also calculated that the debt-to-GDP ratio would reach 115.1%. In November 15, 2010, Eurostat revised these figures. Thus, on the one hand, the Greek deficit for 2009 has now been established at 15.4% of the country's GDP. The public debt was calculated at 126.8% of the GDP, on the other hand (data drawn from dailies H Kathimerini, To Vima, Eleytherotypia, The Guardian, and Juko 2010: 41). For 2010 the deficit was expected "not to exceed 10%" (G. Provopoulos, Governor of the Bank of Greece, 08/10/2009, Nooz.gr), with the European Commission giving the more optimistic figure of 9.6%, whilst the Memorandum expected a 7.6% (Skai.gr, 29-11-2010, Sofocleus 10, 13/05/2011). Needless to say more sanguine forecasts are also available: for example Ronald Jansen cites an IMF forecast that Greece's public debt for 2014 would be at 145%, which himself considers as "optimistic" (To Vima, 01-08-2010). More recent forecasts present a bleaker picture: debt will reach 157.7% of the GDP in 2011 and will go at 166.1% in 2012 (Sofocleus 10, 13/05/2011).

6The literature on trust is quite extensive large. Here I draw from Sztompka (2003) and Koniordos (2011).

7Southern "laziness", which has been considered as one of the major factors underlying the crisis in Greece, is but a myth. In fact, on the basis of Eurostat data, Greeks did work more hours than anyone else in EU-27 in 2009 and the second longest, after the Czechs, in 2010 (various newspapers).

8It may be worth noting that the Governor of the Bank of Greece, Yiorgos Provopoulos, (TV interview in Greece's Sky Channel, in February 2010) revealed that he had warned both the then Prime Minister and the head of the major opposition party (i.e. the current Prime Minister), respectively one day before (02/09/2009) and one day after the call for General Elections was announced, that the debt was already running at 7.8%, as published in the Bank's interim report for year 2009. In these meetings he informed both of them that he anticipated that unless drastic measures were taken, the debt would reach a double-digit figure by the end of 2009, probably at 12% or more (in Greece's Sky Channel, February 2010; also Eleytherotypia, 26/11/2009). However, the current government, while in office since early October 2009, started taking some measure to counter the bleak situation only in January 2010. At that time, the speculative assault on the Euro and Greece has fully developed. Interest rates climbed by leaps and bounds, and the various rating agencies successively and repeatedly downgraded Greece as its credit risk was now, and belatedly, perceived to be high (Juko 2010).

This means that the present Greek government knew that there was a serious problem, but said nothing in the course of the election campaign period, misleading the electorate with fraudulent promises. Once elected, true, it did inherit the debt problem from the previous government, but did little to address it for about four months. Then, it took another four months of discussions, deliberations and negotiations with reluctant EU partners (primarily Germany, as info on US diplomatic cables, made available through "Wikileaks" in late November 2010, indicates), to arrange a bail-out (which explicitly was not to be allowed to take place for a Eurozone country). The irony is that the Greek government when negotiations with Eurozone members and the EU were initiated threatened with going to the IMF if they did not lend a helping hand; in the end was quite happy with the bail-out agreement in which the IMF is a central partner.

9On the repayment side, the bail-out agreement anticipates that within four years the IMF-EC loan should be repaid and Greece would have to go gradually back to the "markets" to meet its borrowing needs. However, after the Irish crisis has exploded and that country's bail-out has been agreed, Greece obtained approval for an extension of its repayment period; it was to last until 2013-2014, subsequently extended until 2021-2024, according to the Greek Minister for Finances Yiorgos Papakonstandinou (Hmerisia On-line, 29-11-2010).

Very recently, it was announced that an agreement between Greece and Eurozone countries has been reached to elongate the repayment time span for the EUR 80 billion loans out of the EUR 110 billion. The period extended is by 4,5 years, and interest will be reduced and paid on the basis of the three month Euribor average plus 3% for the first three years, and three month Euribor average plus 4% for the remaining years. The saving is calculated at 800 million per year (Sofocleous 10, 15/06/2011).

10 Nominal so-called horizontal salary and pension cuts are at 20%. The figure rises to an effective 30% when indirect taxation increases and inflation, are calculated.

11 Greece contributes 2.7% of the Eurozone's GNP. The government, in alignment with the IMF/EU/ECB Troika, is changing the law so that the weekly work hours in the public sector will be raised to 40, claiming that doing so will contribute in resolving the country's economic problems by substituting for the workload of tenured public sector employees that would be fired. Arguably the latter, as a result of successive waves of clientelistic hiring of personnel, are superfluous although a census of public sector employees conducted in mid-2010 showed that they are slightly below the EU average. At the same time, and by way of comparison, France, which provides 20% of the Eurozone's GNP, maintains the 35 hours working week. This is only an indication of the excessive pressure exerted upon Greece, which besides being unfruitful, it probably has aims other than the expressed ones.

12 Privatizations, considered a source of funding the debt, have not progressed at all despite being inscribed in the Memorandum because of variable resistance. This is to change dramatically. During the past fortnight one such privatization is progressing involving the selling 10% of the state-controlled "OTE Telecom" network to "Deutsche Telekom", which already has a substantial share of it. However, the current selling price is one third of what was obtained four years ago, which of course is widely taken to be a sell-out, and thus strengthening opposition to privatizations.

13 The tit for tat in the contestation of the two major political parties in Greece, i.e. of PASOK (socialist party) and "New Democracy" (ND, centre-rightist party), with the aim to oust the opponent from power or/and put him in the corner for a long period is quite characteristic and in fact limitless. Thus ND was instrumental in bringing the leader of PASOK before a special tribunal with charges of corruption in 1989. Later on, PASOK, denounced the ND governance calling for EU intervention; the ND government was accused in 1993-94 for presenting a false picture in relation to the absorption of sums originating from the EU. In 2004 ND, while fresh in office, instituted what was termed "inventory" to demonstrate how the previous PASOK government when in office, used "creative accounting", to alter the real picture as portrayed in the state budget, by fraudulently transforming the mounting deficit into a surplus. Lastly, the current PASOK

government blew the whistle in 2009 about Greece's real debt, thus exposing ND as the perpetrator of the crisis, being untruthful with EU partners, etc. This confrontation goes on unabated as the most recent (15/06/2011), and operative (failed), attempt to reach a political party agreement to counter the crisis demonstrates. The confrontation matrix aims by cornering the opponent to earn political capital and a free hand to rule exclusively; it certainly is part of the country's political culture, which negates the possibility of reaching a consensus among contesting political forces.

14 The notion has an affinity with the Partitocrazia in Italy or relevant practices in Austria. However, to my knowledge, no systematic conceptual or empirical comparison has taken place.

15 A section of the protesters in Athens every evening practice a particular gesture, namely "muntza" (μούντζα), a form of cursing. It involves extending their hands in palm-like fashion against the building of Parliament. Munza is considered a very offensive gesture in Greece. It originates from the period of iconomachy in Byzantium, when opponents of icons that considered them as vile representation used soot with their hand to darken-destroy icons; hence indicating that they were the work of devil who was perceived to be black.

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