

The Decline of the Middle Classes Around the World?
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VERY ROUGH DRAFT PAPER.

The collapse of the middle class in Greece during the era of the Memoranda (2009-2014)

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Abstract

Greek middle class from each aspect -economic, social, political, and ideological- is the main component of Greek society for all the post-war period. In the Greek case it is now clear that the successive Memoranda have consolidated and deepened the recession and immigration of graduates and specialists (12,000 applications for immigration visas to Australia only last month) confirm the complete deadlock of the so-called new middle class. In the following paper we will see:

- a) The historical construction and the historical development and growth of small and middle strata that make up the middle class in Greece.
- b) The policies that undermine structurally their reproduction as well as
- c) The reasons that seem to have caused these policies.

Certainly such an analysis cannot, even briefly, avoid dealing with the obvious consequences caused by this "sudden" attack on the Greek middle class, the functioning of parliamentary democracy and our political system.

The development of the middle class was a structural transformation of wealth distribution in the countries of developed capitalism during the 20th century (Piketty 2013). Middle classes, traditional and new, formed the legitimizing basis of the 20th century capitalism, during the period of extension of the welfare state to an extent that seemed for the moment to abort the Marxist forecasts for the proletarianization of the majority of society (Poulantzas 1972). However, the modern world crisis seems to

invalidate this assumption. The theoretical discussion on the middle strata or, on the commonly called, the middle class, is large, multi-faceted with many competing perspectives and approaches (Koniordos 2001). However, irrespectively of the way we define "middle-class" in terms of income, culture, in accordance with its place and role in the production process, or by describing its "contradictory position" in the context of the dynamics of modern social formations, it is true that now it is in a major reproduction crisis (Wright 1985).

The Greek case deserves special attention not only due to the central position occupied by the petty bourgeoisie in the social formation, but mainly due to the tremendous crisis that struck the country as well as to the answers that have been adopted (memoranda) in the logic of aggressive austerity. These answers seem to challenge fundamentally the conditions for the reproduction of this diverse formation that we define as petite bourgeoisie class, which from the beginning of the crisis has been on the point of change. This is particularly so given that the petite bourgeoisie in Greece from each aspect -economic, social, political, and ideological- is the main component of Greek society for all the post-war period. In the Greek case it is now clear that the successive memoranda have consolidated and deepened the recession and immigration of graduates and specialists (12,000 applications for immigration visas to Australia only last month) confirm the complete deadlock of the so-called new middle class. In the following paper we will see:

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The main Hypothesis

There is no doubt that one of the critical aspects of the Greek social formation constituted throughout the postwar period a numerically bloated middle class, which was economically rich and had special political weight in the lower middle strata. This first commonly accepted finding is combined with another peculiarity recorded in Greece, the fact that the main component of the middle class is the traditional petty bourgeoisie (Poulantzas 1984). According to recent calculations micro enterprises which employ less than 9 employees are active in all sectors amount to a rate of almost 95% of Greek enterprises. As can be seen - unlike other countries - Greek entrepreneurship had been based in small companies, covering a remarkable range of activities and always having the lion's share in terms of employment. Furthermore, the fragmented small property in all its manifestations -farming allotments, urban homes, very small units on the islands - completes the petty bourgeois character.

The second point which all the researchers on Greek affairs agree on is that the middle class, which was characterized as the backbone of the Greek society, was the central basis of parliamentary democracy. Throughout the postwar period, the consensus of the economic and political elite with the middle class was the legitimizing basis of their power. During the first post-war period (1950-1967), as well as during the long period of the new regime, called Metapolitefsi (1974-2012), with significant differences of course, the middle class both as "housekeepers" as characterized by the right wing first and as "medium-sized" afterward by PASOK

formed the basis of the political and economic arrangement, as it was also the case during the seven-year dictatorship.

The third point on which all would also agree is that between 2010 and 2014 the measures taken within the framework of the Memoranda -as will be drawn from the following analysis- lead with mathematical precision to the destruction of the middle class.

Therefore, the questions emerging from this context are: How can such a powerful social stratum survive, and even increase throughout the postwar period, to shrink so rapidly in less than four years? Why did the political / economic elite decide so easily to damage the "backbone" of its legitimacy? Why did they undermine the central post-war political arrangement? Why does it seem to lose its main social basis?

1. Historical formation, development and growth of the middle class in Greece

As regards to the Greek case, we avoid entering the theoretical discussion on the class analysis and the formation of classes, but we distinguish a broad middle class in a specific combination of traditional and new petty bourgeois classes over time (Tsoucalas 1969). We will include in the traditional petty bourgeois class all that range of small producers, small tradesmen and small farmers, but also all those self-employed taxi drivers, truck drivers, plumbers and all those who make up the famous world of construction (Mouzelis, 1978). The new petty bourgeois class includes the mainly liberal scientific professions (doctors, lawyers, engineers, pharmacists) and a proportion of highly paid managerial staff, consultants and experts (Poulantzas 1984).

Throughout the post-war period we distinguish the development of traditional petty bourgeois strata initially, and the new petty bourgeois later. Two periods are

being formed according to the emphasis placed on the development of reproduction conditions of this class: The first period (1950-1980), where the emphasis was on strengthening the traditional petty bourgeois class, and the second period (1981-2009) with the terms of the reproduction of the traditional petty bourgeois class to be further reinforced, while simultaneously, powerful structures were created for its reproduction and expansion, laying the foundations of new petty bourgeois class which included: educational reform, Europeanization, administrative reforms-such as, for example, significant changes in local government that initiated the creation of a new group of advisers, as well as the extension of the structures of the welfare state.

- **The first period (1950-1980)** post-war period up to the first years of the political changeover (Metapolitefsi). The traditional petty bourgeois class is strengthened and developed, with emphasis on self-employment while at the same time small ownership expands dramatically all over the levels of society. The latter also gave all the necessary incentives for internal migration (movement from villages to cities and especially to the large urban centers and especially to Athens), resulting in the extension of the petty bourgeois class not only economically but also socially (new middle class), contributing to the reproduction of the ideological basis of a class.
- **1981- 2009. The terms of reproduction of the traditional petty bourgeois class and at the same time the new petty bourgeois strata are growing.** In the second period, a new political force that is associated with the left (PASOK) embraces these strata in a different way. In this context, the new professions based on knowledge and the development of the educational system, Constraint on executive in 1900 adequately preparing the

infrastructure of culture (education). In addition, there are new prerequisites for/from the European policy for the integration in the EU.

- **2010-2014 Period of the Memoranda and the collapse of the middle class.**

There is no doubt that the inability of the economic and political elite to secure the necessary legitimization in conjunction with the political liquidity of the post-war era (war, civil war, dictatorship), elevated the traditional petty bourgeois class and the middle classes in general as a decisive factor in the process of consolidation of the institutions of the bourgeois state and as a prerequisite for the stabilization of political leadership. The reproduction of petty bourgeois strata was, especially during the first period, more a political necessity and less an economic option. In other words, the sources of qualitative and quantitative differentiation of Greece are interconnected, as are economic and political determination of social expansion.

By the end of the civil war and up to the fall of the dictatorship and the transition from dictatorship to democracy we can record a double movement: on the one hand the "left wingers" could not work in the Public sector since it was essential to obtain the "social beliefs certificate", so that a very large proportion had turn to the private sector in order to exercise business activities even on a small scale, while the "scientists" have operated freely and individually (doctors, lawyers, engineers). On the other hand, the state offered the entire legal framework for the rapid inclusion of various strata in the production process securing their children (taxi, pharmacy, and vendor kiosk licenses), offering thus protection to a whole series of professions and at the same time "covering" the diffidence of the bourgeois class and the new economic elites for large-scale investments.

Table -1 The middle classes in different periods of Greek history			
	1950-1980 <i>Strengthening and reproduction of the traditional petty bourgeoisie</i>	1981-2009 <i>Preservation of the traditional and strengthening petty bourgeoisie</i>	2009-2014 <i>Collapse of both the traditional and the new petty bourgeoisie</i>
Formation/ Conditions of reproduction	Demand by the social organization for social integration in the post-civil war state	Modernization, Europeanization , social state	Necessities crisis κρίση /Redefinition of the accumulation model
Political and ideological discourse	Individual initiative; Undermining collectivity	Redefinition of SMEs; emergency of non-privileged strata.	The middle class becomes the “culprit” of all the sufferings.
Economic elites	Shield to the challenge of the hegemony. They avoid investments for radical urbanization they externalize costs	Subcontracting, part of the hegemony. Alliance and in terms of cost and know-how.	Reclaiming the back lost space – They renounce them in the mass media.

2. The first postwar period 1950-1980: self-employment, small business and small ownership

The historical context of its development

The traditional petty bourgeois class held a central role in social landscape of post-war Greece. Its role was connected to the goal of cancelling of the political and ideological hegemony of the left, as well as of eliminating the dangers for the political system, especially after the end of the civil war. Through its social integration, the formation of another ideological framework could be ensured, while its business activities could contribute to rapid economic growth. In this framework, the Greek economy displays significant growth during the first few decades after World War II. It is significant that during 1950-1960 the annual GDP growth was 6.2% while the

decade 1960-1970 reached at 7.7 %!! (Psalidopoulos, 2011). However it should be noted that, throughout the post-war period, accumulation is supplied mainly by external resources (Serafetinidis 1981). Shipping, immigrant remittances, tourism and loans have fueled rapid growth of production and consumption (Laliotou 2005) (Stathakis 1993). Industrial production remains, dependent on the expansion of consumption (Valden 1991). The model of accumulation based on expansion either to sectors where there is no international competition i.e. agricultural production, public works, construction, or where duties are imposed, such as light industry. Greek economy developed further a multitude of small craft units with the help of state policy of tariff protectionism, which has led to an increase in reproduction (Stathakis 1993). The limited size of the market, the trend toward self-employment, the introverted orientation of business initiatives, the limited business horizon and imperfect competition, all contributed to the development and expansion of small entrepreneurship and self-employment.

Despite the initial choice by the economic and political elites to modernize the economy through industrialization and large investments, the Greek socioeconomic structure still keeps the characteristics of a structure with a plurality of small businesses, freelancers and high rates of small property. In other words, the choice that dominated was that of an enlarged reproduction of the petty bourgeois structure with the parallel expansion of the state apparatus (Jaeger 1982).

The rural economy was based on small plot farming and small properties, while fragmented industrial production was made up by small firms and mostly one-person or family labor-intensive and low value-added enterprises, which operated primarily, if not exclusively, in traditional industries producing consumer goods for

the domestic market. The logic of small plots essentially reproduced the mentality of the petty bourgeoisie.

The initial effort to create large production units, so as to enhance the industrialization of the country, did not bring the desired results. The majority of employees in the manufacturing sector continues to be employed by craft firms (up to 9 persons), which operate basically the traditional branches of light industry for the production of consumer goods

The main area of enlargement reproduction of petty bourgeois strata originally was the construction sector. Indicative of this is the fact that the bulk of investment went to the construction industry to the extent that at times, especially in the decades 1950-1960, it reached 35% of total investment while at the same time the manufacturing industry just approached 2.1%. Here is where the "economic miracle" of post-war Greece occurred. The construction sector together with many professions that make up the industry contributed significantly to the growth and reproduction of a series of activities of the traditional petty bourgeoisie. In late 1960, Greece becomes the first country in the world in the construction of new buildings. It is worth mentioning that in 1969 the sector generated 130,000 new homes, 188,000 in 1973 and 72,000 in 1984. These data indicate not only the direction of the investment activities but also the small ownership reproduction on a broad now scale. This is a model that is exacerbating the fragmentation of ownership in small buildings. Built in very small plots of old houses and based on the law of compensation (antiparohi), the newly constructed buildings have contributed to a model of shops for rent in ground floors and floors of homes.

Political endings and ideological background: The establishment of the ideological hegemony of the middle class

According to the dominant discourse despite any weaknesses it is assumed that small businesses play a positive role in "economic development" (Iordanoglou 2004). Thus, on the ideological level, the traditional petty bourgeoisie is regarded as a guardian of national tradition, which must be preserved in full. Business activity constitutes a wholly patriotic behavior, consistent and "aligned" with the dictates of the nation and its history (Nicolacopoulos 19). Indeed the craftsmen will be proposed as agents of artistic business activities (Alivizatos 2011). Moreover this approach links the image of the historical continuity of the Greeks since antiquity by taking personal initiative as well as desire, even for small, private property (Papadimitriou 2006).

Which policies support the economic elite during the first period?

The linchpin of the policies that enhanced the reproduction of the traditional petty bourgeoisie during the first decades of the postwar period were the following: a) direct economic measures such as tax breaks, tariffs on imported goods in order to protect Greek production, as well as cheap loans with subsidized **craft** interest rate, and b) indirect legislative interventions that facilitated the rapid growth small ownership. This case included a number of legislative initiatives such as the Law on compensation (antiparohi), by way of exception building plots, exemption from taxation on real estate. This is a model that exacerbates the fragmentation of ownership in small buildings.

3. Second period of post-junta regime (1981-2009). Growth and expansion of the new middle class.

The historical context of the development of the new petty bourgeoisie

Shortly after the global crisis at the end of 1970s (oil crises 1973-1979) in Greece right-wing governments disintegrate and we have for the first time the rise of a socialist party (PASOK) to government in 1981 (Spourdalakis 1988). The responsibility for the poor state of the Greek economy and society was attributed to the "comprador" and "parasitic" national bourgeoisie. Subsequently the unprecedented "guard change" based its political legitimization to a large extent as well as its economic program on the cooperation with the middle strata. Thus, we record both the preservation of the traditional petty bourgeoisie and the emergence of new medium strata. We have therefore the conclusion of a new alliance between the petty bourgeois strata and the state. The petty bourgeois and middle strata formed the basis for a "self-contained" development" being unable to understand their existence outside the West (Eleftheriou, forthcoming).

Therefore, the conditions for the reproduction of the traditional petty bourgeoisie are maintained and strengthened, given that the domestic elite not even talked about investments. At the same time, the bases for the creation and expansion of the strong structures for the reproduction of the new petty bourgeoisie were built. The extension of the welfare state, with the creation of health centers in each city and town, the development of the education system, with the creation of new university departments and the admittance of thousands of new students, the profound changes in local government system (underlined the need for cooperation with experts). The devaluation of the drachma in 1983 and in 1985 gave a breath to the domestic production and growing tourism until the accession to the EU in 1987, when the unprepared Greek craft industry started shrinking, losing the challenge of

competitiveness. However, the small and flexible Greek companies took advantage of their sales networks and were directed to other activities such as commerce and services. Moreover, the new resources flowing from the Community funds and the dynamics of consumption as result of the substantial increases in salaries by the socialist government has signaled a new era. In addition, the processes of Europeanisation is boosted by the creation of groups of "specialists" in dozens of new committees, the development of a new professional activity associated with the management and the implementation of European programs, Integrated Mediterranean Programs (IMPs), etc.

Since the mid-1990s, the objective for the accession to the euro zone places Greece to that special club of the EU. For more than 10 years, Greek economy was characterized by large public works (roads, Olympic Games) which contributed to the further development of scientific as well as technical professions. The country holds a prominent position among the other countries of the EU in significant indicators such as the percentage of graduates from graduate education, the school leaks ... etc. .. (educational reform, Europeanization, administrative reforms-changes in local government –consultants, NMP, expansion of the social state structures). All the above contribute to the consolidation of a numerically significant and promising new middle class. The state assistance to the craftsmen was considered to be a modern form for the redistribution of national income, with significant socio-economic implications, primarily as a serious contribution to the reproduction of the social cohesion and the establishment of a mild political climate for "economic growth". At the same time an attempt was made to promote economic rationality of small firms' business activities in order to ensure consensus among these strata.

Political endings and ideological background: The formation of the ideological hegemony of the middle class

The new socialist government idealized the developmental role of SMEs and based its economic policy on the assumption that in countries such as Greece, the small business is "a major economic and social force in the country" and it can contribute to a balanced, rational and decentralized development helping to reduce dependency. Expressing the underprivileged strata it emphasized **the traditional and the new petty bourgeoisies** as key partners for the "change" that PASOK declared. At the same time these strata become independent and emancipate themselves and build a new alliance that conquered the hegemony. The PASOK government is aware of the social importance of the development of small and medium businesses. Indeed, a key argument of the socialist government was that private SME entrepreneurship would be the condition for social cohesion and social progress among employees and very large businesses.

Therefore until the mid-90s a new ideological background is developing stressing the positive role that the small businesses play in "economic growth" in the discussion on "smart specialization". Thus, "on the one side, although it is found that their action is consistent with the requirements of the market and international competition, on the other the small firm is mentioned as the guardian of the purportedly stable through time values and ideals of the nation and its historical continuity". (Karagiannis Y 2004.).

However, unlike the dominant at times political discourse, especially since 1996 - the period of modernization - there were many "voices" that initially criticized this expansion and then claimed that the traditional petty bourgeoisie is particularly counterproductive and little or no competitive, an argument we find before us as part

of the ideological arsenal of the Memorandum. Of course, despite these voices the middle class probably still had life to live and its protection was ultimately a political decision, until shortly after the Olympic Games of 2004, since with many ways some parts of them contributed to the success of the Games.

By which policies is it supported during the second period?

The development and expansion of the welfare state as well as the policies relating to the reorganization of local government and the education system had significant effects on the reproduction of the new petty bourgeoisie. **Pricing policies:** measures by the Ministry of Commerce, which constitute a political interference in the process of indirect private surplus appropriation mainly aimed at countering what G. Arsenis called “private lawlessness” (Subcontracting, Joint Ventures and Partnerships.)

3. The collapse of the middle class in Greece during the period of the crisis (2009-2014). The way with which its reproduction was challenged and overturned. With which policies?

The debt crisis that erupted in Greece in late 2009 resulted in the imposition of radically different policies presented as the "only solution" to Greece's exit from the crisis. These are the famous "reforms" that have changed rapidly and in all sectors the growth pattern of the last decades in Greece and embedded with the signing of Memoranda 2010, 2011, 2012, GDP fell by 25% in four years, the official level of unemployment is 28% and the public debt rose from 126% to 175%, statistical data unacceptable for a European country. "The measures that led to the devastation of key economic indicators and the accumulation of public debt were proposed by the troika

in consultation with special IMF missions, the OECD, the services of ministries and private companies like McKenzie, as well as large law firms.

After a systematic analysis of the development model that has been adopted in Greece until the outbreak of the crisis the main problems were identified: low competitiveness, insufficient productivity, production model oriented to consumption, "closed professions" and reduced competition, too large a percentage of personal property, huge public sector, too many small business and of course high salaries were the main problems identified as the main causes of the crisis. These problems required the famous "structural changes", which were adopted immediately. Redundancies in the public sector, wage cuts and determination of minimum wage - reduction by 40% -, change of the law on labor relations and tax laws (50 laws), the opening of all professions, the scope of social insurance, etc., closing thousands of public enterprises and public property sell-out. These policies in addition to soaring unemployment and the obvious negative impact on the working class had a total impact on the middle class. The traditional petty bourgeoisie lost more than 40% of its staff, while another 40% of the remaining sit around unable to pay their obligations, since apart from shrinking demand there wasn't any liquidity coming from the banks. The difficulties faced by small business are reflected among other things in more than 3,000 recorded suicides due to business debt. At the same time, the new petty bourgeoisie is crushed by the lack of possibilities for loan granting, by consecutive taxes and limited revenues. It is significant that between 2008 and 2014 than more 250,000 small businesses were lost (it is significant that in retailing - the most populous part - 100,000 small shops closed down). Concluding the acceptance of this heretical "criticism" comes the signing of Memoranda with the famous prerequisites as preconditions savaged as a major problem the lack of competitiveness

of the Greek economy with the presence of small businesses and maintenance of the “counterproductive” middle class. The question that remains to be answered is how and why this time political discourse seems to "betray" its traditional allies. It also remains to be seen whether the collapse of the middle class will also mark the overthrow of democratic parliamentarism and the resort to authoritarian methods.

The figures of collapse

1. The structure of employment changes dramatically. The number of self-employed and small business employers decreases dramatically (table 2).
2. Small enterprises are shrinking dramatically. In year 2006 (last census of the Statistical Office) companies in Greece of all sectors amounted to 923,000, while according to estimates in 2013 the number was marginally higher than 531,059.

Table 2: Evolution of SMEs number in Greece					
Greece	2006	2010*	2011**	2012***	2013*****¹
Number of SMEs	923,000	745,677	727,883	578,534	531,059

3. Entrepreneurs who survive are in a state of dire financial suffocation (inability to pay insurance contributions and bank loans -% business loans in red, inability to get supplies of goods).
4. Self-employed taxi owners: professional taxi drivers record reduction by approximately 40% of their turnover and loss of passenger traffic reaching up

¹ Data for year 2013 are estimates. Sources: *: SBA Fact Sheet 2011 Greece, European Commission, Estimates based on 2002-2007 figures

** : SBA Fact Sheet 2012 Greece, European Commission, Estimates based on 2005-2009 figures

*** : National Bank of Greece (July 2014), “SMEs Sectoral Studies, Special Issue: Exports”,

***** : Policy Document “Development for the SMEs in Greece” Task Force for Greece and social partners.

to 70%, (number of taxis in Attica: approximately 14,000 and the same number throughout the rest of Greece).

5. Non Performing Loans (NPLs): the dramatic increase in non-performing business loans as a percentage of the total of loans granted, during the six year-period from 2008 to 2013, is indicative of the unbearable and disgraceful burdens that the business world experienced. During the abovementioned period, the proportion of red business loans to total lending soared to 31.8% in 2013 (and 33.8% according to the latest available data for the 1st quarter of 2014) compared to the poor 4.3% in 2008, recording a unrealistic negative leap of 27.5 percentage points (or 29.5 units respectively, taking into account the published figures of 2014). The highly disappointing image that prevails in entrepreneurship can be also seen in other categories of non-performing loans, such as housing loans (to 26,1% in 2013 from 5.3% in 2008) and consumer loans (47,3% compared to the 8.2% in 2008); the result is that the total amount of red loans during the past year (2013) reaches to 31.9% compared to 5.0% in 2008 on all kinds of lending contracts. (The above figures are estimates by BoG).
6. New petty bourgeoisie: Between 2009 and 2013 the number of lawyers who had not even one performance at Court increased by 33% (from 6,389 to 8.497) while those with more than 50 performance decreased by approximately 65%!!! (from 1,832 to 633). The jobs associated with the provision of legal and accounting services despite the requirements of their environment during the same period decreased by 9,796 persons.
7. Architects and engineers decreased the period from 2008 to 2013 by 9,782 persons.

8. The medical profession, from 2008 to 2013, lost 16.218 jobs.
9. Dramatic decrease in salaries for civil servants: the example of teaching staff.

The number of small and medium-sized enterprises is declining peaked in 2013, following the recession which the Greek economy entered. Between 2009 and 2013 approximately 392,000 closed downs of small- and medium-sized enterprises and loss of more than 800,000 jobs were recorded. The construction sector suffered a remarkable decline since in 2010 jobs fell by 10.1% compared to the previous year, while the analogous figure in 2011 was 5.42% (in absolute terms the reduction between the years 2009-2011 amount to 40,681 jobs). Commerce respectively is the sector with the lowest losses. The following table lists the job losses (employers, self-employed - employed) for the traditional sectors of middle class from 2010 to 2013.

Table 3				
Petty Bourgeoisie Jobs lost				
	EMPLOYERS SELF-EMPLOYED	ASSISTING MEMBERS Family	SALERIE D EMPLOYEES	TOTAL
Subtotal (1) Manufacturing, Constructions, commerce transportations, food provision,	141.890	40.684	256.302	438.876
NEW PETTY BOURGEOISIE JOBS LOST				
Subtotal(2) Professional, scientific and technical activities, Education	18.758	1.664	14.447	34.869
TOTAL	160.648	42.348	270.749	473.745

The numbers are not simply indicative but enthralling. The three sectors with the largest losses, which represent over 35% for each sector, are those with the largest concentration of SMEs.

The public servants

The public servants are a social category which several researchers should include to the middle class based not on the amount of income but rather on the number of privileges enjoyed before 2010, which are not reflected in the wage level, for example favorable conditions for bank financing. In these cases, for example for a household consisted of two public servants who had taken a housing loan, the combined fall in wages by 30% with the gradual loss of the 13th and 14th salaries (which is not reflected in the table) was destructive to the family budget.

Table 4 Number of civil servants per wage scale (2009/2013)				
Wage scale	2009		2013	
UP TO 799 euro	71.227	7,1%	110.047	13,1%
800-1.099 euro	246.903	24,6%	290.004	34,4%
1.100-1.599 euro	469.116	46,7%	148.752	17,7%
1600 and over	111.541	11,1%	945.70	11,2%
DON'T ANSWER	106.638	10,6%	199.380	23,7%
TOTAL	1.005.425	100%	842.753	100%

The policies for the deconstruction of “stable” socio-economic structure

The process adopted so that in less than four years of a society with an enlarged middle class was transformed into ... was based primarily on two complementary axes: a) Legislation to implement the reforms –the famous prerequisites, b) Ideological legitimatization of the measures mainly through of mass media.

a) The legal arrangements and reforms: the famous prerequisites (indicatively):

June 2011: Application of occupation tax on merchants, freelancers and other professionals irrespective of their income, which ultimately amounts to 500 €/ year with some population exceptions (400 euros), while an additional tax of EUR 300 was imposed for each branch. With the update of the memorandum in December 2012, these figures amounted to 650 €for professionals and free-lancers, to 1.000 €for businesses and 600 €for each enterprise branch.

December 2012: an increase in the overall tax burden on partnerships (General Partnerships, Limited partnership) by 17.34 %, to 29.50%, or 33.40 %. However, for corporations (SA and LLC) tax rate on profits decreases from 26% to 15 %, while burden on dividend payments increased (from 10% to 15 %). Average reduction for legal person (SA and LLC) from the recent 33.4% went up to 27 %.

January 2013: increases by 10% - 12% on the PPC bills, commercial bills. From August 2006 up to 2013, the PPC has proceeded to 17 increases for both domestic and commercial bills, with the percentage of increases exceeding 60 %.

Real estate Tax: a new temporary tax on homes to be paid through the bills of PPC (E. T.D. E.). The new "poll tax" (special property tax) shall be calculated on the basis of the price zone, the area of the building (sq. meters) and inveteracy (age factor), while the initial two-year validity was extended by one year, i.e. until 2013.

December 2013: the adoption of the single property tax (ENFIA), which in fact legitimizes the PPC "poll tax" is one more obviously tax collecting act, which affects the small property owners while some people enjoy preferential treatment-offensive tax reliefs, i.e. they who possess great real estate.

June 2013: lifting of the ban on auction (in force since 2014), a development extremely costly for small and medium-sized enterprises since there is also a provision for their exclusion (as well as the whole of professionals) from the arrangements for the performing and mortgage loans, while at the same time state services are given the power to confiscate deposits for overdue debts to the public as well as direct automated access to bank accounts.

September 2013: Abolition of installments for repayment of additional taxes, charges, levies and fines after audit

October 2013: Full release of the release of the duration of all commercial leases.

July 2014: Suspension of VAT for those who owe and heavy penalties and high fines for business who owe.

July 2014: Based on the Decree of the Ministry of Development, there is a provision for a complete release of the Sunday holidays (one year ago there was a provision for 7 Sundays). Micro and small businesses not being able both to absorb the growing operating costs and to take advantage due to their size of the resulting economies of scale, inevitably and quickly experienced and continue to experience very intensely the specter of total destruction.

b) The ideological arsenal

The set of measures and the "reforms" introduced by the ratification of the memoranda have as their support mechanism an ideological platform designed and promoted systematically by almost all the media. This ideological platform creates the conditions for the acceptance of the measures and the "reforms" by large sections of the society, while at the same time attempts to support its legitimacy. The middle class is "blamed" for the "degradation" of the homeland. Small entrepreneurs are

being impeached on a daily basis by the media as tax evaders, counter-productive, non-competitive, and in particular those copying high consumption patterns. Hooked on their individual property they do not want to be modernized. Doctors, lawyers, pharmacists, plumbers, do not issue receipts; teachers work a little while having another job. Lazy persons make use of credit cards for consumption and travel. They all want their children to study at the University. Accused as state-subsidized and that they always resort to the hug of the state when at the same time the mass media (television stations) that "propagate" these views operate through state intervention. Those who survive have undergone a complete dehydration of their specific gravity, while these strata have internalize the defeat because they have accepted the fact that it is "their fault" since after the shock they legitimized these acts ideologically as well; This is the ideological dissolution of the petty bourgeoisie the safety of which is simultaneously subverted. All the above resulted to the reconquest of the lost ground by the economic elite.

4. Conclusions: And Democracy?

In conclusion we may say that for the first time after the end of World War II and the civil war the multi-decade division of work in Greece changed radically. In this context the perspective of the dynamics of the Memorandum if the new petty bourgeoisie can survive even marginally in the new context of capital concentration - if we ever see development the traditional petty bourgeoisie is doomed.

Since the constant presence of the "middle class" for many is considered to be the backbone of political stability, the problem or the stalemate of its reproduction leads to destabilization of the system and of democracy. Usually the undermining of the "middle class" lead to conservative and often undemocratic political choices.

However, in the Greek case, and to the extent that the impending "end" coincides with the misery of other sections of the society and in particular the working people, the issue of alliances with the demand to guarantee democracy and dealing with the crisis by promoting policies that are contrary to austerity and recession, will be crucial. Closing in this context, we may raise two issues/thoughts. Given that the measures taken damage the legitimizing basis of post-junta democracy, which will be the new social alliance that will support the new arrangement? Given that the middle class was one of the main pillars of Europeanism in Greece is it ... fears of an anti-European slide?

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APPENDIX

LOST JOBS 2010-2013 IN ENTERPRISES WITH MAXIMUM 10 EMPLOYEES					
TRADITIONAL PETTY BOURGEOISIE LOST JOBS					
INDUSTRY	TOTAL EMPLOYMENT	EMPLOYERS	SELF-EMPLOYED	SALARIED	ASSISTING MEMBERS
Manufacturing	75.391	18.358	8.998	44.724	3.311
Construction	142.638	31.827	4.463	101.445	4.903
Wholesale and retail commerce, automobiles	145.782	27.727	32.550	63.374	22.131
Transport and warehousing	18.486	1.302	3.274	13.177	733
Hospitality and food provision	38.932	6.040	1.504	24.294	7.094
Service provision	17.647	2.677	3.170	9.288	2.512
Subtotal (1)	438.876	87.931	53.959	256.302	40.684
NEW PETTY BOURGEOISIE JOBS LOST					

	TOTAL EMPLOYMENT	EMPLOYERS	SELF-EMPLOYED	SALARIED	ASSISTING MEMBERS
Professional, scientific, and technical activities	23.984	5.412	9.322	7.888	1.362
Education	10.885	(+) 2.406	6.430	6.559	302
Subtotal (2)	34.869	3.006	15.752	14.447	1.664
PETTY BOURGEOISIE JOBS LOST					
	TOTAL EMPLOYMENT	EMPLOYERS	SELF-EMPLOYED	SALARIED	ASSISTING MEMBERS
TOTAL	473.745	90.937	69.711	270.749	42.348