

Why the Cash Economy in Greece May Be Ending

Contributed by Jan Lundberg
09 July 2015

Many believe we have a teetering world economy, even without Greece as an indicator. Now Greece is looming ever larger as a critical if unknown actor. It is mostly considered a bad one, for the entire European, and even the worldwide, financial system and economy. The Greek economy is approaching an almost unprecedented standstill. For clear reasons it probably will never get back to a "normal" or desirable level of consumption. When stepping back from witnessing the daily crisis, it would appear timely to ask what are the real factors in the big picture? Was the crisis brought on just by second-rate policies combined with inefficiency, corruption, and oppression?

Or have longer-term characteristics of industrialism and Western Civilization's relentless, aggressive growth caught up with us to undermine our future as a species? If so, the discussion about what's wrong and how to deal with it has to change, and soon. In this discussion a different impression of Greece and its potential emerges. The conventional wisdom that the Greek economy is simply on its death bed is very rarely set aside.

As an observer of Greece who has spent long chunks of time enjoying the country and its people, I've still not had a clear grasp of the state of the nation's precarious finances and interesting politics. But I am not shy about pointing out irritating facts such as that the consumer economy is clearly unsustainable, and that the eco connection in economy, ecology and ecosystem is perhaps the major fact of life — denied or ignored to everyone's peril.

Modern people have forgotten — and this is mostly true for Greeks too — how to live in the beauty of nature. The friendlier, more reliable natural world we knew is history. Wild nature was gradually deemed not good enough as is, so she has been on the run and "developed" nearly out of existence. Untold profit in the billions and trillions was thus made. Most of us vehemently object to blatant individual greed, but few modern people ever stop to think if they themselves are traitors to nature. We probably have collective greed to account for collective failure, although some only want to blame the elite of the elite.

Reaping what we have sown, coming to believe that happiness and survival depend on endless money and "unlimited" non-renewable resources, we not only have obvious climate change: we have the plastic plague, bioengineered and otherwise tainted food, fresh water depletion, topsoil erosion, deforestation, and massive extinction of species. Ignorance of basic scientific fact persists, for example in climate awareness, such that hardly anyone realizes that observable global-warming impacts today are only from emissions of four decades ago and before. This is because of the thermal inertia of the oceans, sometimes referred to as climate lag. [1]

The focus of the world's media and the outraged "average Greek" is almost solely on the financial aspect of the changing, challenging situation — never the ecological and finite-resources aspects. People see cause and effect: before the crisis dating to the global financial meltdown of 2008, pensions and salaries were stable or rising for most Greek workers. Then came austerity's enforced cuts, while the nation's and persons' indebtedness wasn't solved. Instead of an Icelandic approach [2], the banking and lending systems — that counted on endless growth for profits and quiet in the streets — were not held responsible, and they could still demand their support from the working taxpayers to keep the over-extended bubble of finance intact.

The costs of this approach, featuring the opportunistic austerity measures and privatizing, have been well documented. The jump in homelessness, many of the housed doing without heat in winter, and foregoing improvements in life that people had grown accustomed to, are well known. So it is no wonder that money is almost universally seen as the problem and the solution. The once hopeful consumer population has been ravaged: 1.3 million people, or 26% of the workforce, are without a job (and most of them without benefits); wages are down by 38% since 2009, pensions by 45%, GDP by a quarter; 18% of the country's population unable to meet their food needs; 32% below the poverty line. Almost 3.1 million people, 33% of the population, are without national health insurance. [3]

Fortunately, Greeks have a greater connection to the land and sea than most advanced industrialized societies. Typically, families have at least some member with a farm, an orchard, and the means to make homemade wine, cure olives, dry figs, grow fruit, collect herbs, go fishing, and more. The extent of this connection has shrunk drastically since the advent of the shopping culture. But, like in the U.S.'s Great Depression when many Americans had a good chance of having a relative who had a farm to go to as a last resort, Greeks have links to the traditions of their elders and rural relatives. With the advent of agribusiness and urbanization, the small U.S. farmer was eliminated as a Census category; fortunately among modern nations small farmers are much more viable.

A personal perspective

I did not plop down on Greece as almost every other visitor has done, from a long-distance flight. Once upon a time ago I inched my way to the Aegean on a sailboat from California, taking years to arrive. So I had an idea of the ecosystem as soon as I glimpsed Greece. There was, and is, a lot to love. The light, the smells, the foods, language, the music, the history, are a banquet to savor and understand. In contrast, many who visit Greece simply land and go straight to tourist destinations. They may hope in vain to really see the country and know the culture. If they stay long enough, then how they got there apparently ceases to matter. But my being of a family of environmentalists and sailors, this meant that the ecosystem — i.e., the interrelationship of the land, sea, climate and the dominant human species — perhaps instilled a more solid feel and concern for Greece and its marvels and quirks.

I attended high school a while in Athens, which was worthwhile in ways beyond being fun. The school still caters to the international community, and has many admirable programs. But the administration recently told me, in response to my question, that there was nothing in the curriculum to have students recognize the connection between the eco — in ancient Greek (οἶκος) it means the home or household -- in the Greek words "economy" and "ecology." This anecdote may tell us how far society in general has to go to understand developments that increasingly look like a total collapse trend. My own background includes oil price & supply analysis by my former firm that predicted the Second Oil Shock in 1979, which shaped my subsequent explorations in matters of energy, society, and ecology. So I look at Greece and especially note the patterns of energy use and land use. I'm not a Cassandra, as Richard Heinberg designated me in his peak-oil book *The Party's Over*, because the Achaean Cassandra spoke of the future, and I refer to the present and its trajectory. The part about being a Cassandra always ignored, however, is largely true for me.

My writing, speaking and singing about "petrocollapse," after years of anti-road construction activism and car-free advocacy, all translated to pointing to vast changes underway. Such a message was almost always received as irrelevant or alarming — to the world as people think they know it. As an activist seeing alternatives and warning of the collapse of the established order, I was often cast as a doom-and-gloomer. However, spell check was perhaps oh so right when it demanded I change that phrase to doom-and-bloomer.

A new path for Greece?

Since the crisis in Greece became especially painful for most of its citizens beginning in 2010, there have been reports of some individuals returning to their families' villages, and others staying put while pursuing alternative economics such as non-middle-man trading and bartering. Organizing the poor communities for free food distribution is another healthy trend for self-reliance and mutual aid. These practices almost constitute a movement for sustainability, but sustainable living is not yet considered a viable alternative, nor even something to note, as the vast majority of people just try to survive and help each other out. (In almost every other country in the world, people are accurately said to be just trying to pay their bills; now, because of banking restrictions, Greeks are suddenly paying their bills to a much lesser extent.)

Greeks have a talent for helping themselves and one another by using personal contacts and trust. It partly stems from family obligation: honor the solid connections and the friends who help over the long haul. This tendency is also felt to be preferable to embracing strangers who should be kept at a distance: the faceless, distantly headquartered corporations. In contrast, in the U.S. the prime directive is to honor property, money, and the law. So there is usually a

wall between a professional and the public he or she interacts with. The little-mentioned story of Greece during the crisis of the last few years is the prior growth in the number of foreign corporations and chain retail outlets that mushroomed to the point of being pervasive. They are seen by many as valid, harmless entities, even as they entice people out of their hard-earned money to attain glitz and status.

As Greece's consumer economy and oil use grew over the last several decades, the infrastructure grew in a sprawl fashion, encouraging car dependence. The car is probably Greece's greatest scourge when it comes to draining a household's resources and polluting the air, land, and sea. The mistake of mass car ownership, so overdone as to make the habit of parking on already skimpy sidewalks commonplace, leads one to wonder why Greece is backward in this respect compared to quieter, bicycle- and pedestrian-friendly cities of northern Europe that have more greenery and better mass transit.

As the sudden banking restrictions now wreak a rapid ripple effect in the Greek economy, people are able to withdraw only a fraction of the cash they needed in order to pay for bare essentials. Money-transfers and purchases of all kinds have been mostly curtailed along with limits at the ATMs both in terms of cash-amount and frequency of access. This growing pinch may lead to extreme unrest, if someone sees his grandma die because of lack of services or food or medicine. Those about to be unemployed in the retail-sector, such as restaurants dependent on the normally huge tourist trade now slumping, are going to be more angry and desperate than they already were. A cascade of financial failure can go beyond austerity, to eventually result in lifestyle change for almost everyone — involuntary, it will be almost universally decried. At first.

Throughout Greece, economic activity is sharply curtailed. It is drying up rapidly since the "bank holiday." Not enough money is available for people to pay for much of anything other than for food. Stores are open and work goes on, but at this rate people could experience such a slow-down that it makes sense to simply walk away and go home. But before it all comes to a standstill, people will start operating without money. As it stands now, it's interesting that people are barely paying any of their bills: everyone with only a Greek bank account has access to minimum cash, and even the people who pay other people very little cash either. So far, life goes on almost normally. People don't appear to be panicking, even as the Sunday July 12 showdown with the EU can mean leaving the eurozone or going along with more austerity measures. Without major relief, strife can break out. But I don't believe it will be the rule of the day unless massive reductions in food imports hit Greece, particularly in Athens with its 5 million people.

At the same time as the financial house of cards unravels, people will be coping as best they can with minimal cash. This begets bartering, sharing food, working the gardens and orchards already in operation, and growing more food. The bicycle industry will benefit, at a time when fewer cars and trucks are on the street due to reduced fuel purchases. Bike carts and bike trailers are rare in Greece, but can be immediately fashioned from salvaged parts. At some point, cash can become quite secondary to a sharing economy based on achieving local resiliency.

Sailing into "uncharted waters" has been the fear or warning for Greece, but the waters are not uncharted especially for the peoples of the Aegean: sail transport should come back in Greece earlier than elsewhere, as a cost-free (and truly clean, renewable) propulsion method for both the trade in goods and passenger travel. The pride that Greeks have in their maritime history, going back some 4,000 years to the Minoan civilization, has not disappeared from memory. Out of necessity, perhaps triggered by an oil supply cut-off, sail power and the connecting of local economies will quickly re-emerge. Perhaps 80% of the once-farmed land on the islands is fallow, due to migration to the cities. This offers potential for local production and short-distance trade. The vast volumes of corporate products shipped today via polluting oil, from thousands of miles away, will wither and even come to a quick end.

For those doubting such "doom and gloom" or basic changes that threaten consumer splendor, let me offer this from my decades of investigation: a technofix for the loss of cheap, easily extracted petroleum is not in the offing due to the scalability question and the lack of substitutes for petroleum's myriad, critical products. Renewable energy for centralized electricity cannot power the consumer economy when the unprecedented population (11 million in Greece, part of the developed world's population of under 2 billion) has in effect been "eating petroleum" (along with traces of plastics as well).

There are two kinds of people, whether in Greece or elsewhere: those who welcome or understand that fundamental change and discontinuity are inevitable, perhaps on the way too soon for convenience, and, those who fervently want the level of income and consumption of the past — regardless of economic and ecological realities. Fortunately for Greeks, they have a continuous and ancient society under the surface of the unstable transnational corporate state.

* * * * *

Notes

1. as specified by SkepticalScience.com.

2. The Iceland banking collapse saga

Iceland rises from ashes of banking crisis – timeline, The Guardian, June 8, 2015, and Iceland rises from the ashes of banking collapse, October 6, 2013: "From the wreckage [of 2008], only three modest domestic banks emerged, allowing Iceland to keep functioning. The country was also able to let its overheated currency devalue, and impose capital controls to bring some stability. Meanwhile, however, international bondholders and depositors were left out in the cold."

Three charts that show Iceland's economy recovered after it imprisoned bankers and let banks go bust - instead of bailing them out, The Independent, 10 June 2015: Iceland made the shocking decision to let its banks go bust. Iceland also allowed bankers to be prosecuted as criminals – in contrast to the US and Europe, where banks were fined, but chief executives escaped punishment."

3. Statistics are from The Guardian's article linked below.

Further reading:

Lessons in resilience from rural Greece By Alexis Adams, Washington Post, July 24, 2015

Greek Villagers' Secret Weapon: Grow Your Own Food By Gregory Katz, Associated Press, July 3, 2015

Dmitry Orlov's new essay Financial Nonsense Overload. July 7, 2015

Allan Stromfeldt Christensen's reported in Culture Change: Is Greece Planning on Printing Energy? March 12, 2015

Greece's solidarity movement: 'it's a whole new model – and it's working' Citizen-run health clinics, food centres, kitchens and legal aid hubs have sprung up to fill the gaps left by austerity – and now look set to play a bigger role under a Syriza government. By Jon Henley in Athens, The Guardian, 23 January 2015

Greek island song about sail transport of various Aegean products: $\alpha \pm \frac{1}{2} \cdot \tilde{A}^1 \rightarrow (\tilde{s} \tilde{I} \tilde{A} \tilde{A} \pm \tilde{A} \quad \downarrow \tilde{\iota} \tilde{\iota} \tilde{\iota} \tilde{\iota} \tilde{\iota} \tilde{\iota} \pm \tilde{A} \quad 1939)$

All photos (except as otherwise indicated) are from the Greek nonprofit organization Proteas and used by permission of Nikolas Vlavianos, Director.