http://www.counterpunch.org/2015/07/17/greece-neoliberalism-and-politics-by-other-means/

Greece, Neoliberalism and Politics by Other Means

by Rob Urie

7/17/2015

Politics by Other Means

One of the challenges in writing about politics is that economics, as Marx identified, is politics by other means. This is occasionally made clear through 'trade' agreements that create explicit bridges between the two like ISDS (Investor State Dispute Settlement) clauses that are used to grant corporate control over civil governance. The long-running theoretical dispute between Keynesians and market fundamentalists (neoliberals) can be placed in a political frame as economics differentiated by domestic versus foreign policy considerations. Vaguely Keynesian economics guided domestic U.S. policies from the end of WWII through the early 1970s even as U.S. 'advice' to client states more closely resembled the neoliberal policies of the present.

Friends, acquaintances and people unrelated have been writing policy prescriptions since 2008 that would have been constructive if fixing capitalism were the policy goal of the powers that be. However, as has been made abundantly clear, those deciding policy have had these prescriptions available to them and have chosen differently. Mainstream economists have felled large forests proclaiming their prescriptions to be correct when they have had no policy impact and show no signs of having any in the current epoch. And it isn't that the policies that were implemented were randomly chosen; they fit alternative 'models' of explanation. If 'reform' economics is about economics and not out-of-favor politics, why hasn't it had an impact?

Left out of mainstream consideration is that the best explanation of the policies of the last forty years is applied self-interest with corporate executives joining capitalists in determining state policies for their own benefit. Highly skewed economic distribution was achieved through 'negative' policies like reducing taxes on the rich and 'positive' policies like the use of quasi-state resources like banks for economic plunder. The millennia-old convention that lenders bear the loss when borrowers can't repay loans has a rationale— lending is the expertise of lenders. The shift to borrower liability emerged from national accounts machinations a century ago that became official IMF policy in the 1960s to then be codified in Federal lending standards in the U.S. since the 1980s.

As metaphor for the power relations at work in the rise of global finance, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 was conceived during the (Bill) Clinton administration and was implemented in the midst of the largest epoch of fraudulent lending by global bankers in world history. The increase in borrower liability for fraudulently made loans that was codified in the bill is what German Chancellor Angela Merkel calls 'moral hazard' when applied to the debt of the European periphery. This became the charge against the poor and vulnerable by bankers using state institutions for global plunder. The moralistic tenor of current German threats against Greece extends this perversion of liability.

Greece

A question of current relevance is: how likely is it that a preponderance of the Greek people could calculate what repayment of the Greek national debt would entail? Next: how would the Greek people adjust their collective effort, assuming that such a thing exists in relevant form, to meet the terms of repayment? The questions are nonsensical in that they aren't posed by the Greek people, they are imposed from above. The contrived illusion that the Greek people owe any debt to the Troika is politics— it is imperialism waged under cover of 'economics.' What mechanism of political reach retains the nation-state frame while overriding the sovereignty it is theorized to represent? Conversely, if sovereignty can be overridden, how can the population be held accountable for 'national' obligations?

This paraphrased list of typical IMF 'conditionalities' is aggregated here:

Typical stabilization policies:

1. balance of payments deficit reductions through currency devaluation

2. budget deficit reduction through higher taxes and lower government spending, also known as austerity

3. restructuring foreign debts

4. monetary policy to finance government deficits (loans from central banks)

5. raising food prices to cut the burden of subsidies

6. raising the price of public services

7. cutting wages

8. reducing domestic credit.

Long-term ‘structural adjustment’ policies usually include:

1. liberalization of markets to guarantee a price mechanism

2. privatization, or divestiture, of all or part of state-owned enterprises

3. creating new financial institutions

4. improving governance and fighting corruption

5. enhancing the rights of foreign investors vis-à-vis national laws

6. focusing economic output on direct export and resource extraction

7. increasing the stability of investment (by supplementing foreign direct investment with the opening of domestic stock markets).

The European Currency Union was designed to preclude independent currency devaluations favoring what the economic mainstream calls ‘internal devaluation,’ the privation economics that reduces living standards in approximate order of social vulnerability. Otherwise, IMF ‘stabilization’ policies are austerity boilerplate, the same policies forced on ‘developing” nations by the IMF from about the 1960s to today. The ‘structural adjustment’ policies are likewise neoliberal boilerplate, Western imperialism dressed in academic garb that represents the ‘best thinking,’ as well as the political content, of establishment economics departments and ‘think tanks.’ The Keynesian / market fundamentalist divide largely relates to ‘stabilization’ policies. The key terms of ‘structural adjustment’ can be found in the ‘trade’ agreements currently being pushed by U.S. President Barack Obama and put forward by leading liberal economists.

‘Liberalization of markets to guarantee a price mechanism’ infers infinite fungibility, markets everywhere, all of the time for everything. This is the economic takeover of the world, the reordering of social life to serve a particular ideological conception of ‘the good.’ ‘Privatization’ means private ownership of the public realm. Banks create and allocate money meaning that Wall Street and ‘private’ investors use the public grant of money creation to further private ends. ‘Enhancing rights of foreign investors’ ties a half-century of imperialist IMF policies to the intended purpose of Barack Obama’s ‘trade’ agreements. The policies are clearly designed to affect the political takeover of nominally sovereign states through the misdirection that economics aren’t ‘political.’

It is a mistake to see the Troika’s treatment of the Greek people as either an outlier or an unintended consequence. The policies being implemented through degrees of coercion are standard IMF fare. The only ‘innovation’ being brought by the EC (European Commission) and the ECB (European Central Bank) is the pseudo-hard money of the currency union. The contention from Western liberals that the inability to devalue its currency is the overarching problem that Greece faces ties currency devaluation to austerity when the IMF doesn’t see it that way. IMF stabilization policies (above) recommend currency devaluation and austerity separately, the point being that even in cases where currency devaluation is possible austerity is still ‘recommended’ by the IMF.

The imperialist position embodied by the IMF’s structural adjustment policies is largely invisible to its proponents, and dare I say most in the West, in the first because its comes in the guise of economic prescriptions rather than explicitly political acts and secondly because it is posed as actions guided by knowledge of the natural order of the world rather than as self-interested opinions. The IMF’s policies have developed economic theories behind them— the same capitalist economics that, with the exception of a few quibbles, are the canon of Western economic liberalism. The division between ‘stabilization’ policies for the short run and ‘structural adjustment’ policies for the long run parses a temporal divide, not a conceptual one.

History Takes a Holiday

Modern Westerners don’t tend to be philosophically inclined, possibly because many of the relevant issues have been consigned by ideology to individual resolution. The premises of democracy and capitalism support local determinations (‘choices’) that lead to global indeterminacy. Paradoxically neoliberalism, as can be seen in the idea of infinite fungibility, is a theory of global determinacy posed as an accumulation of local determinations. The Germans occupied Greece militarily in WWII and through the ‘soft’ occupation of neoliberalism today are furious that total submission by the Greek people hasn’t yet been ‘self-chosen.’ The Greeks borrowed money and now they must pay it back goes the logic, never mind that the Greek people exist wholly apart from ‘the Greeks’ who borrowed the money. What more historical a process might one need to begin to gain ontological clarity?

Adding to this confusion are divergent ideas of class— historically circumscribed ‘objects’ of social ontology like ‘Black,’ ‘White,’ ‘rich’ or ‘Christian’ versus taxonomical objects set apart from history like ‘consumers,’ ‘voters’ and ‘entrepreneurs.’ When presented in context history nods heavily in the direction of the Marxist view of historical / social circumscription. Genocide wasn’t committed against the indigenous population of the U.S. as an aggregation of individuals; it was committed against a socially circumscribed ‘other’ as a totality. Kidnapped Africans forced into slavery didn’t become slaves through individual choices— slavery was an institution that relied on social power to systematically determine who was a slave and who wasn’t.

The ‘flattening’ at work in the (Platonic / Cartesian) ontology of neoliberalism poses commensurability through the willing away of history. ‘Markets’ are an envelope of commensurability where ‘prices’ act as the metric of conversion that makes commensurability possible. Infinite fungibility is the lunatic fantasy that equates a murdered child with a toaster oven with yesterday’s news through the metric of price. It is also the conceit that holds neoliberalism together. The ratio of that with a price to that without one is the vanishing point required for ‘markets’ to be more than historical artifact. Economists are quick to admit that most of what has value has no price while they busy themselves building a world where everything has a price. (Carbon credits anyone? Anyone)?

Austerity exists in history, witness the last half-century of human misery that is its product, but it isn't 'historical' in the sense that it is put forward. Privation isn't 'austerity' unless it is socially induced— its 'fact' exists in economic theory, not in its effect in the world. In a similar sense 'Greece' can be held accountable for debt that the Greek people had no part in accruing. Debt that could be wiped away with a few keystrokes from an ECB clerk is held forward as a fact of nature, the associated conditions of which condemn a generation or more of Greek people to 'self-chosen' subjugation that wasn't chosen. In what sense can neoliberalism be a system of individual choice when both its central protagonists and its objects are aggregations— the Troika, 'Greece,' the European 'periphery' etc.?

In contradiction to the Americanism, re-introducing history as opposition is to remove agency from no one, it is to place it in context that can't be willed away. Capitalists and their agents have an interest in paying you less while you have an interest in being paid more. With large corporations as the major employers in the West, 'agency' is socially circumscribed as the interests of labor against those of capital. The individualist argument found in 'freedom to work' laws supports capital in this opposition. Labor leaders working in concert with corporate managers toward corporate goals support capital and diminish the power of labor. The 'constituent service' that elected representatives perform has them serving the rich against the interests of everyone else when campaign contributions determine who gets and stays elected. And against the canard of 'human nature,' each of these oppositions emerged from social life lived historically.

The Same Old Same Old, Only New

The view that the Marxist left exists on a political spectrum fundamentally misreads the oppositional / antithetical / historical context that Marx took from Hegel. This matters because of the role that the spectrum plays in the social apologetics that surround political economy. Syriza, as 'the Party of the Radical Left' (its meaning in Greek), either exists in opposition to neoliberalism, as embodied in Troika policies, or it has emerged from a muddled liberal 'spectrum' conception that embraces a paradoxical 'compassionate' capitalist imperialism against the whole of history. For the uninitiated, compassion is 'inefficient' in capitalist theory as surely Wolfgang Schaeuble (or Charles Dickens) could explain to Mr. Tsipris.

The circumstance of Greece at present isn't that unusual in the broader history of capitalist imperialism. German intransigence, with tinges of nationalistic loathing and racism thrown in for good measure, adds drama to this ordinary, if deeply tragic, history. A large part of the European North's complaint against the periphery is an economic tautology as former Finance Minister Yanis Varoufakis has repeatedly pointed out. In the aggregate trade surpluses and deficits add to zero. This is arithmetic, not complicated theory. What complicates Greece's circumstance is debt denominated in a currency that it does not control. This is the lever that Germany holds over Greece. The only real tradeoff available to the Greek leadership is the timing of induced catastrophe— now or later.

The Greek leadership, certainly soon to have little to no representation from Syriza, will do what it will do. The broader question is: given the willful pushing forward of the neoliberal project by the U.S. and the European North, what possible good outcome is there for the rest of us? The peoples of the West face the conundrum of the Greeks by degree. The central change that neoliberalism has produced is the conscious redefinition of the realm of the political. Barack Obama's euphemistically called 'trade' agreements are politics by other means. Most of his major 'political' accomplishments can be undone through the transfer of political power to economic interests contained in them. If you think he doesn't understand this, revisit the structural adjustment program of the IMF provided above.

This tendency is nothing new— globalization as theories of transnational interests is the ideology of imperialism. Imperial battles over economic resources are the backstory of two World Wars and a substantial proportion of the local and regional conflicts of the last three centuries. Left unconsidered, except through largely unrelated ideology, is under what configuration of circumstances will social and environmental resolution come about? How long will the Greek people, and those from the rest of the European periphery, stand idly by and watch their circumstances decline, or more accurately be diminished, before they rebel? And the lot of the American periphery is directly related through its being so delegated by the leadership of the global North. Bankers in New York have been handed trillions in public largesse as the citizens of Detroit are squeezed by privatized water utilities. The fight is here every bit as much as it is in Athens.