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Capitalism, Engineered Dependencies and the Eurozone

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Greece

As fact and metaphor the ongoing crisis in Greece is the vanguard of broad social disintegration across the capitalist West. IMF Director Christine Lagarde is being put forward as the voice of reason calling for writing down Greece's debt to manageable levels. But her actual public statements have paid deference to German Chancellor Angela Merkel's suggestion, a slight variation on Barack Obama's mortgage 'rescue' packages, that maturities be extended but that people be left with debts far greater than they can reasonably pay. As attractive as permanent debt servitude might appear to those demanding it, it is a form of economic extraction, a transfer of economic production from nominal borrowers to banks and bankers.

Current IMF tactics are being placed in a neo-Cold War frame with the U.S. trying to maintain European political stability on the side of the U.S. against Russia and China. But the broader tendency is toward collective suicide through imperialist revival economics, a global race to replicate Western consumption through increasingly 'managed' capitalism and through renewed competition for resources that led to the catastrophic wars of the twentieth century. The geopolitical frame understates the crudeness of the economic logic that gives banker / creditor 'workouts' the appearance of geopolitical machinations. The economic relations in play are ‘political,’ but they derive from economic ideology that preceded the Cold War by a half-century or more.

The practical problem with the neo-Cold War frame is that it takes the underlying economic relations as given when they are in fact causal. The euphemistically-called ‘trade’ agreements being pushed by the ‘developed’ West grant broad authority over civil governance to multi-national corporations, the point being that the ideology that drives corporate actions is economic, not ‘political’ in the Western liberal sense of the term. If one wishes to grant a Marxian notion of economics as politics by other means, the new central players have a trans-national, neo-imperialist frame of reference and ‘competition’ is between economic powers, and not ideologies per se. Angela Merkel’s sense of authoritative entitlement over the Greek people appears to emerge from a prism of bankers ‘rights,’ not bi-lateral political gamesmanship.

The European ‘choice’ was of a monetary union with full understanding, brought into particular relief in hindsight, that it wasn’t a formal political or fiscal union. While there may have been, and most likely were, broader hopes for it, the monetary union created a specific set of economic relationships that are now in play. A monetary union grants political power to a central bank, in this case to the ECB. As with the Federal Reserve in the U.S., the ECB represents bankers’ interests as being in the broad public interest when they decidedly aren’t— they serve the powers-that-be in Europe’s particular configuration of finance capitalism. Until the European periphery comes to terms with what the monetary union really is there is little hope of economic resolution. And the grip that the union has on the periphery is being made binary, either total submission to the whims of the Troika or near-term economic ruin are the choices given.

The Banality of Capitalism

Through its hegemonic excrescences capitalism is mundane, the ordinary working of a series of complications deemed self-evident. Once cognitive breach interrupts it is clearly, inexorably, lunatic hallucination; the trade of this for that that is activity without engagement, the promise that always remains just a few steps from its object. The Guatemalan peasant whose sustaining plot is rendered untenable by one of three remaining strains of imported industrial American corn enters tenuous-by-design employment in a neo-colonial factory. The ‘trade,’ as if a choice remained, of the vagaries of sun, rain, pests and crop diseases for occasional income against the permanent threat that someone, somewhere has been rendered incrementally more desperate, and therefore willing to do even more for even less, is resignation to a manufactured fate.

Organizational complexity is one of the foundational ideas of capitalism. Antique economist Adam Smith’s ‘division of labor’ is the argument that breaking economic production into its constituent parts and allocating the production of each part to a specialist will increase efficiency. The operational deficiency of this approach is that, in contrast to a single person controlling the production process from start to finish, if any of the constituent parts are missing the entire production process is rendered indeterminate. Efficiency is the exchange of an occasional more for increased social complexity and with it, fragility. The history of global economic relations since the eighteenth century is of integration and breach, wishful thinking followed by dislocations and retrenchment.

In detached theory there is nothing in-and-of itself politically compromising about increasing social complexity. Social dependencies are a fundamental aspect of being human. One of the earliest tenets of capitalism was the creation of institutions that in theory equilibrated capitalism— legal protections that limited power imbalances— contract law, the right of labor to organize, anti-trust powers and civil governance in the civic interest. That these institutions have only tended to make an appearance when the total rejection of capitalism is threatened suggests that very few capitalists take capitalist theory seriously. Increasing economic complexity without civic counterbalances becomes increasingly controlling and with the case of Greece in hand, it perpetuates the consolidation of power until a rupture occurs.

The case of the ACA (Affordable Care Act), Obamacare, in the U.S. appears to be in the process of illustrating this point. To resolve the most expensive health care system with the worst outcomes in the rich world the choices were to reduce complexity by replacing the extractive layer of health insurance companies with a single-payer health care system or of increasing complexity by formalizing their role in a health insurance pseudo-market with a technocratic overlay of regulations. The fantasy that regulated pseudo-markets would lower costs while increasing care has been met with the rapid consolidation of health insurance companies to reduce competition in order to exert monopoly control over health care 'markets.' The choice now is to once again increase complexity through enacting anti-trust regulations against health insurance monopolies or to leave their new-found power to control 'markets' as is. Economists who didn't see this coming should reconsider their choice of professions.

Assuming for the moment a theoretical deepness, Syriza in Greece can be as 'socialist' as it wishes to be as long as the broad reorganization of society that the term implies ends at the foot of an armchair. The Troika, piling on to historical IMF structural adjustment policies, is fine with economic democracy as long as markets are open, public resources and processes are for sale to politically approved bidders, a capitalist banking system has free-rein over the creation and allocation of financial capital, labor is unorganized, desperate and pliable and public policies are dictated by external creditors. Capitalist social engineering, the 'integration' of existing social relations into a 'global' architecture, increases social complexity by reducing it, by replacing local institutions with those that are externally controlled.

How precisely would the Eurozone, or any other capitalist agglomeration, accommodate a member state that proceeded from fundamentally different principles of social organization, the social purpose and democratic conceptions of economic life? In fact, 'the rules' of economic configuration required to join the European Monetary Union are based on an early twentieth century worldview of national accounts management. This was / is the broad frame of European imperial rule before tensions over national debts and colonial resource claims blew Europe apart in the up-to-then most murderous wars in human history. Convergence toward a set of externally determined economic 'rules' precludes the capacity for effective civil governance through establishing a preeminence of economic over civil power.

Unless history is destiny, a 'natural' limit on social possibility, ideology is the agent that binds complexity to fragility. The immediate counter, that 'the world' is complex, assumes that engineered social complexity is a correct metaphor when it is more accurately anthropomorphic, if not animistic. The related conceit that world is 'like' a machine infers a motivator without which machines are inanimate lumps. Capitalist competition can be alternatively framed as opposition— only through the fantasy of 'system' are capital and labor, capital and civil governance, capital and society and capital and 'the environment' united in common cause. Where then does this system reside except in the pockets and bank accounts of the wealthy? The Troika and the peoples of the European periphery are on the same side of what?

Conversely, the 'inner' tendency of capitalism is to try to reduce economic fragility through consolidation of its realm, through increasing control over knowable risks. In the opposite sense that a certain physical conception of the universe is as space, not in space, this ratio of knowable to unknowable factors assumes that the question is asked from 'outside,' from an observer's, not a participant's, perspective. However, the relation of agricultural capitalists to Guatemalan peasants through profits and economic displacement is unified— the reduction of risks from the capitalist's perspective comes through shifting them to those who lack the power to resist. Greeks once dependent on imported foodstuffs are now dependent on imported foodstuffs and the good functioning of an externally controlled monetary system. German 'leadership' in the Troika now considered punishing approximates the typical behavior of multi-national corporations toward 'their' workforces and reluctant customers.

Much as U.S. based industrial companies have long used the threat of mass firings to cow labor and reduce pressures for civic accountability, the threat of withdrawing from engineered dependencies— by metaphor, leaving displaced peasants to quickly recover an indigenous economy after property relations have been reconfigured to preclude the possibility, is the economic assertion of political power. The fact of social dependencies is contorted through capitalist competition into a relation of domination and repression— people can choose any form of government they wish as long as they show up to work on time, dress accordingly, limit conversations to approved topics and passively accept the dictates of their imperial masters.

The paradox of Syriza's ascent as a Party of the left to a leadership position in Greece with a mandate to remain within the European Monetary Union brings the political content of engineered economic dependencies to the fore. Parsing the 'good' of broader economic belonging through the union from the 'bad' of externally imposed austerity assumes that they are divisible when the prior century of history suggests otherwise. The capitalist dogma that supports the monetary union also supports austerity. In addition to being banker / creditor boilerplate to assure debt repayment, austerity ties to the capitalist division of a 'productive' private sector from a reliant and unproductive public sector. Austerity is 'starve the beast' dogma of private virtue and public vice. The desire to craft a 'kinder, gentler' capitalism, as Syriza apparently thought it could do, fundamentally misread / misunderstood the opposition.

Now a question for the Greek people, as well as the rest of the capitalist West, is: if you want capitalism, why not embrace austerity? The Keynesian complaint, that in certain circumstances such as that of Greece in the present austerity is economically destructive because it perpetuates under-consumption, leaves intact the productive private / extractive public division as if it were descriptively accurate for modern mixed economies. And it facilitates the opportunistic parsing of private production from the social and environmental destruction that it causes. Within a center-periphery frame of Western imperialism, austerity as forced privation through the both engineered dependencies and exclusion through property relations from the means of independent economic production consigns increasing populations to permanent austerity.

Again, there is no assertion being made that there is a 'natural' limit on the realm of social dependencies. It is the oppositional nature of capitalist 'competition' that renders economic dependencies socially toxic. Whomever has benefitted from the sequential 'bailouts' of Greece, be it Greek, German and / or French banks, they no more represent the interests of most of the people of those nations than Citigroup, McDonald's or Walmart represent the interests of most Americans. And global banks, both as a group and through nominally independent institutions like the IMF, are the central proponents of the creditor economics of austerity. As a 'union' of interests, the EMU is first and foremost a union of financial interests. Through the social grant of the right to create and allocate financial capital banks are where the money is. But the social power that banks wield comes from the public grant, not from the banks and their representatives directly.

Near-term technological considerations aside, the question that the Greeks and other peoples of the West may wish to ask is why banks and bankers whose livelihoods derive from the public grant to create and allocate money should be allowed to use it to rule the world? The quote from economist Joan Robinson that 'The only thing worse than being exploited by capitalism *is not* being exploited by capitalism' refers to precisely this type of engineered dependency, not to a natural state of the world. Was the intent of the European Union a partnership of equals then Syriza would have been granted a distinctive voice. With its mandate to remain within the union it is but another set of bodies warming the chairs at 'negotiation' tables listening to the dictates of the Troika.

The pragmatic difficulties of following the democratic mandate from the July 5th referendum derive from complexities that were sold as simplifications. Instead of multiple currencies the EMU would have only one— a simplification. However, any exit from the currency union will require the rapid constitution / reconstitution of a monetary infrastructure now rendered infinitely more complex through the broader project of joining finance capital's ways of conducting business. A long-term exit plan assumes that Syriza can either stay in, or regain, power when political control has already been acceded to the Troika through economic control. An unplanned exit that allows the engineered complexity of monetary integration to quickly destroy the Greek economy would most likely find desperation leading to restoration of a compliant Greek government in dramatically worsened economic conditions.

What isn't being put forward in the present, as best I can determine, is a left vision of possible economic organization either after a well-planned exit from the monetary union has been accomplished or after the broader EMU project has imploded from its own capitalist / banker-friendly design. The Western criticism that the European periphery is destined for permanent second-class status grants primacy to the wholly unsustainable political economy of the Western 'center' and to 'first-world' capitalism as a habitable form of social organization. Economic complexity is being used as a tool of social repression leaving either simplification or complexity that serves a social purpose as alternatives.