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How Neoliberalism's Moral Order Feeds Fraud and Corruption

By Jörg Wiegratz
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Corporate fraud is not just present, but is widespread in many neoliberalised economies of both income-rich and income-poor countries. Volkswagen's emissions cheating scandal is perhaps the most recent and most startling example, but the automobile industry is only one of many sectors, including banking and the arms industry, where scandals have become commonplace. Certain practices and norms that many people in the global North considered shocking only a while ago have become routine in public life.

The financial industry, whether in the US, UK, or Germany, has become characterised for years now by extensive and escalating fraud. Arguably, bankers have never been as unpopular as they are right now. It is not difficult to see why. The most vulnerable in society have suffered the most as a result of public sector cuts in western Europe. You can draw a straight line between these cuts and the post-2008 bank bailouts and market-saving interventionism of governments.

One interesting indicator of the strength of popular censure aimed at the bankers can be found on the front pages of some traditionally right-wing newspapers; newspapers that hardly have a track record of critiquing capitalism.

Even Free Lego can't distract from the low opinion around bankers.

Symbol crash

These headlines are not, however, a fundamental threat to the actual status of the bankers. They, and other powerful elites, can withstand such criticism without lasting impact because the system of power that sustains them is not vulnerable to this kind of symbolic moral criticism. It provides an extensive set of moral claims that is much more complex (and difficult to detect and untangle) than questions of whether bankers earn too much or not, or whether they are immoral or not.

We argue that bankers have a very clear and highly sophisticated moral compass that guides them in their daily work. This can apply more broadly too, and pulls in other controversial professions: property speculators, landlords, politicians, top CEOs, or bosses of sports associations.

This sounds counter-intuitive (how can bankers be moral?). But it is not useful to explain away deception and criminality in our economy with glib muttering about a weakening of morals or an absence of morals. This position typically suggests that people who harm others through fraudulent practices, have either lost their values or have no morals at all. In some of the least sophisticated analyses, it is assumed that in a battle between good and evil, corruption is simply “bad”, or a pathological flaw, or a symptom that something has gone wrong in the management of a state.

Order, order

Notably, each of the last three British Prime Ministers have at different time issued appeals for a more moral capitalism (Tony Blair and Gordon Brown), or more moral business sector (David Cameron) in response to a range of problems including bribery, high risk financial activities, interest-rate fixing and rising executive pay. That idea of simply needing more morality, or less immorality is deeply flawed.

Economic practices (including the use of deception, intimidation or violence while earning a living) are already supported by a set of specific moral views, understandings, priorities and claims. In other words, our current neoliberal economy does constitute a moral order whether we like the dominant morals or not.

We can define neoliberalism here as a means to promote the rule of the market, and drive the transfer of economic power from the public to the private sector. And in pursuing neoliberal models of growth, a huge amount of government energy is spent. We are told that support to big business is needed to secure the future, and that what is good for business is good for society. That rhetoric emphasises the social importance of free markets, flexible workers, freedom, open societies, and, more recently, fairness. All this adds up to a moral grammar of everyday life. In short, neoliberalism is underpinned by particular social values, norms and beliefs.

So how is this “common good” projected? Well, first of all, neo-liberals make major claims in defence of what they call economic freedom. This claim is generally made from an anti-state and anti-collectivist position and stresses the economic freedom of individuals. Collective trade

union freedoms and social rights are, from this perspective, constructed as the enemies of freedom as are state interventions in markets on behalf of the broader social or public interest.

Claims like this are normative, since they seek to position neoliberal policies as being in the public interest (driving competitiveness, growth, exports), and making a contribution to a “good” society. Thus, neoliberal constructions of market freedom simply tie the public interest to that of the market and of the private sector.

Mis-direction

These ideas seek to infiltrate our entire moral view of the world. Neoliberal restructuring is therefore a political-economic and moral project that targets not just the economy, but also society and culture, in its ambition to re-create societies as ever more crass capitalist market societies. As Margaret Thatcher once rather chillingly said in an interview with the Sunday Times: “Economics are the method, but the object is to change the soul”.

And what kind of soul was it Thatcher wanted us to have? One based upon materialistic individualism and a self-interested outlook of course. So, if we want to understand why conditions for fraud are now ripe across all capitalist countries and across all levels of society, we must recognise that it is not because of the lack of soul or the absence of morals, but because at the heart of the neo-liberal project, there exists a very clear set of norms, values and attitudes that have been actively encouraged, that we voted for, and which now we find so hard to rationalise or understand.