

# The Resurgence Of Political Authoritarianism: An Interview With Noam Chomsky



*Noam Chomsky*

Following the end of World War II, liberal democracy began to flourish in most countries in the Western world, and its institutions and values were aspired to by movements and individuals under authoritarian and oppressive regimes. However, with the rise of neoliberalism, both the institutions and the values of modern democracy came rapidly and continuously under attack in an effort to extend the profit-maximizing logic and practices of capitalism throughout all aspects of economic and social life.

Sketched out in broad outlines, this story explains the resurgence of authoritarian political trends in today's Western societies, including the rise of far-right movements whose followers feel threatened by the processes unleashed by neoliberal economic policies. In the former communist countries and in the non-Western world, meanwhile, authoritarianism is also on the rise, partly as a residue of authoritarian legacies, and partly as a reaction to perceived threats posed to national culture and social order by global capitalism.

Is it possible to counter this rise in extreme populism? In this exclusive Truthout interview, the world-renowned linguist and public intellectual [Noam Chomsky](#) — the author of more than 100 books and thousands of academic articles and popular essays — offers his unique insights on this and more, bringing into the analysis issues and questions that are rarely addressed in the current debates

taking place today about the resurgence of political authoritarianism.

*C.J. Polychroniou: In 1992, Francis Fukuyama published an intellectually embarrassing book titled *The End of History and the Last Man*, in which he prophesied the “end of history” after the collapse of the communist bloc, arguing that liberal democracy would become the world’s “final form of human government.” However, what has happened in this decade in particular is that the institutions and values of liberal democracy have come under attack by scores of authoritarian leaders all over the world, and extreme nationalism, xenophobia and “soft fascist” tendencies have begun reshaping the political landscape in Europe and the United States. How do you explain the resurgence of political authoritarianism in the early part of the 21st century?*

*Noam Chomsky: The “political landscape” is indeed ominous. While today’s political and social circumstances are much less dire, still they do call to mind Antonio Gramsci’s warning from Mussolini’s prison cells about the severe crisis of his day, which “consists precisely in the fact that the old is dying and the new cannot be born [and] in this interregnum a great variety of morbid symptoms appear.”*

One morbid symptom is the resurgence of political authoritarianism, a highly important matter that is properly receiving a great deal of attention in public debate. But “a great deal of public attention” should always be a warning sign: Does the shaping of the issues reflect power interests, which are diverting attention from what may be more significant factors behind the general concerns? In the present case, I think that is so, and before turning to the very significant question of the resurgence of political authoritarianism, I’d like to bring up related matters that do not seem to me to receive the attention they merit, and in fact are almost totally excluded from the extensive public attention.

It’s entirely true that “the institutions and values of liberal democracy are under attack” to an unusual extent, but not only by authoritarian leaders, and not for the first time. I presume all would agree that primary among the values of liberal democracy is that governments should be responsive to voters. If that is not the case, “liberal democracy” is a farce.

It has been well established that it is not the case. Ample work in mainstream political science shows that a majority of voters are not represented by their own

elected representatives, who listen to different voices — the voices of the donor class, great wealth and the corporate sector (Martin Gilens, *Affluence and Influence: Economic Inequality and Political Power in America*, Princeton University Press, 2014; Benjamin Page and Martin Gilens, *Democracy in America? What Has Gone Wrong and What We Can Do About It*, University of Chicago press, 2017; Larry Bartels, *Unequal Democracy: The Political Economy of the New Gilded Age*, 2<sup>nd</sup> ed., Princeton University Press, 2018, among others). Furthermore, the penetrating work of [Thomas Ferguson](#) reveals that for a long time, elections have been substantially bought, including Congress, continuing right to the present, 2016.

These facts alone show that the furor about alleged Russian interference with our pristine democratic process reveals profound indoctrination — in capitalist, not democratic, values.

Furthermore, those who find foreign interference to be especially troublesome despite its marginality should clearly be looking elsewhere. It is not even in question that Israel interferes massively in US elections and governance, proudly and ostentatiously. One recent case that was unusually brazen was in 2015, when Prime Minister Netanyahu addressed Congress without even informing President Obama in order to undermine his Iran program, a mere fragment of Israel's constant and far-reaching efforts to influence US politics.

Putting aside these secondary matters, the major attack on the institutions and values of liberal democracy is by the powerful business classes, intensifying since Reagan as both political parties have drifted toward greater subordination to their interests — the Republicans to such an extreme that by now they barely can be considered a political party. Anyone who finds this surprising must be uninformed about American society and how it functions. By now, as business power has been unleashed by its servants in the Republican Party, the traditional business attack on “the institutions and values of liberal democracy” has reached levels not seen since the Gilded Age, if even then.

Of course, it is quite legal to buy elections, to send lobbyists to congressional offices to write legislation, and in other ways “to shape public policy in a way that serves [private power's] narrow interests” — indeed, these comprise “an essential, nonaccidental part of ... business strategy,” Zephyr Teachout [writes](#) in a valuable study. Investigation has shown, she adds, that a CEO's investment in

changing laws to decrease corporate tax rates yields a vastly greater return than investment in reducing cost of production. Small wonder that all of this is normal business strategy.

Teachout cites a Supreme Court decision of 1874 which concluded that, "If any of the great corporations of the country were to hire adventurers who make market of themselves [for] the promotion of their private interests, the moral sense of every right-minded man would instinctively denounce the employer and employed as steeped in corruption." That was, of course, before the ideology of business supremacy had risen to the level of "hegemonic common sense," in Gramscian terms. The sharp transition well illustrates the force of indoctrination in a society with a powerful and highly class-conscious business community.

The Reagan-Thatcher project of enhancing untrammelled business power, carried forward and extended by their successors, has been the political reflection of a dedicated and coordinated campaign by the business classes to reverse the "crisis of democracy" of the 1960s that deeply troubled liberal international elites, who devoted the first major publication of the Trilateral Commission to this serious malady. Their prime concern was the increased engagement of popular classes in the political arena to press their demands, all of which imposes too much pressure and the state, threatening (though this remains implicit) the dominance of the business world. As the American rapporteur, Harvard professor of government Samuel Huntington, observed nostalgically, "Truman had been able to govern the country with the cooperation of a relatively small number of Wall Street lawyers and bankers," but those happy days were disappearing under the attack of the great majority, whose role in a liberal democracy is to be passive and acquiescent, a doctrine with a rich pedigree, which I've reviewed elsewhere.

That was the liberal end of the political spectrum. Toward the conservative end, at the same time, the influential "Powell memorandum," directed to the Chamber of Commerce by corporate lawyer Lewis Powell (later appointed to the Supreme Court by Richard Nixon), called for open war by the business world to defend itself from the virtual takeover of the country by radical forces that were destroying "free enterprise" under the leadership of Ralph Nader, Herbert Marcuse and other "dangerous extremists."

The messages are pretty much the same, but the rhetoric is quite different. The liberal rhetoric is largely reserved, while the business rhetoric reaches the

frenzied pitch of a 3-year-old who has all the toys and laments that one might be taken away.

The business world, of course, did not need these reminders to dedicate its resources to reversing the democratic progress and highly successful regulated capitalism of the postwar era that was indeed infringing on business power, and crucially threatening the rate of profit, as political economist Robert Brenner has shown. The neoliberal counterattack substantially beat back these threats, sharply increasing private power and the wealth of a tiny segment of the population while leaving the majority to face economic stagnation or decline, increasingly precarious lives, and the natural loss of political influence as concentrated private economic power gains even greater dominance than before.

All of this continues under the revival from the housing-financial crisis that proceeds under Obama and Trump. The latest [report](#) of the Department of Labor finds that, “From May 2017 to May 2018, real average hourly earnings decreased 0.1 percent, seasonally adjusted. The decrease in real average hourly earnings combined with a 0.6-percent increase in the average workweek resulted in a 0.5-percent increase in real average weekly earnings over this period.” Meanwhile, surging corporate profits are inflated still further by the tax scam that is the jewel in the crown of Trump’s Republican Party, overwhelmingly used for buyouts and other devices to enrich the wealthy rather than productive investment that would benefit society and lift wages.

The other side of the coin is the Reagan-Thatcher assault on unions, now advanced by the authorization of right-to-scrounge laws (in Orwellian terminology, “right-to-work” laws) by the most reactionary Supreme Court in over a century. The guiding doctrine is to create a world of isolated individuals at the mercy of concentrated private power in accord with the Thatcherite doctrine that “there is no society,” Thatcher’s unwitting paraphrase of Marx’s bitter condemnation of authoritarian leaders who sought to turn society into a “sack of potatoes.”

There are other sources for the malaise of the general population. The radical financialization of the economy during the neoliberal years and the prioritization of shareholder value, expedited by Reagan’s “[Chicago Boys](#),” has shifted corporate behavior sharply from the retain-and-invest model of the great growth years of regimented capitalism to the “buyback economy” of the neoliberal

reaction, matters [explored](#) with much insight by William Lazonick.

Apple, the world's largest corporation in market value, was once devoted to product innovation and development. Under its new CEO, Tim Cook, it has become the "buyback king," enriching shareholders (and management). Others are doing much the same. Lazonick estimates that "trillions of dollars that could have been spent on productive investment have instead been used to buy back stock in order to boost share prices," enriching the rich but not providing meaningful and steady work or useful goods. The Republican tax scam of 2018 is having the same effects, all to the detriment of working people and the general population. The rapid increase in speculation has had similar consequences. The same is true of the repeated financial crises following deregulation, severely harming the poor and working people, though no longer the culprits in the financial industry, who are bailed out by the public and emerge richer than before.

There are remedies, but their advocates remain for now at the fringes of the political economy. Though perhaps not for long.

These are, to be sure, generalities. Like most complex processes, the rise of authoritarian leaders and the concomitant anti-social tendencies are overdetermined. There are many more specific factors but the essence, I think, is along the lines just outlined.

*Today's most powerful authoritarian leaders — e.g., Vladimir Putin in Russia, Viktor Orbán in Hungary, Recep Tayyip Erdoğan in Turkey, Bibi Netanyahu in Israel and Donald Trump in the US, to name just a few — are enjoying widespread popularity with the masses and happen, in fact, to have risen to power via democratic means. What's going on? Is something wrong with today's democracy?*

Here specific causes intrude.

In the case of Western democracies — Trump, Western Europe — what's wrong with today's democracy is its decline, with the attendant attack on prospects for a decent life as the political system falls even more than usual under the control of concentrated private power and hence becomes less responsive to human needs. These are natural consequences of the concentration of wealth under the neoliberal assault against the social democratic tendencies of the early postwar decades. It should be recalled that the Great Depression and World War II

unleashed radical democratic forces over much of the world, and although the reaction of the business world was quick to come (e.g., Taft-Hartley in 1947), it was muted until the economic disruptions of the 1970s, which provided an opportunity for vigorous class war.

It's also worth recalling the rather belated recognition in 1978 by United Auto Workers President Doug Fraser that businessmen had "chosen to wage a one-sided class war in this country, a war against working people, the unemployed, the poor, the minorities, the very young and the very old, and even many in the middle class of our society" and had "broken and discarded the fragile, unwritten compact previously existing during a period of growth and progress." In fact, the class war was underway in the latter days of the pre-war New Deal years, but it was not yet one-sided, since a vigorous labor movement existed — the target of bitter and increasingly one-sided class war in the postwar years.

In Europe, the attack on democracy is amplified by the strongly undemocratic institutions of the European Union. Major decisions over policy are made by the unelected Troika — European Commission, International Monetary Fund (IMF), European Central Bank — with the northern banks right at their shoulders. The population has little to say, and knows it — a large reason for the general collapse of the centrist parties that have governed the countries since World War II.

In a very revealing [inquiry](#), economist Mark Weisbrot reviews the reports of the regular IMF consultations with member governments of the European Union. He discovered "a remarkably consistent and disturbing pattern." The financial crisis was exploited as an opportunity to lock in the neoliberal reforms: spending cuts in the public sector rather than tax increases, reduced benefits and public services, cuts in health care, undermining of collective bargaining, and in general, moves to create a society "with less bargaining power for labor and lower wages, more inequality and poverty, a smaller government and social safety nets, and measures that reduce growth and employment."

"The IMF papers," Weisbrot concludes, "detail the agenda of Europe's decision-makers, and they have accomplished quite a bit of it over the past five years." The agenda is quite familiar in the US and in fact, wherever the neoliberal assault has proceeded.

In England, Thatcher-Major and Blair's New Labour, followed by Tory austerity,

had similar effects. The Corbyn movement is an encouraging reaction, bitterly opposed by the Labour establishment and most of the media.

The other cases mentioned have their own special features.

Putin seems to have been genuinely [popular](#) throughout his tenure. Crimeans, it appears, [support](#) the takeover by Russia. There seemed to be possibilities for social democratic developments in Russia after the collapse of the Soviet Union, possibly even for mutually supportive linkages to social democratic Europe. Such hopes were dashed by the harsh effects of the US-backed market reforms, which devastated the economy and led to millions of deaths, along with opening the way for immense corruption as oligarchs took over state assets. Putin was seen by the public as a corrective to the neoliberal disaster and the decline of Russia on the world scene. Authoritarian no doubt, often brutal, but, it seems, popular.

In Israel, too, the right-wing nationalist-religious coalition is genuinely popular. Threats to Netanyahu are primarily from his right. This is quite a change from the time when Israel conquered Palestinian lands in the 1967, and soon set forth on its illegal settlement programs. The change was predicted early on by those who understood the natural dynamics of crushing people under your jackboot. One commentator who was particularly outspoken was the respected Israeli sage Yeshayahu Leibowitz. He condemned the occupation bitterly, not because of concern for the Palestinians, for whose fate he expressed only contempt, but because of the predictable effect on Jews, who, he warned, would become “Judeo-Nazis” as they carried out the tasks of repression and displacement.

The signs by now are dramatic, both in actions and in legislation, both with regard to the criminal acts in the occupied territories and the shift to unconcealed racism at home. The occupied territories include Gaza, despite Israel’s claim to the contrary, which is not even accepted by its loyal US supporter. In the full knowledge that the home of 2 million people is likely to become literally “unlivable” within a few years, as international monitors have predicted, Israel maintains its stranglehold, designed officially to keep the population on a “diet” while the self-described “most moral army in the world” pounds away with atrocities that are appalling the world.

Turkey, too, is a special case, with a long and complex history since the current Turkish state took form after World War I. Keeping to recent times, in the ‘90s,



Turkey was the scene of some of the worst atrocities of the period during the state terror campaign against the Kurds. Tens of thousands were killed, thousands of towns and villages were destroyed, hundreds of thousands — maybe millions — were driven from their homes, some now barely surviving in abandoned buildings in Istanbul. The main support for the state crimes was Washington: Clinton provided 80 percent of the arms in an increasing flow as atrocities increased. Little was reported even though the major press had bureaus in Turkey, of course. Much of the information available comes from the detailed reports of the outstanding researcher for Human Rights Watch, Jonathan Sugden — so outstanding that he was finally expelled by the government. Particularly significant were a remarkable group of Turkish intellectuals - leading writers, artists, journalists, publishers and others — who not only protested the crimes, but undertook civil disobedience, facing and sometimes enduring long and severe punishment. I know of no group like them anywhere.

By the turn of the century, the situation was improving, soon quite considerably, including the early Erdoğan years. But soon regression began under his leadership, and it has become extremely severe. Turkey held the worst record in the world for persecuting journalists, and the repression has extended to academics and many others. Vicious attacks on Kurdish areas have increased. The country is divided between a secular liberal-left sector and a deeply religious, mostly rural population. A dedicated Islamist, Erdoğan has rallied support among this sector and is relying on it to create a harsh and repressive authoritarian state with strong Islamist elements. What is happening is particularly painful to observe, not just because of the crimes, but because of the hopeful prospects that were lying ahead only a few years ago and the fact that Turkey could serve as a valuable bridge, culturally as well as economically, between West and East.

Hungary is another special case. It is a cultural/linguistic island, which has had remarkable cultural achievements and also an ugly record of fascism and cooperation with the Nazis. From what I have read — I have no close knowledge — the country has long been obsessed with the fear of decline, even disappearance — fears exacerbated by the passage of refugees through Hungary to Western Europe. The population is declining, partly from low fertility, partly from a large exodus to the West. Orbán has exploited these fears to construct an “illiberal democracy” dedicated to “saving Hungary” and “traditional values,” with the usual xenophobic and racist elements of [such appeals](#).

There's a good deal more to say about racism in Europe, not visible when the populations are highly homogenous, but quickly apparent as soon as there is any "contamination" by those who are a bit different. And there is no need to comment on the history of the Jews, and of the Roma right to the present.

*Speaking of authoritarian leaders, I've been dumbfounded by the US political establishment's reaction to Trump's handling of the Helsinki summit with Putin. What's wrong with the idea of the US and Russia working together to address major international issues facing the world today, including the threat of nuclear weapons? What's your own reaction to this matter? Was Trump wrong? Was he being "anti-American"?*

There's surely nothing wrong with the US and Russia seeking rapprochement and cooperation on such issues. It is essential for hopes for a better future, even survival. Russia should not refuse to deal with the US and (were it imaginable) impose sanctions on the US and UK because they invaded and devastated Iraq with all of the hideous regional consequences, or (with France) destroyed Libya with terrible effects from West Africa to the Levant, along with other crimes too numerous to mention. Or conversely (putting aside the scale of crimes).

There are numerous issues on which the countries must cooperate, and sometimes do, as in Syria to avoid clashes that could set off war. The needs are far greater at the Russian border, where, as a result of NATO expansion and build-up of forces, accidents with indescribable consequences could easily occur. There are many other cases where serious interchange is necessary. On nuclear issues, even more so. As we've discussed elsewhere, Obama's programs of modernization of nuclear weapons increased "killing power" sufficiently to create "exactly what one would expect to see, if a nuclear-armed state were planning to have the capacity to fight and win a nuclear war by disarming enemies with a surprise first strike," as explained in an important [study](#) in the Bulletin of the Atomic Scientists. Trump's nuclear programs enhance the threat even beyond, with new and very dangerous weapons systems and severe lowering of the threshold for nuclear war — an existential threat to Russia, and the world; even the attacker would be devastated by a first-strike. Under George W. Bush, the US withdrew from the Anti-Ballistic Missile treaty, another serious threat to Russia. Russian weapons initiatives and reactions also enhance the threat of terminal destruction.

Turning to Trump, his actions make no sense at all if they are guided by some geopolitical strategy. On the one hand, he is talking politely with Putin (some say genuflecting) and calling for reduction of tensions, while on the other hand, he is significantly escalating tensions and threats. The nuclear program just mentioned is one very serious example. He is also sending arms to Ukraine and increasing NATO forces and operations on the Russian border — actions that any Russian leader would regard as a severe threat. Harsher sanctions have been imposed on Russia, which is by no means unaware of the increasing threats - how could they be? The business press, citing US Treasury reports, [observes](#) that Russia is “liquidating dollar assets at a record pace, selling four-fifths of its cache of U.S. government debt, \$81 billion worth, over a two-month period” in order to safeguard assets in case relations continue to deteriorate.

While Trump’s policies make no sense from a geostrategic perspective, they fall into place on the assumption that he is continuing to pursue his “[Me First](#)” agenda, damn the consequences for the world, matters we’ve discussed before. The agenda requires maintaining the loyalty of his base and ensuring that they will remain loyal if the Mueller investigation comes up with something that damages him. The centerpiece of his press conference with Putin, bitterly condemned by elite opinion, was his effort to discredit Mueller. The tactic is succeeding quite well. A large majority of Republicans approve of the way Trump dealt with Putin, and [polls](#) show that Mueller’s public image is at an all-time low.

Meanwhile, the sharp escalation and threats satisfy the national security hawks.

The latter constitute a broad spectrum. While it is sometimes hard to believe, we cannot overlook the fact that the most highly regarded moderates firmly uphold doctrines that are, quite literally, too outlandish to discuss. For example, Richard Haass, a respected scholar and diplomat and long-time president of the influential Council on Foreign Relations, [instructs us](#) with a straight face that “International order for 4 centuries has been based on non-interference in the internal affairs of others and respect for sovereignty. Russia has violated this norm by seizing Crimea and by interfering in the 2016 US election. We must deal [with] Putin’s Russia as the rogue state it is.”

Words fail.

*In Israel, a controversial bill about the “Jewish nation-state” was just passed that*

*makes no mention of minority rights. Is there something new behind the passing of this bill that wasn't always a reality from Israel's standpoint of view?*

Regrettably, within Israel itself, the new nationality law of July 2018 was not very controversial, though it has appalled liberal opinion throughout the world. Rather typical is what is happening in the US, which since the 1967 war, has been Israel's leading supporter. For a long period, Israel was the darling of liberal and progressive opinion. By today, [that has changed considerably](#). "According to a Pew Research Center survey in April [2018], self-described liberal Democrats were twice as likely to sympathize with Palestinians over Israel than they were only two years ago. Forty percent of liberals sympathized more with Palestinians, the most since 2001, while 33 percent sympathized more with Israel."

Support for Israel has shifted to the ultranationalist right and Christian evangelicals — many of whom combine passionate support for Israel with the doctrine that the Second Coming, perhaps very soon, will consign all Jews to the torments of eternal perdition apart from a very few who will find Christ in time — a level of anti-Semitism unmatched even in Nazi Germany.

Israel is well aware that it is losing support among sectors of world opinion that have at least some concern for human and civil rights. It is therefore seeking to expand its base of support to the East, primarily to China and India, the latter becoming a very natural ally for a number of reasons, including the drift in both societies toward ultranationalism, reactionary internal policies and hatred of Islam. It is also firming up what have been tacit alliances with the most reactionary and brutal Arab states, Saudi Arabia and the UAE, joined now by Egypt under the current harsh military dictatorship.

The new nationality law declares Israel to be the nation-state of the Jewish people, downgrades the status of Arabic and formally authorizes Jewish-only communities. It does break some new ground, but not very much. What is new is primarily the elevation of these racist principles to the Basic Law — constitutional status. Long ago, Israel's highest court determined that Israel is "the sovereign state of the Jewish people" ... but not the state of its 20 percent non-Jewish citizens, essentially the same doctrine.

One of the few articulate critics of the new law, the fine Israeli writer Yitzhak Laor, [reminds us](#) that in debates on the Land Law of 1960, Zerach Warhaftig, a

founder of the National Religious Party and a signer of the Declaration of Independence, declared that, "We wish it to be clear that the land of Israel belongs to the nation of Israel. *Nation of Israel* is a wider concept than the nation that lives in Zion, because the nation of Israel is found in the entire world.... [In this new law] there is a very great judicial novelty: we are giving a legal cover to the regulations of the Keren Kayemet leYisrael [Jewish National Fund, or JNF]" (translated from Hebrew).

The JNF regulations in turn obligate the organization to work for the benefit of "persons of Jewish race, religion, or origin." It may be added that these radical violations of civil rights are funded by American taxpayers thanks to the tax-free status of the JNF as a charitable organization.

Warhaftig was quite right almost 60 years ago. An array of legal and administrative rules was established to ensure that the JNF would have authority over all state lands - 93 percent of the territory of the country - hence, authority to ensure that lands would be reserved for Jews alone, with minor and derisory exceptions. Details are spelled out and documented in my *Towards a New Cold War* (1982).

Laor reminds us that since the law was established, "700 settlements were established, all for Jews, apart from a few cities for [displaced] Bedouins (which merit ridicule)." Meanwhile, the 20 percent non-Jewish minority has been restricted to the 2 percent of the land allotted to them when the state was established 70 years ago.

In 2000, the racist land administration arrangements finally reached Israel's High Court. It issued a narrow ruling that granted the petitioners, a professional Arab couple, the right to move to the all-Jewish town of Katzir. Very soon, arrangements began to be contrived to get around the law, but now it is no longer necessary, since segregation is legally authorized by the Basic Law.

Much of this should be familiar to Americans. New Deal public housing projects were restricted to whites by laws that remained in effect until the late 1960s, when it was too late to help African Americans because the postwar years of rapid and egalitarian growth, which offered them some opportunities, were coming to an end, and the neoliberal assault was soon to come, imposing stagnation. Another grim chapter in the history of racism in America.

Also familiar to Americans is US isolation in support of such measures (with the attractive exceptions noted earlier), now reaching new levels in the Trump administration. In the last days of the Apartheid regime in South Africa, Reagan was alone in the world in supporting it, even denying the existence of Apartheid, even after Thatcher and Israel had abandoned the sinking ship. We might also recall that during the last throes of Apartheid, in 1988, the Reagan administration declared Nelson Mandela's African National Congress to be "one of the more notorious terrorist groups" in the world. While greatly honored internationally, Mandela remained on the US terrorist list until 2008, when at last a congressional resolution allowed him to enter the "land of the free" without special dispensation.

Often, there is indeed little new under the sun.

*The World Bank continues to support authoritarian regimes throughout the Global South by providing funds and bailouts. How can the UN and Western democratic governments tolerate such a stance on the part of the World Bank?*

Unfortunately, the answer is all too clear. As their own practice consistently illustrates, the "Western democratic governments" pursue similar policies with enthusiasm. It should be superfluous to illustrate, but since we live in an atmosphere of self-celebration, it might be useful to consider at least one example. Take the Congo, which should be one of the richest and most advanced countries of the world, with huge resources and no threats — from its neighbors, that is. When Europe was despoiling Africa, the Congo was the domain of King Leopold of Belgium, whose hideous crimes surpassed even the normal standards of the "enlightened" West. He didn't pass without censure. In the famous 11<sup>th</sup> edition of the *Britannica*, the article on the monarch lauds his achievements, but does add a phrase at the end saying that he treated his subjects harshly — slaughtering millions and ordering atrocious tortures to gain more rubber for his overflowing coffers.

"The horror, the horror" finally came to end in 1960, when Congo declared independence. Its leading figure was the young charismatic Patrice Lumumba, who might have extricated Congo from the misery of colonialism. But it was not to be. The CIA was assigned the task of murdering him, but the Belgians got there first, and together with other liberal democracies, helped plunge Congo back to terror and destruction under the leadership of the Western favorite, the

murderous kleptomaniac Mobutu, who ensured that the riches of the Congo would flow in the right direction. Fast forwarding to today, all of those who enjoy smart phones and other technical delights benefit from the rich minerals of Eastern Congo, handed over to the multinationals hovering nearby by warring militias and marauders from US-backed Rwanda while the death toll mounts to many millions.

That Western democracies should tolerate support for authoritarian regimes is not much of a mystery.

*What do you think will take to halt the spread of political authoritarianism across the globe?*

The familiar advice, easy to state, hard to follow, but if there's another way, it's been kept a dark secret: honest, dedicated, courageous and persistent engagement, ranging from education and organization to direct activism, carefully honed for effectiveness under prevailing circumstances. Hard work, necessary work, the kind that has succeeded in the past and can again.

Copyright © Truthout. May not be reprinted without [permission](#).



CJ

Polychroniou

*C.J. Polychroniou* is a political economist/political scientist who has taught and worked in universities and research centers in Europe and the United States. His main research interests are in European economic integration, globalization, the political economy of the United States and the deconstruction of neoliberalism's politico-economic project. He is a regular contributor to Truthout as well as a member of Truthout's Public Intellectual Project. He has published several books and his articles have appeared in a variety of journals, magazines, newspapers and popular news websites. Many of his publications have been translated into several foreign languages, including Croatian, French, Greek, Italian, Portuguese, Spanish and Turkish. He is the author of [Optimism Over Despair: Noam Chomsky On Capitalism, Empire, and Social Change](#), an anthology of interviews with Chomsky originally published at Truthout and collected by Haymarket Books.

---

# Towards A Progressive Political Economy In The Aftermath Of Neoliberalism's "Creative Destruction"



CJ

Polychroniou

## *Abstract*

The article argues that, after 45 years of 'neoliberal destruction', the time is ripe for moving forward with the adoption of a new set of progressive economic policies (beyond those usually associated with classical Keynesianism) that will reshape advanced societies and the global economy on the whole by bringing back the social state, doing away with the predatory and parasitic practices of financial capital, and charting a course of sustainable development through a regulatory regime for the protection of the environment while promoting full employment, workers' participation in the production process, and non-market values across a wide range of human services, including health and education.

## *Policy recommendations*

- Capitalism is an inherently unstable socioeconomic system with a natural tendency toward crises, and thus must be regulated; especially the financial sector, which constitutes the most dynamic and potentially destructive aspect of capital accumulation.
- Banks, as critical entities of the financial sector of the economy, are in essence social institutions and their main role or function should be to accept deposits by the public and issue loans. When banks and other financial institutions fail, they should be nationalized without any hesitation and all attempts to socialize losses should be immediately seen for what they are: unethical and undemocratic



undertakings brought about by tight-knit linkages between governments and private interests. In periods of crisis, the recapitalization of banks with public funds must be accompanied by the state's participation in banks' equity capital.

- Markets are socially designed institutions, and as such, the idea of the “free market” represents one of the most pervasive and dangerous myths of contemporary capitalism. From antiquity to the present, trade was based on contracts and agreement between government authorities and was spread through the direct intervention of the state. Human societies without markets cannot thrive. However, markets often function inefficiently (they create oligopolies, give rise to undesirable incentives and cause externalities), and they cannot produce public goods in sufficiently large quantities to satisfy societal needs. Therefore, state intervention into markets is both a social need and a necessary moral obligation.

- The economic sphere does not represent an opposite pole from the social sphere. The aim of the economy is to improve the human condition, a principle that mandates that the process of wealth creation in any given society should not be purely for private gain but, first and foremost, for the support and enhancement of economic infrastructure and social institutions for further economic and social development; with the ultimate goal being the attainment of a decent standard of living for all citizens. Free education and health care should be accessible to everyone, along with the right to a job. Indeed, full employment (See Pollin, 2012) must become a key pillar of a progressive economic policy in the 21st century.

- Workplaces with a human-centered design must replace the current authoritarian trends embodied in most capitalist enterprises, and participatory economics (social ownership, self-managing workers, etc.,) should be highly encouraged and supported.

- The improvement of the quality of the environment (with key priorities being the protection and preservation of ecosystems in oceans and seas and the protection of forests and natural wealth, in combination with policies seeking to address the phenomenon of climate change) ought to be a strategic aim of a progressive economic policy, realizing that the urgency of environmental issues concerns, in the final analysis, the very survival of our own species.

### *Introduction*

For the past forty-five or so years, progressive economic policy in the advanced capitalist societies has not only been losing ground steadily to neoliberal

economic actions and outlooks but is in real danger of becoming a thing of the past. The result – in spite of a strong U.S. stock market performance and low interest rates — has been anemic growth (growth rates during the neoliberal era have been cut in half in comparison to growth rates during the 1950s and 1960s), massive unemployment in many European countries, huge levels of inequality, declining standards of living (with the US being very close to the top of the list) and growing immerization, all of which have provided fertile ground for the emergence of far-right and extreme nationalist movements which, interestingly enough, seem to promise voters a return to the “golden age” of capitalism.

By “progressive economic policy,” I mean those actions aimed at establishing a regulated and mildly egalitarian form of capitalism through the use of government power. The ultimate aim of progressive economics is to provide higher incomes for and better standards of living for average workers. Progressive economics should not be conflated with socialism. Progressive economics may be seen as representing an offshoot of the socialist tradition, but only under certain sociopolitical settings, as in the case, perhaps, of the Nordic countries.

By “neoliberal economics,” I mean those policies that promote deregulation of the economy and seek to shift the orientation of the state as far away as possible from redistribution and a socially-based agenda, and toward strengthening the interests of finance capital and the rich.

Having said that, it should also be pointed out that neoliberal economics should not be seen as a natural offshoot of classical economics, but rather as a distinct 20th-century movement guided by anti-statist views and an explicitly antilabor outlook. **[1]** This is the version of neoliberalism developed by Milton Friedman and the so-called Chicago School, and is usually associated with the Pinochet regime in Chile and later on with the freemarket policies of Margaret Thatcher and Ronald Reagan. (See Jones, 2012).

In the United States, the adoption of neoliberalism as an economic model coincides with the deindustrialization period, which undermined the economy’s industrial base and undercut the power and influence of the labor movement and was solidified during Reagan’s years in power.

It can be argued that, in the course of the 20th century, the United States has had only two administrations that pursued determinately progressive economic policymaking: those of Franklin Delano Roosevelt, with the New Deal programs, and of Lyndon Johnson, with the Great Society programs. In an interesting twist of

history, Richard Nixon was perhaps the last “liberal” US president on the economic and social front. **[2]**

In Europe—save England, where Thatcher launched the neoliberal economic counterrevolution at about the same time Reagan was elected president—the shift occurs a bit later: around the mid-1980s in nations like Germany and France, and even a bit later in the peripheral countries of Europe like Greece and Spain. By the mid-1990s, most western European societies, with the exception of the Scandinavian countries, can be roughly characterized as being neoliberal. The abrupt transition to neoliberal economic policymaking in Europe is enshrined in the 1992 Treaty of the European Union, also known as the Maastricht Treaty.

The story of the rise of neoliberalism has been told in countless ways and from myriad points of view in the course of the last forty-five or so years. Still, oversimplifications of the actual meaning of neoliberalism abound and ideological biases often enough get in the way of lucid and dispassionate analyses. **[3]**

In a way, this is because neoliberalism itself is more of an ideological construct than a solidly grounded theoretical approach or an empirically-derived methodology. In fact, the intellectual foundations of neoliberal discourse are couched in profusely vague claims and ahistorical terms. Notions such as “free markets,” “economic efficiency,” and “perfect competition” are so devoid of any empirical reference that they belong to a discourse on metaphysics, not economics.

Essentially, neoliberalism reflects the rise of a global economic elite and is used mostly as an ideological tool to defend the interests of a particular faction of the capitalist class: that of finance capital.

The neoliberal transition in the world economy is associated, then, with the rise to dominance of financial capital and the sharp changes that occur in the social structure of capital accumulation, with developments in the US economy leading the way among advanced capitalist economies.

Indeed, financialization, although not synonymous with neoliberalism, is a key feature of the latter. **[4]**

The economic slowdown in the 1970s and the inflationary pressures that went along with the first major postwar systemic capitalist crisis created a window of opportunity for antistatist economic thinking, which had been around since the 1920s but was spending most of its time hibernating because it lacked support

among government and policymaking circles and had very few followers among the members of the chattering classes. The postwar capitalist era was dominated by the belief that the government had a crucial role to play in economic and societal development.

This was part of the Keynesian legacy, even though Keynesian economics was never fully and consistently applied in any capitalist country.

Industrial capitalism, the production of real goods and services for the benefit of all members of a society, required extensive government intervention; both as a means to sustain capital accumulation and as a way to ensure that the toiling population improved its standard of living so it could purchase the goods and services that its own members produced in the great factories of the Western industrial corporations.

The rise of the middle class in the West took place predominantly in the first fifteen years or so after World War II and was an outcome brought about by the combination of a thriving Western capitalist industrial base and interventionist government policies. Governments and the industrial capitalist classes understood only too well that economic growth and social prosperity had to go hand in hand if the system of industrial capitalism was to survive.

Maintaining “social peace,” a long sought-after objective of governments and economic elites throughout the world, mandated that the wealth of a nation actually trickled down to the members of the toiling population. The improvement of the working class’s standard of living was essential to the further growth of industrial capital accumulation.

To be sure, it took at least a couple of centuries before industrial capitalism reached a stage where its own survival and future growth were predicated on a steady increase of living standards among a nation’s general population. In postwar capitalist economies, providing the working class with the means for their reproduction meant increasingly improving their economic purchasing power and providing them with access to educational opportunities, so they could make a substantially greater contribution to productivity while also being turned into potential consumers.

In all this, the government had a key role to play as it was the only agent with the capability of providing the opportunities and the resources needed for the materialization of a society of plenty; a society in which the fruits of labor were not the exclusive domain of the class that owned the means of production.

All this came to a rather abrupt end sometime around the mid-to-late 1970s, when advanced capitalism found itself in the grips of a major systemic crisis brought about by new technological innovations and declining rates of profit. The social structures of accumulation that had emerged after the Second World War began to dissolve. Policy shifted in the direction of unregulated markets as a means of overcoming the declining rate of profit, while the “welfare state” was in the process of being dismantled. In this context, the postwar regime of “managed capitalism” gave way to “unfettered markets,” and a capital globalization process ensued that today encompasses virtually all economies in the world.

### *The Neoliberal Nightmare and Thinking Our Way Out of It*

At the heart of the neoliberal vision is a societal and world order based on the prioritization of corporate power and free markets and the privatization of public services. The neoliberal claim is that economies would perform more effectively, producing greater wealth and economic prosperity for all, if markets were allowed to perform their functions without government intervention. This claim is predicated on the idea that free markets are inherently just and can create effective lowcost ways to produce consumer goods and services. By extension, an interventionist or state-managed economy is regarded as wasteful and inefficient, choking off growth and expansion by constraining innovation and the entrepreneurial spirit.

However, the facts say otherwise. During the period known as “state-managed capitalism” (roughly from 1945–73, and otherwise known as the classical Keynesian era), the Western capitalist economies were growing faster than at any other time in the 20th century and wealth was reaching those at the bottom of the social pyramid more effectively than ever before. (See Hickel, 2012) Convergence was also far greater during this period than it has been during the last forty-five or so years of neoliberal policies. Moreover, under the neoliberal economic order, Western capitalist economies have not only failed to match the trends, growth patterns, and distributional effects experienced under “managed capitalism,” but the “free-market” orthodoxy has produced a series of never-ending financial crises, distorted developments in the real economy, elevated inequality to new historical heights, and eroded civic virtues and democratic values. In fact, neoliberalism has turned out to be the new dystopia of the contemporary world.

Our era is ripe for change. Neoliberalism is politically and morally bankrupt, yet a new vision for economic policymaking in the 21st century has yet to be fully

articulated, let alone become a convincing alternative to the neoliberal model. In this regard, progressive economics which go beyond the policies advocated by Keynes himself, particularly ideas such as workers' participation, income distribution, sustainable development, and environmentally friendly policies, can be of vital importance in galvanizing public support for a new socioeconomic order.

Contrary to radical neoliberal political discourse, the state has not disappeared under the process of globalization; nor has it become weaker. It has merely been refocused, so it can perform activities more amenable to the needs and demands of the global financial elite.

The state, as a social institution, does retain a certain degree of relative autonomy, and thus it can be recaptured by progressive forces determined enough to work toward the realization of a just and decent society, instead of standing idly by and watching elected public officials squander the common good (officials eager to get into office in order to serve big business interests so they can later pursue lucrative private sector roles).

The most critical issues facing advanced industrialized societies today are the power that finance capital exerts over the domestic economy and the social ills it frequently causes due to financial busts, financial scandals, and plain untamed greed. Finance capital is economically anti-productive (it does not create real wealth as such), socially parasitic (it lives off revenues produced in other sectors of the economy), and politically antidemocratic (it places constraints on the distribution of wealth, creates unparalleled inequality, and strives for exclusive privileges).

The future of Western liberal societies may very well depend on radical changes regarding the relationship between government and finance capital, government and the military-industrial complex, and the ways through which the public sector approaches development and employment. State power needs to be reaffirmed from the perspective of the advancement of a nation's general welfare, and thus must cease being a tool of finance capital and of the global economic elite. In order for that to happen, public discourse needs to be energized and involve the widespread participation of citizens and communities.

In this regard, a progressive political economy to economic and social problems facing the 21st century must entail the utilization of participatory democracy as an essential and irreducible factor in the design and materialization of a new

socioeconomic order beyond global neoliberalism. For the truth of the matter is that the dominance of finance capital has caused severe blows not only to economic development as such but to democratic political culture and society as a whole. (See Gilens, 2012).

Democracy is at a stage of steep and long-term decline and the “general will” has been transformed into an exclusive privilege of the superrich and powerful among us. (See Bartels, 2018).

Finance capital should no longer be allowed to define the terms of the game on the basis of its own needs and interests and should retreat into serving the needs of the real economy.

The current levels of public and private debt are too big for a recovery to take place, and all future policies aimed at sustainable development are certain to fail if the issue of debt is not addressed, mainly through a huge write-down. Under the current levels of debt accumulated by most advanced industrialized societies, austerity will be increasingly seen as a necessary condition for economic stabilization, causing further economic decline and greater debt-to-GDP ratios in the end. In this manner, a major debt restructuring plan should be put on the public agenda of all industrialized economies around the world, along with the design of a new global financial architecture in the interests of the real economies and the economics of environmental sustainability and social development. What is required is a vision of a humane socio-economic order and the subsequent taming of the aggressive, socially destructive pursuit of private interests.

For that to happen, the Left must restore a sense of the common good on the basis of an unashamedly declared progressive economic policy, with class at its core, and return to the principles and values of universal human rights.

As things stand, the global capitalist economy and contemporary western societies in general function in a very asymmetrical and dangerous manner: the rich get richer and the poor get poorer. Global neoliberalism suppresses wages, increases inequality, and destroys the social fabric. Capitalism is a socioeconomic system in dire need of a replacement, and a new social order is very much needed. **[5]** In this manner, the responsibility falls clearly on progressive political economy to chart a fullfledged alternative course, with UNCTAD’s 2017 Trade and Development Report, titled [Beyond Austerity: Towards a Global New Deal](#), providing a possible starting point.

*Notes*

This article is a revised version of a policy paper that had originally appeared as a Levy Institute publication.

**[1]** Adam Smith, for one, whom neoliberals all claim as one of their own, was a supporter of the French Revolution and of labor laws. Were Smith alive today, his attacks on the frivolous aristocrats who used regulation for their own benefit might have been extended to the power held by the Wall Street financial gang. Indeed, let us not forget that the same man who wrote the *Wealth of Nations* had previously written *The Theory of Moral Sentiments*, which was partly a critique of capitalism. Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations* was regarded as hogwash by some of his keenest supporters, especially there part about the origins of wealth and the emphasis on "free market" economics, but it was also seen as a most convenient ideological tool to be used against the kind of developments unfolding in France as a result of the Reign of Terror and in defense of the interests of the new capitalist class on the continent. Yet even in that rather ideologically loaded piece of work, Smith left no doubt what he thought of capitalists, emphasizing repeatedly their desire to manipulate prices. For an enlightening discussion of Smith's legacy, see Emma Rothschild, "Adam Smith and Conservative Economics." *Economic History Review* 45, no. 1 (February 1992): 74-96; and Emma Rothschild, *Economic Sentiments: Adam Smith, Condorcet, and the Enlightenment*. Cambridge, MA: Harvard University Press, 2002.

**[2]** While the distinction between "liberal" and "progressive" is not always obvious, a "progressive" administration is one which is explicitly committed to social values such as justice and equality and tends to rely more heavily on government power to steer the course of the economy and set the rules of corporate behavior. In juxtaposition, a "liberal" administration tends to favor the emergence of "consent" among competing parties (which in practice usually implies surrendering to the power of the dominant economic group) and uses a milder form of government intervention in guiding a nation's economy.

[3] A good exception is the account of neoliberalism provided by David Harvey (2005) in his highly readable book *A Brief History of Neoliberalism*. Oxford: Oxford University Press.

4. For an insightful analysis on financialization, see [://www.peri.umass.edu/publication/financialization-there-s-somethinghappening-here](http://www.peri.umass.edu/publication/financialization-there-s-somethinghappening-here)

5. For a challenging discussion of what a new social order might look like under



the auspices of a progressive socioeconomic agenda, see the recent conversation between Noam Chomsky and Robert Pollin. <https://truthout.org/imagining-anew-social-order-noam-chomsky-and-robertpollin-in-conversation/>

### *References*

Bartels, L. (2018). *Unequal Democracy: The Political Economy of the New Gilded Age*, 2nd ed. Princeton: Princeton University Press.

Gilens, M. (2012). *Affluence and Influence: Economic Inequality and Political Power in America*. Princeton: Princeton University Press.

Hickel, J. (2012). [http://www.newleftproject.org/a\\_short\\_history\\_of\\_neoliberalism\\_and\\_how\\_we\\_can\\_fix\\_it](http://www.newleftproject.org/a_short_history_of_neoliberalism_and_how_we_can_fix_it)

Jones, D. S. (2012). *Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics*. Princeton, NJ: Princeton University Press.

Pollin, R. (2012). *Back to Full Employment*. Boston, MA: MIT Press.

---

# **Marcel ten Hooven ~ De ontmanteling van de democratie**



*Marcel ten Hooven - Ills.*

Marcel ten Hooven begint zijn boek *De ontmanteling van de democratie* met te memoreren welke drie boeken hij leest tijdens het schrijven en welke lessen hij eruit trok voor de democratie. Philip Roths boek [The plot against America](#) over 'de krachten die de democratie en de rechtsstaat ondermijnen, aanvankelijk als een giftig maar reukloos gas dat vanonder de deur komt' komt terug in het eerste deel van Ten Hoovens boek, dat gaat over het dreigend verval van de democratie. In het tweede deel 'Hoe de kunst van het samenleven verstoord raakt - en wat er aan te doen' is Ten Hooven schatplichtig aan Marten Toonders *De zwarte Zwadderneel*, dat ondanks alle zwartgalligheid laat zien dat het toch nog niet zo erg is gesteld met onze democratie, want in landen met een 'langdurige democratische en rechtsstatelijke traditie krijgen autocratische of dictatoriale krachten niet zomaar een kans'. Uit *Theodicee* van F.B. Hotz leent hij de moraal, dat de democratie nooit af is en dat we erover moeten nadenken, praten en discussiëren. Aan dit proces wil Ten Hooven een bijdrage leveren.

Maar Ten Hooven is vooral schatplichtig aan de Franse politieke filosoof Claude Lefort en diens definitie van 'de lege plaats van de macht': een plek die niemand kan claimen, de plaats van de macht is symbolisch leeg. Macht mag nooit definitief door een meerderheid worden bezet. De politiek is de publieke ruimte waarin verschillende standpunten worden uitgewisseld. Macht kan alleen tijdelijk worden gerepresenteerd. Democratie is een lerend systeem, nooit af. Het zoekt naar een middelpunt kracht op partijen. Hierin onderscheidt de democratie zich als politiek systeem van totalitarisme.

'De ontmanteling van de democratie' gaat in op de ideologische armoede van de volkspartijen, het asociale neoliberalisme, de valse beloftes en de zondebokpolitiek van het populisme met Trump als voorbeeld, maar ook op de groeiende ongelijkheid, de verminderde solidariteit en de invloed van nepnieuws. Voor Marcel ten Hooven schuilt de essentie van de democratie in haar maatschappelijke betekenis. Naast een stelsel van rechten om iedereen een stem te geven, is zij een vorm van beschaving die het mogelijk maakt fatsoenlijk met elkaar om te gaan. Het betekent vooral rekening te houden met minderheden en hun ook ruimte te bieden; het gaat meer om de bescherming van minderheden dan om de vorming van een meerderheid (zie ook *Halleh Ghorashi*: <http://rozenbergquarterly.com/halleh-ghorashi/>) in een door Felix Merites

georganiseerd debat) en het recht dat het hoogste gezag is in een democratie. In bestuurlijke zin betreft de democratie burgers bij besluitvorming over maatschappelijke kwesties; in morele zin helpt zij de samenleving de ambiguïteit in het dagelijkse leven te verdragen. De democratie legt bij ieder individu een verantwoordelijkheid voor het geheel, dat maakt de democratie breekbaar en ook fragiel 'doordat zij zelf haar eigen tegenmachten kan maken en breken en doordat zij zowel op de vorming als op de inperking van macht is gericht'.

De westerse democratieën zijn de laatste decennia instabiel geworden: het westerse liberale waardenstelsel met zijn normen voor democratie, rechtsorde en menselijke waardigheid staat onder druk. Niet alleen van buitenaf (terrorisme, autoritaire regimes) maar ook van binnenuit (populistische reactie) en zelfs van bovenaf (Trump) wordt zij ondermijnt. De liberale democratie wordt ook in Europa aangevallen door autocraten (Rusland, Polen, Hongarije, Tsjechië, Turkije).

Het populisme is ondemocratisch, omdat de 'volkswil' altijd een constructie zal zijn, zoals bijvoorbeeld bij het referendum: de volkswil is slechts een momentopname van de wil van de meerderheid, en dan alleen nog van degene die stemden. Populistische leiders politiseren de complexiteit van de pluriforme samenleving. Voor elk probleem is een directe oplossing, zoals het intrekken van rechten en de sluiting van grenzen. Zo breekt Trump systemen af - het klimaat, de zorg en de geopolitiek - zonder enkel alternatief. Trumps invloed heeft een demoraliserende werking op Amerika. "Het wekt een revolutionaire woede tegen de bestaande orde, dat is haar voedingsbron, maar het wringt zich wel binnen dat systeem omhoog naar de machtsposities."

Het democratisch systeem met haar trage stelsel, dat met zoveel belangen rekening moet houden, is een makkelijke prooi voor partijen die het onvervulde verlangen benutten als wapen voor eigen doel. Democratie en rechtsstaat moeten zich staande zien te houden onder de druk van permanente ontregeling door het populisme.

De tijd van vooruitgang is voorbij. De sociale verhoudingen zijn verstoord doordat de besteedbare inkomens stagneren en de particuliere schulden toenemen, bedrijfswinsten stijgen, de bijdrage van ondernemingen aan de belasting worden kleiner, aldus Ten Hooven. Samenbindende krachten verzwakken, er is een groter contrast tussen winnaars en verliezers als gevolg van de penetratie van het

neoliberalisme in het politieke denken. In het liberalisme stond de rechtstaat en democratie nog centraal; in het neoliberalisme is de markt het oriëntatiepunt.

Liberalisme, de beschermer van een open samenleving en van de individuele vrijheid is in de politiek nooit af. Neoliberalisme daarentegen is dogmatisch, en wordt gekenmerkt door een blind geloof in de markt als ordenend mechanisme, zowel in de economie als in het onderwijs, kunst, de wetenschap, de zorg. Marktwerking en concurrentie zijn bepalend. In het neoliberalisme is de staat verdwenen daar waar het liberalisme haar onmisbaar acht en intervenueert het steeds meer in bijvoorbeeld ons privé leven, waar het liberalisme juist dwars is van een controlesysteem. Bij het neoliberalisme en het populisme ontbreken een disciplinaire werking, en kun je spreken van een toenemende morele bemoeizucht van de politiek met de maatschappij. De scheiding verdwijnt dan in de politiek waar de macht wordt gevormd, en de samenleving waar de moraal wordt gevormd. Hiervan is de euthanasiewet voor Marcel ten Hooven een goed voorbeeld. Het is gevaarlijk als politici hun macht in dienst stellen van de moraal die zijzelf wenselijk achten. Ten Hooven noemt de al eerder aangehaalde Franse politieke filosoof Claude Lefort, die 'de lege plaats van de macht' als het kenmerk van een democratie ziet. Zij mag nooit één worden met degenen die de kiezers tijdelijk de krachtigste stem in de regering hebben gegeven. Nu wordt die lege plek van macht in bijvoorbeeld Hongarije, Turkije en Polen opgevuld, doordat hun regimes de rechterlijke macht wettelijk aan zich ondergeschikt maakt. Een verstoring van de trias politica. De lege plaats van de macht willen populistten definitief vullen met dat wat zij de stem van het volk noemen, de stem van de meerderheid van dat moment.

“Het neoliberalisme geeft de economie een krachtige impuls, maar vergroot de ongelijkheid en heeft op de maatschappij een ontbindend effect, zonder dat mensen daar veel tegenwicht aan kunnen bieden. Het trekt het sociale weefsel los. Het populisme wil dat weer aaneenknopen, maar doet dat met een regressieve politiek, gestoeld op een fantasiebeeld over een veilige, gesloten natiestaat van vroeger, die de welvaart voor zichzelf kon houden.”



Wat kan nu een democratie verdragen? Er is een grens wat de democratie aan ongelijkheid kan hebben. De grote ongelijkheid in bijvoorbeeld de VS betreft geen onvermijdelijke ontwikkeling, maar is een direct bewust nagestreefd doel van de politieke invloed die de rijken uitoefenen op de wetgeving, met de Republikeinen als hun belangenbehartigers, aldus Ten Hooven. Hij constateert dat in een samenleving met harde scheidlijnen tussen maatschappelijke groepen de democratie aan betekenis verliest als proces waarin de gedeelde belangen van de burgers worden geformuleerd. Het is slecht voor de democratie als zich

er in een bovenlaag van asociale klasse manifesteert zonder enige binding met de publieke zaak. Er ontstaat een wederzijds isolement wat zich in de Amerikaanse politiek uit in een 'hypergepolariseerde verhouding tussen de Republikeinen en de Democraten'. De ene partij blokkeert de ander al bij voorbaat. Een sociaal ontbindend effect van grote ongelijkheid. Ook in Nederland beginnen zich gescheiden sociale netwerken tussen lager - en hoger opgeleiden af te tekenen en dat leidt tot twee antagonistische leefwerelden: die van universalisten (positief t.o.v. open grenzen, andere culturen, immigranten) en die van particularisten (nadelen van open grenzen en immigratie en sceptisch tegenover Europese eenwording en de euro).

De aversie tegen alles wat afwijkt draagt bij aan de ontmanteling van de democratie: wantrouwen is een destructieve kracht. Ook de waarheid is van groot belang, als waarborg voor de intellectuele integriteit en als middel om macht te controleren. "Als politici dat spel met de waarheid gaan spelen, wordt de weerbarstige realiteit met haar onloochenbare feiten het object van kwaadaardige manipulatie, de bron van nepnieuws."

De aantrekkingskracht van het narratief over de natie die in crisis verkeert gaat schuil in het overzichtelijke goed-fout schema dat het biedt. Het reduceert ongrijpbare fenomenen als globalisering en schaalvergroting tot een kwestie van verwaarloosde nationale 'identiteit', waardoor de oorzaak van de misère ook aanwijsbaar is, aldus Ten Hooven.

Hoe kan de samenleving zich wapenen tegen ontmanteling is onderwerp van het laatste hoofdstuk 'Vermetel denken, gematigd handelen'. Niemand heeft de

waarheid in pacht, je moet rekening houden met anderen, over verschillen heen kunnen reiken, waarbij het debat een sleutelrol vervult. Zoals de Franse Chantal Mouffe formuleert: het kenmerk van zo'n goed functionerende democratie is dat zij van politieke vijanden tegenstanders maakt: je maakt deel uit van dezelfde democratische ruimte waarin iedereen gelijk is (zie de Franse politieke filosoof Chantal Mouffe: *Citizenship, Democracy and Pluralism* in een door Felix Meritis georganiseerd debat op 1 oktober 2010).

Ons representatieve systeem en het partijstelsel moeten worden gekoesterd en verdienen de voorkeur boven meerderheidsstelsels als het Amerikaanse en Britse, want zij geeft veel stem aan minderheden. Het scheidt ook afstand tussen kiezers en gekozenen, door de rol van politieke partijen als intermediair. Onze democratievorm is niet perfect, maar zij is wel de beste. "Groeiende ongelijkheid, mogelijke bedreigingen van de vrijheid, minder solidariteit zijn de problemen van deze tijd. In hun ideeëngeschiedenis kunnen liberale, sociaaldemocraten en christendemocraten daarop een eigen politiek antwoord verzinnen.

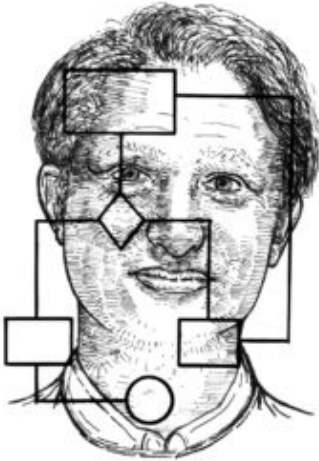
Engagement met de democratie vergt daarbij matigheid, een ferme stellingname tegen de destructieve krachten, waarbij het compromis de praktische politieke vorm is van gematigdheid. Het maakt het mogelijk de kunst van het samenleven te organiseren."

Marcel ten Hooven - De ontmanteling van de democratie. ISBN 9789029511247 - De Arbeiderspers, Amsterdam, 2018

Linda Bouws - St. Metropool Internationale Kunstprojecten

---

# **Christian Madsbjerg ~ Filosofie in een tijd van big data**



Christian Madsbjerg  
- *Tekening Joseph  
Sassoon Semah*

Zijn big data en algoritmes de ultieme bron voor succes, zoals Gijs van Oenen betoogt in *'Overspannen democratie. Hoge verwachtingen, paradoxale gevolgen'* (zie:

<http://rozenbergquarterly.com/gijs-van-oenen-overspannen-democratie-hoge-verwachtingen-paradoxale-gevolgen/>) ? Is het zo dat big data leidt tot meer inzicht en succes? Heeft menselijke interpretatie nog wel nut in het tijdperk van het algoritme? De filosoof, politiek wetenschapper en veelgevraagd adviseur van Fortune 500-bedrijven Christian Madsbjerg laat aan hand van voorbeelden zien dat de wereld uit veel meer bestaat dan een serie algoritmes. Veel van de grootste succesverhalen komen niet voort uit wiskundige analyses, maar zijn het resultaat van menselijke betekenisgeving en betrokkenheid met cultuur. Elk inzicht blijft krachteloos als we niet het menselijk gedrag, het denken erbij betrekken. Een kritische benadering is nooit 'zo revolutionair en actueel geweest als nu'. Als we onze culturele kennis afdanken, dan gaat dan ten koste van de toekomst van de mens.

Christian Madsbjerg houdt in zijn boek *'Filosofie in een tijd van big data'* een vlammend betoog voor cultureel engagement, diepgang, ervaring en de geesteswetenschappen en ontmaskert de tirannie van het getal en de wetenschappelijke focus op direct nut. "Nooit eerder is onze cultuur zo sterk verleid door de belofte van kunstmatige intelligentie, machinaal leren en cognitieve computing. Nooit eerder is onze wereld van overlappende politieke,

Christian Madsbjerg houdt in zijn boek *'Filosofie in een tijd van big data'* een vlammend betoog voor cultureel engagement, diepgang, ervaring en de geesteswetenschappen en ontmaskert de tirannie van het getal en de wetenschappelijke focus op direct nut. "Nooit eerder is onze cultuur zo sterk verleid door de belofte van kunstmatige intelligentie, machinaal leren en cognitieve computing. Nooit eerder is onze wereld van overlappende politieke,

financiële, sociale, technische en ecologische systemen zo sterk met elkaar verbonden geweest.” Madsbjerg houdt een warm pleidooi voor de studie geesteswetenschappen, die ons tot nieuwe ideeën kan brengen, cultureel engagement dat de basis vormt van de methode die hij ‘betekenisgeving’ noemt, en een leidraad kan zijn in een steeds veranderende omgeving. Het kan niet alleen inzicht geven, maar op langer termijn veel profijtelijker zijn, ‘zowel voor je bankrekening als voor je leven - dan een beperking tot de benauwde werkelijkheid van de big data’, de ‘dunne data’, die ons willen begrijpen op basis van wat we doen, abstracte data, terwijl ‘dikke data’ de hele context meenemen, data van de betekenisgeving, de context van de feiten.

Madsbjerg haalt Silicon Valley aan als een bedrijf waar alleen dunne data gelden, met een ‘obsessie voor kwantificering’ en veel wordt gesproken over ‘disruptie’ (een breuk tussen een ‘voor’ en een ‘na’, een natuurwetenschappelijke manier van denken, waarbij iets waar is tot het tegendeel wordt bewezen). Big data zijn gericht op correlatie en niet op causaliteit en zijn niet geïnteresseerd in het ‘waarom’. Men gaat op zoek naar info en ervaringen die ons een gevoel van bevestiging en erkenning geven. Alhoewel de innovaties van Silicon Valley ook grote voordelen bieden, is het gevaar groot om zonder betekenisgeving te werken. Dit staat in groot contrast met de intellectuele traditie.

Madsbjerg haalt belangrijke filosofen van de 20 ste eeuw aan en de verschillende manieren om betekenis te ontleen aan niet-lineaire (onvoorspelbare menselijke) data.

Zijn grote inspiratiebron is Martin Heidegger en zijn ‘*Sein und Zeit*’ uit 1927. Hoe kan de mens vrij zijn in de sociale context, in de alledaagsheid van het bestaan, in een werkelijkheid die sterk is bepaald door onze context en geschiedenis? Ook Heideggers vertolker Hubert Dreyfus, die in zijn boek ‘*Mind over Machine*’ een ‘fenomenologie van vaardigheden’ schetst, een fijngeslepen intuïtie die op een onbewust niveau werkt, wordt aangehaald.

Heideggers filosofie van een cultuur die niet is gebaseerd op individuen maar op de sociale omgeving waarin we leven- de context bepaalt- kan helpen de wereld te begrijpen.

Zakenmensen als George Soros en bedrijven als Starbucks met aandacht voor betekenisgeving en cultuur, zijn mede vanwege deze aanpak zeer succesvol. Soros, de ‘man die Engeland brak’, die dik geld verdiende op ‘Zwarte Woensdag’ op 16 september 1992, omdat hij jarenlang was getraind als student filosofie in



geesteswetenschappelijk denken.

Soros inspiratiebron was de wetenschapsfilosoof Karl Popper, en zijn concept van falsificatie. Soros gebruikte deze methode om eigen zekerheden te weerleggen omtrent marktontwikkelingen. Soros en zijn Soros Fund Managent gingen uit van narratieve data, ervaringen, krantenartikelen, en verhalen over hoe mensen reageerden, situatie gebonden kennis, dieper cultureel inzicht.

Het wisselen van perspectief, want ideeën zijn nooit statisch.



Ford worstelde met een teruglopende verkoop van zijn auto's, doordat bij het zoeken naar innovaties de technologie leidend was, waardoor het bedrijf de aansluiting met de klant had verloren. Na dat Ford het betekenisgevingsproces had doorgevoerd in haar organisatie, en de werkgevers zich niet meer als technische innovators maar hun werk richtte op hoe de technologie mensen en hun ervaring kan dienen werd het bedrijf weer succesvol. De mens is alleen te begrijpen in zijn context.

Madsbjerg schets meer praktijkervaringen met zijn bedrijf ReD Associates. zoals voor een supermarktketen

die veel meer waarde is gaan hechten aan de stemming van de klant zelf, in plaats van op de impulsen van buiten ('Befindlichkeit' van Heidegger). Zo bleek het gevoel van zelf en verantwoord te willen koken, een kookervaring, erg belangrijk te zijn. Meer investeren in relatie dan transactie. Hij geeft tal van voorbeelden waar meesterschap wordt

gekenmerkt door intuïtieve flow- een betrokkenheid bij een bepaalde wereld, in plaats van door een zelfbewust en berekend proces.

Voor Madsbjerg is het belangrijkste inzicht van de betekenisgeving, dat creativiteit niet van ons komt, maar gaat via ons, vanuit de sociale sfeer waarin we leven, een soort genade, dat in schril contrast staat met de huidige obsessie voor 'design thinking' en de misvatting van creativiteit. Hij valt de design wereld hard aan: met zijn innovaties zonder sociale context, waarbij deskundigheid en ervaring struikelblokken zijn en onwetendheid het grootste goed.

Ze vergeten dat mensen in werelden bestaan. Je krijgt te horen dat de toekomst aan de massa is en dat we de gedachte van het eenzame genie moeten loslaten.

Alhoewel een algoritme optimalisering kan bereiken, is alleen de mens in staat betekenis te geven. De geesteswetenschappen biedt hierbij een ideaal

oefenterrein. Madsbjerg sluit af met: “Waar zijn mensen voor? Algoritmen kunnen veel, maar ze zullen nooit om iets of iemand geven. Daar zijn mensen voor.”

Ik moest ineens denken aan de Italiaanse schrijver Alessandro Baricco die we in 2010 in Felix Meritis, Europees centrum voor kunst, cultuur en wetenschap, hadden uitgenodigd in gesprek te gaan met Frans Timmermans naar aanleiding van het verschijnen van zijn boek ‘*De Barbaren*’, waarin hij de geleidelijke teloorgang van ons cultuurbesef beschrijft. De barbaar is een horizontaal mens, zonder diepgang, die van de ene ervaring naar de andere gaat, recht op zijn doel af.

Christian Madsbjerg - *Filosofie in een tijd van big data*

Uitgeverij Ten Have, Amsterdam, 2017 - ISBN: 9789025906085

*Linda Bouws - St. Metropool Internationale Kunstprojecten*

---

# **Goodbye Regulations, Hello Impending Global Financial Crisis**



Prof.dr. Gerald Epstein

Ten years after the last financial crisis, Republicans — with backing from many Democrats — have made sure that Wall Street can return to its old ways of doing business by repealing the Dodd-Frank Act, which acted up to now as a very mild

regulatory regime to rein in the predatory nature of financial capital. The decision to repeal Dodd-Frank was justified on the grounds that it put a break on economic growth. Gerald Epstein, professor of economics and co-director of the Political Economy Research Institute at the University of Massachusetts at Amherst, argues that this is not true at all. In this exclusive Truthout interview, Epstein notes that it is now very likely that the “toxic, speculative activities” of the Wall Street crowd will return with a menace, thereby preparing the groundwork for the next global financial crisis.

*C.J. Polychroniou: Following the financial crisis of 2008, a bill was passed in 2010 under the Obama administration that sought to contain risks in the US financial system. The bill, which was sponsored by US Sen. Christopher Dodd and US Rep. Barney Frank, was rather weak as a regulatory regime. Nonetheless, it was severely criticized by conservatives. Donald Trump delivered a mixed message in running for president, railing against the big banks and Hillary Clinton’s connections to Wall Street, while at the same time promising more deregulation. Now, Congress has passed and President Trump has signed into law a comprehensive financial deregulation law, “The Economic Growth, Regulatory Relief, and Consumer Protection Act.” In addition, Trump-appointed financial regulatory agencies such as the Securities and Exchange Commission (SEC) have implemented policies to loosen regulations further on a variety of financial institutions and activities. The backers of rolling back Dodd-Frank have claimed that financial deregulation will increase economic growth and provide more credit to households and business. First, what were the weaknesses of the Dodd-Frank Act, and did it actually contribute to anemic economic growth, as its Republican critics like Paul Ryan and others are arguing?*

*Gerald Epstein: The main weakness of the Dodd-Frank Act is that it did not break up the “too big to fail” financial institutions. As a result, these large financial institutions retained the power to blackmail the public to bail them out the next time there is a financial meltdown and, as we have seen since Trump was elected, to buy off enough politicians to roll back the weak financial regulations that were passed. More generally, Dodd-Frank had way too many loopholes that resulted from financial sector lobbying so that it could never be implemented in its strongest form.*

No, Dodd-Frank did not contribute to anemic growth. There is no evidence of this. Anemic growth was largely due to the legacy of the financial crisis itself, in which

a great deal of household wealth was decimated, and to the continuing austerity policies that the Republicans were able to force on a weak-kneed and Wall Street-bedazzled Obama administration. On top of these factors are the long-term structural problems of the US economy related to the high level of inequality — itself largely due to the oversized power of Wall Street — and to the widespread disinvestment of US multinational corporations from the US economy, among other factors. If anything, Dodd-Frank worked against some of these tendencies, and thereby helped to sustain the long economic recovery that the Trump administration is now benefiting politically from.

*The “Economic Growth, Regulatory Relief, and Consumer Protection Act” will allegedly be good for consumers and small businesses. Is there any truth to this claim?*

No. Not really. But before answering in detail, it is important to realize that this Act was one of the only bipartisan bills that have been passed since Trump came into power. So, this is not entirely a Republican or a Trump initiative. A number of Democrats supported this bill, both in the House and in the Senate. And the same was true of the broadside that Wall Street leveled against tighter regulations in the fight over Dodd-Frank in 2009-2010. The reach of Wall Street goes far beyond the Republicans. According to official data from the Americans for Financial Reform, [Wall Street pumped almost \\$2 billion into the 2016 elections](#), and in 2017-2018, has already spent \$719 million on lobbying and campaign contributions. Democrats get 40 percent of this money. At this level of spending, that is certainly not “spare change.”

There have been a number of excellent analyses of the impact of the “The Economic Growth, Regulatory Relief, and Consumer Protection Act” by the [Americans for Financial Reform](#), [Demos](#), [Better Markets](#) and other organizations. These analyses show that the most likely effects of the law will be to allow financial institutions to more easily once again engage in “predatory lending” of the type that pushed excessively large and costly mortgages onto those who didn’t want them and couldn’t afford them; to more easily engage in redlining that discriminates against people of color in providing financial services; to more easily hoodwink investors by selling them risky financial investments; and to reduce the capital cushions on financial institutions so that it would make it more likely that these institutions would have to go hat-in-hand to the Federal Reserve and Treasury (i.e., the taxpayers) to get bailed out next time there is a financial

crisis.

*More generally, should it happen, what will be the most likely consequences of the repeal of the Dodd-Frank Act for the US economy?*

We are more likely to see souped-up versions of the toxic, speculative activities that led to the great financial crisis; we are more likely to see the return to the short-term-oriented investment focus that has characterized US corporations who find it much more lucrative to engage in “get rich quick” financial returns, rather than longer term investments in the productive economy; we are likely to see the acceleration of corporate raiding of pension funds and other forms of workers’ savings to line the pockets of financiers; and we are likely to see further finance-directed undermining of workers’ standard of living, as pointed out by the excellent work of economists [William Lazonick](#) and [Eileen Appelbaum and Rosemary Batt](#), who have researched the ways that speculative financial activities are undermining the long-term health of the American economy.

*Economic models have not been good at predicting financial and economic crises, yet the prevailing sentiment among many progressive economists is that the next financial crisis is just a matter of time. Do you share this view?*

As the late, well-known economist Charles Kindleberger showed in his definitive history, [“Manias, Panics and Crashes,”](#) financial crises are a “hardy perennial.” He estimated they occur somewhere in the world about every seven years. So, as long as we have capitalism, we are going to have financial crises. The issue is how often and how severe and who will pay the price. If the financial industry and its allies in business and government continue to reap enormous short-term profits by shifting the risks to workers and communities, as they will be able to do more easily with the gutting of Dodd-Frank, then the chances of another major crisis go up considerably. And who knows how it will end this time around. With the venality and incompetence of the Trump administration, it is especially difficult to predict.

*Given the predatory nature of neoliberal capitalism, what would an ideal regulatory financial regime look like?*

The main principle is that the financial sector should serve society rather than the other way around. This usually means that we not only need strict financial regulation, but also a significant segment of public and non-profit financial

institutions that are designed to serve society. I call this “finance without financiers.” In order to make this, these institutions need to be large enough and/or a significant enough part of the economy to thrive and make an impact on the financial markets. This requires the financial authorities — especially the Federal Reserve — to support these institutions just as they have supported the massive private financial firms. This includes offering subsidized short-term credits and a safety net for them. Other important components include limiting the incomes private financiers make so that the socially-oriented financial staff are less tempted to act more like private, speculative bankers. Other regulations need to be in place but this will give an idea of what is required.

In the end, as long as we have a system of neoliberal capitalism, it will be difficult, politically and economically, to implement such a progressive and effective financial regime. But the struggle for a more equitable and sustainable economy must include financial programs like these.

Copyright © Truthout. May not be reprinted without [permission](#).

*C.J. Polychroniou* is a political economist/political scientist who has taught and worked in universities and research centers in Europe and the United States. His main research interests are in European economic integration, globalization, the political economy of the United States and the deconstruction of neoliberalism’s politico-economic project. He is a regular contributor to Truthout as well as a member of Truthout’s Public Intellectual Project. He has published several books and his articles have appeared in a variety of journals, magazines, newspapers and popular news websites. Many of his publications have been translated into several foreign languages, including Croatian, French, Greek, Italian, Portuguese, Spanish and Turkish. He is the author of [Optimism Over Despair: Noam Chomsky On Capitalism, Empire, and Social Change](#), an anthology of interviews with Chomsky originally published at Truthout and collected by Haymarket Books.

---

# EU's Debt Deal Is "Kiss of Death" For Greece

✘ After eight long and extremely painful years of austerity due to gigantic rescue packages that were accompanied by brutal neoliberal measures, in Athens, the "leftist" [government](#) of Alexis Tsipras has announced that the era of austerity is now over thanks to the conclusion of a debt agreement with European creditors.

In the early hours of June 22, a so-called "historic" deal on debt relief was reached at a meeting of Eurozone finance ministers after it was assessed that Greece had successfully completed its European Stability Mechanism program, and that there was no need for a follow-up program.

The idea that Greece's bailout programs can be considered a success adds a new twist to the government's Orwellian doublespeak, given the fact that the country has experienced the biggest economic crisis in postwar Europe, with its gross domestic product (GDP) having [shrunk](#) by about a quarter, and reporting the highest [unemployment rate](#) (currently standing at 20.1 percent) of all European Union (EU) states.

On top of that, [the ratio of the country's public debt to gross GDP has risen from 127 percent in 2009 to about 180 percent](#), a development which has essentially turned Greece into a debt colony, leading to pressing demands that all valuable public assets be sold — including airports, railways, ports, sewerage systems, and gas and energy resources. Indeed, since the start of the bailout programs, Greek governments have been trying hard to outdo one another on the privatization front in order to satisfy the demands of the official creditors, the EU and the International Monetary Fund (IMF). Still, the current pseudo-leftist Syriza government has [proven](#) to be the most servile of Greek governments to creditors.

Arguments for privatization aside, the deadly combination of higher debt and declining GDP had most economists convinced quite early on that austerity was killing Greece's economy, and that a debt write-off would be at some point absolutely necessary for medium- and long-term recovery. However, Germany and its northern European allies had diametrically opposed this idea, insisting on even

stronger doses of austerity, while balking at the prospect of a debt write-off.

At the same time, the idea of Greece exiting the euro was also an anathema to Germany and the eurocrats in Brussels. Keeping Greece in the Eurozone — even while its economy and society were going to bleed to death as a result of harsh austerity measures — was deemed absolutely imperative for the very survival of the euro, and for ensuring that all previous debts to European banks were going to be repaid. Indeed, it was these concerns that led to the bailouts in the first place — not the duty or obligation of helping out a member of the European family bounce back from a financial crisis that had been caused, to a large extent, by the highly flawed nature of the architectural design of the European Monetary Union itself.

The idea of restructuring Greece's huge debt pile, which kept on getting bigger with every passing year of austerity and neoliberal reforms, never went away, especially since the IMF never got tired of telling the Europeans that the country's debt level was unsustainable. Indeed, the IMF refused to join the [third bailout](#) until debt relief was put on the table.

Afraid of going alone with its neoliberal experiment and neocolonial attitudes toward Greece, European officials kept hinting on various occasions that a time may come when debt relief for Greece could become a topic of negotiations. However, it seems that the last elections in Germany may have been a turning point in that direction, particularly with Wolfgang Schäuble having been forced to relinquish his role as Germany's finance minister for that of speaker of the Bundestag.

In contrast to Tsipras's outrageous claim that the debt deal represents a "historic" agreement, in that it allows Greece to become a "normal country" once again, the measures agreed on to make Greece's debt sustainable will doom the country into becoming a permanent semi-peripheral debt colony of the EU. The deal simply pushes the debt into the very distant future, and locks society into a state of perpetual austerity by requiring that the government run exceedingly large primary budget surpluses. The deal is not a cause of celebration for Greece but, rather, a kiss of death.

First, it grants Greece a 10-year extension on some pressing loan maturities and provides extra funds to the government in the sum of 15 billion euros in order to



boost its cash reserves. In other words, no debt write-off of any kind, with the total amount of debt remaining around 180 percent, but simply making the next generation responsible for the repayment of a sizeable chunk of debt. This decision is supposed to enhance Greece's financial credibility and allow the country to return to private markets for its future borrowing needs.

The debt agreement also compels Greece to run primary budget surpluses of 3.5 percent until 2022, and then by about 2.2 percent until 2060. This means, then, that Greece will be in a state of severe austerity for the next 40 years. In fact, the demand that Greece runs a primary budget surplus of 3.5 percent until 2022 means that the doses of austerity will have to be increased substantially in the years ahead. This is especially the case since there is interest involved on the repayment of the loans, which means that the actual fiscal surplus is even bigger.

Indeed, when we take into account interest payments on debt, even at the rate of 1 percent until 2022, the overall fiscal surplus demanded from Greece as part of the so-called "historic" debt deal jumps to around 5.3 percent of the GDP through 2022. But even after 2020, the annual fiscal surplus demanded from 2023-2060 (assuming that the interest rate remains at 1 percent, although it will probably be higher) will be a minimum of 4 percent of GDP. (I am obliged to the economist Robert Pollin at the University of Massachusetts at Amherst for pointing out this important detail regarding the impact of interest rates on the actual primary budget surplus.)

At this point, with primary budget surpluses running in the range of 5.3 percent (until 2022) and even 4 percent (from 2023-2060), "severe" is not the right word to describe the level of austerity that will need to be enforced on the Greek population. A more apt term is "brutal" austerity, and such large primary surpluses inevitably bring to mind the condition of Germany at the end of World War I, when the country was forced to run similarly large surpluses in order to finance the reparations demanded by The Treaty of Versailles in 1919. Of course, what happened afterward is now common knowledge — except, apparently, among the German political class and the eurocrats in Brussels.

The debt deal for Greece is indeed a turning point: It marks the death of any prospect or hope for economic recovery and a return to normalcy. Only more difficult times lie ahead.

Copyright © Truthout. May not be reprinted without [permission](#).

*C.J. Polychroniou* is a political economist/political scientist who has taught and worked in universities and research centers in Europe and the United States. His main research interests are in European economic integration, globalization, the political economy of the United States and the deconstruction of neoliberalism's politico-economic project. He is a regular contributor to Truthout as well as a member of Truthout's Public Intellectual Project. He has published several books and his articles have appeared in a variety of journals, magazines, newspapers and popular news websites. Many of his publications have been translated into several foreign languages, including Croatian, French, Greek, Italian, Portuguese, Spanish and Turkish. He is the author of [\*Optimism Over Despair: Noam Chomsky On Capitalism, Empire, and Social Change\*](#), an anthology of interviews with Chomsky originally published at Truthout and collected by Haymarket Books.