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The (Political) Season of Our Discontent

By Rob Urie
February 12, 2016



Seven years into economic ‘recovery’ it was none other than racist demagogue and celebrity candidate Donald Trump who made the observation that if ‘things’ were going well there wouldn’t be all of those people showing up at his rallies. As things in Mr. Trump’s part of the world are always going well in a material sense, the observation was a nod toward the fundamentally different lived experience that large numbers of nominal citizens are bringing to the current political season. On display is the yawning gap between the public relations view of political leadership coming from establishment circles and the dystopian facts of growing poverty, inadequate health care and public education, a shortage of jobs that pay a living wage and plutocratic rule that is incapable of leaving enough of the people’s product in place to assuage the electorate.

Categorical differences in lived experience, in olden times referred to as economic classes, inform understanding of the world. This is the observation that Mr. Trump appears to have stumbled onto. The ‘problem of transcendence,’ of the ability of plutocrats and their

representatives in government to launch effective public relations campaigns, a/k/a Presidential elections, can be resolved in one of two ways. In the first, a confluence of circumstances can be created, a reunification of governing with the governed— in olden times called something like socialism. The alternative, ironically the path most recently attributable to Mr. Trump himself, is to keep current circumstance largely as it is and send the police, broadly considered (thank you Mr. Obama), to quiet those who's lived experience gets the better of them.

Some time ago political theorist Antonio Gramsci developed a theory that prevailing social explanation tends to perpetuate given social orders. While ideas no doubt play a powerful role in social negotiation, the problem of political transcendence belongs mainly to those who use ideas as tools of coercion. In plainer language, the neoliberal frame of government as a business admits only satisfied and unsatisfied customers— the idea of citizens acting in civic, socially circumscribed, roles is a non sequitur. Related, a set of indubitable premises, business 'best practices' applied to civil governance, emerged following WWII and was field tested by the IMF (International Monetary Fund) before being publicly introduced in 1970s. These premises were called the 'Washington Consensus.'

The question in the process of being answered is whether empathy— articulation from on high of the material inadequacies of life in the developed West for approximately 85 percent of 'its' citizens, will be sufficient to quell this electoral rebellion? Intentions aside, empathy is about all that the Presidential candidates have to sell. More could most certainly be gotten, but electoral politics alone is an unlikely vehicle for getting it. The powers-that-be have spent the last half-century dispersing potentially contravening power to where it can't be unified without a global working class program. President Obama's misleadingly labeled 'trade' agreements, the TPP and TTIP, are implicit recognition that recoverable political power remains within reach if the determination to do so were to take more probable form.

The seeming mystery of establishment Democrats is how they thought Barack Obama's policies of unrestricted bailouts for Wall Street, his mouthing of Austerian talking points about the need to cut Social Security and Medicare, his institutionalization of the privileges and accoutrement of the 'unitary' Presidency, his buildout of school privatization and health care 'reform' that left in place the dysfunctional system that provides 60% of the benefits of a functioning system at twice the price, would play out politically? The quick answer, that it was simple miscalculation, leaves unassigned the intellectual roots of the 'Washington Consensus' that has been bi-partisan dogma in the 'official' West since the 1970s. This singular vision of 'correct' political economy has held sway over both Democrat and Republican administrations ever since.

Given that fluid and changeable frames of understanding — the capacity to see a changeable world 'as it is,' are base premises of capitalist democracy, the calcification of 'official' possibility poses a seeming mystery. A question for a restive electorate is whether the problem is that the 'wrong' people have been brought to public office— a challenge to the institutional mechanics of democratic representation, or whether the political and economic order is fundamentally (irredeemably) flawed? Neither Barack Obama, Bill Clinton, Jimmy Carter nor Hillary Clinton are stupid, whatever that might mean, but all seem constitutionally incapable of seeing (looking?) outside of the narrow frame of the 'official' view that continues to dominate Western capitals.

The Washington Consensus:

*Fiscal discipline

* A redirection of public expenditure priorities toward fields offering both high economic returns and the potential to improve income distribution, such as primary health care, primary education, and infrastructure

*Tax reform (to lower marginal rates and broaden the tax base)

*Interest rate liberalization

*A competitive exchange rate

*Trade liberalization

*Liberalization of inflows of foreign direct investment

*Privatization

*Deregulation (to abolish barriers to entry and exit)

*Secure property rights

Even a cursory glance at these bullet points finds that they include the base premises of bi-partisan policies enacted across the West since the 1970s. The points of fiscal discipline, trade liberalization, privatization and deregulation combine to form the core of the ‘new’ Democrat program. By the time that Barack Obama took office in 2009 it was obvious to all who have eyes that the Consensus wasn’t working in the sense of providing the outcomes predicted by its proponents. The outcomes not (publicly) predicted— the increasing concentration of wealth in fewer and fewer hands, large scale dispossession of the Middle and working classes in developed countries, the rise of a predatory and entrenched corporate-state and the hostile takeover of the civil institutions of the West, are the more visible manifestations of actual outcomes.

The picture becomes more complicated when foreign policy is brought into the mix, but not much more. The ‘field test’ of these principles was through IMF (International Monetary Fund) ‘workouts’ designed to assure that bank debts of ‘foreign’ nations would be repaid no matter the social consequences of doing so. Their design is neo-imperialist, to serve Wall Street, and the Consensus appeals to the residual ‘hard money’ account of national economic relations even as the gold standard has been gradually done away with. This genesis is important because the Consensus is banker economics applied to national accounts. Fiscal rectitude, the received wisdom in Western capitals since Jimmy Carter was in office, is a business strategy designed by banks to assure debt repayment— it bears no functional relationship to the workings and social possibilities of national accounts.

The frame of ‘external’ debtors applied through fiscal discipline to U.S. citizens may seem improbable until Barack Obama’s programs to save Wall Street are filtered through Washington Consensus principles. Through a lens of civil governance bailing out Wall Street and calling for fiscal austerity appear unrelated. But Wall Street controls Western economies to the extent that it has monopoly control over credit creation. The Federal government’s capacity to spend (and borrow) threatens this monopoly power. The Obama administration’s stated goal of ‘getting banks to lend again’ with its bailouts was intended to replace, through fiscal austerity, public expenditures in the public interest with ‘private’ credit to serve Wall Street’s interests. Whatever motives might be attributed to national Democrat (and Republican) policies over recent decades, there exists a deeply instantiated apologetics to support it.

This apologetics is what economist John Kenneth Galbraith called ‘innocent fraud,’ appeals through social mythology (economic, political) that are used to promote specific interests. When national Democrats (and Republicans) blather on about fiscal constraints that limit social spending they are promoting a lie that benefits specific business interests. The problem with calling this ‘corruption’ lies with the form and nature of the apologetics. If “the business of America is business” as Calvin Coolidge had it, what could possibly be wrong with pseudo-public institutions promoting business interests? What was inferred in Donald Trump’s observation of differentiated lived experience, accidentally I suspect, is that there is more than one America. Bank of America and Goldman Sachs may want monopoly control over credit creation. But that certainly doesn’t mean that the public interest is served by giving it to them.

As with the tenets of capitalism— ‘free’ markets, individual choice, private property and efficiency, the Washington Consensus depends on circular logic that makes it impermeable to critiques from outside its premises. Somewhere in his writings MMT (Modern Monetary Theory) pioneer and proponent Warren Mosler recounts a conversation he had with hedge-fund opportunist and occasional public self-servant Larry Summers where he got Mr. Summers to agree with his (Mr. Mosler’s) explanation of how national accounts actually work only to find Mr. Summers restating the Consensus apologetics in favor of ‘fiscal discipline’ a short while later. Intellectual consistency of the type breached by Mr. Summers in this recounting is of a singular form. But banker and national accounts logics proceed from different goals— both are ‘true’ in their respective realms. This can be taken as a statement about the nature of truth. But it is more precisely a statement about power. Mr. Summers has never been on the receiving end of the policies he proclaims to be in the public interest.

The people arguing that Hillary Clinton is less frightening than whatever candidate the Republicans put forward most likely don’t know much about her policies. And they most certainly haven’t been on the receiving end of them. The Democrat Party establishment is about to shove Bernie Sanders to the side to pose Ms. Clinton as the candidate to win against Donald Trump (or Ted Cruz). In this regard the Republicans appear more Democratic than the Democrats— the decision to anoint Hillary Clinton was made long ago and the procedural hurdles put in place to assure this outcome remain. Those ‘disappointed’ with Barack Obama fail to understand that he did exactly what he was brought into office to do. So will Hillary Clinton. The problem is the system of political economy. If you want better candidates, that is where to start.