

## Goodnight Athens: a crash course in economics

For the second time this week I'm beholden to Sam. On Monday morning, hours after the Greek *oxi*, he found himself in Sheffield's central market where ...

... a stallholder was calling the odds on Greece ... one of those to whom weighty matters of all kinds are childishly simple, their solutions blindingly obvious. Half a century at the helm of a market stall had lain bare for him all the mysteries of economics. People should listen to him, he knows his onions.

"A mean, they've got ta cough up sooner or later, ant thi? They've ad all that money an spent it, ant thi? Now thiv got'ta pay it back. It'll hurt, but we all have to do it. Or the banks get shut down. Simple as that. No money. Goodnight Vienna. Then what thi gunna do? Eh?

"He's already offered is resignation, im. He's on is bike now. Let somebody else tek the consequences. He was a marxist, im, that Zipfast, or summat."

They don't all run market stalls, you know. Some have degrees and professional careers. It's true. Check the Guardian commentariat below any online feature about the crisis. You don't need a broad Sheffield accent to share that propensity to speak of a nation as a single entity and then - here's the bit that matters - compare it to the bloke round the corner who owes you a ton but is never in when you call round. It sounds plausible but rests on a two-step conflation: of individual with societal (neatly removing *class* from the frame) and personal finance with macroeconomics. The same sleight of hand underpins a second and equally specious argument; one that reasons, seductively, that just as you and I tighten our belts when funds are low, so must nation states.

*How could Keynes have been so dense as to miss this?*

So much for the beguilingly simplistic. The other side of the coin - I'll get to why in a minute - is the obscurantism of economists with arsenals of technicality at their fingertips. Theirs is indeed a discourse of complexity but not since Adam Smith and David Ricardo has economics been a science in the way physics or even psychology are sciences. The latter aspire to the *descriptive* rather than the corrective, seeking in the first instance to understand laws of motion governing their fields. The 'downstream' application, for human benefit, of their findings falls within the domains of technology and the professions.

The agenda of economics is to protect a status quo serving a ruling class defined as such by its ownership of the capital essential to wealth production. Does that sound extreme? Which part: *economics protects the status quo*? Tell me which mainstream school of economic thought offers a way of organising wealth creation that is *not* based on private ownership of capital and the axiom that market forces are better regulators of production and consumption than human agency. *Ruling class*? There are two main classes under capitalism. For one, by far the smaller, wealth is primarily gained by investing private capital for profit (let's set aside the mildly complicating fact that this class often gains serious income from land ownership too). For the other, wealth is primarily gained by selling its labour power. Which class, would you say, calls the shots?

By its agenda of maintaining a *status quo*, economics forfeits the *status scientific*. Instead, it is in the game of ameliorating such intrinsic contradictions as capitalism's tendency to monopoly, falling rates of profit, and the recurring inability of 'pure' market forces to reconcile wealth production and consumption. It is also in the game of repudiating both alternative understandings of how profit is generated,<sup>1</sup> and alternative economic systems. Such repudiations are made harder to the extent our age of Big Data makes the flow of wealth from poor to rich more visible and less deniable. Then again they are made much easier by the absence, following the fall of the Soviet Union and consequent weakening of organised labour in the west, of any credible alternative.

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<sup>1</sup> Ricardo tried to formulate a labour theory of value as the basis for profit generation. His honest efforts failed because at so early a stage - the ruling class was still feudal oligarchy rather than industrial capitalist - he could not distinguish *labour* (which the worker hires out) from *labour power* (which the worker sells). This seeming technicality sank the last non Marxist attempt to understand the basis of profit. With a labour theory of value off limits for economics, that discipline was deprived of all possibility of understanding its own subject.

It's easy to feel stupid on economics. Even when experts get it so wrong, as in 2008, we'll make quips, yes. We'll grumble too, and trade sarcasms over the treatment of too-big-to-fail banks on the one hand, Wonga debtors on the other. Ultimately though, we feel no more able to argue with the wizards of finance than to challenge Einstein over relativity. Which is tragic - I use the word advisedly - since just below the surface complexity lies a simple truth. The high priests of IMF, ECB etc are there to do just one thing: maintain through such tools as austerity, QE, bank bail-out and national lock-down a system of wealth production in which the gap between rich and poor is widening at an accelerating pace.<sup>2</sup>

Now we get down to it. In Greece's suffering we're offered an unusually clear window on how the homespun wisdoms of Sam's stallholder, and the ideology-drenched pseudoscience of economics, converge and synergise. The crudely simplistic and the bewilderingly arcane are head and tail of a single coin; one that buys our blindness to a terrible price demanded of an entire people for goods never handled, services never rendered ...

... but there's a way of looking at this that's *simple* without being simplistic or obscurantist<sup>3</sup>. In the heady, post Maastricht boom some very greedy bankers, financiers and *rentiers* - groups seldom far from the crime scene when we start to ask the right questions - were wetting themselves to funnel big money into Southern Europe. They knew full well Greece was a kleptocracy, run by and for some half a dozen families, but since when were such considerations ever allowed to get in the way of a handsome profit? White elephant projects mushroomed: roads that led nowhere ... office blocks never occupied. As always in such frenzies, eyewatering sums simply vanished.

Now, virtually every cent of the colossal repayments demanded by those lenders - payments set to impoverish millions who got nothing from the original loans - does no more than service the debt. Worse still, those repayments will be at cost not only of sending millions of Greeks below EC defined poverty levels, but of infrastructural development and upgrading essential if Greece is to emerge and compete in global markets. This is what the departed Varoufakis - "*Zipfast, or summat*" - meant by describing the final ECB offer, days before the referendum, as one of *no hope*.

(Incidentally, so corrupt was the Greece those lenders leapt into bed with - the Greece Syriza has inherited - that no effective administrative machinery is in place. With everything done by casual patronage, no functioning civil service exists to execute the will of elected government. It gets worse. Since Syriza is the overnight product of a populist and spontaneously reflexive upsurge by the Greek people, it has no firm foundations. Its grassroots in ad hoc committee and rainbow alliance, rather than disciplined party apparatus, leave it acutely vulnerable to behind the scenes machinations of the kind the Troika have, throughout the crisis, engaged in with discredited opposition leaders. Vulnerable too to military *coup d'etat*.)

Greece can never recover by followig the diktat - insane to the keynesians, ruthlessly logical to the Marxists - of Schauble and Lagarde. Sysriza had no mandate to accept the cynical ECB deal; no option but to put it to the Greek people. May decry the latter's answer as lazy feckless Greece wantig its cake and eating it. Those of less philistine bent see the Greek masses as having taken a stand of courageous defiance. They also see that this is not just Greece's fight.

So that's my *simple* take. I think it neither simplistic nor smoke and mirrors chicanery. Do tell me if and why you disagree. Meanwhile I'm looking to get myself a stall down the market; weighing spuds and carrots as I dissect capitalism to the entertainment and edification of a burgeoning clientele. Just don't as for credit, as a refusal may cause offence.

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<sup>2</sup> A system which also propels us, with no obvious mechanism for pulling back, toward wars and ecological disaster. It is no coincidence that the most trenchant critiques of capitalism today come less from marx-leninism than those, like Naomi Klein and George Monbiot, whose journeys began with liberal concern over a trashed environment. It was the logic of what they uncovered that led them to their current, "extreme" positions.)

<sup>3</sup> Thanks to Liz and Andy for plugging some of the gaps in my knowledge on Greece, and helping to clarify my thinking.