

Debt society

Greece and the future of post-democracy

Yannis Stavrakakis

The passage from early to late modernity is generally associated with a gradual process of *democratization*, in both political and economic realms. Politically speaking, representative democracy has enjoyed an unprecedented global spread. In the West, especially, political and social rights seemed to have flourished until quite recently. Economically speaking, we have witnessed a ‘democratization of consumption’ with the gradual spread of a consumerist culture of ‘luxury’: having emerged with the ‘conspicuous consumption’ typical of court society, this ethos gradually colonized, first, the bourgeoisie and then the lower classes, creating a predominantly consumerist society. Up to a certain point the two processes progressed together, which is how the system managed to co-opt popular pressures and social movements and create relative stability: by largely replacing prohibition with commanded enjoyment and disciplinary power with the productive regulation of desire. Both pillars of this process are currently in crisis. The crisis first affected the political realm, marking the *post-democratic* mutation of representative democracy.

Jacques Rancière is one of the political theorists who coined the term ‘post-democracy’. According to his schema, it denotes ‘the paradox that, in the name of democracy, emphasises the consensual practice of effacing the forms of democratic action’.¹ This diagnosis is largely congruent with the sociological observations of Colin Crouch: while the formal aspect of democratic institutions remains more or less in place, politics and government are gradually slipping back into the control of privileged groups in a way reminiscent of pre-democratic times.² What accompanies the development of post-democracy, Rancière argues, is an outright identification of democratic form with the ‘necessities’ of globalized capital:

From an allegedly defunct Marxism, the supposedly reigning liberalism borrows the theme of objective necessity, identified with the constraints and caprices

of the world market. Marx’s once scandalous thesis that governments are simple business agents for international capital is today an obvious fact on which ‘liberals’ and ‘socialists’ agree. The absolute identification of politics with the management of capital is no longer the shameful secret hidden behind the ‘forms’ of democracy; it is the openly declared truth by which our governments acquire legitimacy.³

How was the passage to this hybrid regime achieved without the development of significant resistance? What permitted the slow but steady development of ‘post-democracy’?

It is important to note that, at first, the post-democratic dynamic did not affect the ‘democratization of consumption’, although it signalled a significant increase in inequality. This delicate balancing act was accomplished through the accumulation of debt. The loss of political and social rights went largely ‘unobserved’ to the extent that the lower strata could still function as consumers by getting more and more loans. The hegemony of finance managed to exchange rights for credit and debt. Thus, if the welfare state was instrumental in sustaining ‘mass consumption’ through income redistribution, in *consumerist post-democracy* ‘consumer credit has taken the role that belonged to the welfare state in the Fordist regime’.⁴

Multiple faces of debt

It is here, however, that things acquire an extra moral, subjective *gravitas* with immense social and political implications. Although Maurizio Lazzarato fails to inscribe his analysis within the long sociological and psychoanalytic traditions of ethics, morality and the spirits of capitalism, his impressive *The Making of the Indebted Man* offers a revealing account of the way in which the hegemonization of economic behaviour by debt/credit started producing effects well beyond the economic field. How? Because

debt acts as a 'capture', 'predation', and 'extraction' machine on the whole of society, as an instrument for macroeconomic prescription and management, and as a mechanism for income redistribution.

It also functions as a mechanism for the production and 'government' of collective and individual subjectivities.⁵

It is the realm of subjectivity that stands at the epicentre of this functioning: 'debt breeds, subdues, manufactures, adapts, and shapes subjectivity'.⁶ It works at the intersection of power, morality and the economy.

Starting with the role of Christianity that 'interiorizes' debt as 'feeling of guilt' and then drawing primarily on Nietzsche and Deleuze, Lazzarato shows how debt involves a special type of power relation 'that entails specific forms of production and control of subjectivity – a particular form of *homo economicus*, the "indebted man"'. This is a type of power that operates through the establishment of a specific morality of *promise* (to honour one's debt) and *fault* (for having entered it). This creditor–debtor relationship involves 'an ethico-political process of constructing a subjectivity endowed with a memory, a conscience, and a morality that forces him to be both accountable and guilty. Economic production and the production of subjectivity, labour and ethics, are indissoluble'.⁷

As we all know, the problem with this model is that it facilitated the banking crisis of 2008. Once interest rates rise, once the housing market stalls, once banking risk assessment models fail, 'the whole mechanism of income "distribution" through debt and finance collapses'. It is rather surprising, however, that although, in the beginning, the crisis seemed to provide the condition of possibility for a progressive repoliticization of the economy – highlighting the need to reverse the trend of 'deregulation' – it is currently being used in a bid to reinforce further the neoliberal post-democratic orthodoxy, at least within the European context. Having first encouraged the spirit of loan-dependant consumerism, having allowed a prolonged bankers' party, the same neoliberal power bloc uses debt – now passed on to state budgets – in order to reverse democratization. Now the process of de-democratization, which first affected the political field, is also affecting consumption: the consumerist society of 'commanded enjoyment' is violently turned back into a 'society of prohibition'.⁸ By turning private debt into sovereign debt, by individualizing and spreading the blame for both of them (public and private debt), 'the blow to neoliberal governmentality from the subprime crisis will, in the short run, be transformed into a victory for the universal debt

economy'. Indeed, without taking into account this multi-modal function of debt, its ability to operate at a plurality of levels, its historical/subjective association with shame and guilt, it is impossible to make sense of the way the crisis has been managed up to now.

Not only has neoliberalism, since its emergence, been founded on a logic of debt, but crucially 'the power bloc of the debt economy has seized on the latest financial crisis as the perfect occasion to extend and deepen the logic of neoliberal politics'. Using the threat of sovereign debt default, the neoliberal power bloc 'seeks to follow through on a program it has been fantasizing about since the 1970s: reduce wages to the minimum, cut social services so that the Welfare State is made to serve its new "beneficiaries" – business and the rich – and privatize everything'.⁹ Ironically, it is here that we encounter the bizarre reversal marking the end of the process of the 'democratization of consumption'. If debt/credit was initially used to safeguard our access to consumption in an increasingly unequal society, if it functioned to sustain our aristocratic fantasies of 'conspicuous consumption', now it violently 'brings us back to a [very different] situation [equally] characteristic of feudalism, in which a portion of labour is owed in advance, as serf labour, to the feudal lord'.¹⁰

The Greek lab: metaphors and repertoires

Having been the experimental laboratory of neoliberal and other strategies (before, that is, Cyprus took over), Greece provides the perfect ground to test the validity of these hypotheses regarding the multiple and changing faces of debt – highlighting the successive endorsement and enforcement of antithetical ethico-political orientations (from encouraging to stigmatizing debt and individualizing blame, shame and guilt, and even to experimenting with debt cancellation) – and its political effectivity. What if debt is not only a problem but also a mechanism of domination, in other words a solution of sorts? What if the sense of guilt it creates is so pervasive precisely because it precedes its current deployment and builds on subjective infrastructures sedimented in the *longue durée*?

Crises usually disturb dominant representations, shake up our sense of continuity and generate new narratives attempting to regulate the social bond, often in favour of pre-existing social hierarchies. After three years of being subjected to them, we can certainly map them with great accuracy. I am referring mainly to the dominant discourse of European institutions, which is also accepted and largely reproduced by mainstream intellectuals and the media in Greece.

Examined in its genealogical unfolding (before and after the crisis) this discourse is itself marked by a certain irregularity or discontinuity. Where is this located? Almost overnight the country that entered the euro and hosted the Olympics, winning unconditional international acclaim, the EU's agent and preferential business partner in the Balkans, a valued market for European commodities (from lucrative arms deals and overpriced medical supplies to luxury cars and hi-tech products), became the sick man of Europe, a *bête noire* to be ridiculed, condemned and disciplined in the most severe and exemplary way.

In mapping the discourses that expressed this gigantic disciplining operation, driving a huge experiment in violent downward social mobility and neoliberal restructuring, we encounter a process of creating and sustaining shame and guilt – and thus legitimizing punishment, in the form of radical impoverishment, skyrocketing unemployment, liquidation of labour and other social rights – that relies, at least on a first level, on a series of metaphors, all of them supported by what Lacan called the 'discourse of the university', that is to say expert knowledge. As if the characters from Norbert Elias's and Foucault's books had returned to life, we encounter the doctor and the teacher assuming once more their 'civilizing', disciplinary and pastoral roles and practices.

We can clearly see the operation of a medical metaphor, for example. The crisis is declared a serious illness, the result of an inherent social pathology; 'contagion' and 'contamination' are feared, severe medication needs to be prescribed – like an experimental chemotherapy, even if it puts at risk the life of the patient, it is the only thing that promises to restore her or his functions; or so the argument goes. We can also discern a very traditional pedagogical metaphor, where the problem, the cause of the crisis, is now attributed to a certain immaturity and/or misbehaviour. Greece is to be treated the way one treats a truant child, who deserves to be punished not only in order to straighten out his or her own behaviour but also as an example to other children. The list can be extended, but at least one more central metaphor needs to be mentioned, besides the two already presented: the *zoomorphic* one. The moral contempt energizing this discourse is revealed at its purest in the equation between peoples and animals, a rhetorical move that greatly enriches the discursive repertoire of the disciplining process under way: the South of Europe is thus designated as PIIGS, devoid of humanity, rationality and dignity. The distance between pigs and 'guinea pigs' is not that substantial, after all.

In these narratives, these new representations, crisis does not appear merely as a neutral fact, as a simple disruption; it is clearly reconstructed as a major *failure*. If the crisis itself represents something, it is failure; but not, of course, *any* failure. We are not talking about the collapse of a system, a systemic failure, but about a personalized failure. It is not a question of 'what?' but of 'who?' It is here that a whole process of *localization* starts, a process that, as we have seen, in order to localize and narrate this failure incorporates medical, rationalistic and moralistic categories and tropes in a political blend of great salience. However, what are the conditions of possibility for the political effectivity of these discourses? How do they manage to affect so many people and social groups and so efficiently perform the sleight of hand of camouflaging a systemic failure as an exceptional/individual failure?

Let us, then, move from metaphors to discursive strategies. It is not by coincidence that Greece is often presented by mainstream commentators and academics (both inside the country and abroad) as an *exceptional* case that deserves its predicament due to the irrational and immoral excesses in which its inhabitants engaged. *Hubris* and *nemesis* acquire thus a new meaning in a narrative employed to legitimize the revolt of European (and Greek) elites. What this moralistic argument fails to register is, first, that Greece is not alone in this; it enjoys the company of an expanding list of other 'exceptional cases'. What, then, if exceptionalism is used here within the scope of a *neocolonial* 'divide-and-rule' strategy with universal applicability? Needless to say, the use of the category 'neocolonial' in this text does not imply a one-dimensional relation of subordination and subjection. The neocolonialism we are currently experiencing is so pervasive that metropolitan centre and periphery are both affected. The free association that springs to mind here is that of a song by the well-known Greek electronic music band Stereo Nova from 1992: 'My country is a colony of a larger colony.' One should not forget that the austerity trend started in Germany and is bound to return to Germany, sooner or later.

Interestingly enough, this is a strategy used both to regulate relations between states – each time one case is stigmatized in order to discipline the rest, before a new one enters the stigmatized group (PIIGS) – as well as relations between social/professional groups, between whole generations and between individuals within states. In Greece, for example, the same strategy was used first to demonize civil servants before encompassing the private sector. We could, perhaps, interpret this move within the general political technology of

individualizing blame and shame/guilt. If a particular country is facing difficulties, this has nothing to do with systemic faults and is solely attributed to internal failings and pathologies – so the argument goes; similarly, within each country, social groups are stigmatized as irrational and immoral one after the other so that any feeling of common purpose between them is minimized and resistance to the austerity avalanche is disarmed. Everyone is responsible for her- or himself all the way down to the individual level: if one is poor or unemployed this is one's own personal fault.

Paradoxes of Greek debt

What is, however, the *proof* of Greece's failure, the *symptom* of its illness? What is the indisputable evidence that constitutes the basis of blame, the source of shame and guilt? The answer is simple: the accumulation of debt. Debt emerges as the nodal point of all the aforementioned practices of discipline, punishment and blame. Debt, however, as a mere numerical value has no inherent meaning; its implications are relative to the economic, social and political environment. Due to a shift in this environment, Greece's debt and deficit were, almost overnight, declared unsustainable and a series of brutal 'internal devaluation' measures were imposed as the only solution, as the only cure – with all their catastrophic repercussions: as a result of the ensuing depression, GDP shrank by 20 per cent in 2008–12 and unemployment stands at 26 per cent, with youth unemployment well over 50 per cent.

It is here that some really puzzling paradoxes start to emerge. How is it possible that the policies imposed to remedy this problem – the economic and moral failure of excessive debt – while gradually bringing the deficit under control, only promise to 'stabilize' debt in 2020 almost at the same level as in 2008–09, at the start of the crisis? Isn't that revealing of the fact that, at least during this delicate phase, debt functions both as a failure and as a pathology to be remedied but also as a controlling mechanism to be sustained and utilized in the 'proper' ways? This is, then, the paradox in which we find ourselves (and it's only the first one in a series and one with a quasi-universal function). On the one hand, debt is declared unethical *après coup*, blame for it is retroactively individualized – ownership is ascribed to particular states, groups and individuals, largely ignoring broader systemic inequalities – and a pound of flesh is demanded from all, with the normal exclusion of the elites, of course. On the other hand, debt is accepted as something that is here to stay, as something that needs to be somehow stabilized and protected – even 'cultivated' – in order to be used as

a tool to threaten, subject, control. Indeed, no one can escape today the web of indebtedness, and this applies not only to Greece but to a wide range of institutional entities and subjects, from states that are obliged to bail out their collapsing banks to students who instead of scholarships now receive loans so that their life starts overdetermined by a huge burden.

How is it possible for so many people to accept this course of events given that debt accumulation constituted thoroughly ethical behaviour within recent capitalist consumerist societies? How is it possible for debt to turn overnight from good to bad object – from an accomplishment to a failure for which each and everyone (from states to individuals) is fully accountable and for which eternal suffering can be the only reward? It is impossible to make sense of this miraculous transformation without reversing causality, highlighting retroactivity, and taking into account long-term structures of subjection.

There is plenty of evidence to suggest that the assumption of shame and guilt is always already presupposed as a long-term subjective infrastructure well before each of its (contingent) historical instantiations. For example, how else can one explain the fact that today many are forced to feel ashamed and guilty because of their (national, family and personal) indebtedness, while a few years ago the same people were actively encouraged to accumulate credit and debt in order to spend, consume and enjoy? Shame and guilt plagued only those who could not keep up with the generalized/democratized spirit of 'conspicuous consumption'. Clearly some sort of pre-existing propensity needs to be posited, which has nothing to do with the particular (very different if not contradictory) contents involved. What is at stake with credit and debt is something that goes far beyond economics and involves subject formation at the most profound level, vindicating Lazzarato's argument, albeit with a psychoanalytic twist. If such construction works through the (impossible) assumption of duty, shame and guilt and their political regulation, we need to register what psychoanalysis adds to this picture when it acknowledges them as founding gestures of modern subjectivity. This type of political regulation and social control operates through the multiple and alternating faces of the superego: prohibitive and brutal (Freud) as well as permissive and generative (Lacan). Such constitutive ambivalence and historical variability in the subjective infrastructure within civilization emerges as an indispensable technology of domination through its association with other processes in which splitting and mutual engagement continuously alternate: the

dialectic between the two spirits of capitalism as well as that between the different faces of power, as formulated by Foucault.

Enforced accumulation of debt and stigmatization and punishment of indebtedness constitute internal if antithetical moments of the same mechanism, utilizing subject construction in the service of social hierarchy. And when the loop between the two fails, debt cancellation and debt forgiveness are called for to sustain social order. Historically, these three options have alternated, sustaining but also gradually shifting power relations. We know, for example, that debt cancellation has usually been a popular demand and has often resulted in the foundation of democratic regimes – the prime example is, of course, Solon's *Seisachtheia* and the foundation of Athenian democracy. Nevertheless, debt cancellation has also been used by pharaohs, kings and tyrants to gain popular support.¹¹ In the case of Greece today, we have seen institutional forces promoting in turn all three options. In the beginning, before the crisis, debt accumulation was allowed and even propagated within the framework of the second, consumerist spirit of capitalism. Then, almost overnight, the same institutions elevated excessive debt into a pathological failure to be punished by 'post-modern' forms of debt bondage. Three years into the crisis, the troika has also orchestrated processes of debt restructuring, with a twist, however! This (partial) debt cancellation has miraculously failed to make any *real* difference to the long-term viability of Greek debt or to the current predicament of the Greek people.

The end of post-democracy?

One of the tentative conclusions to be drawn is that the current management of the crisis involves a continuous dialectic between subjectivity and the social bond using well-tested technologies of domination that manage to sublimate what appears as ambivalence and contradiction (encouraged accumulation of debt and punishment), even breakthrough (debt cancellation), into a mutual engagement sustaining the dominant power bloc. However, in order fully to account for the subjective/collective imposition of this dialectic, for its political effectivity, one would also need to take into account a separate – although not unrelated – dimension of *biopolitical* performativity and retroactivity. What is the reversal required here? We have discussed a process of creating and sustaining shame and guilt and thus legitimizing punishment – but what if it is also the other way round? Perhaps what permits debt to turn overnight from positive to negative, from good to bad object, is also the brutality and meaninglessness of the

punishment itself – as well as its universal application. Paradoxically, the harsher and the more uncalled-for the punishment, the easier this shift is being accepted. The biopolitical performativity of the punishment itself retroactively ascribes to past behaviour the stigma of an excessive, immoral, irrational pathology. Here, punishment seems to retroactively produce guilt and shame, almost bypassing blame. This is a sinister occurrence, with serious implications for the way we characterize the course of (post-)democratic politics in countries of the European periphery.

The crucial question is the following: how is one to assess the establishment of 'neoliberal' *debt society*? Does it constitute a sign of further post-democratization? Or does it signify a passage beyond post-democracy, into the terrain of what, currently, can only be signified as a contradiction in terms, as authoritarian or 'totalitarian democracy'?¹² Colin Crouch is in favour of the first course:

the entire way in which the crisis has been managed has been evidence of a further drift towards post-democracy. First, the Anglo-American financial model that produced the crisis in the first place was designed by a politico-economic elite that corresponds to my concept, as bankers moved in and out of the revolving doors in Washington, designing policies to suit their firms. Then the management of the crisis itself was primarily a rescue operation for banks at the expense of the rest of the population. The most explicit expression of the post-democratic aspects of crisis management was the framing of the Greek austerity package, designed by international authorities in close collaboration with an association of leading bankers.¹³

However, what if the management of the crisis itself increasingly functions in ways difficult to make compatible with even the most formal definition of (post-) democracy?

One can highlight many such instances in the recent Greek *peripeteia*. One that acquired broad visibility from very early on was the brutal suppression by Merkel and Sarkozy of the referendum initiative by George Papandreou during the Cannes G20 summit (3–4 November 2011), as Jürgen Habermas and Ulrich Beck were quick to point out.¹⁴ And what happens when the 'shock and awe' strategy we have described and the ensuing social dislocation do lead to popular reaction? The situation in Greece is also revealing from this point of view. Reaction triggers a twofold strategy on behalf of the dominant elites: at the ideological level dissent is denounced as 'irresponsible populism', while at the institutional level it triggers the mutation of post-democracy into a new hybrid in which legality

is increasingly distanced from legitimacy, the separation of powers suffers, and the parliament itself is marginalized as more and more elements of a virtual ‘rule by decree’ are put in place.

Above all else, however, the clearest indication of such a passage is the brutality and meaninglessness of the ‘punishment’ itself; in many cases, unsupported by any reasonable argument, the measures implemented solely serve the performative imposition of a brutal mode of domination. Thus, in addition to guilt and shame being used to legitimize fiscal punishment, functioning in and almost beyond representation, the unprecedented biopolitical severity of the measures implemented reinforces, in and of itself, the guilt/shame complex. A political form thus emerges that seems to be inadequately captured by the concept of ‘post-democracy’.

Two recent examples, commonplace in the Greek public sphere, are indicative of this trend. First, the widely reported ‘mistake’ made by the IMF in calculating the effect of the measures implemented on GDP contraction.¹⁵ In the face of such an astonishing admission of undercalculation, with disastrous consequences for the Greek economy, and following calls from all political sides to relax the current policies, the troika insisted on Christine Lagarde’s motto: ‘implementation, implementation, implementation!’ The same nihilistic brutality marks another recent incident: the huge increase in heating oil prices imposed by the troika. As a result, consumption of heating oil collapsed, most Greeks have endured a winter without central heating, forests around urban areas have suffered enormously from people desperate to heat their families, and, last but not least, atmospheric conditions in cities have deteriorated rapidly due to people burning whatever they could find in order to heat themselves. Whenever it was pointed out within the public sphere that the increase in tax revenues was actually negligible or even non-existent, while the situation resembled a humanitarian catastrophe, the answer was that nothing could be changed. This legislation is still in place.

What is at stake here is a mechanism that works through pain. In Lazzarato’s terms, it is a mechanism that works through a ‘mnemotechnics of cruelty’, which inscribes the promise of debt repayment on the body itself. In Shakespearean terms, a pound of flesh, a limb, has to be extracted in order for this power structure to produce the surplus of meaningless despair

that will allow it to be accepted fatalistically – or so the logic goes. Should we still describe this turn of events within the rubric of ‘post-democracy’, or is the current turn of neoliberal governmentality to universal cruelty a clear sign that the current phase of the debt economy entails not post-democracy but rather ‘anti-democracy’? If, as Lazzarato puts it, ‘extortion is the mode of “democratic” government to which neoliberalism leads’, then we may very soon find ourselves forced to debate the emergence of a European authoritarianism.¹⁶

Notes

1. Jacques Rancière, *On the Shores of Politics*, Verso, London, 1995, pp. 177; Jacques Rancière, *Dis-agreement*, University of Minnesota Press, Minneapolis, 1999, pp. 101–2.
2. Colin Crouch, *Post-Democracy*, Polity Press, Cambridge, 2004, p. 6.
3. Rancière, *Dis-agreement*, p. 113.
4. Christian Marazzi, *Capital and Affects*, Semiotexte/MIT Press, Cambridge MA, 2011, pp. 126–8.
5. Maurizio Lazzarato, *The Making of the Indebted Man*, Semiotexte/MIT Press, Cambridge MA, 2012, pp. 29.
6. *Ibid.*, pp. 38–9.
7. *Ibid.*, pp. 77–8, 46, 49. For an examination of the temporal aspects of this process, see Simon Morgan Wortham, ‘Time of Debt: On the Nietzschean Origins of Lazzarato’s Indebted Man’, *Radical Philosophy* 180, July/August 2013, p. 35–43.
8. *Ibid.*, p. 111. I am utilizing here the conceptual dyad developed by Todd McGowan in *The End of Dissatisfaction? Jacques Lacan and the Emerging Society of Enjoyment*, SUNY Press, Albany NY, 2004.
9. *Ibid.*, pp. 29, 10.
10. Baudrillard cited in *ibid.*, p. 13.
11. Michael Hudson, ‘Debt and Democracy: Has the Link Been Broken?’, 2011, www.nakedcapitalism.com/2011/12/michael-hudson-debt-and-democracy-has-the-link-been-broken.html.
12. Marazzi, *Capital and Affects*, p. 141.
13. Colin Crouch, ‘Five Minutes with Colin Crouch’, 2013, <http://blogs.lse.ac.uk/politicsandpolicy/archives/30297>.
14. See Jürgen Habermas, ‘Rettet die Würde der Demokratie’, *Frankfurter Allgemeine Zeitung*, 4 November 2011, www.faz.net/aktuell/feuilleton/euro-krise-rettet-die-wuerde-der-demokratie-11517735.html; Jürgen Habermas, ‘Europe’s Post-democratic Era’, *Guardian*, 10 November 2011; Ulrich Beck, ‘Créons une Europe des citoyens!’, *Le Monde*, 26 December 2011, www.lemonde.fr/idees/article/2011/12/26/creons-une-europe-des-citoyens_1622792_3232.html.
15. Olivier Blanchard and Daniel Leigh, ‘Growth Forecast Errors and Fiscal Multipliers’, IMF working paper, Washington DC, 2013.
16. Lazzarato, *The Making of the Indebted Man*, pp. 40–41, 109, 158, 160.