The Violence of Austerity

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Introduction: The Violence of Austerity

Vickie Cooper and David Whyte

This book is about the devastatingly violent consequences of government policy conducted in the name of 'austerity'. It is about the toll of death and illness and injury that so-called austerity policies have caused. It is about the life-shattering violence caused by decisions that are made in parliamentary chambers and government offices. This book is about the violence of politics.

One decade after the Global Financial Crisis (GFC) and seven years since the Coalition government first rolled out a suite of public sector cuts it described as austerity measures, the cuts continue to devastate communities. Despite a widely reported softening of political rhetoric, as this book goes to press in early 2017, UK Chancellor of the Exchequer, Phillip Hammond has just signalled a further deepening of the cuts in setting out his plans to implement a further 18 per cent reduction of government spending. The 'Brexit' vote to leave Europe is directly connected to ongoing austerity policies and their devastating impact on communities. The claim that we cannot afford the European Union has helped to construct a political solitude and severance from other countries that involves, first and foremost, the closing down of borders and ending of free movement (or at least the qualified right to free movement). This agenda has been amplified by the politics of austerity. Although it may come as a surprise to politicians like David Cameron and George Osborne, the chief architects of the austerity package who then conveniently resigned when people voted to leave Europe, austerity has fanned the flames of a xenophobic politics, permitting powerful elites to reconfigure political alliances and forge new ones. What we describe in this Introduction as an attempt to *permanently dissemble the protection state* has been consolidated by post-Brexit political rhetoric as we see the devastating effects of 'austerity' materialise.

The contributions gathered in this book collectively present evidence showing that people most affected by austerity cuts are not only struggling under the financial strain but are becoming ill, physically and emotionally, and many are dying. Several chapters in the book demonstrate how austerity is a significant factor in suicide and suicidal thoughts. They tell how key groups feel humiliated, ashamed, anxious, harassed, stigmatised and depressed. The chapters illustrate how austerity affects people in wholly undignified ways such as having to compete for their own jobs and having to comply with welfare conditions in ways that chip away at their self-esteem and self-worth. People have to scream, kick and shout to have their most basic needs met. Street homeless people are forced to compete for the most basic provision of support by demonstrating that they are more ‘in need’ than the next street homeless person. Disabled people are forced to perform degrading incapacity assessments in order to prove that they are not fit to work and are entitled to state care and protection. Young people cannot find work that lifts them out of poverty and are forced to live in hostel-type accommodation. Women who urgently need to move out of abusive relationships are forced to stay with or return to their violent partners due to lack of adequate shelter provision. The physical and emotional pains of austerity are real and the effects are violent. People are fatigued, stressed, depressed and ill.

In 2013, David Stuckler and Sanjay Basu published their ground-breaking book, *The Body Economic: Why Austerity Kills*, in which they forensically detailed the deadly impact of austerity programmes on public health across the USA and Europe. Amongst their conclusions they showed that the total number of suicides had risen by 10,000 since the beginning of the financial crash in 2007, and millions of people across both continents had lost access to basic healthcare. In a series of hugely important analyses and testimonies, other writers, including Mary O’Hara, Kerry-Anne Mendoza and Jeremy Seabrook, have detailed the human impact of austerity in the UK.[1]

The first aim of the book is to extend those analyses to show how the toll of sickness and death created by the politics of austerity has left none but the most privileged in the UK untouched. Moreover, this scale of death and illness is simply part of the price that has been paid to maintain the basic structure of social inequality, whether measured by politicians as ‘collateral damage’ or by economists as ‘externalities’ (the unmeasured impact of financial transactions on bystanders who have nothing to do with the transaction). The upshot of those externalities, this collateral damage, is that attacks on the publicly funded services that are supposed to protect people in almost all spheres of social life have produced profoundly violent outcomes. The second aim is to reveal the intimate and intricate practices that generate this violence and to reveal the ordinary ways in which the violent effects of austerity are guaranteed by a range of public and private organisations. The violence of austerity is a bureaucratised form of violence that is implemented in routine and mundane ways. It is therefore a type of violence that is very different to those events we normally consider to be 'violent': being knocked down by a car, murder, assault, torture and so forth.

The book therefore seeks to make the reader more familiar with the violent capacities of those public and private institutions that have brought turmoil to the lives of those most affected by austerity: JobCentres, The Benefits Agency, Local Authorities, housing authorities, the criminal justice system, third sector programmes, employers in the public and private sectors and debt recovery companies. The chapters demonstrate how people's everyday experiences of austerity unfold through these institutions – the assemblage of powerful organisations that make up the state. The authors of this book are concerned with understanding people's routine and everyday experiences with public and private institutions in their lives as they try to make sense of the violence that has been inflicted upon key populations.

As well as pointing the finger at political leaders responsible for designing the policies that target marginal and vulnerable populations, we focus attention on the assemblage of bureaucracies and institutions through which austerity policies are made real. Not only do institutions help to convert policies from an abstract level to a material one, they are the very sites through which highly political strategies, like austerity, are de-politicised and their harmful effect made to appear normal and mundane. The routine order and administration involved in, for example, seeking asylum or determining whether a person is legally homeless can have lasting and damaging effects whereby the failure to properly support people exacerbates and reproduces other violent circumstances in their lives. These routine administration practices are not always understood as violent; but they are.

The evidence set out in this book leaves us in little doubt that much of the mundane, everyday business of austerity policies depends almost entirely upon the detached administration of violence. Where the state once acted as a buffer against social practices that put people at risk of harm and violence and provided essential protection for vulnerable groups, the contributions to this book show how the withdrawal of state support has the most devastating of consequences for vulnerable people. One key aim of the book is to identify where this violence comes from, its source and who is conducting it. The institutional structures responsible for implementing public sector cuts resemble a complex morass of rules and policies that is impenetrable and therefore un-opposable. The various chapters identify the politicians, the public and private servants and the institutions responsible for the violence of austerity and set out, in no uncertain terms, to demonstrate how these people and organisations have harmed key marginal groups whose welfare they are ultimately responsible for.

Before turning our attention to this task, this introduction will explore in detail what is meant by 'austerity' and how it has been used to legitimise a political process that we argue has comprehensively reshaped our relationship with government and the public sector.

AUSTERITY: A THREE-PART DECEPTION[2]

Austerity is a word that is used to describe a period of fiscal discipline in which governments make significant cuts to public expenditure as a means of reducing public debt. The principle idea underpinning austerity is that governments, by cutting expenditure, will encourage more private consumption and business investment and therefore more sustainable economic growth. Austerity, then, is built on the logic of 'expansionary fiscal consolidation',[3] whereby cuts to public expenditure are preferred over maintaining public expenditure and/or implementing tax increases. According to pro-austerity economists, Alberto Alesina and Roberto Perotti:[4]

> successful adjustments are those which aggressively tackle the expenditure side, particularly those components of it which are always thought of as untouchables: 'social security and governments wages and employment'.

In this model of expansionary fiscal consolidation, 'business investment is crowded in' and 'competitiveness improves', whereas more 'politically palatable policies'[5] (such as not cutting public expenditure) are seen to jeopardise the long-term aims and results of the fiscal consolidation model.

In what follows, we will demonstrate how this model of fiscal policy is underpinned by a series of deceptions that are designed to oversimplify the rationale for austerity and mislead the general public to believing that public sector cuts will bring about economic recovery. These deceptions together have constructed a 'logic' of austerity that legitimises fiscal consolidation. In the subsections that follow, we set out three major claims that underpin this deceptive logic of austerity.

The first deception: we all played a part in the crisis

In a key speech as opposition leader in 2008, David Cameron set out his explanation of the causes of the financial crisis:

> The economic assumptions that Gordon Brown made in the last decade now lie in ruins. His assumption that a government could preserve stability while running a budget deficit in a boom … His assumption that we could permanently spend more than our income and build an economy on debt.[6]

Thus began a consistent theme in political discourse that has endured for a decade following the GFC: that austerity can be understood as a rational response to soaring levels of both personal and public debt, which in turn have resulted from a combination of reckless government spending and debt-fuelled personal consumption.

Yes, it was the Labour government that authorised and designed the bank bailout, and this did make a major dent in the public deficit, but it does not follow that all of the problems of the 'public deficit' can be blamed on 'overspending' governments. Indeed, the idea that the deficit was caused by government overspending is not supported by hard data. The Blair and Brown Labour governments, on average, borrowed less than the Thatcher and Major Conservative governments.[7] It is therefore not credible to simplify the problem as one of recklessness of Labour governments that had 'maxed out our credit card'[8] even when we take the bank bailout into consideration.

The key problem is not that 'we maxed out our credit card' but that there was a global financial crisis we couldn't control. To accept this means accepting that the problem wasn't an internal government or 'public' failure but that it was located in the global financial system. This is not to say that governments had nothing to do with this problem. The causes of the GFC can be found in constituent elements of neoliberal capitalism that the leading governments designed and shaped. The trading activities that produced the GFC – subprime mortgage lending, hedge funding, toxic asset trading, the uncontrolled boom in financial derivatives trading, and the part that the slashing of 'red tape' played in allowing these activities to take place under the radar – all magically disappeared from major political discussions on public deficit and austerity policy-making.

Of course, locating the economic problems we face in the failure to regulate the global economy is a rather more complex and less palatable explanation than the idea that we simply 'maxed out our credit card'. In a different, yet equally easy explanation for the GFC, fingers were pointed towards some key individuals in the banking sector (in the UK, they included Fred Goodwin of the Royal Bank of Scotland and Bob Diamond of Barclays), and at some particular practices (for example, badly judged investment and lending practices, especially 'toxic' mortgage lending), but those individuals and practices were always described in pathological terms: those to blame were 'rogues' or engaged in deviant practices. Those rogue bankers were easily framed as the willing accomplices of the previous incompetent governments that recklessly 'maxed out our credit card'. As a result, the systemic or normal machinery of corporate capitalism was not subject to any meaningful scrutiny or challenge, and was left untouched and, relatively speaking, unscathed.[9]

Regardless of whoever you believe was responsible for the GFC, it is the general public who have paid the price. As politicians drafted the austerity agenda, the daily routine of the financial business sector was merely cast as a peripheral issue, not an enduring aspect of the self-destructive tendencies of capitalism. It was not seen as the responsibility of the dominant political and financial class, charged with leading our countries in the global economy. Social policy professors John Clarke and

Janet Newman refer to an 'alchemy of austerity',[10] where the problem of the financial crisis magically becomes a public sector problem. The huge sums of public money used to save the banks from liquidation following the financial crisis of 2007/08 effectively turned a private sector problem into a problem of public debt. When the global financial markets began to creak in 2007, the former New Labour government in the UK presented a bank bailout package in the form of the 'Bank Recapitalization Fund', whereby the government provided cash payments, bought shares and set up bank loans to prevent the free fall of the banking economy.[11] At its peak, the total debt owed by the banks to the UK taxpayer was £1.162 trillion.[12] And, with much of the public shareholding of the banks sold off at a loss to the taxpayer, a substantial proportion of this subsidy will never be repaid.[13] The author of *Global Slump*, David McNally, estimates that, globally, $20 trillion was handed over to the banks at the height of the financial crash.[14]

It was not long before the financial crisis quickly became 'our' problem. Governments began appealing not to the banks but to the general public to tighten their belts and pull together in order to get us through these difficult times. On first announcing his 'emergency budget' in 2010, the former UK Chancellor of the Exchequer, George Osborne, preached that although the austerity economic policies are tough, 'they are fair' and that 'everyone will share in the rewards when we succeed'.[15]

This facade of 'togetherness' has played a key part in the ideological making of austerity. Not only did it help organise consent and support but helped deflect the blame for the deficit away from the businesses and private sector, framing it as a problem of the public's making. In response to appeals to reverse or slow down the austerity measures, the government consistently blamed us, the general population, or the government elected by the general population, for not budgeting properly and not managing our finances. Pro-austerity governments have therefore perpetuated the myth that *we* created the deficit problem through our own selfish making or recklessness, that we were all to blame in going along with this 'something for nothing economics'.[16]

This deception was aimed straight at the heart of the welfare state and reignited the government's vitriolic attack on welfare recipients:

> 'the explosion in welfare costs contributed to the growing structural budget deficit', stressing that reckless welfare spending was a major

> cause of a structural budget deficit and the reason 'why there is no money left'.[17]

The government had found its scapegoats for the financial crisis.

The second deception: austerity is necessary

If the first deception has a distinctly moralising tone that pits the 'good' austerity against the 'bad' public deficit,[18] the second deception draws upon a much more practical claim: that only fiscal pain can lead to economic recovery. In other words, it is only by accepting some harsh measures that we will get the economy back on its feet: there is no choice, no alternative; *only* austerity will lead to economic recovery.

UK governments have been remarkably successful in pedalling the deception that 'catastrophe' would 'ensue if we failed to deal' with our deficit problem instantly and with an austerity model.[19] In the same budget speech quoted above, George Osborne used the collapse of the Eurozone as a warning to the British public that if we don't get our finances in order, 'there will be no growth'.

Austerity, then, had been sold to the British people as the only game in town: as a credible and necessary fiscal policy where only public sector cuts will restore economic order. This view was way out of step with the dominant view of mainstream economists. Just as there is a consensus of economists who point to internal economic causes of the GFC, there emerged a consensus of economists who appealed for a Keynesian approach that would maintain high levels of public spending to ride out the crisis.[20] But successive UK governments have rejected any such proposals that challenge the fiscal consolidation model. As an illustration of the government's dogmatic commitment to the austerity fiscal model, it is worth remembering the United Nations (UN) Housing Envoy, Raquel Rolnik's visit to the UK in 2013 to gain an understanding of the depth of the housing crisis and the impact of austerity measures. Rolnik appealed to the then Coalition government to reverse the painful impacts of austerity measures such as the bedroom tax and suggested that the government should:

> [A]ssess and evaluate the impact of the welfare reform in relation to the right to adequate housing of the most vulnerable individuals

> and groups, in light of existing data and evidence; consider whether particular measures are having a disproportionate impact on specific groups.[21]

Rather than respond with diplomacy, the then Conservative Minister for Housing, Kris Hopkins, to whom a number of Rolnik's recommendations were directed, dismissed these comments as 'Marxist diatribe'.[22] Conservative MP, Stewart Jackson, called her a 'loopy Brazilian leftie'.[23] These responses sum up the arrogant and imperious mood of the UK political leaders and their blind commitment to the socially destructive impacts of austerity. Rather than listening to the persuasive body of mainstream opinion on how to mitigate the negative and violent effects of austerity, political leaders shut down all counter opinion and continued to push the line that austerity is a *necessary* evil.

One country that didn't follow the austerity route was Iceland. Following the financial collapse in 2008, the Icelandic government initially developed a rescue plan to bail out the banks that involved compensating shareholders and foreign investors and putting the financial burden back on to the taxpayers and national bank.[24] After several weeks of public protests, the government stepped down, the austerity package was abandoned and an alternative set of reforms were put on the table. In the end, Iceland did not bail out its banks, but allowed the losses of the financial crisis to fall more directly on to shareholders, foreign investors, bankers and the financial elite. Following two referenda in which the people rejected the International Monetary Fund's (IMF) austerity package, Iceland brought about economic stability using a model that was very different to the austerity one used in the UK and other countries. Although forced to implement some public spending cuts, Iceland managed to safeguard its welfare state, healthcare and education system and shift the burden of taxation on to the shoulders of higher income families. Providing proof that austerity is not the *only* road to economic recovery, Iceland's economy has rebounded and is now heralded as one of the first countries to surpass pre-crisis economic output.[25] To put this in perspective, Iceland went from being one of ten economies critically spiralling into financial collapse, to being an exemplary model of economic recovery – all within a decade.

It is not beyond reason that the UK could have followed a similar route to recovery. The UK's deficit is not especially large in relation to other economies. Indeed, if measured as a ratio of debt to GDP, the UK's balance sheet was in a much stronger position than Iceland's following the crash. Its debt to GDP ratio is now comparable to France, slightly higher than Germany, around half the level of Japan and substantially lower than the USA. Neither is it unusually large when placed in historical context. The UK's 2013 debt to GDP ratio has been higher in a total of 200 out of the last 250 years.[26]

Yet the UK government has failed to consider any alternative economic strategies, ridiculing anyone that dared to suggest it could. George Osborne continually warned that the UK was 'on the brink of bankruptcy' and international investors would turn away from the UK if strict fiscal measures were not implemented.[27] While Theresa May, in her first speech as prime minister, rejected austerity as a strategy, her government has continued to implement public sector cuts at exactly the same pace as the previous government. In the first Autumn statement made by Chancellor Philip Hammond in 2016, none of Osborne's planned cuts were reversed. Indeed, events in 2016 show that even after imposing such punitive public expenditure targets, the financial control and planned reduction of the deficit promised by Osborne have been placed out of reach by *global* economic forces. Towards the end of 2016 it became clear that the declining value of the pound following the Brexit vote had forced the government to abandon the same deficit reduction target that the absolute necessity of austerity narrative is based upon.

In this second great deception, then, austerity was cast as the only model that would lead us to economic recovery. It was a model that was prescribed by the same wise people in government who told us that it was the fault either of the previous government or our own reckless credit habits. The third deception is one that has come to characterise UK government talk about austerity using the familiar cliché, 'we're all in it together'.

The third deception: we're all in it together

This political trope is difficult to square with the real, lived experiences of austerity and the effects it is having on targeted groups. Austerity policies have been designed in such a way that target the most vulnerable and