

Austerity: Slavery in the 21st century

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Austerity, according to the Oxford dictionary, refers to the difficult economic conditions created by government measures to reduce public expenditure. By austerity, economists generally mean a reduction in *structural deficit* of the government, i.e., ignoring the effects of economic cycle. The deficit rises and falls as the economy contracts and expands- this is what the automatic stabilisers of economy. In a period of economic growth, tax revenues will rise and spending on unemployment benefits will fall; the cyclical deficit will decline (or a surplus will rise) even if the government does nothing at all to change policy. People were the victims of austerity's slashed public services, wages and jobs; those imposing it, escaped its bitter effects with cash. The public views and the economists' views are not always the same. Austerity has always been harsh to the citizens. Rising unemployment and debt, homelessness, increase in infant mortality, denial to public health services by the government are some. The government tries to lower its debt by viciously gouging public services, cutting pensions and the minimum wage, firing public servants, raising taxes and selling and privatizing government-owned assets.

Austerity as Debt Slavery

Austerity is a set of economic policies implemented with the aim of reducing government budget deficits. Policies

grouped under the term 'austerity measures' may include spending cuts, tax increases, or a mixture of both. In most macroeconomic models austerity measures generally increase unemployment as government spending falls, reducing jobs in the public and/or private sector. Meanwhile, tax increases reduce household disposable income, thus reducing spending and consumption. Government spending contributes to the Gross Domestic Product (GDP), reducing the spending may result in a higher debt-to-GDP ratio, a key measure of a country's debt burden

Austerity as Psychological Slavery

Apart from having economic impacts on the citizens, austerity also has some grave psychological impacts. People suffer from a feeling of mistrust and fear, humiliation and shame, instability and insecurity, isolation and loneliness and experienced a feeling of being trapped and powerless. Austerity relies on a politics of fear and distrust to drive through policies which hit the most vulnerable the hardest. Austerity policies targets benefit claimants, using the vilification of benefit claiming and beliefs about the level of benefit cheating. Shame and humiliation are both social emotions. Humiliation comes when people are made to feel that they are less in status or worth, while shame occurs when people are made to feel that they have violated some moral or social status. Austerity increases

insecurity in both work and welfare benefit payments; instability becomes an intrinsic part of many people's experiences. Work no longer remains a guarantee of stability. Insecurity, both personal and material, is known to be central to mental distress. It is known that job insecurity leads to poor mental health outcomes. Austerity hits the local government very hard. The funding are highly affected which reduces resource that support community living. People living in deprived communities become more socially isolated. Policies which increase isolation and loneliness therefore have a direct risk of damaging mental health outcomes in both the short and long run. Austerity removes many choices from people's lives who are struggling or living with low incomes. This leads to the feeling of being trapped and powerless. Feeling powerless is also a key component of many psychotic experiences, such as paranoia.

Austerity in different countries

From the last few years, Venezuela has been in an economic crisis and things have reached its boiling point. President Nicolas Maduro had even declared a 60-day state of emergency, claiming there were plots from within Venezuela and from the United States to undermine his authority. The highly unpopular socialist government had also announced electricity rationing and drastic cutbacks to the state work schedule, because of a drought and because world oil prices had collapsed, cutting government revenues dramatically. The National Assembly, controlled by the opposition, added to the plight of the people by declaring the country's health sector a national emergency. The

government also took step towards authoritarian control over its opposition.

Similar effects were seen in case of Ireland also. It was the first country to agree an international bail-out with the Troika of the European Commission, International Monetary Fund (IMF) and European Central Bank (ECB). The agreements between the Irish government(s) and Troika included severe decrease in the wage and pension in the public sector. There were severe cuts in the public employment. The impact on the social care and health was drastic. Spain was another such country that saw the darker side of austerity.

Greek Austerity and Slavery

The Greek crisis is one of the major economic crisis that has been visible over the past few years and has been widely debated in popular media due to the extreme amounts of austerity that have been imposed on its people. Greece joined the European Union in 1981 and adopted the Euro in 2001 post which it experienced sustained growth till 2008. Its GDP per capita nearly tripled from \$12,400 2001 to \$31,700 in 2008. The Greek government took huge loans from Greek and foreign companies in order to finance its wide variety of infrastructure related projects. However it was later discovered that the Greek deficit was largely underreported. As the financial crisis of 2007-08 hit the world lenders started demanding their money back, Greece's default was discovered and the country's inability to meet its debt obligations resulted in its GDP drastically reducing by 20%.

Greece owes a total debt of 323 billion euros to various countries and banks

within Europe and its debt to GDP ratio is a mounting 177%. This forced the government to seek help from World Bank, IMF and its largest international creditors included Germany followed by France and Italy. However these entities agreed to help bailout Greece only if it imposed certain austerity measures on its people. While these austerity measures have been constantly coming in since 2010 they have increased in such magnitude that the Greek public have been vehemently opposing these measures through protests and demonstrations besides voting a clear NO in the referendum in 2015.

Greek Austerity Measures

A series of Thirteen austerity packages have been imposed on the Greek public until May 2016. These include freeze in wages of government employees, sharp decreases in bonuses, cut in overtime workers, pensions etc. Further, official accounts of the country's unemployment rate are at 22.6%. Besides large increases in taxes (especially luxury and sin taxes along with value added taxes) there have been huge public sector cuts and new taxes on company profits. One of the cost severe of these measures is that the pensions have decreased by 20% to 50% which is huge problematic because a large number of households depend on pensions for meeting their expenses. In a referendum held in Greece in 2015 more than 61% of the population voted 'NO' for adopting further austerity measures in spite of knowing that the repercussions of this vote could lead to Greece's forced exit out of the Eurozone and consequent bankruptcy. While critics have largely argued in popular media that this was the wrong choice, there is gross underrepresentation

of the views of the Greek people who are being forced to accept extreme measures for no fault of their own.

Is austerity a new form of economic slavery?

"We didn't vote No against austerity but against debt slavery"

While many think of slavery in terms of bonded labour and serfdom, modern times experience this in the form of debt slavery or large cut in the minimum wages. In the Greece crisis, people of the country were forced to take in large cuts in their minimum wages and accept huge amounts of debt against their own will. Many see this as a form of enslavement of Greece at the hands of other powers such as Germany and France who demand unconditional surrender in the form of austerity. While most of the mainstream literature criticises Greece for not accepting these austerity measures we as outsiders fail to understand the notion of these measures for the people. Besides resulting in rapid decreases in their standards of living Greek believe this to be a form of economic warfare where Germany is being cast as the aggressor and France as the secondary power. While war may not necessarily be the metaphor we are looking for, austerity is an indirect way by which financial and upper classes worldwide enslave workers in the targeted underperforming region or country. It's a way in which one developed country enslaves another developed country and is often called as the start of a larger phenomenon of neo-imperialism. Why this notion is also gaining popularity among the masses is because Germany and Greece have always been strong

competitors and this implication is all the more reason that the people of the country

vehemently opposed these anti- austerity measures.

