Debt Economy

By Kayleigh M. Stack
Writer, Blogger, Ethnographic Researcher, Provocateur
http://kmswritings.pressfolios.com

With the continuous proliferation of capitalism post 1990's New Order Regime, and the ongoing incessant expansion into what are now becoming fewer "wild" and ostensibly "empty" territories, there have been new developments in the "whys" and "hows" for extracting and utilizing both natural and human resources globally that are beyond "an enactment of commodification or conquest" (Tsing p. 33). The injustices of commodification and conquest have been seen and experienced for centuries. More recently, the relentless push toward a globalized world, although continues to include such century-old foundational forms of power insertions, also encompasses newer neo-colonialism/neoliberalism counteracting initiatives. Such initiatives, which will be described more below, that have been adopted by government and corporate relations, are used as an attempt to "off-set" the various destructive effects of globalization, as well as both the damaging short-term, yet perhaps productive long-term, effects on human quality of living (that is depending on what side of the 1% you might be on). Using Ulrich Beck's "Risk Society" as mentioned in Etienne Balibar's *Politics of the Debt* (Balibar p.1) and Joseph Schumpeterian's theory of "Creative Destruction" in Geert Lovink's *Friends with Money* (Lovink p. 6) the following paper will attempt to draw from these two theories to explain both the disadvantages of neocolonialism's heroic intentions for sustainability, along with some of the purported advantages that claim to be experienced in the long-run, in the ever-changing unstable economic system.

Schumpeterian's "creative destructive" theory essentially outlines the inevitable disrupt that capitalism needs to experience in order to make social, political, and economic advances (Alm & Cox). These "disruptions" have the effect of, what Derrida would describe as "decentering" a system, which on the immediate plane demonstrates negative consequences for those dependent on the way the old system had functioned, however, in the long-run yields a better quality of life (Derrida p.2). To put this into more concrete terminology relevant to the current state of the economy, I will use the example of technology. Broad subject, but will eventually be teased out.
With the advent of more and more advanced technology, there has been empirical evidence that automated machines in various employment sectors have been hurting the job market, causing stagnant employment growth due to jobs being replaced by automation (Rotman p.1). While the rise in the industry of automation might have its obvious immediate drawbacks (unemployment), it is also believed to be countered with various advantages. The theory goes that, although older jobs may be replaced by more efficient means, such as automated machines - increasing the

overall productivity of many services - this increase in productivity inevitably calls for the development of new jobs to manage the surge of productivity. The advantages are twofold: first- quality of life supposedly goes up because there is more convenience in everyday activities (i.e. buying everything online with a credit card), second- new jobs are eventually created to match this flood of productivity (new jobs have to be created by people (*the thinkers*), before they are perfected by machines (*the do-ers*)). To bring back Schumpeterian's "creative destructive" theory: as new innovative ideas are implemented, old ways of operating get destroyed causing a decentering – yielding disruptions in the original system, but then eventually finding a recentering within the innovations that have taken place, purportedly enhancing the overall quality of life in the long-run. In the example given about automation, other than the quality of life enhancing due to increased convenience and (eventually) more jobs, an additional outcome results from the elimination the human efforts of labor, causing the cost of the service and/or product to decrease overtime, contributing to more advantageous economic results in the long-run. However, does it in fact operate in such a clean cut manner? This takes us to Beck's "Risk Society".

Ulrick Beck's "Rick Society" theory explains that with changes, comes adaptation, and with adaptations there can be the ability to predict "crises" or detrimental effects (Balibar p.1). Therefore, in foreseeing such consequences, rather than allowing a system, or social organism, to recenter and correct itself, there is a constant overcorrecting, or off-setting, in effort to prevent/ameliorate the consequences. As a result of attempting to "right" the "wrong" created by man, more unforeseen side-effects accrue, essentially causing a "snowball" effect. Again, to make this theory more concrete and tangible, the previous example of automated technology will be drawn upon, more specifically in regards to the "economic" advantages/disadvantages. However, before diving into the specific economics of this one examples, engaging the former conversation of how neocolonialism/neoliberalism priorities are involved, becomes essential. The advent of technology is a direct product of the incessant expansion of capitalism, correlating with the never-ending push to accumulate capital (Balibar p.1). The proliferation of capitalism into more remote areas is motivated by the intention of exploitation for cheaper resources and labor (Tsing p. 27). However, commodification and conquest, albeit included in neocolonial/neoliberalism priorities, are packaged (concealed) amongst other policies that are intended to off-set many of the detrimental effects of the expansion of globalization (Tsing p. 33). Meaning, in the process of destroying the environment and people's livelihoods throughout the globe, concurrent plans are put into place to also save it (Tsing p.32).

On a smaller scale, these neocolonial/neoliberal policies, as a product of capitalist expansion, have a direct effect to automation in the job market and the price outcomes of those products in the long-run. While lifestyle in one country, especially those considered "developed countries", are seemingly experiencing more convenience as technological advancements proliferates, the economic advantages are not panning out. The reason why certain conveniences are not getting cheaper with automated technology is due to the off-setting activities (i.e Ulrich Beck's “risk society” theory). Many of the costs of off-setting activities for globalization, (i.e. governmental environmental initiatives for planting trees to decrease the global carbon footprint) (Tsing p.32), actually getting “billed” to the consumer in other ways, outside of the product itself. This can be experienced in terms of inflation – as more money gets pumped into the system for off-setting detrimental effects due to the expansion of capitalism, the value of the dollar for the everyday citizen goes down and as a result, decreases the quality of life (Lovink p.6). In this case Schumpeterian's theory of “Creative Destruction”(Alm & Cox) does not seem to have the positive effect of yielding more growth and a higher living standard, since the economic “growth” is being counteracted by *inflation*. As the value of currency, the dollar in this case, decreases, there is more and more reliance on externalized financial capital – loans, mortgages, credit – contributing to a global debt economy, a direct product of globalization (Balibar p. 1,2).

Bibliography:

Alm, Richard and Cox, Michael
Creative Destruction. The Concise Encyclopedia of Economics. Sources:
http://www.econlib.org/library/Enc/CreativeDestruction.html

Balibar, Etienne
2013. *Politics of the Deb*t. Pstmodern Culture. Vol 23(3): pp 1-17.

Derrida, Jacques
1970. A Postmodern Reader: *Structure, Sign, and Play in the Discourse of the Human Science*. New York. State University of New York Press. pp. 1-12.

Lovink, Geert & Tkacz, Nathaniel
Friends With Money. pp. 1-10.

Rotman, David
2013. HowTechnology is Destroying Our Jobs. MIT Technology Review. Source:
http://www.technologyreview.com/featuredstory/515926/how-technology-is-destroying-jobs/

Tsing, Anna l.
2005. Friction: An Ethnography of Global Connection. Chapter 1: Frontiers of Capitalism. New Jersey. Princeton University Press. Pp 28-50.

Internet Video Source

https://www.youtube.com/watch?v=U8Yn5jT8Hyc

https://www.youtube.com/watch?v=NJms4Y0Q6nY

https://www.youtube.com/watch?v=IaIek5MQ6Hs