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Austerity, Socialism, and the Capitalist Anti-Market

Patrick Neveling

When Ernest Mandel assessed austerity politics and public reaction to them during the early 1980s, the heyday of neo-liberalism, the small island state of Mauritius featured prominently. To Mandel (1983: 159), austerity meant to "systematically take money out of the pockets of the poor to put it in the portfolios of the rich." However, in capitalist democracies, universal suffrage allows the public to serve the bill: "We have had one election, a world record: in Mauritius where, under a conservative government and with a complete conservative control of the mass media, you had a general election last year in which 100% of the MPs were Left, not a single rightwing MP was elected … the people voted against austerity." But to Mandel, this was not the end of the story—incoming "social democratic governments" would "absolutely … repeat the austerity policies of the right" (ibid.).

Since then, this process has been repeated over and over again—the 2015 Greek elections and the fairly swift embrace of austerity by the SYRIZA-led coalition being a case in point (Rakopoulos 2015)—and researching austerity is now an important venture for anthropology. The following adds to this venture a short anthropological analysis of austerity's role in the political and economic conditions that contributed to the 1982 election results in Mauritius.

In particular, I will consider two recent anthropological approaches to austerity: first, the portrayal of austerity measures as events that disrupt the flow of historical epochs (Knight and Stewart 2016: 5); second, calls for analytical attention to how present-day politics of austerity emerge within a changing historical articulation of sovereign debt as an "explicitly collective obligation" (Bear 2015: 8). My analysis of the continuities and differences between the policies of the late-colonial British government and those of the post-independence Mauritian government since around 1960 adds to these approaches a focus on the capacity of austerity to prevent change and austerity's importance for maintaining essential features of capitalism's anti-markets, that is, the direct and indirect transfer of public revenue to the bourgeoisie and the nationalization of losses.[1] To conclude, I propose a set of questions that could help sustain anthropology's analytical distance to ideologies attached to the regulation of capitalist accumulation in a given social space-time.

Austerity beyond the Event

In their introduction to a recent special issue of *History and Anthropology* on ethnographies of austerity, Daniel Knight and Charles Stewart (2016: 2) assert that austerity creates a "counterfactual futurity." Now, academic circles that do not engage in high postmodernist jargon may object that any human society's future has no facts, for it is the future. Yet what Knight and Stewart seek to highlight is that austerity is unique. According to them, even in the direst circumstances austerity is different from "endemic underdevelopment and poverty" (ibid.). This is supposedly so because underdevelopment and poverty could be considered structures that generate path dependence and, hence, predictable futures. Austerity, instead, is a 'rupture' in any structured, path-dependent society. Thus, the crises that austerity generates alter established trajectories everywhere—in individual lives as much as the collective expectations of social units up to the level of the nation-state. What is more, austerity is a 'critical event', and, as such, it disintegrates a given structure's past-present-future continuum, replacing the certainty that had characterized the current epoch with uncertainty (ibid.: 3–5).

If we put this to the test, though, there are few historical instances when austerity politics and crises had such disruptive power. In macro-histories of modes of regulating capitalist exploitation—such as David Harvey's (2005) analysis of neo-liberalism—debt crises and austerity in major US cities, such as Detroit and New York in 1975, and in the United Kingdom in the same year are two of the many factors in the shift toward flexible accumulation. In fact, these policies appear more as manifestations of a process that was already well underway, fueled by a declining rate of profit in US and UK manufacturing operations since the 1960s, the collapse of the Bretton Woods system of stable currency exchange rates, the oil price shocks, the expenses for the Vietnam War, and so forth—all 'events' of the early 1970s.

Delving into the details and intricacies of global history and its multifarious manifestations in social space-time, I now turn attention to Mauritius. As Mandel predicted, the landslide victory in 1982 that handed all 60 electable seats in Parliament to the Mouvement Militant Mauricien (MMM) did not end the austerity politics that the previous governing coalition of the Mauritius Labour Party (MLP) and the Parti Mauricien Social Démocrate (PMSD) had introduced.[2] This was because the state was committed to a special drawing rights (SDR) agreement with the International Monetary Fund (IMF) and to a structural adjustment program (SAP) with the World Bank (WB), signed in 1979 when the Mauritian government foreign exchange reserves allowed for less than two weeks of imports of essential staple foods and natural resources.

Paul Bérenger, minister of finance and leader of the MMM in 1982, explained to me in a conversation in November 2012 that his party had had little idea of the degree of commitment attached to the SDR and the SAP. After the new cabinet's first meeting with IMF and WB delegations in Toronto in 1982, efforts to obtain alternative bailout funds from Libya and Algeria bore no fruit. Within a few months, a larger group of MPs left the MMM and set up a new party, the Mouvement Socialiste Mauricien (MSM), which toppled the government in 1983 in coalition with eight MPs from the MLP and PMSD who had retained seats in Parliament. The new government had fewer scruples about maintaining the ban on subsidizing imports of staple foods and resources such as oil, although this put considerable strain on most Mauritian households. The program ran until 1987, when it was foreseeable that the Mauritian government would soon have foreign exchange reserves to cover essential imports for 15 weeks (World Bank Group 1987: 7).

Strikingly, though, few Mauritians I spoke to during research in 2003, 2004, and 2012 considered the austerity period from 1979 as the end of—or even as a disruption to—an epoch in the sense outlined above by Knight and Stewart. Likewise, Mauritian and outside historians, economists, and journalists regard this not as a moment of 'rupture' in the nation's history, but as an 'event' that had profound impact on the rise and fall of a socialist alternative to mainstream capitalist politics in Mauritius. Such a historical trajectory would begin with the party's foundation in 1968 and its increasing popularity in the 1970s, when many MLP supporters, including high-ranking public officials and politicians, felt their party had betrayed the fight for independence when it entered into a coalition with the PMSD, the party of the colonial bourgeoisie that had fiercely opposed independence.[3]

The trajectory would continue further with the rapid shift of many workers from MLP-affiliated trade unions to new unions under the umbrella of the MMM's General Workers' Federation. It also involved the fight against the state of emergency, which the MLP/PMSD government upheld from 1971 to 1976 and which banned public demonstrations and strike action while pushing through an export-oriented development policy that included considerable subsidies for local and foreign capital. These fights had also targeted a political system established by the colonial state that was based on rather fictional ethnic categories and sought to deny any relevance to class structures that had been introduced by the colonial state in the 1950s. That political trajectory had culminated in general strikes in 1975 and 1979, and the MMM nearly won the first post-independence elections in 1976. To some extent, this campaign continued throughout the 1980s and resurfaced in 1992, for example, when a coalition of MSM and MMM, elected with an overwhelming majority of parliamentary seats in 1991, ended the status of Commonwealth realm that had been ratified in the independence agreement of 1968 and created the Republic of Mauritius, with an elected president of Mauritius replacing the British governor-general.[4]

In other words, we may want to see the IMF/WB politics of austerity beginning in 1979 and the elections of 1982 as two of many events in a historical struggle over Mauritian independence and whether, in the process, the nation would abandon colonial legacies of inequality and ethnicized capitalist exploitation. If anything, the particular version of IMF/WB austerity in this instance consolidated those legacies and, hence, was an event that maintained the kind of path-dependent structure that Knight and Stewart imagine would be disrupted by austerity. Instead, for the time being, early 1980s austerity politics in Mauritius defeated a collective effort to usher in a new, truly postcolonial epoch.

Austerity and the History of Sovereign Debt

As we have seen, the 1982 elections in Mauritius did not end austerity or the legacies of the colonial era that the new nation had inherited in 1968. In fact, most Mauritians never tire of emphasizing that many of the nation's powerful economic consortia have their roots in the colonial era and in the sugar cane industry, which dominated the island's economy since the extension of British imperial tariff preferences in 1825. Such preferences, which before had been the privilege of the British Caribbean colonies, gave Mauritian cane planters and millers a favorable position in the global sugar commodity chain. For many years they enjoyed reduced import duties to the world's largest market for cane sugar. The access to such capitalist antimarkets, which generate hierarchies among sellers of the same product, would shape the political economy of colonial Mauritius up to 1968 (Neveling 2013).

However, depending on sugar had its downsides, and a large share of the sovereign debt owed in 1979 had been amassed through policies that sought to break this dependency. At independence, Mauritius was widely regarded as a lost cause: the odds of diversifying an economy solely reliant on cane sugar as the only export commodity were seen as too great. Rapid population increase, large-scale unemployment especially among the younger generations, and an overreliance on imports of basic goods had been 'discovered' by the British colonial administration in the 1950s. Since 1963, the colonial government had been selling long-term bonds to investors on the London market and borrowing from the World Bank and private international banks to develop Mauritian infrastructure, public housing, and 'pioneering industries' that would lower the island's dependency on importing vital commodities and also create jobs (Neveling 2017).

These debts contributed a lion's share at the time of Mauritius's default in 1979, not least because post-colonial governments continued and expanded the colonial development strategy of debt-backed subsidies to capital, based on the explicit advice of WB advisers. In 1970, a *travail pour tous* (TPT) or 'work for all' program promised the creation of 130,000 jobs by 1980—a remarkable number for a nation whose total population numbered 800,000. The majority of these jobs were to be delivered by an Export Processing Zone (EPZ) Act, passed in Parliament in 1970, which aimed at attracting export-oriented manufacturing industries with tax and customs holidays for investors and with state-funded cultivation of industrial land and new industrial estates. Several World Bank loans backed these state expenses, while private companies' revenues from high sugar prices since the world food crisis in 1973 were diverted into the EPZ. Local capital had learned to appreciate tax and customs holidays as much as guarantees against nationalization for EPZ investment.

Yet at the same time, rising prices for imported foodstuffs and fossil fuels increased the cost of living. The government responded with salary increases for state employees, not least so they would not join the MMM. This house of cards hinged on tax revenues from high sugar prices and rapid growth in EPZ manufacturing. The gradual collapse set in when a major cyclone in 1975 demanded additional investment in housing and when sugar prices began to fall in the same year. Things took a sharp turn for the worse once the 1979 oil crisis began (Neveling 2012: 225–314).

Defined as a rolling back of state expenditure, austerity is a phenomenon of the second half of the twentieth century in Mauritius. But before the 1950s, there was no social welfare system for ordinary Mauritians that could have been cut. The colonial state put money into the economy mainly by way of trade preferences, as in 1825, and local tax revenues went into infrastructure for irrigation, transport, and research—all for the benefit of the sugar industry. Of course, even though Mauritius had no welfare state, austerity measures in response to crises in the metropole had repercussions in the colony. Protectionist measures on the British market aggravated the repercussions of the 1920s crisis in Mauritius, and the colonial state bailed out indebted estates as late as 1937, although deliberately excluding small businesses of former indentured laborers (Neveling 2012: 153–190).

From this historical perspective, Mark Blyth's (2013) analysis seems useful, for it treats austerity as a policy concept that encounters different states in different historical eras and under different global circumstances. Blyth notes, for example, that Adam Smith's case for cutting back state expenditure against a "state personified by … vicious, capricious, untrustworthy monarchs" (ibid.: 99) is different from austerity in various Western capitalist nations during the 1920s. Anthropologist Laura Bear (2015: 6), however, criticizes Blyth, claiming that his work would establish the "usual interpretation of austerity policy as a recent phenomenon" and that anthropology instead should "show that current fiscal policies that focus on cutting public spending are a consequence of a longer history of alterations in sovereign debt." The latter is an important point, for in the case of Mauritius it mattered a great deal whether the British colonial state or the post-colonial Mauritian state acted as a guarantor for sovereign debt. Yet, contrary to Bear's assumptions, the Mauritian example shows that the accumulation of sovereign debt may well have a rather short history, as here the principal intention was to encourage development through local and international capital—an outcome that emerged in the 1950s.

What is more, the expenditures that generated Mauritian sovereign debt call into question whether anthropologists are well-advised to follow Bear (2015) in viewing sovereign debt as an explicit collective obligation. The fact that such efforts target an improvement of capital's positioning in global (anti-)markets raises questions about axioms of Bear's analytical proposals. Should we assume that, in the case of Mauritius, neo-liberalism has indeed established "specific alterations in the relations and mechanisms of state debt" (ibid.: 7)? Should we concur that state debt "creates a contradiction between the redistributive and extractive aspects of state institutions [and] … leads to austerity policy, which is decentralized, creative, short-term and chaotic" (ibid.)?

Proposals for Austerity's Future Analysis

Anthropology's understanding of austerity is closely related to the history of a given place. But whereas Knight and Stewart consider the potential for austerity to disrupt structures (i.e., ordinary life in a given epoch), Bear regards austerity as a by-product of the historical alterations to sovereign debt. The material from Mauritius reveals that both approaches generate new contradictions rather than unmasking existing ones. Why, for example, would a nation-state seek to meet a 'collective obligation' (sovereign debt, in Bear's sense) by way of 'decentralized' and 'chaotic' policies (austerity)? What do we gain from regarding times without austerity as epochal structures and times of austerity as disruptive events?

These prominent contemporary approaches to austerity in anthropology seem to distinguish between structure as the equivalent to cultural order and austerity as the equivalent to cultural *dis*order. Once we couple this with Knight and Stewart's disclaimer that austerity is different from 'endemic underdevelopment and poverty', we might have to reintroduce long-abandoned notions, such as Oscar Lewis's 'culture of poverty', into anthropology's analytical portfolio. What is more, should we accept austerity as a disruptive event, we foreclose the possibility to analyze it as an event that maintains order. Such was the case when the socialist project that the majority of Mauritians voted into government in 1982 was crushed within less than a year by the reality of the 'collective obligation' that the previous government had undertaken.

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Notes

1. For more details on this subject, see Neveling (2014).
2. In fact, the previous coalition retained eight seats in the 1982 elections on an ethnicity-based 'best loser' system.
3. In his autobiography, Jayen Cuttaree (2011), a former MLP member, a long-time member of Parliament, and a minister in various governments for the MMM since 1982, provides an excellent overview of defections from the MLP to the MMM throughout the 1970s and until 1982.
4. For the Mauritius Republic Act of 1992, whereby Mauritius became a republic within the Commonwealth of Nations, see http://www.legislation.gov.uk/ukpga/1992/45/enacted.

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