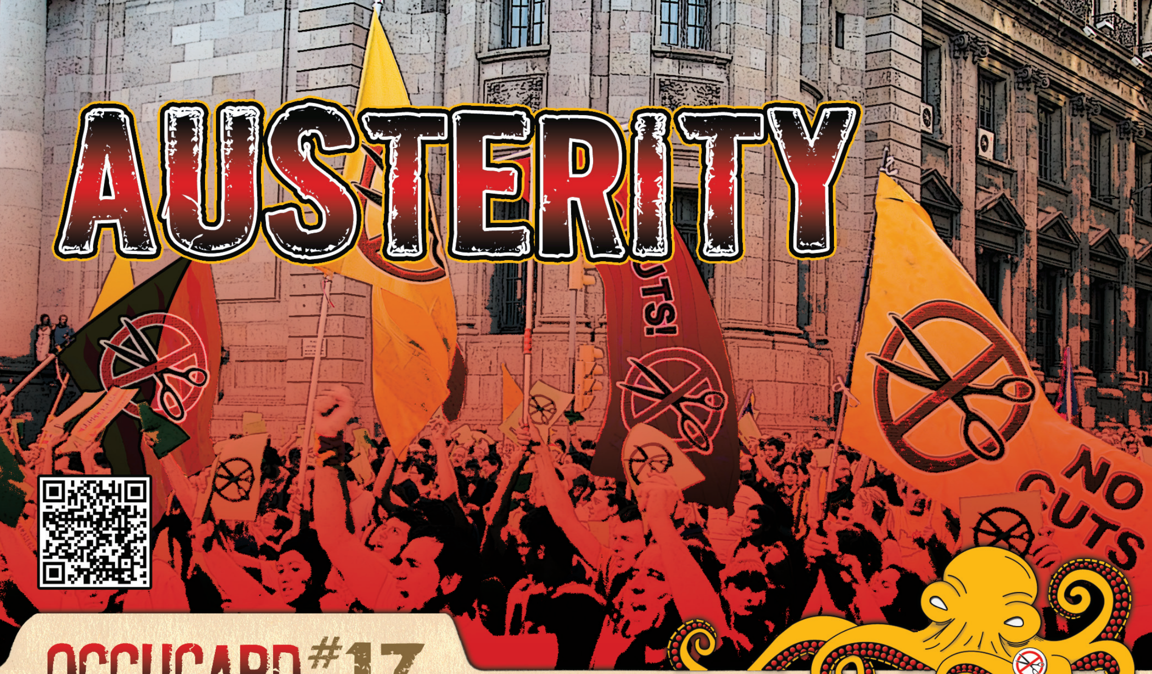
AUSTERITY



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EXPOSING AND OPPOSING THE CORPORATE STATE

Austerity is a term used to refer to cuts in government spending for social services that benefit the poor and middle classes—often combined with tax increases—undertaken so a country can make larger loan repayments to central banks. Austerity measures reduce the general population's standard of living while maximizing profits for financial corporations and wealthy investors. They are part of a globalized financial system that utilizes debt as a means of concentrating wealth in the hands of fewer and fewer people.

Austerity measures are part of a larger process of wealth extraction that begins when central banks saddle national governments with debt. The IMF and World Bank, for example, regularly provide loans to developing nations that contain provisions requiring those nations to restructure their economies in line with corporate interests. Referred to as "structural adjustment programs," these neoliberal requirements often include reducing or eliminating labor and environmental protections, privatizing public utilities and other government services, and allowing foreign corporations to buy up a country's assets. The loans are typically given to the ruling dictators or oligarchs within the country for infrastructure projects that benefit multinational corporate interests, such as building factories, industrial ports and power stations. They are rarely provided for building or funding schools, hospitals or other projects that would strengthen a country's economic independence. On top of this, as John Perkins explains in his book, *Confessions of an Economic Hit Man*, "most of the money never leaves the United States; it is simply transferred from banking offices in Washington to engineering firms in New York, Houston or San Francisco [that are granted the actual construction contracts]." Yet the country is required to pay this money back, and when they inevitably can't, austerity measures extract another "pound of flesh."

This predatory lending process against nation-states by central banks does not take place only in developing countries. Similar loan requirements have been imposed on poorer nations of the European Union, including Greece, Spain, Ireland and Portugal, and austerity measures in these countries have led to widespread popular revolts. For example, a movement involving more than eight million Spanish citizens called *Los Indignados* (the Indignant), has been occupying public squares across Spain since 2011, and was the original inspiration for the Occupy movement in the U.S. And in Greece, where the vast majority of people oppose austerity and are demanding the government cancel its debt agreements with foreign banks, mass demonstrations and general strikes have taken place since 2010.

In the U.S. both major political parties are advocating for increased austerity, including cuts to Social Security and Medicare. This is happening only a few years after congress added $700 billion to the national debt by bailing out the same Wall Street banks that defrauded millions of Americans during the subprime mortgage scandal. Using platitudes like "the government needs to get its house in order" as well as outright lies like "there isn't enough money to fund social programs" or "austerity measures will spur economic growth by increasing investor confidence" (a version of the long-discredited "trickle-down" theory), the corporate media is playing its role generating fear and hysteria on behalf of the banks. This criminal collusion between corporations and government won't end until a mass movement of **education**, **protest** and **civil disobedience** grows large enough to disrupt business-as-usual.

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