

The Importance of a Perspective from Abroad

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Even the most isolationist persons among us cannot help but be aware of how connected we are to the rest of the world, and for a moment recognize that perhaps we cannot disassociate ourselves from the global political economy. Aside from the endless noise about how we live in a globalized economy, and talk of financial markets bouncing up and down in time with the ebbs and flows of the economic news from Europe and the eurozone, as a rule we have little idea about how the rest of the world understands events as they pertain to the USA. Our academic and popular presses tend to focus on domestic issues, and the political discourse seems oblivious to the changes in our international relations with the world around us.

A good example is the current events in Greece and Italy, as their indebtedness has created questions about sovereign debt and the stability of European banks. Most people in this country are surprised and dismayed to see that crisis impacting on our own economy, in spite of all the talk about linking all economies. A recent auction of Italy's government bonds generated the highest yield since the formation of the euro, signaling a deep cut in their value and by extension in faith in the Italian economy (for those who see this as a contradiction, remember that bonds generate fixed payment above a set or base redemption value at their issuance, and so the less they are 'valued' the lower the price paid for the bond and the higher the effective yield will be in percent terms – as the price goes down the fixed payout above par value represents a higher percent yield, and vice versa). While economists like to have us believe that economics is a dispassionate science all about market driven relationships, it is clear that a combination of Greece's economic troubles, an environment of increased political turmoil in Italy, a loss of buyer confidence in the economies of Greece, Italy, Portugal, Spain and Ireland as weak partners burdened with large debt and struggling economies have all contributed to a deep discounting of Italy's near term economic future. There is ample evidence to fuel this negative view: the economic decline in Greece and Ireland; a referendum in Iceland in which the citizens refused to take on the burden of bank losses and debts to foreign financial institutions; growing resistance across the board to the 'necessary' austerity solutions proposed. The environment of struggling nations looking for financial bailouts has shaken the confidence of European investors, and in many cases the US banks that back them up. It seems that the assumptions of neoliberal market driven economic growth, enabling nations to increase their GDP, which is essential to paying down their debts, is met by a cynical recognition that current policies will have a negative and not positive impact on GDP growth and their subsequent ability to consolidate existing (not to mention future) debt burdens. In other words, assurances to the contrary, there is serious doubt about the entire debt landscape.

By general agreement among US and European policy makers, the only way to deal with the rising debt of weaker eurozone partners is increasing austerity programs in the public sector in order to generate savings that will buy down a mounting national debt. From the bankers' point of view, all necessary actions must be taken to keep countries from either defaulting or demanding a steep restructuring of their debt – either outcome threatening the creditor economies with large losses. Citizens of these countries, however, take a different view. Large, at times violent, demonstrations in Greece, Spain and elsewhere marked the reaction to 'voluntary' austerity proposals made by governments trying assuage creditors and hold the financial house together. The irony is that these neoliberal policies of contraction so popular with international institutions like the World Bank and the International Monetary Fund (IMF) are just what most economies in Europe and the USA do not need (we need not digress into a defense of the Keynesian policies that dominated policy decisions for the second half of the 20th century to see that increased economic activity through consumption and not a reduction is essential for markets to thrive and profits to be realized in a capitalist economy).

Europe may now be in a financial shock as it struggles with policy choices that end up harming its population while protecting the financial interests of German (and to some extent French) and US banking elites. But this is not a new story for countries of Latin America, Asia and Africa long under the thumb of the IMF's neoliberal fiscal policy prescriptions. One can perhaps forgive a certain Schadenfreude setting in among the people and political elites of those countries watching the same impossible pressures brought to bear in Europe. A more careful understanding of the course of neoliberal policies as they have been implemented abroad, and the scope of resistance and alternative national programs in response to neoliberal policies, will shed some light on the possible policy and social repertoires of action available to counter the current problems in Europe.

The pages of this journal have a long tradition of articles that try to come to terms with events in Latin America, including financial challenges (De la Barra, 2006, 2010; Rosero and Erten, 2010), political options and actions (Dello Buono and Bell Lara, 2006; Figueroa, 2006; Reed and Foran, 2002; Salinas, 2006), social movements (Cockcroft, 2006; Petras and Veltmeyer, 2006), and the role of imperialism and responses to neoliberal policies (Chilcote, 2009; Dello Buono, 2011; Figueroa, 2010; Fuchs, 2010; Gandásegui, 2006). Several years ago the journal embarked on an initiative to review and revise articles by Latin American scholars in their native language, and once accepted to subsidize their translation into English for publication. Some of the articles identified above are early fruits of that effort. Our thought was that serious and counter-hegemonic scholarship, from a perspective situated outside the US-European intellectual networks, could provide insights about the global economy. We have now initiated a similar agenda with regard to articles from and by African scholars, again with the belief that new perspectives not burdened by conventional wisdom and culturally informed logic can add to our dialogue about the world around us in light of the growing economic calamities and social challenges.

The current issue is another step in that agenda, with a group of articles by familiar and new scholars reflecting upon the US economy from a Latin American perspective (Dello Buono's article in this issue provides a detailed context of the other articles of the symposium, so I shall not repeat this here). It is followed by several other articles looking at the importance of unionization, the response to neoliberalism, and financial concerns in other parts of the world. We cannot make sense of what is happening when we are locked into an analytical frame that begins with the assumption that what is transpiring is part of a rational system momentarily out of sync (and as the narrative goes, a result of 'too much' government participation in the economy). It often takes the stranger telling family members that what they are doing to each other begs all logic, before the absurdity of the situation is revealed to one and all. Similarly, we need the perspectives of those outside our system to help us understand that the problem may not be with how the system is

implemented, but with the rules and logic of the entire system itself. Until a structural change is made, we will forever find ourselves in these cycles of crisis and decline that have such a terrible impact on the ordinary lives of the people in all countries.

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