

Riot, why wouldn't you?, Wight

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Colin Wight

Christine Lagarde: And I clearly remember telling Hank [Paulson]: 'We are watching this tsunami coming, and you're just proposing that we ask: "which swimming costume we're going to put on."' (*Inside Job*, 2011)

All systems have their own logics. One logic of capitalism is exploitation. Let us be clear about this: Marx's labour theory of value might have its problems but the essence of the theory is sound. Capitalism is a system in which small groups of people (the 1%) systematically exploit large groups of people (the 99%). We all know this, and we are all aware of the consequences, yet we seem unable to do anything to change it. Perhaps the Occupy Movement is the beginning of the beginning when the 99% say enough is enough. Of course, it is far too early to say whether we are entering a new stage of political activism, or perhaps a new form of politics itself. But what we do know is that levels of public disenchantment with politics are high. We can see this disenchantment spreading like a virus, engendering open protest and revolt in the Middle East, riots in Greece, looting and disorder in London and major cities in the UK, student protests in Chile, and producing peaceful protest under the banner of the Occupy Movement across the globe. Something is happening, the question is what?

What does it all mean, and where will it all end? Are we witnessing the beginning of the end for the capitalist system? Or, do these various forms of protest merely represent the final and tragic last vestiges of resistance against a system that is finally and relentlessly squeezing the life out of its constituent elements? Glass half empty or glass half full? Pessimist or Optimist? It may be misguided of me, but optimism is surely the only option that one can sensibly choose, otherwise nihilism beckons. One thing is clear, irrespective of how it will all end, the Arab Spring, looting in London, riots in Greece, wars across the Middle East and beyond, the Global Financial Crisis (GFC), and the Occupy Movement are all connected in some way. What connects them is a corrupt, degenerative, immoral, sexist, and racist global capitalist political-economic system. And one does not have to be a Marxist to see that this is the case. Stand up anyone prepared to argue that the current structure of the global economic and political system produces outcomes that are equitable! Exactly.

Moreover, the GFC of 2008 was simply the most visible manifestation of a system in crisis. But crisis for the system is not always something to be concerned about. Most pundits today accept the argument that what we are witnessing in the Eurozone in 2011 is not the beginnings of a new crisis. No, there is simply one crisis, and 2011 is a continuation of 2008. Although better than the two-crisis model this analysis is still incomplete. It is incomplete because crisis is one of the contradictions of capitalism. Crisis is both a constant threat to the system, but also one of the mechanisms through which the system exercises control. Crisis is simply the language of the system through which fear, acquiescence, subordination and compliance are produced. In capitalism, crisis is permanent.

Robert Gnaizda: Addressing Obama and, quote, "regulatory reform" - my response, if it was one word, would be 'ha!' There's very little reform... It's a Wall Street government'. (*Inside Job*, 2011)

Currently head of the IMF, Christina Lagarde's pithy comment on Hank Paulson's complacency is telling. Those at the heart of the system could afford to be complacent, they really had nothing to lose, and they already knew that even if they did there was no chance of them losing it. As the logic of capitalism had inexorably unfolded throughout the 20th century, politics and markets became fused – as, of course, Marx had always insisted was the case. Anyone who has seen Charles Ferguson's brilliant *the Inside Job* can attest to the symbiotic and incestuous relationship between Wall Street and government. In fact, that is the wrong way of putting it, and the 'and' is redundant in this context. It really is Wallstreetgov.com, and given the interconnected nature of the global economy, it is a form of governance that exercises control beyond that of national governments.

Nothing illustrates this better than the takeover of failing governments in the Eurozone by technocrats. Here democracy has truly ended, we have just not realised it yet. What, after the GFC, possessed anyone to put bankers and economists in control of anything, let alone governments in Greece and Italy; have they not heard the old joke about the fox in the henhouse? New Italian Prime Minister Mario Monti was EU commissioner for the Internal Market, Financial Services and Financial Integration, Customs, and Taxation; hardly sectors that come with a ringing endorsement after the GFC, and Lucas Papademos, the new Prime Minister of Greece was a former Vice President of the European Central Bank. They may as well have offered both jobs to former Lehman's CEO Richard, S. Fuld Jr.

When former Greek Prime Minister George Papandreu attempted to take the EU bailout plan to a referendum, the consequences, we were told, would be disastrous. However, Iceland has done it twice now, its public rejecting the pleas of its politicians for Icelandic citizens to shoulder the losses of a private bank. Obviously, we do

not know what the long term consequences will be for Iceland having taken such a stance, but they can hardly be much worse than those that emerged as a result of the GFC. More to the point, at least the people of Iceland have been allowed a say in the decision.

Moreover, it is not only the fact that no one has faced charges for their wrongdoing in the run up to 2008, but that the major players were simply reshuffled into different positions in the Obama government that really demonstrates that this is Wallstreetgov.com. Larry Summers, Ben Bernanke, and Timothy Geithner all argued against increased regulation of financial markets; yet all would go on to play pivotal roles in the Obama administration. And again, let us also be clear about this; the optimism that followed Obama's election helps explain the current wave of protests sweeping the globe. I am not blaming Obama here, he is as much a product of the system as any of us, but the 'audacity of hope' that followed his election was as misguided as the belief that the banking system would finally be subject to tighter regulatory control by governments. When did turkeys last vote for Christmas? Of course, Wallstreetgov.com was not going to place controls on Wallstreetgov.com. Hence the 'audacity of hope' was misguided because it failed to see how Obama was already embedded within a structural context that severely limited how much change could be produced. Often described as the most powerful man on the planet, the US president confronts the global capitalist system nonetheless.

This does not mean that optimism is always necessarily naïve, or even wrong. But it does mean that optimism without power allied to a more comprehensive explanation of the nature of capitalism will always lead to more of the same. And in this context, 'the same' means massive bonuses and pay offs for abject failure. It is not a problem if you get it wrong, governments will pick up the bill and pass the invoice on to the public.

George Soros: Chuck Prince of Citibank famously said: 'That we have to dance until the music stops.' Actually, the music had stopped already when he said that. (*Inside Job*, 2011)

The band plays on and Chuck (Charles) Prince is still waltzing his way around Wall Street. He is currently a Senior Counsellor to *Albright Stonebridge Group* and serves in the influential trade group the *Financial Services Forum*, as well as being a member of the *Council of Foreign Relations*, and the *Business Roundtable*. Prince, who left his post as CEO of Citigroup after saying the bank would need an additional \$8 billion to \$11 billion in subprime-mortgage-related write-downs, left with a pension, stock awards and stock options worth a total of \$29.5 million. He was also entitled to a year-end bonus valued at about \$12 million. Oh, and just in case you are tempted to feel sorry for him, he also got an office, a car and a driver for five years. Of course, Chuck Prince is hardly the

worst in this respect, and Stanley O'Neal 'retired' from Merrill Lynch with a \$160 million pay check. Richard Grasso, head of the New York Stock Exchange, took \$140 million in deferred compensation. Stephen Fuld Jnr, Lehman's CEO, took \$485 million and the CEO of the AIG, \$315 million. Did they not realise that when Michael Douglas (Gordon Gekko) said 'greed is good' in the film *Wall Street*, he was acting? Yet, of course, in a system that makes possible, even encourages, such greed, why wouldn't one take advantage? But that surely applies to riots as well. If the message that is being sent is 'when you can take advantage, do so!' then one can hardly blame the looters in London for acquiring a new plasma TV if the opportunity arises.

Michael Capuano: You come to us today telling us "We're sorry. We won't do it again. Trust us". Well I have some people in my constituency that actually robbed some of your banks, and they say the same thing. (*Inside Job*, 2011)

One of the most common criticisms of the Occupy Movement is the lack of a coherent set of demands or a political programme around which the movement might converge. This criticism is misguided. It seems to me that the movement has a very clear idea of what it wants even if this can't be articulated as a particular political programme with a clear end goal. Moreover, why would anyone expect a coherent political programme from the protesters? Are they expected to do everything? We are constantly being told that most of these protesters are anarchists, so it would be rather foolish to expect groups of anarchists to come up with a political programme that had embedded within it a well-structured account of how politics should be administered. Equally, what the protesters want is abundantly clear; more equality, a more just distribution of resources, greater control over banking and financial sectors, more say for publics in decision-making, and perhaps one or two of those complicit in the production of the financial crisis being subject to punishment of some or other kind. After all, when did it become the case that the greater the crime the less chance there was of being held to account for it?

I would throw in a few extra suggestions. First, if publics are expected to shoulder the burden of the banks profligacy then they may as well be in public ownership in the first place. Why are shareholders allowed to gain from banking profits in the good times if publics pick up the tab when it all goes wrong? Second, bring the ratings agencies under IMF, World Bank, or UN control. Yes they'd lose some independence from political interference, but since by their own admission they only provide opinions not guides for investors, what would we lose anyway?

And whilst on the subject of crime: It might be tempting to view the Occupy Movement as a legitimate form of protest and the riots that took place in London and other cities in the UK as simply being criminal activity. Let us separate 'good' protest from 'bad' protest. Indeed this was the common interpretation at the time of the riots. The London riots, so the story goes, were not embedded in political dissatisfaction, but

represented blatant opportunist criminal activity. Images of burning cars, devastated shopkeepers and rampant feral hooded youths all combined to produce the impression that this was nothing other than young hooligans running amok. Even Slavoj Žižek (2011) has suggested that this was the case.

Yet poverty was clearly a factor (Younge, 2011). Figures from the UK government suggest that almost two-thirds (64%) of the rioters lived in the poorest areas. Moreover, youth unemployment in Britain is currently at 21.9% (Allen, 2011). But much like the Occupy Movement, the absence of any demands, organisation, or even slogans, meant that the politics of the riots was difficult to discern. But this does not mean that they were devoid of a politics. When placed within the context of rising unemployment in the UK, government cutbacks, rising student fees, MPs expenses scandals, bankers bonuses, public bailout of banks, the looting makes perfect sense. Looting is opportunistic, but then so is insider trading, and the greed that accompanies the acceptance of extravagant severance payouts. Let's be honest with ourselves here; who wouldn't take a multi-million dollar bonus if offered it?

In the context of all this and a rampant capitalist system, the looters had perfect role models. If bankers can cook the books and MPs take cash for questions, and can fiddle their expenses, what could this underclass of youth do to further their own interests? How could they get their noses in the trough? What options did they have? In the context of everyone already opportunistically abusing the system to serve their own ends, the question/slogan should have been; 'Riot, why wouldn't you?' I am not suggesting that the Occupy protests should follow the example of the London rioters, but it may well be the case that the violence produced by the global economic system on the 99% may well only be overturned by more direct and overt forms of action. Protest needs a voice and riots are a class phenomenon that expresses that voice. As long as the 1% can continue to dance the night away they won't listen to anything but the music. Indeed: riot, why wouldn't you?

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