

Part V

What's Next?

In this book we mainly talked about business confidence, as the main argument used by austerians, particularly in the UK, to defend their stance. Nevertheless, as we have shown, confidence has little to do with economics, and more to do with beliefs which may or may not be justified. One of them is that if a government, like a family, keeps its house in order, by paying off its debts, it would benefit everyone. David Graeber points out the falsity of this thesis using a very simple economic argument: the accounting identity between the public and the private sector. Because of the symmetry between the two, if a government runs a surplus, the private sector will go into deficit, and vice versa. Given this, it is clear that reality is far from the simple story about being “economically responsible” often proposed by the British government. Debt (and therefore fiscal policy) has to do with redistribution of resources, and therefore, as Graeber shows, it enters once again the realm of political economy, becoming a matter of power.