CHAPTER 8

The Aesthetics of Fiscal Consolidation

Carlo Tognato

Introduction

Whoever argues that instrumental rationality has colonised all corners of modern economic life and squeezed out of it any other cultural logic of the lifeworld, will also be ready to suggest that modern economic life has lost all its colour, its harmony, its proportion, its rhythm, and its balance. In short, it has lost its beauty and therefore, if it still retains any aesthetic dimension, its persistent orientation toward profit and growth sheds upon it an all-encompassing blanket of unappealing grey. And if any colours still light up on the surface of modern economic life, they are just an illusion devised by the overwhelming forces of the capitalist market that trick people into yielding to it before ultimately devouring them. In short, if the remnants of aesthetics in modern economic life very much resemble that of the sirens in the Odyssey, Ulysses is then warned. Hold tight onto that mast!

Economic life in modern capitalist societies, however, tells us a different story. Both the micro- and the macro-economy retain an aesthetic dimension that still needs to be systematically accounted for and that is not just an epiphenomenon of some underlying economic logic. Here, I will focus on the issue of fiscal consolidation. I will start out by noting that it has been traditionally discussed with reference to its economic, political-economic, and political dimensions. In order to recover the aesthetics that underlies it, it is necessary to recognise that it can also be approached as a cultural issue. This is possible whenever we take into account how fiscal consolidation is transformed as it exits the realm of technical debate and is catapulted into the public sphere.

For the sake of concreteness, I will focus on one specific instance of fiscal consolidation: that carried out by the Monti government in Italy between November 2011 and December 2012. I will argue that the aesthetics of fiscal consolidation in that specific instance coincided with the aesthetics of the new Italian premier and his cabinet.
The Question of Fiscal Consolidation

Over the past four years the Eurozone has experienced a deepening debt crisis, which has hit hardest in Greece, Ireland, and Portugal and has exposed Italy and Spain to the risk of dangerously slipping along a similar slope. In March 2012, in response to the sovereign debt crisis in Europe all European Union member states except the Czech Republic and the United Kingdom signed the Fiscal Compact, which binds its signatory countries to keep their national budgets in balance or in surplus. To meet such a goal, the European Commission has recommended deficit cuts and increases of flexibility in the labour market. In particular, austerity packages have included tax increases on interest revenues, capital gains, property investments, increases in the healthcare tax, increases in the value added tax (VAT), increase in the income tax rate, cuts on public investment, privatisations, defence cuts, a reduction of tax exemptions, the reduction of public funding to political parties and of transfers to local administrations, an increase in the gas tax, cuts to social welfare programs, a public hiring freeze, an increase in university fees, pension cuts and an increased retirement age, the reduction of unemployment benefits, spending rationalisation, and the liberalisation of protected economic sectors.

The debate over austerity has traditionally addressed at length the economics, the political economy and the politics of fiscal consolidation. Economists have looked into the composition of fiscal adjustment and have shown the differential impact between cuts in entitlement programs, revenue measures and capital expenditure. They have explored the effects of the timing of

---


2 Ibid.