State privatization and the unrelenting expansion of neoliberalism: The case of the Greek financial crisis

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Abstract

Existing literature has identified two waves of reforms within the neoliberal agenda of state privatization, deregulation and new public management. The present study examines what we call the third wave of neoliberal reforms of governmentality, in which members of central governments and public servants increasingly come to think and behave like business entrepreneurs. It addresses the matter in the specific context of crises theoretically capable of undermining the legitimacy of neoliberalism. Specifically, our purpose is to better understand the manufacturing of consent to the neoliberal agenda of state privatization. We study the falsification of Greek public accounts as revealed in 2010, relying on empirical material such as journalistic statements and reports from international institutions. Our analysis indicates that, although the Greek crisis provided an opportunity to question key aspects of contemporary state management, including the practice by governments of creative finance, the main problematizing trajectories articulated in both the media and political arenas did not destabilize but consolidated neoliberalism. We especially illustrate how discursive activity favors the emergence of a collective interpretation of crises that perpetuates the hold of neoliberalism over the social and political realms. In the discussion, we reflect on the consequences that this has for democratic processes.

Keywords: Discourse analysis; Fraud; Greek financial crisis; Neoliberalism; New public management; State privatization.

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1. Introduction

In early 2010, the *Spiegel* in Germany (February 8), followed by the *New York Times* in the United States (February 14), accused the Greek government of having 'cooked its books'. [1] A question soon emerged: did the alleged falsification result from prohibited practices, or rather from the use of creative but legal accounting techniques? This question, however, rapidly disappeared from the agenda of the main press agencies. Most commentators, instead, began to focus on seemingly more important issues. How would other European governments react? Would they be willing to lend money to Greece, or would the country be forced to appeal to the International Monetary Fund (IMF)? Would the 'Greek crisis' spread to other countries to the point of affecting all Western economies?

This episode provides a striking illustration of a significant trend in terms of public policy. Increasingly managed as if they were private companies, governments appear to have adopted a range of practices and techniques (including earnings management ones based on the use of financial instruments) quite counter-intuitive for entities not aiming (on the face of it) to yield a profit. Should we assume that states are becoming like large corporations? Are governments adopting financial practices similar to the ones that caused the collapses of Barings and Enron? In addition to resorting to private sector methods to manage state accounts, are government officials in the process of embracing the values and interpretive schemes of entrepreneurs, responding primarily to market forces and not to citizens?

This paper highlights a neglected aspect in the neoliberal agenda of state privatization, namely, the encouraging of elected representatives and public servants to think and act as if they were business entrepreneurs. Neoliberalism relates to the expanding development of certain logics, practices and techniques of government, which Foucault (2004a; 2004b) terms governmentality. At the level of state management, neoliberal reforms of governmentality are commonly viewed as having involved two major waves (Dardot and Laval, 2009): first, the privatization of activities previously carried out in the public sector and the decreasing regulatory role of the state (Berry et al., 1985; Dent, 1991; Ogden, 1995; Arnold and Cooper, 1999; Mueller and Carter, 2007); second, the deployment of the 'new public management' within the apparatus of government (Preston et al., 1992; Oakes et al., 1998; Townley, 2002). We argue that these developments are supplemented with a third wave of state privatization.

The concept of 'state privatization' refers to a key trend in contemporary public administration, in which private sector mentalities and practices increasingly influence how the state is conceived of and managed, to the point that members of central governments and public servants increasingly come to think and behave like business entrepreneurs. The phrase 'third wave' implies that the influence of state privatization has a specific chronology, while acknowledging the mutual dependency of different waves that do not follow clear-cut temporal stages.

To illustrate this third wave, we consider how a number of governments (and not merely the Greek one) have adopted techniques of creative finance typically used in private companies. We see the expansion of this kind of practices as revealing of a process of state

[1] In fact, news of the fraud had already been released at an earlier date (see for example Erlanger, 2010a; Evans-Pritchard, 2010a), but had been largely ignored. It is only once the two articles mentioned above were published that a clearer problematizing trajectory began to take shape.

privatization that does not only entail the use of finance methods developed in the business sector but also involves the embodiment, by political actors, of an entrepreneurial ethos. As such, we argue that the third wave of state privatization promotes a conception of the state that naturalizes the neoliberal agenda, and we question its potential to undermine the foundations of democratic processes.

We do not assume that neoliberalism has become naturalized to the point that any resistance, change and alternative project is impossible to sustain. On the contrary, we focus on the emergence of a counter-discourse that might have destabilized neoliberal governmentality. Specifically, we study the Greek financial crisis to better understand how the spread of neoliberalism was affected by a potentially destabilizing 'trial of strength' (Boltanski & Chiapello, 1999; Latour, 1987). Drawing on discourse analysis, our examination is predicated on official reports from the main international political institutions involved in the event, as well as written press articles. We thus analyze the discursive activity that shaped the Greek crisis in both the media and political arenas and which could have been a catalyst for a systemic and ethical questioning of the ascendancy of neoliberalism over society. We show that problematizing trajectories were followed that diverted attention away from a questioning of the core principles of state privatization, focusing instead on the mistrust of certain categories of people, thereby strengthening the third wave of state privatization and what arguably appears as an unrelenting expansion of neoliberalism.

Our empirical material includes statements made in one of the main vectors of meaning construction in late modernity, namely, written and online press articles (Hall, 1997). The use of this material is premised on the classic (yet highly plausible) view that the press plays a key role in modern democracy, by both informing and influencing the judgment of citizens (Chomsky, 1989; Herman and Chomsky, 1988). While the impact of the press on people' s subjectivities is not deterministic, the power of the media in shaping the mindset of a number of citizens, through a variety of subtle and not-so-subtle ways, should not be downplayed. In addition, we examined the content of official reports from the main international institutions involved in the event. The objective was to identify problematizing trajectories or key lines of interpretation within both the media and political arenas.

Our analysis suggests that the journalistic and political treatment of the 'affair' exemplifies a case of 'failed' scandal. The episode clearly provided an opportunity for reporters and citizens to question key aspects of contemporary state management. Indeed, citizens discovered that their governments had been using financial technologies to 'manage' the accounting image of public finances, in a way that reduces public deficits in the short term while increasing public debts in the long run. And yet, critical views challenging such practices subsided within a matter of days. Other lines of interpretation and blame, less likely to disrupt the status quo, promptly overwhelmed them. In the political arena, the reforms supported by international political institutions largely left unchallenged, and may even have strengthened, neoliberal governmentality. Ultimately, the problematizing trajectories followed in both the media and political arenas did not destabilize but consolidated neoliberalism.

The study of the 'Greek crisis' thus improves our understanding of the social mechanisms that help consolidate the neoliberal agenda of state privatization and perpetuate the status quo in spite of crises which have, at least in theory, the potential of destabilizing the way in which states are conceived and administered. This paper also contributes to literature by relating the discursive activity articulated in both the media and political arenas to the constitution of a climate which favors the manufacturing of consent to the agenda of state privatization. As such, our examination emphasizes the role of discursive activity in articulating naturalizing trajectories of problematization that solidify state privatization and

the unrelenting expansion of neoliberalism. In the process, citizen debate is marginalized, thereby undermining the foundations of democracy.

The paper is structured as follows. First, we set the stage for our research by reviewing strands of literature on the notion of neoliberalism and its abilities to reproduce despite turmoil. Then, after having described the methodology, we present our analysis, which is organized in two parts. The first part examines the techniques of 'creative finance' adopted in the public sector to shape the accounting image of the state. The adoption of such practices is consistent with the third wave of state privatization, in that a number of political actors have embodied an entrepreneurial ethos in which the responsibility of governments toward their citizens is no longer a key priority. The second part consists of a critical analysis of the discursive activity articulated in response to (and constructing) the Greek crisis. The aim is to show that the problematizing trajectories offered changed over time, in ways that ultimately tended to reinforce the legitimacy of neoliberal governmentality. In other words, the third wave of state privatization was not significantly questioned as a result of the discursive trends fabricated in the media and political arenas. In the discussion, we reflect on the consequences, from the perspective of democracy, of social processes that are conducive to an unrelenting expansion of neoliberal governmentality.

2. Neoliberalism as hegemonic governmentality

Neoliberalism is usually defined as an economic, political and social project promoting privatization and deregulation to enforce market-led economic and social restructuring, and legitimized through a political economic theory supporting free trade, free markets and low state intervention (Duménil and Lévy, 2000; Jessop, 2002; Peck and Tickell, 2002; Tabb, 2003; Peck, 2004; Harvey, 2005; Stein, 2008; Merino et al., 2010). Neoliberalism is typically presumed to constitute a new form of liberalism that became especially influential in the US and the UK in the 1980s, and according to which the role of the state is to guarantee the proper functioning of markets, without interfering within the economy.

Yet several studies showed how neoliberal practices drifted from this definition, to involve "a paradoxical increase in intervention" (Jessop, 2002, p. 454). For instance, Peck and Tickell (2002, p.384) describe "a shift from the pattern of deregulation and dismantlement so dominant during the 1980s, which might be characterized as 'roll-back neoliberalism,' to an emergent phase of active state-building and regulatory reform – an ascendant moment of 'roll-out neoliberalism'." As Peck (2004, p. 395) also notes, "While neoliberal rhetoric derives some of its power from the image of the absentee state – and its idealized companion, the liberated, independent and competitive subject – the practical content of neoliberal reform strategies is often quite 'interventionist'." Even key promoters of neoliberalism (such as the IMF, the World Bank and the US Treasury) intervened during the 1980s and 1990s to protect international financial institutions (and 'Wall Street' in particular) from defaulting, which is hard to justify within neoliberal theories as investors should be held responsible for their mistakes (Harvey, 2005).

To explain such a paradoxical drift, some analysts claim that the 'real' objective of neoliberals differs from their purported goals. Their argument is that neoliberalism has failed to bring more rapid economic growth, to reduce poverty and to make economies more stable, but has succeeded in increasing the dominance of transnational corporations, international financiers and sectors of local elites – that is, in constituting and reinforcing a capitalist class (Tabb, 2003; Harvey, 2005). As Peck (2004, p. 396) put it, "Beyond the clichés of more market/less state, the neoliberal script suggestively encompasses a wide range of proactive state strategies designed to refashion state-economy relations around a new constellation of elite, managerial and financial interests." According to these authors, the main consequence

of the neoliberal project is to reinforce, legitimize and naturalize inequality and elite economic status (Merino et al., 2010, p. 776; see also Harvey, 2005).

Foucault (2004b), Treanor (2005) and Dardot and Laval (2009), among others, insisted that these elites were constituted by fostering competition between 'entrepreneurs'. Foucault (2004b) in particular traces the genealogy of neoliberalism back to the 1930s in Europe. Broadly speaking, neoliberals view state intervention at the center of their conceptualization, and see governments as leading actors in implementing their ideas within society. Markets are conceived of as mechanisms that play a chief role in organizing, evaluating, monitoring and disciplining public policies. In the eyes of neoliberal proponents, the main purpose of state action is to constitute a social and political framework to build a society of competing entrepreneurs (Foucault, 2004b; see also Stein, 2008) – defined as individuals, groups or institutions (including political actors) whose activity is to respond to market forces and who constitute an "identifiable social elite with specific cultural preferences" (Treanor, 2005, p. 4).

Foucault (2004b) and others (e.g., Stein, 2008; Dardot and Laval, 2009) thus defined neoliberalism as a mode of governmentality. Governmentality can be understood as comprising various rationalities and ways of conceptualizing and rationalizing governing practices. Foucault (2004a) defines 'government' as the conduct of free conduct, achieved through mechanisms that influence individual behavior without eliminating the freedom of individual actions.[2] Government thus refers to how practices are specifically constrained and oriented while governmentality is the overarching philosophy that informs these governing practices. In particular, governmentality articulates government techniques and rationales with a certain definition of the subject, its ethos and identity. For instance, the neoliberal subject is defined as an entrepreneur whose activities should be organized as a series of investments and who takes responsibility for any achievement or failure, the latter necessarily resulting from a refusal to behave as any capitalist entrepreneur should do (Foucault, 2004b).

We thus see neoliberalism as a political economy radically different from liberalism in that it gives to the state an active role in building a society of entrepreneurs competing for resources. Its principles can be traced back to the Lipmann conference (1938) and the work of Friedrich Hayek (Foucault, 2004b). However, it gained an important momentum in the early 1980s when it was promoted by Reagan in the US and Thatcher in the UK, and then propagated through the activities of the IMF, the World Bank and the WTO (World Trade Organization, initially the General Agreement of Tariffs and Trade). As several commentators put it, neoliberalism is the ideology lying behind the 'Washington consensus' (Tabb, 2003; Harvey, 2005; Merino et al., 2010). In Continental European countries, the European Union played a huge role in the neoliberalization project of constituting a society of competition (Harvey, 2005) and entrepreneurial selves (Foucault, 2004b).

Two major waves are understood to have characterized the deployment of neoliberalism in the domain of state administration – privatization/deregulation initiatives and new public management (Dardot and Laval, 2009). While the first wave involves privatizations and deregulation in a way that seems to be consistent with the doctrine of laissez-faire (Berry et al., 1985; Ogden, 1995; Arnold and Cooper, 1999; Mueller and Carter, 2007), the second wave is harder to relate to it. Indeed, literature examining new public management practices does not describe a diminution in the role of the state. It rather highlights an increasingly centralized intervention within the apparatus of government, prompting state agencies to adopt private-sector practices and rationalities (e.g., Broadbent

[2] In several writings, Foucault focuses on the state (e.g., Foucault, 2004b), while in others he gives a broader meaning to 'governing practices' and 'government' to include all ways of conducting the conduct of oneself and others in society (e.g., Foucault, 2008, 2009). In each case, government is understood as a form of power through which people's ways of thinking and doing are influenced.

and Guthrie, 1992; Preston et al., 1992; Hood, 1995; Oakes et al., 1998; Townley, 2002; Guthrie et al., 2005). In sum, deregulation and new public management can be understood as two manifestations of a more general project that seeks to articulate neoliberal governmentality. The main objective of this project is not a decrease in state intervention, but its reorientation towards the constitution of a neoliberal society.

To refine this conceptualization, the present paper highlights that state privatization extends beyond deregulation and new public management to include the incorporation of an ethos of entrepreneurship within the confines of state administration. That is, it brings to the fore a third wave of neoliberalization in which members of central governments and public servants increasingly think and behave like entrepreneurs. The third wave can be illustrated, for instance, through the use of financial instruments to "manage" the state's accounting reports. This problematique is important because it helps understand the robustness of neoliberal governmentality despite potentially destabilizing crises.

Several studies, analyzing what they see as economic crises caused by neoliberalism during the 1980s and 1990s, show that these episodes did not have any major impact on the spread of this mode of governing (Duménil and Lévy, 2000; Peck and Tickell, 2002; Tabb, 2003; Harvey, 2005; Stein, 2008; Merino et al., 2010). Surprisingly, crises are usually framed, in the public arena, as ensuing from misdirected and inappropriate state interventions, thus resulting in calls for further neoliberal reforms. Tabb (2003) relates these 'paradoxical' reinterpretations to ideological work undertaken, in the background, by neoliberal actors. Jessop (2002) argues that neoliberalism's robustness relates to its transformative capacity: grounded in several contradictory rationales, the regime can conveniently reframe its legitimizing discourse to fit different situations. According to Peck and Tickell (2002), although public protests arguably disrupt the functioning of "business as usual" for some sections of the elite, the underlying power structures of neoliberalism remain substantially intact. More recently, Žižek (2009, pp. 32-35) argued that in times of crisis, neoliberalism produces a persuasive narrative that emphasizes secondary and contingent deviations (e.g., excessive regulation, the corruption of some financial institutions), not neoliberal capitalism *per se*, thereby creating a discursive space for ideological justification and more neoliberalism. All of these studies tend to convey a sense that neoliberalism can transcend its contradictions and survive destabilizing crises. The most important question then arguably relates to the understanding of the mechanisms through which neoliberal governmentality achieves to silence alternative discourses and becomes 'naturalized'.

Drawing on Gramsci, several authors have sought to study how consent to neoliberalism is manufactured, insisting on the part played in this respect by political campaign funding, think tanks, universities and the media (Harvey, 2005; Merino et al., 2010). Gramsci explained that citizens rarely question what goes against their 'objective' interests because dominant classes exert some 'cultural hegemony' (Gramsci, 1991 [1934], pp. 58-79). This is what he calls the manufacture of consent (Gramsci, 1978 [1932], pp. 175-195). In his work, he focused on the role of the church and of intellectuals in making up and promoting common-sense conceptions that protect certain interests from being questioned (Gramsci, 1971). Burawoy (1979) argued that manufacturing consent happens at the very point of production (see also Ezzamel et al., 2008). The analysis offered by Anderson (1976) is interesting for our purpose: According to him, the democratic system itself constitutes an influential institution of manufacturing consent. The very existence of a democratic and representative (bourgeois) state constitutes an "ideological lynchpin" in that it deprives dominated classes of the idea that a different type of state could be more in line with their interests, while elections, presented as the sovereign expression of popular will, give dominated classes the illusion that the state constitutes their "own self-government" and hence manufacture the sense that revolutionary change is not necessary (Anderson, 1976, p.

28). More recently, a range of authors have stressed the importance of the media, within modern states, in the formation of cultural hegemony (Chomsky, 1989; Herman and Chomsky, 1988; McChesney, 1999; Merino et al., 2010).

Mechanisms of cultural hegemony can be used as a template to explain neoliberalism's robustness in front of potentially destabilizing crises. Among the mechanisms mentioned in the literature, we focus on the roles of the state and of the media in shaping common-sense discourses that participate to the manufacturing of consent to neoliberalism. At least since the 1980s, neoliberalism – we argue – has been growingly constituted as hegemonic discourse (Harvey, 2005; Merino et al., 2010) – a mainstream way of thinking incorporated into the common-sense way to see the world and thus increasingly difficult to question.

In this paper, we analyze the role played by the written press and the state in supporting the hegemony of this mode of governing. It is clear that other sources of influence affect the reproduction of dominant structures. Economic interests as well as the habitus of people within the field (policy-makers and citizens) most obviously come to mind. Although the impact of these sources of influence may be partially captured by our discourse analysis, the latter was not specifically designed to investigate them. Our focus on discourses ensues from their key role in influencing the world (Chwastiak and Young, 2003; Hall, 1997).

3. Research methods

Our study is mainly focused on the discursive activity at work in the 'Greek debt saga' through English-language press coverage of the issue. The emphasis was laid on collecting data easily accessible by any individual (with some knowledge of English) with an interest in the subject. Our selection strategy, following Suddaby and Greenwood (2005), was to focus on texts that problematized the situation and texts that proposed solutions. In order to collect the required material, searches were carried out on the Factiva database, until a relatively exhaustive image of the main themes addressed and opinions expressed in the English-language press had been obtained, in accordance with the principle of saturation in grounded theory (Glaser and Stauss, 1967).

The material used to conduct this research was collected in two stages. A first stage focused on articles published in the English-speaking press between January 1 and June 30 2010. Only articles that discussed the financial crisis, the issue of public finances and accounting, and the risk of default were retained. As we were interested in identifying significant trends and patterns, we focused on the newspapers and magazines that published more than ten articles on the Greek crisis in the time period investigated[3]. We thus identified 4,185 articles published in 14 different outlets.[4] We read through articles from the data set and identified the relative strength and chronology of the different lines of interpretation. Here we were less concerned with obtaining an exhaustive picture than with analyzing articles as concrete instances of discourse use (Fairclough, 1995; Vaara and Tienari, 2008; Gallhofer et al., 2001). It was during this phase that we identified two broader interpretive trajectories around the Greek crisis. The first discourse frames the issue with concepts related to financial instruments such as 'credit derivatives,' 'credit default swaps' and 'collateralized

[3] To do this, we launched a Factiva request using to words 'debt', 'crisis' and 'greece' or 'greek'. Due to the high number of answers, we excluded the Dow Jones and Reuters Newswires. We then identified all the outlets that published at least ten articles fitting the criteria. A new request was launched with the same keywords but focused on the 14 outselts identified.

[4] *Agence France Presse, Associated Press, The Daily Telegraph, The Economic Times, The Economist, The Financial Times, The Globe & Mail, The Guardian, The Independent, The International Herald Tribune, The New York Times, The Times, The Wall Street Journal,* and *The Washington Post.* We also incorporated excerpts from the BBC's website.

debt obligations.' The second discourse focuses more on 'corruption', 'black economy' and 'tax avoidance'.

In a second stage, we further analyzed these two discourses to give a more detailed and nuanced picture of interpretive trajectories identified. To analyze further the first discourse, we selected 98 articles including (but not limited to) all those published in the generalist daily press and which employ the word 'derivatives'.[5] To analyze further the second discourse, we selected 76 articles including (but not limited to) all those published in the generalist daily press and containing the words 'corruption', 'tax avoidance' or 'tax dodging'.[6] An in-depth analysis was carried out to identify some prominent lines of interpretation, sub-themes, the problematizations offered, and the chronological articulations[7]. This data set was complemented through bibliographic research, i.e. recovering documents cited, in the articles we analyzed, as expert reports or official documents. We also examined European public accounting standards and Eurostat publications on the recognition of derivatives in the assessment of public debt, as well as official reports from European institutions on the reforms and directions to be taken by the Greek government.[8]

To analyze our data, we relate political practices (such as 'public debt management' or 'austerity measures') to the way they are given meaning through discursive activity. Discursive approaches in general, and critical discourse analysis (Fairclough, 1995) in particular, have become increasingly popular to study rhetoric struggles for legitimation (Phillips et al., 2004; Suddaby and Greenwood, 2005; Vaara and Tienari, 2008) and the relationships between governments and the media (e.g., Phillips and Hardy, 1997; Hardy and Phillips, 1999; Gallhofer et al., 2001; for a critique, see Ferguson, 2007 and a reply by Gallhofer et al., 2007). Discourses can be defined as structured collections of meaningful texts that do things through the way they make sense of the world for its inhabitants (Phillips et al., 2004). Studying discourses is interesting because, as the authors put it (p.636), any discourse "'rules in' certain ways of talking about a topic, defining an acceptable and intelligible way to talk, write or conduct oneself" and also "'rules out', limits and restricts other ways of talking, of conducting ourselves in relation to the topic or constructing knowledge about it."

However, following Laclau and Mouffe (1985), Torfing (1999) defines discourse as a decentred structure in which meaning is constantly negotiated and constructed (see also Phillips and Hardy, 1997; Hardy and Phillips, 1999). We analyzed the texts we selected with a view to identify 'hegemonic practices of articulation' which partially fixes the meaning of social identities by inscribing them in the differential system of a certain discourse. We are thus less influenced by Fairclough and what Phillips et al. (2004) labelled 'micro analyses of discourse' and more interested in what they name 'macro analyses of discourse', the latter being influenced by Foucault, Laclau, Mouffe and Žižek.

As discursive activity produces specific subject positions (Laclau and Mouffe, 1985), we tried to understand how the subjects were constituted through problematizing trajectories.

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[5] We chose to focus mostly on articles published in the generalist daily press because the trends appeared to be more visible in the 'mainstream press' and also because it reduced the number of articles to analyze and hence meant that we could perform more in-depth analyses.

[6] Specifically, we used the keyword 'dodg*' to include 'dodge', 'dodgers', 'dodgy' and 'dodging'.

[7] All 174 articles were open-coded to identify the actors mentioned (e.g., 'Wall Street', 'the European Union', 'protestors', etc.); what they are said to be doing (e.g., the markets can be said to be 'testing the euro' or presented as needing to be 'reassured'); other objects mentioned (e.g., 'swaps', 'CDS', 'austerity plans', 'strikes', etc.); what their causes, uses, and/or consequences are said to be; who their promoters are said to be; the main problem(s) identified; the main solution(s) advanced.

[8] The documents collected in the course of data collection, which we specifically mention in the body of the text, are included in the bibliography. In the case of anonymous press publications (such as those published by the BBC), the name of the body issuing the publication is given (e.g. 'BBC, 2010a').

Precisely, we analyzed the texts we selected to identify concepts, objects and subject positions (Phillips and Hardy, 1997). We thus investigated how several discourses articulated contrasted 'themes' based on specific ways to constitute 'subjects' and 'objects' (Hardy and Phillips, 1999), how these articulations produced specific problematizations, and how these problematizations evolved through the time period.

In sum, the empirical material was analyzed to identify how the Greek crisis was problematized by the media and government officials. Given that the discursive activity that we followed highlights concepts such as derivatives and swaps, we next document the proliferation of what we call 'creative financial techniques' in the state apparatus, and how they were conceptualized before the crisis.

4. The proliferation of creative financial techniques in the state apparatus

The Greek crisis began in the end of 2009 when the newly elected Prime Minister of Greece declared that the former government had, for several years, 'embellished' the country's accounts, in particular by undervaluing the level of its public debt (BBC, 2010a; Forelle and Granitsas, 2010; Garton Ash, 2010; Di Leo and Craig, 2010; Story et al., 2010) through the 'expertise' of a large merchant bank based in the United States, Goldman Sachs (BBC, 2010a; Garton Ash, 2010; Di Leo and Craig, 2010; Story et al., 2010).[9] The mechanism used by the Greek government involves a cross-currency swap, and is thought to have been used to conceal (at least temporarily) one billion euros worth of public deficit (Dunbar, 2003). To understand how this practice was problematized, we first provide a panorama of creative financial techniques used by various governments in the 1990s-2000s and document several public criticisms of such techniques which were voiced before the crisis began.

4.1. A brief panorama of creative financial practices

The use of derivatives by investment banks expanded considerably in the 1990s and above all in the 2000s. Derivatives are often presented as instruments so complex that they can only be understood by those who produce them or by those who buy and sell them. In fact, it would appear that derivatives are not always fully understood – even by experts, as illustrated by a number of scandals that emerged in the aftermath of the subprime crisis. Until 2008, derivatives were generally presented as the most advanced refinement in the 'art' practiced by the geniuses of 'high finance'. Their usefulness and legitimacy remained unquestioned until accusations began to be heard that they had contributed to, favored and even triggered the 2007 international economic and financial crisis.[10] It was then revealed that derivatives can be used to conceal debt, especially 'junk bonds', widely deemed to be at the heart of the subprime crisis.[11]

Private companies are not the only organizations that have resorted to such instruments in the interests of 'debt management', since they are also used by governments. The Greek government was by no means the first to use derivatives. The Italian government had been using them since 1996 (Dunbar, 2003), while the German, French and Belgian governments had also resorted to various financial instruments to decrease the accounting

[9] Contrary to what is generally postulated in the media, the practices in question had an impact on the public accounts after the adoption of the euro by Greece. The point therefore was to avoid sanctions levelled when a country fails to comply with criteria once it has become a eurozone member (Wood and Campbell, 2010).

[10] Earlier criticisms were voiced by academics (e.g., Garber, 1998; Bryan and Rafferty, 2006), but the promoters of derivatives largely prevailed (Huault and Rainelli-Le Montagner, 2009; Huault and Richard, 2012).

[11] On changing perceptions of derivatives among the general public and their role in the subprime crisis, see for example the following textbooks: Durbin (2011) and Hull (2011).

value of their debt while continuing to borrow (Brown and Chambers, 2005), which did not prevent them from strongly criticizing the 'behavior of the Greeks'.[12]

According to Brown and Chambers (2005), the mechanism most frequently used by governments involved keeping off balance sheet liabilities for public companies pension plans. The central government is then responsible for the future payment of pensions, but the ESA95 norms – the public European accounting standards – only forced public authorities to record this as a debt as of 2004.[13] Another common technique involved the externalization of public action, and of the associated need for funding, toward companies for which the state implicitly stands surety but that have accounts that are not consolidated in public accounts (Brown and Chambers, 2005).[14] These entities are known as 'special purpose vehicles' (SPV, see ESA95, 2003), as were those made famous by Enron's accountants, who used them to conceal a part of the group's debt. Finally, another practice identified by Brown and Chambers (2005) was a financial technique known as 'securitization' – i.e. the conversion of assets into negotiable securities on a market. Several governments issued assets-backed securities with the return recorded as revenue (or as a decrease of financial charges) and not as a debt. The point of all these operations was to transfer a proportion of the public debt to other entities, although the state remains fully responsible for future payments, or to record future obligations not as state debt but as revenue.

As mentioned above, the mechanism used by the Greek government to embellish its accounts involved a cross-currency swap. The principle involves a loan issued in a foreign currency (for example in US dollars) and a cross-currency swap contract to exchange future interest to be paid in dollars against future interest to be paid in euros. The contract binding a government and a bank may involve a different exchange rate from the rate negotiated on the international foreign exchange market. Yet until 2004 it was this market rate that was used to estimate the level of public debt disclosed to European statistical authorities.[15] ESA95 norms published in 2002 stated: "For calculating the level of public deficit within the framework of the EDP [excessive deficit procedure] – and only in this case – the interest flows resulting from swaps will continue to be recorded at their trade value" (ESA95, 2002, p. 200).[16] If the rate contractually agreed upon was particularly favorable, the Greek government obtained more euros for every dollar borrowed than was disclosed to Eurostat. At the point of repayment, the government would pay a higher amount than the amount calculated on the basis of the market rate. The differential therefore represents an amount 'lent' by the bank and later repaid by the government – a public loan that has the peculiarity of not appearing in the public accounts disclosed to Eurostat.

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[12] Outside Europe, similar practices had been adopted in the United States by several local authorities who found themselves in a situation that was just as delicate as the predicament suffered by the Greek government (Morgenson, 2010b; Williams Walsh, 2010).

[13] ESA95 standards (European System of Accounts), introduced in 1995, are a national accounting system common to all EU member states.

[14] A variation of this involves creating banks which, though independent of the government in question, are nevertheless implicitly supported by the government, and that are mandated to invest in activities previously administered and funded by the state.

[15] The Statistical Office of European Communities, generally known as Eurostat (an agency of the European Commission), is responsible for publishing the official statistics of the European Union based on national statistics disclosed by member states.

[16] While the euro was only put into circulation on January 1 2002, the currency itself was introduced in 1999 to replace the currencies of eleven EU (named the European Community at the time) member states. Four countries subsequently adopted the euro, including Greece in 2001. Several criteria were required to join (and to remain within) the eurozone: a public deficit below 3% of the Gross Domestic Product (GDP); a public debt below 60% of the GDP; controlled inflation; an independent central bank; and a national currency stable for at least two years. Once accepted into the eurozone, the country is supposed to go on meeting the criteria; if not, it has to go through the 'excessive deficit procedure'.

The amounts received in 'excess' can be used to repay a part of the public debt. The counterpart (the negative value of the swap relating to the difference between the contractual rate and the market rate) should, logically speaking, have been entered as a negative asset or debt. However, it is only as a result of the introduction of the ESA95 norms published in 2003 and implemented in 2004 that derivatives began to be incorporated in the assessment of the level of national debt of European countries (ESA95, 2003). Until then, derivatives only appeared as charges and financial revenue, and not in the balance sheet (ESA95, 2002). According to Dunbar (2003), "upfront swap payments – which Eurostat classifies as interest – can reduce debt, without the corresponding negative market value of the swap increasing it". The transaction examined in this paper was signed in 2001. The payments were received by the Greek government between 2001 and 2002 (with repayments spread over 15 to 20 years). In strictly administrative terms, the technique complied with the Eurostat regulations which were then in force (Eurostat, 2010). Apart from helping Greece to reduce its level of debt (from 107% of the GDP in 2001 to 104.9% in 2002), one notable effect of the transaction was a re-evaluation of its credit-rating by Standard & Poor's from A to A+ in June 2003 (Dunbar, 2003) and the issuance by the investment bank of an invoice estimated at 200 million US dollars (Dunbar, 2003).[17]

All of these practices were technically permissible until 2004 (ESA95, 2002; ESA95, 2003). In fact, some authors have argued that it is only in 2008 that regulations became sufficiently restrictive to prohibit these practices (Wood and Campbell, 2010). Surprisingly – from the point of view of traditional accounting logic – it was previously not illegal to turn debt into revenue. Of course, there may be a gap between technical legality and the social acceptability of a particular financial practice – such as the one revealed by the Enron scandal.

It is important to note that by importing esoteric financial techniques from the private sector into the public sector, the promotion and legitimation of a relatively aggressive form of 'business ethos' are bound to occur. Accordingly, reliance on these techniques only makes sense within a discourse that conceives of public action around the attainment of financial targets – as if the latter prevail over everything else. Such a discourse constitutes governments as financial entrepreneurs, that is as actors significantly preoccupied of and responsive to financial market forces. This did not go unchallenged by some parties before the Greek crisis – but these criticisms, by and large, did not translate into a social debate on the appropriateness of the increasing influence that finance entrepreneurship exerts over the public sector.

4.2. Initial criticisms and calls for transparency

Most commentators have taken the view that the financial techniques used by the Greek government illustrate a severe lack of transparency and represent manipulations designed to distort the accounting image of public finances, to the point that the accounting statistics that were disclosed did not accurately reflect the reality of public debt. However, those practices were known – at least to a number of experts. On July 3 2002 (Eurostat, 2002), Eurostat issued a press statement outlining changes made to European accounting standards (ESA95, 2003) to be implemented in 2004. The new standards targeted loans concealed by using

[17] The level of the Greek debt was already significantly higher than the level stipulated by the convergence criteria (60% of the GDP). However, the national debt of almost all member states is higher than the debt threshold (sometimes deemed to be less significant than the deficit threshold): between 2001 and 2010, between five and twelve member states out of a total of sixteen (on average of eight out of sixteen) failed to meet the debt criterion. Germany (in 2002), followed by France (in 2003), quickly failed to comply with the criterion. The question that arises is the level of the overrun, with Greece, Italy and Belgium presenting a level of debt significantly higher than other eurozone member states.

securitization techniques ('the securitization of future flows not evidenced by an asset'), the recording of pension systems, and derivatives involving a contract based on an exchange rate different from the market rate (known as 'off-market swaps') by over 15%. These practices were therefore well-known to European authorities.

Previous reports also had emphasized the same practices and concluded that there was a severe lack of transparency. In 2001, the IMF and the World Bank (WB) published a document aimed at inciting national governments to show greater transparency in their management of public debt (IMF and WB, 2001).[18] The document presents a number of guidelines designed to help governments (so it is argued) to improve public debt management. The point is to import into the government sector a number of principles of healthy accountability already developed by private companies, particularly transparency. However, 'transparency' as defined by the IMF and the World Bank has a single target – the financial markets. The focus on a unique target has been widely criticized in the context of the norms and standards imposed on private companies (Young, 2006), and may seem all the more surprising in the case of governments theoretically accountable to their citizens. However, the recommendations made by the IMF and the World Bank are of particular interest to our purpose.

The main conclusions of the document are designed to incite governments to request external auditors to audit their accounts on an annual basis (IMF and WB, 2001, p. 7 and pp. 17-18). Governments are also encouraged to consolidate internal control mechanisms, to implement an IT system, to adopt a code of good practices (ibid., p. 7 and p. 19) and to create a mechanism dedicated to the assessment and monitoring of risks linked to the structure of the debt (ibid., p. 8). These are largely reflective of the most fashionable issues and practices marketed by the largest auditing and consulting firms at the time. Indeed, the document includes an explicit reference to current practices in private companies: "Risks of government losses from inadequate operational controls should be managed according to sound business practices" (p. 18).

Besides the recommendations designed to improve public debt management, the IMF and the World Bank also identified a number of high-risk practices, such as the tendency of public debt managers to make purely speculative choices, and warned against a number of 'pitfalls' to be avoided at all costs (ibid., pp. 20-21). The document emphasizes that certain instruments, particularly those concerning loans issued in foreign currencies, can be used for the purposes of "underestimating true interest costs" and for a "misreporting of debt liabilities". Yet the document as a whole remains very general and often very vague. By contrast, the highly detailed Piga (2001) report presents specific cases of public debt management. Also published before the activities examined in this paper were implemented by the Greek government, the Piga report convincingly demonstrates that all such practices were known and widely used in several European countries, and could therefore have been anticipated. By resorting to certain financial ploys, the Greek government was therefore anything but a pioneer. It appears that the ploys used in Greece were already 'in fashion' at the beginning of the 2000s.[19]

Written by an Italian academic, the Piga (2001) report was published by the International Securities Market Association in cooperation with the Council on Foreign

[18] The documents published by these actors have been recognized as highly political, to the point that one strong criticism of the "ideological biases" of the "research" published by the IMF came from within (IEO, 2011a; 2011b).

[19] The trend referred to in this paper as the third neoliberal wave is by no means a recent trend. Rather, it needs to be seen as part of a series of events, the root of which is almost impossible to trace. However, the situation described in this paper appears to suggest that the level of collusion between the public and private spheres has reached unprecedented heights.

Relations (an organization based in the United States that publishes the magazine *Foreign Affairs*). Its purpose was to describe and analyze the use of derivatives in public debt management. The report drew a distinction between 'legitimate' practices (for instance those which serve to reduce the risk premium associated with the bonds issued by a given state) and practices used for speculative purposes or simply manipulation. While Piga also criticized the lack of transparency of public debt management activities, the more specific purpose of the report was to recommend greater accountability to citizens, and not to financial markets.

Unlike the IMF and the World Bank, Piga did not argue that an increase of audit practices was sufficient as a solution. In his view, auditors do not always have enough financial expertise to understand highly complex financial instruments (Piga, 2001, p. 119). He rather claimed that the problem came from some countries or supranational institutions (such as Eurostat in the case of eurozone member states) having adopted 'flawed' accounting standards – insofar as they allowed techniques that could be used to give a false impression of the level of national debt. When rigid targets are set (as illustrated by the Maastricht criteria), governments subject to them may be incited to falsify their accounts. To fulfill the 'convergence criteria', it may be easier for a government to exploit the rules of accounting for financial instruments than to reduce public spending or increase taxation. It was therefore a lack of 'minimal requirements for precise accounting' within the European Union that appears to have fostered a belief among governments that it was acceptable to use financial instruments to inflate the image of their public accounts. More specifically, according to Piga, most 'window-dressing' strategies were based on the use of arbitrary exchange rates (off-market rate swaps) associated with loans issued in foreign currencies.

Chapter four describes a real case of window-dressing (Piga, 2001, pp. 123-129). The names of the countries and banks, concealed by the author, were subsequently revealed by various newspapers (see for example Dunbar, 2003; Story et al., 2010). The case provides a detailed description of a transaction between a European government and a merchant bank. The object of the transaction was a loan issued in a foreign currency (Japanese yens) in 1995. In 1996, the government purchased swaps, seemingly to cover itself against a foreign exchange risk entailed by the loan. However, Piga demonstrates that the specific features of the transaction failed to reduce the risk. Instead the effect of the operation was that the government received four payments from the bank, spread out between 1997 and 1998, which were only repaid from 1998. As with Greece, the negotiation over foreign exchange rates different from those used to record the transaction reduced the debt and the financial costs disclosed in the public accounts. The payments received were not recorded as liabilities, but as a decrease of the interests paid – providing yet another illustration of the curious principle that involves turning a proportion of a debt into revenue. Piga hold that the purpose of the transaction was to ensure that the targets of the stability pact would be met in 1997 and 1998 by 'artificially' transferring a proportion of the financial charges owed during these years onto the following years. The practice was described by Piga as 'window-dressing'. Piga explicitly addressed public debt managers and members of European regulatory authorities, who almost invariably took the view that accounting practices of this kind were in full compliance with the ESA95 standards then in effect. Not without a degree of cynicism, one debt manager interviewed explained: "All that ESA 95 says is that the flows of derivatives *should* affect the budget. It does not specify *how* they should affect it" (Piga, 2001, p. 129).

While this example only concerns one country, Piga (2001, p. 143) deems it highly probable that other countries resorted to the same practice, particularly eurozone member states, thereby positing that creative financial practices had been used by central governments since the late 1990s and above all that they were known by various parties involved. These practices had been anticipated by the members of Eurostat (Piga, 2001; Eurostat, 2002), the

European Central Bank (ECB, 2000), and the IMF and the World Bank (IMF and WB, 2001). Piga (2001) even argued that such practices were the focus of many discussions between European statisticians, who wished to reform European accounting norms, and the public debt managers of member states, with the latter winning the case, i.e. the right to continue to 'manage' (the accounting image of) their debt by using derivatives. The information was sufficiently public to appear in specialist publications such as *Risk Magazine* (Dunbar, 2003) and *Euromoney* (Brown and Chambers, 2005) and could therefore be accessed by the financial markets.[20]

More surprisingly, the 2010 Greek crisis is not the first of its kind. In 2004, Eurostat published a document claiming that Greek debt managers manipulated the numbers they sent to European agencies, and that they should revise the amounts of the Greek public debt between 1997 and 2003 (Eurostat, 2004). This time the goal arguably was to increase the chances of being accepted into the eurozone. And yet, only a few articles were published in the press and the 'affair' did not trigger much outrage. No-one seems to have checked whether the country's debt managers maintained those creative financial practices after 2004 until a newly elected Prime Minister disclosed it himself.

The third wave of neoliberalism thus involves the importation of techniques originally developed in the private sector, as well as the incorporation of an entrepreneurial ethos by governments which see value in employing creative financial techniques to meet targets. In addition to the disengagement of the state from key activities entrusted to the private sector and the importation of new public management principles to manage state affairs, another recent trend therefore involves the incorporation of a certain way of thinking by top-ranking civil servants and elected representatives – a way of thinking leading them to behave as executives of listed companies, using creative financial techniques to comply with key ratios in national accounts. In so doing, financial speculation is assimilated within the scope of central governments' umbrella of activities.

However, the financial crises affecting the contemporary economic world may have challenged this trend (Kindleberger, 2000; Duménil and Lévy, 2011). The issue is to understand how the logic of neoliberalism was able to perpetuate itself, and even to consolidate, despite the eruption of a significant crisis. This is where we see the relevance of our examination of the discursive activity surrounding the Greek financial crisis, our aim being to achieve a better understanding of the trials of strength (Latour, 1987; Boltanski and Chiapello, 1999), in the social arena, of the neoliberal agenda in relation to the question of state privatization. Our analysis shows that a critical argumentative and discursive framework was already available to produce a convincing problematization of the 'drifting' of state finance. In other words, a knowledge base was sufficiently developed to engage in a questioning of the entrepreneurial spirit underlying the use of financial ploys aimed at falsifying national accounts. Yet social debate did not arouse on the matter. It is in this sense that an analysis of the Greek case highlights a 'failed' scandal that might have fed into a social debate over corporate tendencies in governments. The problematizing trajectory fostered in the media and political arenas ultimately made little room for the deficiencies of the derivatives system.

5. Trials and problematizing trajectories in the media and political arenas

In the first few months of 2010, while the Greek government was seeking to raise funds on international capital markets, the bond rate offered increased significantly. Other states and

[20] Piga (2001, p. 130) also noted that credit-rating agencies were generally aware of window-dressing practices, but did not feel any particular concern since in their view a 2.9% or 3.1% level of deficit are not fundamentally different: the 3% target is a purely political objective, not an economic target.

journalists interpreted this as an indication that investors were anticipating that Greece would default – the Greek crisis was on. In order to better understand how the process of state privatization and its neoliberal logic went through this trial of strength, we examine the trajectories followed by the written press to problematize this episode. As we shall see, while diverse avenues of problematization were initially proposed, stereotypes targeting the Greek people eventually took center stage.

5.1. The two main discourses held in the media: broad characteristics and timeline

Two main discourses or interpretive trajectories were developed in the written press, which we respectively name the 'derivatives' and 'cultural' discourses. The derivatives discourse is focused on the role played by financial instruments in the Greek crisis. Two types of instruments were targeted: the techniques devised by investment banks that enabled the Greek government to falsify its accounts, and the tools used by speculators to benefit from the uncertainty engendered by a surge in the country's credit risk. Credit default swaps (CDS) – and derivatives more generally – were deemed to have destabilized the Greek economy (Jacobs, 2010; O'Grady, 2010b; Slater, 2010; *The New York Times*, 2010b; Traynor, 2010a), a critique echoed by the chairperson of the US Federal Reserve (Morgenson, 2010a).

In the second half of February 2010, when some commentators observed that derivatives were also at the root of the subprime crisis the criticisms became increasingly biting (McKenna and Slater, 2010; Schwartz and Dash, 2010): "The fact is that credit default swaps and other complex derivatives that have proved to be instruments of mass destruction still remain entrenched in our financial system three years after our economy was almost brought to its knees" (Morgenson, 2010a). The target of criticism was not that investors tended to protect themselves against credit risk, but rather that they could buy this kind of product without possessing any security for the debt. The use of 'naked CDS' – instruments serving as protection against a risk that is not borne – was compared to taking out an insurance contract for a home that is not owned, thereby allegedly creating an incentive to burn down the house (Cornwell, 2010; Finch, 2010; Moya, 2010a; Schwartz and Dash, 2010).

The blame centered on the low level of regulation (Goldfarb and Mufson, 2010; McKenna and Slater, 2010; Moya, 2010a; Story et al., 2010), the opacity surrounding derivatives (Foley, 2010; *The New York Times*, 2010c), and the behavior of speculators seeking to harm the economy of a country (BBC, 2010d; Charter and Carr, 2010; Foley, 2010; Irwin and Goldfarb, 2010; Lowenstein, 2010; Story et al., 2010). The latter criticism was echoed by various political actors in Europe and the United States (e.g. BBC, 2010e). Only several weeks afterwards did *The Economist* rise to the defense of investors, explaining that it would be counterproductive to blame 'the markets':

> A further complication of the debt crisis is that governments have turned from trying to support financial markets to blaming them for the world's ills. Rather than accepting rising government-bond yields in southern Europe as a rational response to worsening public finances, politicians believe that troubled countries have been unfairly targeted by speculators (…). However, it seems unwise for European governments to start bashing the very people from whom they need to borrow hundreds of billions of euros. Investors do not need to sell bonds short – bet on a falling price – to cause governments trouble. All they need to do is to shun bonds in governments' frequent auctions (Germany, Italy and Portugal all held auctions on May 26th, for example). A failed auction would quickly cause bond yields to soar, increasing the cost of servicing those huge deficits. (*The Economist*, 2010b)

The Economist presented the financial markets not as agents of destabilization but rather as saviors, going so far as to claim that investors who dislike criticism can refuse to buy public debt securities, which would be disastrous for the states (*The Economist*, 2010b).

However, while problematization of the crisis initially focused on derivatives, speculation and the banking system, a significant interpretive shift soon occurred. From mid-March 2010, daily newspapers began to lose interest in abstract financial instruments, as if they preferred instead to focus on a more tangible issue – namely the state of the Greek economy. Many journalists argued that the Greek state had been living beyond its means (Atkins and Hope, 2010; Corrigan, 2010; Erlanger, 2010b; Evans-Pritchard, 2010b; Mortished, 2010b; Saltmarsh, 2010; *The Washington Post*, 2010), with Greek public spending presented as overly "generous" (Leonhardt, 2010; Pearlstein, 2010), as was its pension system (Atkins and Hope, 2010; King, 2010; Kulish, 2010b; McDonagh, 2010; Smith, 2010a). More critically, corruption was deemed to be "endemic" (Atkins and Hope, 2010; Erlanger, 2010b; Pangalos, 2010), as was the underground economy (Pangalos, 2010; Tzafaliase, 2010; Smith, 2010a; BBC, 2010b). The blame therefore shifted away from the instruments of creative finance to an accusation of Greece itself:

> Now it is Greece's moment to decide its fate: can it become a functioning state, capable of living within its means, or will it remain a malfunctioning country? (…) The country has shocked outsiders with the weakness of its political institutions. Official economic statistics have been exposed as misleading, corruption is endemic and tax collection is – charitably put – patchy. (…) Some see ample scope for belt-tightening. Public pension entitlements, for instance, are 'among the most generous' in the world, according to the Organisation for Economic Cooperation and Development. (…) Not only has the country's creditworthiness come under international scrutiny but also its honesty. (Atkins and Hope, 2010)

> It is easy to look at the protesters and the politicians in Greece (…) and wonder why they don't get it. They have been enjoying more generous government benefits than they can afford. No mass rally and no bailout fund will change that. Only benefit cuts or tax increases can. (…) Greek citizens will soon have a harder time retiring in their 40s. (Leonhardt, 2010)

> There is little doubt that Greece's debt crisis is of its own making, the result of corruption and tax avoidance and that seductive Mediterranean coupling of high living and low productivity. (Pearlstein, 2010)

These excerpts illustrate a shift in the problematization articulated by the press. They are representative of a new interpretation offered in much of the press after March 2010 in which the crisis is said to have been caused by the Greek government – "Greece's debt crisis is of its own making". However, the descriptions not only deplore the country's economic policies but also portray the Greek citizens in a very negative manner. The latter are presented as "cheats" (Smith, 2010a), seeking by any means available to work as little as possible and avoid taxation (Atkins and Hope, 2010; Conway, 2010; King, 2010; Pangalos, 2010; Pearlstein, 2010; Smith, 2010a; Swann and Paisner, 2010; Tzafaliase, 2010). The situation is no longer viewed as mainly ensuing from inappropriate financial instruments, but as having been caused by the Greeks themselves; once framed as economic, the problem is now depicted as mainly 'cultural' (Daley, 2010; McDonagh, 2010; Smith, 2010b). These cultural views reflect simplistic and stereotypical beliefs about attributes deemed to be inherent and representative of a given social group. As shown in the literature, stereotypes

tend to marginalize ethnic groups, particularly in a context of conflict or profound uncertainty (Friedman and Lyne, 2001).[21] Idlers, thieves, liars: failing to match the ideal-type of the neoliberal individual as a hard-working and honest person keen to support their national economy, Greek citizens are accused of having plunged their country into a deep crisis.

The move away from a critique of derivatives to a critique of the Greek citizens can be understood as a trial of strength between two discursive trajectories. The derivatives discourse is focused on the banking system and devices of creative finance. Among the articles we analyzed and that contained the word 'derivatives', almost 40% were published between mid-February and mid-March. In the generalist daily press, this proportion reaches almost 50%. The pattern is most visible when we focus on articles featuring derivatives used to mask some of Greece's debt: among the articles using both the words 'derivatives' and 'mask', 76% were published from February 16 to March 15 (a proportion that reaches 78% in the generalist daily press).

The cultural discourse no longer focuses on banking and creative finance, but instead on the Greek government and citizens. Although present from the beginning, it gathers momentum after mid-April and reaches a peak between April 16 and May 31. Of the articles we analyzed and that contained the words corruption, tax avoidance or tax dodging, more than 60% are published after mid-April. Precisely, although the 'corruption' theme is present throughout the period, another theme focused on 'tax avoidance' and 'tax dodging' appears after mid-April: almost 73% of the articles using the words 'tax' and 'avoidance' or 'dodging'[22] are published after April 15.[23]

We can conclude that, among the articles published about the Greek crisis, almost half of those sustaining a derivatives discourse were published between mid-February and mid-March, whereas more than half of those reflective of a cultural discourse were published between mid-April and the end of May. In-between, that is from March 16 to April 15, the number of papers published was relatively small. One month for critique, one month of relative silence and six weeks to re-establish status quo through stereotyping: this is the broader interpretive trajectory that we observed. This being said, our analysis can be refined by detailing both discourses, especially in terms of their underlying problematizations. To this end, we critically investigate the objects and subjects that the derivatives and cultural discourses constitute and how they articulate objects and subjects into specific themes and problematizations.

5.2. In-depth analysis of the derivatives discourse

Within the derivatives discourse, contrasting ways of constituting several objects (such as "the financial markets" or "derivatives") can be observed. Eight actors are central to this discourse: four economic actors (the banking system, the financial markets, the derivatives and the rating agencies) and four political actors (the Greek government, the European Union, the European Central Bank and the International Monetary Fund). The Greek government is constituted as passive and reactive, while the EU, the ECB and the IMF are presented as a coalition formed to 'tackle the crisis' and offer new ideas to regulate the

[21] Elias and Scotson (1965) showed that negative stereotypes of 'the other' usually serve to reinforce positive stereotypes of the self (what they refer to as the "we-ideal"). For a recent elaboration, see Nussbaum (2010).
[22] In fact we used the keyword 'dodg*' to include 'dodge', 'dodgers', 'dodgy' and 'dodging'.
[23] A number of press articles examining corruption issues in Greece that accused the Greek state of "living beyond its means" were published as early as late 2009 (e.g. AFP, 2009; Batzoglou and Höges, 2009; Hope and Oakley, 2009; Perdriau, 2009; Prone, 2009). Similarly, articles criticizing investment banks and derivatives have continued to appear after the end of March 2010. However, these articles are buried in a larger body of publications, upon which we try to analyze the broader problematizating trajectories as discursively articulated in the media. The discursive shift that we highlight is therefore relative, not absolute.

economic actors. The financial markets and the derivatives can be constituted in contrasting ways.

The financial markets can be constituted according to one or more of three themes: they are attacking the Greek economy; they produce numbers useful to evaluate a country's solvency; they have to be reassured. In most cases, financial markets are presented as highly influential, being viewed as a credible and serious threat to any country's economy. The role of the state is then to listen and follow the will of the markets. Most articles highlight the "need" to reassure prevailing markets, but a majority also criticizes speculation against public economies. In the third theme, which is consistent with functionalism, the financial markets are presented as a technical device providing information useful to evaluate the relevance of public actions.

Derivative securities are constituted according to one or more of four main themes: they are employed to mask public debt; they are used to speculate against Greece (and other countries); they can amplify financial crises; and they can be used in useful and legitimate ways. Most often (80% of the articles), they are constituted as vehicles for creative finance and speculation against public finances.

In most articles, nation states are constituted as relatively passive, reactive and powerless against globalized finance and its devices. Supranational agencies tend to be represented as being more powerful than nation states, playing a key role in the establishment of regulation to prevent future crises:

> Fears of a hedge fund "conspiracy" to destroy the euro gathered pace yesterday. (…) Although the latest Greek austerity plan helped to calm markets and nudged the euro higher against the dollar, traders warned that the euro's traumas were far from over. (O'Grady, 2010b)

> Some heavyweight hedge funds have launched large bearish bets against the euro in moves that are reminiscent of the trading action at the height of the U.S. financial crisis. (…) It is impossible to calculate the precise effect of the elite traders' bearish bets, but they have added to the selling pressure on the currency, and thus to the pressure on the European Union to stem the Greek debt crisis. (Pulliam et al., 2010)

Only 55% (42) of the 76 articles related to the derivatives discourse in the mainstream press go beyond mere description to identify problems considered as central causes of the crisis. Among the 42 papers, 38% blame "Wall Street", 55% the derivatives, 7% the rating agencies, and 55% point to insufficient regulation. By contrast, 40% blame the Greek government for having "lived beyond its means",[24] and 19% highlight a lack of transparency (which relates both to the Greek government and the banking system).

Two broader lines of interpretations can be inferred in terms of the problematizations offered. The first line of interpretation portrays markets as excessively powerful actors, and derivative securities as intrinsically wrong techniques. The solution advanced is to strengthen regulation and, in some cases, to explicitly forbid specific techniques. Interestingly, several articles blame what they regard as the excessive influence, over states, of what financial actors (e.g., markets, banks, Wall Street, etc.) have to say. This interpretive line, therefore, can be viewed as potentially disruptive of the status quo:

[24] This expression, "living beyond one's means", appears in both the derivatives and cultural discourses. However, they are constituted in contrasting ways. In the derivatives discourse, the blame is primarily on the derivatives or on 'Wall Street'; the articles also note that the Greek government is too much indebted. In the cultural discourse, the blame is primarily on corruption and tax avoidance; the articles also note that the Greek citizens benefited from the mounting debt to enjoy a comfortable lifestyle.

> Tougher regulation is needed on the derivatives market to curb the activities of traders gambling on the downfall of sovereign states such as Greece, politicians, investors and bankers have warned. Fresh calls for controls on the market for credit default swaps (CDSs) - a type of insurance against a nation defaulting on its borrowings - came after the latest European turmoil showed again that these unregulated instruments can amplify a financial crisis. (…) Politicians should speed up their attempts to regulate this market, CDS detractors say, or more drama is ahead. (Moya, 2010a)

> Nearly a year ago, as the Obama administration issued a first draft of its plan to reform the financial system, Treasury Secretary Timothy Geithner forcefully -- and correctly -- declared that anything less than a total overhaul would be inadequate. (…) That is just as true and just as urgent today. Memories may be fading of how close the system came to imploding, but the dangers are still out there. Greece's sovereign debt crisis -- now imperiling Europe -- is the latest reminder, and like the American meltdown, it involves largely unregulated derivatives transactions. (…) Political leadership is essential from Senate leaders and from a White House that must stand up to the bankers. (*The New York Times*, 2010b)

In contrast, the second line of interpretation is more conducive to continuity in the order of things. From this perspective, the financial markets are not presented as aggressive actors, but as mechanisms that can provide objective and technical ways to evaluate the effectiveness and efficiency of public policies. Derivative securities are no longer constituted as dangerous instruments but as mere tools that can be used to strengthen evaluation. The main angle of problematization is not on the financial system but about public spending:

> There is nothing improper about hedge funds jumping on the same trade unless it is deemed by regulators to be collusion. Regulators haven't suggested that any trading has been improper. (…) Again, derivatives, known as credit default swaps, are playing a part in the current trading. (…) Traders view higher swaps prices as warning signs of potential default. (Pulliam et al., 2010)

> There is nothing inherently wrong with taking bets on an unconnected third-party loss, a "naked CDS". It can be a useful tool. (…) The point is that Greece has undermined the foundations of its own temple. The Parthenon is riddled with debt and the perilous state of the fragile edifice came to the notice of "speculators" who placed bets on whether the pile of cracked marble would fall over. So what? (Mortished, 2010a)

Two main streams of problematization were therefore followed. The most frequent one accuses the banking system, financial markets and derivative securities, and advocates for increased regulation. The other stream puts the blame on the Greek government and its deficit-making public spending.[25] Both streams are at their highest level between mid-February and mid-March, before a steady decline.

[25] This problematization means that some of the articles that examined the role of derivatives in the Greek crisis (and hence appeared in the articles we selected as part of the derivatives discourse) did not blame the use of derivatives but the Greek government for the crisis. They still can be considered part of the derivatives discourse inasmuch as they question the role of derivatives (used to mask public debt), although they articulate a different problematization and conclude to the responsibility of the state.

To sum up thus far, the derivatives discourse portrays a dominant line of interpretation that can be considered as subversive, yet paradoxical. The problematization and solutions advanced have the potential to disrupt neoliberal governmentality. However, this line of interpretation tends to constitute economic actors as central, active and highly powerful, while political actors are portrayed as relatively passive, reactive and failing to understand the issues they have to address. Since the markets are viewed as powerful and, as such, as inevitably constraining the states in their capacities to govern, the more subversive interpretations do not vigorously object to the idea of public authorities using financial markets as devices to evaluate and organize public spending. Although potentially able to disrupt the status quo in certain ways, the subversive interpretations thus remain somewhat embedded within the broader neoliberal discourse. The other line of interpretation that we uncovered is not really critical of the extant system, given that the underlying problem relates to the actions of a few deviants or outliers. Yet the derivatives discourse, either in its more subversive or softened form, did not occupy the center of the media arena for long. The most important discursive activity subsequently occurred with the momentum gathered by what we called the cultural discourse.

5.3. In-depth analysis of the cultural discourse

The cultural discourse, in addition to the previous actors, introduces two new subjects: German and Greek citizens. Both subjects are constituted through the use of different categories. For instance, when German citizens are described as reluctant to see their government loaning money to the Greek government, they are categorized as "taxpayers" (Erlanger, 2010b; Inman, 2010; Swann and Paisner, 2010), "voters" (Paterson, 2010; Pearlstein, 2010) or "public opinion" (Conway, 2010; Mortished, 2010b). The first category insists on the financial implications of the loaning schemes and seems to imply that German citizens feel that their own money is used to finance Greek public spending (ignoring that the money is lent at a higher rate than the one obtained by the German government on financial markets). The voters and public opinion categories tend to emphasize the German chancellor's courage in making unpopular choices:

> German taxpayers, most of whom oppose any kind of bailout, were dragged unwillingly into helping their southern neighbor. (…) Mrs. Merkel [the German chancellor] hopes to convince voters that she took the necessary steps to ensure the stability of the euro, and hence the German economy. (Kulish, 2010b)

All these categorizations tend to relate political action to an implicit popular will constituting German citizens as having a legitimate voice to be heard in the debate. In contrast, in the articles we analyzed, the Greek citizens did not appear as voters. When they are categorized as taxpayers, this is only to remind us that some of them (or most of them, as it is often implied) do not pay their taxes. Quite often, however, they are just categorized as "demonstrators".

Two main streams of problematization are respectively constituted, within the cultural discourse, around two sets of actors: governments on the one hand, and citizens on the other. The first problematization highlights issues of 'failed state' and 'excessive public spending'. Throughout the period studied, a great number of statements tend to refocus the blame by advocating that the problem has its roots in political issues more than in the banking system or derivative securities (Evans-Pritchard, 2010b; Koniak et al., 2010; *The Washington Post*, 2010). Two contradictory themes then appear. First, European intervention is constituted as a significant risk, in that helping the weakest governments is presented as discouraging rigor, reform and responsibility:

> Mrs Merkel is right to make the Greeks sweat and not only for political reasons. The moral hazard argument is to the fore; give the Greeks the money without meaningful budget cuts and there is no guarantee they will not ask for more, nor that other peripheral eurozone members will not follow suit. (King, 2010)

> The weakest euro zone countries (…) are in recession, are uncompetitive and must implement severe spending cuts to reduce their budget deficits. (…) And Europe's bailout fund sends a problematic message to struggling countries. Investors and economists fear that [they] won't take the painful steps needed to reduce their debt and deficit, and make their economies more flexible, now that hundreds of billions of euros of relatively inexpensive funding is suddenly available. (Reguly, 2010)

Second, the media blame political actors for their lack of direction or promptitude: their support and promises are presented as inadequate (Kulish, 2010a), vague (Conway, 2010), slow (Wallop, 2010) and politicized – the German chancellor being said to give priority to national politics in a European policy matter (Paterson, 2010; King, 2010).

> If there was one lesson taught by the global financial crisis, it was the need for a swift, co-ordinated response in order to avoid something much worse. Yet that lesson has been ignored by eurozone countries in the sovereign debt crisis engulfing Greece. Members have dithered over whether to call in the International Monetary Fund (IMF), and the German chancellor, Angela Merkel, has tried to put off decisive action until after the regional election in North Rhine-Westphalia on Sunday, which could lose her a majority. Procrastination has greatly raised the cost of bailing out the Greeks and allowed the viruses of indebtedness to multiply in Portugal and Spain. (*The Daily Telegraph*, 2010)

> Greece is on the brink of bankruptcy. Based on almost any yardstick, markets are now betting that the government will default on its debt. (…) The government, International Monetary Fund and European Union have promised, vaguely, to hand over the necessary cash to help tide the country over, but to no avail. (Conway, 2010)

> If anything, her reaction to the Greek debt crisis was a classic example of Merkel shaping events ultimately to suit her own political ends. (Paterson, 2010)

While contradictory, both themes are sometimes developed in the same articles (e.g., King, 2010), and generally agree regarding a lack of European (fiscal or political) integration (e.g., Pearlstein, 2010; Conway, 2010). *The Guardian* however offers a slightly different explanation:

> Behind the mammoth bet that Europe placed early yesterday lies a titanic political struggle over what kind of union this should be and how the European economy is run. It is a contest of contrasting visions that has been running for 15 years (…). At its most basic, this is a Franco-German clash over the means and ends of economic, financial, and fiscal policy in Europe, specifically in the eurozone. The Germans are sticklers for rigour, peer pressure and discipline, against coming to the aid of the stragglers (…). The French push a more political, expansive approach, arguing the euro rules be geared to economic growth and jobs. (Traynor, 2010b)

In sum, while the first problematization stream within the cultural discourse refers to tax avoidance and the weakness of Greek political institutions, the blame is centered on inappropriate political interventions. From this perspective, governments are endowed with a capacity to act. Articles urge governments to take action, others not to take action, but in all cases state intervention is assumed to possess some capacity of influence over the political economy. This being said, although most solutions are framed in the context of government intervention, the financial markets still appear as important actors, constituted as judges of the adequacy of public action, able to define and signal what can be considered as a good or a bad "rescue plan".

For its part, the second stream of problematization presumes that the deep causes of the crisis are related to the Greek society itself, and lacks virtually any sense of nuance. The crisis is then articulated along three prominent themes: labor law (age for retirement, modalities of pension benefits, hourly wages, lifetime employment and the role of unions), corruption, and tax avoidance. Greek citizens are represented as enjoying illegitimate benefits but also as corrupted individuals and tax dodgers. Further, when the IMF associates with European countries (including the Greek government) to instill more 'rigor' in the Greek economy, Greek citizens 'irrationally' answer by protesting and going on strikes, so the discourse goes. By contrast, the viewpoint of German citizens refusing the plan is portrayed as legitimate resistance against injustice: they themselves had to accept austerity measures to build a strong exporting economy, and hence shouldn't be forced to 'bail out' Greece. This line of interpretation thus represents well-intentioned governments facing legitimate reluctance from German citizens and illegitimate resistance from Greek citizens – the voice of the Greeks is discursively delegitimized. It is worth noting that none of the articles that we analyzed mentions the "debt trap" argument (Harvey, 2005, p. 161), according to which national and supranational political institutions are using loans and lending agreements to enforce neoliberal reforms favoring the lenders but locking durably the borrowers into a disadvantageous situation.[26]

Overall, the cultural discourse resonates significantly with neoliberalism. States are constituted as having some powers, which nonetheless are (or should be) subjected to the influence of the markets. The latter are viewed as providing neutral information that can help organize and evaluate public policies. All subjects (states and citizens) are constituted as entrepreneurs that should be held responsible for their achievements and failures.

5.4. Solidifying the neoliberal agenda

The Greek crisis takes on a particular significance if we examine the reactions from governments of other European countries. Their 'solutions' invariably involve two key targets – the introduction of austerity plans and increased surveillance:

> Olli Rehn, the European commissioner for economic affairs, said after a meeting of EU finance ministers Tuesday that commission officials, along with delegations from the European Central Bank and the International Monetary Fund, would be 'on the ground in Athens' in the coming days to examine Greece's budget measures. Mr. Rehn pledged more scrutiny of financial transactions that Greece may have used to mask its debt burden. The ministers endorsed a decision Monday by members of the euro zone that Greece could be given until March 16 to show progress toward a goal of slicing the equivalent of four percentage points of gross domestic product from its budget deficit this year. (…) If Athens doesn't show enough progress by March 16,

[26] Through this concept, Harvey (2005) gives a new meaning to the Marxian description of the tactics followed by the first capitalists to force proletarians to work in the first factories.

> the EU will demand specific changes, such as new taxes on luxury products, such as expensive cars. The new deadline is tight. Greece must go to international markets for fresh borrowing in April. (Forelle and Granitsas, 2010)

> Greece faces a crucial week, with a delegation of European Union and International Monetary Fund officials arriving in Athens to discuss further austerity measures to fix the country's bloated budget deficit. (…) The government will meet with representatives from the European commission, the European central bank and IMF technical experts to discuss a new set of measures valued at about 2.5 billion euros ($3.4 billion) over and above what it has already announced to cut the deficit. Greece is under intense pressure by the EU and financial markets to narrow its budget gap. (Paris and Granitsas, 2010)

In order to 'tidy up' the Greek public accounts, several European states decided to place the country under 'budgetary supervision' (BBC, 2010a; Garton Ash, 2010; O'Grady, 2010a; *The New York Times*, 2010a; Traynor, 2010a). More specifically, 'experts' were appointed to 'audit' Greek national accounts, including members of the European Central Bank and the IMF, commissioned by the European Commission (Directorate-General for Economic and Financial Affairs, 2010). Their mission was twofold: to ensure that the Greek public accounts were 'correct' and that the government adopts austerity measures that are adequate for the purpose of reducing its public deficit (DGEFA, 2010; European Commission, 2010). While the first target lies within the scope of external audit engagements, the second target has a more distinctly political significance and may be viewed as constituting a form of interference in sovereign government decisions. The argument put forward is as follows. Several European governments, along with the IMF, planned to support the Greek government either by issuing a loan or by guaranteeing its debt. The aim was also to restore confidence on the capital markets. The interference was thus justified by virtue of its 'objective necessity', i.e. its external nature: the 'markets' – abstract and intangible actors unrelated to any particular political group or faction – distrust the creditworthiness of the Greek government, and compel foreign government members to intervene to 'help restore confidence':[27]

> "The markets are having fun testing the euro", said Nicolas Veron, a senior fellow at Bruegel, an economic policy research institute in Brussels. But the markets are also increasing pressure on the biggest European economies, like Germany and France, to figure out ways to rescue Greece, which is already facing strikes in light of current austerity measures, and to bolster the others. (Erlanger, 2010a)

> Last week, Europe's political leaders reassured panicky markets that they would – in some way – ensure that Greece doesn't default. This week, finance ministers gave Athens a month to show whether the draconian measures it has announced – increasing taxes, freezing public sector hiring and raising the retirement age – are enough to meet its target of slashing the deficit from 12.7 percent of its gross domestic product to 8.7 percent by the end of this year. (*The New York Times*, 2010a)

[27] Interestingly, after revealing that several local authorities in the United States (states, municipalities, schools) had adopted the same creative financial techniques (Morgenson, 2010b) and found themselves in equally delicate situations, the *New York Times* wonders why they had not been subject to the same pressures from the financial markets (Williams Walsh, 2010).

> Greece has promised its eurozone allies to get its deficit down from 12.7% to 8.7% this year. Oh yes, and pigs can fly. Or call on [the bank that helped previous Greek governments to falsify their accounts] for some more optical illusions. (…) Meanwhile, it seems the Greek government needs to borrow some 55bn euros this year, up to half of it within the next three months. What if the gods (bond markets) grow angry, and decline to play? (Garton Ash, 2010)

All three excerpts appear to endorse and promote a unidirectional relation of power between the financial markets and national governments, in which the former are in a position of power, with quasi-mystical capacities. The excerpts also illustrate the extent to which European governments (especially France and Germany) tended to construe the Greek crisis as the responsibility of Greek government members, thereby implying that the solution was political intervention – with aid conditional on the introduction of a conservative policy by the socialist government (Atkins and Hope, 2010; O'Grady, 2010b; Paris and Granitsas, 2010; Schwartz and Chan, 2010; *The New York Times*, 2010a) – and surveillance of state financial and accounting practices. An examination of the actions taken by the political actors however provides a slightly different vision.

First, political actors do not always present themselves as helpless against the markets. On the contrary, they try to reaffirm their capacity and willingness to increase regulation over financial markets, although these claims remain theoretical. Next, the plans adopted clearly introduce reforms that go well beyond budgetary oversight. As early as May 2010, the European Commission produced an "economic adjustment programme for Greece" (DGEFA, 2010) that identifies a unique problem implying clear and simple solutions: "With the public sector responsible for many of Greece's woes, a reform of public administration is urgently needed and is a key element of the programme" (DGEFA, 2010, p. 20). However, the criticisms go beyond public spending and address labor and product markets, wages and productivity issues (p. 6). The solutions are then structured in two parts: shorter-term solutions include public spending cuts (but also reforms of the pension system) while longer-term solutions include "structural reforms" to increase "wage flexibility", labor market reforms (also to render it more "flexible") and "reallocation of resources from the non-tradable to the tradable sector", all measures meant to improve the business environment for foreign investors (pp. 10 and following). Political actors were thus pushing Greece to implement reforms in line with the neoliberal agenda.

While the "adjustment programme" has been criticized by a number of the actors that it was precisely supposed to convince, including rating agencies (Standard & Poor's, 2012), it nonetheless reflected reforms that had been demanded by the European Commission for ten years. This can be illustrated, for instance, by the mirroring recommendations made in two articles from the same author and published in the *Journal of Common Market Studies* in 2003 and 2011 (Featherstone, 2003; 2011). Although believing that the Greek governments were willing to comply with the "EU consensus" (including privatizations and reforms of the labor market), the author was skeptical from the beginning about their ability to overpass the unions and public opinion and be able to implement the changes expected. He also considered "that Greek governments lacked the capability to bring about drastic reform – there were too many domestic political and cultural barriers – whatever the external pressure" (Featherstone, 2003, p. 328), but expected soon 'modernization' of the Greek political system: "Lisbon agenda of structural reform threatens to extend much more deeply into domestic policy-making" (Featherstone, 2003, p. 931). The European 'integration' was thus regarded as a way to break the "political and cultural barriers" against the neoliberal agenda. The Greek crisis and its 'solutions' (the debt trap), although unanticipated, helped further remove the obstacle of citizen consent.

This does not mean that the political actors remained completely outside the derivatives discourse. On the contrary, they tried to blame the financial markets and their devices for the Greek crisis. But the actions taken clearly reinforce, not destabilize, the neoliberalization process. Accordingly, the US Federal Reserve appointed a commission to assess contracts binding firms based in the United States with the Greek government or firms that had speculated against the creditworthiness of the Greek state (BBC, 2010c; Di Leo and Craig, 2010). This was followed by a commission sponsored by the Securities and Exchange Commission (Taibbi, 2010). These commissions examined the issue of derivatives but focused on the risk of contamination – i.e. on establishing whether derivatives and speculators are liable to harm the interests of the United States in the same way that they harmed Greek national interests. Members of the European Parliament also started raising concerns (ALDE, 2010). Yet very little was made in these quarters of the accounting and financial practices adopted by other EU members. According to Guy Verhofstadt, member of the European Parliament, the aim was not to question the practices of investment banks so much as to "understand how the entire political and administrative chain downstream, from Athens to Brussels via Frankfurt, was able to ignore the falsification of Greek public accounts and why" (ALDE, 2010). The problematization was not designed to launch an attack against a system that encourages governments to act as entrepreneurs desperate to reach financial targets in unison with investment banks. This system is not seriously questioned. If deviant practices are revealed, they will be appropriately sanctioned by market discipline – at least this seems to be the main assumption. Comfort is also secured through the belief that surveillance will be reinforced by more thorough audit practices,[28] discreetly concealed behind the fashionable vocabulary of 'economic governance':

> In the long run, the crisis might even make the eurozone a little stronger, adding an element of what is carefully called 'economic governance'. (Garton Ash, 2010)

> The European Commission, responding to a Greek crisis partially reflecting its own weak oversight, called on European governments to submit their national budgets to the EU for review before presentation to national parliaments. 'An early peer review of fiscal policies would help shape a fiscal stance for the EU and the euro area as a whole', a commission statement said. (AFP, 2010)

> Not only is the EU now committed to much stronger fiscal – i.e. tax and spending – oversight. It is now implicitly committed to becoming an economic super-state. (Mason, 2010)

Seemingly neutral expressions such as peer-review and oversight are used to describe generalized surveillance, control and discipline. Problematizing the crisis as having been caused by non-ethical practices of the Greek government and citizens helps justify a more direct intervention by representatives of neoliberal international agencies in national public policy-making decisions. Once the principle of public policy oversight by actors without

[28] In short, there appears to be an assumption that it is up to investors to seek protection against fraud with the help of regulatory bodies that may request audits. However, the Piga report (2001) is extremely skeptical about the use of auditing to uncover cases of fraud: "Currently, Eurostat and the ECB visit the debt offices of the EU and have access to detailed tables of deficit-debt adjustment (...). The author's impression, however, is that even these visits achieve little, as swap books are simply not shown" (Piga, 2001, p. 137). Piga also argues that private audit firms are neither competent nor sufficiently powerful to carry out this type of mission. Similar conclusions were reached in studies conducted on the work carried out by Ernst & Young on the accounts of Lehman Brothers (Valukas, 2010).

electoral mandate is accepted, surveillance practices can be extended and applied to all EU member states. Some even envisage the possibility of creating a 'European Monetary Fund' (Cornwell, 2010; O'Grady, 2010c; Mortished, 2010a; Moya, 2010b; *The Economist*, 2010a). The aim is to introduce new mechanisms for supervising and disciplining governments, budgetary and financial decisions being subordinated to supranational institutions not dependent on the 'vagaries' of national democratic and political systems. Neoliberalism thus emerges strengthened from a crisis that might have weakened its hold over state governmentality.

5.5. Synthesis: A naturalizing trajectory of problematization

In sum, several European governments, in the late 1990s, adopted practices aimed at reducing the accounting value of their national debt. In the early 2000s, these practices were the focus of several reports (e.g. Piga, 2001; IMF and World Bank, 2001) and publications in specialized professional journals (Dunbar, 2003; Brown and Chambers 2005). Yet while the issue was raised by Eurostat in 2002 (Eurostat, 2002), resulting in new EU public accounting standards implemented in 2004 (ESA95, 2003) – changes which the Greek government only applied in 2009 – it only became a focus of public debate in 2010 – despite a rehearsal in 2004.

While several foci of problematization were developed, we observe several discursive shifts in the problematizing trajectories articulated around the Greek crisis. At first, the press blamed investment banks involved in the introduction of aggressive accounting and financial techniques. Alternative accusations then focused on the unreliability of Greek political institutions. Finally, the discursive activity eventually focused on Greek citizens, described as exhibiting behaviors scandalously incompatible with the values of capitalism. Greek citizens had to powerlessly witness their national identity being the target of an increasingly negative and stereotypical discourse, the 'Greek' subject being constituted as corrupt (Atkins and Hope, 2010; Erlanger, 2010b; Pangalos, 2010), lazy (Leonhardt, 2010), inclined to cheat (Daley, 2010; King, 2010; Smith, 2010a), profligate (Erlanger, 2010b; Garton Ash, 2010; Milner and Pitts, 2010; Pearlstein, 2010) and tax dodger (Conway, 2010; Mortished, 2010a; Swann and Paisner, 2010; Tzafaliase, 2010). In short, Greeks came to be portrayed as members of those "Club Med countries", embodying "that seductive Mediterranean coupling of high living and low productivity" (Pearlstein, 2010). Such representations are in line with movements of exclusion targeted at particular social groups (Goffman, 1963; Elias and Scotson, 1965; Gilroy, 1997; Nussbaum, 2010). The central issue is no longer constrained to reform the accounting and financial practices of the Greek government, but also to improve the morality of Greek citizens.

A significant number of articles examining the aid requested by the Greek government from the European Union and the IMF, or the protests and demonstrations of Greek citizens against austerity measures, remind the reader that the very same government had 'cooked the books' (e.g. Goldfarb and Mufson, 2010; Paris and Granitsas, 2010; Saltmarsh and Schwartz, 2010; Weaver, 2010). They do not mention, however, that other European governments had adopted similar practices in the past. The indignant reminder of Greek 'dishonesty' is at the heart of the trial of strength episode that we examined. The main problematizing trajectories did not culminate into the elaboration of a critique of the neoliberal mode of governing: by focusing the process of denunciation on the deviant behavior of specific actors, it is not a system that is blamed, but rather specific citizens and institutions. In short, the problematizing trajectories, although potentially subversive at first, ended up focusing the blame on specific actors (i.e. Greek citizens and their government), thereby preventing the wider framework of state privatization from being significantly questioned.

The focus of the problematizing trajectory on the Greek 'cultural and political' situation helped reinforce the neoliberal agenda. The emphasis laid on the introduction of new instruments for controlling and disciplining national practices increased the supervision of 'peripheral' countries by 'central' actors. The 'affair' did not destabilize so much as reinforced and served to legitimize a neoliberal program based on austerity measures in line with the spirit of neoliberalism. Overall, the stigmatization of Greek citizens and their government served as justification for introducing new disciplinary mechanisms that reinforce the ascendancy of the neoliberal governmentality within the European Union.

6. Discussion

Since the 1980s, the 'modernization' of public apparatuses has been largely influenced, in many countries, by mimicry of the practices deployed in private companies, presented as universally relevant. In order to be 'efficient', governments, administrations and state-owned companies are required to give accounts on their outcomes and financial results. Literature studied this phenomenon in several jurisdictions, particularly in the Anglo-American world (Broadbent and Guthrie, 1992; Guthrie et al., 2005; Hood, 1995). The transformation of state action in the name of the privatization ideal can be related to the broader trend of neoliberalism. Following Foucault (2004b), we conceive of neoliberalism as a mode of governmentality that gives state action the purpose of establishing a sociopolitical framework to build a society of competing entrepreneurs. In the process, markets are conceptualized as mechanisms that frame, evaluate and organize public policies, while political actors are viewed as entrepreneurs whose activities should be organized as a series of investments. We suggested that neoliberalization followed three different waves and examined the third wave of state privatization.

Specifically, we studied social processes that are conducive to the perpetuation of the state privatization agenda despite socio-economic crises, through a theoretical lens predicated on the role of discourses in manufacturing consent (Laclau and Mouffe, 1985). Our analysis of discourses surrounding the Greek crisis as articulated in the media and political arenas indicates that governmentality is not based only on 'government mentalities' shaping 'the exercise of political power' (Rose, 1991), but that it is also constituted through discourses that can shape the mode of being of subjects, their ethos (Foucault, 1984a, 1984b, 2001, 2008). The mode of governmentality that we analyzed was therefore dependent on and promoted specific subject positions, thereby articulating a narrative to influence commonsensically valued identities and subjectivities (Alvesson and Willmott, 2002).

Of course, even if neoliberal governmentality produces consensus (Foucault, 2004b, p. 86), identities do not converge towards a unique configuration following an inevitable and all-powerful process of homogenization. The constitution of hegemonic discourses should therefore not be interpreted as an absence of resistance (Foucault, 1984a). On the contrary, discourses and relations of power emerge and take shape through antagonisms with a multiplicity of points of resistance (Foucault, 1976). A number of actors will not accept the neoliberal agenda of state governmentality, seeking instead to propose and promote alternative projects. The individual therefore has some margin of freedom and we observed both resistance in the political arena and counter-discourses articulated in the media. Parker (2002, p. 187) even argued that "the hegemony of managerialism is being increasingly questioned on a wide variety of fronts", the voicing of criticisms addressed at neoliberalism constituting an opportunity to destabilize the status quo. Our analysis highlights how both the media and political actors shape the field of possibilities so that debate does not ultimately destabilize the agenda of state privatization. We described discursive trajectories beginning with embryos of critical problematizations of derivatives, pleading for more regulation and

political action, but progressively leaving way for other, less destabilizing lines of interpretation.

The Greek crisis emerged at the same time as a wider phenomenon: the problematization of the 'global financial crisis' that erupted in 2007-2008. The global crisis was initially interpreted in the media as a 'crisis of financial capitalism', i.e. as the collapse of the neoliberal program of governmentality. One could then imagine, as a number of commentators did, that the crisis was going to trigger radical political change (Cooper et al., 2010; Duménil and Lévy, 2011; Morgan et al., 2011). However, the blame was quickly reoriented toward investment banks – thereby protecting Anglo-American public policies that had favored rising household debt levels and the emergence of shareholder citizens (McSweeney, 2009). Then, the blame was directed away from the banks and toward the states, their failure to reduce public spending prompting 'sanctions' from the financial markets (Morgan et al., 2011).

Similarly, in its early stages, the Greek crisis engendered embryos of systemic critique against the proliferation of creative finance techniques within state administration. It might have been assumed that the crisis would trigger a self-reflective exercise addressing the structural mechanisms and conditions of possibility that led to its emergence. Yet both media and politic discourses soon turned attention away from such issues to focus on 'the Greeks' themselves – the Greek citizens and government. The crisis was then viewed primarily as the result of the behavior of a specific group of deviant actors, with the principles, mechanisms and mentalities of the neoliberal discourse remaining unchallenged. The destabilizing potential of the crisis was therefore compromised by the problematizing trajectories described in this paper.

Accounting research has already examined mechanisms that deflect the potentially destabilizing effects of crises (Humphrey et al., 1992; Power, 1997), showing that the destabilizing effects of a scandal may be neutralized when: a) the scandal is presented as an exceptional case in which isolated actors adopted behaviors deemed to be unacceptable by others, and b) the regulatory framework is adjusted (often purely cosmetically) to convince the audience that a similar crisis cannot occur any longer. In this way, established norms and standards may paradoxically emerge reinforced, being presented as evidence that the system "learns from past mistakes, and […] punishes and removes 'rotten apples'" (Cooper et al., 2005, p. 374).

As articulated through our data analysis, the Greek crisis illustrates how destabilization can be neutralized through discursive trajectories that deflect the focus of blame. The main problematizing trajectories that we unveiled, despite having initially questioned the banking and financial systems, were eventually diverted from systemic critique, thereby furthering the expansion of neoliberalism in the political arena. The main consequence of this discursive movement is that the crisis is not understood from a broad perspective – questioning for instance the role of markets and speculation in public administration – but from a peculiar angle focused on the behavior of the Greek government, presented as cheating to mask the country's lack of competitiveness, and of Greek citizens, presented as unwilling to work, reluctant to pay taxes, and always 'scheming' to achieve success without effort. Therefore, the blame is not on 'flaws in the system' but rather on bad players who seem to have failed to internalize the values of capitalism. The solution is simple: more surveillance and discipline (of 'peripheral states' by 'central' institutions), less public spending (austerity measures), and 'structural reforms' – that is, increased neoliberalism.

The discourse against the Greek government (without reminding how widespread the practices criticized had been) and against the Greek citizens (accused to have failed to embody a capitalist ethos) turned the attention away from the functioning of the financial

markets and the relations developed between representatives of private banks and government representatives. The focus was firmly on the unacceptable behavior of a specific group of actors. The identification of a limited number of 'transgressors' served to reaffirm the validity of current rules and practices and to show that the current system is capable of isolating bad players, thereby preserving the very tendencies that had nourished the third wave of neoliberalism. It is through this process that the media and political actors can be viewed as being involved in the production of a discourse that aims to manufacture the consent of citizens towards the agenda of state privatization – despite the occurrence of crises which, on paper, have the potential to destabilize the core principles upon which is predicated the edifice of neoliberalism.

The debate on the Greek crisis was, therefore, unable to develop a discourse endowed with a significant potential in terms of destabilizing neoliberal governmentality. Several subversive and destabilizing voices were heard in an initial critique that gave a feeling that the media performed its democratic role. The subsequent trajectories, however, discursively reinterpreted the crisis as calling for more, not less neoliberalism, thereby reinforcing the foundations that sustain the spread of the neoliberal agenda of state privatization.

From a broader viewpoint, we can draw on the naturalizing discursive trajectories that we unveiled to question the effects of neoliberalism on democratic processes. Democracy is generally associated with the capacity of citizens to control political choices, a control manifested in the theoretical responsibility of elected representatives toward those they represent and in their obligation to publicly justify the decisions they take. Within managerialism, though, public action is significantly influenced by the concerns and values of experts fond of private sector methods. While these experts are independent (or almost independent) of citizen assessment (Miller and Rose, 1990; Power, 1997), they nonetheless can play a key role in influencing political choices without being subject to democratic debate (Everett, 2003). The third wave of neoliberalism may be assumed to go even further. As soon as political 'representatives' appeal to bankers to help them manage public finances, the separation between public and private spheres becomes blurrier. Further, a new stage is reached when representatives of a central government resort to accounting and financial practices used in private companies to the point of applying techniques to manipulate the accounting image of public finances. As soon as public policies are funded by issuing negotiable bonds, they are then less subject to the will of the people, but more dependent on the assessments – and therefore the opinions – of speculators.[29] The point is that once the state begins to be managed and financed like a private company, the way is paved for the marginalization, in the name of administrative rationality, of political programs emerging from citizen debates or validated by a democratic vote. For instance, as a result of the Greek crisis, a legitimately elected government is forced to implement a policy dictated by experts working on behalf of international agencies or other governments.

A reversal of the democratic logic thus appears to have emerged. The projects of governmental action are less subject to the will of citizens; instead they increasingly have to comply with the will of the markets (and their expert oracles) and the principles of neoliberal governmentality. Behaviors viewed as incompatible with the neoliberal project are denounced (whether exhibited by a majority or not), and citizens are exhorted to incorporate the values, priorities and objectives promoted by the eulogists of state privatization, through a discourse that aims to turn citizens into conformist subjects whose mode of being is best suited to the interests of private companies.

[29] For instance, Bryan and Rafferty (2006) draw a link between the proliferation of derivatives and policies to increase labor markets' flexibility. This is because "via the intensely competitive conditions derivatives create for capital, pressure reverts to labour as the primary area where capital can exert creative discretion in the pursuit of profitability" (Bryan and Rafferty, 2006, p. 103).

7. Conclusion

Our purpose has been to explore the neoliberal agenda of state privatization. We studied the spread of the state privatization agenda in Continental Europe, focusing on a key event that had the potential to undermine its ascendancy on society. After the waves of privatization and managerialization that restructured public action in a range of countries, we argue that a third wave of neoliberalization is unfolding through the embodiment, by political actors, of an entrepreneurial ethos. Not only does the privatization of the state change public management practices, but it also promotes an alteration of the public sector's ethos, which is increasingly reflective of the principles of financial entrepreneurship, as revealed through our analysis of the Greek crisis. Although these effects are wide-ranging in redefining the political economy, they do not tend to engender vigorous social debate, except perhaps in relatively small networks. Our paper examines the role of key actors in society – the press and policy-makers – in providing interpretations of financial turmoil in ways that ultimately are not conducive to a systemic critique of the core principles of state privatization.

Specifically, we studied the 'failed scandal' surrounding the falsification of Greek public accounts revealed in 2010, and the problematizing trajectories that followed in the media and political arenas. We showed that the 'Greek crisis' triggered discursive activity that initially questioned the use of creative finance techniques within central governments but that promptly moved away from systemic critique, thereby deflecting the potentially destabilizing effects of the crisis and consolidating the neoliberal agenda of state privatization. Further, in the process the most political decisions are presented as indisputable solutions, and citizens are exhorted to incorporate the values, priorities and objectives dictated by managerial rationality. Neoliberal governmentality can therefore be viewed as a hegemonic discourse which undermines the foundations of democratic processes through the marginalization of citizen debate. We do not argue that critique and resistance are impossible, but that their effects are less and less to trigger radical change and more and more to foster an illusion of debate not disrupting too much the neoliberal agenda of state privatization.

Our study also points to the role of the media and political actors in producing naturalizing trajectories of problematization that prevent crises from destabilizing too much the status quo. Our point is that naturalization may be more likely to develop as neoliberalism materializes through complex instruments that neither the media nor the citizens are willing (or able) to fully deconstruct. As a result, chances are that the discursive activity targeting abstract financial instruments will not last long enough for any ambitious debate and reform to emerge and take hold.

In conclusion, our study contributes to a better understanding of the linkages between accounting, neoliberal governmentality and discursive activity. Focusing on the case of the Greek crisis, we highlighted the roles of the media and political actors in producing problematizing trajectories that, ultimately, prevented the event from destabilizing the spread of the neoliberal agenda of state privatization. The media were, by and large, unable to develop a systemic critique of the consequences of what Bryan and Rafferty (2006) called a capitalism with derivatives and of the related influence of the ethos of private sector entrepreneurship on state agencies. Although the room may be relatively limited for critical discourses within the traditional media (Chomsky, 1989), intellectuals have a key part to play in making society more reflexive (Flyvbjerg, 2001). The stakes involved are high since the neoliberal state is characterized with insufficient abilities (e.g., due to skill deficit engendered by state privatization) to cope with many of the risks faced by the modern world (Jupe, 2012). We thus invite analysts of accounting and public action to study the underlying rationality of

complex instruments, and their effects on democratic processes, in the hope of eventually disturbing, and perhaps disrupting, the unrelenting expansion of neoliberalism.

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