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Abstract

This article elucidates analogies between the financial crisis in Thailand in the nineties and the ongoing crisis in Greece, by drawing on the concept of crypto-colonialism (Herzfeld, 2002). It explores the analogies not only in the domain of financialized infrastructure of the economies, but also in the domain of racialized superstructures. Both countries experienced exceptionally quick economic growth in the time preceding the crises as well as rise in their current account deficits, but were also first to implode in the time of uncertainty. Production of subjectivities and race through political economy is elucidated as part of the disciplinary austerity mechanisms imposed in the aftermath of the crises in Greece and Thailand.

Key words: Crypto-colonialism, Thailand, Greece, race, centre, periphery.

The aim of this article is to make a comparative analysis between the financial crisis in Greece which started in 2009 and the crisis in Thailand in the nineties. Namely, Greece and Thailand are parts of the commensurable economic, political and cultural cartographies, discussed initially by Michael Herzfeld (2002) under the concept of “crypto-colonialism”. In his seminal essay "The Absence Present – Discourses of Crypto-Colonialism", the author points out that we could (*the phenomenon*) "call it crypto-colonialism and define it as the curious alchemy whereby certain countries, buffer zones between colonized lands and those as yet untamed, were acquiring their political independence at the expense of a massive economic dependence, this relationship being articulated in the iconic guise of aggressively national culture fashioned to suit foreign models" (2002, 900)[1]. However, Herzfeld's analysis is predominantly focused on a specific production of collective cultural subjectivities in Greece and Thailand, which he determines as the local answer to the global cultural hierarchy. My approach in terms of the analogy developed in this article is indebted to the Herzfeld's (2002) original concept of crypto–colonialism, but I aim at re-thinking the concept and taking the argument further. Namely, this article discusses political economies of the crypto-colonies, and instead of focusing mostly on the cultural constellations, aims at exploring techniques, intensities and forms of financial "colonization" of the buffer zones including a particular re-production of race through political economy.

In the process of de-essentialization of the economic colonies, we should think of the trans-historic constellation of economic and financial systems of power, rather than formal geo-political boundaries based on the traditional models of colonization (see also Venn, 2009). However, it should be also immediately clarified that my approach, of course, does not endeavour to diminish the incomparable brutality of the traditional colonialism, but rather to elucidate neo-colonial mechanisms present in the modern epoch. Therefore, this article aims at interrogating dynamic Foucauldian cartographies of financial colonization to unmask production of the neo-colonial centre-periphery constellations, rather than remaining focused on static, historical colonial maps. For example, when Greek people were subjected to an austerity-driven state of exception and deprived of their right to decide on referendum about the economic measures in 2012, it was even the Financial Times – ten years after the initial Herzfeld's crypto-colonial comparison was met with "stony silence" in Greece (see Herzfeld, 2016b, 10) - who described Greece as "the first Eurozone colony" (Munchau, 2012).

[1] Herzfeld's concept of crypto-colonialism applied on Greece (and Thailand) must be credited for several reasons, but I would argue in particular for the following two. When published in 2002 it counteracted the Eurocentric euphoria about Greece in the Eurozone and therefore it's turned out to be prophetic in challenging an idea of the European unquestionable economic-political harmonization. The second reason is related to opening Greece to the post-colonial analysis – as opposed to, for example, Todorova (1997) who underlines incommensurability of Balkanism and colonialism, but similar with, for example, Bjelic and Savic (2005) and Bjelic (2017) who hold these formations commensurable – and therefore demonstrating that the Balkans is a part of the crypto-colonial discursive geographies.

Venn (2009) unravels a trans-colonial genealogy of political economy which enables us to see how global asymmetries in terms of economic power have been perpetuated through centuries, and also how political economy has been constituted as knowledge congruent to Foucauldian forms of “pastoral power”, “moral economy”, and “police and criminality” (Venn, 2009, 16). This is an important perspective because political economy is all of a sudden revealed to be concerned with the production of knowledge of forms of existence of certain subjectivities, rather than just the expression of economic instrumental rationality concerned with production and distribution of goods and services. As Lazzarato (2012) points out by drawing on Deleuze and Guattari’s (1983, 1987) non-economistic understanding of economy, economic production and the production and controlling of subjectivities are always intertwined.

While the crypto-colonial peripheries are subjugated to metropolitan centres through financialized economic infrastructure, the knowledge produced in these centres in the aftermath of economic crises about the peripheries usually does not discuss the architecture of global finance. On the contrary, the knowledge is usually structured exclusively around the alleged social, economic and biopolitical pathologies, often related to corruption, crony capitalism and undeveloped institutions. This is also an element of the crypto-colonial constellation of power, well noted by Herzfeld: “reformulating the question in terms of power dynamics allows us to see our way more clearly: it is not a matter of where bribery and nepotism are at their greatest, but of which countries have the power to say so and simultaneously disguise their own involvement in perpetuating those practices in the very countries they accuse of being so wicked” (2016a, 12). David Harvey also offers further useful insights and underlines how the strategic economic blame–game operates within the creditor-debtor constellation: “Capitalism survives not only through a series of spatio-temporal fixes that absorb the capital surpluses in productive and constructive ways, but also through the devaluation and destruction administered as corrective medicine to what is generally depicted as the fiscal profligacy of those who borrow. The very idea that those who irresponsibly lend might also be held responsible is, of course, dismissed out of hand by ruling elites” (2014, 56). In the context of reading the economic crises through trans-colonial political economy, one could argue that the concept of race has continued to exist in the registers of political economy – in addition to psychiatry, criminality and medicine - and outside the strictly representational understanding of race in literature and the media. In order to elucidate integrally the representational and non-representation registers of racism, and explore how racism operates in political economies of the crypto-colonies, I will be drawing on Weheliye's (2014) concept of racializing assemblages. Here is a crux of Weheliye's strategy: "I locate my argument principally within black studies, a (non)disciplinary formation that brings to the fore blackness, and racializing assemblages more generally, as one of the major political, cultural, social and economic spaces of exception, although clearly not the only one, within modern western humanity. Nevertheless, my points are also relevant to and draw on other forms of racialized minority discourse (Asian American studies, Latino/a studies, ethnic studies, Native American studies, postcolonial studies, etc.). Overall, I construe race, racialization, and racial identities as ongoing sets of political relations that require, through constant perpetuation via institutions, discourses, practices, desires, infrastructures, languages, technologies, sciences, economies, dreams, and cultural artefacts, the baring of non-white subjects from the category of the human as it is performed in the modern west" (Weheliye, 2014, 5). By understanding production of racism as a dynamic assemblage - as I will explain in detail below - one can also understand how conceptualization of the crises "orientalised debts and economies" of the countries and moved focus from the pathologies of the financialized infrastructure towards the alleged biopolitical pathologies of the nations in crisis (see also de Goede, 2005; Carastathis, 2015).

In undertaking comparative analysis of the political economy of crises in the crypto-colonies, I will focus on the analogies between Greece and Thailand in the following three registers:

- The first is related to the fact that both Greece and Thailand experienced exceptionally **rapid GDP growth** preceding the crises. Nevertheless, they were also the first economies in the Eurozone and the Asian economic area which began to implode.

- The second similarity is related to the exceptionally **high current account deficits** in both countries in the time preceding the crises

- The third correlation concerns the **very similar diagnoses** - established by international financial institutions, the mainstream press and even many academics - about the causes of the economic implosions and the adequate austerity therapies for addressing them.

Dual Dynamic of Capitalism

Developing the analogy begins with the dangerous acceleration of Thai and Greek GDP growth before their crises. It will be argued that financialization and capital account liberalization were the most important factors for the acceleration, which tragically ended up in economic implosions. However, the argument does not claim that the mechanisms of Greece's and Thailand's economic growth and acceleration are exactly the same, nor that the causes for economic implosions are absolutely identical. Rather, the analogy is cautiously developed between Thailand and the East Asian crisis on the one hand, and Greece and the Eurozone crisis on the other; both through their similarities and differences.

However, the reality of their dangerous economic accelerations before the crises enables a critical interrogation and implementation of the theoretical concept of "dual-dynamic" (Noys, 2014) of capitalism. This concept is summarized by Noys in his otherwise very critical analysis of the theory of capitalist accelerationism: "What accelerationism registers in particular are two contradictory trend-lines: the first is that of real deceleration of capitalism, in terms of declining rate of return on capital investment, which has led to a massive switching to debt. The second is the acceleration of financialization, driven by the new computing and cybernetic technologies, which themselves create an image of dynamism. Of course, this "contradiction" of deceleration and acceleration speaks to a dual dynamic as capitalism tries to restart processes of accumulation by acceleration" (2014, 36). One of the aims of this article is to develop further the concept of capitalist "dual-dynamic" and to connect the economic production within the centre-periphery constellation with the re-production of subjectivities and race.

Deleuze and Guattari express their ambiguous attitude towards acceleration and further deterritorialization as a way of addressing capitalism: "But which is the revolutionary path? Is there one? – To withdraw from the world market, as Samir Amin advises Third World Countries to do, in a curious revival of the fascist "economic solution"? Or might it be to go in the opposite direction? To go further still, that is, in the movement of the market, of decoding and deterritorialization? For perhaps the flows are not yet deterritorialized enough, not decoded enough, from the viewpoint of a theory and practice of a highly schizophrenic character. Not to withdraw from the process, but to go further, to "accelerate the process", as

Nietzsche put it: in this matter, the truth is that we haven't seen anything yet.' (1983, 239 - 240). However, while authors who are contributing to the heterogeneous practice of accelerationism (Srnicek and Williams, 2014; Negri, 2015; O'Sullivan, 2014) prefer to take Deleuze and Guattari's quotation as their fundamental starting point, they nevertheless usually underestimate an important elaboration at the beginning of the same chapter, "The Civilised Capitalist Machine", and do not develop a capitalist cartography of the dynamic explained there. In these passages Deleuze and Guattari (1983) develop a stratagem for interrogating the inescapable capitalist centre-periphery constellation, a stratagem at the very heart of analysis developed in this article, where financialized acceleration in the peripheries is connected to capitalist deceleration in the centres. I would also add that intensification of capitalism's deterritorialisation in the peripheries – in the context of Greece and Thailand meaning changes in economic forms of production, real estate booms, abandoning traditional forms of industries, rapid financialization - is always associated with a specific crisis of accumulation and decoding in the metropolitan centres. Let me note in passing that the immanent and unavoidable characteristics of capitalism to create the centre-periphery constellation has also been well noted by authors coming from the neo-Marxist tradition, such as Harvey (2005) or in the context of the Eurozone crisis by Flassbeck and Lapavitsas (2013). Put simply, while Thailand was the fastest growing economy in the world at the beginning of the nineties after it deregulated its capital accounts under pressure from the American treasury and the IMF (Stiglitz, 2002), both America and Japan were experiencing recessions. Similarly, when Greece was in 2003, the second fastest growing economy in the Eurozone with significant exposure to German-capital owned banks in the country (see Fouskas and Dimoulas, 2013), Germany experienced a contraction in GDP.

This dynamic is astutely grasped by neo-Marxist approach implemented by Varoufakis in the context of the Eurozone crisis, because the velocity of financial capital over-performs the development of fixed capital, and therefore trade imbalances are accompanied and deteriorated through export of capital from the centre to periphery. As a consequence, there is the illusion of high growth and inflated development in the sectors which are not productivity-intense and not export-oriented at the periphery, accompanied by a slow burning recession at the centre. Varoufakis points out:

"My argument is that, given the deficit economies' lack of high concentration of networked, globalising conglomerates (which can automatically convert capital inflows into productivity-enhancing investments), monetary union occasioned large capital flows (from the surplus to the deficit countries) which, in turn, caused rampant asset value inflation (e.g.

real estate bubbles) in the deficit economies and a growth rate that far exceeded the rate of accumulation in their exportables' sector. In contrast, the surplus economies (whose manufacturing is by definition more highly oligopolised) in fact lack competitors in the deficit nations (e.g. countries like Greece produce no cars) and, naturally, experienced simultaneously (a) high investment rates into productivity-enhancing capital and (b) a considerably lower concomitant growth rate. This combination of growth rates that exceed (trail) fixed capital formation rates in the deficit (surplus) countries gave rise to a tension between:

- the underlying economic reality of a slow burning recession in crucial sectors across the surplus-deficit nation divide, and
- the epiphenomenal growth that seems to typify the whole common currency or fixed exchange rates bloc and is underpinned by a new form of financial exploitation of working and middle classes". (Varoufakis, 2013)

Finally, an exclusive focus on capitalist acceleration fails to consider how capitalism operates not only through the abstract forms of molar deterritorialization, networks and platforms, but also through the mentioned molecular interventions in the domain of affects and importantly – in context of the article – through the production of subjectivities (Lazzarato, 2012) or racializing assemblages (Weheliye, 2014). This imperfection is well noted by O'Sullivan: "it does seem to me that Accelerationism's (or indeed Badiou's) non-engagement with the affective complexity of subjectivity means it offers only a partial picture of the issues and problems at hand – and, indeed, of their possible solutions. For capitalism is not just an abstract inhuman agency "out there", instantiated in forms of technology, and so forth (that is a supra-molar entity). It is also "in here" producing our very subjectivity on what we might call a molecular level" (2013). This is exceptionally relevant for my analysis because this article discusses the particular production of race in the aftermath of the financial crisis in Greece and Thailand, in order to expose how the pathology of financial infrastructure has been substituted with the alleged pathology of populations.

Similarities in the Times Preceding Implosions

Both Greece and Thailand experienced a similar financialization-led illusion of fast growth in the years preceding the economic implosions. Therefore interrogation of the intensive growth of their GDPs is explored in correlation with their rising current account deficits and total indebtedness, in particular external debts. As Chang (2014) observes of

Thailand, the growing current account deficit was financed with the capital account surpluses, that is, inflow of capital from abroad. Also, Stiglitz and Furman underline in the context of the Asian crisis, that "in many cases, current account deficits were too large, real exchange rates were appreciating, and investment was being concentrated in the non-tradable sectors. Also, in retrospect, Thailand's current account deficit of 7.9% percent of GDP in 1996 was unsustainable" (2000:13). In context of the Eurozone crisis, it should be underlined that fifteen influential economists coming from different background – and even ex chief IMF economist among them – have signed a joint article which emphasizes almost the same: that the Eurozone crisis was caused by the balance-of-payment discrepancies within the monetary union, rather than by the high public debt, and that the wrong diagnose has significantly deteriorated the whole situation. As Baldwin et. al. underline:

> "The proximate cause of the EZ Crisis was the sudden halt in intra-EZ lending and borrowing that had underpinned the run-up of imbalances in public and private debt in the monetary union's first decade. This 'sudden stop' was a crisis rather than a problem for two key reasons. First, the private debt imbalances had grown too large for individual nations to handle on their own. Second, the monetary union rules prevented EZ members from deploying the time-tested cures for the 'sudden stop disease'". (see also Krugman, 2012; Stiglitz, 2016). The Greek current account deficit when the crisis erupted in 2009 was almost 15% of its GDP and Portugal, for example, had current account deficit of around 10% since inception of the euro" (2015, 4).

The Greek and Thai increased current account deficits were seemingly under a double pressure: their deteriorated regional economic competitiveness and consequent trade deficits; and likewise their increased financial obligations related to rising external debts (caused by increasing investments from centres). Let me note in passing that this fact makes the Greek balance-of-payment crisis comparable with the standard so called sudden stop financial crises (see Lapavitsas, 2018). However, all these substantial economic threats remained masked and overshadowed by exceptionally high growth of GDP. As Warr points out: "during the decade 1987 – 1996 the Thai economy was the fastest growing in the world…this boom was driven by very high levels of investment, both domestic and foreign" (2003, 8). Greece was also among the fastest growing economies in the Eurozone in the 2000s, so, for example, in 2003 it had annual growth of GDP of 5.9%, and was the second fastest growing economy in the Eurozone, after Estonia. It is relevant in the context of the capitalist "dual dynamic" that in 2003 Germany's GDP contracted 0.7% and that in the same year it managed to change the trend of its current account deficit to surplus.

The economic booms were directly also related to altered financial environments and cheap borrowing on the international financial markets. In case of Thailand it started during the epoch of unreserved global trust in the growth of so-called Asian tigers (1990 - 1997); while in the case of Greece it occurred after Greece joined the European Monetary Union (2001), when Greek sovereign bonds almost equalled the German bond. This enabled a favourable borrowing of Greek state as well as private banks on the international financial markets, but also caused a wrong perception of sovereign risks and boosted an uncontrollable increase of investments from banks from the European core. Regarding lowering the cost of borrowing from abroad, as Stiglitz notes, Thai sovereign bond was considered exceptionally safe: "slightly before the crisis, Thai bonds paid only 0.85 higher interest than the safest bonds in the world, that is, they were regarded as extremely safe" (2002, 100). While it was broadly accepted in the 2000s that the Eurozone eliminated sovereign risks, the crisis has actually unmasked substantial vulnerability of the small economies in the monetary union: they issue sovereign debt in a currency they have no control over because the European Central Bank cannot serve as lender of last resort and buy sovereign bonds (see de Grauwe and Ji, 2012, 2013; IMF, 2016). To put it differently, smaller members of the monetary union are degraded – in terms of their macroeconomic vulnerability - to the status of countries in the global South, as was well noted by de Grauwe and Ji (2012; 2013) and Flassbeck and Lapavitsas (2015). An additional deteriorating factor for sovereign bonds of the Eurozone peripheral countries at the beginning of the crisis was related to particular financial derivatives - sovereign credit default swaps – which enabled investors to bet on sovereign default of the peripheral countries without even buying the sovereign bonds (but just these derivatives). As Fumagalli and Lucarelli underline: "The interest rates on the newly issued bonds begin to rise, widening the spread between these rates and those on the government bonds of countries deemed more secure (such as the German ones). This tendency feeds on itself, up to the point where the growing crisis forces the European Central Bank (ECB) to intervene and to buy bonds in exchange for new liquidity, while demanding that national governments adopt drastic economic measures to reduce the public deficit. At the same time, the value of the derivatives related to government bonds (CDS) grows exponentially, in proportion to the widening of the spread on interest rates. This allows the owner of CDS to make large capital gains" (2015, 34; see also Dellate, Gex and Lopez-Villavicencio, 2011; Boyer, 2012).

When Greece joined the EMU it was one of the weakest economies in the union, but then embraced the prospect of growth through a rise in productivity. However, this did not occur because of structural discrepancies within the EMU, and in part due to the neoliberal labour and monetary policies of German political and economic elites. The most important factors boosting German competitiveness in the Union are related to the systemic pauperization and flexibilization of German labour, which was also reflected in deteriorated competitiveness at the European periphery. So, German political elites under the Chancellor Gerhard Schroder started implementing the Ordoliberal mechanisms: squeezing their own labour through introduction of drastic flexibility of labour conditions, implementation of formal and informal practices related to intermediary and part-time jobs and opting for fiscal retrenchment (see Flassbeck and Lapavitsas, 2013, 2015; Lazzarato, 2012; Negri, 2015).

Obviously, the small and weak Greek economy – as well as other countries at the periphery such as Spain, Portugal and Ireland - could not endure the strong competitive game, and the lack of competitiveness was compensated by massive borrowing and increase in private and public consumption, as I have already emphasised. With Greek inflation slightly higher than what the ECB stipulated (1.9%), and German inflation consistently lower than targeted inflation, German products became cheaper for Greek (and other south European) consumers. It is important to underline that inflation in Germany was lower because both German and ECB elites were implementing the Friedman-inspired monetarist policy embraced by the ECB and Bundesbank (see Flassbeck and Lapavitsas, 2013; Stiglitz, 2016), but is also a manifestation of the long-lasting, neoclassical underestimation of the broader importance of wages for economy which goes all the way back to the Great Depression. That is to say, the infamous Ordoliberal fear of high inflation has been the most important feature of the EU's policies, but it did not take into account that different unit labour costs (level of wages) across the Eurozone will produce different inflation and consequently destabilize the system as a whole (see Flassbeck and Lapavitsas, 2015). In addition, we can see how acceleration of inflation was the main concern of the ruling economic elites, whereas acceleration of financialization and indebtedness (private and public) at the periphery of the monetary union were deemed irrelevant. This is understandable when we note the structure of lending at the European periphery and see that the Ordoliberal neo-mercantilism (Cafruny, 2015) was the main mechanism behind the export of capital and goods from the EU centre to the Southern European countries.

In a similar way but different context, the Thai economy in the mid-nineties – perceived to be a part of the “Tiger economies” miracle - suddenly experienced deteriorating competitiveness of its exports. External factors were related mainly to the increased attractiveness of China, while internal factors were related to appreciation of baht. Consequently, when in 1996 and 1997 the Chinese market started appearing more attractive in terms of foreign direct investment, as well as when Chinese exports started increasing, the first country to be affected by the change in tide was the small and relatively weak economy of Thailand. Furthermore, after important and significant investments in infrastructure and education in the 1980s by the Thai state, aimed at improving its competitiveness, Thailand reduced the internal investments and economically began falling behind in the region (Warr, 2003).

It should be underlined that in Thailand, as well as a few other South Asian countries such as South Korea and Malesia, economic growth and poverty reduction since the 1950s were directly related to the progress of what became known as the “developmental state”. As Stubbs points out, “the various civil societies were weak and fragmented as a result of the physical destruction and social disintegration caused by the fighting during the Second World War…This weak society gave the central governments the space to expand and develop the strong institutions that could exercise control over the different societal interests” (2012, 46). Finally, as Stubbs underlines, the concept of the developmental state had been broadly accepted in the region as a path to recovery, poverty reduction and modernization: “within the East Asian societies that produced developmental states, there was a widespread acceptance that a developmental ideology based on state intervention is to promote rapid industrialization should be implemented as urgently as possible” (2012, 48). On the other side were neoliberal hawks, very sceptical towards the concept of the developmental state, such as the IMF managing director at that time, Michel Camdessus, and the Chairman of America’s FED Alan Greenspan.

Incontrollable Growth of Consumption

When Greece entered the European Economic and Monetary Union in 2001, it has opened a perspective for the increased financialized private consumption. Namely, it was only after pressure from the EU that Greece in 2003 suspended its own limit of 10,000 euro for consumption credits. As Placas points out: “a rapid, “healthy” expansion of the market for consumer credit in Greece was predicted on the idea that consumer debt there would grow to equal the “E.U. average,” bringing a harmonization both structural and symbolic, as Greeks could buy, and owe, like Europeans” (2011). A similar point is also made by Herzfeld, who underlines the simultaneous integration of Greece in Europe in terms of economic and neo-classical symbolic domains, but also disintegration in the aftermath of the crisis under racist presumption that “there is some sort of essential European culture that the not quite European Greeks threaten to undermine” (2016a, 11). I dare to argue that the financial and ontological investment went hand in hand in the 2000s to Greece – at the euphoric start of the Eurozone project - from the central European powers, because, time and again, “the West supported the Greeks on the implicit understanding that the Greeks would reciprocally accept the role of living ancestors of European civilization” (see Herzfeld, 1987, 21). Placas (2011) further makes two exceptionally important observations: firstly, she notices that the pressure to consume more was externally imposed on Greeks from Brussels through de-regulation related to the consumption credits. Secondly, at that time the public sector was considered the safest in terms of job-related-risks, and stable in terms of perspective. Therefore many recipients of consumption credits actually came from the public sector.

Production in Thailand was growing in the time preceding the crisis, but this was misleading given the main cause of the rapid increase was allocation of resources from low-profit domains such as agriculture to high return-on-investments domains like real estate (see Warr, 2003). That is to say, building of business offices, shopping malls and residential areas started flourishing, financed through internal consumption and external investments. As Phongpaichit and Baker (2000) observe of Thailand, in the context of decreasing export competitiveness and the structural distortion of tradable/non-tradable prices, the financial inflows generated a sharp rise in domestic consumption, a similarly sharp decline in the current account balance, an asset price bubble and excessive investment in property and many domestically-oriented industries (steel, automobiles, petrochemicals, services (see also Nesvetailova, 2002).

It is also important to emphasise that while the overall indebtedness of Greece's economy almost doubled during the decade (as a proportion of GDP), the proportion of public sector debt decreased in the same period as a proportion of GDP (although it was still higher than in Spain or Portugal) (see Lapavitsas, 2012). That is to say, the main driver for the uncontrolled and hypertrophic growth of total debt was certainly not in the allegedly swollen public sector, as the Troika and neoliberal media have argued but, on the contrary, the catalyst for the growth of total debt stemmed from the private sector – growing household consumption through credit and an uncontrolled private financial sector. Even the proportional growth of debt in the private non-financial sector was not significant at that time. Quite simply: the financialization of Greece was realized most rapidly and effectively through growth of the banking sector and increased indebtedness of credit-driven household consumption. As Lapavitsas points out: "the loss of competitiveness has forced peripheral countries to focus on boosting domestic demand, above all, through investment in real estate and consumption. Support for demand has been provided by credit generated by the growing banks, thus leading to the accumulation of domestic debt by the periphery. Third and the most significantly, the Eurozone has offered the opportunity to the private sector to borrow at cheap rates, both domestically and externally. The application of a common monetary policy across the zone brought interest rates down to German levels" (2012, 92).

In Thailand the rise of consumption was mostly financed through new private financial institutions, so-called 'intermediaries'. These intermediaries were the main driver of financialization because they were borrowing cheaply from abroad thanks to the underestimated sovereign and monetary risks, as I have explained above, and they were lending domestically, intensifying consumption. As Corseti, Pesenti and Roubini underline: "in Thailand, regulation of commercial banks limited their credit expansion, but financial liberalization in the 1990s led to the emergence of other largely unregulated non-bank intermediaries" (1999:32). These institutions were lacking experience and expertise in risk management, but nevertheless they were the main driver of lending and a rise in consumption. To make the things worse, most of the external borrowing of the financial intermediaries was short-term, thus making the loans susceptible to volatilities in the global currency markets when baht was pegged to dollar.

Greek Corruption and Thai Crony Capitalism

The final section of the article discusses similarities between the apparatuses of austerity which the IMF implemented in the aftermath of these crises as well as production of race through political economy as a constitutive element in the apparatuses. The austerity apparatus will be elucidated as a multidimensional disciplinary mechanism developed for economic and social de-pathologizing of the Greek and Thai nations, which has been imposed across different registers. While Foucauldian (2012) analysis of the disciplinary mechanisms - developed in his book “Discipline and Punish: The Birth of the Prison” - has been usually correlated to the immanent social practices of punishments, imprisoning and surveillance, Gane (2012) connects them directly with political economy by pointing out that the panopticon also manifests an architecture of state’s surveillance and interventions in the market. The alleged collective economic pathology which austerity aims at addressing is related to uncontrollable public spending, irresponsible increase of indebtedness and unsustainably generous labour laws and practices. However, at the same time the austerity apparatus aims at addressing an alleged deeper social deviation manifested in the moral degradation of the “nation in crisis” and necessity for re-production of subjectivities. The following example discussed by Gounari and Grollios in the context of education reforms in Greece, strongly endorsed by the Troika as an important part of the austerity measures, is paradigmatic: “according to Mr Kremastinos, a member of the Committee for Educational Affairs, the goal of the new higher education law should be to “shape new human beings of better quality”” (2012, 312). The economic crisis is, according to this view, just a result of the deeper, biopolitical crisis of the nation. That is why economic reproduction of capital and social reproduction of subjectivities have been exposed to the same disciplinary mechanism. The commensurability of the interventions in different social domains such as economy and biopolitics (education and health systems) by the “immanent and non-unifying abstract machine” is what Deleuze explains in his book on Foucault as degrees of variation: “it resembles coefficients needed to make the diagram, and the higher the degree of variation, the more the assemblage in question becomes diffused in all the others and can suit the whole social field” (1988, 41).

In order to understand how austerity measures have constituted racializing assemblages (Weheliye, 2014), we have to start from the deeply embedded western racism in relation to Greece and Thailand, which has a long tradition among western politicians, travellers, writers. These nations have been for centuries portrayed as exotic, different, strange, not-quite-western in case of Greece and Oriental par excellence in case of Thailand. For example, a traveller anthropologist Mahaffy said for Greeks:”a long and careful survey of the extant literature of ancient Greece has convinced me that the pictures usually drawn of the old Greeks are much idealized: and that the real people were a very different – if you please, of a much lower – type” (see Mahaffy, 1913,7 in Herzfeld, 1987, 55). Also, we should not forget the Byron’s statement that Greeks are “sad relict of departed worth” (see Herzfeld, 1987; Norris, 1999). In a similar fashion, for example, Frederick Artur Neale had written about Thailand:“it has often been remarked of the natives of the East that they are almost unchangeable in their modes of government, habits of life, and ways of thinking, century after century passes away unmarked by progress and undistinguished by change … The Siamese certainly form no exception to this remark”” (Neale 1852: 242; see also Bowring, 1857; Finlayson, 1826). However, I am not predominantly interested in demonstrating how these insulting imaginaries of Oriental otherness have been revived in the wake of the modern financial crises – although this is also relevant as it will be demonstrated below - but more importantly how they have been integrated with non-representational disciplinary mechanisms of austerity imposed on Greece and Thailand. In order to do that - as hinted above - I draw on the Weheliye’s understanding of racializing assemblages. Namely, Weheliye’s understanding of racism enables thinking superstructural re-production of race through representation of these peoples, on the one hand, with the punishing infrastructural austerity measures imposed on them, on the other. Put differently, if we follow Williams’ (1944) famous argument concerning classical colonialism that “slavery was not born of racism: rather, racism was the consequence of slavery”, then a begging task is to elucidate the interrelation between economic enslavement and racism in the modern crypto-colonial context.

The IMF’s (with the EU and the ECB in case of Greece) policies represented pro-cyclical and anti-Keynesian mismanagement of the crises of colossal proportions because in both cases followed the same pre-established strategies which aimed crypto-colonial economies and societies through focusing on public finance. Consequently, the predominant features of the “therapies” were to address the allegedly profligate and pathological public sectors through brutal budget cuts, increases in taxes and, in case of the Thai central bank, increases in interest rates. In retrospect, it could be said that Thailand was “the best IMF pupil” in South Asia in the nineties, as Stiglitz (2002) coined it, while undoubtedly Greece was the star-pupil in the Eurozone from 2009 until January 2015. However, the policies imposed by international financial and political institutions were theoretically unfounded, economically counterproductive, and caused economic recession in these countries accompanied with immiseration, intensified responsibilisation and further subordination of the collective subjectivities.

In order to legitimise the strategies for disciplining and de-pathologizing Greece and Thailand specific explanatory registers for the crises were mobilized; which were mostly structured around the alleged collective deviation in terms of corruption (Greece) and crony capitalism (Thailand). These registers constituted an important rationale which in a neo-colonial manner defended the “dual dynamic” (Noys, 2014) of capitalism not only in the domain of financial infrastructure but also in the domain of superstructure: they delineated supposedly reliable and functional capitalism at the centre from the corrupt and dysfunctional manifestation at the peripheries. More importantly, the narrative has shifted public discourse and analyses from the infrastructural perils of acceleration led through financialization, towards the alleged social and economic delinquency of particular nations explained by their economic under-race.

Although Weheliye’s (2014) approach to racism is both further development and a critique of Foucault’s understanding, I dare to argue that an analysis of the production of racism as a way to prevent a class struggle and economic insurgency could be found in Foucault (2003). Namely, the collective struggle in the sixteenth and seventieth century, which was developed by ethnic, national or social groups against dominant powers and against the establishment of a new sovereign hierarchy, had been fought in a form of race struggle (which should be distinguished from racism). According to Foucault (2003), when certain groups, nations or ethnicities in the seventieth century wanted to produce a counter-narrative and counter-history against their conquerors, it was actually a combination of race war (not racism) and class war. As Foucault points out: ”the interpretation of dissimmetries, the rekindling of a war, the reactivation of the war – there is more than this to the revolutionary discourse that has constantly undermined Europe since at least the end of the nineteenth century, but it is still an important strand within it, and it was shaped, defined, established, and organized in the great counter-history that began to speak of the race struggle at the end of the middle ages. After all, it should not be forgotten that toward the end of his life, Marx told Engels in a letter written 1882 that "you know very well where we found our ideas of class struggle: we found it in the work of the French historians who talked about the race struggle"" (2003, 79). However, in the nineteenth century, the predominant sovereign powers found a way to consolidate their hierarchies by defining the rebellion groups and dissonant voices as a deviation from the established system: an attack on the healthy body of the sovereign state and manifestation of a racial pathology. This is how the production of biological racism is actually directly related to political economy, prevention of class struggle and further hierarchical consolidation of exploitation. Therefore, since the nineteenth century sovereign structures, empires and states, when confronted with rebellion groups, to re-establish power and order raise the issue of ethnic, national or racial difference in order to produce a discourse of biological pathology and racism. 'This' group was a foreign entity inside the healthy, collective social body and must be neutralized or cured. And thus when Greeks start producing a counter-narrative against Eurozone integration, euro-dominated financialization, and the supposed capitalist harmonization and progress inside the European Economic and Monetary Union, by saying that it has been a very different experience for the average person since 2009, they are defined by the Euro-elites as a pathological collective within the healthy system which should be neutralized and cured. In a similar manner, when people in Thailand started discussing the counter-history of neoliberal globalization and the capital account liberalization, by saying that it stopped two decades of their sustainable growth, stability and significant poverty reduction, their voice is defined as a pathological manifestation of the crony capitalism which must be cured by further neoliberalization. Venn (2009) argues convincingly that every biopolitics is connected to racism in one way or another, and I would add to that how every hierarchy of capitalist forms inevitably brings about a racial hierarchy.

As Stiglitz said of Thailand: "I was surprised at how strongly the IMF and the US Treasury seemed to criticize the countries – according to the IMF, the Asian nations' institutions were rotten, their government corrupt, and wholesale reform was needed. These outspoken critics were hardly experts on the region, but what they said contradicted so much of what I knew about it" (2002, 91). In both cases the following three imaginaries of perennial neo-colonial and Oriental pathologies (see de Goede, 2005; Herzfeld, 2016a and 2016b) were deployed and integrated with the conceptualization that their states and people were "primitive", and thus in need of external biopolitical disciplining. The first is related to moral economy and determines that corruption and crony capitalism are a manifestation of a problematic, collective morality which should be tamed. The second is the lack of work ethics, an argument that had been used in colonial times for legitimising physical disciplining of colonialised populations (see Chang, 2013; Herzfeld, 2016b). In this context, Mazzucato makes a strong point in describing how the biopolitical production of race precedes the looting of a country and its assets. As she points out, “in the same way that Mexico was stolen from California and Texas through the purposefully fabricated image of the ‘lazy Mexican’ under a palm tree (Acuna, 1976), the State has been attacked and increasingly dismantled, through images of its bureaucratic, inertial, heavy-handed character” (2015, 3). The third is the supposed incompetence for managing public finance, a feature of “infantile nations” in need of external tutoring. This incompetence opens a space for suspension of democracy and introduction of “a continuous emergency” (Negri, 2015), which enables exceptional economic measures including privatization of public assets at the fire sale prices, as was the case both in Thailand and in Greece. As Negri underlines, “the public sphere has been substantially capitalized in a privatizing manner, even before this was accomplished juridically” (2015, 28). Let me note in passing that the Eurozone austerity including the Greek one, has unmasked substantial undemocratic features in the Ordoliberal legacy intensified through the German influence in the Troika (European Central Bank, European Commission, IMF). However, we should not be surprised because, as Bonefeld underlines, “Ropke (1942: 246, 247) defines this dictatorship within the bounds of democracy correctly as a commissarial dictatorship, which he says temporarily suspends the rule of law to restore legitimate authority in the face of an “extreme emergency” for which he holds responsible those who lack the ‘moral stamina’ to absorb economic shock” (Ropke, 2009, 52 in Bonefeld, 2012, 650)

One effect of the Asian crisis was that the developmental state was attacked and demolished, and key US Treasury officials, such as Robert Rubin and Lawrence Summers, not only singled out the Asian developmental model and corrupt state as the main cause, but proposed a cure of further neoliberalization (see Stubb, 2003). Similarly, in May 2012 the then Luxemburg Prime Minister and President of Eurogroup (and current President of the EU Commission) Jean-Claude Juncker emphasised that the Greek crisis occurred due to the Greek “Ottoman legacy”. He elaborated further during an interview with Politique Internationale: "Greece is a very big nation but a very weak state. It's the truth: Their fiscal management is not working. There is no staff, no real trade history, which is the heritage of the Ottoman invasion" (Juncker, 2012). While offering as the Prime Minister of Luxemburg a specially engineered global tax haven for some of the richest companies including Amazon (see Cohen, 2014), Juncker was obviously taking an orientalising position towards the Greek crisis. The orientalising standpoints have been resonating strongly among politicians, journalists, and even academics and economic experts. Harris Mylonas, for example, published an article in which he didn't focus on the European context of the crisis, but rather singled out the orientalising causes as, "the Ottoman legacy, Greece's geographic location, populism and patronage politics, repeated electoral cycles and endemic corruption" (2011, 1). Structural reforms and public sector related issues remain on a par with immigration in the following Mylonas passage, and appear very similar to what Greenspan expressed in 1998 during the Thai crisis (I will demonstrate that below): "The developments that can be viewed as opportunities for contemporary Greece with more positive consequences: the "taming" of the public sector, structural reforms, the stabilisation of migratory and refugee flows to Greece and decentralisation" (2011, 2). So, while any substantial critique of the oppressive EU policies was missing, the stabilization of refugee flows was underlined as one of tough priorities. In should be also noted in passing that – generally speaking - certain members of the Greek political establishment have internally replicated European hierarchies in politics and applied patrimonial and oppressive policies towards refugees, very similar to the EU policies being imposed on Greece. In September 2012 "The Economist" published an article - following the trend - about tax evasion in Greece, under the title "In Flagrante". The beginning of the article reads as follows: ""If I could get everyone in this room to pay their taxes, I wouldn't need to be here." So muttered a member of the troika last year, in a room filled with Greece's great and good. The problem of tax evasion in Greece has been pointed out many times during the debt crisis: Christine Lagarde, the head of the IMF, got into hot water over the summer with her comments that she felt more sympathy with children in Africa than tax evaders in Greece." (A.P, 2012). Although the problem of corruption in Greece should not be underestimated (see Fouskas and Dimoulas, 2013), it must be underlined that before the crisis Greece was – according to the international specialized agency Transparency International – at the same level in terms of corruption as Czech Republic and South Korea (see Pogatza, 2015).

In January and February of 1998, as Hamilton (1999) points out, Alan Greenspan, the Chairman of American FED at that time, was frequently visiting American Congress to offer his explanation for the Asian financial crisis, as well as to get Congress' support for aid packages for Thailand, Korea and Indonesia. His statements at that time summarised not only a general mood among American economic and political elites, but also demonstrated broad understanding of the crisis circulating in the media which tended to focus on the local pathologies of Asian societies. As Hamilton emphasises: “The economic reasoning that Greenspan and other writers used to interpret the first year of Asia’s financial crisis draws on a set of images of how capitalist world economy works and of how Asian countries got themselves into such an awful fix” (1999, 45). Mirowski (2013) underlines how complex and sophisticated is the neoliberal network of analysts: from allegedly independent think-tanks to equally “independent” experts, from academics who are shareholders in Wall Street listed companies to Nobel Prize winners educated in neoliberal University strongholds, and from journalists in the most influential media to well established international commentators. As Hamilton explains further in the context of the Asian crisis: “In asking the US Congress for money to support the IMF, Greenspan predicted that the Asian business crisis would have two positive long – term consequences. The successful resolution of the crisis would first bring an end to crony capitalism and, second, hasten the convergence of capitalism into one global pattern, or what Greenspan (1988a) referred to as “the Western form of free market capitalism”. Both predictions hinge on what he means by two crucial terms, “crony capitalism” and “free market capitalism”” (1999, 46). The lapidary juxtaposition of the unmistakable Western model of capitalism on the one hand, and the “dirty” and faulty forms of other capitalisms developed at the peripheries on the other, are at the root of the paradigms. Meanwhile, it should not pass unnoticed that Greenspan believed in a deep transformation of the Asian social and political fabric through neoliberal economization of societies and their further exposition to the global market processor. By drawing on Will Davies, we can argue that this is a clear example of neoliberal forces overcoming the “separation of sovereign powers by asserting the “ultimate” (extra-juridical, undemocratic) authority of executive decision” (2014, 27). Even more, we can see how the boundaries between the social, political and economic have been suspended, not only in the field of epistemological analysis, but in the pragmatic forms themselves. Greenspan believed – in a perspective which is a racializing assemblage - that curing whole societies of the pathologies of crony-capitalism must come from within the economy itself; that is from further marketization and neoliberalization. And further neoliberalization, public cuts and labour flexibilization is exactly what the Troika has been prescribing and implementing to address the pathologies of the Greek public sector. As Mirowski points out in the context of the very subjective and clientelistic selection of companies and banks which were going to be recipients of the TARP (Trouble Asset Relief Program) in the USA: “in an interview for NPR, Ausubel complained, “instead of conducting transparent auctions, the Treasury is going to distribute suitcases of cash”, for Crampton, ”it’s reality is moving down the path of crony capitalism, in my mind, where the government is picking winners and losers in a non-transparent way” (2013, 308).

Conclusion

In conclusion it must be emphasised that Greece and Thailand, as crypto-colonies, have experienced financial crises related to and somewhat caused by neoliberal financialization and capital account liberalization, which resulted in huge current account deficits and the problems of refinancing debt in a time of global turmoil and recession. In addition, the acceleration of their financialized economies was illusionary and short-lived, and has therefore unmasked the crypto-colonial (Herzfeld, 2002) centre-periphery constellation which capitalism always creates. While the crypto-colonies were accelerating because of the influx of capital, their metropolitan centres were economically decelerating and trying to increase return on international investments. When the crises then struck the pathologies of the infrastructural composition and dual dynamic of capitalism were substituted with the alleged pathologies of the subjectivities in crisis and a subsequent necessity for their disciplining and controlling. Clearly, the Manichean determination of the allegedly functional, stateless, and market-oriented human-capital formations in metropolitan centres, and the “dirty” and dysfunctional, state mediated human-capital formations at the peripheries is a paradigmatic case of the racialized assemblages (Weheliye, 2014) and must be challenged. However, in order to properly elucidate this simplifying dualism, we have to evoke the systems of power developed along the constellation of centre and peripheries discussed above, including in particular the re-production of subjectivities and race. So, what a neoliberal thought collective (Mirowski, 2013) propagates is that only after the peripheries accept the principles of the supreme, perfect market processor and curb state forces, will their political and economic flaws be addressed. However, it usually goes unnoticed that the idea of these “hopelessly corrupt” crypto-colonial peripheries can exist only under the presumption that there exist a corruption-free centres. The peripheries are facing a double trap here: the crises are produced through the constellation of uneven development, and then are used for legitimising further neoliberalization and marketization.

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