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Trends. The Political Psychology of Economic Policy: Is the Emperor Wearing No Clothes? Is There an Emperor?

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There seems to be an agreement that there is some sort of global economic crisis and that some parts of the globe are more affected than others. But besides that, there seems to be little agreement about anything--especially (following Craine Brinton's model of revolution as fever) about diagnoses and treatment, problems and solutions.

The problem is interference with the hypothetical construct known as the "free market." No, the problem is the striving for a free market that ignores the crucial considerations of social and political institutions in which markets operate.

The problem is a lack of realization that the world can be characterized as a global market and relevant adjustments must be made. No, the problem is the realization that there is a global market when there are actually a host of national markets.

The solution is a combination of fiscal austerity and tight money: higher taxes and/or better tax collection, decreased government spending, defense of national currency against pressures for devaluation, focus on decreasing debt, converting short-term debt to long-term debt, and the perpetual rolling over of debt against pressure for default. No, the solution requires fiscal stimulus and the writing off of at least some debt. Currencies should be reset at lower rates, floated on currency markets, or controlled through currency boards.

The solution must focus on righting the values of macroeconomic parameters. No, the solution must focus on righting the values of microeconomic parameters.

The solution must focus on changes in economic infrastructure. No, the solution must focus on changes in the lives of the masses of people who are severely affected by economic phenomena that they can feel but not understand.

Perhaps throughout history there have largely been such divergences of opinion. Perhaps throughout history economic prescriptions and proscriptions by policy experts have been--as posited by Habermas and Foucault--creating and defending formally definitive knowledge as a means to obtain and maintain power. Perhaps, the notion of predictive validity between economic policy prescriptions/proscriptions and economic phenomena is a carefully nurtured myth as part of the grab for power--power being the calculus of ability and motivation sufficient to modulate the disparity between one's reality and one's ideal state.

If so, then perhaps the global crisis bandied about by economic experts and their media transmitters may be more existential than economic. (See Bion, W.R. (1958). On hallucination. *International Journal of Psychoanalysis*, 39, 341-349; Rodrik, D. (November 2, 1998). The global fix. *The New Republic*, pp. 17-19; Schemo, D.J. (October 29, 1998). Brazil introduces \$80 billion plan for economic ills. *The New York Times*, <http://www.nytimes.com>; The proliferation of nuclear weapons and economic recession: Global

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crises that turn right thinking on its head. (October 2, 1998). IBPP, 5(14); Thorner, H.A. (1981). Notes on the desire for knowledge. *International Journal of psychoanalysis*, 62, 73-80; Weinstein, M.M. (October 29, 1998). An expensive fix that won't cure Brazil. *The New York Times*, <http://www.nytimes.com>.) (Keywords: Economic Policy, Political Psychology.)