



From Post-Democracy to Pre-Fascism: The Leading Role of the EU.

Exploding Fictitious Capital, Imploding Profit Rate, and War,
Refugees, Shock Strategy, Disintegrating EMU,
and the Emerging Fascist Option from Its Fringes to Its Centers
– A Sequence in Nine Steps –

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Session

The Political Economy of Qualities:
The Erosion of Ethics and Values in an Increasingly Iniquitous Global System
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General references:

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Id., “Financial Capitalism Trapped in ‘Impossible’ Profit Rate. The Infeasibility of a ‘Usual’ PR, Considering Fictitious Capital”, *IJPEE – Int. J. of Pluralism and Economics Education*, **4.4**, 2013, 243-262.

Id., “Speculative financial capitalism wacking out over an ‘impossible’ profit rate. The infeasibility of a ‘usual’ real average profit rate, considering fictitious capital – and its implications”, in: *Marx, Veblen, and the Foundations of Heterodox Economics. Essays in Honor of John F. Henry*, ed. by T.-H. Jo and F.S. Lee, London, New York: Routledge, 2016, 199-227.



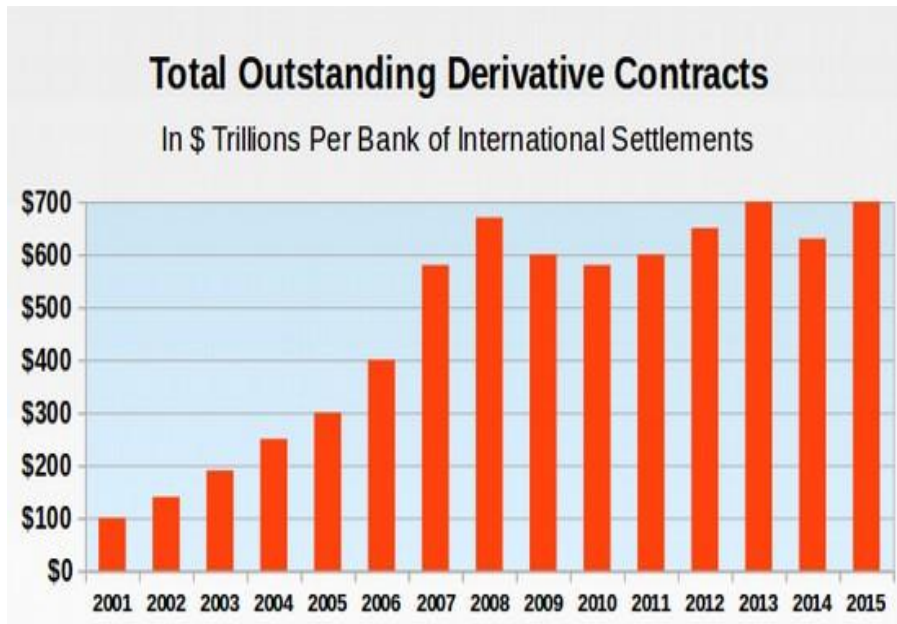
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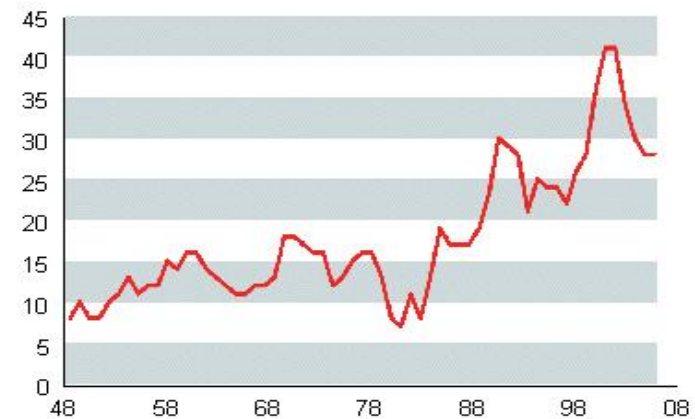
1 Exploding fictitious capital and the impossibility of a historical average profit rate



- Exploding fictitious capital: nominal paper assets, usually based on debt (CDOs), derived from derivatives (e.g., CDS) derived from real capital, “structured” (SDS), often non-registered (OTC) ... pyramids, multiplied from each other, a “perpetuum mobile” ... the bubble as a redistribution mechanism ...
- No productive capital, but competing with real industrial capital for the societal surplus
- As a set of rights: appropriating increasing shares of the surplus, at the expense of, first, real industries, second, macro aggregates: wages, state budget, third, existing wealth, mainly public property, but also of the private rich.



16655: Anteil der Gewinne der Finanzindustrie an allen Unternehmensgewinnen in USA



Quelle: Simon Johnson. © Jahnke - <http://www.jahnke.net>



- Ca. 300 Trill. \$ personal wealth of „Very High Potentials“, ca. 800 Trill. \$ derivatives, ca. 60 Trill. \$ CDS, plus (overspeculated parts of) stocks, gold, real estate, works of arts, luxury goods ...
- plus 40% of all „inofficial“, hoarded in tax heavens (Tax Justice Network 2012) ...
- But overlaps among these ...
- In total:

$$\begin{aligned} \$1.5 \text{ quadrillion (} &= 1.500 \text{ Trill.)} = 1.5 \times 10^{15} \\ &= 1,500,000,000,000,000 \\ &= 21 \times \text{World-GNP (2015)}. \end{aligned}$$

“Bank of International Settlements (BIS) data show around \$700 trillion in global derivatives. Along with credit default swaps and other exotic instruments, the total notional derivatives value is about \$1.5 quadrillion ...”

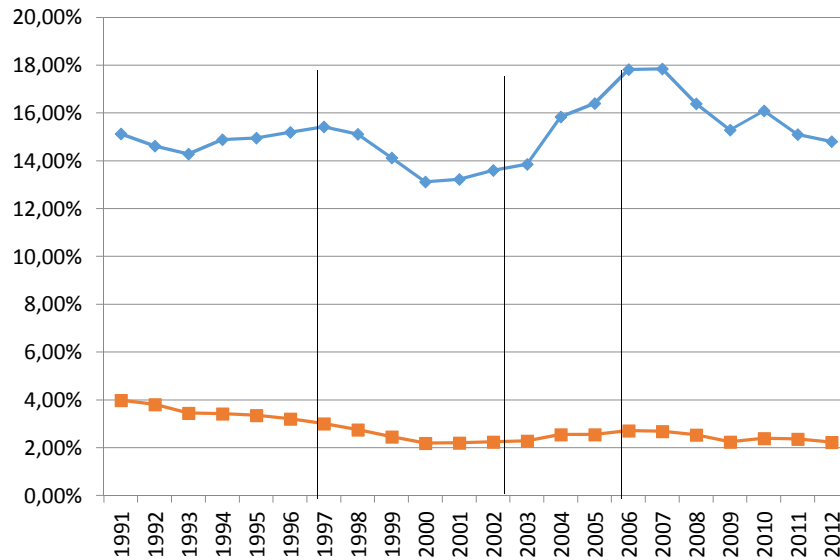
(<http://www.globalresearch.ca/global-derivatives-1-5-quadrillion-time-bomb/5464666> (4/5/2016)).

About 20% more than in 2008.

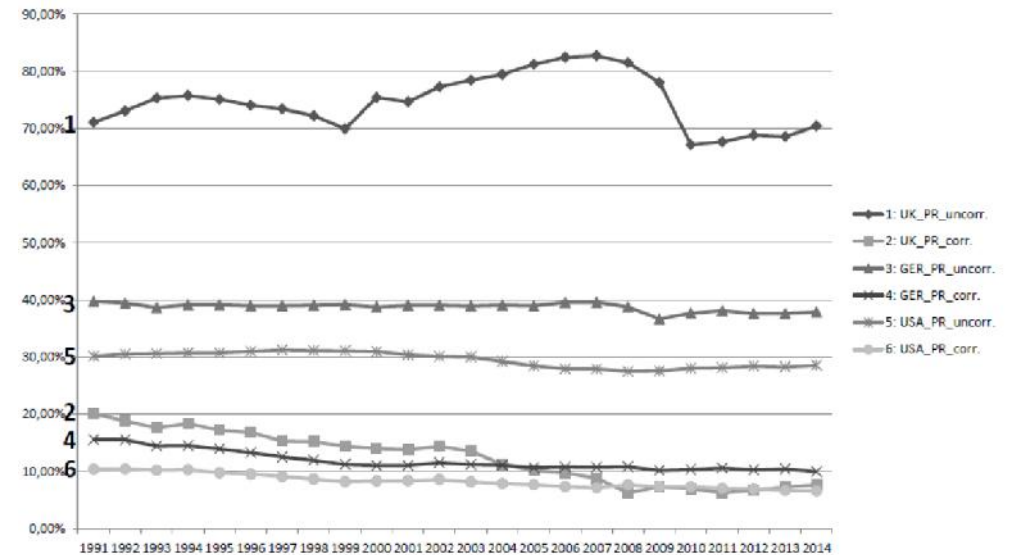


- A historically „usual“ average (calculatory) profit rate has become impossible because of the explosion of its denominator: A calculation lets the PR drop by factor 3-5 over a conventional industrial PR ... AND fall rather than increase, in spite of increased redistribution under the neoliberal regime.
- Actual PRs are indeed falling!

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2 Intensified redistribution I: Redistribution from real to finance and from bottom to top



- But in spite of actual 2-5%, the banks and different speculation entities still want to have the 20, 25% or more that they had in the golden age of neoliberalism, or just a maximum PR
- This requires enforced redistribution
- This goes at the expense of industrial capital, first (see above)
- At the expense of the wage sum – but this is largely squeezed already, not much to gain there anymore
- Ditto: public budget and public wealth – largely squeezed and privatized, not enough to gain to perceivably raise the PRs, considering the numbers of fictitious capital that needs to be served
- Furthermore: The fictitious capital needs to be transformed into real capital before the next bubble implodes ...



3 Intensified redistribution II: Transforming fictitious capital into real stuff – The geostrategic wars for resources and land



- Forms of transformation of fictitious capital into real, durable values that survive the next crash:
 - Luxury consumption explodes (80-100 Trill.\$), but takes fictitious capital out of the capital circuit
 - Public wealth: privatization, but squeezed out
 - Resources inland: natural raw materials

19185: Ken River Ölfeld in Kalifornien



19192: Alberta, Kanada - Ausbeutung der Ölsände



- Resources abroad: global food harvests, raw materials ...
- The final “geostrategic” wars to secure nations and regions for “sustainable”, “safe” resources extraction.



- From the first step towards an everlasting imperialist resource extraction and global war regime: Greater Middle East ...
 - Creating series of failing states, i.e. post-human nightmares, no longer capable of serving their populations: Iraq, Afghanistan, Libya, Palestine, Syria ...
- ... to the final step: the ultimate world war against Russia and China: tightening the slings around Russia's and China's throats – regaining exclusive first nuclear-strike capacity
- Creating extreme right-wing, nationalist, xenophobic, racist to fascistoid regimes (1) around Russia and (2) to control the geostrategic wars: the Baltic states, Poland, Hungary, Ukraine, Turkey, and Israel in the south-east corner of "Europe".



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4 The EU in the geostrategic wars: Its involvement against Russia



- The basic secular strategic interest of Europe would be to have a tight cooperation with Russia developing the Eurasian continent
- The strategic interest of the US: keeping Europe and Russia as arch-enemies ...
- And the EU prefers to break, in the frame of the NATO, all historical agreements with Russia after 1999 (e.g., 4+2 Treaty), guaranteeing security for the Russian Federation, not expanding towards east ... now stationing nuclear weapons and troops all around the Russian borders
- Also: Expanding the EU, less for economic but for geopolitical reasons, to the east ...
- From the Baltic through Poland, Hungary, Rumania, Bulgaria to (candidates/associates) Turkey, Ukraine, and Israel ...
- EU also trying to catch up with the USA as a military global superpower ... planning of an EU military force, independent of the USA (a well-prepared “anti-Trump” (re-) action).



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5 The EMU and its fiscal austerity regime: The neoliberal obsession in disintegration

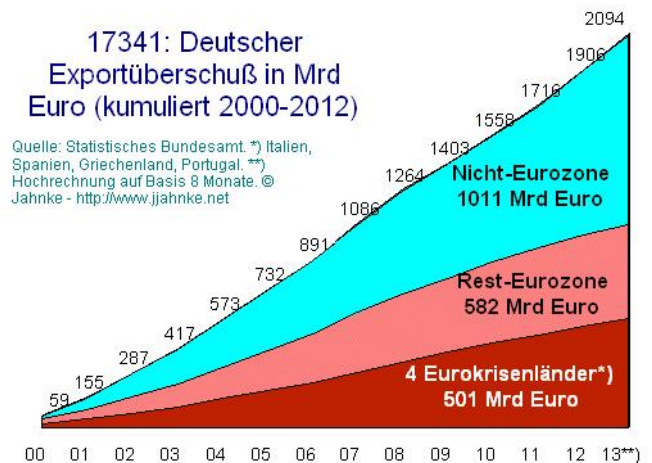
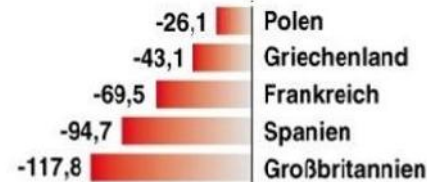
- The EMU, a neoliberal monetarist monster – the repressive purpose of integration through the “discipline” of money: monetary policy and the common currency
 - prevents member states to protect themselves against German social/wage dumping
 - forces member states to race to the bottom of social standards/wages.
- Nevertheless: increasing divergence of import-export structures among member states: few exporters, many importers:

Leistungsbilanzen Eurozone

Gleitender Durchschnitt 4 Monate - in Mrd. EUR



Quelle: Thomson Reuters Datastream / Fathom Consulting / YPOS





- Plus the austerity policy of the ECB and austerity rules of the EU budgetary policy (“Fiscal Pact”: limits to public income and debt policies) has generated both fiscal and humanitarian crises in the European south ... (50%+ official youth unemployment in GR, ES, PT, IT ...)
- A permanent authoritarian crisis intervention regime, dictated by Germany: enforced austerity contracts imposed on Greece, Spain, Portugal, soon Italy, France ...
- Additional repressive crisis intervention instruments: EFSF/ESM
- Ever more crisis prescriptions for member states, bypassing their parliaments ...
- A dictatorial antidemocratic set of prescriptions for fiscal and debt control of member states: the “Fiscal Pact” or “European Semester” ... (read that language, a diktat!)

- Disintegration/disobedience of some peripheral fascistoid states: Poland, Hungary, Turkey ...
- Also in the centers: Brexit, Italo-exit, FN in France ... and “mainstream” parties drifting to the right, under pressure form the fascistoid right.



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6 The wars return to the metropolises: Ways and forms



- Any imperialist war feeds back to their home countries, by
 - creating the economic structure of a war economy – e.g., Germany's exploding arms exports ...
 - creating war media hypes, a warlike social psychology, militarization of society: a war-time society: exploding war budget in Germany, armed forces public presence and advertising in schools, research for cyber war in universities ...
 - “our troops” fighting, “our” soldiers in danger, “our” sons hurt or killed
 - “we” and the “enemies”: the subhumans and “genetic” enemies: the slaves (the Russians!), the “islamists” ...
 - creating feelings of insecurity and threat ... the shock strategy ...
 - xenophobia, racism, aggressiveness, violence increasing – Nazi-ism returning ...
- Finally: Greater Middle East wars are far from the US, but in the backyard of the EU: War refugees flood the EU metropolises ...



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7 Refugees come to the EU, misused for enforced shock strategy



- The accommodation of the millions of refugees from the Greater Middle East wars was a deliberate, organized disaster
- The state, even the German powerful state bureaucracies at federal, state and communal levels, did nothing, much less than they usually do and could have done – producing pictures of ten thousand of humans at the brink of human existence, children being born in mud and rain
- MEE countries openly refusing any help: Hungary, Bulgaria, Romania, even Austria, letting people die at their border fences ...
- the Schengen treaty, a foundation of the EU (travel and migration liberties), dissolved ...
- Using fascistoid fringe states, namely Turkey, to keep refugees off the EU borders, cooping them up in concentration camps ...



8 Building fascistoid regimes at the fringes
to protect the EU center:
Israel, Turkey, Baltic, Ukraine, Hungary, Poland ...



1. Building fascistoid regimes at the fringes
to protect the EU center:
Israel, Turkey, Baltic, Ukraine, Hungary, Poland ...

- While the leftist government of Greece (Syriza) has been gagged for years, often refusing or postponing agreed-upon credits, simultaneously the pro-fascist and putschist Ukrainian regime has been generously pampered with huge EU, ECB, IMF credits and arms deliveries for their war against Russia
- In all: an extreme right-winged/pre-fascist, aggressive, xenophobic, trigger-happy “protection belt” has been established from the Baltic states through Poland, Hungary, Ukraine, Balkan states, to Turkey and Israel as
 - spearheads against Russia
 - spearheads in the geostrategic wars
 - auxiliaries against the backlashes of the Greater Middle East wars.



9 But (pre-) fascism building up as an option also in the centers: France, Germany ...



- But (Pre-) Fascism has been built up as the usual leadership option for phases of crisis in the centers too
 - e.g., in Germany, as in the late 1920s, there obviously have courts/police/secret corps/state bureaucracy/nazi networks emerged and are working ...
 - notorious scandals: secret services financing and organizing Nazis, police and courts protecting and pampering nazis, while prosecuting leftists
 - Nazis killed more then 230 immigrants and leftists, hardly anyone caught or sentenced, around 100 nazis in the underground, officially “not found”
 - parliamentary inquiry commissions on killings by nazis and secret services (the NSU—“national-socialist underground”) led to documents being shredded by the secret service before they had to be handed over to the commissions – parliaments ridiculed ...
- New fascistoid parties about to win in the next elections and to leap into communal, state or national governments even in France, Germany, Italy ...



In all:

- The EU is a global promoter and forerunner of a (pre-) fascist development of financialized imperialist late capitalism through
 - its very basic bureaucratic, technocratic and neoliberal anti-democratic structure and rules, humiliating and degrading weaker member states in trouble, degrading parliamentarism, too
 - its crisis-prone mistaken monetary union
 - its revival of the ancient racist anti-slaves confrontation against Russia, in the frame of NATO
 - its world-power ambitions in rivalry with the USA, being keen to take part in the Greater Middle East geo-strategical wars for resources
 - its proximity to the Greater Middle East, thus being exposed to the resulting refugee streams
 - using the hundred thousands of refugees as a shock strategy
 - building its very own backyard and buffer zone of pre-fascist countries against the backlash of the middle-east wars, and against Russia
 - fostering authoritarian, xenophobic and pre-fascist “solutions” to its particular multiple crises at its periphery and “fringe” member states
 - but opening the fascistoid options of reigning in their very centers as well, as their ultima ratio, before they would give way to any real progressive solution ...



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Thank you for your patience!