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The Psychohistorical Causes and Future Expectations for the European Financial Crisis

When Lloyd deMause asked me some months ago to write “something” about the situation in Europe as this might be of importance for US President Obama to be reelected, I did at first not know, what he meant, I still might have misunderstood his request, but here is my answer.

There is something I can see, be a witness of, all surely also effecting me personally. A few examples: Our university system is running out of money as public funds are not able to finance it anymore and private sponsoring became rare; inflation and prices are making surprising jumps, forcing many to rethink their habits of living, or even sell their houses; unemployment generally rises, even the booming German exports did not meet the expectations regarding employment figures; robbery for the sake of survival increases and right wing parties are achieving terrain, scapegoating immigrants and intellectuals; remaining privileges are being harvested as fleeing into consumption seems to have reached limits and many have tears in their eyes. Some shout in protest, others fall into apathy, not understanding why, according to the steady increase of millionaires, there is so much money around not reaching where it is actually needed. That is the short of what I see. These are daily impressions during my travels through Europe, so I apologize for maybe not delivering an objective view, but colored with some grief and curious openness.

Economic crisis are often the prelude to spread violence. Partial collapse of financial systems is at first felt as being unjust, seems to hit the wrong people, and is usually followed by spreading anger and the real killing of people. In richer countries the sacrifice is being executed through cutting public spending (an indirect mode of starving), causing fierce protests (as we see in Greece, Spain, England, Italy, France, even in Israel, etc.). Emerging nations (like the ongoing North-African Spring Revolution) see harsh violence, while further south, people are dying silently, not able to stand up against injustice and rising food prices, or escaping from areas of civil wars. Despite all tragedies there is hope, e.g. that the revolution of the youth – the biggest one since the 1970s – might lead to a change of paradigms within societies.

And as always in situations of urgency, little time is left to think over the mechanisms behind these happenings, unfortunately also for the actors in this restaging of violence – people in charge, such as politicians and managers who are fighting the wars, sometimes in the role of being war lords, whereas the “normal” citizen tries to reduce spending, making the black markets grow.

The following wants to contribute to the discussion about present historical ongoing – as done in previous articles in this Journal¹ - this time pointing at the crucial role of money as transcendental power (God) after the epoch of enlightenment and the postmodern problem of the disconnection between reward and work in modern societies, as freedom seem to have lost its connection with diligence.

What has lead to the crisis? A money policy of interest driven games between public institutions and private investors has accumulated huge amounts of moneys summing up in a merely closed up virtual world. At a certain point the risks went out of control (recently the US-subprime crisis) and in a second phase dragged nations, already suffering from deficits (due to a neoliberal buy out in the years before), down with them, having had to save banks for the sake of the real economy and its working places. So far this crisis “behaves” like the capitalistic crisis in history before. What makes a difference in the modern crisis is the fact that the interconnected ingredients necessary for the system to work – interests on money, accumulation of capital through labor, inflation and permanent growth – seem to be breaking apart as western societies are running out of paid labor and dead money surplus does not find the way back into the capitalistic spiral.

PHILOSOPHICAL PREFACE

DuRInG several speeches for diverse groups of investment bankers about “Time”², to create attention, I usually asked the listeners at the beginning, what Time and Money do have in common? Letting them guess, normally the simple answer did not come into their minds right away, and so I finally gave the answer: both do not exist! To come into existence, Time needs a reference, a beginning and/or an end – a question that not only occupies religions, but natural sciences and politics as well – Time itself is nothing without its “sister”: space. The measuring of Time was - for the most period of mankind – of little interest and was mainly

¹ These speeches are usually organized by the “Association for the Deceleration of Time”, (www.zeitverein.com) so held several times in spring 2011 at several German cities.

used to mark certain, in periodic ways returning moments, mostly deriving from natural events such as the alternation of seasons, or the cycle of birth and death. Also certain periodic actions such as sacrifices or starting a war were legitimized due to repeating phenomena. A common way of measuring Time (“linear” time) became necessary when hierarchical systems came into existence and had to help coordinate a growing, anonymous population in widespread areas, nowadays globally. So the dividing of time into little pieces became essential for being a collective, something that had little importance before, when people were living in tribal structures. For modern, globally interwoven and industrialized nations a common time structure is crucial; for the price of also sharing critical phases, caused by few, affecting all.

Money, in its character, shares similarities with Time. It has no existence without its “sister”, the value of a certain thing. It represents the abstract media for the exchange of needs, desires and means trading and exchange, defining human relations in an abstract way and so becomes part of the social world, ultimately deriving from the need to find a common media in an interwoven and anonymous societies (similar to the linearity of time, one of the functions of money is to create a common standard of values one can rely on). The trading of goods implies and creates mutual social dependencies, giving also a reason to keep peace with the Other, as well as fighting It, when mutual relations become unbearable due to the feeling of being subjugated or humiliated.

The main question regarding the role of money for societies was first discussed in ancient Greece, dividing not only Plato and Aristotle, but, further on, Western ideologies from Eastern principals of handling the media Money. Aristotle fiercely argued that it should not be allowed to take any interest for loans or any kind of money transfer. Money should never have a chance to be a value of its own, what he considered evil and dangerous for mankind. A media (such as money), taken by its own single existence, is nothing, and if given the ability to grow out of its own strength can only be compared with God! Plato and his dialectic approach proposed, that to proceed in human progress, contradictions would have to be overcome with the help of a third, mediating instance. Further on, the West and East developed diverse: the Islamic world forbids interest on money, based on the idea that the relation between Men and God cannot bear any “in between” (interest, a secular world – a state – outside religious relations). Until today, Aristotle’s Logic has a strong impact on the organization of the Islamic world, proposing the Religious State as the only perspective for mankind. The Western Plato-influenced world brought out the Christian religion, consisting not only of God and his Son, but also of the Holy Spirit (the mediator, moneywise spoken:

interest), and legitimizes a third instance being connected to the relationship between Men and God that potentially can have an independent existence. During Renaissance, when first States became ideologically independent from the church, this principle was able to unfold its real capability in creating the first forms of capitalism.³ Since then we have seen regular periods of prosperity alternated by collective crisis in a cyclical mode. For this – in short – a few thoughts on the media money, which left my banker-audience rather perplexed, realizing the responsibility they have when dealing with the Nothing and its ability to grow. Now they also understood why they do have such a bad image, because they have transferred from the reliable administrators of other people’s money to dealers of the “holy”, an unholy act.

THE LOGIC OF AN INTEREST-DRIVEN MONEY SYSTEM

Economists explain the cycles of prosperity and crisis being caused by the interest driven money system, by time piling up money with no real value, which is then available for reinvestment or speculations. The system collapses when an expected value is not further believed (!) in. In fact, an interest based money model creates a (to speak with Aristotle: godlike) world of its own; abstract, virtual, driven by motives of collective hopes and anxieties. These regular system-collapses can be observed, felt, in a certain way mastered, but obviously not profoundly explained nor avoided. At the end economists call them “Black Boxes” - I call them “Collective Sacrifices”⁴ that seem to follow a rhythmical pattern driven by collective needs of violence and destruction.

As known, the organization of the recent periodic collective sacrifice has been left to computers and mathematical formulas (algorithms), driven money systems. Every professional portfolio manager in the West works with a system that automatically sells when indices show that a certain value hits a defined limit of loss and buys when ratings show and upward trend on a specific value. More sophisticated, but based on the same simple logic are virtual moneys that bet on rising or falling indices in the present or the future. It seems to be a closed world of its own, millions of data rushing around the globe in seconds. Outside witnesses fantasies of conspiracy and an invisible hands that guide us are being stimulated , and in fact we have to admit it seems to be doing so, although bankers never stop to assure having everything “under control”. As also known, stock markets, brokers, the financial

² See also „The Emotional Reasons for the Financial Crisis“ in Journal of Psychohistory“ Volume 37, 2, 2009

³ ibid

market, in general, behave following patterns of a herd of sheep in panic.⁵ When stocks and/or banks fall, people loose (virtual and real) money, they have to reduce their activities, they feel having been sinful (greedy), stop growing, make personal sacrifices and fear the future – they become depressive, waiting to be punished for having participated in a sinful game, maybe by investing in stocks, playing around with God itself – maybe becoming too self confident, responsible and capable of handling the contradictions of life? Any sign of insecurity, in an economic measure “inefficiency”, lack of showing strength will be punished at once, speculators and their agencies (they could be called “angels”) manipulating plus and minus in all possible way (will be an issue in the next chapter), also of the Political Life – all phenomena of a collective in panic.

With the present amount of virtual money (as some say: 100 times worth the world) around, steadily in global movement, we can in fact speak of a transcendent system, created by humans⁶, as I propose here, to delegate – of course not intentionally – the unconscious execution of a collective punishment. Allowing one to think this way, Aristotle’s anxious prediction has seemingly become reality, and is about to conquer any other still existing interest-free system. It seems to have taken over power, not being eliminable as directly connected to a so called reliable system – a self runner that not only strongly influences the life of most individuals but also naturally represents a mirror of the collective mental status. It truly can be said that the closed world of virtual money is keeping the real world together, or tears it apart. The 0 and 1 system has become the “Mana” of the modern world, its soul and its religion, around which myths are built and life is given a meaning, a promise not to fall into depression, realizing there is nothing between me and death.

THE DISCONNECTION BETWEEN THE FINANCIAL SYSTEM AND LABOR

While fighting the crisis in a day by day manner, a larger problem behind is effecting not only the EU, but the western world as such: one of the principals of capitalistic societies, the connection between work and the accumulation of capital is, for some time already, breaking apart. When Jeremy Rifkin wrote his famous book “The End of Work” in the 1980ies, European Socialists still strongly believed in the necessity of a strong nation to not have more then 3 percent workless (full employment). The fear of mass inoccupation, one of the problems that let to WWII after the crash of 1929, is still present. The main obstacle in

⁵ See the works of William Hamilton, *The Egoistic Herd*, 1971; and presently: Andrew Oswald, University of Warwick

⁶ The ones complaining the most are also the ones who fed the financial industry – merely every citizen in the Western world.

realizing an alternative system, for example by installing a *basic income* for all citizens, no matter if they are occupied or not, is an emotional one. Many (mostly conservatives) heavily argue, that it cannot be possible for someone to be rewarded for not going to work. It is the strong Protestant belief that only one who is sweating due to hard work is a good member of society, and if this time is unleashed, human beings will end up being lazy or even become criminals. For this psychoclass, discipline is still something necessary to be imposed on people for them to be good members of society. Basic mode: you live to fight – you fight to live.

Whereas in the years after WWII, during the period of a booming economy in an era of reconstruction, full employment had been easily achieved, the first problems to have most of citizens underworked appeared in the early seventies. Many may have forgotten that US president Richard Nixon almost realized a basic income system. His Family Assistance Plan (FAP)⁷ was to help the mass of unemployed to find a decent living, with the State paying, even if one is not doing anything. Nixon's plan was based on a complex taxing system and could have been functioning; he even had the Republicans supporting the FAP as it passed the House of Representatives. Then came Watergate and the Senate silently let the FAP die. According to some today this was the greatest achievement in the 20th century America.

European States like Austria held on to the full employment principle, even with the price of huge public debts. Since then, the problem steadily became more dramatic, only lessened in short periods of economic hype, seen in the late nineties or in the years 2003-2006. The last phases of a quasi-full employment in Austria was by nothing achieved out of a national capacity, but due to the integration of eastern European countries like Poland, Hungary, Slovakia, Czech Republic, Romania and Bulgaria which opened their markets. The branches which profited mostly were banks, which granted easy credits, insurance companies, estate speculators and production companies, transferring their sites to these countries because of cheap labor. It did not take very long for the new markets to be exploited and the expansion came to a sudden end when the financial crisis showed that a good part of these businesses were built on sand. Companies now could easily realize rationality potentials and set free a huge amount of workers and employees.⁸ Even the booming German - export based – economy is suffering of a relatively high unemployment rate, not to speak of the 20 percent and more of unemployed young people in the Mediterranean area. The only branch where personnel are still needed seems to be the taking care of elderly people in societies with a

¹⁰ <http://www.zeit.de/wissen/geschichte/2011-09/Leserartikel-geschichte-usa>

¹¹ IT-companies are the ones who made the most profit during the crisis, substituting whole departments by automating their processes.

demographic situation that will last at least for 30 years, when the surplus of the older population will not be living anymore.

But the basic problem still remains: there will never be again enough paid work in Western countries (also in the US) to achieve full employment. The capitalistic work connected system is longing for a change of paradigm, new forms of societies not being based on their labor force and competing markets. An illusion? No, examples have shown that by eliminating all programs to get unemployed back to work and a tax on financial transaction (Tobin-tax) could easily pay for paying every citizen a basic income, not connected to any obligation of performance whatsoever. Of course, those who would benefit from a system of basic income could not be allowed to be sitting at home, even if the psychological problem of long-time workless could be lessened by not calling them “unoccupied” anymore. The most important for human beings is the feeling of being useful for others in some way, what presupposes an integration into public life. The social world is full of needs (childrearing, taking care of the aging population, education, etc.); organizations could be founded to give the not-needed in the economy a decent field of tasks to fulfill. This new society will have to be based on a mutual consent of cooperation, rather than on competition. As in Europe, a critical mass seems to be in favor of such a system change, we can assume that a new psychoclass is growing up, realizing the radical change is a must.

WHEN PUBLIC IS TO BE PRIVATE, THE STATE AS A COMPANY

During my studies about the emotional reasons for the present financial crisis⁹ it became obvious that in all crisis in the past 500 years either nations fell into debt because they let an escalation of speculating markets happen, participated themselves in speculations, so creating regular, about 50 year cycles of raise and fall. These cycles not only correspond with nations starting wars and economic depressions, but also represent a two-generation period, assuming they could be driven by the appearance of new psychoclasses and following backlashes, as Lloyd deMause proposes.¹⁰ Progress of Nations and societies therefore seems to follow a cyclical pattern rather a linear one.

Taking a closer look at what is presently occurring in the US, Europe and other countries regarding their strategies in fighting the debts of nations, we observe some paradoxes that might be worth mentioning:

⁷ Christian Lackner, *Makroprozesse und ihre Konflikte*, 2010, about to be published.

⁸ Lloyd deMause, *The Emotional Life of Nations*, 2002

- Politicians in leading countries started about 30 years ago (after the student revolution of the late Sixties and pressures against an authoritarian state) to loosen market rules,¹¹ especially for financial products, which were then merely completely deregulated, following the suggestions of neoliberal think tanks under the lead of Milton Friedman and Friedrich A. von Hayek, who proposed, that the State has not to interfere in any economic processes, but has to provide the optimum circumstances for an efficient and growing private economy. The profits made, would then take care of all citizens (along their performance output), but at least by a so-called “trickle down effect”, where the money spent by the well performers would create employments. We now know that in fact a short term effect occurred in enhancing wealth for a few, at the same time creating the potential for a great sacrifice (which was of course not planned). Now politicians moan that politics should be in power of deciding e.g. about the credibility of a country, and not some rating agency – but it was them who let the Beelzebub go free.
- The State itself was “economized”, it was to be one player amongst other in the market, which rewards good performers and eliminates bad performers, always under the premises of making profits. Public institutions are to be privatized to achieve maximum performance. As privatization has proceeded in many countries, as a result facing huge losses in the financial support of public needs, at least in the Welfare State spoiled Europe. Other than private organizations, which provide products to meet (sometimes via marketing created) needs, the objective of institutions is to develop and find long lasting time-adequate answers for basic human contradictions (anthropologic constants), such as the generation-contradiction (education, raising children, taking care of the elder), the gender-contradiction (legalize new forms of relations between men and women), the living-dead-contradiction (succession) and the contradiction between men and nature (environmental protection). None of these objectives can be carried out in a righteous way when only economic principals are applied on them. Not – or insufficiently - taking care of children and elderly means sacrificing them for the sake of a fantasized “trickle-down-effect”. As can be seen in the crisis, too little or

⁹ In this period the common feeling was that States are too powerful and should be liberated. Famous sociologists, like Daniel Bell, proposed the liberalization of the economy (The Cultural Contradiction of Capitalism, 1976).

nothing at all has trickled down, but instead the amount of virtual money grew, so the ongoing crisis could also be named the “nothing-trickles-down-crisis”.

- Becoming an economic player, just like a private company, the State, unable to make profits for the reasons mentioned above (tax reduction for the top performers is part of the neoliberal concept), has to take loans from banks to finance at least a minimum effort to keep the social system going. Rapid changes of the demographic structure of societies in all western countries (children are not affordable any more) tighten the situation – the State has to make more loans and – under the principle of economy – is not doing well and loses credibility. By trying to be efficient, Nations in fact became poor and even poorer when having had to bail out private banks and investment companies when the virtual money-system had collapsed. Finally the losers are the States themselves and a good number of former employees, as private companies used the crisis to get rid of them, meanwhile raising their productivity in a more and more deregulated labor market, not having to re-employ, when markets turn back to normality. At this point I think I have understood Lloyd deMause’s request: When Europe and its system of social welfare is brought to fall, President Obama and his plan to at least introduce a minimum of state-guaranteed social benefits, will be proven to be false. Europe has to fall so American neoliberal interests can be held upright? Is that the idea? Anyway: the ingredients for a collective sacrifice are in the pot, public budgets and the real economy with their backs to the wall and the financial industry waiting for a wrong move to reap their bets on collapsing economics.

In fact some of the neoliberal propositions are not at all unrealistic. Not only within public administrations the potential for increasing productivity is enormous. Machines with the right software can substitute a great part of human work. But this *does not* lead to investment in new working places.

The difference between the US (individualism) and Europe (social market economy) can be found in how the triangular relation of real economy, financial economy and public interest is being dealt with.¹² Although in tradition of the welfare state, in the late 1990’s and up to now Europe’s fiscal and social politics have shown more neoliberal measures than the USA, where Keynesian pragmatism has calmed the aftereffects of an exaggerated financial market. Still the remaining welfare state costs in Europe, even after severe cuts in social

¹² Stephan Schulmeister, „Der Finanzkapitalismus, die Wachstumskrise und das europäische Modell“, Speech held Oct. 24th 2003, Berlin

spending, leave less scope in keeping budgets strong enough to withstand financial market interests. The opposite happened: worn out budgets of governments and a stripped real economy (having sold the family silver in the recent decades to meet the investors expectations) have left hardly any resources to keep the markets and the welfare state in balance. Whereas in the US surplus moneys found their way into a speculative financial market, rather than doing investments into the economy.

THE EUROPEAN POLITICAL DIALECTIC – NATIONS IN DESCENT AND THE LACK OF WAR

The only reason why Europe, respectively the European Union, could make a difference in meeting the “nothing-trickles-down-crisis” is the circumstance that European nations are gradually loosing their independence. Starting out as an economic cooperation between nations, a political cooperation is presently on the way, as thus representing an institutional counterweight to competitive economic logics. Some of the rating agencies decisions seem to have lacked any rational background, as States were being treated like companies, but certainly also because they have offered *themselves* acting just like companies.¹³ In seemingly helpless emergency measures the European Central Bank keeps buying State loans from endangered countries, but the financial markets do not seem to show any “mercy”. Only high interest rates, short term due, can attract private investors – a killer, driving nations into default.

Ten years ago, at the G8 summit in Genoa, when protesters on the streets demanded a tax on financial transactions, they were fiercely battered by police forces. Today, German chancellor Angela Merkel and French prime minister Nikola Sarkozy appear in front of the public and propose the same tax model in a brave move against an invisible (nobody knows, how much money is actually around!) enemy, knowing that only a global regulation (as global as the financial economy) would be a sufficient solution and knowing, that achieving to pass a global “Tobin-tax” law is just about as easy as asking US Republicans to support Obama’s reform of the sanitary system. But, and this might be a glimpse of hope, transnational cooperation is trying to create a counterweight – something new in modern history.

In political discussions we often hear the term of the “Europe of different speeds”, in the sense of faster north- and middle European countries and the slow southeastern and

⁸ During my 20 years of experience in educating leaders in private and public organizations it was astonishing to see how public officials were increasingly imitating everything that came from the private sector, even the words they started using showed their effort to be a good manager rather a representative of an institution.

Mediterranean nations, supposing to kick them out of the Union; at least partially. Countries like Greece or Italy are in fact not easy to deal with. Greece became a member State not because it truly met the conditions but due to historical, political and strategic reasons. Italy – where the idea of a united Europe was actually born – suffers from a still-stand of structural reforms for about 20 years now, and a great part of the nation being in a state of apathy as nothing is moving ahead in a merely closed circle of over-aged leaders in all-relevant sectors, clinging to power and privileges. But Italians are masters of improvisation, especially when under-pressure, they can make the impossible going.

Sixty years ago Europe experienced WWII, preceding the financial crisis of 1929. The present crisis truly has the dimensions of 1929, but this time nations work together and not against each other. But the idea of pacifying Europe by creating economic dependencies between Germany, Italy, France and England also resulted in a community of shared destiny – the economy cannot be separated from social and political levels. Johann Gottlieb Fichte’s “geschlossener Handelsstaat”, a proposal for the autarky of nations was an illusion even in the 19th century, failing on the dialectic of borders. The positive fact about the crisis can be seen in a collective act of rethinking paradigms and an awakening from the imagination of Europe just being a merger of mutual economic interests. Today’s Europe is far from pacifying the border dialectic between member states, what’s more is the not yet finished process of expansion and the problems driving from new external borders. The message sent to countries outside the EU is not only economic attraction – in this case all would have to immigrate into China – it is the promise of freedom (not to mix up with the American understanding of freedom, which rather means the unregulated competition between entrepreneurs), the higher possibility to participate in the creation of common ways to live together and forward-looking jurisdiction. Something Europe is not always being liked for. Truly it has guilt from the not always glory past as a burden to carry. A fact emotionally is blocking the strengthening of a central government. The single European nations do love each other, they are being forced to cooperate and find answers for pending common problems, such as:

- a) The contradiction between ecology and population development;
- b) The development of global institutions capable of managing reforms and inventing new models of participation;
- c) To mediate between older and new psychoclasses.

(The discussion of these three points will have to be done in another article)

The EU is not a result of a revolution and it does not revolt in the present crisis, because Europe is offender and victim at the same time; a fact making it impossible to start another war.

PSYCHOHISTORICAL SIDESTEP

In comparison with middle-and northern European countries, child-rearing modes in southern nations are behind. Children there are normally beaten for little reason, abandoned¹⁴, when not behaving according to Mama's desires and obviously many adults suffer from severe childhood trauma. Young women, who do not agree with the way they were raised, simply avoid having children, not to get in conflict with their mothers/families. Public support for women who want to become mothers does not exist and companies still have women sign that during their occupation they will not get pregnant, not to speak of ridiculous periods of stately paid maternity leave and the spread of violence within families. As psychohistorians know, in such societies, political leaders demonstrating strength, like the "Buffone" Silvio Berlusconi, have an easy game, making the people believe the illusion of living in a world of childish saturation and harmony as presented in his TV-channels. The other side of the coin, harsh aggressiveness, directly resulting from bad child rearing, can unfortunately not only be observed in southern countries but also in so-called developed countries as Great Britain, still being unable to pass a law forbidding violence against children.

The theory of Psychohistory says that acts of collective sacrifices build up when a new psychoclass (personalities resulting from new childrearing modes) appears in history and creates guilt and shame among the majority of the older psychoclass, thus asking for scapegoating and punishment of the progress and their representatives. In the present case we have to consider that:

1. The post war (WWII) generation represents the older psychoclass, still feeling attached to old values of a socializing mode as they were treated to become persons molded by parents who saw their ideals realized by the children they reared.
2. In all Western nations they represent the majority as demographic pictures show.
3. They are in possession of the nations wealth, ultimately piling up in huge pension funds, now being used to drain the real-economy and as a weapon against the feeling

⁹ So happened this summer, when an Italian tourist father was arrested in Sweden for beating up his boy in public, because the child did not agree with the restaurant choice of the parents. The case triggered off a turbulent public discussion in Italy about national child rearing habits.

of being strangled by a new generation, triggering early traumata which lead to an unconscious wish to sacrifice.

For many, especially the so named “X-generation”, the introduction of the Euro and the extinction of national currencies still is being seen as an act of loss of (national) identities. Often, conservative voices now do not halt to lament that the biggest mistake was to eliminate national currencies, despite the fact that they have gained profits from the Euro. The collective feeling is well shown in the following cartoon, where the old currencies appear as ghosts, dragging down the Euro.



POLITICAL REACTIONS

The present development is dividing the Union though, and in a counter-reaction strengthens the power of Brussels to impose necessary measures in a more hierarchical way. Opposition comes – as so often - from England first, but also from all other countries – a normal reflex when influence is what would I like to achieve, but is suddenly limited. “Reigning” will have to be defined in a new way, mainly by understanding and collective rethinking and organizing situations of mutual learning. There are alternatives to a stronger

European governmental hierarchy, coming from network structures reaching limits though when it comes to imposing and executing general standards. The question is only in what mode hierarchy is being lived, directive and authoritarian or in a negotiating way, looking at the Other as an equal partner. And: how politics can defend offenses from the financial market. Surely politics could claim back being the determining force, but what a disappointment to see half-hearted attempts, suggesting collaboration with the powerful enemy and joining in a great sacrifice party.

THE UNITED STATES OF EUROPE

Competition-driven minds like Ex-German chancellor Gerhard Schröder propose the quick realization of a core-Europe with a powerful central government. His arguments are pointed towards a “strong” Europe, a global player that can withstand other powerful players like the USA or China. It is true that it needs only one part in a relationship between Nations or global regions to act in an attitude of competition to force all others to also answer with competitive measures. Another, maybe even more important reason for the necessity to a further centralized Europe could be: what this region is now learning, is to coordinate quasi independent individual Nations in a mode of achieving the highest possible consensus between members that have previously fought numerous wars to survive as single Nations. When creating a Union, not only a diversity of many languages and individual habits will have to be managed. Old, competition based thinking will have to give space to a transitional way of managing mutual problems. As such competencies are being developed only under “desperation”. They might not only be capable of resolving internal differences, but also signalize a possible imposing of win-win situations on trans-regional relations, not only considering economic advantages, but also in meeting the consequences for the war mankind has ultimately won over nature – a proven suicidal mechanism that needs only transnational efforts can overcome. Networking within a stronger hierarchy, project- based measures are not only highly complex but also face the difficulty to be the “natural enemy” to hierarchy and vice versa. Leading projects within a hierarchical system takes the ones responsible in permanent tricky situations in balancing an unavoidable conflict between centralized and decentralized decision-makings. Both have their own “charm”, but they always also crash. When a great part of the European population now believes they are being enslaved, then they feel the imposing of central power. The paradox lays in having to starve a world while there is more money available than things to buy. Spoken in pictures: “Mother is turning away from you, the feeding is over.”

Internally, the EU is paying the price for having expanded too fast. With 27 members, the consensus-principle no longer functions rapidly. Decision making either takes too long or has to be done by voting – dividing into majorities and minorities. As the most progressive nations are now outnumbered by the less developed and usually much more conservative countries, many achievements and reforms of the time before the joining of the east-Europeans are now being taken backwards.¹⁵ Besides the new conservatism, old problems have not been resolved. The French are considered arrogant and selfish, UK-representatives are as torn as their country, the contributions of the southern countries are rather modest and productive propositions of Scandinavians and Germans have a hard time to even be heard.

| | USA | EU |
|---|--------|--------------|
| States / Nations | 50 | 27 (soon 28) |
| Representatives (Parliament / House of Representatives) | 435 | 736 |
| Political Parties | 2 | 14 |
| Languages | 1 | 23 |
| Age in years | Ca.100 | Ca. 20 |

This simple comparison above shows how complex circumstances in the EU are regarding centralized decision-makings. Besides the fact that behind every European nation we find – though similar – independent constitutions, the often underestimated difficulty of not communicating sufficiently due to language differences (hardly anyone in Europe can even read the Cyrillic way of writing) often leads to a “just let it happen” attitude, opening all doors for misunderstandings and obstacles when trying to comprehend. Even when partners are grown up in the same language area, spoken language creates problems, not to speak of multilingual difficulties a normal American citizen is unable to imagine. And it is not only the language of the Other that is not understood. Historically grown reservations steadily play an important role; e.g. German, realized as the language of Hitler Germany is still being emotionally rejected by most European citizens. Although we see Europe growing together – especially for new generations it has become normal to work and live outside the nation where they were born – for the older psychoclass it is still a perfect projection screen for developing fantasies of being deprived by Others. The young and fragile Europe might be a welcome sacrifice in a war between rating agencies (the “whores of investment banking”), not only young in ages, but as well in creating a historically new form of transnational identity.

¹² Austrian members of the EU Council report of horrendous discussions in diverse committees where conservative east Europeans are voting down progress in important development questions. Sources are known by the author but cannot be named.

THE REVIVAL AND THE END OF IDEOLOGIES?

The present situation asks for pragmatic solutions. Politicians give way to technocrats in leading countries like Greece or Italy. Flooding the world with money may be a first step. But who will collect it and how? Inflation will boost and the socialist recipes of full employment turn out to be an illusion. To speak in metaphor: God will have to be grounded by taking hold of the Holy Spirit – the interest – as a picture of human relations. But: the stock markets are already flickering. From biology we know that the flickering of a species within a biotope is a sign for the soon breakdown of the whole system. The fear has reached the level of hysteric movements and this is not far from making mistakes. Taken it as given the actors might not have another chance but be watchers of confusion or take action – something a good part of the young generation in countries worldwide already is practicing, wait for them to take the step into a next psychoclass era, after the crash?

In the war between politics and virtual capital, arguments point out that the path in a more peaceful relation between nations needs time and mutual decision-making. Interest rates are calculi without empathy, a weapon beating the slow and the ones morally bound. Europe has the choice between the Pest and the Cholera: either become faster, centralizing decision making, provoking inner conflicts, or stick to the principle of participation being overrun by the global financial market.

I would like to end this article with two scenarios, a worst and a best-case scenario, and as developments are moving fast, they might be reality once this paper appears in public.

WORST CASE:¹⁶

The financial industry is whetting their knives and bring interest rates for State loans to a level for single nations impossible to pay back (already happening to Greece, but will be extended to Portugal, Spain, Italy, Ireland and in the following to other Euro-countries). To save those nations the EU forces the European Central Bank to follow the example of the US and starts flooding the market with printing new money. This leads to a hyperinflation (happening under the ketchup bottle principle: you shake and shake, nothing comes out and in a sudden more then needing is emitting, impossible to stop it), something the financial sector fears like the devil the priest, as it is also capital destruction. The Euro zone goes bankrupt and a currency reform has to be done. All but the ones who have nothing will face tough losses, except the ones able to flee with their own planes onto their own islands and watch

¹³ Also see the interview with the German financial scientist Stefan Homburg in Sueddeutsche Zeitung, September 29th, page 20

from there how the remaining get along with the situation. The number of jobless reaches galactic dimensions followed by heavy social turbulences and killing of scapegoats. The governments start confiscating private properties, making homeless out of jobless. The destruction of the EU will be a joint act with the US, their situation being at least as dramatic, but less inhibited in printing money to save the State. China will do down with its currency strongly depending on Dollar and Euro. New military conflicts might arise under the excuse for gaining new resources to create jobs.

BEST CASE

Politics achieve a ban on speculations on public goods, especially betting on the fall of nations and recessions. A tax on financial transaction, especially on high-speed trading is established worldwide with the capital having no chance to dodge. A G20-forum is equipped with executive power not only to control the credibility of their members, fighting corruption and mafia-like structures, but also to create development programs to bring evolving societies into shape to build sustainable structures. Employment is disconnected from the need to make a living, at the same time creating public structures to form strong civil societies helping in social conflicts and transnational contradictions. The rest is open.

CONCLUSION

The present crisis is a substitute for a real war in Europe that so far had been fought about every 60 years. It seems – and I have mentioned this earlier – that the confrontation line can be seen between politics and financial markets. But politics not only has fed the development by deregulating the financial economy, believing the advantages of neoliberal arguments and ultimately making it possible to finally collapse. The leaders of both systems are the same, identical and interchangeable! The main conflict line shifts from national (politician) leaders against international (market) leaders, to a widespread people-sacrifice, paying back public debts, with interest rates being pushed up by rating agencies, legitimizing deep cuts in social welfare and the creation of jobs. Having followed the siren calls of illusive promises of the growing of the Nothing (money), masses are now putting their head on the blocks, awaiting the punishment deserving for being greedy. Swollen up financial funds, mainly in the hands of a majority – the X-generation – executed by a minority, the warlords of the financial system (private and public) are about to create a halt in development; hopefully with an afterward change of paradigm: tamed interest rates, guaranteed basic income, on the technical level; new forms of democracy, enforcing participation of common

decisions and education on an international level; and to meet the future challenge: finding a solution for the out of balance between mankind and nature.