Preserving Europe's Zombies

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Abstract

After the 2008 financial crisis, the global economic business has gone back to normal. Simultaniously, European political rule is incorporating an enlargement of coercive moments to enforce their idea of crisis management and it faces an enormous lack of consensus among the civil society. I argue that it is not enough to identify weather we are facing an organic crisis or not, but that we have to understand the inner development of the former hegemonic bloc during the crisis management. If we gain insights to those developments, we can picture the driving forces of current policies.
The underlying scientific puzzle draws from the ever increasing amount of non-performing expenditures (NPEs) in Europe. The remaining high level is a direct result of the chosen crisis management policies of the EESA (European Ensemble of State Apparatuses). To understand how those NPEs and their holders – referred to as zombie–banks – emerged, I conceptualize the theory of fragmented hegemony based on the regulation approach and apply it to the crisis management strategies of the EU hegemony since 2007.

Austerity itself was a response by the former hegemonic bloc to the crisis in order to preserve pre-crisis accumulation. These measures have not only harmed workers across Europe but also parts of the former hegemonic bloc. This manifests itself through the rising number of so called non-performing exposures (NPEs) kept in the books of European banks. These banks are kept alive through the continuing crisis management of low interest rates and eased lending conditions for banks to recapitalize themselves through ECB loans. In the long–run, the preserved zombies, seriously prevent the re-strengthening of the European economy, which after all is the interest of the same forces continuing to top–up zombies. Hence, the chosen crisis management set a complex development of fragmentation rolling, which deserves more scientific analysis.

However the research question at hand is not a hair-splitting debate among academics but of political relevance: What are the concrete contractions among the former hegemonic elite and their resulting crisis management strategies to preserve their dominant position?

We observe a two-folded passive compromise in form of austerity measures and deregulation of financial markets. Former benefits 1) institutional lenders holding government bonds as well as 2) export–oriented companies, indirectly benefiting from applied labour market flexibilization and reduced protection standards for workers. Simultaneously, these policies existentially harm the third core group of capital interest 'European banks' holding national loans. The last group loses out due to decreasing consumer demand and the emergence of non-performing expenditures. Since increasing NPEs are a danger for all capital interests, financial deregulation functions as the solution for European banks to get rid of their bad

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loans to other regions of the world by securitisation and asset trading.
This two–folded strategy might protect European capital interests in the short–term not only at the expense of workers interests. But those implemented strategies are the final force towards an organic crisis created by the former hegemonic bloc itself. What becomes certain is that the combination of hardening the circumstances of debtors to repay their loans and creating new replacing loans will necessary lead to a capital destruction rather soon than late.

Keywords: European debt crisis, Regulation School, fragmented hegemony, Non, performing expenditures