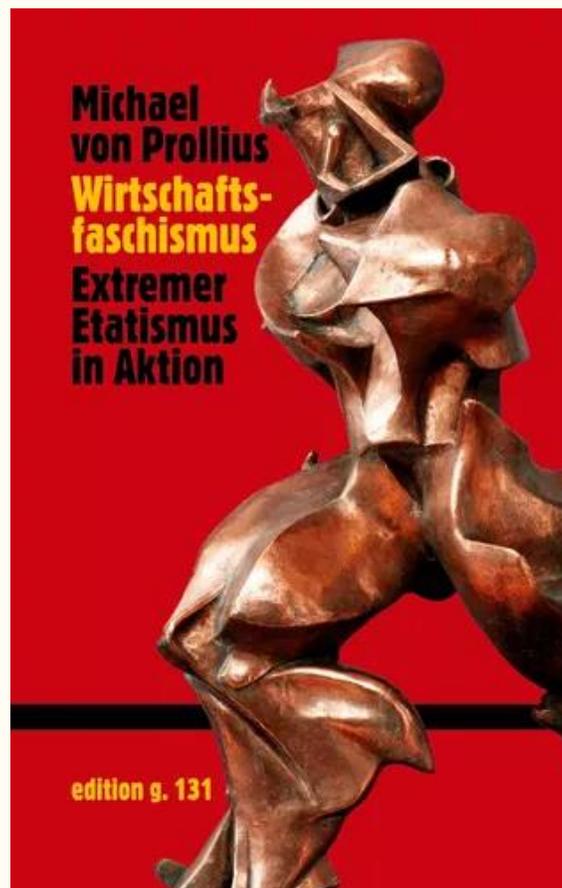


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Economic Fascism

Extreme Statism in Action



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One-Sentence Summary

Economic Fascism develops a political-economic theory of extreme statism by reconstructing fascist and National Socialist economic orders as distinct, authoritarian systems of organized economy and by deriving structural lessons for understanding contemporary forms of state overreach.

About This Book

Publication Details:

- **Author:** Michael von Prollius
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Genesis and Methodology:

The book originates from the author's long-standing engagement with questions of political economy, order theory, and the systemic consequences of state intervention. It responds to contemporary diagnoses of crisis, system change, and expanding state authority by revisiting historical cases of extreme statism.

Rather than employing the term "socialism" as a catch-all label for modern policy failures, the book proposes a systematic examination of fascism and National Socialism as historically realized forms of extreme statism. The analytical focus lies on the organization of economic life, the role of bureaucracy, the coordination of resources, and the relationship between state power and individual freedom.

Methodologically, the study combines:

- political economy,
- order-theoretical analysis,
- historical case studies (Italy and Germany), and
- a liberal perspective grounded in freedom, open society, and market coordination.

The work explicitly rejects moralistic equation and partisan polemic. Comparison serves analytical clarification, not political accusation.

Author's Note:

The author emphasizes that the purpose of the investigation is not to equate historical regimes with present-day developments, but to compare structures, patterns, and mechanisms of extreme statism in order to gain analytical insight.

The chosen perspective is explicitly liberal and ordoliberal. The guiding interest lies in understanding how states can be usurped by organized interests, how economic coordination is transformed under authoritarian rule, and how individual freedom, property, and responsibility are displaced by centralized organization and bureaucratic domination.

The book is conceived as a scientifically grounded essay and as an exercise in civic education, inviting readers to form their own judgment based on criteria, perspective, and historical understanding.

Economic Fascism

Extreme Statism in Action

Economic Fascism – Extreme Statism in Action begins from a problem diagnosis rather than a normative claim. The central concern is not ideological labeling, but analytical adequacy: how to understand contemporary patterns of expanding state power, crisis governance, and systemic intervention without relying on imprecise or misleading categories.

The book argues that many current diagnoses use the term *socialism* as a shorthand for perceived policy failures and authoritarian tendencies. While politically effective, this usage is analytically insufficient. A centrally planned socialist economy in the classical sense—characterized by comprehensive state ownership and central administrative planning—is not the system under examination. What is instead observable is a different form of state dominance: an order in which economic life is neither free nor fully planned, but organized under political primacy.

The guiding hypothesis is that fascism and National Socialism represent historically realized forms of extreme statism whose structural features can be reconstructed and analyzed independently of their ideological rhetoric. These historical extremes provide particularly sharp analytical material because they reveal, in concentrated form, how states can be transformed into instruments of organized interests, how economic coordination is reshaped, and how individual freedom is displaced.

The investigation is explicitly conducted from a liberal and civic perspective, oriented toward freedom, open society, and market coordination. The aim is neither moral condemnation nor political polemic, but understanding. Extreme cases are examined not to equate past and present, but to identify recurring patterns, mechanisms, and risks inherent in systems of concentrated power.

Key Concepts and Definitions

The book places unusual emphasis on conceptual clarity. Definitions are not presented as final or universally accepted, but as analytical tools that reflect the author's perspective and research interest. A clear distinction is drawn between scholarly terminology and politically charged public usage.

Extreme / Extremism

Extreme denotes a condition that lies farthest from what is considered a normal state. Extremism is understood as the rejection of the constitutional democratic order and its fundamental values, norms, and rules, often accompanied by the acceptance or use of

violence. In this study, extremism is approached not primarily as a matter of ideology, but as a systemic condition in which state power is radically expanded and concentrated.

Statism (Etatism)

Statism refers to a mode of thinking and acting that is oriented exclusively, or predominantly, toward the interests of the state. It rests on the assumption that economic, social, or ecological problems can best—or only—be solved through state action.

Statism can take multiple forms, ranging from comprehensive planning to targeted control and steering of key sectors. It is associated with centralization, political primacy over other social spheres, and the extension of state influence deep into private life, including opinions and lifestyles. In this sense, statism is understood as a self-referential system that expands at the expense of individual autonomy and decentralized coordination.

Socialism

Socialism is defined as an anti-capitalist, anti-liberal, anti-democratic, and statist ideology in its dominant historical forms. It is characterized by the abolition of private ownership of the means of production and its replacement by collective ownership controlled by a ruling minority.

Despite its rhetoric of equality, socialism results in hierarchical control over resources, life choices, and social mobility. Individuals are subordinated to the collective, while a political elite benefits disproportionately. Alternative socialist concepts (e.g., libertarian or anarchist socialism) are explicitly excluded from this definition.

Fascism

Fascism is described as an authoritarian, nationalist form of rule and political movement organized according to the leader principle. It is anti-capitalist, anti-liberal, anti-democratic, and anti-conservative in orientation, while mobilizing mass support for a centralized, hierarchical, and corporative state structure.

Unlike internationalist socialism, fascism is nationalist and militaristic. Nevertheless, both systems are treated as collectivist forms of minority rule with mass mobilization. The book emphasizes structural commonalities over ideological self-descriptions.

National Socialism

National Socialism is identified as the most radical, racist, and totalitarian variant of fascism. It combined nationalism and socialism, rejected liberalism, capitalism, parliamentarianism, and pluralism, and aimed at the comprehensive reorganization of politics, economy, and society under a Führer-centered order.

The economic dimension is central: National Socialism transformed the economic order through organization, hierarchy, and political control rather than through classical central planning.

Economic Order / Economic System

An economic order is defined as a framework of explicit and implicit rules that coordinate economic activity. It emerges from the interaction of legal structures, cultural norms, moral values, and realized economic policy.

At a fundamental level, coordination can occur either centrally through authority or decentrally through markets. In practice, mixed systems exist. The book distinguishes:

- market economies (decentral coordination through property, prices, profit and loss),
- planned economies (central administrative coordination), and
- interventionist mixed systems.

Fascist economic orders are characterized by organization instead of planning: private ownership formally remains, but investment, production, and sectoral development are politically directed. Losses are socialized, profits preserved, and competition replaced by corporative arrangements.

Bureaucracy and Bureaucratism

Bureaucracy denotes rule by offices, characterized by hierarchical organization and rule-based standardization. Bureaucratism refers to an extreme form in which rules become self-serving, applied without regard to human consequences, and extended unnecessarily into previously non-bureaucratic spheres.

Bureaucratization is described as an immanent tendency toward expansion, with destructive potential. While often associated with the state, bureaucratic structures can also exist in firms and organizations.

Overall Structure and Argument Flow

After establishing its conceptual framework, *Economic Fascism – Extreme Statism in Action* unfolds in a deliberately progressive structure. The book moves from diagnosis to historical reconstruction, from case studies to theoretical consolidation, and finally to lessons and orientation. Each part builds on the previous one and sharpens the analytical lens.

Introduction: Problem Sketch

The book opens with a problem sketch that situates the investigation in a broader historical and contemporary context. Fascism, socialism, and National Socialism are introduced as three historical examples of extreme statism—systems in which politics and the state dominate all spheres of life, particularly the individual.

The introduction emphasizes that state and politics are not neutral entities but instruments of minority rule, often supported by mass mobilization, ideological fervor, and crisis narratives. From a liberal perspective, extreme statism turns the state into a prize captured by organized interests, while citizens are subordinated to a singular state purpose.

The author explicitly rejects anarchist and purely moral interpretations. Instead, the focus lies on how states are usurped, how economic coordination is transformed, and how freedom and property are eroded. The analysis is framed as a warning and as an attempt to derive political-economic insights relevant beyond the historical cases examined.

I. Conceptual Clarifications

The first chapter systematizes the conceptual tools used throughout the book. Definitions of extremism, statism, socialism, fascism, National Socialism, economic order, and bureaucracy are not offered as final truths but as perspective-dependent analytical instruments.

A central distinction is drawn between public political language and scholarly analysis. Political labels are often used for mobilization or moral positioning, whereas the book insists on analytical precision. These clarifications establish the groundwork for distinguishing between different forms of authoritarian rule and for avoiding misleading simplifications.

II. System Change: Living in the Post-Neoliberal Era

The second chapter turns to the contemporary economic order. The term *neoliberalism* is examined critically and identified as a political label rather than an accurate description of existing economic structures.

The book reconstructs the historical meaning of neoliberalism as articulated by figures such as Röpke, Rüstow, Eucken, and Erhard, emphasizing their opposition to welfare-state expansion and bureaucratic overreach. It then contrasts this intellectual tradition with present-day realities: expanding state intervention, industrial policy, monetary activism, and regulatory growth.

The chapter introduces the idea of a system change toward a politically overformed economy. Developments in monetary policy, productivity stagnation, welfare expansion, and crisis governance are interpreted as indicators of a new order that no longer corresponds to a market-based or ordoliberal framework.

Competing conceptual labels—such as political capitalism or neo-feudalism—are discussed as attempts to capture this transformation. The chapter concludes by reaffirming the relevance of order-theoretical questions and the analytical value of historical comparison.

III. Case Study: Fascism (Italy)

The third chapter presents the first historical case study: Italian fascism. The focus lies on the origins, ideas, and institutional transformation of the fascist regime, with particular attention to the economic order.

Fascism is traced back to crisis conditions following World War I, including political instability, social unrest, and fear of Bolshevism. The chapter emphasizes that fascism initially emerged as a movement rather than a coherent ideology, relying on violence, propaganda, and mass mobilization.

Mussolini's later doctrinal formulations are examined as retrospective justifications of an already established practice. Central to the analysis is the fascist conception of the state as the ultimate expression of the individual and as the organizing force of society and economy.

The chapter reconstructs the rapid consolidation of power, the dismantling of parliamentary institutions, the suppression of unions, and the establishment of a corporative economic order. Economic life is shown to be organized rather than planned, with private ownership formally preserved but politically subordinated.

IV. Case Study: National Socialism

The fourth chapter extends the analysis to National Socialism, treated as a radicalized variant of fascism. The emphasis lies on the transformation of the economic order during both peacetime and war.

The book examines how the Nazi regime asserted control over economic coordination through organization, hierarchy, and bureaucratic competition rather than through a centralized planning apparatus. Enterprises remained formally private but were integrated into a system of political command, military priorities, and ideological goals.

Key themes include the perversion of law, the instrumentalization of enterprises, the role of bureaucracy as a transmission mechanism, and the escalation of control through wartime mobilization. The chapter highlights power struggles within the regime as a mode of coordination and identifies the Nazi economy as "something third"—neither market nor socialist planned economy.

V. Lessons from Extreme Statism

Having reconstructed the historical cases, the fifth chapter distills lessons from extreme statism. The focus shifts from description to analytical generalization.

The chapter emphasizes recurring patterns: crisis-driven expansion of state power, erosion of legal constraints, fusion of political and economic elites, and the displacement of market coordination by organized control. Extreme statism is shown to generate inefficiencies, coercion, and systemic failure despite claims of effectiveness and necessity.

VI. Socialism? Bureaucratic Statism?

This chapter revisits the question raised at the outset: whether contemporary developments are best described as socialism. The book argues that classical socialist planning is analytically distinct from the systems under consideration.

Instead, attention is directed toward bureaucratic statism and interventionism as dominant modes of coordination. Historical examples, including the Soviet Union, are used to clarify differences between central planning and organized economic control.

VII. Rule of Bureaucracy and Experts

The seventh chapter deepens the analysis of bureaucracy. Bureaucratic rule is examined as a structural phenomenon characterized by hierarchy, rule expansion, and self-reinforcement.

The chapter introduces the concept of a technostructure and analyzes the growing dominance of experts, administrative elites, and rule-based governance. Bureaucracy appears as a potential bridge between democratic systems and authoritarian outcomes, particularly when combined with crisis narratives and moral justification.

VIII. Consistent Turning Point

This chapter calls for a fundamental reassessment of political and economic orientation. Rather than incremental correction, a consistent change in perspective is advocated—away from political primacy and toward institutional restraint.

The term *economic fascism* is revisited as an analytical warning, not as a political accusation. The chapter questions whether contemporary states are becoming stronger or weaker and emphasizes the dangers of concentrated power.

IX. Epilogue: Outlook and Alternatives

The book concludes with an outlook that points toward alternatives grounded in freedom, open society, and market coordination. While no programmatic blueprint is offered, the epilogue reinforces the importance of order-theoretical thinking and historical awareness.

The reader is invited to assess whether patterns observed in historical extremes provide insight into present developments and future risks.

Thematic Deep Dives

Extreme Statism as an Economic Order

A central argument of *Economic Fascism – Extreme Statism in Action* is that extreme statism constitutes a **distinct economic order**. It is neither a market economy nor a centrally planned socialist economy. Instead, it represents a third type of coordination in which economic activity is politically organized.

The book emphasizes that economic systems must be understood through their mode of coordination. At the most fundamental level, coordination can occur either decentrally—through markets, prices, property, and profit-and-loss signals—or centrally—through authority, commands, and administrative allocation. Extreme statism replaces decentralized

coordination with hierarchical organization while formally retaining elements of private ownership.

In fascist and National Socialist systems, enterprises continued to exist as legal entities and profit-seeking actors. However, their autonomy was systematically curtailed. Investment decisions, production priorities, sectoral development, and resource allocation were subordinated to political objectives defined by the regime. Losses were socialized, while profits were tolerated or encouraged insofar as they served state purposes.

The book stresses that this form of organization differs from classical socialist planning. Rather than issuing detailed production plans through a central authority, fascist regimes relied on organizational control, corporative integration, and hierarchical steering. Economic actors were embedded in a dense web of political directives, obligations, and dependencies. Competition was displaced by negotiated coordination among politically incorporated groups.

Extreme statism thus appears as an order in which:

- political primacy overrides economic autonomy,
- private property is preserved in form but hollowed out in substance,
- markets are subordinated to state-defined goals, and
- economic coordination is achieved through organization rather than planning.

This analytical distinction is crucial for the book's broader argument, as it allows fascism and National Socialism to be examined as economic systems in their own right rather than as ideological anomalies or transitional forms.

Crisis, War, and Permanent Emergency

Crisis occupies a foundational role in the emergence and stabilization of extreme statism. The book shows that both Italian fascism and National Socialism arose from cumulative crisis situations: political instability, economic dislocation, social unrest, and the aftermath of war.

Crisis serves multiple functions. It weakens existing institutions, delegitimizes pluralistic decision-making, and creates demand for decisive authority. In such contexts, emergency measures are presented as necessary responses to existential threats. Over time, these measures become normalized and institutionalized.

The book emphasizes that fascist regimes did not merely respond to crises; they actively reproduced them. Permanent mobilization, preparation for war, and continuous identification of internal and external enemies sustained the justification for extraordinary state power. Crisis became a governing principle rather than an exception.

War represents the extreme form of crisis. In National Socialism, wartime conditions intensified organizational control, accelerated centralization, and further eroded legal constraints. Economic coordination was increasingly subordinated to military objectives,

while bureaucratic competition replaced market signals as the dominant allocation mechanism.

The analysis highlights a recurring pattern: crisis enables the expansion of state authority, and expanded authority generates new crises that demand further intervention. This self-reinforcing dynamic is presented as a defining feature of extreme statism.

Organization Instead of Planning

One of the book's most distinctive analytical contributions is the emphasis on **organization instead of planning** as the core mechanism of fascist economic control.

Contrary to widespread assumptions, fascist and National Socialist economies were not governed through comprehensive central plans comparable to socialist command economies. Instead, coordination occurred through hierarchical organization, institutional rivalry, and political negotiation.

The book details how:

- enterprises were integrated into state-defined structures,
- bureaucracies acted as transmission mechanisms for political objectives,
- overlapping competencies and power struggles replaced transparent allocation rules, and
- obedience and loyalty mattered more than efficiency.

This organizational mode allowed regimes to harness entrepreneurial initiative while suppressing autonomy. Economic actors retained responsibility for execution but not for direction. The result was a system that appeared flexible yet was fundamentally coercive.

By highlighting organization rather than planning, the book clarifies why extreme statist systems could mobilize resources rapidly while simultaneously producing inefficiency, waste, and systemic distortion.

Corporatism, Elites, and Organized Interests

A recurring structural feature of extreme statism in *Economic Fascism* is corporatism. The book describes corporatism as a mode of coordination in which economic and social groups are formally incorporated into the state's decision-making and implementation structures. Rather than competing freely, these groups are organized, recognized, and subordinated within a hierarchical system.

In Italian fascism, independent unions were dismantled and replaced by state-controlled organizations. Collective bargaining and tariff autonomy were abolished. Economic conflicts were no longer resolved through market competition or voluntary negotiation, but through political mediation under state authority. The corporative system was presented as a harmonizing solution to class conflict, while in practice it suppressed dissent and entrenched hierarchy.

The analysis emphasizes that corporatism does not eliminate elites; it reorganizes them. Economic and political elites merge into networks of mutual dependency. Enterprises that align with regime priorities are protected, while others are marginalized or eliminated. The state becomes the central broker of privilege.

This structure transforms the state into an instrument of organized interests. Rather than standing above society, it is captured by those who can operate within its corporative framework. Citizens outside these structures lose influence and autonomy. The book presents this dynamic as a core mechanism through which extreme statism stabilizes itself while hollowing out pluralism.

Money, Finance, and State Usurpation

Monetary and financial arrangements play a crucial role in the consolidation of extreme statism. The book shows that control over money and finance enables regimes to bypass legal and political constraints while mobilizing resources on a massive scale.

In both fascist Italy and National Socialist Germany, monetary policy was subordinated to political objectives. Inflationary financing, credit expansion, and the manipulation of financial institutions allowed regimes to fund rearmament and large-scale projects without transparent taxation or parliamentary approval.

The analysis highlights how monetary control facilitated the **usurpation of the state**. Financial repression, capital controls, and directed credit transformed money into an instrument of command. Savers, wage earners, and independent economic actors bore the costs, while politically favored sectors benefited.

Rather than functioning as neutral coordination mechanisms, monetary institutions became embedded in the regime's power structure. The erosion of monetary stability is thus presented not as a technical failure, but as a deliberate feature of extreme statism that enables political dominance over economic life.

Bureaucracy, Experts, and Rule Expansion

The book devotes extensive attention to bureaucracy as both a coordinating mechanism and a source of domination. Bureaucracies are shown to operate as transformation belts, translating political objectives into administrative practice.

In National Socialism, the expansion of bureaucratic structures went hand in hand with increasing complexity and rivalry. Overlapping authorities, unclear competencies, and competition among agencies replaced coherent planning. This fragmentation did not limit power; it intensified it by diffusing responsibility and fostering loyalty to superiors rather than to rules or outcomes.

Experts and technocratic elites occupy a central role in this process. The book describes how specialized knowledge is mobilized to justify intervention and to obscure political responsibility. Rule expansion becomes self-reinforcing: each new regulation generates additional administrative needs, further distancing decision-making from citizens.

Bureaucratism emerges as a condition in which rules dominate human judgment and procedures become ends in themselves. In extreme statism, bureaucracy ceases to serve society and instead becomes a pillar of authoritarian coordination.

From Historical Extremes to Structural Insight

The final deep dive draws together insights from the historical case studies and theoretical chapters. The book reiterates that the purpose of analyzing extreme statism is not historical equivalence or moral accusation, but structural understanding.

Patterns identified in fascist and National Socialist systems—crisis-driven power expansion, organizational control of the economy, corporatist integration of elites, monetary manipulation, and bureaucratic domination—are presented as recurring mechanisms that can appear in different forms and contexts.

Extreme cases serve as analytical magnifying glasses. They reveal how quickly institutional restraints can erode, how legal orders can be perverted, and how economic coordination can be transformed under political primacy. The book insists that such processes are not anomalies but possibilities inherent in systems that abandon limits on state power.

The concluding chapters therefore frame *economic fascism* as an analytical warning concept. It directs attention to the conditions under which freedom, property, and responsibility are displaced—not by explicit ideological declarations, but by gradual organizational transformation.

Conclusion: Orientation and Analytical Warning

Economic Fascism – Extreme Statism in Action concludes with an explicit appeal to analytical sobriety and historical awareness. The book does not offer a political program, nor does it propose simple solutions. Its contribution lies in orientation: in clarifying how extreme statism emerges, how it operates, and why it poses a fundamental threat to freedom, responsibility, and open societies.

By reconstructing fascist and National Socialist economic orders as distinct systems of coordination, the book demonstrates that authoritarian domination does not require the abolition of private property or the introduction of comprehensive central planning. Economic freedom can be hollowed out while formal ownership remains intact, when political primacy reorganizes economic life through hierarchy, corporatism, and bureaucratic control.

A central insight is that extreme statism is not an accident of history or the result of ideological excess alone. It is a structural possibility inherent in political systems that abandon limits, normalize crisis governance, and replace decentralized coordination with organized control. Crisis, war, and permanent emergency function as accelerators, enabling the suspension of legal constraints and the concentration of power.

The analysis underscores that the state, under conditions of extreme statism, ceases to be a neutral guardian of law and order. It becomes an instrument of organized interests and ruling minorities. Bureaucracy, experts, and administrative structures do not merely implement policy; they actively shape and stabilize authoritarian coordination while diffusing responsibility.

Throughout the book, comparison serves understanding, not accusation. Historical extremes are examined as magnified forms of systemic dynamics, allowing patterns to become visible that may remain obscured in less concentrated settings. The concept of *economic fascism* is thus presented as an analytical warning rather than a polemical label.

The concluding orientation returns to the liberal perspective articulated at the outset. Freedom, property, responsibility, and decentralized coordination are not self-sustaining. They depend on institutional restraint, legal limits, and a clear understanding of how economic orders function. Where these conditions erode, the path toward organized domination opens—often incrementally, and often under the guise of necessity.

The book leaves the final judgment to the reader. Its purpose is to sharpen perception, to restore conceptual clarity, and to encourage vigilance toward forms of extreme statism that present themselves not as rupture, but as rational organization.

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About the Author

Michael von Prollius is a German historian, economist, and author specializing in the intersection of ideas, institutions, and historical development. He holds degrees in history and economics and has conducted extensive research spanning ancient history, economic thought, political philosophy, and contemporary policy analysis.

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