WHY FASCISM?

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HOWEVER one may feel inclined to regard it, Fascism has become one of the most powerful, persuasive elements in the world of to-day. In this book Miss Ellen Wilkinson and Dr. Edward Conze have produced an arresting, provocative study of the whole movement.

The dominant note that the authors sound here is that Fascism must be understood. It is no use denouncing a movement with almost fanatical passion, unless one can substantiate with solid criticism and knowledge. In these days no one can afford to be ill-informed or unconcerned about a movement which has established itself in several powerful countries, and which has made an appearance in this island.

Miss Wilkinson was, until the last Election, a Member of Parliament ; she was a member of the Committee on Delegated Legislation set up by the Lord Chancellor to study the effects of the growing power of Executive over the House of Commons—the problem of Democracy and dictatorship in contact with the events in Germany and was in Berlin at the time of the burning of the Reichstag. She writes fearlessly and pungently.

Edward Conze, Miss Wilkinson's collaborator in this work, is a Doctor of Psychology and Philosophy of the University of Cologne, and the author of several standard works in German on political and philosophical subjects. In addition to his knowledge of the rise and growth of the Nazi movement in Germany, Dr. Conze has a close and first-hand knowledge of Fascism in Italy.

Why Fascism? is an important book. Its appeal is to all thinking men and women whose desire is to act reasonably and with judgment, but who, amidst so much hysteria, find it difficult to discover the facts.

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WHY FASCISM?

by

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&
EDWARD CONZE

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CONTENTS

		PAGE
	INTRODUCTION	9
	PART ONE	
	HOW FASCISM COMES	
CHAPTER		
I.	HOW FASCISM CAME IN ITALY	21
II.	HOW FASCISM CAME IN GERMANY	37
III.	FASCISM COMES TO BRITAIN	57
	PART TWO	
	WHAT FASCISM DOES	
I.	FASCISM AS A SYSTEM OF CONTRADICTIONS	69
II.	FASCISM AS A FORM OF CAPITALISM	76
III.	FASCISM VERSUS CAPITALISM	107
IV.	NATIONAL AND PROLETARIAN SOCIALISM	113
V.	THE " SOCIALIST " ACHIEVEMENTS OF FASCISM	130
VI.	THE CONFLICT BETWEEN CAPITALISM AND SOCIALISM IN FASCISM	155
VII.	THE TENDENCY OF FASCISM TOWARDS A VILLAGE ECONOMY	161
VIII.	DEMOCRACY AND DICTATORSHIP	171
IX.	NATIONALISM AND INTERNATIONALISM	182
X.	THE WEAKNESS OF THE MARXIST PARTIES	192

PART THREE
FASCISM AND BRITAIN

CHAPTER		PAGE
I.	The Chances of Fascism in Britain	223
II.	The Necessity of Planning	234
III.	What is Planned?	249
IV.	The Social Forces behind Planning	259
V.	The Difference between Socialist and Fascist Planning	271
VI.	The Middle Classes	303
VII.	The Choice before us	310

INTRODUCTION

THE English think that democracy can be deduced from the first chapter of Genesis. Whatever their class or political creed, the vast majority of British people accept parliamentary democracy as the best system of government which the human mind has evolved so far. They have assumed, as a matter of course, that every nation would adopt the same system as soon as that nation became really civilised. Persons who question the Divine Right of Parliament are classed as cranks, along with the people who still drink to " The King over the Water," and place flowers on the statue of King Charles the Martyr on appropriate occasions.

To the average Briton, therefore, to fight for democracy in the first World War seemed the natural thing to do. No single cause has contributed more to the general post-war disillusion in this country, than the slow dawning on the British mind that whatever the war was fought for, it was not democracy. Great stretches of Europe which seemed to have attained democracy have gone back . . . not even to Bismarck or the Hapsburgs, but to forms of government that seem to parallel the tyrannies of the Renaissance. For this tendency, the word " Fascism " has been invented. Like the term " Bolshevism," it seems likely to become a portmanteau word, useful to include every sort of thing the speaker happens to dislike.

For those to whom Fascism appears to be the seizure of power by a gang of toughs, no further explanation is necessary. Nothing remains except to be sorry for the victims and to wish that the war for democracy had turned out better for them.

But the queer thing that cannot be overlooked is that these tyrannies, particularly in Italy and Germany, seem to have won the enthusiastic support of a large mass, probably the majority of their populations. The inference is, therefore, that these supporters value something higher than the right to take part in politics, and to express themselves freely about their Government.

The Englishman who visits these countries, and whose acquaintance there need not be confined only to the waiters and the educated classes who know some English, but who is able to go a little below the surface of tourist life, finds that while personal liberty is drastically curtailed, there is a tacit consent to this that cannot be entirely explained away by terrorism.

Democrats have to ask if these peoples have got anything in return worth the democracy they have renounced, or are they only to be regarded as suitable objects for pious prayers that their eyes may be opened? The answer depends to a great extent on the attitude to life of the questioner. To people who are intensely interested in politics (using the word in its widest sense), not to be allowed to take part in political life, to see the affairs of Church and State reduced to the unrealities of one-party government, may be the ultimate tragedy. Life under such a regime becomes insupportable. Exile or even prison seems preferable. Yet it is probably true in most countries, that the vast majority of the people would be willing to let anyone do the governing, provided that they could earn a reasonable living under whatever system resulted. If the whole history of mankind is seen as the struggle to get that livelihood which is the foundation of every normal life, then its ability to secure this for the people it governs will be the condition of the present existence and future extension of Fascism, as it has been of every other form of government.

It is part of the thesis of this book that democracy and

Fascism are not forms of government *in vacuo*. They have to fit in with the conditions of industrial and agricultural production existing in the periods and the countries in which they flourish. If the form of government is too much at variance with the necessities of production in its country, then it must break up and disappear, just as feudalism as a system of government broke, and ended.

In the past, economic and political conditions have changed slowly. Their interactions have been spread over long periods. But in modern times the *tempo* of industrial change has accelerated rapidly. Forms of government and social conditions have not been able to keep the pace. Consequently, in our day, there is the excessive strain caused by the immense productive capacity of highly-mechanised industry and scientific agriculture, needing less and less human labour as it rationalises production, pressing on a society which has been built up on the low level of consuming power allowed to the masses.

There are still those who say that a vital fact like this, with its consequent dislocation of social relationships, and its mass unemployment, has nothing to do with politics, except in so far as the Government must take measures to suppress discontent. To people who hold this view, civilisation must appear to stagger from one inexplicable crisis to another. Wars come because a telegram has not been delivered, or a Minister could not make up his mind at some critical moment. Masses give up liberties for which their fathers have struggled because of the persuasive eloquence or magnetic personality of some leader. It is because of such assumptions that so much army and foreign office gossip, so many *chroniques scandaleuses* have been accepted as serious history.

To get Fascism into perspective, to see it not as a series of miracles dependent on the appearance of a Hitler or a Mussolini, but as a result of the economic, political and social

reactions of the period, three attitudes to it should be ruled out from the beginning. The first, prevalent chiefly in Britain and the U.S.A., concentrates attention on parts of the problem, losing sight of the whole. There are those who see only the Jewish question, but this is not a necessary part of Fascism. The Italian Fascists are not anti-semitic. Jews, in Italy, hold high positions even in the General Staff and the Ministry for Education. Mussolini's finance minister Jung is a Jew. Except for Hitler's personal complex, and a small though influential section of the Nazi party, anti-semitism, even in Germany, is not of major importance. The Jewish question is forced to the front of public interest when Jews are needed as scapegoats to canalise discontent into channels harmless to the Government . . . a habit in Germany long before Fascism was heard of. This is not to minimise the terrible sufferings of the Jews under Fascist rule. The beating and torture of individuals, the deliberate exclusion from employment, the ruin of small businesses, the discrimination against Jewish children in schools form a record of seemingly meaningless cruelty . . . but this cannot be understood unless the problem of Fascism is looked at as a whole.

In the same way the cruelties and atrocities of the Fascists to their opponents generally must not be allowed to obscure the more fundamental issues. Public attention is continually startled by sadistic horrors, the evidence for which is unassailable. Men and women do not manufacture for propaganda purposes the wounds which Nazi victims have brought out of their prisons, nor the mutilations which the family of Deputy Stelling found on his dead body when it was returned to them in a sack. The atrocities of the Italian prisons and the Lipari Islands, of the women's prisons at Trani and Perugia, sicken the imagination of an age which the biggest war in history has taught not to be squeamish. In this book we speak little of these things, not because we do not attach importance to

the brutal treatment to which our friends in Germany and other Fascist countries are subjected. We know that a regime condemns itself which resorts to the medieval torture of defenceless prisoners. But for the purpose of a study of Fascism, the importance of these horrors is not that they happened in Germany and Italy, but WHY they happen everywhere as an invariable accompaniment to Fascist power.

Out of the moral indignation caused by such cruelty a second cause of confusion arises. Fascism is painted so uniformly black by its opponents that those who do not live in Fascist countries simply cannot understand how people can tolerate such a regime, still less why masses, even of working people, should appear to support it. It is therefore assumed that those elements in Fascism which attract the masses are mere bluff, clever propaganda to which the dupes awake too late. Theories of this kind, which are produced even by Marxists, come perilously near to the Great Man theory, according to which the credulous masses are mere wax in the hands of clever and unscrupulous manipulators. Our only hope for the future is the fact that they are not; that these Leaders, who seem at critical moments to ride the storm and direct the whirlwinds, are themselves no more than light conspicuous corks, showing in which way the deep hidden tides of human feeling are flowing.

But the most popular explanation of Fascism, and one that causes as much confusion as any of the others, is the "gangster theory," according to which Fascism is simply an extension to a whole state of the methods of Mr. Al Capone. Power has been seized by a well-armed gang without any policy other than their own profit and aggrandisement. They stagger from blunder to crime like drunken criminals. Only keeping their power by well-organised terrorism and spying, and by the smashing of the whole apparatus by which criticism is expressed and organised. This theory has the merit of

simplicity. Colour is given to it by the more theatrical activities of the Nazi leaders, from the firing of the Reichstag to the shootings of June 30th. But it does not explain the mass enthusiasm for Hitler. As Sir Oswald Mosley said at an Albert Hall meeting, " Hitler could not frog-march all those Germans to vote for him." Even if the vote be explained by terrorism, it would need a mass of terrorists to produce a result of the size of the plebiscite on leaving the League of Nations. Al Capone had only a Prætorian Guard. If Hitler's power rested on such a narrow basis, what would be simpler than for his wealthy enemies . . . and the Jews can supply these in plenty . . . to buy machine guns to match his. The problem seems to be whether sufficient people could be found anxious to use them.

It is the purpose of this book to show that while Fascism has all these features of the gang, the dictatorship, the sadistic tyranny, these are only part of the whole picture, that Fascism is not an accident, but is the inevitable product of a specific set of circumstances. Fascism has only triumphed when other ways of getting out of the mess of the post-war world have been tried. Just as the first World War was a way of trying to solve the contradictions of pre-war capitalism, so the second World War will be the way forced by Fascism to get out of the mess in which already the Fascist countries are involved.

Only by understanding the conditions that inevitably produce Fascism in a country can the correct method be evolved for avoiding it in one's own, presuming, that is, that the people are prepared to pay the price for avoiding it. For as we shall show in detail, these expedients, war and Fascism, are attempts to avoid the challenge of a planned economy. The breakdown of individualism, the collapse into chaos of that economic system on which the whole liberal outlook on life was based, is the dominating factor in our period No propaganda, no

spread of ideas with which any policeman can deal, but the relentless pressure of the products of the machine has smashed the foundations of *laissez-faire*. Mankind, solidly set on the land, can exist through any political chaos. That has been proved over and over again. But the Machine Age must be planned. The complicated machine that civilisation has become cannot be left to the blind forces of nature, or the anarchy of uncontrolled competition.

The issue to be decided, that probably will be fought out during this century, is the question of who is to control the planning of the Machine Age, and in whose interest is it to be planned ? Is the machine to serve the profit of the privileged, or the needs of the mass ? Is it to be run for private gain, or in the public interest ? That, faced with the choice between Fascism and Socialism, a whole continent may be induced to choose Fascism is a fact that the liberal mind may find harder to understand than the Socialist. For Fascism also claims to stand for planning, but along the lines of least resistance, least psychological disturbance, and with the least dislocation of accepted prejudices and social relationships. But can Fascism do what it claims ? Can it in fact close the gap between purchasing power and productive power, which, inevitable under a private profit system, is causing mass discontent on a scale that is threatening the basis of capitalist society ?

Our contention is that Fascism is the attempt of finance-capital to meet the situation, to increase consumption and canalise mass discontent by planning the entire economic, political and cultural activities of society for war-preparation, with the enthusiastic co-operation of a large part of the population.

The immediate reaction of many readers will be, " No one wants war, least of all the Fascists, for however boastfully they talk, they dare not arm the masses they have suppressed."

Of course, no responsible leader of Fascism wants war for its own sake. He hopes that the desired results may be secured by threats. That is human, but it does not affect our main thesis that Fascism in power has to base its policy on preparation for war, because it has no other way out of the dilemmas with which it is faced. This is not to suggest that Fascism is anything unique in the world. There are precedents, ancient and many, for the policy of keeping the masses quiet, and even ready for war, by concessions to be paid for out of plunder of foreign countries. That was the principle behind the successful policy of Julius Cæsar. This form of Cæsarism, revived in modern times by the Napoleons I and III, by Bismarck and Disraeli, differ from the arid reaction of mere " restorationism," —of Bourbons and Romanoffs and Hapsburgs—as much as Hitler differs from the ex-Kaiser—a fact underlined by the contemptuous treatment of the Crown Prince by the Nazi leaders.

It is no accident therefore that Fascism has developed in those countries where imperialism has either lost its colonial basis, as in Germany, or is struggling in vain to obtain a sufficient one as in Italy. Fascism will tend to become a danger in Britain in the degree in which her hold on her Empire weakens and thus narrows the economic basis of the present prosperous population.

The importance and the prospects of Fascism in England cannot be judged by the way in which the British Union of Fascists and its present leader, Sir Oswald Mosley, may fail to stand the strain of a " boom period," with the Index of Production rising. Internal dissensions may smash the Mosley organisation, or its sources of supply may run dry. But the diffusion of Fascist ideas is independent of the relationships between the B.U.F. and its subscribers. In this book we discuss the ideas behind Fascism. These will occur and recur in many shapes during the present period of history. Already

ideas of the corporate state find approval not only among energetic Conservative M.P.s, but even among certain Trade Union leaders. Fascism presents one of the alternative solutions to capitalism in collapse. In some form or another, these ideas will persist and find adherents as long as our present civilisation stumbles from crisis to crisis.

It is perhaps desirable to say a word about the arrangement of this book. In Part One we give some account of how Fascism has achieved power, but only the salient facts, for the detailed history has been done excellently for Italy by Ignazio Silone, whose book, *Der Faschismus*, ought soon to be translated into English. Conrad Heiden's *History of National Socialism*, now available in English, gives the full story to the autumn of 1933. In Part Two, we examine in detail the contradictory elements from which the curiously complex structure that is Fascism has been and is being built, and we give some account of the actual achievements of Fascism in power, knowledge of which we have not found to be widespread in this country. Part Three is an argument as to how the challenge of Fascism can be met, an alternative way out of the chaos of the capitalist world. By this method, the same facts have sometimes to be looked at from different angles, but after careful thought this has seemed the best way to obtain as complete a picture as is possible of the modern scene in the making.

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E. W.
E. C.

PART ONE

HOW FASCISM COMES

CHAPTER ONE

How Fascism came in Italy

THE declarations of war in 1914 split the Socialist organisations of Europe into three sections. There were the enthusiasts, who went all out for the war, and for the imperialist expansion of their own country; the moderates who were willing to back the war for certain limited aims, but who hoped that the imperialist side of it would be subordinated to general humanitarian considerations; and those who, for a variety of reasons, opposed the war. Included among this last were the conscientious objectors to any war, and those scientific Socialists, a small group in any country, who, like Lenin, analysed this particular war as a stage in imperialist development and denounced it accordingly.

The attitude of the majority of the Socialists in each country tended to reflect the attitude of the ruling class. In England, France and Germany, where the Labour and Social Democratic Parties backed the war officially, it was thus possible for the war-enthusiasts and the moderates to remain together in the same party. The most ardent supporter of the war could find no reason to criticise such an attitude as that expressed by the Social Democratic paper, the *Frankfurter Volkstimme* of August 18, 1914; "If, in 1866, people said that the advance of the Prussian troops was a victory of the schoolmaster, this time we shall be able to speak of the victory of the Trade Union official."

But in Italy the ruling classes themselves were divided. The metal and ship-building industries connected with the

Comité des Forges and British heavy industry, together with the big farming interests represented by Premier Salandra, were for the war. The rest of the industrialists, who were controlled by the Banca Commerciale, a largely German bank, were against it. They were led by ex-Premier Giolitti. In these circumstances it was possible for the Italian Socialist Party to be against the war.

The Italian Socialists had put up a strong fight against Italian imperialism in Africa. No one had opposed the Giolitti expedition to Tripoli more strongly than the young editor of the official Socialist paper *Avanti*, Benito Mussolini, though by then he was one of Cesare Battisti's converts to "irredentism,"—the liberation of the Italians in the Trentino from the brutal rule of the Austrians and Croats. The war, it seemed to him, offered the best chance of getting back the Trentino. "There can be no international order before the people have attained their national frontiers," he declared. When, therefore, the Italian Socialist Party conducted a campaign against Italy's entrance into the war, it was not possible for the imperialist wing to remain in the same ranks. Mussolini led them out of the party in October, 1914. With French and British support he founded a new paper, the *Popolo d'Italia*, advocating the entry of Italy into the war on the side of the Allies.

In the ferment of that first winter, when to go into the war or keep out of it was the dominating argument in Italian politics, the students and young middle-class men were attracted by Mussolini's passionate advocacy, and united with his secessionist Socialists in January, 1915, to form *Fasci d'Azione*, literally, "bundles of action." In a month they had 9,000 members. Their motto was, "Against Austria, the priests, and the Socialists." When Italy entered the war in May, 1915, Mussolini went to the front as a soldier, and was wounded in 1917.

The war left Italy with each of the classic conditions present which have been laid down as necessary for a successful Socialist revolution. The soldiery were discontented. If they had not actually suffered final defeat they were smarting under the Caporetto disaster and the appalling revelations of mismanagement and corruption in high places which had followed it. The working class was rendered desperate by the mass unemployment consequent on the sudden stoppage of the inflated war demand. The situation was aggravated by the stoppage of emigration to the U.S.A. Previous to the war about 600,000 Italian workers had emigrated annually, which relieved the pressure at home. In addition the cost of living was rising rapidly,[1] and the workers were aggravated by the luxury flaunted by the war profiteers.

The third condition, a disorganised and divided ruling class, was provided by the effete Liberal administrations utterly unable to prevent the disruption of society. With these conditions went a well-organised Socialist Party, its prestige increased by its consistent opposition to a war which had brought such misery. Mussolini's pro-war Fascist Party was small and discredited. No one could have predicted in the years 1919 to 1920 that he would win the rubber. The cards seemed stacked for the Socialists.

The immediate result of these conditions was a series of great strikes. In 1919 one and a half million workers were involved. In 1920 a million more. These strikes extended to the countryside. In the Strike of the Cows the agricultural workers refused to milk the cows and the cows perished in

[1] Cost of living in Italy, 1914=100.

July, 1918	197
1919	205
1920	313
1921	387
1922	429
1923	487

thousands. There was a political strike in 1919 in support of the Soviet Governments in Russia, Bavaria and Hungary.

In the summer of 1920 the metal workers struck and the peasants rose in the south of Italy. This wave of strikes ended in August, 1920, in the occupation of the factories. It coincided with the Soviet Russian offensive in Poland, and the great strikes in Germany and thus was a piece of international collaboration of the working class as well as an answer to the lock-out of the metalworkers by the capitalists. This was perhaps the highest point reached by the revolutionary wave after the war in Europe. Ignazio Silone, the best historian of Italian Fascism, writes about this event :

" About 500,000 metal workers participated in this occupation. Nowhere the activity of the factories stopped. The movement had been driven forward by four great Trade Unions which acted independently of each other. The Socialistic, the Anarchistic, the Republican and the Catholic. But the occupation of the factories wiped away all differences between the workers who were united by the greatest enthusiasm. Under the technical and disciplinary direction of Workers' Councils, production increased in numerous factories. Weapons were produced in case of an attack by the police ; the symbolic gesture was made to produce coins with the emblem of hammer and sickle ; in the workers quarters the small tradesmen delivered goods into the factories and allowed themselves to be paid by bonds of the workers' organisations."

The occupation of the factories ended with the defeat of the workers. In October, 1920, the factories were given back to the owners in return for a 20 per cent increase in wages and some concessions in working conditions. The wage advance barely compensated for the increase in the cost of living. This result cannot be explained only by the unwillingness of foreign capitalists to continue the supply of coal and other raw materials. The cause of it lay in the working-class movement

itself. It was obviously impossible for the seizure of a number of factories even by half a million workers, large proportion though that was of the industrial workmen in Italy, to be more than a demonstration unless they accepted the consequence of this action and proceeded to the organisation of the whole economic life of the country and the seizure of the power of the State.

They could, and did, despite all assertions to the contrary, run quite well the factories they had taken over. They even organised a currency which was accepted by the local shop-keepers. But all the time a fierce struggle went on among the leaders about what was to be done next. The Maximalists, who since 1919 controlled the Socialist Party, were now largely Bolshevik in aspiration. They demanded a Socialist republic and a proletarian dictatorship. Most of the Trade Union leaders only wanted concessions in wages and participation as a minority in a coalition government with the capitalist parties.

The conflict was decided by the National Council of Trade Unions in which the Trade Union reformist policy gained a majority of 600,000 against 400,000. The representatives of the metalworkers, with half a million votes, though the most deeply interested of all in the question, decided surprisingly that this was a good reason for not voting. This vote, it must be emphasised, was not taken at a congress or workers' representatives, but was a decision of the representatives of national executives. But it was accepted by the Socialist Party. There was, therefore, no one to begin the struggle with the 400,000 workers whose representatives had voted against, and the half-million metalworkers who had abstained.

The Trade Union leaders secured promises of a share in the control of the factories through Trade Union representatives, and in the State through Socialist ministers. But when they gave back the factories, in return for these promises, they gave up the only reason which the employers had for granting them,

and the only power which could insist on the bargain being kept. The Trade Union leaders were able to adopt this attitude only because the Maximalist Party liked to talk about a revolution, but took no steps to organise one.

There is a curious resemblance between the general attitude of the idealist Socialist politicians of the post-war period in Italy, Germany and England which must, of itself, be a reflection of the working-class psychology of the time. The Socialists talked about revolution. Their speeches were Messianic in fervour and attracted great audiences in the unrest and bewilderment of the time. But these idealists never got down to the practical discussion of the details of what a revolution would mean, and what had to be done first, and what steps towards Socialist reconstruction would have to follow immediately. It would have cramped the oratorical style to get the workers to discuss Socialism as a concrete reality.

When, as in Munich, in the Eisner revolution, the idealists unexpectedly found power in their hands, their sole concern was that no one should be hurt. Ernst Toller tells in his autobiography of how in the worst of the struggle in Munich he went into the streets saying to himself: "I did not realise a revolution would be like this." Personally brave, filled with love to all men, they could not understand why it was not possible to convince the capitalists, whose property they had some idea of expropriating, that in the long run all would be for the best, all mankind would be brothers, "with flame of freedom in their hearts, and light of knowledge in their eyes."

While not taking any steps to realise the Socialism they preached, the idealists were very concerned to keep that Socialism "pure." The Maximalists decided to take no part in the revolt against the merchants at the time of greatest profiteering in the Italy of 1919, because after debating for a week they came to the conclusion that the movement was not purely Socialist in origin and aims.

The idiosyncrasies of these idealists as individuals have not mattered in England where, like the Liberal Party whose mental attitude they so much share, they have been ground to pieces by the hard realities of politics, without doing much harm to anything but their own organisations. But the Maximalists in Italy and the Independents in Germany were faced with the desperate necessities of a revolutionary situation. To talk revolution to the masses outside, to give them the thrills of disorder as an alternative to the dullness of the workaday world, was to incur a grave responsibility for the workers they misled.

The Communists who call them traitors had a concrete programme and had some idea of what a revolution meant. Why then did they fail to attract the masses ? It is true that in Italy the Communists only existed at that time in numbers just sufficient to prove that they were right, after the event. But where, as in Germany, the workers had the chance to transfer to a more realistic leadership, the fact that the majority did not do so shows that on the whole the temperamental emotionalism of the idealists did roughly mirror the attitude of the workers at that time.

The Fascist Moment

The workers, bewildered enough by all the sudden changes that the war had brought, listened to the great speeches of the Socialist leaders with enthusiasm, but when nothing was done to translate the speeches into action, they simply kept solidly behind the unimaginative and conservative Trade Union leaders, believing that if these men could do nothing else, they might perhaps save for the workers who had them, their jobs in the factories. When the capitalists also realised that the Socialists did not mean to back their words by action, the moment was ripe for Fascism.

After the breakdown of the Socialist attack on the factories, after the Socialists had defeated themselves, the chance for the

Fascists in Italy had come. As C. Curcio, a Fascist historian, wrote in 1924 :

" Fascism became what it is only after the Socialist debacle. It developed only after the Socialist disappointment. It began to attack after the enemy had stopped from lack of means to advance. Before, it could not have done it."

Mussolini had founded the Fascio di Combattimento in March, 1918. He cleverly managed to win the confidence of some of the workers by backing the strikers, while at the same time fiercely attacking the Socialist Parties and Trade Unions for faults of leadership that were only too obvious. It is clear, both from Mussolini's own speeches and those of his colleagues, that the Fascists at this time still regarded themselves more as the rivals than the enemies of the Socialist organisations.

Like the Nazis, the Italian Fascists began as a Left-wing Party whose demands were not so very different from those of the Socialist workers' parties in the revolutionary period, but who made a special appeal to, and relied largely on, the ex-soldiers. Even the occupation of the factories was defended by the Fascists, but the utter failure of the Socialist leadership to follow that action to its logical conclusion and take over the power of the State, gave the Fascists their chance.

Mussolini saw that power would be given to that movement which could end the struggle, that, because it remained undecided, had come to a deadlock which was ruining the country. An Italian Right-wing Socialist wrote at that time : " In the name of revolution which was always announced and never begun, the workers refused to collaborate in the capitalistic reconstruction."

The moral is clear. If a revolutionary movement leads to a prolonged disorganisation of society, as it did in Italy, and if this movement has shown for years, as did the Italian Socialist Party, that it is neither capable of re-organising the economic life of the country under its own leadership, nor

willing to allow the capitalists to do it, then society must be pulled together by someone.

At such a moment, a Fascist Movement, based largely on the middle classes, is able to represent itself as standing for the interests of the nation as a whole, against the sectional interests of both capitalists and organised workers, each of which appear too weak to do the job themselves. Such a claim is bound to secure considerable support among the workers, who are suffering most by the deadlock, because in the circumstances the claim has a certain basis in reality. This was the situation which the Italian Fascists were able to exploit after 1920. The Fascist fighting groups were organised as a political party in November, 1921.

Could the Liberals Have Done It ?

Why did the Liberal and Democratic Government not carry through the task of pulling society together ? The Liberal emigrants have written many books to prove that they were quite equal to this duty, but unfortunately were not allowed by the Fascists to undertake the work. They overlook the fact that in Italy the maintenance of democracy had become incompatible with capitalist profit.

The reformists had been steadily increasing the level of wages,[1] the powerful co-operatives had kept down prices and thus threatened the profits of the distributive trade. The Socialist municipalities, 4,000 out of 9,000, were going ahead with social services. The deliberate and violent destruction of

[1] The real wages of the Italian workers were according to the Bureau International de Travail :

	1914	1919	1920	1921
Building . . .	100	135	126	173
Textile . . .	100	125	111	162
Chemistry . . .	100	—	125	112
Livre	100	84	126	154

just those organisations of the workers which were flourishing best in the soil of democracy, could obviously not be undertaken by a Liberal capitalist Government, even though it might tolerate their suppression. Some terroristic force was needed for that, and this the Fascists supplied.

It has now been proved, by the Italy of 1921, by the Germany of 1933, and the Vienna of 1934, that if the workers use the advantage which numbers give them in a democracy seriously to menace the capitalist profits, no democratic forms will prevent the capitalists from keeping their privileges by any means they can use. But the reformist democratic tradition is so soaked into the mass of the West European workers that in all these countries they believed that they could win by democratic and legal forms, concessions even beyond the limit at which the capitalists as a whole feel that the profit-system is menaced.

In the countries which have not experienced the counter-attack, they still believe it. Yet when the attack comes, the workers show themselves willing to sacrifice all they have won, and even democracy itself, in order to keep themselves within the forms of democracy.

There was, in 1921, a period of which it can actually be said that the Italian Fascists acted as the terroristic organisation of the capitalists against the Trade Unions and co-operatives. They received capitalist subsidies, and were backed by the soldiers of d'Annunzio. At the same time they were able to get their claim accepted by many workers that they stood for a united nation, workers included, against disorder and ruinous national disunity.

When the deadlock between the capitalists and the Socialists had to be resolved, the decision was taken by the middle classes. The Socialist attack had been not only against Big Business, but also against the middle classes. They either turned Fascist or were organised in the great Roman Catholic Popolari Party.

This party in 1919–1921 became the mass party of those who feared the "Red Menace." But the Popolari Party could not undertake the muzzling of the workers' organisations, because it was not a terroristic, but an essentially democratic party.

The Pope had in fact tried to canalise the reformist movement among the workers into Church channels and had met with some success. When he tried to do the same with the rising forces of Fascism, he found strong resistance. Anti-clericalism was strong among the powerful elements in Italy. Fascism could secure a much wider social basis than the Popolari Party.

The Socialists Estrange the Peasants

The events in the countryside were especially important. Italy was and is a predominantly agrarian country.[1] The Socialist movement in the countryside was exclusively one of agricultural workers. They gained a higher standard of living by their fight. They aimed at the collective ownership of the land by everybody who worked on it: a demand which annoyed the smaller peasants as much as it angered the big landowners. The whole attitude of the Socialists naturally was that the peasants would be better off as agricultural workers in socialised or co-operative agriculture, than as individual small owners.

This fight against individual property in land could only be carried on in the teeth of the resistance of the peasants—and even the small tenant farmers would not back the Socialists, because they wanted to become small landowners themselves,

[1] Gainfully employed population in 1921:

Agriculture	10·2 million	55·7%
Industry, etc.	4·5 ,,	24·7%
Trade, Traffic	1·9 ,,	10·3%
Remainder	1·6 ,,	9·3%

and were hit by the rise in the labourers' wages. These people naturally became the advanced guard of the Fascists, especially as no attempt was made by the Socialist Party, dominated by town workers, to understand the peasant point of view. "On the contrary, they supported a spiteful fight againt these peasants which later on drove them into the arms of Fascism."[1]

The Socialists were much more successful with the labourers, but the Strike of the Cows and the deserting of the harvest at Bologna in 1920, methods understandable to the town proletariat, made a bad impression on the countryside. There would have probably been less feeling if the labourers had taken the harvest and used it for themselves, instead of leaving it to rot.

In 1921 the Fascists concluded their pact with the landed proprietors of the valley of the Po, and became the recognised champions of landowners and peasants against socialisation and the demands of the agricultural labourers. Thus it was in the country that the punitive expeditions of the Fascists began just as it was in the countryside that Hitler had the absolute majority. It was in the countryside that Dollfuss secured the necessary support against Vienna.

Hostility of Middle Classes

At the same time the small traders became hostile to the Socialist workers. The riots about the increase in prices were directed chiefly against the small traders. The rapid development of the co-operatives took much custom from them. By the middle of 1920 wholesale prices had decreased considerably. Retail prices might have remained stable if the co-operatives had not existed. Happy prospects of considerable profiteering were thus taken away from the small traders. They were the elements in the Fascist Movement who, wherever they could,

[1] *Silone Der Faschismus*, p. 72.

destroyed co-operative property with such ferocity and enthusiasm.

The intellectual middle classes, the professional men and the students, went the same way. They had fought with conviction as officers in the war. They were received with hatred when they came back. The Socialists declared that the professional middle classes were less important than the manual workers and they must keep their place. Not unnaturally the middle classes were hotly resentful of the new attitude. They had their own difficulties. The depreciation of the lira affected their fixed incomes. A hundred lire were worth 19·3 dollars in 1913, 11·4 dollars in 1919, and by 1921 this had fallen to 3 dollars.

By their organised struggle through their Trade Unions, the workers had managed to keep their real wages fairly high. According to Mottara, real wages in 1920 were at their highest. In spite of the defeat, in 1920 they were still above the pre-war level in 1921. But the incomes of the middle class remained practically stable. It was a similar situation to that which led to the Hitler *Putsch* in 1923.

Nor was it only a question of money. It is a big mistake, as the Social Democrats in Germany were to find out, to humiliate State officials and still leave them in a position to do harm. Every bureaucrat, every official from prefect to policeman who had been humiliated by the Socialist attack, was ready to get his own back.

The middle classes as a whole could see no other reason for the decay of the country, for the growing poverty and the budget deficit[1] than the continual strikes, the lack of discipline, the disorganisation of transport and the wasting of corn and cattle. The workers' movement either takes the full power at once or

[1]

	Income.	Expenditure.
1920/21 . . .	23·1	37·7
1921/22 . . .	17·5	21·8

it is beaten. It is impossible to frighten an enemy for several years without taking over his function of organising production.

After the spectacular defeat of the workers in 1920, the coming together of the capitalists and the mobilised middle class undermined the confidence of the workers in their own strength. As in Germany some years later sections of the working class split off and went to the Fascists. The Fascist Trade Unions gained ground. The federation of the Socialist agricultural workers decreased in 1921 from 800,000 to 300,000 members. In many parts of the countryside it was the more active and fighting elements among the agricultural workers who went over to the Fascists.

The declared aim of the Fascist Trade Unions was "to unite employers, white collar workers and manual workers in the interest of production." The workers in the ports and in those shipping enterprises which were subsidised by the State went Fascist. It is interesting to note that these were the categories of workers who actually gained most from the subsequent development of Italian imperialism. The membership of the Socialist Trade Unions fell catastrophically.[1] All Italian Socialist writers agree that the terror only partly accounts for

[1]	Soc. T.U.s	S.P.I.	C.P.	Christ. T.U.	Fasc. T.U.	Fasc. Party.
1919	1,159			200		
1920	2,200	216		1,250		20
1921 January		170				
1921	1,128	113	70	992	20	248
1922 June					443	
August				597	800	
October	800					
December	400				1,000	
1923	200	12	10	445		770
1924	200			414	2,000	
1925	200			180		
1928					2,700	

this. The more deep-seated reason was the inner bankruptcy in the reformist policy.

The loyalty of the workers in heavy industry to their industrial organisations and Socialist ideals held longest. The workers of the mechanical and chemical industries, in textiles, in building and printing, the railway and the tram workers held together till the last. Even three years after the march on Rome, the elections for the factory councils in 1925 showed how strong this resistance was.[1] Later figures were not available, for some months later the factory councils were abolished.

The "liquidation" of the Socialist movement proceeded rapidly. An attempt was made to call a general strike in August, 1922, but as its only aim was to force some very moderate Socialist ministers into the Government, it could not arouse sufficient enthusiasm to stop the disintegration in the Socialist ranks. It failed partly because of terroristic attacks, but largely because, as in Austria, it was only half-heartedly prepared, and not really wanted by the men who called it. The weapon of the general strike, as was to be demonstrated in Germany, and again in Austria, proves powerless in a crisis too long delayed, because in each case the Fascists have had time to secure the adherence of enough workers to make success impossible. Violent quarrels broke out among the Socialists.

In 1922, 80,000 out of 300,000 Blackshirts marched to Rome.

[1]		
Fiat works	4,740	Communists.
	4,463	Socialists.
	760	Fascists.
	390	Catholics.
Motor cars	374	Socialists.
	137	War veterans.
Officine di Sarigliano	526	Socialists.
	1	Fascist.
	35	Spoiled votes.
Banchiero in Vondove	745	Socialists.
	41	Fascists.

Mussolini, who had remained at Turin near the French frontier, when his forces met with no resistance, took a sleeping-car and joined them. He became Premier of a coalition government of Fascists, Nationalists, Roman Catholics and Liberals. By 1926, despite opposition from his own lower ranks, and the serious crisis caused by the murder of the Socialist leader Matteotti, Mussolini had suppressed all vestiges of democracy in Italy and concentrated power into his own hands. What he did with that power is dealt with in Part Two.

CHAPTER TWO

How Fascism came in Germany

THERE are four distinct stages in the history of the National Socialist Movement in Germany. The first stage lasts from the foundation of the Party to the *Putsch*[1] of 1923 ; the second, from the breakdown in that year, to the electoral victories of 1930 ; the third, the period of intense propaganda and growing power from 1930 to 1933 ; the fourth, in power.

After the German defeat in the World War, and the revolution which followed, a number of reactionary groups came into existence, in order to fight Communism and get rid of the Republic. Differing in certain of their aims, they all hated the revolution and everything connected with it. The ex-officers were the backbone of these groups and the middle classes their main support, but they would have been able to do very little against the aroused and angry workers if they had not been financed and armed by the Social Democratic minister of the Reichswehr, Herr Noske. The Social Democratic leaders were more afraid of the temper which the Communists were arousing in the streets, than of the officers who hated the whole Republic.

The struggle between the workers, and the other classes had been particularly bitter in Munich. After the breakdown of the Bavarian Soviet Government, Munich became the natural centre of the worst reaction. The military, whether as regular

[1] *Putsch* is an untranslatable German word which has become a technical term of international politics. It describes an attempt to seize power which is half-way between a *coup d'état* and a popular revolution.

army or irregular bands, were the masters of Bavaria. A man called Adolf Hitler began to be noticed. He was the son of a subordinate Austrian official, and had fought as a German soldier in the war. His early life had been spent in desperately trying to earn a living, but though he had had to take temporary jobs as a workman, he had all that nervous dread of being reduced to the status of a working man, which is so strong a feature of the petty German official class. He was full of vague aspirations. He had that strong nationalist feeling which is shown by Southern Germans who are continually in quarrelsome contact with other races.

Hitler at this time, he was just thirty, was the right kind of man to become the mouthpiece of ruined, frightened middle-class people, whose struggles with poverty, and dread of being " de-classed," he so thoroughly understood. His personal complex against Jews he shared with all the reactionary groups that were being fostered in Bavaria by the Reichswehr, because nearly all the leaders of the Munich Soviet Government had been Jews.

In its earliest days there seemed nothing to distinguish Hitler's small movement from the other Bavarian groups. But there were differences and these became important. Hitler's group wanted to win over the workers at a time when the other movements had no other idea than to shoot or torture any worker who dared to lift his head. It called itself the National Socialist German Workers' Party (N.S.D.A.P.), and had a programme and wanted to act as a political party at a time when the other groups had no other desire than to rampage round Bavaria with arms in their hands, no other aim than a general longing to get back to pre-war times and put an end to the Republic.

Yet at the same time, and this was to become perhaps the most important factor in its success, the leaders of this small group saw that in the state that Germany was now reduced to,

the streets must be conquered and held before real power in the State could be gained, a notion that the democratic parties with their eyes fixed on England as a model, and their thoughts concentrated on the winning and management of votes did not understand and refused to countenance. This fact turned the scale again and again at critical moments, until the final seizure of the supreme power in the Reich, by this once insignificant group. And, though this was not apparent at first, this group had as leader a man who was to prove that he had a natural flair for politics, and an uncanny understanding of ordinary human nature.

By 1920, this man, Adolf Hitler, had become the acknowledged leader of the N.S.D.A.P. From the younger members of it he formed an active group to steward meetings, act as a claque for applause, throw out disturbers, and call attention to their movement by beating up Jewish-looking people in the streets or on the trams. In 1921, these became known as the S.A. (*Sturm Abteilungen*)—the Storm Troopers, who added the sticks and revolvers of enthusiastic young men to the political talent of Hitler and the popular appeal of his programme. These men were drilled by the Reichswehr, and for months were paid out of Reichswehr funds, to which formal training they added their own experiences of street fighting. Even in these early days, preparations were being made for the *Putsch* which took place two years later. Captain Roehm became, after Hitler, the most important man in the Movement, and showed himself a capable military organiser.

The numbers of the Party grew rapidly. The 60 of 1919 became 3,000 in 1920, had doubled in the next year, and reached 15,000 in 1923, of whom 12,000 were enrolled in the S.A. Two streams of thought, or perhaps it would be more accurate to say feeling, were even then discernible. Included among the S.A. were many of the men who had helped to crush the Bavarian workers' government with great brutality.

A diary, published later by one of them, tells with gusto how he hunted down the Socialist workmen, and what he did to them. It is almost unreadable by any normal person. They had murdered dozens of Republican political leaders. Assassination was regarded by them as one of their normal moves in the political game. Cut off from their families, without hope of, or even wish for, any settled position in life, they held the lives of others cheaply, and placed little value on their own. They hated the organised working class, but respected those of them who put up a fight.

But side by side with these men were genuinely working class recruits, most of them unemployed, who were attracted partly by the corporate life, partly by the possibility of getting a regular job in the Reichswehr, and partly by the Socialist character of the Party programme and Hitler's speeches. From this working class nucleus came many of the most effective propagandists, who stuck stubbornly to the Socialist part of National Socialism, and who were responsible for the hold that the Movement was to obtain later among the unemployed and despairing masses.

The circumstances of the time fought for Hitler. His Movement expressed something that a large number of people really wanted. The invasion of the Ruhr roused national feeling to fever heat. The inflation impoverished the middle classes. The exchange became the centre of interest, as did the speeches that Hitler made about it twice a week. Mussolini's march on Rome showed that Fascism could make a comparatively bloodless and convenient kind of revolution which showed a full appreciation of the position and privileges of the middle classes. This period of quick growth ended when, on November 9th, 1923, the Nazis dared a *Putsch* in Munich. It was badly prepared, and was carried out against the will of the local Reichswehr officers.

One volley settled the *Putsch*. Fourteen men, four of them

workers, were killed. The rest fled. Hitler took refuge with his friend Hanfstaengl. Only General Ludendorff marched on —alone. This was the only time, it is important to note, that the Nazis had to face fire from the troops, though the Communist workmen and the Left Socialists had to do so time and time again, with the certainty of brutal punishment in barracks or prison if they were caught.

The Second Period

Hitler seemed utterly discredited at the time, and strong action could have broken his Movement. But the legal proceedings were allowed to become a nation-wide advertisement for him. A Social Democratic Republic, which had, according to Herr Noske's own statement been responsible for the killing of about 15,000 workers up to then, allowed him to be sentenced to five years' imprisonment and released him eight months later. In prison he received friends, held Party conferences, wrote his book, *Mein Kampf*. For a time the Party broke into sections, bitterly fighting each other. But, in the elections of April, 1924, the Nazis got 1,990,000 votes, which gave them 6·5 of the seats in the Reichstag.

The "dollar prosperity" which followed the acceptance of the Dawes Plan proved stronger than Hitler. Enormous credits streamed into the country, principally from America. As a good deal of this money was used for public works, and building of various kinds, unemployment decreased considerably. In the elections of December, 1924, the Nazis lost over 50 per cent of their April vote. The following year their presidential candidate, Ludendorff, received only 200,000 votes. Many of their followers went to the German Nationalist Party, ashamed of having belonged to the Nazis.

The National Socialist leadership, however, learned from its past mistakes. None of the important errors made previous

to the 1923 debacle, were made again. Arrangements were made to carry the Nazi gospel to the industrial centres of Northern Germany—Hamburg, the Ruhr, Berlin, where a new section of the Party was founded which only in 1929 became really subordinated to Hitler. This section strongly stressed the socialist aspects of " National Socialism," and reaped a first harvest of workers who, disappointed with the results of Social Democratic participation in the Government, and of the numerous Communist insurrections, were attracted by this new kind of " Socialism."

Hitler in this period began to select his Party leaders systematically and with great care. He was not hampered by elections. His monarchical leadership was partly based on his ability to get men of very different talents to work together and through him, partly because the control of all the Party money was kept in his hands. He was utterly indifferent to the moral character of his associates, and some of them were such notorious evil-livers that the more solid type of German citizen kept away from the Nazis for a long time.

Hitler had to be careful personally, for he was technically an alien. It was not until 1927 that he was allowed to speak again in Germany. In these years he was as anxious as Sir Oswald Mosley is at the present time in England to give the public the impression that his was an unarmed Movement, that his followers hardly knew which was the business end of a revolver. The S.S. (*Schutz Staffel*) was founded during the same period, mainly at the instigation of Goering to be the " internal police " over the Storm Troopers. They became the Prætorian Guard of the Movement.

Though their numbers were steadily growing, the Nazi's main problem was that their opponents did not take them seriously, and the masses of the population remained indifferent. The methods by which they forced themselves on public attention make an amusing chapter of the history of propaganda

methods. Rows in plenty, which made people talk, as the fracas in the Olympia meeting of May, 1934, put Sir Oswald Mosley on the front page of papers which had been boycotting him. Under cover of the parliamentary immunity which covered anything a Reichstag deputy signed, the Nazi papers concentrated on personal scandal against opponents.

The Nazi paper in Cologne, to give an example, lived on minor scandals connected with Jews and had little influence. It wanted a first-rate scandal, truth being a secondary consideration. There was a big Jewish butchering concern which had spread through the town and had opened shops and restaurants everywhere. It was as well known to Colognians as Lyons and the A.B.C. are to Londoners.

The Nazi paper ran a splash story, with many quotations from the Talmud that one customer had found half a mouse in his stew. They had the customer, the mouse, and witnesses. Not even the Siberian beetle that was supposed to have appeared in the breakfast butter of a Cambridge undergraduate created a greater sensation. All Cologne was soon talking about the Mouse of the House of Rosenthal. The firm denied that the mouse could conceivably have been their mouse, and went to court. It was months before the case came up for trial.

During the whole of this time, the story of Rosenthal's mouse was kept going. A boxing champion duly appeared as a witness. Every stunt that could be thought of was added. The firm was, of course, ruined, but Dr. Ley, now leader of the German Workers' Front, and then the editor of the *Westdeutscher Beobachter*, which ran the story, had gained the ear of the public for the Nazis.

Dr. Goebbels insisted that every Nazi must wear his swastika. Swastikas were painted everywhere. Slogans and " Heil Hitlers " competed with the Communist hammer and sickles. Pushing Nazism under the public nose became the main preoccupation of leaders and followers alike.

Common Cause with Hugenberg

In 1929 the Young Plan was accepted, much against the will of a considerable part of German industry. This gave the occasion for a common attack by the Nazis and the Nationalist Party. This, the Party of the big industrialists, who had no roots whatever among the German people, and no idea how to make a popular appeal, badly needed the sort of propaganda machine that the Nazis had elaborated. The referendum which the two parties forced only received 5,800,000 votes, but it opened the ear of the small towns and the country to the Nazis. In these areas, the Hugenberg Press machine was better than theirs.

After a year of intense propaganda, which is unparalleled even in the history of post-war German politics, and that is saying quite a lot, the Nazis gained an electoral success which brought them to the forefront of German political life. They polled 6,400,000 votes in 1930, as compared with the 800,000 they had polled in the last election of 1928. The policy of the Nazi leaders was completely changed by this success. They had always assumed that they would have to conquer State power by a *coup d'état*, carried out by a small, and well-trained minority.

Like all people, whether writers or political leaders who have not won mass support, the Nazi leaders had hitherto affected to despise it. Not until the twelfth edition of *Mein Kampf* did Hitler delete the famous and significant sentence: "The German has not the slightest idea of how a nation must be misled if the adherence of the masses is sought."

In 1923, Hitler had declared that the democratic principle of majority rule "always means only the victory of the meaner, of the worse, of the weaker—especially of the cowards and the irresponsibles." Or as in another speech: "We do not want

millions of indifferent followers. The history of the world has always been made by minorities."

In the difficulties of 1928 Hitler consoled his men with: "If one day the great masses came to us with 'Hurrahs,' then would we be lost." Now the masses were apparently coming over with "Hurrahs," and the Nazi leaders were thrilled at the possibilities this opened to them.

The Third Period

When Hitler had to appear in a court at Leipzig shortly after this election he swore: "We shall attain our goal by legal means." He now felt that he had to convince either a majority or at least a very large minority of the German people before it would be wise for him to take power—but it took some time before his whole Movement became accustomed to the changed situation, and Hitler had to make appropriate speeches to keep their hearts up as when, in 1931, he declared that the legal way was not the inner desire of his heart, but he chose it because an insurrection would lead to defeat and bloodshed. The lesson of 1923, which Hitler had taken to heart then, had to be impressed on his impatient followers, not as alive as he was to the changes in the situation which the new voters created.

The years 1930 to 1933 would form an amazing chapter in any History of Propaganda, if one could be written. The Nazi leaders realised the strength that came from having the bureaucracy on their side. "We must make the attempt to get the police force of the State into our hands in a way which looks legal, at least to the outside. Of course this legal way must be accompanied by a more or less illegal pressure." Legality was emphasised to the law-abiding citizen. The S.A. man was trained for situations "in which the Fatherland can only be saved by violence."

Aristotle defines a demagogue as one who flatters the masses.

By this definition Hitler and the Nazi orators were the perfect demagogues. They flattered each blond German by assuring them that it was scientifically proved that they were superior to any other race in the world—just when the result of the war had made them not so sure about it. They fostered the legend that the Germans had not really been beaten in the war, but had been stabbed in the back by Jews and Marxists.

Each class in turn, peasant and industrial worker, capitalist and landlord, students and the middle classes, were solemnly assured that they were the most valuable element in the country and would be the real power in the Third Reich. They promised everything to everybody—except the Jews. As Heiden, the historian of the Nazi Movement, says : " The Nazis wanted to mix the cards so that each player could win."

In the heat of the worked-up emotion of these years, people did not want to criticise, to compare. They wanted to be told what to believe. Hitler told them. No village was left untouched. The popularity of their appeal to all classes, the large funds which made such spectacular electioneering possible, combined with the despair and hopelessness of the economic situation to prepare their soil for them.

The figures of the elections, which the Nazis forced again and again, during these months are worth consideration :

September, 1930	6·4 millions		18·3%
March, 1932	11·3	,,	30%
April, 1932	13·4	,,	37%
July, 1932	13·7	,,	37%
November, 1932	11·7 (loss to nationalists)		33·1%
March, 1933	17·5	,,	43·6%

The bulk of this increase in votes did not come from the organised workers. Their votes remained remarkably steady. The Social Democratic Party lost some, but the Communists gained. Most of the new Nazi voters came from the numerous

smaller bourgeois parties who were gradually squeezed out of existence, and a large number from the politically indifferent who are always susceptible to violent propaganda methods.

The depression became catastrophic, when the " dollar prosperity " ended and the U.S.A. wanted their loans back. Unemployment, which had been 650,000 in 1925, and 1·3 millions in 1928, rose to 3 millions in 1931, and doubled in 1932. The Nazis exploited every feature of the depression. They used the Reichstag as a theatrical stage for propaganda performances, being careful not to disappoint anyone by trying to do any positive work. The M.P.s were used, because of their immunity, for spectacular defiance of the law, while their free railway tickets carried them round the country on propaganda tours. The last thing they thought of doing was attending the Reichstag except for a stunt. Nazi M.P.s boasted how many cases were pending against them.

After 1930, the Nazis got control in one or two of the smaller states, such as Thuringia and Brunswick. They usually limited their activities to getting control of the police, and to attacks on professors, pacifist teachers and modern art. They thus gained the sympathy of the middle classes, without annoying the indifferent workers, who had more pressing things to worry about than modern art at the time. They amused the people by baiting the Social Democrats where these were in control, knowing that they had not the moral strength left to do anything more serious than threaten.

During 1932 an atmosphere of violence and terror spread through the country. Roehm was back from Bolivia. In eighteen months he had transformed the S.A. into a disciplined military body—disciplined to carry through the murder of opponents, that the Government made only half-hearted attempts to punish. Chancellor Bruening had become convinced that in some mystic way the Nazis represented the New Generation. Sentences of one or two years, in prisons where

the Movement could ensure that they would be treated like pets, were positively sought for as insurances for jobs in the coming Third Realm.

The issuing of personal libel under the signature of M.P.s became such a scandal that a law was passed in 1931 to forbid M.P.s to sign as the responsible editors of papers. But the Nazis had by that time, and in anticipation of it, built up an organisation for the oral transmission of slander that neutralised this belated effort to purify German politics.

In 1930 a law was passed preventing any Nazi being a civil servant in Prussia. A few over-zealous Nazi teachers were dismissed, and some meetings and demonstrations banned. Once the uniform of the S.A. was banned, but not the Party. The S.A. men went round in white shirts and secured a fine advertisement. When, in April, 1932, the Storm Troopers themselves were banned for a time, they were simply merged into the general organisation of the Party.

Why didn't the Government Act?

The short answer is that they did not want to. Bruening's government was a tolerated lesser evil. It could not appeal to the democracy of Germany, because the Reichstag had been suspended since November, 1930, and the Chancellor was ruling by decree. Each government in turn had less support in the Reichstag than its predecessor. Von Papen had less than 10 per cent of the newly-elected Reichstag at his back when he took office. The Nazis, on the other hand, would have prevented anything being done—even if the capitalist party leaders had known what to do. The unrest which the Nazis were largely responsible for creating caused the flight of capital. Their repeated declarations that they would recognise no agreement signed by any government not their own, ruined any hope of success in foreign negotiations.

The Conservatives would have been glad enough to take in the Nazis as a reasonably docile minority any time they were willing; but the Nazis were too wily to be caught as the Social Democrats and the English Labour Party had been caught. They demanded "All power to Hitler." Thus any government in which capitalists and landowners predominated was as paralysed to take action against the Nazis as is the insect which a wasp stings for the purpose of laying her eggs in it.

The vote of the Social Democrats which remained, as has been said, remarkably steady, covered the extent to which the position of the Party was being undermined in popular esteem. Every loss in votes was explained away. The Social Democratic leadership after their electoral victory in 1928 had become impregnably self-satisfied. They had allowed themselves in 1919 to be manœuvred by the generals who had lost the war, and the big industrialists who had done pretty well out of it, into signing the Treaty of Versailles. They then became prominent advocates of the policy of partial fulfilment, which in view of the French attitude was the only possible one immediately after the war. They were conscious of their own good intentions in both cases. But when France became less able and less willing to resist pressure from Germany, it was easy for the Nazis to make them appear as responsible for giving way to the national enemies far more than they need have done.

The Social Democrats were more open to legitimate attack in certain important municipalities which they controlled. They paid much higher salaries than the Prussian State had ever done—and did not get more efficient or as honest service. Prussia had known how to pay in honours and status for official poverty, avoiding the worst corruption of the French poorly paid official by insisting on high respect being paid to the official class. While disapproving equally of exaggerated official status and poor salaries, the Social Democrats were not able, or did not trouble, to find a formula which worked better

in the Prussian conditions. The new and highly paid officials were not inaccessible to corruption, and some of them were involved in certain big scandals with Jewish contractors, of which the Nazis made the most.

It is rather interesting to speculate how the Nazi local regimes would stand at this moment scrutiny as close as that which was directed against all the actions of their predecessors. Some of the "fattest" Nazi administrators began their political life by attacks on the Social Democratic *bonzen*—one of Germany's most popular terms of abuse in the years 1910 to 1932, and used to express about a thousand per cent more contempt than the most diehard English Tory can put into the words: "fat Trade Union official."

The active members of the Social Democratic Party at this time could compare more than favourably with the best the Nazis could produce, but their most urgent warnings failed to arouse in their leaders any sense of danger. One of the present writers saw a good deal of this leadership while helping the Party in the elections of July, 1932. An excellent and devoted Party leader like Frau Juhacz, the head of the Socialist women's organisation, simply could not understand why anyone among the workers could have any grievance against the Party, which had done so much for them.

The Party executive continued to regard the Nazis propaganda as an epidemic of nonsense which would soon pass away if it were ignored. Had any of them understood or tried to understand, the case for the Nazi Movement, it might have been possible to take steps to counteract the sweeping propaganda. But they felt that at all costs, the one sound policy was to give sufficient time for the tide of Nazi nonsense to ebb. They therefore clung to the policy of the "lesser evil," willing to support anyone, willing to co-operate with all the reactionary forces in Germany if necessary, in order to keep the Nazis out of office.

As the *Vorwaerts* said in 1931 about the Bruening budget: "We, the Social Democrats, have many complaints against the present Government and its budget; but this budget and this State is still better than Fascism." In voting for Bruening in 1931 they declared that otherwise the powers of the Reichstag would be transferred to Hindenburg. In 1932 Hindenburg had become the lesser evil, and by 1933 even Hitler himself seemed a lesser evil than the Communists.

The Coalition Government of Hermann Mueller, himself a Social Democrat, had a bad enough record for oscillating between weakness to the employers and severity to the workers, which was not improved when, in the new depression, they had to consent to reductions in wages and other unpopular measures.

"Cannot the Social Democrats organise something against this," was the bewildered thought of many foreigners who watched the arrogant bearing of the Nazis in their great processions through the streets in 1931 and 1932. The Socialists had founded a protective organisation for their meetings as far back as 1924. It was known as the Reichsbanner, and by 1931 it had developed a nucleus of 160,000 strong men.

Max Hölterman, a young worker from Madgeburg, who displayed considerable organising ability, conceived the idea of the "Iron Front," which adopted the "Three Arrows" (*Drei Pfeile*) as a countersign to the swastika. The Iron Front included the Reichsbanner, the Trade Unions, who had started their own protective organisation, the *Hammerschaft*, and the Workers' Sports Organisations. The older Social Democratic leaders were not enthusiastic about the new organisation.

The Trade Unions alone had enough money to have financed a movement which could have held the Nazis in check. But, to do the leaders justice, they hated the idea of seeming to countenance civil war. They hoped that things would not get worse. By the time a very grudging official recognition turned

into a certain measure of consent, it was really too late. But no one who saw, as the present writers did, the fine material of the Reichsbanner, could deny that had they been able to secure even a part of the money and equipment and leadership that was poured into the S.A., the Nazis would not be the rulers of Germany to-day.

The Communist Counter-Organisation

The Communists did not make the fatal mistake of the Social Democrats. Far from belittling the Nazi danger, they were the first of the German political parties to see where Hitler's strength lay. In the year 1931, in particular, they were serious competitors for the allegiance of the sections of the workers suffering most from the economic crisis.

During that year Communist activity was unceasing—strikes of minorities in the factories, street demonstrations of the unemployed, conflicts with the police in resisting the new repressive ordinances. But they gradually lost the initiative to the Nazis, partly because they had nothing like the Hitler resources ; their actions tended to be less and less well-prepared. Because of this and because they had no sympathisers among the governing groups their actions nearly always ended in defeat, while because of secret sympathy in higher quarters the Nazis could show a series of practical victories, which gave them great prestige.

Unfortunately the Nazi success led the Communists into imitating their policy—but always after the Nazi orators had marked the territory as their own. The Nazis gained considerable influence by their opposition to the Young Plan. In 1930, after much hesitation, the Communists published their programme for the " National and Social Liberation of the German People." In leading this fight against foreign capital, they had no less an authority than that of Lenin, but only after

the Nazis had thoroughly cornered this " market " did they begin to lay stress on it.

In 1931, the Nazis and the Stahlhelm demanded a referendum against the Social Democratic Prussian Government. They agitated for it for six months. A fortnight before the voting date, the Communist Party suddenly decided to favour the idea, ordered its followers to vote against the Government and, amid the incredulous smiles of the entire populations, announced that it had now become a " red referendum."

In May, 1931, the Communists produced a programme for helping the peasants by emergency measures without touching their private property. But the Nazis had had a year's start to dig themselves in among the peasantry on those lines, while the Communists had much of their propaganda of that year to live down.

The new policy was on the lines of Lenin's conciliation of the social revolutionary peasants in Russia, but the mass of the people, or the peasants, did not take the new Nationalistic and Peasant policies seriously, because they had already learned to associate this kind of policy with Nazism. The actual effect of this change was to enhance the feeling that the Nazis must, after all, be right, if their bitterest opponents were now beginning to talk the same way. It was not bad tactics for the Communist Party to voice popular demands, but it was fatal to follow behind the Nazis.

The Way to Power

In January, 1933, Hitler was made Chancellor of the Reich after three years of intense propaganda and political excitement. It happened just when it did, and not later, not because of intrigues for Hitler, but because the landed interests in East Prussia were threatened. They had got rid of Bruening when he had wanted to touch a little of their property. When

General von Schleicher tried to get them to heel by threatening the exposures of the *Osthilfe* scandals through which the Junkers had helped themselves rather liberally to public money, the Junkers had Hindenburg on their side. Only a complete suppression of free speech and free press could hush up the unsavoury details.

At the same time, big business was afraid that the Nazis were disintegrating. The Social Democrats, it was felt, were no longer any use as a mass basis for German capitalist employers, who had begun to accept the Nazis, not very willingly in some quarters, instead. Now the Nazis seemed to be losing hold. What would happen if the masses turned Communist ? Feeling that anything was better than that, Hitler was made Chancellor in a minority Government.

But Hitler had no intention of being in office without power. The Reichstag went up in flames. The middle classes were stampeded. The most brutal terror of arrests and torture of Socialists, Communists and Pacifists followed. Four millions who had previously not voted came out to vote for Hitler, who promised they would not have to vote again for four years. The details of that orgy of suppression have been printed widely in the English press and do not concern us here. The point of supreme importance for the future of Germany is that with it all the Nazis only secured 43 per cent. Only with the aid of his Nationalist allies was Hitler able to claim that he held the 51 per cent—at once, the dream, the aim, and the excuse of the reformist social democrats.

The Nazis then established their Totalitarian State. They soon got rid of their Nationalist allies. No other party, no other press, no other political meetings than theirs were tolerated. Great German journals were either suppressed or transformed into Nazi papers. The result was that one year later Hitler himself complained that " there is no pleasure in reading fifteen papers when all have almost the same text."

Other people also stopped reading the papers—and by the hundreds of thousands.

In a few months, Hitler had suppressed more than Mussolini had been able to do after as many years. That was the result of having got so large a minority, practically half the entire population on his side first. Agitation provided a scapegoat. Did not the solidarity of the Jews abroad, it was argued, show at last even to the blindest German that the international conspiracy of the Jews against the Nordic race was a fact ?

With the complete seizure of power, Hitler and the National Socialist Party started on a series of new difficulties which are dealt with in Part Two of this book. The immediate effect of power was to show how wide were the gaps in the Party, that had been hidden by the excitement of the conquest of power. It was easy to promise anything and everything to get power. To try to keep those promises was a very different thing. The Party could be held together for a time, by the terror against any opposition, the shooting of the leaders of all the discontented elements on June 30th, 1934, and the Goering actions against the 10 per cent who had dared to vote against Hitler being President as well as Chancellor.

Opponents of any kind are rendered helpless by such methods, until sufficient general sentiment against the regime develops a form of leadership out of itself. The policy of economic nationalism, and the attempt to liquidate the influence of international banking capital over Germany had led them into severe financial difficulties. In his attempt to satisfy everybody Hitler has satisfied nobody ; but it is equally true and much more important that he has as yet exasperated no vitally important section. No opposition to him is able to gain mass support. Every interest feels that at the moment the alternative to Hitler might be worse. The workers fear a Junker-military dictatorship which would certainly be worse for them than the

Nazi Party with its wide popular basis. The Right fears a Communist revolution.

By the curious development of German politics, Hitler has become "The Lesser Evil Incarnate." The balance is precarious, but it is maintained, and probably will be maintained, until the second World War comes.

CHAPTER THREE

Fascism comes to Britain

THE first Fascist organisation was founded in England by a woman, Miss Linton-Orman. Its title, British Fascists, shortened to an unfortunate combination of initials which convulsed the irreverent British public. This Movement lingered long enough to fight the Mosley Fascists with bare fists for the copyright of the term Fascist. In 1932 most of its members were absorbed in the British Union of Fascists, the Mosley organisation.

The *Blackshirt*, one of the official papers of the B.U.F., ascribes the collapse of the Linton-Orman organisation to "its Carlton Club ideas of blank reaction," and the utter absence of any policy. The mere success of foreign Fascism was not a sufficient basis on which to found any serious Fascist Movement in this country. Such a movement could only have any success at all if it grew out of British conditions. This the Mosley Movement did, reinforced though it was by the prestige of Mussolini and Hitler.

Disappointment with the inactivity of the second Labour Government, and the refusal of the Labour Cabinet to accept his public works proposals, led in 1930 to Sir Oswald Mosley's resignation from the Government.[1] The conventional Labour

[1] Oswald Mosley; born 1896. Conservative M.P., 1918; Independent M.P., 1922; joined Labour Party, 1924. Published, 1925, *Revolution by Reason*. Elected to Labour Party Executive, 1927; Labour Minister, 1929. Published *The Greater Britain*, 1932.

explanation is to ascribe this resignation to ambition . . . if ambition be a fault in a politician. Actually, the immediate result was to close the avenue of political advancement to him. The important thing, however, is why Mosley's peculiar psychological make-up did just find this political outlet, and turn against the Labour Party, instead of using their powerful political apparatus.

The politically important fact is that the second Labour Government furnished British Fascism with its case. It provided Mosley with the magnificent platform asset of being the only Labour Minister to resign on behalf of the unemployed. Its passion for evading decisions by appointing innumerable commissions led to Mosley's justified gibe, "We cannot govern by the simple process of putting this country into commission." In the face of what he regarded as governmental inactivity on important questions he was able to gather round him a considerable amount of Labour support, both inside and outside the House of Commons, for his Programme of Action.

On this basis he appealed to the local Labour Parties and the Trade Unions, and at the National Conference of the Labour Party in 1930 got the surprisingly large vote of 1,046,000 against 1,251,000 votes for his unemployment schemes. He then issued a manifesto for a new policy which was signed by seventeen Labour M.P.s, and other signatures included that of the Left-wing leader of the Miners, M. A. J. Cook. But when he resigned to form the New Party only three of them followed him, his wife, his parliamentary private secretary, Mr. John Strachey, and Dr. Robert Forgan. Mr. W. E. D. Allen, the Conservative M.P. for West Belfast, also joined him, and later, under the name of James Drennan, wrote a panegyric of Mosley under the title *B.U.F.*

The New Party was intended as a rival Socialist Party. It completely failed because it struck against the bitter hostility

of the Labour Movement which is always shown to any secessionist. Almost all the eighteen candidates of the New Party lost their deposit in the General Election of 1931. This complete debacle determined Mosley to make a wider appeal for support. He went to Germany and studied the National Socialist Movement. In September, 1932, the British Union of Fascists was founded.

The victory of Hitler in 1933 gave a new impetus to the Mosley Movement as to Fascist groups in every other country. He visited Rome in April, 1933, together with Goering and von Papen, shortly after the Congress of the Fascist International, and took part in various Fascist parades. He received a personal testimonial from the Duce. Immediately after Hitler came to power in February, 1933, the first number of *The Blackshirt* appeared, urging Britain to imitate the national revolution which was happening in Germany.

The Retreat from Socialism

Like Fascism in Italy and Germany, the B.U.F. started with a programme that was almost indistinguishable from that of any Socialist Party. In addition to Mosley himself, many of its leaders are former Socialists, members of the Independent Labour Party, and these occupy the most responsible posts. Dr. Robert Forgan, an ex-Labour M.P., is the Chief Organiser. Mr. Risdon, ex-I.L.P., is the Director of Propaganda. Mr. Marshall Diston, ex-I.L.P., holds a high position in the Publicity Department, as does Mr. Leaper, also ex-I.L.P. Mr. John Beckett, a later recruit, was an I.L.P. Member of Parliament, and is now one of the chief Fascist propagandists. The District Organiser of Tyneside is a former Labour man, and the Organiser for South Wales, a former Communist.

In quite a number of strikes, the Fascists have taken part, always showing hostility to the Trade Union officials. They

are trying to get influence in the Trade Unions. The President of the N.U.R., in 1934, declared Fascism to be a danger among the rank and file of his members on the railways. The Trade Union recruits to Fascism are instructed to stay in the unions as "a living proof that Fascism is not hostile to the working class." They are to mobilise "the dissatisfaction that incompetent leadership has created." (*Blackshirt* 16.) As in Germany, the leadership of the older, particularly the craft, unions has grown very settled and old-fashioned. It is inclined to resent "over-activity" on the part of the younger members. These, therefore, form fruitful ground for either Fascist or Communist activities.

The unemployed are organised in the Fascist Union of British Workers which recommends its members to sympathetic employers for work. They help the unemployed by legal assistance in Means Test cases, and have secured spectacular advertisement for their action in protecting tenants in certain eviction cases. Certain unemployed are attracted to their ranks by the remuneration they get for selling the Party papers. These are usually recruited from the shelter for the destitute which is maintained by Fascist funds in York Road, London.

The Fascists in this country have shown that they are a mature Fascist Movement by their realisation of the importance of securing a basis among the working class. Beyond this they have done little of importance, but as in every other country they grow less by their own strength than by the mistakes of their opponents. The policy pursued by the Labour and Communist Parties of either ignoring them, refusing to debate with them, or breaking up their meetings is based on a wrong idea of what Fascism really is. In the long run it is likely to prove as ineffective as similar policies pursued by the German working-class parties.

Attracted by the Fascist label, ex-military officers streamed in. As on the Continent, these men from the war began to

form an important factor in the Fascist Movement. Mosley himself was trained at Sandhurst and the Royal Military College, and was an air-officer during the war. In spite of the declared imperialist aims of his Movement, Sir Oswald Mosley himself always stresses the pacific mission of Fascism. Major Yeats-Brown, a prominent convert, by his *Dogs of War* expresses the general attitude of the military section of the B.U.F. An ex-naval officer, G. Dundas, has the high-sounding title of Chief of Staff. A Captain Lewis is the editor of *The Blackshirt*.

The influence of these ex-officers is seen in the salutes, uniforms, physical and military exercises, and the whole outfit of a well-organised private army, complete with G.H.Q., intelligence officers, orderly rooms, canteens, etc. The boxing section of the early days becomes the Leader's Bodyguard. Despite Sir Oswald Mosley's repeated assurances that the B.U.F. is a law-abiding and gentlemanly organisation, even possible supporters got somewhat of a shock by the revelation at Olympia of the brutality which lies so near the surface of every Fascist movement.[1] It was not so much the blood and wounds of the fighting inside and outside the hall as the deliberate policy of manhandling which startled even Conservative opinion in Britain.

A further step to the Right, a further watering down of the Socialist elements of British Fascism, came with the support of Lord Rothermere, and the flowing in of *Daily Mail* readers. In the first week of this campaign seven hundred are said to have joined. This support began on the 15th January, 1934, with a sensational article by Lord Rothermere, "Hurrah for the Blackshirts." Support was continued with short intervals until July, 1934. The letters which were then exchanged to

[1] See *Fascists at Olympia*, compiled by Vindicator, pub. Gollancz, 1934. And for the Fascist reply, see *Blue Lies and Red Violence*, pub. B.U.F.

explain the break between Lord Rothermere and Sir Oswald Mosley showed that the Press Baron was in favour of the Fascist Air Force Policy, its patriotic and anti-Socialist propaganda, while against the Corporate State, the anti-Jewish propaganda, and the establishment of a non-parliamentary dictatorship.

The Rothermere support helped the Fascists very considerably while it lasted, because of the Press boycott that had existed previously. Lord Beaverbrook did not follow the Rothermere lead, and his papers were surprisingly anti-Fascist, apparently because Lord Beaverbrook considered that if successful in England, Fascism would mean the break-up of the British Empire.

The *Daily Mail* support brought in the most politically backward elements of the middle class. These were not converted to the original Socialist programme. On the contrary they altered the whole emphasis of the Fascist propaganda. The "King and Empire" posters, the absurd deification of the Leader, the strengthening of the anti-working-class bias in the Party papers, all date from this period.

Following the Nazi tradition, capitalists were now divided into "good" and "bad" ones, to take out the sting from the anti-capitalist propaganda. The "good" were the native variety, the "bad," the foreign and Jewish capitalists. Patriotic declamations increasingly took the place of economic argument. Thus the Mosley Movement is treading the identical path of the continental Fascist Parties, beginning as a largely Socialist organisation, and then through the pressure of military, capitalistic and undigested middle-class elements being changed into a party of reaction.

The propaganda of the Fascists in the country-side must not be ignored, for here also they tread the continental road. Mosley demands the exclusion of foreign foodstuffs to the value of £220 million in order that this may be produced in

England. If he is asked why this has not been done, he invariably retorts that this is due to alien finance which earns £30 million annually from the present state of affairs.

They have secured a spectacular advertisement from their energetic and occasionally embarrassing interference in the "tithe" war, a struggle of the farmers against the Church tithes. The Fascists have made much capital out of the fact that the man responsible for the enforcement of the tithes, the head of Queen Anne's Bounty, is an ex-Labour M.P. and Trade Union official, Mr. George Middleton, who was appointed to this post by the Labour Government.

In the Eastern Areas there is a good deal of agricultural unemployment, and many bankruptcies, owing to foreclosing by the banks. As the labourers do not come under Unemployment Insurance they are naturally scared at anything that may cause them to lose their jobs. Hence on the whole they tend to support the farmers in the Tithe War. To this extent the Fascists have won sympathy among the labourers as well as the farmers.

The Future of the Mosley Movement

The present membership is estimated at 20,000. The *News Chronicle* investigator gave 17,000, the *Daily Herald* 35,000. The Fascist propagandists give their strength at numbers varying from 250,000 to 500,000 according to the enthusiasm of the speaker. There is admitted to be a considerable fluctuation in membership, especially among the working-class members. The B.U.F. is allied in the New Empire Union with Fascist Parties in the Dominions . . . especially in Canada and Australia. Colonel Eric Campbell of the New Guard of Australia claims to have 100,000 members. They are also linked with the Ulster Fascist Movement. The Union aims at securing a common Fascist policy throughout the Empire.

The chances for the future success of the Mosley Movement

depend partly on external conditions, which will be discussed in detail in Part Three. Partly, of course, though to a lesser extent, these chances depend on the personnel of the leaders and their policy. There is much speculation as to whether Sir Oswald Mosley has the qualifications that would make either a Mussolini or a Hitler if the chance came. While he was in the Labour Party, he was considered to have a great political future, and was even spoken of as a possible future Premier.

On the credit side as a political leader he has boundless ambition, an obsession for power and great energy. He has considerable personal charm when he chooses to exercise it, and, in which he differs from both Hitler and Mussolini, great personal courage. He does not go away in a car and leave his followers to fight it out. On the debit side are his irritable vanity, and his continual preoccupation with himself.

Mosley is unpopular with his own class. Yet he is too scornfully aristocratic to be beloved by the masses. He does not let himself go sufficiently on the platform, is too conscious of the impression he wants to make, to be a great orator. His audience is chilled by this restraint. Mosley has none of Hitler's "Urkraft" . . . that upsurging of the soul of the unintellectual man, that is the secret of Hitler's power over the mass. The wise man will suspend his judgment as to how Mosley would be likely to come out of a crisis . . . murmuring to himself as he enumerates Mosley's faults . . . "but then . . . Hitler!"

The absence of known personalities in the British Union of Fascists does not matter now. This disadvantage it shares with all the other Fascist Movements in their early days. Only if it came to power would this be a great disadvantage, for then, like Hitler, Mosley would find himself in the hands of the capitalist experts and the civil service.[1] The greatest asset

[1] See Part Two, Chapter 3, Section 4.

that the Mosley Movement has is that it has grown out of the Labour Party and that it has seen the necessity of gaining mass support from its very beginning.

Fascist Tendencies outside the B.U.F.

The four other organisations which call themselves Fascist, such as the Imperial Fascist League, are of no importance, but there are well-marked tendencies in Britain which may lead to a different type of Fascism from Mosley's, and undermine his leadership. Chief among these is the National Government itself. The conditions of its birth and the size of its majority are reminiscent of the elections which swept Hitler into power. Stripped of all the theatricality which surrounds Fascism, the National Government may develop into a distinctively British form of Fascism. It has all the features which distinguish Fascism from pure and simple reaction.

None can deny that it has a mass basis, the greatest that has ever been given to one set of leaders in British history. Its leader is a former Socialist, like every other Fascist leader, and there is much Socialist phraseology left in his speeches to the masses. War preparation becomes more and more marked as its central and controlling aim, for which it is taking great pains to secure popular support, in spite of the atmosphere of profound pacificism with which it started.

By relying more and more on Orders in Council, whether to get through quota schemes or put through economy proposals such as the Means Test, it is following the Fascist tradition of dispensing with Parliament as much as possible. By its system of commissions, it is tending to supersede Parliament in other ways. The Unemployment Act puts the grievances of the unemployed in the hands of an appointed commission, and removes their right to have their grievances voiced in the House of Commons.

Mr. Elliott with his planning schemes fits into the classic scheme of Fascist planning, for it is planning with the consent of the capitalist at the expense of the consumer. His services in this direction have been warmly recognised by Mussolini, and the *Corriere della Sera* regards him as a more typical and influential English Fascist than Sir Oswald Mosley.

The tightening of restrictions on the workers by the Sedition Bill, the numerous free-speech prosecutions, the concentration camps for the unemployed, and the overwhelming show of force at any demonstration of workers, particularly of the Left, moves the Liberal Press to occasional protest as being " un-British."

The formation of class forces of repression . . . the Trenchard Police and the subsidised training clubs for middle-class amateur flyers, are not in the usual tradition of British conservatism, but they would be necessary pieces of the Fascist furniture. The lessons of the Organisation for the Maintenance of Supplies, that early essay in Governmental Fascism, for which Sir William Joynson-Hicks was responsible in the days of the General Strike, are still pigeon-holed in the appropriate desks, and there is plenty of evidence that they have been learned.

The Organisation for the Maintenance of Supplies and the Trenchard Police reforms are not properly Fascist in that they would govern only through members of the ruling class, while the danger and importance of Fascism is that the social basis of the governing class is broadened by drawing in lower middle-class and proletarian elements. But the instruments forged by a Lord Trenchard or a Lord Brentford may, at the appropriate moment, be of great use to the Fascists.

PART TWO

WHAT FASCISM DOES

CHAPTER ONE

Fascism as a System of Contradictions

"WHY did Fascism succeed?" Why could this group of men unknown ten years previously produce a movement that with apparent ease could wipe away with a gesture the great popular Socialist Movements in Italy and Germany?

The hero-worshippers, always looking for a Man, may make Mussolini pass as a hero. He at least has a jaw. But the best that any admirer outside Germany has been able to say about Hitler as a Great Man is that there must be more in him than appears on the surface.

Even this comforting thought doesn't explain why Mussolini and Hitler should turn up in the same decade, nor why in so many other countries Fascism is either victorious or regarded as a possible menace. Nor does it explain why these "great leaders" should be Fascist and not Communist or Socialist, especially as Mussolini, Hitler, Pilsudsky and Mosley began their careers on the left of politics.

With the causes of the weakness of the Marxist Parties we deal later. We must first find an explanation of the strength of the Fascist Parties. Only one theory will fit the facts, however unpalatable it may be to Liberals or Socialists or Pacifists—and that is despite the appalling barbarism of their actions, the crudity of their speeches and the nonsensical character of their "myths," the Fascists have shown a better understanding of the immediate demands of present-day society

than many of their more idealistic opponents. It is simple common sense to assert that if someone is regularly more successful in a certain environment, that he understands the situation better, is better attuned and adapted to it than someone who is generally unsuccessful. The fact that the unsuccessful one is superior in morals, in loving kindness, in intellect or in any other of the virtues is entirely beside the point. The American pork-packing kings or oil-barons would hardly be represented as models of civilised men. But they succeeded within their environment. They were adapted to their period.

The Vagueness of the Fascist Programme

There are certain curious features about this Fascism. There has been no efficient fight against it, even when the danger has been understood long beforehand, and there is not yet even a satisfactory explanation of what Fascism is. The Fascists themselves have not been able to produce an intelligible definition. These difficulties are to a great extent due to the elusive character of Fascism itself. Fascism is not a clear-cut theory. It takes great pride in despising coherent theories and well-thought-out programmes.

Mussolini used to say: "What we need is not a programme but action." Mosley in his early days took this as his slogan, and becomes the less effective the more he departs from this attitude. The Italian Fascists have always stressed what they call "dynamics." Quite cheerfully, even in 1924, the Fascist Govi in the *Critica Fascista* (one of the theoretical organs of the Italian Fascist Party) could say: "Fascism is clear in its negative programme, but it is not clear in the least what is its programme in positive innovations."

In his early days, when he was preparing for his first bid for power, Hitler in a speech made in 1923 declared: "Let us

first begin to rule, then the programme will come quite by itself"—a statement that would be received with roars of laughter in any Socialist or Liberal conference. But four years later he was saying significantly: "The people want no programmes. They want someone to rule them."

True, even as far back as 1920 Hitler had had a string of twenty-five points. These were very vague; one of them advocated the "nationalisation of big industry unless it is founded by great German leaders of economics," whatever that may mean! Another demanded the "breaking of the thraldom of interest" without troubling to define what rate of interest constituted "thraldom." But even these points, vague as they are, were always causing trouble. Dr. Goebbels was moved to remark, amid great applause, after an attempt to sort out some of these dissensions: "If I had founded the Party I should not have put out any programme at all." Goebbels could raise great meetings of twenty thousand people to ecstatic enthusiasm by his declaration: "We are reproached that we have no programme, or that the one we have is full of contradictions. But just because of this we shall gain the victory." In that piece of cynical realism, Dr. Goebbels came very near to an understanding of the essentials of Fascist success.

To earnest believers in the class-war theory a Fascist Party is simply a monstrosity. So incompatible are the sections which compose it, so obviously in conflict are their economic interests, that such a collection ought not to exist as a party. But it does exist. More than that, it *acts* at a time when homogeneous parties constructed on the best Marxian models seem paralysed by the difficulties of the same situation which provides Fascists with the conditions of their success.

Of course there is continual internal conflict between the incompatible sections of Fascism. No other Party could stand the open intrigues against each other, wars almost to

the knife (in some cases literally to the bullet) in which both higher and lower ranks of the Nazi leaders have indulged.

The Main Contradictions in Fascism

This vague, ambiguous, elusive character of the Party which has been regarded as a main argument against Fascism supplies, in fact, the key to the understanding of it.

We live in an age of transition—and that does not necessarily imply that the transition period is a brief one. The transition from feudal to capitalist society lasted approximately four hundred years. The change over from a horse to a horse-power civilisation has been going on for over a hundred years with all the changes and stresses in social structure that intensified mass production brings. The big jump that has now to be made is the change over from an individualistic to a collective, from an anarchic to a planned economy.

Fascism is the political form of one of the stages in this transition, that stage in which we now are. All the antagonistic and contradictory tendencies are somehow united in it. All the elements that feel the necessity of change, but want everybody to be changed except themselves and their own group, can project their wishes into the Fascist Party, and find nothing there that is rigidly opposed to their wish phantasies. It is usual to reproach Hitler because he promised to everybody (except Jews) anything they wanted. Why reproach a leader for doing what his Party exists to do ? It is the strength of Fascism that it can take all the contradictory elements into itself. It is the weakness of Fascism, as of any other essentially reactionary system, that it attempts to solve these contradictions and can only do so on the basis of war preparation.

The Communists insist that Fascism is a dictatorship of finance-capital. Lenin had said that Imperialism was the last stage of capitalism. He lived only to see the first stage of

Fascism. So to the loyal Leninist Fascism is nothing new. It is the very last phase of the last phase of capitalist Imperialism, the counter-stroke of capitalism against the workers' world revolution.

There is obviously much truth in this contention, but it is not the whole truth. In the early days of his movement, Hitler was as vehement against the capitalists as any Communist. In *Mein Kampf*[1] he tells the German capitalists that they have " only one care, their personal life," that they are " valueless for any solemn task of mankind " because of " unbelievable indolence and all that follows from it." Later in the book[2] he declared the German *bourgeoisie* to be at the end of its mission. However much Hitler's later actions may be at variance with his earlier theories, it was declarations of this kind that were the basis of the appeal which brought masses of people into his Party.

That the capitalist system as we have known it is in chaos is obvious. But despite the illusion that time somehow brings progress, there is nothing inevitable about the way out of this chaos. One way, the way of technical progress by means of Socialist reconstruction, has been taken in Russia. There are signs, particularly in Germany, that powerful interests would prefer the wrecking of technical progress. A planned capitalism which should somehow secure certain advantages of Socialism while allowing the capitalists freedom to make their profit is being tried out in part by President Roosevelt, and on a much smaller scale by Mr. Elliott.

We discuss the future possibilities of the various ways out of chaos in Part III. Our point at the moment is that these conflicting tendencies exist, and that Fascism begins in each country as an attempt to harmonise them. To use a philosophic phrase, it is a unity of these contradictions. Fascism unites tendencies to preserve capitalism with tendencies

[1] *Mein Kampf*, German edition, page 250. [2] Ibid., page 774.

to destroy capitalism . . . either by the introduction of a Socialism of sorts, by regulations and interference, or by the smashing of technical progress and the return to agrarianism.

This theory that Fascism owes its strength to being a loose combination of contradictory tendencies gives us the elastic conception of Fascism which fits the facts. For Fascism is not always the same thing. It differs in different countries because the three elements are blended together in different proportions. Sometimes one element is the stronger, sometimes another. The more highly industrialised the country, and therefore the greater the former power of the Socialist Parties, the stronger is the anti-capitalist element in the Fascism of that country. It is greater therefore in Germany, less emphasised in Italy, and least in Hungary.

The Minor Contradictions in Fascism

Owing to the general contradictions within Fascism a number of minor contradictions exist. There is the inevitable struggle between the policy of preserving the " old " middle classes, their local status and independence, and the desire for a plan which would make superfluous many functions that the old middle class performed. There is the contradiction between the attempt to lower the standard of the workers, dictated by the capitalist elements in Fascism, and the war preparations which need a reasonably contented working class. There is the incompatibility of autarchy and conquest of foreign markets : between the return to the village economy and war. The return to the village means the extinction of the heavy industry which is indispensable to the needs of the militarists. To see only one side of these contradictions as real, and to assume that the other is there for window-dressing purposes, makes it impossible to understand Fascism and the necessary zig-zaggery of Fascist policy.

It is the Leader who keeps together and maintains the equilibrium between the contradictory elements and groups. Therefore each Fascist Party has one thing at least in common . . . a leader. Hence the fanatical loyalty to his person, and the theatrical over-advertisement of the man. A myth grows round him. The conviction spreads that whatever seems confusing or disappointing will somehow be solved when the Leader has time to give it his personal and magical attention. This belief in the magic powers of a leader, a hero-king, a warrior-Messiah goes far back into the history of the race. Both Mussolini and Hitler have realised this. They tolerate no rivals to their divinity.

CHAPTER TWO

Fascism as a Form of Capitalism

To say that "New Fascism is but Old Capitalism writ large," that Fascism is the means by which Big Business throws off the last restraints of democracy, thinly disguising the process by Socialist phrases which would not deceive an intelligent baby, but which somehow managed to deceive millions of hard-headed Germans, has become the classic Socialist theory about Fascism.

In this country the theory has recently been expounded by Ernst Henri[1] in a rather fantastic, and by R. P. Dutt[2] in a more scholarly manner. This theory is correct as far as it goes. Fascism is used as an instrument by Big Business. But it puts Fascism in a more understandable perspective if it is seen as the political expression of the policy towards the masses of capitalism in adversity just as Social Democracy mirrored the policy of capitalism to the masses in the hey-day of its prosperity.

Capitalism, as a system, is full of contradictions that tend inevitably to its self-destruction. It is of vital importance, therefore, to see the political parties which flourish in capitalist countries as a reflection of the vital economic contradictions. Social Democracy showed these contradictions in their desire to increase wages and social services to a height which in time seriously diminish capitalist profit, at the same time desiring

[1] *Hitler Over Europe*, Ernst Henri.
[2] *Fascism and Social Revolution*, R. P. Dutt.

to keep on its feet a capitalism which could pay those wages. While capitalism was in a position to pay, however grudgingly, these improvements were conceded as the agreed price of the preservation of the capitalist system.

The time comes when capitalism is no longer able to pay this price. To maintain itself it must, as in Japan, secure new markets by imperialist expansion, or, as in England, it has to consolidate at a lower standard. Fascism reflects the new situation. But if it is to succeed it must embody both tendencies . . . the tendency towards Socialism which attracts the masses (and would if carried through destroy capitalism), and the tendency to preserve capitalism. For if it had no attractive quality for the masses, then though it might act in the short-term interest of individual capitalists, it could not serve the long-term interest of the capitalist class as a whole.

"Anti-capitalist longing," a German phrase which represents a condition of mind we also know in England, is one of the products of capitalism. The rival creeds, Social Democracy, Communism, Fascism, from which the workers had to choose in Europe each only expressed part of this longing. The Communists did not shrink from the implications of their creed as did the Social Democrats. They were willing to destroy capitalism, but they were not able to convince a sufficiently large proportion of the workers that they were capable of organising industry themselves.

Their technique of propaganda was as good as the Nazis' at least up to 1931, which is why it is superficial to explain Nazi success as due to propagandist genius. But as the Communist political line became unreal, their technique degenerated. With Soviet Russia concentrating on building Socialism within its own borders, the Communist International could no longer form the basis of the world revolution which the Communists preached.

The Nazis provided an attractive alternative to Communism

in this time of confusion by offering to give the workers an instalment of Socialism, while still preserving the economic order which paid them their wages, and which might, by prodding, be induced to employ more.

The Social Democratic line became unreal because their internationalism prevented them from facing the logical consequences of their policy of demanding a bigger share of the product while preserving the capitalist system. To give what the Socialists demanded meant that German industry must get back its spheres of influence and colonial areas . . . and that in turn means war. Not that the Social Democrats were wholly adverse to the idea. Their Chancellor, Hermann Mueller, started the "pocket battleships" and drilled the Black Reichswehr.

The Social Democratic President of the Reichstag, Herr Loebe, smiled benevolently on the *Verein fuer das Deutschland im Ausland* which was paving the way in Austria and Czecho-Slovakia. But the Fascists were not hampered by even the vague pacifist international feelings of the Social Democrats. They could go out whole-heartedly for war or for the demands that only war could secure, and thus claim that their line was the only real way to get back the German prosperity which would pay better wages, and so serve the long-term interests of both capitalists and workers.

On the basis of this contradiction, we must first discuss how far Fascism tends to preserve capitalism, and then examine those factors in Fascism which tend to go beyond capitalism and to destroy it.

That Fascism serves the ends of Big Business is seen in the attitude of Big Business men towards it. Both Mussolini and Hitler came to power only with their consent. Mussolini marched on Rome after the General Union of Industrialists (the Italian equivalent of the Federation of British Industries) had demanded that he should be Premier. A tax on wages,

dismissal of "superfluous" workers, wage reductions and large subsidies to the big concerns were the ways in which Mussolinian gratitude was immediately expressed.

Hitler became Chancellor after a historic breakfast with a Cologne banker, of the House of Levi, Oppenheim & Co., and Herr von Papen, a man with great industrialist possessions in the Saar, and a founder member of the Herrenklub had set the seal of capitalist approval on the Nazis. When the Economic Council was set up it consisted exclusively of Big Business men, while to represent the workers the notorious Dr. Ley was appointed. His fitness for that appointment may best be judged by his own speeches. We quote a gem from one of these.

"The solution of the social question is much less a question of wages and still much less a question of paragraphs than of tact. Everything depends on whether the employers can show the necessary tact to their employees. And this tact arises out of the common voice of their blood."

The two proletarian leaders of the National Socialist Factory organisation (N.S.B.O.) disappeared soon. One of them, Muchow, was "shot by accident" in September, 1933, while cleaning a revolver. Later, the other, Engel, was dismissed and replaced by an employer. The employers were solemnly declared to be "masters in their own house," the "leaders" of their "followers," a state of affairs crystallised in the "leader Law."[1]

The workers elect a "representative council" . . . but from a list of suitable persons prepared by the Leader. This can only be elected or rejected *en bloc*. If the workers repeatedly

[1] The *Lavoro Fascista* comments upon the German Leader Law, "German National Socialism has delivered over the German worker bound hand and foot to capitalism." It describes it as "smacking of the Middle Ages" and as "bringing to nought everything achieved by the workers through the struggles of the last hundred years."

reject the employers' lists, a State official appoints the representatives of the workers. The leader bears the burden of moral responsibility for his workers, the workers, in return, owe loyalty to him.

The Babbitt-like emotion of Dr. Ley is supposed to cast a warm glow over the hard fact that the general trend of Fascist industrial policy takes from the workers rights which they have won in a long and heroic fight. The right to strike and to organise in unions of their own choice stops at once. In Italy all strikes have been illegal in theory since 1926. Strikes of small dimensions, not involving many workers, are at times tolerated as a safety-valve for the day-to-day grievances, but this depends on the quite arbitrary decision of the local judges.

Strikes which extend to other factories, or are manifestations of solidarity with other workers on strike, or are expressions of political discontent, are quickly and brutally suppressed. What has been the case in Italy since 1926 was promptly followed in Germany from 1933. The Fascist leaders give the reason that the paralysing of parts of the economic system damages also the proletariat, which loses its wages and suffers from the decrease in national production.

The reasons given until now can only create a strong suspicion of the capitalist character of Fascism. A more deep-going proof has now to show that the trends of Fascist policy actually coincide with the two main trends of present-day capitalism—monopolism and imperialism.

Capitalist Monopolism and Fascism

In the modern political struggle between Socialism and capitalism centring round the fight for parliamentary control, the word " capitalism " is frequently used as though it meant something like a political party, organised, static, with deliberate

and consequently limited aims. Such a mechanical view makes a great deal of modern history unintelligible. Capitalism, like any other human system, is a living and therefore developing thing . . . full of contradictions, fighting hard and stubbornly for aims only partially understood by the capitalists themselves. Capitalism in a historical sense is not a rigidly organised system of tyranny as represented in political perorations, but a phase in the history of mankind, a stage in its development. Fascism is the political expression of this present period of growth.

In the course of this development capitalism has undergone several radical changes in its structure, and each of these has inevitably meant a change in the political structure. In the first stage when capitalism was growing, but still had only conquered part of the feudal system, it needed some battering-ram to break down the feudal resistances to the rising capitalist class that wanted labour that was not bound to the land, and incidentally had some money in its pocket to buy their products, instead of " rights " which could only be " cashed " in grass for cows or wood to be cut. Hence the appearance of commercially minded absolute monarchs who received such solid support from the towns.

The process which continued in England through the Tudors until the absolute monarchy had to be taught its real place in the capitalist scheme of things by Cromwell, was begun in France by Louis the Eleventh, and continued until certain inevitable and unwanted features of absolute monarchy had to be pruned by the French Revolution. When absolute monarchy had done its job, its disadvantages to the capitalists outweighed past advantages, and it was duly removed from the political scene in those countries where the capitalist producers were strong enough to do the governing jobs themselves. When, for various reasons, the operation could not be so neatly and efficiently performed in Germany has led

to a prolonged inflammatory condition of the patient, and consequent complications.

When they had settled accounts with the monarchy, the rising capitalist class had still to contend with the landed aristocracy, who were not as powerful in law as the old feudal barons, but were immensely influential socially. The men of the new wealth brought by the industrial revolution in England wanted to get rid of the Corn Laws which made food artificially dear for their workpeople, and which would have to be reflected in wages. They wanted the restraints imposed by the aristocrats abolished, and to do this they desired to bring in the lower middle class to help them.

Parliament, thus enriched, developed into a boxing ring for the rival groups. The landed classes, led by Lord Shaftesbury, brought in factory legislation, warmly supported by landlords who wished to get their own back on the factory owners. Disraeli's whole policy centred round bringing more workers as Tory democracy "to dish the Whigs." So long as the workers remained ardent Conservatives or passionate Liberals and did not create a class-party of their own, parliamentary democracy was regarded as the last word in perfect freedom for everyone.

It was not long before the landed proprietors joined the ranks of the industrial capitalists. Coal was found on their land. If the Old Man kept to the old ways, his sons had less scruples, and their titles were in demand for directorships and company prospectuses.

In this period of free competitive capitalism, Parliament was needed to settle disputes between the great rival interests and their respective share in the State apparatus. The whole struggle between the trades catering mainly for the home market, which badly wanted protection from foreign competition, and the export and shipping trades, which wanted cheap raw material and investments abroad, had to be fought

out in Parliament—where else? Later when the great Trade Unions developed from the 1880's onwards, Parliament was needed to "keep the ring." The Taff Vale and Osborne Judgments with their reversal in Parliament shows that the Liberal capitalists still wanted the support of the Trade Union masses for their Free Trade policy. Later, when this was not so necessary, the Trades Disputes Act (1929), which prevented sympathetic strikes, and to an extent the political use of the Trade Union funds, was voted by many of the Liberals who had voted on the workers' side in 1913.

The change in the attitude to the Trade Union question is symptomatic of the change that was taking place not only in England but all over capitalist Europe in the years that followed the war. The capitalists of the various nations were to a great extent united by finance-capital. The great banks and the great industries fused. The finance-capital which had united industry fused its interests with the State, and came to control that also.

In Germany, even before the war, the capitalists had been accustomed to use the State apparatus as their property. After the war and the revolution they quite openly regarded it as their pack-horse—unloading their debts on to the State Treasury by the simple threat to go bankrupt and throw their workers out of employment. The Hapag (shipping combine) got the money for their war losses in America from the German State. When they also received them from America they refused to return the money that had been advanced. When the Steel Trust was almost bankrupt and its stock was down to 30, the Government bought shares (that were in the hands of the Trust, not of the public) at 90. The bigger factories, particularly the cigarette companies, simply refused to pay taxes, and were repeatedly given amnesties.

At the present time the position that has been reached is that the important capitalists of any one of the big nations have

become more or less united economically. They need only a governing body with power to settle their minor disputes, to bring rebels in their own groups into line (as the British Government has used the tariff to bring some reorganisation into the steel industry), to keep down the workers (hence the Trades Disputes Act) and, most important of all, to defend their common interests against rival nations, as by Mr. Runciman's trade pacts. The Roosevelt New Deal is largely an experiment along these lines.

While capitalism continues these tendencies must develop. It becomes a condition for existence in the modern world of finance-capital that the State should be run on the same lines as a big business, with all the secrecy and unity of control that attends the directive operations of a great combine. Under these circumstances the urge to some form of dictatorship, open or veiled, becomes inevitable.

When people say that free Britons or republican Frenchmen would never stand a dictatorship they overlook the fact that these same freemen and republicans may passionately demand exactly such a dictatorship to protect their interests in a world where that may have become necessary to their economic existence in a capitalist world. Something of the kind has already happened in that classic country of rugged individualism, the United States of America. Just as the masses fought for democracy when that was the political desire of the free competitive capitalism through which they earned their bread, so they may come to demand " monopoly politics " when this becomes the condition of existence in a world of monopoly capitalism. Fascism is the political expression of this phase.

It is this fact that they do express a mass desire that is the new and characteristic feature of Fascism, and differentiates it from gangster tyranny and ordinary police reaction. Yet, at the same time, Fascism is the political expression of monopoly capitalism itself.

Capitalist Imperialism and Fascism

The same drive towards unified control is behind Fascist foreign policy. Aggressive, violent and militaristic imperialism is necessarily common to all Fascist Movements. Mussolini declared that " Imperialism is the eternal and immutable law of life itself "—which ingeniously brings in the growth of the amœba to excuse the appropriation of Fiume.

The plain facts of the situation as left by the war are now clear. The countries among the belligerents that have not yet gone Fascist are those who are satisfied with the booty they had got then and previously, and are more interested in developing and exploiting their territories than in extending them. The countries which have gone Fascist are those which lost territory then or which were very dissatisfied with their part in the share-out.

Forced back on the idea of war as the only way to alter that position, the Fascist countries militarise the entire nation. All national efforts are subordinated to preparation for war. Speaking at the close of the Italian Army manœuvres on August 24th, 1934, Mussolini said : " One must therefore be prepared not for a war of to-morrow, but for a war of to-day. We are becoming, and will become, always more prepared because we wish to be a military nation, and, not being fearful of words, militarist. This means that the entire life of the nation, political, economic and spiritual, must be directed towards those objects which constitute our military necessities." In the same speech he claimed as a great achievement of Fascism that it had caused a radical change in the mentality of the people towards war. " If to-morrow the people were called upon they would reply as one man."

In Germany, of course, imperialism and militarism are not inventions of the Fascist State. Prussia had risen to be a great power by its ruthless sacrifice of all considerations to military

things. The impression had been stamped deep into the German consciousness. After the Revolution of 1918 the Reichswehr set itself to keep alive the military spirit, and to prepare a war of revenge. The special contribution of the Fascists was to unify the nation behind the policy of expansion, and to crush relentlessly and effectively all opposition to it. Nazi spokesmen declare that it is their highest aim to unite the German nation into one big fist. If Fascist countries can really produce this unity for war, then their creed becomes a formidable force which may compel great changes in the social organisation of the countries opposed to them.

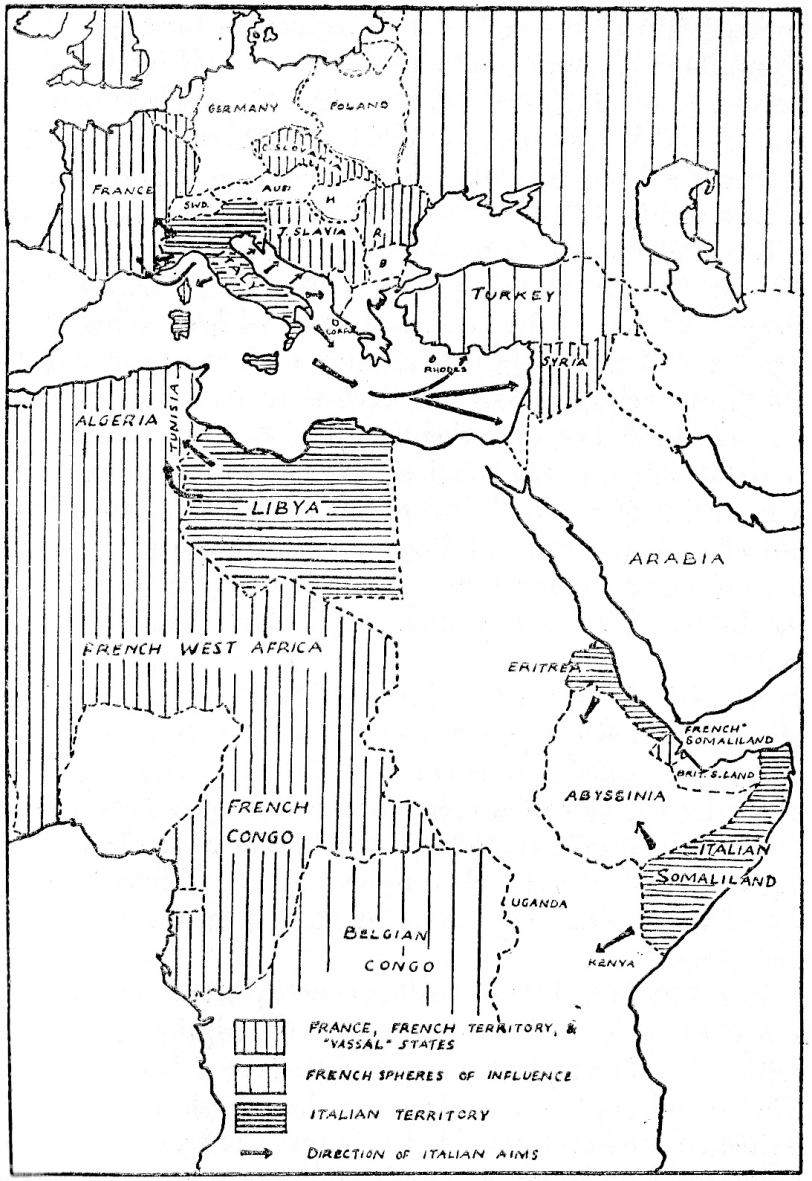
The Psychological Preparation for War

The modern form of absolute state with its mass basis realises the power of propaganda. In Fascist Germany and Italy the great propaganda machinery of State and Party is occupied in making the nation, more particularly the youth, interested in the idea of war. Pacifism is a crime ?[1]

Internationalism and any creed tending to produce the international outlook are the objects of crusades of suppression —hence not only the campaign against the Jews, but the bitterness towards the much more powerful Roman Catholic Church, the suppression of Freemasonry and even of the Rotarians. The international solidarity of the workers is denounced as an invention of the Jews.

No one escapes the all-pervasive propaganda. Cigarette cards point the moral. The illustrated papers supply the

[1] Von Papen said (14.5.33) that pacificists " could not understand the ancient German aversion from the death in the bed. Mothers must exhaust themselves in order to give life to children. Fathers must fight in the battlefield in order to secure the future of their sons." Roehm (V.B. 8.12.33) defines " pacifism is, according to the view of the soldier, cowardice on principle. Cowardice is no philosophy but a defect in character."



ITALY'S EXPANSION

interest. Military bands, frequent parades of marching troops keep up the excitement. The new science of pictorial statistics is developed to a high point to show how Germany's security is menaced and how strongly armed its neighbours. The effect is to create a desire for arms. Fighting in war is praised as the supreme virtue. The inevitability, necessity and greatness of war is regarded as the last word of wisdom.

Wisely, like all the best propagandists, they begin with the children. Hitler, in the German edition of *Mein Kampf*, says (p. 715): "Then, in fact, beginning with the primer of the child, until the last newspaper, each theatre and each cinema, each news kiosk and each free hoarding must be put into the service of this one big mission, until the anxious prayer of the Philistine of to-day, 'God make us free,' is changed in the brain of even the smallest boy into the prayer: 'Almighty God, bless one day our arms. Be as just as you always were. Now judge if we are worthy of liberty. God bless our fight.'"

It was in Thuringia that Herr Frick, in 1930, introduced prayers of hatred into the schools. On May 9th, as Reichsminister, he issued a new rule for German Schools. "The military idea must find ample treatment in school instruction. The German people must learn once more to see in military service the highest patriotic duty and source of honour. The germ of the military idea must be planted in the youth now growing up."

Edgar Mowrer, in his brilliant book, *Germany Puts the Clock Back*, gives in his casual way a description of how the Nazi ideals had penetrated the middle-class schools previous to their gaining power. Now, with their rivals crushed, with the teachers anxious to excel in the only means by which promotion or even security can be obtained, the propaganda is carried through the whole educational system. and to every class in society.

In many universities, Departments of Military Science have been opened by the Nazi Government in defiance of Paragraph 177 of the Treaty of Versailles. Political "education" and military science take the place of science. The popular lectures deal with poison gas, the new methods of chemical warfare, military geography, electric transmission of military news, and all the exciting incidentals of a modern scientific war. German youth, which loves to break into song on any possible occasion, is supplied by the Nazi song-writers with songs of contempt for death and the dangers of the battlefield.

Psychologically more subtle is the attempt to condition the German people as a whole to war, to accustom them to the idea by homœopathic doses. After all, even the German who is under thirty has had personal experience either of actual warfare, or the horrors that war can bring in its train—blockade, famine, inflation, social revolution. The German army suffered terribly in the trenches, and those experiences also are not forgotten. It needs very careful propaganda, helped of course as it has been by the Allies' attitude in the first twelve years after the war, to overcome the natural desire for "No More War" which has in England and France produced so deep and real a pacifism in the population.

A German film, *Stosstrupp*, 1917, has been produced with the help of the State. Part of it contains scenes actually taken in battle—the rest is the most realistic war stuff that has ever yet been shown. It was run through privately in London for a few English people. "Do the Government intend this as pacifist propaganda?" asked an Englishwoman, anxious to be reassured. A German not connected with the film pointed out that in Germany it was intended to have the contrary effect. "We made a great mistake with our talk of Britain's contemptible little army. When our soldiers met it, the shock was felt through the country. This is to show our people the worst, and brace them to it."

To the Englishman, there is something comic about an individual talking about his racial superiority, or the sacred egoism of the State. When it becomes part of the carefully taught philosophic basis of a great State, it seems somehow silly. Not that Englishmen haven't those feelings about themselves. Their whole Empire has been built up on the firm conviction of the superiority of the Anglo-Saxon race. The Indian rages at the way he is treated almost instinctively as an inferior. The English express the same ideas in a different way.

Italian Fascism regards the sacred egoism of the nation as the main motive of all its actions. The Nazis claim that the interests of the nation, be it right or wrong, is the highest standard of action. Columns of good German argument fill the carefully controlled press to prove that ideas of justice, clemency and peace are useful only as instruments of propaganda in order to weaken an opponent. An analysis of Allied propaganda during the war, and the use of the Wilsonian Fourteen Points supply any Nazi propagandist with all the illustrations that he needs to prove his contention.

The competition in bragging between Rome and Berlin, between Mussolini[1] and Hitler, has added to the amusement of the nations, and has led to a "prima-donna theory of the next war," which it is assumed will come because of the rival claims of these two gentlemen to the world's attention. But the throwing of bombs at each other depends on stronger forces than the energy with which they bestow verbal bouquets upon themselves.

[1] On October 16th, 1933, the *Popolo d'Italia* writes, "In some months or years the great breakdown of civilisation will be a fact. Then mankind will see at the sky of Rome the beloved, the powerful and rescuing forms of the new civilisation which will be Fascist, Corporative and Italian. Mankind shall hear in the impenetrable silence of the world, the word of Mussolini like a Gospel which announces a new life."

In their psychological preparation for war, the Fascist leaders forget no detail, not even the necessary speeches in favour of the ideals of peace.

The psychological preparation for war brings the Fascists in a conflict of ideas with traditional Christianity. Chauvinism is always inclined to regard the nation as a more important entity than God. Religion is then regarded not as truth, but as a useful myth—as the leaders of the Action Française are fond of saying. The Pope could not ban the Fascists for such remarks, so he denounced the Action Française as public sinners and refused them Church wedding and burial.

Certain sections of Italian Fascists are filled with the desire to revive "pagan imperialism" and tread in the steps of the pagan tradition of Ancient Rome. They glorify violence and barbarism in itself—war as value in itself, whether it be won or lost. "We despise those who, by such a small and insignificant war as the last one, are horrified and return to the rhetorics of humanity," the former futurists, Evola, Marinetti and their group, the Farinacci group, and politicians of his type, are fond of saying. But Evola recognises the value of the Church as myth. "I love Machiavelli too much," he says, "not to give the advice to Fascism to make use of the Church whenever it can."

The Nazis during their struggle for power could always count on the support of the higher Protestant Clergy, and a good proportion of the younger pastors. They themselves have an appreciation of the value of organised religion as a social cement for their regime. Hitler, in 1934, declared that he wanted "to secure for the German people the great religious, moral, and ethical value which exists in the two Christian confessions." The Nazis also duly banned the Freemasons, and are driving back the people to Church by police methods. If it is doubtful whether a prisoner is a Communist or not, and is to be treated accordingly, the fact that he is

not a member of the Church is regarded as proof of his Communism.

But while certain powerful and influential Nazis regard it as a matter of course that Fascism cannot exist " without the opium of religion," they do not consider it necessary that this should be provided by the Christian religion. The situation is more complicated than the Italian one. Mystic sects and astrological movements have developed enormously in the new Germany.

The race religion which the Nazis are developing with such enthusiasm is obviously incompatible with traditional Christianity. Only a few Nazis, however, have gone so far as to break completely with the churches and try to found actual pagan sects to revive the pre-Christian heathenism of the old Teutons. They attempt to alter the essential teaching of Christianity by grafting on to the old tree strange new shoots. The " German Christians " are indisputably German, but only by the queerest twisting of the ancient texts can they call themselves Christian.

There exist all shades of compromise, but these do not hide the fundamental fact that the Nazi outlook on life is completely different from the Christian. The Nazi faith is a half-mystical, half-materialistic theory which says that the value of a man is decided by his race or blood. It denies the equality of man before God. Its gospellers listens to the inspiration not of the Holy Ghost but of the " blood of the race."

The new religion's new prophet, Hitler, becomes a rival of the Founder of the old Religion, of Jesus of Nazareth whose own origin is so unfortunately Semitic, though certain Nazi theologians are kindly trying to do for Him the service of somehow proving that he was descended from Wotan and not from the Jewish King David.

The German Christians want to retain as much of Christianity as will stand the test of new Nazi values. Christianity is international—but, " a man's nation comes first." " It is an impossible idea that one can acknowledge the Third Realm and yet obey God more than men." They advocate the abolition of the crucifix because it symbolises that Christ died like a slave. Germans they declare must feel themselves to be free men. Nazi and Christian values are incompatible. Of what use to a Storm Trooper are meekness and humility, charity and humanity ? Strength, courage, manliness, ruthlessness, beauty and honour, these are the old Germanic virtues. Christ was an heroic Aryan figure, the victim of the Jews, his memory and tradition equally the victim of priests.

Herr Alfred Rosenberg, who is said to supervise the " entire intellectual and philosophical schooling of the German youth," declares that " Nazism unconditionally subordinates the idea of neighbourly love to the idea of national honour." Humility he describes as " an idea desired by the power-seeking church," but unworthy of free Germans and heroes, who must oppose the pacifism which is inherent in the doctrine of Christianity.

The Technical Preparation of War

It is of course difficult to say anything really definite about the state of the technical preparation for war in Germany, despite the information which the French General Staff so obligingly allows to leak into the press of the world from time to time.[1]

Using only such facts as are reasonably free from propaganda or anti-German hysteria, it is now certain that since Germany discovered that the Allies have no means to stop their rearmament in defiance of treaties except blockade or preventive

[1] See *Germany Rearms*, by D. Woodman.

war,[1] for both or either of which to be effective the time has now gone by, the piling-up of arms has been unceasing. Germany has become an arsenal, not without the assistance of the private armament firms in the countries which are pledged to prevent that re-armament, and in return to disarm themselves.

Armaments and their subsidiaries form the most flourishing part of German industry. After one year of Nazi rule, Krupps could set aside £1,200,000 for completing and enlarging their works, which are giving 7,000 workers employment for the present year, after having already taken on 5,700 workers the year before. The number of employees at Krupps increased in 1933 from 46,000 to 60,000. The Chemical Trust is proposing to employ £450,000 for creating new work.

The value of the armament shares has been rising on the exchange, while the value of other shares has been going down. Armaments shares in fact, rocketed by increases of from 30 per cent to 100 per cent in 1933, and the increase is being maintained.

The German chemical industry is still the best in the world. By its nature it is exceedingly difficult to control by any treaty, for there is no sharp line between production for peace and for war. For instance, a famous liqueur firm has had no difficulty in changing over to the production of more dangerous liquids suitable for sterner purposes than pleasantly aiding overloaded digestions. Poison gases do not need extensive and public grounds for their testing.

Tanks and big artillery which are forbidden to Germany are more difficult to manufacture, though there is always the possibility of test-types being made in pieces, which can be assembled very quickly. Certain parts of Krupps and other big armament firms are now kept closed to foreign visitors. Most of the biggest firms have foreign subsidiaries

[1] See *Why War*, by E. Wilkinson and E. Conze.

which can manufacture out of Germany to German requirements, without infringing treaties. They are particularly useful for tests and parts.

The import only of those commodities which are peculiarly useful in war have increased considerably at a time when the Nazi Government is making frantic efforts to restrict imports because of the effect on the exchange.[1]

Cellulose wood cannot be needed for making paper, since the number of books and newspapers has decreased considerably, but it makes excellent raw material for explosives. The increase in iron-ore is worth noticing, in view of the fact that two years' supply, about 8-9 million tons, have been stored since 1932.

The first year of the Third Reich raised the expenses for the army by 30 per cent to 650 million marks, for the navy by 50 millions to 240 millions, for the air 160 millions as against 77 millions. For air-defence 50 millions as against 1·3 millions were spent. These figures for air defence are especially interesting. No country has yet quite dared to bring home to the civil population what the next war is going to mean to them. Germany takes special pride now in emphasising this in every possible way. No new buildings must be erected without bomb-proof cellars.

In the more vulnerable towns already careful surveys have been made of the possible cellar accommodation and the state of its security against direct hits and gas. If war in the air comes soon, the German people will be best prepared both

[1] Imports of Germany:

	1932.	1933.	Increase.
Iron	170,000	430,000	250%
Iron ores	3,450,000	4,576,000	
Nickel	2,300	4,400	90%
Nickel ore	17,000	34,000	100%
Cellulose wood	1,200,000	2,500,000	100%
Tungsten ores	1,700	3,700	

psychologically and physically for the early shocks. In the report to the League of Nations on air warfare, one of the leading experts said: "That nation stands the best chance in air warfare whose civil population has the strongest nerves." Goering's entire mind and ambition are now concentrated on making the Germans a nation of airmen. Thousands of pilots are trained. Commercial flying, research into new fuels and the development of gliding planes are encouraged.

By Versailles the German Army is limited to 100,000 men. The republic began the moral breaking of the treaty by arming the police, militarising their drill and conditions and thus raised the effective army to 240,000. The Nazis added their Storm Troopers, about a million men whose training was superintended by Reichswehr officers, either serving or reserve.

The drive towards autarchy, for which so much else is sacrificed only makes sense as a policy if it is regarded as part of the technical preparation for war. A leading member of the Economic Council of the N.S.D.A.P., defined autarchy to the *Allgemeene Handelsblaad*, (30.8.33.), an important Dutch newspaper by saying: "Germany understands by autarchy its right to arrange its economic life in such a way that it builds a castle in which it can entrench itself in case it is besieged as a consequence of difficulties in the field of foreign exchange and trade, and in the last resort in case of war, without being in danger of dying from hunger and thirst."

The experiences of the war, when Germany found itself surrounded by enemies and its generals had forgotten, until too late, the necessity of providing for reserves of necessities of life other than immediate war material, have bitten deep into the German consciousness.

Hitler inherited a Germany which by intensification of

agriculture had already gone far towards assuring itself a home-produced food supply.[1]

In 1925 Germany was still exporting one-third of her breadstuffs from abroad. To-day she is practically self-sufficing. Now, though at a high price, Germany raises nearly all the meat her people can afford to buy. In potatoes, sugar, vegetables and dairy produce she can supply her own wants if the harvest is normal. But fats are definitely short. Nor are her supplies of eggs and fruit sufficient as yet. Most of her needs in these respects are supplied by the Balkan countries, which is why German's political drive to the Balkans is so important for her. These sources of supply she must keep open at any cost for any future war.

Diplomatic Preparation for War

The Aims

The Nazi leaders are fond of saying that one must not be dogmatic about foreign policy. They have changed their views several times, and during the march to power, or for that matter even since they have attained it, there has been no real agreement among the leaders as to what they really want.

At first there was a general idea of collecting all the Western

[1] Production figures:

	1924–5.	1932.
Wheat	27,000	50,000
Rye	65,000	83,000
Barley (1926)	25,000	32,000
Oats	53,000	66,000
Potatoes	355,000	470,000

Live stock slaughter:

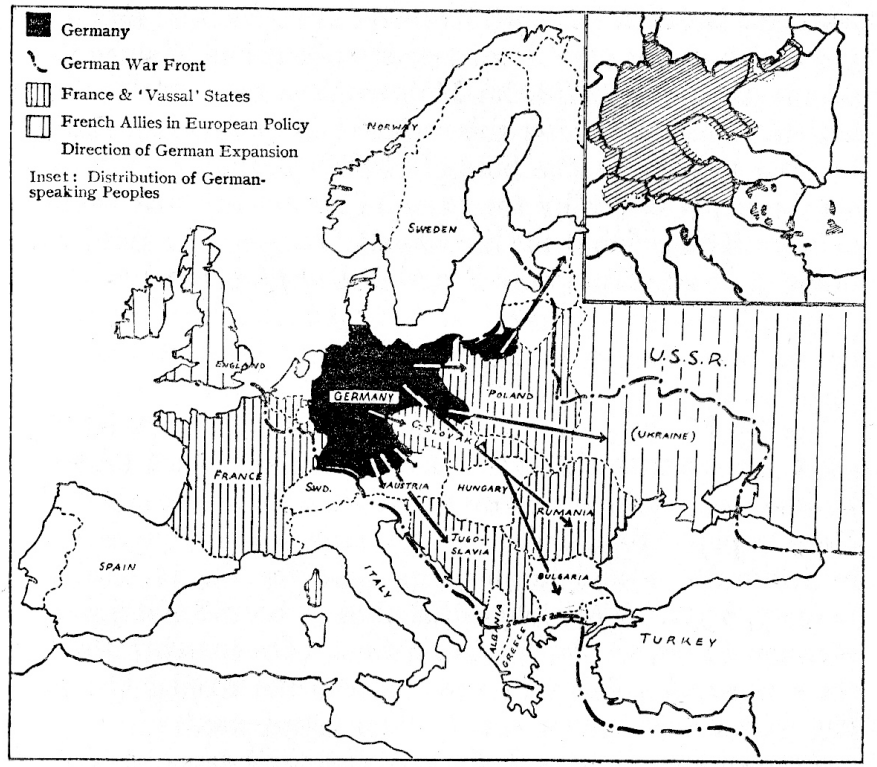
	1924.	1931.
Cattle	2·9	3·4
Calves	3·8	4·1
Sheep	1·8	1·6
Pigs	10·3	20·5

nations to fight Russia. This was the idea of the White Guardists who insinuated this policy into the Nazi mind. The Hugenberg Memorandum, during the Economic Conference in London in 1933, showed that this idea still had influential backing, and later on, in the attempts to come to terms with Japan, this rather vague notion is still kept alive as a possible basis for action.

But to most of the Nazis France remains the real enemy. Some of them would have been willing to unite with Russia in an attack on the Versailles powers. The Strassers, who led the North German Socialist wing, were mooting this notion in 1926-27. Hitler himself prefers an alliance with Italy and England against France. "France is and always will be the deadly enemy of Germany," he says in *Mein Kampf* (699): "The extermination of France is a means of providing our people with the necessary room for expansion," as "covering our rear for an extension of territory in Europe."

In a broad general sense the chief aim of Nazi foreign policy is the establishment of a pan-German hegemony in Europe. Though July 1st has, with due ceremony, been made a colonial day, they are not specially concerned in winning back their colonies. In this the Nazi leaders are going back to the policy of Bismarck rather than that of William II. Bismarck refused to take colonies, because this would make Germany dependent on the goodwill of England, which can always cut off the Channel, and close Germany's only route to Africa. In being so anxious to offer colonies to Germany, Lord Rothermere is showing himself a shrewd imperialist, for such a gift would, in fact, become a hostage to England's goodwill.

Now that they are in power there are two chief aims in Nazi foreign policy. First, they are firmly determined to unite all Germans in Europe. Gottfried Feder in the Nazi programme says: "All of German blood, whether living under French, Danish, Polish, Czech or Italian sovereignty, shall be united in a German Reich." He adds: "We claim all Germans in Sudeten Germany (Czecho-Slovakia), Alsace Lorraine, and the States which succeeded to the old Austria as well as the League Colony of Austria. This demand, however, expressly excludes any tendency towards imperialism. It is the simple and



GERMANY'S EXPANSION

natural demand which any strong nationality puts forward as its natural requirement." Some of the Nazis include even Holland, Switzerland, Flanders and parts of Sweden among the "German countries."

The second aim is the expansion of the East, for so long a deep, strong undercurrent in German foreign politics. "To

give the German peasant freedom in the East is the basis for the entire regeneration of our nation," says Rosenberg. The German Fascists want the south-east—the Balkans—as their customers and allies. They want the Ukraine and the Baltic States for the settlement of peasants.

Their first difficulty, however, is to pull Germany out of the complete isolation in which it stood during the first months of the Hitler regime when it managed to offend and frighten more people than even Wilhelm Hohenzollern was able to rouse against him. Only after this isolation is broken will the way be clear to work on the lines of Hitler's declaration: "So in the future, it is not by the grace of nationality that we shall gain the land which is the life-blood of our people; but by the might of a victorious sword." (*Mein Kampf*, p. 741.)

The Method

For the breaking down of isolation, and uniting the irredentist Germans with the Motherland once more, Nazi Germany is first concentrating on two countries with an overwhelming German population, the Saar and Austria. The Nazis proceeded by intimidation and terror to prepare for the plebiscite of January, 1935. They boycotted those who did not join the German Front, the Nazi organisation. On marches through the towns and villages, houses that did not display the Nazi flag were ostentatiously noted—"for future use."

According to the report of Mr. Knox, the League of Nations Commissioner, in January, 1934, the Nazi Party had already usurped the rights and powers of a governing authority. "It has organised a disguised administration of the territory at the side of the legal Government; issued manifestoes direct to the Saar communal authorities; issued certificates declaring parcels to be duty free, and added its own visas to the regular police visas on identification cards."

The League of Nations can, under the Treaty of Versailles, withhold the territory from Germany, even if the Germans won the plebiscite. Then Germany would have a strong moral case in any dispute with France. The Saar is so valuable for its coal-mines, and its heavy industries, that it would be a useful acquisition to either side in case of war.

In Austria the Nazis quite openly subsidised and organised civil war. They have attempted to ruin the most important industry little Austria has left—the tourist traffic—by demanding the equivalent of 1,000 marks (£70) from every German who goes to Austria. They organised Austrian emigrants into military formations, sent them back to carry on subversive propaganda, and organised rescues if they were put into prison.

The radio propaganda was incessant in spite of strong representations from the other powers. Terrorism grew in insolence and violence, until the individual acts of terror ended in an insurrection conducted with German rifles and machine-guns, their opponents being equipped with Italian weapons.

After the murder of Dollfuss the victors of Versailles were united in a wave of moral indignation. The more spectacular forms of bullying stopped for the time, but it is impossible not to be struck by the similarity between the Hitler *Putsch* of 1923 and the Austrian *Putsch* of July, 1934.

Mussolini outmanœuvred the Nazis under the pretext of "defending Austria's independence as a sovereign State." But the close collaboration, not to say dependence, of the new Austrian Chancellor and Prince Starhemberg on Italian help and advice, gave the Nazis the chance of recovering a certain amount of the lost prestige by emphasising this humiliation before Austria's hereditary enemy.

For the moment Italian Fascism had in this the powerful help of the Roman Catholic Church which desires to build up a clerical Fascist State of its own according to the principles of social justice as expounded in the Encyclica

Quadragesimo Anno, and interpreted by Prince Starhemberg and Major Fey.

Owing to the similarity in speech and tradition and the feeling of a common nationhood, besides the enormous economic advantage that some form of link-up with Germany would give to bankrupt Austria, it is obvious that in the long run Nazi Germany will gain a very strong influence also in Austria's official policy. The Nazi leaders are particularly anxious to get Austria, firstly because it will heighten their prestige considerably in carrying out their policy of unifying all Germans, but even more important, because it is necessary for their Balkan policy. At the height of its power, the old Imperial Germany united the Balkans under its rule from 1915 to 1918. This is one of the lines of German imperialist expansion, and Nazi Germany wants to regain the old position.

France is the chief opponent in Europe of German imperialist policy. Therefore it is necessary for the Nazis to break the French system of allies. The mention of this would have caused laughter in the first months of Fascist rule—that the unpopular Nazis should be able to break that ring of steel and gold which the French had hammered together after the war, and which had been the despair of every leading German statesman in the years that followed.

The Successes

By their first success, the treaty with Poland, they secured what had seemed impossible—an understanding with Poland which the Germans would themselves accept. For nine years a bitter trade war had waged between the two countries. German exports to Poland had decreased by 88 per cent from 1925 to 1933, a period when the general fall in exports had been 47 per cent. Germany's share of the Polish trade was reduced in this period from 38 per cent to 18 per cent, and

Poland's share in German trade sank from 4·5 per cent to 1·2 per cent.

The Hugenberg papers, in revenge for the confiscation of Junker property in the former German territorities, assailed the Poles daily with all the abuse they could think of. The Polish replies were not exactly models of courtesy. Thus the feeling between the two peoples was just about as bad as it could be without any actual declaration of hostilities.

But when France did not back Poland's request for a preventive war as soon as the Nazis came to power, and when it became clear that France could also not prevent German disarmament, Poland realised that it would probably be wiser to come to some sort of an understanding with Germany. It was an auspicious moment. The Nazis were prepared to sacrifice anything to lessen their own isolation, and to begin the breaking of the French ring. A treaty was signed with Poland for which, had it been signed before they came to power, they would have demanded and probably effected the assassination of the statesman who was responsible, and made the treaty the object of a raging campaign of vilification throughout Germany.

But all the Nazi weight was now thrown on the other side. Unfriendly propaganda was suppressed in both countries. Customs war and trade restrictions ended. Agreements were concluded between the Polish and German iron industry and shipping lines. The Ten-Year Pact of Non-Aggression (January 26th, 1934) has developed into a condition of mutual understanding. Foreign countries were accustomed to shrug their shoulders at Germany's clumsy pre-war diplomacy. But it is not possible to withhold from the Nazis credit for the Polish achievement, and for the friction between France and Poland which ensued, of which the immediate cause was the sending of Polish workers out of France and the endangering of French capitalist interests in Poland by the arrest of their representatives.

This treaty, as a glance at a map will show, freed the Nazis' hands in the East. All German statesmen and soldiers had learned from the lessons of 1914 the dangers of war on two fronts. The *Völkische Beobachter* at once insinuated that the pact meant Polish neutrality in case of war between Germany and France.

For, as Hitler had said in *Mein Kampf* (749): "An alliance whose aim does not include the intention of war is worthless nonsense." But in addition the Polish pact was of the utmost importance for clearing the way to the East, for the Nazis' pet plan of settling their peasants in the Ukraine. And if it be objected that this would mean, even if successful, bits of Germany separated from the Motherland by other countries, a glance at an historical map of the Germany of Frederick the Great will show that this is how Prussia started on her career of greatness. Once having got the scattered bits, it becomes the aim of policy to connect them together. Towards such a policy, at the present day, a beginning could only be made with the consent of Poland.

In the other countries of the French ring, where there are considerable numbers of Germans, the Nazis have worked on the tried principles of the Comintern by setting up, fostering, when necessary subsidising, a Nazi Party in them. It is, of course, absurd to assume that all the Fascist Parties which grew up after Hitler came to power are instruments of Nazi foreign policy, or to go as far as some writers have done, and regard their existence as a sign that the country concerned is to be annexed into the German system. It is obvious that in France, for example, it is not love of Hitler, but fear of him that has encouraged Fascism. But in Czecho-Slovakia, to organise the three million Germans who feel that they have not had a fair deal from the triumphant Czechs, paralyses Czecho-Slovakian policy. Any overt act by Czecho-Slovakia against Germany would mean a revolt in the German regions which are

contiguous to German territory. Thus an important section of the French ring is put out of effective action.

In Rumania, with its tradition of friendship to France, which has cost much good French money to maintain, the Nazis have helped the anti-Semitic Fascist Iron Guards to change the course of Rumanian foreign policy. Since the quarrel with Mussolini over Austria, the way has opened for flattering offers of friendship and economic concessions to be made to Italy's nearest and bitterest enemy, Yugo-Slavia. In March, 1934, several leading Yugo-Slave politicians found opportunities of stating that there seemed to be no reason for conflict between the two countries and that collaboration might be possible.

In Bulgaria they have suffered a reverse. Whether it can be retrieved remains to be seen. King Boris visited Berlin and was received with every flattering attention. After conversations with the Nazi Government he returned to Bulgaria a convinced pro-German. But so important a break in the French ring could not be tolerated, and Russia, now a friend of France, had her own reasons for assisting in blocking Germany here. French gold bought sufficiently influential generals to ensure a *Putsch* which, while it proclaimed its determination to suppress Communism with all severity in Bulgaria, at the same time put good relations with the U.S.S.R. among the statement of its aims. King Boris realised that he must be complacent if he hoped to keep his throne, and his recognition of the inevitable—at least for the moment—was suitably greeted with rejoicings by his loyal subjects.

The money of French agents has arrested German success in the Balkans because Germany is short of foreign currency, but the situation is not likely to rest there. The Nazis' most capable agents are at work assuring the Balkan statesmen that they want a "participation of Germany in the policy of the Danube territory," but that this does not mean "that

Germany comes as a military conqueror to the Balkans." (*V.B.*, 20.3.34.) "Germany," says the same authority, "can give to these countries the economic and social possibilities which they need as a backbone to solve the existing difficulties." As a matter of fact the Nazis can offer substantial advantages to these Balkan peoples. Her great industrial areas are the natural markets for the agrarian products of Eastern Europe, and could then, themselves, take Germany's machine products. South-east Europe, threatened by the cheap food from America was practically ruined by the autarchic policy of Germany. Now that the cheap American products are cut off from Germany also, the opening of the German markets more freely to the Balkans would mean a great revival of trade between the two, and would go far towards the solution of the East European agrarian crisis. For a solution of her potato shortage in the winter of 1934, Germany made arrangements for large imports from Yugo-Slavia.

The Nazis, however, are well aware that this policy can only be carried out if England can be induced to look upon the developments with at least benevolence. In fact, they want to revive the plan of the great German economist, F. List (1846), to rule the Balkans together with England. Britain is interested in S.E. Europe as being on the way to India, and the Nazis have no desire to interfere with British interests in that direction. They would be prepared to further them in whatever way might be required.

Of course, all this is suitably disguised in passionate speeches for popular consumption. The *Völkische Beobachter* may be trusted to supply the appropriate comments. "To France," it says, "which wants to subject the peoples of Europe, is opposed Germany, which stands for the right of all nations to live. Dictatorship and Freedom, violence and peace are opposed in France and Germany." The sentiments are unexceptionable—only it is a little difficult to know which is which.

CHAPTER THREE

Fascism versus Capitalism

IT is not possible to get the Nazi movement into perspective, to see it as Hitler and zealous Storm Troopers see it, if it is simply dismissed as a reactionary force with no Socialist aspirations at all. Any analysis of Fascism in the industrialised countries must take account of the fact that in their own eyes they lead a double fight. The words of the Horst Wessel song:

> "Against vested powers, Red Front, and massed ranks of reaction
> We lead the fight, for freedom and for bread"

are meant to express this fact quite definitely.

The attitude of the reactionary forces and the capitalists in Germany show that they are not, by any means, completely satisfied with the Nazis. While it is impossible not to detect in the accents of certain Socialists an angry refusal to admit that in certain respects the Nazis have "muscled-in on their racket."

The forces of pure reaction have their social basis in the big landowners, the militarists, certain business people, the higher clergy of the Protestant Church and the majority of University teachers. They were represented politically in the German Nationalist's Peoples' Party, which corresponds to a right-wing Tory party. Their military organisations were the Steel-helmets and the Reichswehr.

All these forces had for years encouraged and supported

the Nazis. Hugenberg, with his immense press concern, gave them much publicity from 1929 onwards, rather as Lord Rothermere for some months obliged Sir Oswald Mosley in England. That section of the industrial magnates who resented the Trade Unions gave much money to the Hitler movement, which seemed to them as good a counter-balance to the Trade Unions as they were likely to get. With the Reichswehr the Nazis had, as we saw, been on excellent terms until 1923. In spite of later frictions, the generals of the Reichswehr naturally approved of the enormous quantity of willing cannon fodder which Hitler prepared for them in the S.A. battalions.

The powerful people among these reactionary forces did not think much of Hitler as a political leader. To them he was a confused demagogue, useful as a tool, because he seemed able to beat the Socialists and Communists at their own game—the appeal to the mob. They were confident in the days when this strange new movement was growing rapidly, that all Hitler was doing was to divert masses of the people from their drift to the Left. Then they expected to be able to use his movement as a convenient mass weapon for the destruction of organised labour, and as a basis for their own rule. In this comfortable illusion they remained until the events of 1933.

The Nazis push out the Reactionaries

For the final stage of their march to power, it was the Reaction which cleared the way. They put Hitler into the saddle for their own purposes. Then it had to be decided who had betrayed whom.

In January, 1933, the Nazis were taken as a minority into the Government. From the first day they strove for the whole power. The Nazis aimed stroke after stroke on the Reaction.

Through the Reichstag fire they gained a majority for themselves alone, by eliminating the Communist deputies. In June, Hugenberg was thrown out of the Government, and his party dissolved. One year later Von Papen was humiliated. The Steel Helmets were soon incorporated in the Brown Army, which resulted in continual frictions. The Monarchists felt the heavy hand the following January on the occasion of their celebration of the Kaiser's birthday. The capitalists alone were able to hit back. The Stock Exchange figures show their lack of confidence. In spite of increasing production the issues of new capital have remained small.[1]

Those who regard Fascism as blank capitalist reaction might ponder over the comment which the *Ring*, the organ of the influential "Herrenklub," made about the economic policy of the Nazis in August, 1934:

"The interference with the freedom of business is beginning to counteract the efforts of the State to promote work for the unemployed and the Chancellor's advocation of personal initiative in business. Embargoes on purchases of raw materials have been followed by interference with manufacturing methods to the regulation and limitation of production and the establishment of compulsory cartels. Scarcely a day passes without some new decree being passed by the Minister of Economic Affairs. These decrees are going deeper and deeper, and at the end of such developments stands the abolition of freedom and its replacement by State regulations—red tape and over-organisation."[2]

This looks very much like capitalists writing to complain about the Socialist tendencies in Fascism.

[1] 1931. 458 million marks shares issued.
1932. 112 ,, ,, ,, ,,
1933. 65 ,, ,, ,, ,,

[2] *Manchester Guardian Weekly*, August 10th, 1934.

The Differences between the Nazis and Reaction

There is a real sociological difference between the National Socialists and those groups, easier to recognise than to define, which can be loosely lumped together under the term Reaction. Reaction in Germany has never been able to get the mass support that, for example, the British Conservative Party has always enjoyed. Even in their best days they never got more than a couple of million votes. A second important difference was that the Steel Helmets were never able to get any hold in the workers' quarters. They sometimes attempted to march into them, but were never allowed into the workers' streets. Sometimes, after such a rebuff they would return in perhaps six months' or two years' time only to meet the same treatment. The Nazis, in similar circumstances, would come back and back again in every few days—and in many parts of Germany with favourable results. The Nazis wanted to convince the workers. The Reactionaries saw no other method than holding the workers down by force.

The Nazis' greater success was not simply due to the fact that they were better tacticians, better propagandists than the Steel Helmets, but that their ideas were more attractive to the working masses than those of the Reactionaries. Spengler is the theoretician of German Reaction. To him the people are a "vulgar mob who do not seek to improve or alter but to destroy; who hate all the people whose mode of life they feel in their dull fury to be superior to them." His ideal is a Cæsar who will equate the standard of living of "that luxurious animal, the white worker," to the standard of negroes.

The Nazis have strongly attacked this view in their press. One of the best-known Nazi writers, Johann von Leers[1] says "Spengler's book[2] is the secret gospel of all those who do

[1] *Spengler's Weltpolitisches System und der Nationalsozialismus*, 1934.
[2] *The Hour of Decision*, 1934.

not want to pronounce the second part of the name National Socialism." Hitler in his speech on January 30th, 1934, dealt with this same point.

It is obvious that this must be so. For the Nazi, the supreme aim is to wipe out 1918. Above all things then must they avoid a situation such as arose when the German workers simply refused to continue the war. This is not a new experience in German history. When the keen brain of Baron von Stein looked at the events which led to the defeat at Jena by Napoleon, he saw that the Prussian soldiers simply would not fight for their German Junkers against men who had managed to get rid of their own feudal oppressors. Before Prussia could beat Napoleon, some of the fundamental ideas of the French Revolution had to be introduced in a modified form by Stein and Scharnhorst.

Is not the Russian Revolution having an effect on Europe similar to that of the French Revolution? The Nazis deal more severely with Jewish and Marxist "agitators" than Hugenberg might have done, but at the same time they say bluntly that these would have no effect if the workers had no serious grievances against the ruling class. The Nazis do not deny that the class struggle exists. They only deny that it is necessary.[1]

The thing to get clear about the higher ranks of the Nazi leadership is that, on the whole, they are not "Bourbon," and that Hugenberg and his friends are. Both the Nazis and the Reactionaries want war, and plan war. But the heavy Junker-military-magnate coalition want war without even temporary sacrifices from themselves—without even the camouflage of

[1] Thus Leers: "We have had not only a class struggle from below but also from above. Not the worker or even his Marxist leadership are the only guilty, but the guilt of the possessing classes and their capitalist leaders who have carried on the struggle as resolutely, and were only cunning enough not to talk so much about it, is at least as great."

"equality of sacrifice," which alone can secure the willing co-operation of enough of the workers. The Junkers can think only in terms of military dictatorship, of holding the workers down as serfs—as their ancestors have done for generations. Von Leers draws a similar moral from the Young Turks and the Battle of Kirk-Kilisse.

The Nazis know that the frontiers cannot now be closed to Communist propaganda. Too much has been soaked into the working people between the years 1918 and 1932. Though the Nazis are now on top, and the Socialists and Communists are in eclipse, they know they have won that position among the proletariat largely by stealing Marxist thunder, by promising to do the same job better. Not every Communist can be arrested or murdered. Thus the Fascists are willing to make as many or as few concessions to the workers as they think necessary to secure their willing co-operation in the war which is the aim of Fascist policy.

CHAPTER FOUR

National and Proletarian Socialism

THE difference between "National Socialism" and "Marxis Socialism" is not on the stress given to national as against international Socialism, but goes deeper into the social basis of the two movements. In so far as national Socialism is socialistic, it desires to include all the classes which they have inherited from the capitalist nation—not only workers but middle classes, peasants and capitalists, not only the productive classes but the warrior caste.

Fascism and the Middle Classes

Scott Nearing,[1] Leon Trotsky and other writers assert that Fascism is to a great extent a movement of the middle classes. But the middle classes do not come into power alone, but with the goodwill and active help of finance capital. Both in Italy and in Germany two independent movements, one of the middle class and the other of the finance capitalists, can be seen moving towards some such solution of their difficulties as Fascism provides. They remain separate for years. They come together because they want at all costs to avoid a proletarian revolution. But middle class and capitalist retain their mutually incompatible aims despite this apparent unity

John Strachey, in his interesting book, *The Menace of Fascism*, says: "Naturally this talk of favouring the small producer at

[1] *Fascism*, 1932. Scott Nearing.

the expense of the big producer directly contradicts all the planning, corporate-state side of Fascist propaganda. It would, if it were put into effect, actually destroy just the trusts, holding companies, cartels and the like, which are always held up to us as the germs of planning under capitalism." This is actually true, but it does not prove the absence of a middle-class policy—only the presence of this contradiction. It shows that the forces behind and within Fascism are not homogeneous. Their mutual friction, as we have said, is one of the important features of Fascism. The Fascist Movement holds together these incompatible elements, balancing them one against the other, keeping them united, without solving the contradictions until the war comes, because only in this way can the equilibrium be achieved which is so necessary a part of the preparation for war.

In Germany the most articulate section of the middle classes were the shopkeepers. They even provided a " Fighting League of the Middle Class." Their constructive ideas were those of the medieval guilds, rigidly enforced price lists and the exclusion of competition by new traders. But they were very clear about what they hated—the departmental stores and the co-operative societies. In Italy they smashed the co-operative premises where they could. In Germany they were behind the boycott of the Jewish departmental stores. But they went too far.

The organisation was dissolved in June, 1933, though the prohibition against opening new shops remained in force until July, 1934. The Nazis took over the co-operative stores and had to defend them, although in a year they lost 33 per cent of their trade. In the same way they had to keep employment going in the big stores and actually gave loans to some of the large Jewish firms, at the same time putting Nazi directors on their boards. These stores lost 18·4 per cent of their trade in the first complete year of National Socialism.

The professional and technical middle classes received a

certain advantage in the posts which were taken from the Social Democrats and the Jews.

But the total advantage of Fascism to the middle classes cannot be measured only in what they hope to get, but in what they want to avoid. Many of the functions performed by a middle class are so definitely parasitic that social status occupies an entirely disproportionate place in their minds. They will let go bread itself to prevent themselves " sinking to the level of the proletariat," which is precisely what would happen to them under Communism. Under Communism the middle classes, as they have known themselves, are totally destroyed as a class.

Unfortunately, by indiscriminately lumping together the professional and technical sections with the parasites as " class enemies," the workers tend to alienate a section which they need, and which, as the Russians are now finding, it would have been cheaper to bribe than to " liquidate." This type of middle class are not frightened *rentiers*—they are not only driven, but are themselves a formidable driving force.

It needs no deep dark capitalist plot, such as that for which Thyssen has been made responsible, to mobilise these people, when they have their backs against the wall—as the ruined middle class certainly had in Germany.

Fascism and the Peasants

The fact that nowhere for long has the Marxian Movement been able to secure the support of the peasantry is a significant fact. In the early days of the Russian Revolution the peasants were with Lenin, who, supreme revolutionary leader as he was, gave them what they wanted—peace and land—and made no fuss about it. But had Lenin lived he would have had to face the problem which has caused such endless difficulties to his successors.

The difficulty is that Marxism arose as a theory and a faith of the town worker. Marx himself knew and cared little about the country—he speaks of the "stupidity of country life." To the town worker with his regular hours, his interests, and politics, meetings and amusements, the countryman seems slow and often unintelligent, or over-cautious and conservative. The proletarian thinks in terms of masses and machinery, the peasant in terms of the individual, and the growing earth—and nature, that takes little heed of even unanimous resolutions.

Thus, there is to begin with a real cleavage between town and country. It is not that the Marxist analysis will not fit the facts of agricultural economics—that would be in itself a criticism of the theory. But that sufficient thought has not yet been given to its application in terms that the countryman can understand and appreciate.

The traits of the peasant which create the problem for the Marxist make opportunities for such a creed as the Nazis—but only if they can represent themselves as the saviours from the feared "atheistical" Communists. For the peasant left to himself would prefer neither. He wants to stay as he is.

But in a Fascist State the peasants have a very important role. They are appreciated as a comparatively stable element to offset the unrest in the towns. Still more important, a regime that has war as its ultimate object must stimulate the home-produced food supply. The main condition of autarchy is a flourishing home agriculture. The country is also important for fresh supplies of human stock. The population statistics show that even the healthy towns "eat up" population. The great cities would die out in a few generations if people did not come in continually from the land. Hitler takes every suitable opportunity to proclaim that the peasants are the pillar of the nation—that the German people might exist without the towns, but not without peasants. He calls the towns "the graves of the people's life."

Italian Fascism and the Peasants

Italian Fascism first grew in the countryside. Twenty-eight per cent landed proprietors and 41 per cent tenants were saved from 30 per cent labourers. The gross total achievements were the raising of the standard of productivity, a certain splitting up of the *latifundia* and formation of co-operative agriculture.

In 1925 Mussolini decided that Italy would grow the wheat she formerly imported. In careful copy of the best Communist models this was styled: "The battle for the wheat." Since in the old wheat-growing country the area used for wheat cultivation could not be extended, the production had to be increased by intensification. The average yield per hectare[1] and the total production[2] rose considerably. The consumption of wheat rose from 65 kg. per head in pre-war times to 180 kg. to-day, at the expense of the consumption of potatoes, barley, maize, etc. In all fields of agriculture the yield per hectare has been increased by the introduction of scientific methods.

Some of the *latifundia*, the great farming estates, are being gradually, but extremely slowly, split up. In 1923, 43,255 square miles were in process of transformation. The draining of the Pontinic Marshes and their transformation to agricultural land has been a big thing—as propaganda. In the creation of rural colonies and land improvement the Fascists have continued the work of their predecessors. By the Lex Mussolini, 1928, the State has undertaken a considerable share of the cost involved, e.g. 75 per cent in the construction of rural aqueducts, about 40 per cent for irrigation works, and roads, and 25 to 30

[1] Pre-war, 10·5; 1928, 12·5; 1931, 13·8; 1932, 15·2. At an average yield of 16–17, Italy needs not import any more wheat.

[2] 1909–13 . . . 50·4 million quintuli average.
1927–32 . . . 62·2
1932 75
1933 85

for the construction of new villages. The works proposed by this law are estimated to cost 7 milliards lira, of which 4 milliards have to be provided by the State and distributed over thirty years.

A land improvement scheme is decided upon by a *consortium*, which consists of at least 25 per cent of the proprietors concerned and represents them all. The Ministry must approve of the scheme. Resisting landowners can be, and are, sometimes, expropriated. These *consortiums* frequently transfer their work to speculating companies who make great profits by buying the land cheap, taking the Government subsidy for the work and selling the land to the peasants.

Over 1000 *consortiums* were founded about 1928, whose work was concerned with about 3,500,000 hectares. Their finances are often very bad ; the Ministry pays 50 per cent of the costs. The remainder has to be borrowed and the Italian peasant is usually loaded with debt to begin with.

Once the work is finished, there is no obligation on the proprietor of the land to return to the State any proportion of the benefits which may accrue. Though private enterprise is restricted when the work is initiated and while it is actually being carried through, the private owner is regarded as completely independent once the work is finished.

Co-operative farming is encouraged. Numerous co-operative societies exist for the purpose of purchasing farm requirements and of selling farm products. One-fourth of the butter and cheese and most of the milk production is sold collectively. The co-operatives, whose dry milk concerns handle about one-fifth of the national production.[1]

[1] Further details in Walter's *Co-operation in Changing Italy*, 1924.

German Fascism and the Peasants

The Nazis began to realise the necessity of making a big bid for countryside support only in 1928. Their original programme had only contained one point about the land :

> " We demand land reform suitable to our national requirements, the passing of a law for confiscation without compensation of land for communal purposes ; the abolition of interest on land loans, and the prevention of all speculation in land."

The words " confiscation without compensation " raised a great deal of suspicion in quarters that had begun to realise that the Nazi movement might be used to prevent just this sort of thing. Hitler, therefore, in a declaration issued in April, 1928, to " reply to the false interpretation on the part of opponents " obligingly explained that " since the N.S.D.A.P. admits the principle of private property " the expression " confiscation without compensation " merely refers to possible legal powers to confiscate, if necessary, land illegally acquired or not administered in accordance with national welfare. It is directed in the first instance against the Jewish companies which speculate in land."

This might mean anything, but it had the effect of opening the countryside to the Nazis whose propagandists made it very clear that they were not proposing any land nationalisation schemes.

The agrarian crisis which started in Germany in 1927 became alarming. The Nazis had to do something to cash in on this discontent. By 1930 they had worked out an agrarian programme which promised protection of landed property against taxation, and against banks and speculators ; the reduction of interest on agricultural loans ; higher prices for agrarian

produce and lower prices for artificial fertilisers. The individualism of the peasant is expressly recognised. Collective action is to be taken only with his consent and is mainly limited to a supervision of the village to make sure that all land is used—a point about which the peasant is always eager. This programme proved very attractive, and soon the peasants were for Hitler. Even as late as 1932 it might still have been possible to get a proletarian revolution in the big towns. Owing to the success of the Nazi agrarian programme and propaganda this would soon have been starved out by the country.

When the Nazis got power one of their first actions was to raise the import duty on live stock, meat, lard and bacon by 100 per cent to 500 per cent. The prices for fats were raised at once. Whoever had to wait for the promised boons, the Nazis were determined to satisfy the food-producers. The Nazis also wanted a reduction of the rate of agricultural loans interest to 2 per cent. Hugenberg wanted to help them only by raising prices. He had his bankers to think of. He reduced the interest to 4·5 per cent. Thus the help for the peasant came mostly from the workers of the towns who had to pay the higher prices, and only in part from banking capital. The Nazi proposals could not be carried through against the threats of banking capital that any lower rate of interest would mean a loss of confidence. The 4·5 per cent was at any rate a considerable improvement on the 10 per cent to 15 per cent which he had been paying. All debts over 50 per cent of the value of the farm were cancelled.

In September, 1933, a law regulating the inheritance of farms was extended to the whole of Germany. The Nazis wanted to prevent the splitting up of farms among the sons. Peasant estates cannot now be divided and sold, nor confiscated for debt.

It is obvious that such legislation creates as many problems

as it is likely to solve. If a farm cannot be foreclosed upon then it cannot be mortgaged. Money cannot be raised upon it as security.

Agriculture is now the most planned part of the German economic system. With its immediately subsidiary trades it is put into one corporation or syndicate which dictates the prices for wheat and corn, and which specifies the areas to be used in producing them. In 1933 agriculture received 1 milliard more marks than in 1932, estimated as follows:

Through bigger harvest . .	100	mill. marks.
,, raised prices . .	690	,,
,, subventions . .	265	,,
,, tax remission . .	122	,,
	1,177	

It is estimated that the greater part of this increased income was used to pay debts, and so benefited finance capital, but gave a freer feeling to the peasants. The price for butter went up by 46 per cent, of pork by 36 per cent. The consumption of sugar in the Reich, despite the enormous fall in the world price of this commodity went down by 30 per cent—and this gives the key as to who paid for the Nazi land programme. Obviously most came from the workers who were still in employment, and the poorer middle classes to whom any increase in prices meant a real sacrifice. The Nazis urged that any increase in the purchasing power of the countryside would be sooner or later felt in the increased employment due to the improved demand for industrial products. But if, as is admitted, the immediate effect of the increased share of the country went in the payment of debts, the industrial workers will have to wait for some time for that to affect them—even if it really could make much difference to the enormous unemployment in

Germany. But the increased food prices had to be paid at once.

Some of the hardship to certain of the unemployed (i.e. those who were on relief and able to ask for it) was mitigated by the issue of ration cards to enable them to get margarine at the old price. The shopkeeper could then get the difference from the local relief authority.

On the whole it may be said that the Nazis have been prepared to bid high for the support of the peasantry, and that up to now they have secured this fairly solidly. The Nazis have no objection to sacrificing the interests of the town proletariat as far as is necessary to keep the peasants, for it is among the town workers that their support is least strong. Neither the Social-democrats nor the Communists could or would have paid this price for the backing of the country—as their voting records show.

Hitler keeps up the flattery of the countryman and does everything he can to bring the possibly subversive town elements into contact with the country. Many workers are sent as land-helpers to the country. All Prussian children have to work for one year on the land after passing through school. It is impossible not to feel that this will be a source of cheap, easily exploitable labour for the farmer. The labour camps provide another. The abolishing of unemployment in East Prussia meant in fact the conscription of the unemployed as practically slave labour for the big landowners. The Nazis have not solved the contradiction of the antagonism between town and country. They have simply favoured the side they needed most.

Socialism with the Capitalists

In the Fascist state the capitalists are regarded as one of the pillars of their " Socialism." Fascist " Socialism " recognises the value of private enterprise. In the Italian Charter of

Labour, freedom of initiative of the employer is regarded as " the most effective and valuable instrument in the interests of the nation." Hitler stated this more fully in a speech when he said, " It will be the principle of the Government to revive the economic interest of the nation, not through bureaucratic institutions organised by the State, but by encouragement of the private initiative and under acknowledgment of private property."

To the Marxist the idea of private enterprise and socialistic reconstruction are contradictory. The Fascist argument is that freedom of initiative of the employer is necessary to prevent bureaucratic stagnation ; that the individual can more quickly adapt production to the changing needs of the market, and if he fails then he pays for that failure himself by his own bankruptcy without endangering the whole industry. The Fascist declare that the principle of leadership, with the right of the leader to make his own decisions, is needed as much in industry as in war. The leaders of industry, they consider, have already been chosen in practice by their own success.

Now the upholders of private initiative have a certain case, as Socialists frankly admit, though the weaknesses of it we shall discuss in Part 3. It is, however, rather interesting to find the men who revile Liberalism repeating so solemnly the basic Liberal argument. But when the Fascists declare that for private initiative to function the institution of private property must be maintained, their case breaks down. For, as is shown everywhere in the modern world the most energetic initiative is not necessarily linked up in any way, except by the drawing of a salary, with the property which it controls and extends. Every municipal and state enterprise, the managing officials of any big trust, display initiative about property which either is not theirs at all, or belongs in the main to other people.

The Fascist argument, in spite of its weakness, is attractive to many middle-class people because they do not draw any

distinction between the private ownership of consumption goods, and production goods. "Why should I not own my own house? Would I be able to ride my own motor-bicycle under Socialism or would I have to draw one from the common store which anyone might have used and spoiled?" This sort of argument is invariably met with in discussions with the fairly comfortable circumstanced people who have joined the Fascist movements in such numbers. The point is that who controls the means of production controls *power*, the source of profit. The possession of even large quantities of goods for their own private consumption does not give that ultimate power.

But when to private initiative based on private property the Fascists then insist on the retaining of private profit, because, it is said, that without this reward private initiative will not function, then they begin to look like the ordinary capitalists, whose system they claim to replace. But the Fascists claim that they are not ordinary capitalists since they restrict private ownership. There can be, in fact there obviously are, degrees of private ownership. It is possible to restrict the rights of ownership and to influence the direction of its functioning. And this the Fascists by their schemes of planning actually do.

They claim the right to restrict the rights of private property "where these are not in the interests of the community" and of the "nation as a whole." The enforcement by the State of the decisions of industrial cartels, the fixing of prices, and the control, whether of crops or of foreign imports, are all part of these restrictions. More indirect are their attempts to influence the way in which private ownership shall function by remissions of taxation and by subsidies.

It may be objected that these restrictions on capital as far as they exist are for the benefit of capital, and that claim is examined elsewhere. The problem here is whether the Fascist schemes of planning are nearer to Socialist planning than the unfettered operations of anarchic capitalism.

The "Socialism" of the Warriors

Because the Socialism of the Fascists is built on Imperialism it regards the warriors as well as the workers as being the most important people in the State. In Germany, as in other countries, the war put the different classes together in the trenches. Many members of the ruling and privileged classes managed to keep away from the battle areas, and this tendency increased as the war grew more and more devastating. But, on the other hand, the middle-class people were, on the whole, enthusiastically for the war, and took their share of the fighting and of the hardships of the front. Thus a certain comradeship, common privation and danger brought a common bond between classes that in times of peace do not see much of each other. This was one aspect of the war. The other was the differences between the classes favouring the officers in pay and food, which was accentuated as the supplies grew scarce—a state of affairs which contributed materially to the revolution.

As in every European army, these opposite tendencies existed at the same time. The Marxists stressed the difference between officers and men, the Nazis stressed the comradeship and attempted to make a myth out of the "Spirit of the Front," which of course, seemed the more attractive as the remembrance of the hardships grew fainter. The Nazis were clever enough to revive this spirit of "comradeship in danger" in their Storm Troopers. When the sons of the unemployed and the sons of the shopkeepers marched together through the streets, fought off the attacks of opponents, stood together in memory of dead comrades, and went through all the familiar ritual that had meant so much during the war, some of the old fusion of feeling came back.

The socialism of the warrior caste is based on the rough

share-and-share-alike of the barracks. There is no theory about it. It is not based on common production, but on common destruction and common danger. Because of that danger and hardship the modern citizen army must have less class distinctions if the soldiers are to be effective. The years 1914-18 made that clear for all future wars.

A certain antipathy to capitalism, as such, is inherent in the ideology of every soldier. He is furious at " fat profiteers " who make their fortunes while he and his comrades are in danger. He has a certain contempt for the peaceful *bourgeois* and his " business as usual " mottoes. He feels that the capitalist has no honour—that code on which his whole life and training are based. " On the word of a soldier " means something, but whoever gave as surety : " on the word of a capitalist " ? The Rotary Clubs of business men have realised something of this when they adopted as their motto : " Service before self." But in the world of common speech a business man has no " honour." He has only " credit."

" In a State based on power the soldier must play the leading part before the politician." That was the creed of Roehm, the Nazi leader. But it can be transported to the other side of the world ; and in Japan, the Prussia of the East, we see a State where the ideals that lie beneath the Nazi attitude to the soldier are being worked out in detail that corresponds with curious exactness to the Prussian model.

In Japan there is the dominance of the military spirit, with all its conventional traditions of honour, and of contempt for death. The leaders of the military caste who have now the upper hand simply cannot understand why the entire budget is not devoted to military expenditure. These are the men in the *Samurai* tradition of warfare, where battles took place between the clans, and where workers, in the sense of a modern proletariat, hardly entered their distinguished consciousness.

On the other hand there is the Japan, where monopoly

capitalism has been concentrated into the hands of a small group of leading families. Japanese capitalism has a predominantly agrarian basis, and is actually eating up the country. The peasantry is being ruined by the operations of this monopolised finance-capital, which then declares to the world that Japan has such a density of population that it cannot possibly feed its people. The real fact is that Japanese soil cannot feed its peasantry under the conditions which Japanese finance-capital has created.

The position is that Japanese capitalism, not the Japanese nation, has got to expand or go bankrupt. The contradictions of her capitalism have to be solved as Cæsar attempted to solve those of Rome. The military caste and finance-capitalism joyfully joined together to take Manchukuo. The generals think that any expense is justified to keep it, but the capitalists are finding that the adventure is terribly expensive. Manchukuo is a heavy liability and the problem is whether it can be made to pay as a colony before Japan herself goes bankrupt. It is very doubtful whether their brutal methods can produce this desirable effect in time.

Japanese militarism and Japanese capitalism are now, for somewhat different reasons, faced with the Napoleonic dilemma. They have to go further to keep what they have got. The pressure of the 400 millions of Chinese is felt from the south. To relieve this pressure it is necessary to make the whole of Manchukuo, the Soviet Far Eastern Republic, and North Sakhalin (where the oil is), all part of the Japanese Empire. A glance at the map will show how convenient a unit this would be for Japan to administer. But to do this, she must cut the Russian communication, not merely at the Chinese Eastern Railway, but as far west as the Yenesei (*see* map). Can the Japanese with their 70 millions undertake such a task ? But how big was Prussia when it started out to dominate Europe ?

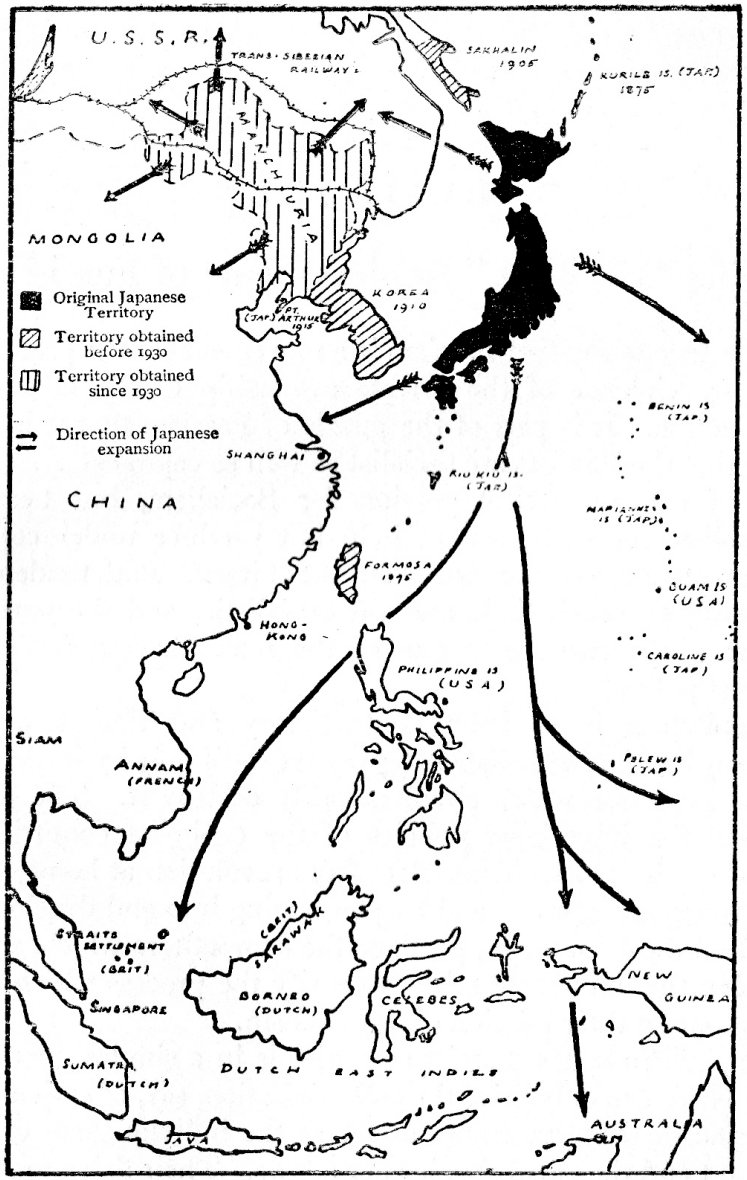
An adventure of this kind, involving as the Nazi policy

does, the transforming of the whole nation into a battering ram, cannot be an affair of an officer caste, however personally brave, or of a small group of capitalists, however wealthy. Araki realised, as Hitler and as Mussolini have done, that an operation of this magnitude could only be carried out on a mass basis. A modern proletariat, with a peasantry influenced to however small a degree by modern thought, and discontented by the extortions of finance-capitalism, simply could not be treated like the old *Samurai* (or the East Prussian Junkers) treated their clan or tribal followers. So Araki set to work to devise an "Imperial Communism" which he called *Kodo*—the Way of the Emperor—to distinguish it from the old religion of *Shinto* —the Way of the Gods.

Kodo has some striking resemblances to Nazism. Araki claimed that by it could be secured the equality of all citizens in military organisations which comprise the whole population and give to the man in the street equality with the *Samurai*.[1]

The capitalists began to be afraid of the size of the risks that Araki's policy opened before them, exactly as the *bourgeoisie* were worried about the risks of the Bismarck policy, though they profited handsomely by it later. The militarists were impatient, declaring that they were not fighting for capitalist profits, but for the glory of the Emperor. The capitalist group at last got rid of Araki, who resigned early in 1934, and his downfall coincided with a meek note to the Powers declaring the pacifist intentions of Japan, exactly as one of Hitler's speeches would be broadcast to reassure the world. But not long after came the Note claiming full powers over China.

[1] See Maurice Lachin, *Japon*, 1934.



CHAPTER FIVE

The "Socialist" Achievements of Fascism

It is true to say that Fascism is a movement for the preservation by violence of the private ownership of the means of production. It is part of the puzzle of Fascism that it is also true that the Fascists are socialist as well as capitalist . . . not out of any theoretical passion for Socialism, but because capitalism, as such, cannot help but produce under certain circumstances a certain Socialism out of itself. Both tendencies are real, the capitalistic and the socialistic, and the struggle between the two forms one of the main driving forces of Fascist policy.

Capitalism is in itself contradictory and thus tends to destroy itself. Capitalism can preserve itself only by furthering those processes which simultaneously destroy it. The drive behind the imperialist policies of the capitalist countries is that in order to save themselves from revolution at home, they had to expand abroad, and by penetrating into and developing the backward countries, produce the competitors which, while helping the immediate crisis, intensify the process which sent them out on their mission of imperialism.

Capitalism in the Fascist countries is in a similar dilemma. The Nazis can only drive the collectivisation, say, of agriculture and the distributive trades as far as the individualism of the peasant and the small shopkeeper allows. Their drive towards State regulation of industry tries to leave intact the initiative of the employer, but, at the same time, there are more restrictions over his right to do as he likes with his property than there have ever been in Germany before. The capitalist class is preserved . . . but its operations are subjected to a control, which may bear hardly on the individual capitalist.

While insisting that the Nazis, and for that matter the Italian Fascists, have taken certain steps towards a planned economy, it is, of course, confusing to describe this as "Socialism." The German Fascists used the word Socialism in their title for the propaganda purpose of its appeal to the masses, which has caused a confusion that has not been without its uses to them. But any of the other terms used—the corporate or totalitarian or planned state, or even "collectivism"—would have better explained their general policy. But the whole question of their planning is discussed in detail in Part 3.

The Corporate State in Italy

Mussolini has declared the corporate state to be, of all his actions, "the most courageous, audacious and original, in other words, the most revolutionary." Sir Oswald Mosley and Adolf Hitler, in moments of fervour or when questioned too closely about their own concrete proposals, have taken refuge in praising the Italian Corporate State as a model. But there remains a certain mystery about it. Where are these corporations, what are they doing? The Socialists declare that the whole idea is bluff, corresponding to no reality in the Italian State. Liberal savants[1] have written books to prove that the corporate state simply does not exist, and therefore should not be introduced into other countries.

According to the speeches of the Italian Fascist leaders who are interested in economic questions, the general idea of the corporate state is that the interests of capital and labour should

[1] Rosenstock-Franck, *L'économic corporative fasciste en doctrine et en fait*, 1934.

be reconciled by being fused into the general interest of the State. Both are to be brought under the guidance and direction of the Government, and the freedom of both is to be to that extent restricted. Compulsory arbitration is to be applied to labour disputes, and the right of the employer " to do what he likes with his own " is not, in principle, admitted.

From what has already been done, the evidence of some kind of planning in the Italian economic system emerges. The first phase—until about 1929—was the deliberate drive towards the centralisation of capital and production. . . . Thus Fascist Italy was taking the way of all the capitalist countries towards concentration of capital. In advanced capitalist countries, like U.S.A. and Britain, this concentration has taken place without the intervention of the State. In U.S.A. it has had to be done despite State objection as expressed in the Anti-Trust Laws and prohibition of branch banking. In Italy, where capitalism was less developed anyway, the Fascist pressure was used to hurry on the process. There has been a general idea, even in Socialist circles, that such concentration of capitalism leads towards Socialism, as it is easier to nationalise a big unit than a lot of little ones. Actually, as we shall show, this centralisation only leads to an intensification of the contradictions of capitalism, at the same time as it increases the effective resistance of the capitalists to popular ownership.

Under Fascism, the Italian banks have been controlled since 1926–7. The Bank of Italy regulates all credit. No new bank can be opened without Government consent. In order to protect savings each bank must hold a reserve of 40 per cent of its capital. As a certain minimum capital is required the smaller banks were thus automatically excluded and had to amalgamate. Regular Government inspection takes place. In 1927 all savings banks with less than five million deposits were brought together. Their number was reduced from 204 to 105, and they were grouped into 6 provincial and 7 regional

federations. The net result of this drive was that in the first five years of the working of the new bank law 872 out of 4,850 establishments were eliminated: 296 by bankruptcy, 191 by fusion and 385 by closing down.

At the same time there was also a strong effort made to secure the amalgamation of industrial concerns. Subsidies, tax remission and other benefits were offered to firms to facilitate and encourage fusion. Only once, however, was direct compulsion used against owners who were unwilling to amalgamate . . . this was the case of the attempt to create a marble trust by compulsion. It soon broke down through the quiet sabotage of the employers concerned. As the President of the Industrial Confederation gravely explained, " confidence and collaboration cannot be compelled." The marble trust has proved a useful object lesson in the theory of " limits " to both State and workers.

In 1931 the " ILVA " had concentrated 90 per cent of the production of cast iron and 40 per cent of plates. The resistance of the rest of the producers had to be broken by Government decree which was issued in December, 1933. In all important branches of Italian production big trusts were created. The small and weak capitalists were sacrificed.

On the whole, however, this concentration of industry has been carried through by the will of the Industrial Confederation (of employers) itself and has only been facilitated, not created, by the State. When unanimity cannot be obtained at the conferences concerned with amalgamation the President of the Confederation decides. Amalgamation cannot be obtained by a mere majority. Unanimity is essential. So the decision has to be left to the President if there is active opposition. Obviously if that opposition is serious some other way must be found, but if only a few small firms are creating difficulties then the President of the Confederation can decide, and the amalgamation goes through. This gives a real strength to

the trusts, and makes it less easy for them to break up again.

The *Economia* of January, 1932, commented: "National interest demands the reduction of the costs of production, and therefore of prices. In order to secure that one must eliminate the less perfect enterprises which produce at higher prices."

During the depression this process was accentuated. Between 1929 and 1933 there were 91,589 bankruptcies, which in itself forms one part of the answer to the question, "What happened to the middle classes in Fascist Italy?" But these bankruptcies naturally added to the unemployment problem, so in 1932 subsidies were given to bankrupt concerns which employed a certain number of workers.

The State increased its influence as the biggest customer for its public works. In 1925–6 11·7 per cent, in 1928–9 10·77 per cent of the Budget came under the head "economics," as against 3·28 and 4·34 per cent respectively in Britain.[1] Between 1923 and 1934 37 milliards lire (£370,000,000) were spent for public works, and in 1930 150,000 workers were employed therein. But after all is said and done, Italy spends as much yearly on this as Paris.

In 1919–20 the Trade Unions compelled the agricultural employers to employ a minimum number of workers per hectare, depending on the fertility of the land. In the interest of the intensity of cultivation, the Fascist State has continued this policy.

The State now plays a considerable part in the financing of industry. It takes over frozen credits, shares the burden of industrial concerns whose indebtedness weighs too heavily on their bankers and liquidates industrial concerns. These activities have been very limited, however.

This means in effect that the State comes in when it is shown that an industry cannot exist without its subsidies or

[1] *German Statistical Yearbook*, 1929.

credits. Subsidies must be made public, and in 1933 the Institute for Reconstruction was founded which gives credit to industry for purposes of technical re-equipment and reconstruction. The scheme amounts to a socialisation of losses. The corporate state comes to the rescue of such private industry as finds operating in the hard conditions of the modern business world too difficult. Thus the banks are in the hands of the State for four milliard lire. Two-thirds of the iron industry is under the control of the State because of the subsidies it has received, as well as loans, remission of taxes, etc. In the oil company the State has a predominating influence amounting to 60 per cent . . . and actively helps its expansion to Albania, Irak and Roumania for political reasons. A list of the firms which are indebted to the State in this way would comprise the greater part of Italian industry. It is obvious that once the State starts on a policy of this kind, as in Germany and Italy, and the threat of bankruptcy and consequent unemployment, if made by a firm which is big enough to be considered, brings a subsidy, then inevitably the tax-payer becomes the milch-cow of industry. It soon becomes practically impossible for an independent firm to survive, when competitors of the independent firm are given this enormous advantage.

Naturally the result is seen in the prices charged to the consumer, so here the State has to interfere also. In 1930, and again in 1933, prices have been lowered in Italy by Government decree. But as in the case of capitalist concentration, the result of the State lowering of prices only produced the same effect as the world crisis produced in the free markets of capitalism. The cost of living went down in France by 9 per cent, in England by 13·8 per cent as compared with Italy's 14·9 per cent between the autumn of 1929 and 1932. The wholesale prices fell first, and in Italy specific Government interference was necessary to compel the shopkeepers to lower the retail prices. The possibility of making bargains

locally with the licensing authority to share the advantage of the lowered wholesale prices would have been very considerable. There was certain opposition to the official prices, but shops which refused to sell at the new level were closed.

Foreign trade is definitely and directly fostered by the Government. Banks get, since 1930, special facilities if they give credits for export. Since 1927, up to 65 per cent of the exports on credit have been guaranteed by the National Institute of Assurances, through which the State facilities are given. Rice is an interesting example of how this system works. Italy now produces 6 million quintuli of rice. Of this 6 millions 3·5 are exported. The tariffs against rice coming into Italy are put very high. Since 1931 there has been a National Office of Rice, consisting of cultivators, industrialists, merchants and representatives of labour. This fixes prices. Every merchant has to pay 14 lire per quintal as a special levy, which is used as a subsidy for exporters. This is dumping on the foreigner at the cost of the home consumer.

The Syndicates

In spite of all the talk about the Corporate State, no complete corporations actually exist in Italy, but only syndicates and confederations. The Corporate State is being built up very gradually. Italian Fascism is strongly influenced by syndicalism. In fact several former syndicalist leaders have or had leading posts in the Fascist State in connection with the syndicates. Syndicalism differs from anarchism in that it does not want to give supreme power to the individual. It is different from Marxism in that it is against State centralism. Syndicalism makes the factory the unit, not the industry.

In 1926 the capitalists were organised in six national confederations: industry, small craft trades, merchants, banks, agriculture and transport. The workers were organised into

one union. The capitalists complained that this gave the workers an unfair advantage, and so in 1928 the workers were also divided into six confederations. Each confederation consists of several thousand subsidiary associations—syndicates, unions, federations, etc. In 1930, 477 associations of the workers existed and 151 employers' associations.

The occupational associations unite a commune, or connect up the industry through several communes, or through a whole province, or they are on a national scale. All syndicates are compulsory, but there is a difference between "inscribed" and represented members. Syndicates represent all the workers in the area, but not every worker need be an inscribed member. If he isn't, he is assumed to be represented by them whether he approves or not. "Inscribed member in this sense corresponds to the actual paying member of a Trade Union, the "represented" members to the unorganised workers in an industry who, in fact, secure the advantage of the collective agreement which the Trade Union makes. Of the employers, in 1931, 60 per cent in industry and 17 per cent in agriculture were inscribed members of their associations. The average for the six employers' federations shows that 38 per cent of all employers were members. The average membership of the workers was much higher, 68 per cent industrial workers and 80 per cent agricultural workers being inscribed members, the average for the six national workers' confederations being 56 per cent. The higher average for the workers is explained by the fact that all distributions of relief and of gifts and privileges to workers are made only to inscribed members.

The membership contribution is one-third of 1 per cent of the wage or salary. In Germany, the contribution to the General Federation of Trade Unions before they were suppressed averaged about 2 per cent for the year, but the members got very much more efficient service for their pennies.

The leadership of these syndicates and labour federations is entirely different from that in any country where the workers have any control over their organisations. The officials, about 8000 of them, are nominated from above, not elected by the workers. They do not belong to the working-class. They are usually *avocati*, a legal title which gives something of the same social status that a Ph.D. confers in Germany. They are not responsible either to the public opinion of their membership or of the citizens in general. There is no competition from rival unions to keep them up to the mark, and a good many complaints have been made about their account-keeping. Being a quite separate official caste they are more divorced from criticism than were the social-democratic officials they have replaced.

Some of these *avocati* are admitted, even by the workers, to be keen on their work. The more ambitious of them even claimed a share for the workers in the control of industry as that would increase their own prestige, and this led to their being restricted by a whole net of decrees by the senatorial opposition among the capitalists. When, like Rossoni, some go too far in their advocacy of the interests of the workers, like Rossoni, they are got rid of. A large number of these *avocati* on the other hand simply regard their jobs as sinecures to provide them with an income in their junior days; and they take good care not to offend those employers on whom their future may depend.

The fact that these *avocati* are of a different class from those they lead, not only prevents any community of feeling arising between them and the workers, it also prevents the workers getting that interest and insight into the processes and economics of production that active Trade Union work brings. All the active interest of the workers outside their daily work is canalised into the *Dopolavoro* (literally, "after-work"). Besides recreation on the Russian model, sports, cheap seats

for the cinema, dancing and the like, the *Dopolavoro* claims to provide instruction, but the syllabus shows that apart from shorthand or technical courses to improve their skill as workers, the lectures are carefully restricted to such safe subjects as folklore, literature, or history. Economics occupies no conspicuous part in the syllabuses of the *Dopolavoro*.

Serious differences between employers and workers are, if the syndical machinery fails, decided ultimately by a representative of the State, who is regarded as impartial, and being only concerned with the welfare of the nation. But the great majority of the labour contracts are the result of negotiations between the syndicates of employers and those of the workers. From 1926 to 1931 about 9000 of these collective agreements were concluded. The Fascists themselves admit that these are continually being violated, particularly in agriculture.

Individual cases are dealt with by the syndicate officials . . . usually such questions as would rank with wages in lieu of notice or holidays with pay in this country. But if cases of violation are brought before the magistrates high fines may be, and are, imposed. However, it should be noticed that these collective agreements are not stable. They can be modified "whenever a considerable change of the situation has taken place," one of those conveniently reasonable phrases that can provide such useful excuses where the employers are in a powerful position.

In 1932, out of 80,844 cases of violation of collective agreements 51,414 cases decided by the syndicates awarded 25,560,000 lire to the workers. Of the 2,819 cases decided by magistrates (the more important ones of course) 3,100,000 lire were awarded to the workers, and 28,000 cases were left undecided. In 1931 as a result of a total of 75,000 collective and individual complaints about the violation of collective agreements 120 million lire were awarded to the workers.

Collective contracts must be made public. Unpublished

contracts are null and void. There are only a few purely local contracts.

There are Labour Courts for compulsory arbitration which are not bound to wait until their intervention is asked for by the parties to the dispute. Loucheur tried to introduce something of the same sort of thing in France. Compulsory arbitration courts are of course no new thing. In Germany the court with its representatives of employer and workers, with a president nominated by the State, were granted in 1921. In 1926 the Labour Courts were set up with trained judges who had specialised in labour conditions as president. These courts became very popular with the workers. England had these courts of compulsory arbitration during the war, when they were certainly not very popular, and ended any desire there might have been for their extension.

The Corporations

The corporations are the real mystery of the whole somewhat vague and haphazard Italian scheme. Do they exist? Are they beginning to be effective anywhere? There seems a good deal of doubt about their work, their usefulness, even their existence, even in Italy itself. The theory is that each corporation coincides with its entire industry and unites everybody actively connected with that industry. In 1924 the Corporation for Agriculture was intended to bring together farmers, experts and workers. In 1925 this corporation simply went out of existence, and since then there has been a good deal of discussion as to whether it ever really existed.

The sphere of the syndicates, as we have shown, is fairly clearly defined, and the existence of so many agreements bears witness to their work. They act on the usual lines of employers' and workers' organisations. The great national confederations, based on the territorial syndicates, which in

ordinary capitalist countries would normally confront each other, are then, according to the Corporate State theory, united in a corporation co-extensive with the industry, which they are then supposed to plan. Up to now whatever planning for the industry has been done has been entirely the work of the employers in the industry in collaboration with the State.

In the silk industry, for example, the National Office for Silk, which is the State organisation, the Association of Italian Silk, which is the employers' organisation, in consultation and negotiation with the National Confederation of Agriculture, which is also an employers' association, determine the price for silk cocoons. By now it is generally true to say of Italy that when prices have to be decided negotiations do not take place between individual firms, but between the organisations of which the individual arms are members. This method of fixing prices gives a greater stability to industry as it prevents undercutting and cut-throat competition. The price for this stability has to be paid by the consumer.

It is part of the theory of the Corporate State that not the workers direct, but their middle-class representatives, the *avocati*, shall have some share in the planning of the whole industry as well as in the regulation of wages and conditions. When this was attempted by the one vigorous leader of the workers, who had himself been a worker, in connection with the marble industry, the employers simply refused to carry on production.

Planning based on War Preparation

There is by now a considerable amount of planning in the economic life of the Italian Fascist State, but what is the planning for? A survey of the facts brings Italian Fascism into line with Nazism, for the motive behind the planning in both countries is imperialistic expansion and war. This form of planning puts the power of the State behind the national

industry as against foreign competition. The basic idea is that the native capitalist is not left to compete with other capitalists in the world's markets, but that a State trust with all the resources of that State shall compete with individual foreign capitalists or combines.

While the foreign firms have not this State backing obviously the Fascist firms will be placed in a position of advantage. The Italian shipping industry is a good example. Two hundred and fifty million lire are granted annually by the State as subsidies to the shipping lines, and in this figure subsidies to cargo vessels are not included. Since this plan was adopted the Italian shipping yards have reached fifth place among the world's shipbuilding yards. The Italian tonnage doubled between 1926 and 1928, in a period where the world increase was from 50 to 67 million tons.[1] The shipping industry in Britain has felt this industry more keenly than any. And to add insult to injury it has felt it most on the sea route to India. The heavily subsidised, elegant and swift motor turbine ships of Lloyd Triestino, with the added advantage of the overland routes, have reduced the length of the voyage to India to nine days open sea, twelve days from London. They are the keenest competitors of the stately English P. & O. lines, which of course for years have had the orthodox subsidies from the Government of India as carriers of the mails.

This imperialist planning is based on high tariffs and low wages. For Fascists in Britain, who base so much of their propaganda on the high national purchasing power which Fascist planning makes possible, it will no doubt be interesting

[1] Newly built mercantile vessels in 100 registered tons.

	Italy.	Whole world.	Italian percentage.
1923	50,000	3,330,000	1·5
1925	140,000	2,200,000	6·6
1926	220,000	1,700,000	13·
1927	100,000	2,300,000	4·3
1928	100,000	2,700,000	3·6

to compare the standard of living in Fascist Italy with that in the "corrupt democracy of Great Britain." The consumption of meat is 20 kg. per head as against 40 kg. in France and 50 kg. in England. 8·2 kg. of sugar per head were consumed in Fascist Italy as against 43 kg. in England, 35 kg. in France and 34 kg. in (pre-Fascist) Germany. Cotton consumption per head fell from 3·5 (in 1913) to 2·7 gr. and wool products from 1,070 gr. in 1913 to 480 gr. in 1926.

The *real* wages went down during the depression by between 10 per cent and 30 per cent for the industrial workers, taking as the basis the Fascist figures about cost of living and money wages. Agricultural wages went down between 1925 and 1932 by 40 to 50 per cent, whereas the cost of living only went down by 15 to 20 per cent. The wages are very inferior to those of the period 1919 to 1922. They rarely equal those of pre-war times, although the productive power has increased by almost double since then.

The income of the working-class is further reduced by a high unemployment, which between 1927 and 1929 was given as about 300,000, in 1931 as 730,000 and in 1932 as 1 million. Besides that, partial unemployment is very frequent, but no exact figures are available. Of the full-time unemployed, 15 to 20 per cent are employed in public works and 25 to 30 per cent get a small dole. More than 50 per cent are left to themselves.

The problem that interests the rest of the world, and particularly the workers, is whether this amount of State planning is helping Italy to ride the storms of the world crisis. Is she in fact making the best of both worlds . . . keeping her capitalists in happy enjoyment of their privileges and at the same time securing a modicum of industrial peace? The answer is that high tariffs and low wages do not solve the contradictions of capitalism however much planning is introduced. Planning may insulate certain shocks, and Fascism may keep down the rising discontent of the workers by its high degree of

internal repression. But this cannot insulate Italy from the effects of the world depression. Italy suffers from the world crisis like other countries, and as a matter of fact the crisis began earlier there. As early as 1927 Italy was feeling the effects of the "economic" blizzard because she is mainly an agrarian country, and the agrarian crisis came first.

In 1932 the traffic for passengers on the railways had gone down to 58 per cent of what it had been in 1928, and the goods traffic to 60 per cent. In 1933–4 the deficit is 45 per cent of the entire budget. More than capitalist planning is evidently needed to meet that situation.

Nazism and Nationalisation

The Nazis, of course, inherited a very different state from the one which Mussolini took over. The tradition of State control was already well established. From the paternalism under the Hohenzollerns, through the drastic control of the war years, and the extension of State aid by the various Governments of the Weimar Republic, the German nation was well accustomed to the idea of the State as an active partner in the affairs of the nation.

By autumn, 1931, two of the biggest German banks were virtually under State management. The Reich and the Prussian Governments between them held more than half of the total capital of all German banks.[1] Under Chancellor Bruening these tendencies had been considerably extended

[1] A comparison of the bank balances of 1930 with 1932 show how this tendency towards State control of industry was growing even before the Nazis came to power.

	1930.	%	1932.	%
Private Banks . .	19,962	40	13,506	32·5
Co-operative Banks .	5,680	11·5	4,800	11·5
Public Banks . .	24,300	48·6	23,300	54·7

The figures are of millions of marks, and the percentages show the percentage of the whole in the three classes of banks.

during his last desperate drive to save the situation. His Government had come to the aid of the Danat Bank and the Steel Trust. He had started the experiment of fixing prices by an order reducing the prices of certain standardised articles by 10 per cent. The involved problem of the transfer of money for reparations and war debts had built up both a tradition of, and machinery for, the continual interference of the State in foreign trade by licences to obtain currency for import and export transactions.

Foreign trade is almost completely in the hands of the State under the Nazis, though mainly as an emergency measure. The State decides the import of goods by a system of tariffs, by regulation of the currency, by the issuing of credits, and even by taking over completely the import of metals and certain other commodities not unconnected with war supplies. The continual tightening of this system to the present stage, when the foreigner who wishes to do business with Germany has practically to deal with a State department, barely covers the fact that foreign trade is the weak spot of the Nazi system. Their economic nationalism disturbs exports, and the boycott of the Jews is not without its effect. Exports fell from 5,740 million in 1932 to 4,800 millions in 1933. By July of 1934 things had become so different that the amount of licenses for imports was limited to the foreign currency that came into the Reichsbank from day to day.

To counter this dangerous position the Nazi State has decided that certain products, such as coffee, oranges and similar luxuries can be done without. Other goods usually imported must be replaced by substitutes produced at home. German industry has been set the task of supplying as many of such substitutes as possible and new ones are being invented. By treaties and quotas the State decides from which countries the goods which it licenses for imports are to be bought. This policy, of course, drives other countries into retaliation.

The export trade is further helped by subventions and by all the ingenuities of the scrip system. There are plans to compel the German industrialists to export a certain proportion of their product at dumping prices in return for the rigidly protected, in fact monopolised, home market which they enjoy under Nazi rule.

The Nazis are imitating Soviet Russia by their propaganda among friends of their regime in other countries, particularly in America. Big consumer organisations helped by Nazi money are spreading in Central Europe and America and thus providing a certain market for German goods. Nazi Germany imitates Italy in increasing the bargaining power of a State-backed capitalism against the free and competing capitalists in foreign countries, where these under-cut each other in prices and service. But as has been said, this is an advantage that is not likely to remain Germany's for long. As Soviet Russia has had an immense influence on the Nazi regime and its ideas, so the Fascist regime is having its influence on other countries. Free-trade Britain becomes a high-tariff country to counter the menace which a high state of unitary organisation brings into a chaotic world of free capitalism.

By March, 1934, more than 70 per cent of the capital of all the German joint stock banks was, according to Dr. Schacht, in the hands of the Government. The concentration of industrial capital is also advancing rapidly under Nazi rule. Hundreds of new cartels have been formed, whose freedom from competition is enforced by the power of the State when necessary. Naturally, therefore, prices rise when the State is there to see that anyone who sells at less than the cartel price goes to prison or concentration camp. But although the State acquiesced in the increase of prices to the consumer, in those goods in which itself was the largest consumer, that is for the materials necessary for public works, prices have been fixed in the various localities from time to time. In February, 1934,

prices of bricks, stones and various building materials were fixed for this reason.

Nazi Unemployment Policy

The main idea behind all these measures is not State interference for any theoretical end or to form part of any generally conceived State plan. The driving need is to reduce the menacing unemployment figures. This, as Hindenburg remarked, was "the problem I have set them." Goebbels in 1933 voiced the conviction not only of the Nazi leaders but of the whole nation, including their most bitter opponents, when he said, "If we solve the problem of unemployment we are invincible. If we fail we shall not last long."

By March, 1934, the number of unemployed workers had definitely decreased, as the following table shows:

		Millions
1933.	March	5·6
	June	4·9
	September	3·8
	November	3·7 (lowest stage in 1933)
	December	4·1
1934.	March	2·8

Are these statistics reliable? It is usual among the opponents of the Nazis, particularly *émigré* writers to regard the figures they produce as mere fakes, without any serious statistical value. This is much the same attitude as that taken by people of the opposite opinion with regard to the statistics of the Soviet Union in 1929 and 1930. It is not necessary here to prove in detail that the systematic falsification of statistics on so large a scale is technically almost impossible. We quote the words

of the well-known social-democratic statistician, W. Woytinsky (N. T. B. 20.1.34):

"The German official statistics appears to me to have remained faithful in the main to its tradition. It is not always 'objective.' It may from political considerations sometimes suppress an inconvenient figure and sometimes give a curious explanation to another. Occasionally it smuggles in a more or less doubtful estimation. But never as yet could a conscious falsification be proved to exist."

Accepting therefore the Nazi figures as approximately correct, how far is this decrease due to the deliberate actions of the new regime, to what extent can they claim credit for the improvement?

An ambitious programme of public works is obviously the most spectacular way in which a new government that wants to do something about unemployment can show the quickest results . . . which is why the building of roads has been the main refuge of every new Minister for Labour in every industrial country. Hitler, however, in extending the grants made by his predecessors for this purpose improved on the idea of special motor highways which had been started by Mussolini, by the plan of a complete network of strategic motor roads connecting the principal towns and frontiers, in a way which would facilitate the rapid movement of troops and war material. Proposals of 6–7000 miles of these roads have been made, and work has been started on them.

To make this vast scheme productive, the Nazi regime has set itself deliberately to foster the motorisation of German traffic. All through the years of the Weimar Republic a bitter conflict waged between the interest of the State Railways and the motor industry, which definitely prevented the development of the motor because the State always favoured its railways. The motor taxation was recognised as antiquated and penalised German production owing to the type of engine

it made necessary. But chancellors, who were willing enough to do something towards bringing it up to date, could not force reform through the mighty engine of obstruction that the Reichstag, with its welter of parties, had become.

When the motor tax was reduced and its incidence altered, the number of workers in the motor industry was doubled in one year. The sale of lorries went up by 81 per cent, the export by 25 per cent. There was a strong drive towards the motorisation of agriculture; 82,000 private motor cars were sold in 1933 as against 41,000 in 1932. Germany had been the least motorised country in the Western world, so that there was considerable leeway to make up. In such cases the Nazis reaped the advantage of being able to move quickly.

The Nazi authorities have been very keen on the idea of settlements of small houses for workers on the outskirts of the big towns, each with a piece of ground attached. The idea is to give the workers something to defend in their fatherland. Hitler announced this scheme with the hope that "the children of the workers can now grow up in conditions which make out of them people who love their country."

In the building industries the unemployed went down from 600,000 in February, 1933, to 340,000 in February, 1934. Comparative figures of the amounts spent in these suburban settlements of small houses (corresponding to the council estates in England), are instructive. In 1931, 48 million marks were spent, in 1932 only 25 millions. The Nazis raised this to 110 million marks in 1933, with a project of 50,000 houses.

The use of labour camps as a means of dealing with unemployment is not an invention of the Nazi regime. Although the social-democrats are joining in the bitter criticism of these camps, they were disposed to regard the idea of "re-conditioning the unemployed" with a certain favour when they themselves had influence in the government. Roosevelt's forestry

corps, and the training camps under the British Ministry of Labour are equally parts of the general feeling that it is better for society to get the young unemployed men off the streets of the towns by any reasonably inexpensive means.

In Bruening's time these voluntary labour camps were largely filled with lower middle-class youths who were exhorted to do something for their country if they could not find work. Hitler uses them for the unemployed workers, and has put the compulsory figure at 230,000 men, a number not greatly in excess of the Bruening figures. It was intended, however, to be real "test-work." The young unemployed man who was not willing to go would receive no other assistance. This is true of the 230,000, but the idea of raising the numbers engaged on compulsory labour service to 700,000 which was planned for January 1st, 1934, has been held up because of the cost, although it is admitted that the standard of food and shelter is on the lowest possible scale.

The men in these camps are employed on building roads, draining land, building dams, bringing marsh-land into cultivation, and in reafforestation . . . and, of course, in military drill. Nazi economists estimate that the yield of German soil could be increased by such means by a milliard marks. The enthusiasts for the labour camps declare that it ought to be possible to employ half a million men for twenty years on this work alone. The facing of the immediate financial costs is, of course, a different matter.

By an even more direct interference by the State the Nazi rulers have tried to force down their unemployment figures. Women workers have been dismissed from State and municipal employment . . . as women, apart from their politics, unless they could show special cases of hardship. Any workers holding two paid jobs, however badly paid both might be, were compelled to choose one, and let another worker have the other. Part-time workers have been removed from benefit.

Servants as a class being removed from unemployment insurance are therefore no longer counted in the official statistics as unemployed. When one member of a family is working it is assumed that he could keep the others, and they also have disappeared from the registers. Added to these must be the not inconsiderable number of exiles, politicals in prison and concentration camps, and the numbers of known anti-Fascist workers who do not consider it prudent to call attention to their existence by applying for State aid.

It is difficult to estimate the number of people who are in these various groups, but together they must account for a considerable number of the total decrease in unemployment of which the Nazi leaders are proud. With them might also be included the "imposed" workers—those who have been forced on to employers, and who share the available work, without adding to the total wages bill.

Another of the bright ideas which the Nazis can claim to have invented are in effect doses of strychnine to give industry quick little fillips such as the scheme to replace women workers by men without the hardship of dismissal, by offering marriage loans to women in employment who would guarantee to vacate their posts on marriage. The general assumption was that as far as possible a man would be given the vacant job . . . usually at the woman's rate of wage. It has been estimated that about 100,000 women have, or will be, got out of industry by this means. Hitler announced that he was prepared to loan 12 million marks for these dowries, on a basis of 800 to 1000 marks for the middle-class girls, and 200–300 marks to working-class girls, given in the form of drafts on the local shops.

These loans form also part of Hitler's scheme for extending the inner market for goods, and the effect was felt immediately. Whereas the number of workers in the consumption goods industries was 11 per cent more in 1933 than in 1932, the number of those occupied in the making of household goods

increased by 16 per cent . . . an almost direct result of the buying from these marriage loans.

In the same way the subsidies and tax remissions that formed part of the agricultural policy made themselves felt. Twenty per cent more agricultural machines were sold in 1933 than in 1932. The rate of employment in this industry therefore rose from 27 per cent to 40 per cent. The sale of artificial manure rose in different areas from 20 to 200 per cent, with corresponding increases of employment in the chemical industry.

The textile industry prospered in the early months because so many people wanted to buy new uniforms and everyone wanted a swastika flag. When this first impetus was exhausted, Hitler applied a new one by designing a new uniform and urging everyone, particularly workers, to wear it at the many parades, demonstrations, and festivals. The unemployed in the textile industry fell from 442,000 in February, 1932, to 253,000 in the same month of 1933.

Something corresponding to war prosperity was induced in the coal, iron, steel, dyes and chemicals, motors, and rayon industries. 52·6 per cent more pig iron was produced in March, 1934, than in March, 1933. The production of iron ore has been doubled. In the mines of the Sieg, production rose from 34,000 tons in January to 81,000 in July, 1933. The Ruhr iron and steel industries have been compelled to take these ores which are more expensive than the imported ones. These mines cannot compete with the ores from Sweden and Lorraine. But they would be indispensable in case of war, and are therefore being kept in production. The number of the unemployed in the production of iron and metal fell from 927,000 to 547,000 from February, 1933 to 1934.

Now this increase in German employment accompanied a general trade revival all over the world. All the countries, whether Fascist or not, can show an upward curve of production to much the same degree. But a closer scrutiny of the

German figures produces some interesting conclusions.[1] The inner market has been extended for raw products, or for the goods that can be bought with subsidies (such as the marriage loans), but not for the goods which are bought by wages. For during the period of Nazi rule the wages have been lowered everywhere. By the end of 1933 the whole sum of wages and salaries had gone down by 200 million marks (N. T. B.). Krupp paid 29·86 marks per week (deductions not included) in 1933 as against 37·54 per head per week in 1932.

How then, in spite of these figures, has the inner market increased and unemployment been reduced? The answer simply is that the regime has been ingenious in finding ways to pawn the future. The marriage loans can only be spent once. Then they must be paid back, and during that time the market is contracted as it once was extended. Any increase in the wages bills caused through employers taking on workers whom they do not really need is similarly financed by drafts on future income, for the Nazi leaders have continued Papen's method of giving discount bills on future taxation. The Reichsbahn, for example, have spent 1000 million marks on extension schemes to give employment in 1933–34, but 600 millions of this has been paid for out of State drafts that will mature in 1938. But when those drafts mature, the State income will be correspondingly reduced. The temporary prosperity in the war industries will also have to be paid for sometime. It is said that the Nazis quickly pawned the public income to 1937, and

[1] The index of industrial production is worth studying for the incidence of the general decrease in unemployment over industry:

	General index.	Producers goods.	Consumers goods.	Textiles	Machines.
January, 1933	62·9	53·1	77·6	83·7	31·0
January, 1934	77·8	71·1	87·4	99·5	52·4(Dec.)
1928	100	100	100	100	100

are now finding difficulty in getting confidence for the pawn tickets of 1938.

Thus the undoubted diminution in the unemployment figures has, in fact, been financed partly out of the resources of the workers, by the lowering of their standard of life, partly out of drafts on future prosperity, which, if that prosperity does not happen, will mean that the working elements in the population will have to bear that additional burden also. In April, 1934, Dr. Goebbels said that the German worker was receiving " wages which were not sufficient to maintain a standard of living corresponding to the high cultural status of our nation. The workers have undertaken this task (of lowering their standard of life) in a way which implies a mutual obligation in the whole of German reconstruction, and with a heroism without parallel."

The grim illustration, evidence of the truth of the remarks of the Minister for Propaganda, is that by September, 1933, the entire retail shopkeepers had lost 8 per cent of the trade of 1933, the large stores 18 per cent and the co-operatives 33 per cent. These facts are underlined by the increased mortality statistics. Hitler's measures to deal with the situation can only be described as a distribution of distress.

CHAPTER SIX

The Conflict between Capitalism and Socialism in Fascism

MUCH has been made of the subventions which Hitler got from the big capitalists in order to prove that far from there being any reality in the Socialist tendencies of the National Socialists, Hitler is the paid hireling of the magnates. As this argument has formed the theme of several recent books, and is the basis of much argument about the Nazi movement, we think it wise to call attention to three relevant factors in this connection.

The Financial Backing

First it must be remembered that it was only a section of the capitalists who financed Hitler with any regularity, or with any substantial sums. Apart from the Ruhr groups, which were his mainstay, there were various groups in the south, particularly in the textile and the iron industries. Of course, as his movement grew, the number of those who thought it wise to pay " fire insurance premiums " to the coming power increased. In 1929 Hitler spoke before 300 industrialists at a meeting arranged by Herr Thyssen. In 1932 his audience, drawn from the same class, numbered 2,000. But, on the whole, those who financed him were the more bankrupt elements, who had everything to gain by a change. The more solid men preferred to rely on bourgeois parties of their own, and to

share on reasonably good terms with the powerful Trade Unions.

These included the chemical trusts, some big banks and the other half of the Ruhr industry. Only since 1932 the steel and coal industry have given fairly regular subsidies, and they were needed, for at this time the Storm Troopers were said to be costing 1,600,000 marks per month.

To maintain so large a private army and extensive propaganda did, of course, need enormous funds, but even so these were only provided in part by capitalist subsidies. From the first, Hitler laid down the rule which has proved so successful in the case of the Salvation Army that propaganda must pay not only for itself but bring in money to the cause.

The Nazi newspapers were self-supporting. Hitler insisted that they must be run on commercial lines. As they were interesting and full of scandal they had a large sale. The great meetings were a considerable source of income. These big demonstrations were always magnificently stage-managed, crowded and stimulating. But they had to be paid for. Front seats in the first ten rows cost the equivalent of an English pound and the rest in proportion.

The Nazi party soon developed ingenious ways of getting money both from supporters and the public. In fact by 1930 it had become a huge business concern. An insurance company was formed for the Storm Troopers. A cigarette company was founded which could count on a vast and growing market among Nazi supporters, with whom it was a point of honour to smoke the party cigarettes. Even if the quality was mediocre the slogans on the packets were all right. Bonds were issued with the inscription: "Y has given X marks in the time of Germany's deepest distress." The petty bourgeois could hang this up with pride in his sitting-room. It might in certain districts be a good investment to hang one showing a big donation if he kept a shop.

Those who wanted to make the best of both worlds could become "secret members" by the regular monthly payment of at least 4 marks a month. Nazi secretaries were most tactful about the secrecy, especially to nervous officials and business people who wanted to be sure "in case . . ." In addition to these, of course there were many hundred thousands of ordinary paying members. Money was collected by Storm Troopers at every street corner, particularly at election time. Levies were put on middle-class supporters and on anyone whom fear or hope could squeeze money out of. Uniforms, office equipment, most of the things needed were bought on credit. Food supplies were collected from friendly or frightened shopkeepers. In short, the Nazis had numberless ways to get money. They could raise it because the booty they were after was the German Empire itself. Many would sacrifice a little in order to be assured of a slice from so large a cake. Hitler pursued the old tactics of Cæsar, who made people believe that one day he would rule Rome, and on this belief got large sums of money. Hitler, like Cæsar, "pawned the State before he had it in order to get it."

The relative proportions supplied by the capitalists and by the Nazis' own efforts will never, probably, be made public. But even granting that the amount supplied by the capitalists was the greater, what exactly does that prove? That the capitalists still have a hold over Hitler . . . that is obvious, but why? . . . and which?

The Possibility of Sabotage

Gratitude, in politics as in business, is a lively sense of thanks for favours to come. Not the money which has been paid obliges a party but the amount that is expected from the same or different sources. Hitler in fact seems to have been rather punctilious in paying back his debts by the expected favours.

The motor companies, the steel magnates, certain great engineering firms have all received the hoped-for concessions. Is this to clear the account or to collect further help as needed ? Whichever be the correct reason the past finances have become irrelevant to the issue.

To dwell on the subsidies that have been received and to build upon them a whole theory about the probable lines of Hitler's future policy leads inevitably to error. To exclaim with joy over each subscription unearthed from a newspaper or through some report and conclude from that that the Nazi Government is in some way bound to the subscriber obscures the much more effective pressure which the capitalists as a class can exert on the Hitler Government, and of which much more notice has to be taken than any consideration of past favours.

Not once but on several occasions since the war Governments more powerful than the Nazi Government have been brought to heel by the use of the weapons which finance capital holds. At any time they choose foreign capitalists can throw their marks on the international market, ruin the exchange and by that means upset the whole German economic system. Such a drastic method is only resorted to in the last event because of its repercussions on the world market. But even for the home capitalist there remains the effective weapon of internal sabotage and the threat to close down works and throw the workers on the streets for the State to support them. A crisis of this kind was threatened by the German industrialists in May and June of 1933.

As Roosevelt is finding, the preservation of the capitalists will always create " disturbance " to a planned economy. It is possible to put a recalcitrant worker into a concentration camp, and it is easy to find another to take his place in the factory. The resistance of the capitalists cannot be broken in this piecemeal way. If they see that their profits are in danger

they simply lose interest in production and stop working. Theoretically, of course, a few months in prison or a concentration camp would bring them to reason. This is possible in individual cases. The Nazis have even tried it—on foolish employers who made their attitude too clear. But who is to decide whether a factory owner who protests his willingness to do his best is unsuccessful as a result of error, or of the conditions of the market, or of deliberate sabotage ? This form of resistance by the employers to a planned economy can only be broken by Socialists who are willing and able to take over themselves the organisation of production.

The Experts

There still remains to the present organisers of finance and industry the most subtle weapon of all. Who understands how modern banking works ? How mysterious are the things that happen when even one part is thrown out of joint. The Russians have had to pay enormously for their cheerful assumption that the essentials of the banking system could be grasped by any intelligent worker.

The Nazis, who feel themselves quite equal to writing a new religion, are obviously worried and insecure in face of the modern credit system. With the memories of the inflation still green in German minds they know that here is the heel of Achilles. Among their own ranks the Nazis have few, if any, first-class experts on economics. The others (those that are worth anything) are in the pay of the biggest capitalists trusts. The Nazi leaders do not dare to penetrate too far into this bog alone. Hence the enormous power and influence wielded by men like Dr. Schacht. And this influence really cannot be attributed to any subscription to Nazi party funds which Dr. Schacht may generously have contributed during the Brownshirts' march to power.

The necessity of preserving some kind of balance between incompatible elements leads to those sudden oscillations in policy which leave the world blankly wondering "what Hitler really means." In Italy, as in Germany, the main task of the Fascist leader is to act as the registration apparatus of the strength of the economic forces in the country.

CHAPTER SEVEN

The Tendency of Fascism towards a Village Economy

CAPITALISM, as we have said, tends in the course of its development to produce a kind of "Socialism" out of itself, destroying itself in the desperate attempts of the capitalists to save the system from the worst effects of its own contradictions. But there is an opposite tendency, a drift, not only by the capitalists but by those who suffer from capitalist crises towards a village economy.

This cannot be dismissed as fantastic. Complicated civilisations have, before now, returned to the village, the very memory of their achievements forgotten, left to be unearthed by the archeologists centuries later. Though, at the moment, the pull to the village economy is not as strong as the development towards a planned machine economy, it cannot be denied that it is there. Marx said that capitalism must either develop into Socialism or relapse into barbarism—which, as he hated the country, was his way of describing village economy. But this "barbarism" can also be expressed as "Back to the clean earth, and the old faiths, out from the poisoned air of cities and the corruption of politics. Back to simplicity, and the days when man struggled with nature as a man, and not merely as a cog in one of his own machines."

This is not an extract from a Fascist speech, but it might well be. It is a view that is securing an increasing amount of sympathy. Only, its most ardent advocates do not seem quite

to have taken in all that village economy means. It is not the life of the week-end cottage or the farm which, with its tractors and perhaps even electricity, is practically an adjunct of the town. Village economy means the destruction of the heavy industries on which so many of the amenities of our modern life have been built. With that comes the decay of roads, the falling in of bridges, the big cities derelict, and a population one-fifth or one-tenth of what it is now. Those who are left subsist on the farms or on the village crafts, their needs restricted to what can be bought by the barter of their products at the nearest market town.

Such a tendency may take three centuries to develop. The seeds of it were sown in the Roman Empire from tendencies inherent in the Roman economy before the Empire came into existence. Are such tendencies at work in capitalism as we know it ? Are they likely to prove stronger than the pull towards a Socialist economy, that Socialists who have not remembered the warning words of Marx have regarded as inevitable ?

What are the causes operating in the direction of a village economy ?

War

The obvious one seems to be war, which is a direct consequence of Fascism. The smashing of the heavy industry of a country during the hostilities might hasten the process. But actually every modern war has extended the technical equipment of the industrial countries concerned. War actually seems to supply a stimulus to capitalist technical development. War, as waged on the modern scale, could also mean the physical destruction of a great part of the population of the fighting nations, thus producing the second condition of village economy. But statistics show that after such destruction the birth-rate rises phenomenally. Incidentally great destruction

of population such as occurred after the Black Death because of the resultant shortage of labour may lead to a development of machinery, and consequently of capitalism.

But however destructive war may be it is hardly possible that the greater part of the machine industry and population of both sides would be wiped out simultaneously. Presumably the apparatus of the victor would suffer less, and still maintain the traditions of capitalist production until the world had recovered ready for the next war.

Nor is such destruction likely to take place over the whole earth at the same time. There would still be people to take over the vacant places from other parts of the world even if it were actually possible to wipe out whole civilised populations by new and terrible forms of gas and chemical war.

It is in the recurrence of war, which is a necessity to capitalism, rather than in the results of any special war, that the tendency to return to the village economy can be found. That the people would revolt against too frequent recurrence of the senseless slaughter and its attendant horrors, has already been demonstrated by the psychological effects of the last war. Another war, and yet another, remains a possibility, but the limit of the patience of the people is obviously near. The revolt of the populace against war can lead to Socialism if a strong party, such as Lenin built up, exists, and can lead the masses in the right direction. But if the revolting masses are leaderless, modern civilisation could be smashed by their blind fury. Out of such chaos a village economy would be the easiest and obvious type to build. It would grow as the weeds would grow in the streets of the derelict cities of the hated capitalism.

Technical Stagnation

There is also a further possibility. The muddle created by capitalist conditions becomes so great, that the machine appears

to be the real enemy, and is destroyed . . . not by some infuriated groups of workers as in the nineteenth century, but by general consent ; or even as part of the plan of the big capitalists for dealing with that muddle.

The crack in the very foundations of capitalism is the gap between the technical possibility of producing as much or more than is required by everyone, and the impossibility of selling the goods owing to the profit system, and the low wages that the necessity of making profit entails. " Low " here has nothing to do with the actual rate paid. A high money wage would still be " low " in this sense if it did not enable the mass of the people to buy back what is produced.

This contradiction in capitalism produces the periodical crises of unemployment which are progressively more severe. To the man out of a job, the work of himself and a dozen of his mates being done by a new labour-saving machine, that machine appears the enemy. To him it is the technical progress, not the condition of private ownership and the existence of the profit system.

A mentality of machine wrecking is thus created. It spreads through all classes. In peasant countries there is the hatred of the small farmer and the small artisans against the encroaching machine, and its accompanying shadow of debt. We have seen in modern Germany the revolt against the art of the machine age, with its straight lines and stark simplicity. " Art must be built on blood and soil, not on the cold dead steel of the machine," say the new Nazi intellectuals.

Technical progress during the last two centuries was made possible only by the general enthusiasm for it. Science in the nineteenth century seemed to be the deliverer of mankind from drudgery. Inventions were the new gifts of God to man. Men of science were highly honoured. The cream of the intellect of the day was devoted to it. But in Germany this is no longer the case. The scientist is under suspicion. Posts are given on

the basis rather of political enthusiasm than scientific attainments. The elite of German science has had to leave the country or has been dismissed with a none-too-polite intimation that its loss will not be felt. Where the highest rewards are given to the warrior, the best brains will tend to concentrate on the art and science of war. The slackening of technical progress, except in those branches which are directly useful for war purposes, is already to be seen in Germany, for this tendency did not begin only in the month of Hitler's accession to power.

It is an error to suppose that science cannot disappear from the world, because learning is written in books . . . and not even the Nazis can burn all these books, though they made a symbolic gesture indicative of their desires in this direction. Somebody must understand the books, and the more complicated the science, the longer the training needed for their comprehension. Einstein has said that if for only one generation no sufficient number of good scientists existed, the books of modern physicists would become unintelligible to the next generation. The equations of the quantum theory would have to the next generation about as much sense or meaning as the Etruscan inscriptions have had to succeeding generations since the key to the language has been lost.

Much scientific knowledge has already been lost. Ancient India had a column of rustless steel. For thousands of years no one knew how to reproduce it, until the secret was again discovered in Western Europe. Science needs an atmosphere of social encouragement, but to-day the French chemist, Berthelot, can even propose to discourage it by putting a tax instead of a premium on new inventions. An English bishop can seriously urge in sermon and article that " a holiday should be taken from inventing things."

We have a precedent for this sinking of technical progress into village economy in the history of Rome. By about A.D. 50

there existed a high degree of civilisation, with a rather complicated economic system based largely on exchange and division of labour. Five hundred years later all the triumphs of its technical and organisatory skill had been forgotten, and the peace of a village reigned in the avenues of its argument.

But the destruction of technical progress may be the work of the capitalists themselves, carried through in the teeth of the opposition of the unemployed workers, who see in this destruction their last hopes of getting work ended. The characteristic feature of the years of the deflation has been the wholesale burning of crops and raw material. It has been part of the Roosevelt New Era Policy to subsidise such destruction and restriction of output by State aid. In March of 1934, The Cotton Weaving Employers' Association of Lille decided to buy 40,000 weaving looms in order to destroy them, in face of the hot protests of the workers. In Great Britain National Shipping Securities Ltd. was formed with the backing of the Bank of England to buy up " redundant shipyards," and sterilise them for ship-building for forty years. At a demonstration of workers held to protest against this policy in Jarrow-on-Tyne, a highly skilled ships' fitter said bitterly, " The only job I shall now have a chance of getting is cutting the grass in the shipyard where I served my time."

Mr. Ernest Bevin, the leader of the British Transport Workers, said in South Wales, in June, 1934 : " The so-called masters of industry are allowing whole districts to become derelict, and not only that, but they create conditions which prevent these districts from saving themselves. Works are being bought up, and the assistance of the banks is secured to prevent anyone else starting them and using the skill existent in the area. The shareholders of these idle works are drawing a very large amount per box of tinplates produced elsewhere in interest on idle capital."

This policy of restriction, as Mr. Bevin pointed out, is

carried through " without giving any consideration to labour at all." What then happens to the labour thus displaced and prevented from using its skill ? For a time it draws the dole. The Government in Britain maintains " labour camps," for reconditioning the unemployed where, in fact, they are taught " subsistence industry "—the industry of the village. They are taught primitive agriculture to enable them to go on farms —how to cobble their own shoes. The Society of Friends, with Government assistance, teaches them the village crafts, wrought iron work, simple blacksmith work, all those things that would be useful in a village economy, but which have been taken over by large-scale industry. The Labour Government of 1929–31 gave considerable grants of money to get as many unemployed back on the land, either through small holdings, or on allotments. The drift to the towns is being arrested in so far as administrative action can arrest it. The democratic State forces as many of its unemployed as it feels inclined to spend money on, to return to the land in Britain or in Colonial settlement, where the colonies are willing to take them. The Fascist State uses its power to make men go on to the land at any terms they can get. But the anxiety of both to get the unemployed men back to the safety of the land where possible is undeniable.

If capitalism itself loses interest in technical progress then capitalism has begun its own destruction. It must not be forgotten that the very existence of such an enormous surplus of labour induces this lack of interest in further technical development. In pre-capitalist times, the fact that labour was cheap and plentiful was so obvious that no one felt any inducement to invent ways of economising it. The Greeks invented machines and worked out the mathematical formulæ for very complicated ones, but nothing practical was done with this thinking because they had so many slaves that there was no purpose in making machines to do their work. Not until 1400,

after a series of the great plagues had killed two-thirds to three-quarters of the working population was this urge felt, and machines were actually built on the basis of the calculations of the ancient Greeks. Modern America led the way in labour-saving devices for the home because no domestic servants were available except for the well-to-do. Not until a similar shortage was felt in England after the war could these implements be sold to any great extent here. How many patent vacuum cleaners will be sold in Germany during the working of the Nazi scheme of inducing German housewives to take girls for domestic service, in return for their keep ?

With a surplus of labour and the tendency towards monopoly diminishing the competition among the capitalists themselves, the incentive towards technical progress inevitably slackens. Already the Nazi State has restricted the use of machinery in certain industries. Glass-making machines are restricted in Thuringia. Certain processes in cigarette making once done very rapidly by machinery are now ordered to be done by hand. The economic and technological preparation for the return to a village economy in Europe has already begun.

Fascism has made least headway among the organised industrial workers who are recognised by the Fascist leaders to be their chief enemy. Necessarily, therefore, all the Fascist dictatorships have a tendency to diminish the weight of the proletariat as a class by transferring as many workers as possible to the country, and favouring the country as against the towns. But Fascism cannot cut the throat of the proletariat as a class without at the same time cutting the tap-root of capitalism. The middle-class support of the Fascists gives them the relative independence for this anti-capitalist action.

There are strong forces in the Nazi movement which see the ideal Germany as a mainly agricultural country. Not that that is new in German politics. Bismarck, himself virtually a dictator, had much the same attitude to the proletariat. He

once remarked that he would rejoice if the big towns were destroyed. The Nazis have solid Junker support in this. The great landowners and peasants would like to see Germany an agricultural country governed by the gentry. The same tendency exists in Russia in the strong under-current towards making it a kulak country, but where a socialist government rules this is counteracted by the Soviet policy of building up a big industry.

Autarchy

Dr. Scott Nearing, in his valuable study of Fascism, maintains that the policy of *autarchy*, if developed as an alternative to Socialism, must in itself lead to the village economy. He says that " Fascism must discover an area in which economic self-sufficiency is workable. Modern large-scale profit economy knows no such area, therefore the search for a self-sufficient economic unit will lead the Fascists to a splitting up of economy units until they reach the village, the manor, and the market town."

But this is not true of the self-sufficient units as they are being actually worked out. Big political and financial changes are taking place at present with a view to getting just these self-sufficient units. The British Empire is trying to make the economic Empire fit in with her political Empire. Germany, if she gets the Balkans under influence, could, as we have shown, form such a unit in Europe, for her great industrial markets would help to solve the agrarian crisis in South-Eastern Europe while providing markets for her machine products. Japan, if she succeeds in adding Manchukuo, North Sakhalin and part of the Far Eastern Republic to her dominions, would have a compact unit that might well prove to be economically self-sufficient. These units contain sufficient non-capitalistic space to provide scope for investment for some time.

In these cases the search for the autarchic area leads to the extension rather than the splitting up of the unit.

To sum up this argument, we have tried to show that there are three tendencies in Fascism, the tendency towards capitalism, the tendency towards Socialism, and a third possibility, the tendency to return to the village. The last is the weakest of the " pulls," and is held in check by the counter-tendency of war-preparation and the necessity of heavy war industries. The question of interest is whether this tendency will be strengthened in the future, and whether if we do not achieve Socialism, the present chaos will, in fact, end in a return to a more primitive form of existence.

Marx said that capitalism must necessarily collapse, but no real proof of this exists. Lenin said that the capitalists will always find a way out. Marx could not possibly foresee that they might hit on the ingenious idea of getting an extra lease of life through Fascism.

CHAPTER EIGHT

Democracy and Dictatorship

ARGUMENTS as to the relative merits of democracy and dictatorship are usually conducted on the assumption that it is possible (and desirable) to get the pure form of either. But a government in which all adult citizens share, or in which all power is in the hands of one man (or sharply defined group of men) is a laboratory conception. Democracy has, in fact, reached a high degree of perfection if it can truthfully be stated of any country that it is governed by that minority of its citizens who are sufficiently interested in politics to want to take a share in government.

Limitation of Dictatorship

Dictatorship seems a more clear-cut system, but actually no dictatorship can exist for long without at least the passive consent of most of its citizens, the active collaboration of a considerable number, and without doing something for them. The robber baron, exacting tribute from a backward village community and giving nothing in return but an inadequate protection from enemies he himself in the main created, is the nearest to pure dictatorship that has existed in history.

The tyrant Emperors of Old China built the Great Wall and were the centres of resistance to the Tartars. Similarly the tyrant Emperors of Rome, however vicious in their private life,

guaranteed the unity that provided the Pax Romana, and benefited the masses accordingly. Their most important function was to exist, and so make it possible for the civil service to keep the Empire together, and prevent its subdivision into semi-independent pro-consulates that the powerful senatorial families wanted for themselves. Propaganda is no modern invention. We owe our usual views of the Roman Emperors to historians who were the fierce propagandists of the senatorial party.

The more complicated the economic machine, the more it has to impinge on the private life of the citizens, the greater the demand made on their collaboration. The East India Company could rule India as a pirate tyranny till its exactions became too great. The most effective weapon against the complex and highly centralised bureaucracy of the British Government of India has been non-co-operation. This weapon made necessary a White Paper which would satisfy sufficient of the Indian *bourgeoisie* to make non-co-operation ineffective. The Russian dictatorship, the strongest in the world, has to rule by persuading the people that its way is best, and emphasising the economic advantages of the system by a propaganda the expense of which would make a democratic government shudder.

Prætorian guards can prevent the machine being disturbed. They cannot keep it going. This is the central problem of the Fascist dictatorships. That they can rule by their secret police, the OVRA or the Gestapo, is only a part and a temporary part of the truth. Police spies are only effective if the mass of the people is with them. The Czarist revolutionaries could laugh at the Okhrana when they were operating in territory where the people were with them. The Gestapo is complaining[1] that its work is much more difficult now, than when the whole

[1] Martin Sommerfeldt (friend of General Goering) in *Kommune*, 1934.

population was enthusiastic for Hitler. To individuals, even the most inefficient secret police can bring ruin, but as a means of keeping a dictatorial regime in power it can only operate if there is a generally favourable sentiment among the people. The assassination of Dr. Dollfuss was not prevented by the numerous secret police in a capital where he had turned the general feeling against him by his shelling of the workers' houses at Floridsdorf.

Limitations of Democracy

Democracy also has its limitations. Recent history has shown that there are two conditions for the existence of parliamentary democracy. One, that the vast majority of its citizens must agree about fundamentals, and second, that there must be machinery by which, in times of stress, the forms of democracy can cease to operate without being permanently superseded. In a capitalist parliamentary democracy the first condition means that the power and existence of capitalism are not to be seriously threatened. When a large section of the people, as in the Italy of 1920 and the Germany of 1930–2, shows actively that it no longer agrees with this basis, democracy is not allowed to function. The success of parliamentary democracy in England is due to the fact that the leaders of labour in Great Britain have, on the whole, tacitly accepted these two conditions. When, as in the General Strike of 1926, the trade unionists overstepped the implied limits, the Trades Disputes Act promptly limited their powers. Invergordon produced the Sedition Bill. In times of stress the Emergency Powers Act provides for England a quick and effective way of fulfilling the second conditions—the temporary suspension of democracy.

A democratic form of government can function quickly

enough if there is this general agreement as to the basis of society. It is then more efficient than a dictatorship in a crisis, because it has not to waste time in smashing its opponents. But when this fundamental agreement does not exist, when, as in Germany, the parties are as equally matched as they were in the Reichstag, and at least two of the parties, the Communists and the Nazis were admittedly determined that parliamentary, democracy should not function, the parliamentary machine is clogged by obstruction. The demand arises for "firm" government, which, washed into power by a wave of popular favour, soon becomes comparatively independent of it. The middle classes who in the last century led the fight for democracy, cry the loudest for the rule of a Strong Man.

Dictatorship takes the place of democracy in a modern State if the power and wealth of the plutocracy is seriously threatened by the working class. Whether that danger comes from the use of their majority voting power to change to a Socialist system, or whether the workers are organised in a mass revolutionary party, there has as yet been no instance of a capitalist class peacefully allowing their wealth and privileged position to be taken from them. The wealthy would then prefer to share their power with the Fascist Party which they have helped to bring into existence, even if, by so doing, they have to agree to restrictions and concessions to secure a mass basis for Fascism. Any concession would be preferable to the ending of their privileges by Socialism.

A dictatorship may also get power if, from any variety of causes, internal or external, severe trouble occurs, and the stability of the social fabric is threatened. If both these conditions occur together, then parliamentary democracy disappears for a long time. If only the second condition is present, it may only be suspended for a short period—by emergency legislation or some similar device.

Those who try to fight for parliamentary democracy when

these two conditions occur together are beaten before they start, however great their sacrifices, however heroic their conduct. In the struggle to maintain the democratic forms they are choked by the bonds of their own legality. While they observe the rules, their opponents glory in breaking them. The present state of Europe shows the inevitable end to that unequal struggle.

As the workers awake to a consciousness of the general conflict of their interests with those of the capitalists, and in the degree to which the capitalists unite their forces through the centralisation of capital, the use of Parliament decreases, and the tendencies to abolish or modify it increase.

The extension of the suffrage to every adult man and woman gives to the workers in the political field for the first time the advantageous weight of their numbers. Nineteen-eighteen in the parliamentary democracies of Western Europe was the hey-day of the system. Votes were handed out as war souvenirs. The time to restrict parliamentary powers, to modify them, or to abolish them altogether, had arrived in capitalist Europe. Winston Churchill was therefore defining the real attitude of his class towards parliamentary democracy when he said, in an article written in 1934, that parliamentary democracy can not survive unless the suffrage is restricted again. What he meant was that it would not be allowed to survive.

It seems rather simple sentimentalism to believe that the workers will be allowed to make effective use of the power of their sheer numbers in a parliamentary system that has developed as a convenient means of maintaining such a balance between existing forces as will keep the capitalist State on an even keel. Looking back from the vantage point of recent events, it is plain that the process of the disintegration of capitalist democracy began with the turn of the century.

A party that preaches socialism to the workers must, therefore, be prepared to face a situation when the very success of

that propaganda rouses the capitalists to the full danger of the democratic forms they were willing to accept so long as only concessions were asked of them, and the economic basis of their power was not seriously threatened. If the Socialist Party at such a crisis has no other plan than to appeal to the forms of law, to the democratic institutions that have lost all meaning to their enemies, the tragedy of the Social-Democratic Party of Germany shows what the end will be. The democratic traditions themselves became the bonds that kept the workers helpless before the enemies of democracy.

The Treatment of the Opposition

There may, or may not, be much difference between the ways in which a democratic and a dictatorial government comes into power. Both Hitler and Mussolini were anxious to obtain legal and constitutional sanctions for their rule.[1] Hitler, by plebiscites, takes each important opportunity of getting mass consent, whether for leaving Geneva,[2] or straining the constitution by becoming President-Chancellor. If these votes are secured by terror, it is at least a mass terror. Nazi journalists outside Germany have enquired a little plaintively what is the exact difference in principle between a Zinoviev letter and a Reichstag fire. The practical difference lies not so much in the election trump card, as in the use that is made of the winnings.

It is in the treatment of the opposition that the chief difference between democracy and dictatorship lies. It is fundamental

[1] 1924: the Fascists in Italy got 65 per cent of all votes. 1929: 8·5 million "yes," 140,000 "no."

[2] In November, 1933: 39·6 million for, 3·3 million against.

to democracy that the Government in power allows the propaganda of the opposition, which thus has a means of itself coming to power. Modern dictatorship tries to crush its opponents permanently, and establish a lasting rule. For this an armed backing is essential. Mussolini remarked in March, 1923: "If a group or party is in possession of power, it is its duty to maintain itself, and to defend itself against all the others."

Under a Fascist dictatorship there is no question of the opposition being allowed to organise at all. Immediate steps are taken on achieving power to split up the various types of opposition into individuals who are prevented from coming into touch with each other and are thus prevented from acting unitedly. Active opponents who might become centres of opposition are either hunted down and killed as a matter of policy or kept in custody. Even differences of opinion within the Fascist Party itself have to take the form of conspiracies and are punished with the revolver and the firing squad, as when Roehm and Heines found the inevitable end of their discontent.

Not that democratic Governments are quite guiltless of attempting to block the channels of appeal to the masses on occasion. The virtual monopoly of the B.B.C. by the National Government has moved powerful leaders of political sections, such as Sir Austen Chamberlain, Mr. Winston Churchill and Mr. Lloyd George to protest, when for the first time they had the experience which politicians of the left find usual of being excluded from the use of a powerful means of influencing public opinion.

But in a Fascist dictatorship the opposition is completely cut off from the masses. The question that has yet to be decided is to what extent the opposition is thereby rendered completely impotent. Underground work is certainly going on in Italy and Germany though with great danger. The

figures of the persecutions in Italy would induce even a Nero to regard his successors with respect.[1]

In Germany the Socialist and Communist doctrine was accepted by so many millions that it is too early yet to say whether such an opposition can be held down sufficiently long and its pamphlets so completely destroyed that a new generation might arise which knew nothing of the old gospel. But if the social conditions that produce that gospel continue no terror can prevent an appropriate gospel arising out of those conditions.

The second main difference between democracy and dictatorship is the personal liberty under democratic rule. The system of spying, of anonymous denunciation of persons carried from their homes and imprisoned without trial for months or years without even knowing the charges against them, these are distinctive signs of dictatorship. But in certain directions a dictatorship tends to allow greater liberty to the individual who does not want to meddle in politics. A dictatorship has not the same zealous moral interest in the private life of the individual. It allows him to drink more or less when he wants. The restrictions of D.O.R.A. are unknown under Fascist dictatorships. The Russians, who for their Socialist reconstruction need citizens who are not addicted to drink or drugs, tend to be even more puritanical than democratic Britain.

[1] Political Terror in Italy, 1925–26.

	1925.	1926.
Political processes	1,529	456
Accused	10,861	7,228
Condemned	5,409	1,145
In Political Conflicts.		
Killed	118	51
Wounded	1,699	468
Arrested	11,308	18,663
Destruction of anti-Fascist Premises.		
Destroyed	380	143
House searches	10,982	11,186

Sir Oswald Mosley in his *Greater Britain* claims the right to make the same distinction. He says: "The Fascist principle is liberty in private life. Obligation in public life. In his public capacity a man must behave as befits a citizen and a member of the State; his actions must conform to the interest of the State which protects and governs him and guarantees his personal freedom. In private he may behave as he likes. Provided he does not interfere with the freedom and enjoyment of others, his conduct is a matter between himself and his own conscience." This rather sinister distinction between what a dictator considers liberty and what is considered desirable for a free citizen of a democracy could hardly be better stated.

Popular and Unpopular Governments

The real distinction that is emerging in our time is not between democracy and dictatorship but between popular and unpopular governments. The essential feature of popular government is that it uses its citizens for more than voting. The matters in which Governments want their subjects to be interested depends not on whether they are democratic or dictatorial but on their social aims. The Nazis, for example, foster interest in foreign policy because they want popular backing for their imperialist intentions, and also to keep the attention of the citizens distracted from the difficulties at home. The *Völkische Beobachter* says: "It is the daily task of every German to be occupied with foreign policy."

The Soviet Government on the other hand fosters the interest of the workers in matters of production. It encourages them to take the initiative, and draws them into collaboration, even at the cost of efficiency. The Fascists are particularly careful not only to suppress the interest of the workers in matters of production but to canalise their attention into other channels.

The *Dopolavoro* (*after work*) organisation set up by the Italian Fascists is deliberately organised to interest the workers in organising leisure rather than production.

It is of the essence of Fascism to deny that the masses are interested in governing themselves, whether in industry or in politics. Hitler said to Strasser that what the masses want is "bread and circuses," or he could have said "work and parades." Dr. Goebbels declared: "The masses want to be governed well, but they do not want to govern themselves."

The separation of the workers from the organisation of production has been accentuated to a dangerous degree by the concentration of the means of production during the last century into the hands of a relatively small class. This is the economic basis which alone makes possible the political subjection of the masses of wage-dependent voters. Its attempt to alter this is one of the least understood, but most important political experiments of the Soviet system. Everything is being done deliberately to interest the workers themselves in the processes and organisation of production. The directors are regularly supervised, according to Stalin, by "production committees of workers who investigate the entire work of the directors, discuss the plan of the factory administration, and point out the mistakes in them."[1] The immediate interest and initiative of the workers has been shown in the "Communist Saturdays" (voluntary extra work) of the first years of war communism, in the Socialist competition which in 1929 began to develop as a mass phenomenon so that by 1930 72·3 per cent of all workers took part in it. The broad development of the shock brigade movement and of the inventors groups, the continual and very severe self-criticism through the Workers' Correspondents in the Press, are important parts of the same process. Lenin said that the faith and the confidence in the creative powers of the masses is the distinctive

[1] J. Stalin, *Probleme des Leninismus*, 1929 Edition, pp. 33–34.

characteristic of Communism, and in spite of an amount of bureaucratic degeneration in the Soviet Union the Russian Communists do their utmost to live up to this creed.

The Russians always try to drag the masses of the workers into the job and give them responsibility, whereas the Fascists regard the incompetence of the present-day worker with regard to the problems of production as a natural and desirable and permanent phenomenon. The Russian Communists give the responsibility to the workers, whereas the Fascists declare them to be unfit for it.

At the present, the Russians are paying a high price through the inefficiency which must necessarily accompany the first tentative efforts of inexperienced workers in the organisation of production, but they consider that the results so far justify the price they have paid for them.

This is a new conception of democracy, the economic democracy of a system of production which secures the wholehearted co-operation of the majority of workers and technicians engaged in it. This is the real alternative to Fascism. Its roots are the very foundations of society, for it is rooted in the masses. A democracy that depends on votes alone, in which the section with the least economic power possesses the majority, voting power is obviously unstable and unreal. It can survive only while conditions remain fairly stable. When the masses are united sufficiently to desire to use their voting strength to redress their economic inferiority they may find that they need to accomplish their purpose far different forms of expression than capitalist democracy has provided for them.

CHAPTER NINE

Nationalism and Internationalism

THE gibe thrown at Socialists by their opponents everywhere is that they are the friends of every country but their own. Reaction, whatever the variety, regards itself as the patriotic force in the nation and assumes the national flag as a party badge. The Socialists, with their general feelings of kinship with workers facing much the same problems as themselves, are inclined to let the Conservatives appropriate the enormous propaganda value that the appeal to nationalism gives in any country. The Fascists have seized this advantage to the full and emphasise the intense national character of their own movement, and exaggerate and distort the internationalism of the Socialists and Communists. In Germany the movement has been called " National Socialism " to get the best of both words, thereby causing considerable confusion, for the word nationalism can have a number of quite different meanings.

The Internationalism of the Fascists

The Fascists who so proudly declare their freedom from the infection of internationalism are as international as they are national. There is a strong solidarity between the members of the Fascist International. They feel to a great extent responsible for each other's actions and defend each other in their Press. Rome is the Moscow of the Fascists, and Fascism

has shown itself to be a valuable article of Italian export. In the room of Hitler is a bust of Mussolini. In the rooms of the British Blackshirts there are pictures of Hitler and Mussolini, presumably on the ancient principle of " Look on these and do your best." As the Communists argue that the success of Communism in the U.S.S.R. should inspire Britons to introduce Communism in Britain, so the British Fascists use the successes of other Fascist movements as propaganda, and as Sir Oswald Mosley discovered after the June shootings, suffer from the effects of their less meritorious efforts.

These so-passionately national Fascists imitate everything from abroad. The coloured shirts, the Roman greeting, the military forms. The song-sheet of an English Fascist meeting consists largely of translations from German and Italian Fascist songs sung to the same tunes. The " Horst Wessel Lied " and " Giovinezza " have become the inspirational songs of British Fascism. The agitational methods are entirely un-English. The concentration of supporters at vast expense from distant towns is a German idea, itself borrowed in turn from the punitive expeditions of the Italian Fascists into Socialist areas. The typical Mosley meeting has a strangely foreign air, with its solemn parade of flags in a blaze of light and the concentration of all attention on the leader.

Policies are borrowed in the same wholesale fashion. The Nazis took over the *Dopolavoro*, and the " campaign against grousers." If ever people look abroad for standards and for inspiration for their actions it is the Fascists. They deliberately encourage this feeling of solidarity among their members. They arrange tours to Italy and Germany. When in South Tyrol a Fascist monument was erected ; S.A. Storm Troops joined in the celebrations of the victory of Italian Fascism over the German population in Bolzano.

Mosley is proud of being taken seriously by Benito Mussolini and is photographed with him. Groups of Italian and

German Fascists come to England. Enthusiastic articles appear about Italy in the British *Blackshirt*. We quote from one of them in Number 4. " After such an experience, mean would be the spirit which did not salute with admiration the Fascism of Italy and the genius of its leader, Benito Mussolini, the origin and the inspiration of World Fascism. . . . We are united with them by indissoluble bonds of friendship, in universal Fascism, the greatest creed which Western Civilisation has yet given to the world." It would be difficult for a Communist to say anything more international than that.

The Fascist International has even World Congresses, but they avoid the publicity given to the Congresses of the Socialist and Communist Internationals. There are no published reports. It is very difficult to find out anything of what went on in the Congress at Rome in 1933. It cannot be denied that this Fascist International has proved more successful in action than the Communist International and far more dangerous to individual liberty. But as yet no speeches are made about the menace of the Fascist International.

The Nationalism of the Socialists

In its more exact sense, nationalism means the right of each nation to have its own culture and administration. The Socialists recognise that there is a value in national tradition, and that each nation has a right to the national tradition that it inherited. The Russian Communists have been careful to guarantee the cultural rights of the nations which together compose the Federation of Republics which has taken the place of the Russian Empire.

True, Marx said: " The workers have no fatherland," but the German Marxists carefully interpreted that as a statement by Marx of the deplorable fact that the workers thus lacked something which they ought to have. Lenin wrote in an

article: " The nation has a value which must be conserved." The Young Communist League in Germany sold this as a pamphlet by thousands to counteract the effect of the remark of Marx. Trotsky, the intellectual, is the ardent advocate of world revolution. Stalin, the peasant, builds his whole policy on the basis of " Socialism in Russia first."

There is a difference in the form nationalism takes among old as distinct from young nations. Old nations, nations whose nationhood has not been disputed for many generations, have the tribal spirit fully matured. They can take it calmly. In younger nations which are not so sure of themselves they are much more passionate about it. Even now the Germans are not yet a nation as the British understand it. They still think of themselves as Bavarians or Rhinelanders, resentful of the position that Berlin has assumed as the capital. It has needed some such mass hysteria as the Nazis have been able to work up, to give to Germany this sense of being a nation. Whether a Munchener is any happier or better for feeling German rather than Bavarian is beside the argument. Socialists prefer a milder variety of such nationalism. Their cause in its propagandist stage is completely helpless against such frantic national pride as in pre-war Austria or oppressed Ireland. The Fascists prefer the violent variety, not from nationalist, but from imperialist considerations.

It is a distortion of the words " nationalism," or " patriotism " to identify them with hatred and contempt and suppression of foreign nations. This is " imperialism," but reaction always tries to cloak this with the term nationalism. It is possible to regard nationhood as having value in itself, and not as a barrier to social intercourse and trade.

Socialists do ultimately want to introduce Socialism into the whole world, as the Fascists desire that the entire world shall be Fascist. " Forward to World Fascism," is the slogan of *The Blackshirt*, the Fascist weekly. But as a matter of

history, the only concrete success towards a Socialist country is in Russia, where, after a period of talk about the World Revolution, they set themselves the task, by the Five-Year Plan, of building up Socialism in their own country first. If the German Communists had learned this lesson they would probably not now be exiles. Their dependence on Russia was no small part of the cause of their trouble.

British Socialists cannot help Japanese Socialists to get Socialism. To be effective they must concentrate on the tasks in their own country first. Only when they have achieved this can they begin to help to build real peace in Europe. They can only do their share towards organising a European Federation after the capitalism which must always prevent such a development has been destroyed.

The Internationalism of the Socialists

Some socialists, however, urge that the English worker has more in common with the Indian worker than with the English capitalist. The workers in the highly organised countries have an obvious interest in raising the Asiatic workers to their level, because low wages in Asia are dangerous to their own standards. But on the other hand the European worker has an interest in cheap raw materials, whose cheapness is based on low wages. This creates a conflict which tends to be ignored in Socialist circles.

Any feeling of a common interest as workers against the capitalists in all countries is felt only by a minority of the workers. There are only a few cases on record of international actions that actually have had a definite effect. During the coal dispute in Britain in 1926, German and American miners sent funds; but they continued to work. The Nazis made considerable propaganda against the workers of Red Ruhr that they benefited considerably as miners from that strike.

The international solidarity of the workers was weaker than the joint exploitation of the situation by the national capitalists of England and Germany against the English workers locked out. In situations of even greater seriousness as in 1914, not even funds or messages of goodwill were sent. The working masses of each country willing joined with their own capitalists against the workers and capitalists of other countries . . . but the solidarity of capital was not broken by the war, as the unscathed mines of Briey bear witness. The only case we can quote where effective action on behalf of the workers of another nation was undertaken by a European working class, was the refusal of the British workers in 1920 to allow a man or a ship or a gun to be sent against Russia.

The international feeling there is in the Socialist Movement is limited to the active 10 per cent, who because they have these feelings of solidarity with the workers abroad are rather apt to assume that they are shared by the workers as a whole. Consequently international co-operation is limited to the by-products of the class war. The active 10 per cent are vigilant. They form "Hands off China" or "Hands off Russia," or "Help for Victims of German Fascism" committees which do excellent work, generally with the disapproval and even active hostility of the official Labour and Trades Union Movement. The Communists are usually the prime movers in such committees . . . not out of sheer desire to annoy the Labour Movement, as some leaders assume, nor even as nets to lure unsuspecting victims into the "sinister net of the Communist Party," but because their own connections with the Russian Communists give them nearly as strong an international feeling as the Fascists have, which is much stronger than that of the average Socialist. In the cases of Sacco-Vanzetti, the Meerut prisoners, the Reichstag prisoners, the Scotsboro negro boys, these *ad hoc* committees have done very valuable work in rousing public opinion, and in annoying whichever

Governments were concerned in the particular piece of tyranny. The international organisation of moral indignation has produced most of the successes of the Communist Parties outside Russia. In all other sectors they have only failures to show. That this happens with such unfailing regularity cannot be entirely dismissed as bad luck.

Actions of solidarity between responsible Labour and Trade Union leaders cannot, of course, be carried through in the same way as the *ad hoc* committees are free to do. The British Trade Unions raised considerable sums for the last election the Social Democratic Party was able to fight. A sum of about ten thousand pounds was offered, but the German leaders felt that they must decline it, as they would then be under suspicion of "getting funds from abroad," a consideration which never seems to have troubled the "anti-international" leaders of the Fascists. This sum was later used for relief of the S.D.P. exiles from Germany. Money was raised by the Trades Union Congress for the Austrian workers before the Dollfuss Putsch against them, and gratefully accepted by them, as was the considerable sum of about £34,000 raised afterwards for relief of the victims.

The International Federation of Trade Unions co-operated in getting funds out of the Fascist countries and safely guarding it. Unfortunately both German and Austrian leaders were so intimidated by the Fascists that the great bulk of this money had to be returned to these countries. In the early days the Trades Union Congress and Labour Party called for a boycott against German goods, but as this was made a "consumers' boycott," and not one by the unions concerned in handling German goods, it could not be very effective.

There have been occasions when the workers have shown themselves willing not to load munitions—for example, the war in China—but where the leaders of the Unions have refused to sanction this. In the one case when they have

joined in the protest, as in the case of the Russian expedition in 1920, it has been immediately effective. The fact is not forgotten by the army authorities. The large additions to army transport which followed this action were planned so as to make a threat of this kind less effective in future. The army is now largely independent of railway transport.

Difficulties always arise in the Trade Unions about these solidarity strikes because the brunt of the burden must fall on the transport unions, who, as the Left-wing leader of the Locomotive Enginemen and Firemen has frequently said, "are asked to hold the baby every time." The resolution for a general strike against war was passed at the Hastings Conference of the Labour Party in 1933, by the votes of many of the biggest unions. But when those same unions meet, not as political but as industrial entities in the Trades Union Congress the same year, grave doubts arise and the matter is referred back for report and enquiry.

The political internationals show a set of unexceptionable internationally-minded resolutions, without any backing in effective action. The First International can be ruled out, as it only represented a few people, and was largely a myth. The Second International was limited to the imperialist countries. It was not, and is not now, a world-wide International. It was not able to organise co-operative action, and claimed no discipline over its constituent bodies, except in matters of conference routine. They have never been able to resist the national conflicts of their own capitalists. In 1914, in spite of all the resolutions about war, the Second International was suspended, and long after 1918, when many of the capitalist statesmen had buried the hatchet, the Congresses still quarrelled about war guilt and reparations. Not till the Congress at Marseilles in 1925 did Müller and Vandervelde stage a public reconciliation, amid much emotion. In big decisions, in which the international interest did not coincide with some important

national interest, the Second International has simply not existed.

The Third International is mainly an International of the colonial and half-colonial countries, and the Communist Parties in the imperialist countries. No other Socialists belong to it, nor judging by the treatment of the British I.L.P. are groups other than Communists welcome. Few movements have received such passionate and disinterested devotion from groups of workers in other countries as has the Communist International, but a cool examination of its actions since the years of its early enthusiasm—since in fact the Russians realised that they were not going to be helped by a World Revolution but had to tackle the job of building Socialism as a national movement—shows the Third International to have been used almost entirely in the national interests of Russia.

The Nationalism of the Fascists

Rossoni, the Italian syndicalist, turned Fascist because he said that he had found that the low status and wages of the Italian workers in America was due to the fact that Italy was a weak and neglected nation. "We have begun to understand," he said in 1923, "that the fate of the Italian worker is indissolubly bound up with that of the Italian nation." Hitler has made similar remarks.

National Socialism believes that other, to them inferior, nations must be used to raise the standard of the worker of the national Socialist State. The specific aims of this type of nationalism is to unite the workers, first with their home capitalists by stressing the unity between them, second, to unite them for imperialist expansion.

The Fascist policy is one of economic nationalism—the closed market, the self-sufficing unit. But immediately they

are involved in a dilemma. They want to shut their doors, but they have also to open them to others in order to get rid of the surplus product which cannot find a market at home. Even a monopolistic trust backed by the State has its surplus products which have to be exported because the Fascists cannot develop their home market to absorb them, without destroying the profit basis of their home capitalists on whom they depend. This is the fallacy in the Mosley argument.

Economic nationalism desires the home market for the home capitalist, and to secure the economic independence of the country in time of war. But this war is not avoided by economic autarchy. The closing of the frontiers is in itself a preparation for war, for it compels nations with a smaller heritage to attempt to get the frontiers opened by war.

The particular kind of nationalism of Fascism is thus a result of their alliance with their own capitalists, and their preservation of the profit system. But it is possible to envisage a National Socialism which was completely different in its motives and its character.

CHAPTER TEN

The Weakness of the Marxist Parties

THE collapse of the whole workers' movement in Germany —Socialist, Communist and Trade Union alike—was so sensational, the repercussions outside Germany so considerable, that the whole story must form an object of study, a complete laboratory experiment in the rule of orthodox social democracy. To say, as leading Socialist politicians have done, that it is unfair to criticise a man when he is down is to ignore the fact that the German situation is a standing invitation to the capitalists or the Fascists in the rest of the world to go and do likewise. And unless the lesson of those fourteen years of the Weimar Republic can be learned in time by the worker's movements in other industrial countries, that invitation will obviously be accepted, and with probably much the same results.

Why could the huge Marxist parties in 1933 offer no resistance to the Nazis, who only four years previously were a small minority? What was the cause of this weakness? It could not have been caused by Hitler, though it obviously did much to help him. The Socialists and the Communists each put practically the whole of the blame on the other, so it is necessary to consider each of these records and policies in turn, to see whether any explanation can be found for this debacle.

The Social Democrats

The main trouble with the German Social Democrats was that they had never been a Socialist Party, which would not

have mattered much if they had not thought they were. But their actions never tended towards a replacement of capitalism by Socialism. Their policy was never guided by any desire to destroy the capitalist system, and to build up a Socialist State. Essentially they were a reform party, whose aim was to secure the greatest possible share for the workers out of capitalist industry. When after 1918 the power fell into their hands, or rather was thrust into their unwilling grasp by the revolutionary workers and soldiers, they were completely without any plans for socialisation, or for any new policies whatever. What they really wanted was to get the power back into the hands of the big industrialists as quickly as possible, so that they could proceed along the familiar lines to fight the capitalists for what was to be the workers' share of what they had given back.

The Trade Unions made no bones about what they really wanted. They concluded a peace treaty with the industrialists, which was followed later on by the agreement between Stinnes, the big capitalist, and Legien, the Trade Union leader.

As the governing party for a time, given power in a revolutionary situation, the S.D.P. were in a terribly difficult situation with the Allies in their Versailles mood. Kautsky, the famous Marxist theoretician, produced the convenient theory that it was impossible to socialise industry in the broken state in which German industry was in 1918. He did not state the obvious corollary, that if industry was not broken the capitalists would be strong enough to prevent any socialisation and the masses would have no desire for it.

Accustomed to regard themselves as a permanent minority, the Social Democratic leaders had never thought very concretely about how they would introduce Socialism if ever they got the chance. They had not the realistic mentality of Lenin, who, when in exile with a few friends, immediately put them at work on the tasks of how they would act as Ministers supposing the revolution *was* successful. The German Social

Democrats formed a committee—the Socialisation Committee —rather on the lines of Mr. MacDonald's committees for a similar purpose, except the German committee did consist of people who were supposed to be Socialists. But this committee after considerable discussion only served to show that there was no agreement whatever about the fundamentals of what the S.D.P. had been preaching on their platforms for fifty years.

With the power completely in their hands in 1918, the S.D.P. made no attempt to abolish the class rule of the capitalists. They did not want to take over the full responsibility. The private ownership of the factories and the land was left untouched. There were only some half-hearted attempts to limit this power. One was a system of taxation, planned and introduced not by a Socialist, but by the Roman Catholic leader, Erzberger. This struck hard at the biggest fortunes, and was a cause of considerable complaint by the owners of them. But the net result of this was that milliards of marks were continually disappearing abroad, and the Government did not stop this. The capitalists made the same answer to the State which takes a high proportion of their wealth without taking their responsibility as they make to the municipalities who put on high rates. They simply go away.

At the same time the Social Democrats left the people who stood for the old regime in positions of great power, as officials, as police presidents (till later), and above all as the teachers in schools and universities, and as judges in the courts. " We shall not make the same mistake as the Social Democrats and leave our enemies in the position to strike us from behind," said Dr. Goebbels when the Nazis took power.

Factory Councils were only granted in 1920 in response to great pressure from the workers for something to be done, and then only after the machine-guns, mounted on the Reichstag Building, had fired into a demonstration and killed forty-two workers. The Law of the Works Councils gave some control

of conditions in the factories to the workers, and at first these councils had great influence. But the German trade unions had been built along very different lines. They were not concerned with the factory as a unit of production. In other words, they were not concerned with the workers taking control of industry, because they were not organised with that aim in view. Their work, as the Trade Union leaders like Legien, Urban, and Leipart saw it, was to secure for the workers as large a share of the capitalist cake as possible by means of large-scale wage agreements, easy to enforce, and leave the whole question of management to the employer.

The experienced Trade Union official working full time at this job and paid for it, is of course a much more efficient person normally (though not necessarily) than the workers at the bench, elected by their comrades on to the Factory Council. These were not given either the time or chance to gain much experience because the Trade Union officials resented the competition, and were afraid that they might endanger national agreements by simply not knowing fully the national position. In 1930 only seven million workers out of fifteen millions took part in the elections for these workers' councils. If the national unions had had the idea of taking over the industry, even at some future date, these works councils could have laid an invaluable basis by training workers in problems of management, and raising a local leadership, priceless at a moment of struggle.

There is a certain futility in blaming men for not doing what they had never any intention of doing. The clash between the two sides—workers' councils, and national unions—was a real one so long as men were at the head of the unions who only thought in terms of the old motto : " defence not defiance," or in the more up-to-date phrase : " wages, not power." But there is no essential clash between the two ideas. If the basis of the Trade Union Movement is really socialistic, it is only a

question of organisation and planning to devise means by which the two functions—the worker at his bench, and the worker as part of a national unit, can be dove-tailed in to the benefit of both. The loss of interest in the national unions, particularly in this country, which, now that the German Movement has gone, remains the classic home of the national Trade Union idea, is largely due to the inelasticity of mind which does not see that a union can become so large and bureaucratic as to mean little in human terms to the members. Some of the most effective strikes recently have been waged by workers actually unorganised, but who showed great powers of cohesion when they had the responsibility thrust on them. The weakness of the German unions at the moment of decisive struggle is proof of how out of touch with the actual feelings of the workers the high bureaucracy had become.

But these two measures, taxation and factory councils, left the private ownership of the means of production in the main untouched. The big industrialists, worried at the whole position, were in a mood to be reasonably thankful if they were left anything. But when they saw that they had really nothing to fear, the situation changed and the Social Democratic Party was at the mercy of the men who really owned the country. The influence of the S.D.P. remained very great, but they actually participated in government for only six years out of the fourteen which the Weimar Republic lasted. They had tens of thousands of councillors in the municipalities, hundreds of burgomasters and the police presidents in the most important towns. But in 1918 they had held the full power in the State, and if they had known what they wanted to do, they could have done it. As it is, what they really wanted happened—the ruling and financial classes resumed responsibility which the Social Democratic leaders were really afraid to have in their hands.

The Fight Against the Communists

There was something else of which they were also afraid. There was a section of the workers which demanded full power and wanted to take it. There were the Spartakists, and later the Communists. Against them the Social Democratic leaders showed great power of decisive leadership. Against them they organised the forces of the counter-Revolution. The scattered and disheartened remnants of reaction were carefully gathered, financed and armed. Among them were many men now leading Storm Troopers, and who ordered the flogging of Heilmann and other Right-wing Social Democratic deputies in 1933. Noske publicly thanked these men for their brutalities against those sections of the working class who were fighting for Socialism in Germany. By thus forming a united front with all the reactionary elements in the country, it was the Social Democratic leaders who actually split the working-class movement in Germany and paved the way for Hitler.

By 1923 several Communist insurrections had been suppressed. The leaders of the Left, Rosa Luxembourg and Karl Liebknecht, the two most effective leaders that the workers produced at this time, were killed—as was proved in the process against Prinz,[1] actually at the instigation of Social Democrats. Some days before they were murdered, the *Vorwaerts*, the official organ of Social Democracy, complained in a poem: "Many wounded and dead lie in a row, but Karl, Rosa, and Radek are not among them." The hint was taken. Two days later two were killed. The Terror against the Communists continued. Nothing that the Nazis have done against the Social Democrats cannot be matched by the outrages of Noske's troops against not only Communists but simple workmen who thought that they were fighting for what the Social Democrats had taught them was the aim of their movement. The facts of

[1] *Illustrierte Geschichte der deutschen Revolution*, 1929, pp. 294–6.

this terror are well established, though well-intentioned persons outside Germany have dismissed the accusations against the Noske troops as mere Communist propaganda.

Having decided by their actions against any attempt to introduce Socialism, having left untouched the real power of the capitalists, and having choked the social revolution, the Social Democratic leaders had only one way open to them, to collaborate with the capitalists to get as much as they could for the workers. And that they did with energy and sincerity.

Treaty Between Trade Unions and Employers

The peace treaty between the unions and the big employers was followed by full and formal collaboration between Stinnes, the magnate of the Ruhr, and Legien for the Trade Unions. When in 1924-25, rationalisation became the "road to prosperity" in the U.S.A., the Social Democrats swallowed the propaganda quite uncritically, apparently without any test of the new method against their Socialist theories. They went all out to press forward the introduction of rationalisation into German industry, and this took place with German thoroughness. The Social Democrats argued that higher wages are impossible without greater productivity of industry. They adopted the "Produce More" slogans which the British Trade Union leaders had caused to be placarded over England three years previously. They did not distinguish between the kind of rationalisation that raises productivity by eliminating waste, senseless competition, extravagant advertising, the good type of rationalisation, and the type that raises productivity by raising the degree of exploitation.

This vital distinction was simply not recognised by the Social Democratic Trade Union leaders. Reading through speeches made at that time at the various international conferences, it is obvious that the general policy of the Trade Unions was to do what they considered their job, and to let the employer do his.

They had no desire to interfere with him so long as he would honour collective agreements. In this they differed in no way, either then, or for that matter now, with the bulk of the Trade Unionists in other European countries, especially in England.

It is a little difficult to see why the German Trade Union leaders, bureaucratic in a way that no other country understands bureaucracy, should complain against the Fascist labour organisation, except in so far as they have taken the jobs of the Social Democratic officials—because their organisation for the regulation of wages and of conditions of work resembles the Fascist bureaucratic organisation as one hair resembles another. Three sets of people decided about wages and working conditions, representatives of the capitalists, of the Trade Union and of the Government. The Government representative could make his decision final, and could declare a strike or a lock-out to be illegal. Between 1924-28, 53,000 cases of dispute were settled in this way, and in 2,840 cases the Government made its decision obligatory.

This system gave quite definite advantages to the workers. It enabled them to get their share of the prosperity years of 1924-29. A certain security and stability was given them by the collective wage agreements which, by January, 1928, covered no less than eleven million workers out of fifteen million. In the years of the Weimar Republic the system of collective agreements became almost universal.

At the same time the money spent on social services increased enormously. The figures of the money spent on National Health Insurance are instructive.

1914	.	580 million marks
1925	.	1,380 ,,
1926	.	1,490 ,,
1927	.	1,720 ,,
1928	.	2,100 ,,
1929	.	2,300 ,,

In addition the forty-eight hour week was almost generally observed until 1929.

It is impossible not to have a feeling of sympathy with men who had laboured under all the disadvantages of the pre-war days, and who, feeling that all these collective wage agreements and improved social services were an instalment of the Golden Age, regarded the Spartakists as dangerous extremists, endangering solid advantages by crying for the moon. It was a good racket while the prosperity bubble lasted, but even during that period it had its other side.

The number of accidents owing to reckless rationalisation and conscienceless speeding-up of the workers increased year by year. At the same time the productivity of labour increased quicker than wages, and this soon led to further unemployment. The rigidity of the wage agreements prevented the youths from getting into work, and they tended to drift off into the Fascist Movement.

The Bubble Bursts

In 1929 the bubble burst. The whole system of collective bargaining which had been built on the precarious American-subsidised prosperity of the German capitalists began to crumble. The unions were helpless, and had no other solution to offer than to accept the employers' demands. The employers at once demanded sweeping reductions in the standard of life of the workers. The wages were reduced by 30 to 40 per cent in Germany, U.S.A. and Italy; if union or non-union it made no difference. Social Democratic trade unionism was therefore discredited.

Now it is possible for the German Trade Union leaders to argue that they did their best for their members. They secured them as large a slice as possible of the cake while there was any cake left to cut—and when there wasn't, could the Communists do more ? They had at least kept the machinery of production

intact, which would certainly have been smashed if the Spartakists had secured enough backing to stage an effective revolt. And in a " normal and stable capitalist situation " of alternating booms and slumps that argument has held good for many years.

But there was not even the appearance of normalcy and stability in post-war Germany. For any set of responsible men to argue and act as though the fever flush of the 1924-29 days was likely to last; to base on that a continuation of their old policies, was simply inviting the smash that came. A rigidity of policy that would listen to no new ideas, no suggestion that the Socialism they had preached might be their way out, took all the life out of the movement, so that when the time came for them to call for help there was no one to hear. And they did not even call.

Social Democracy and the Middle Classes

But on what basis did the workers get their slice of cake even when it was there ? A collaboration between capitalists and workers is obviously only possible on the assumption that other people are exploited in the joint interest of capitalists and workers, instead of the workers bearing the whole burden. In England the colonial masses make possible the reformist policy of the Labour Party. The comparatively high standard of life and the costly social services could not be paid for if it were not for the drain of profit from sweated coloured workers. Germany had lost its colonies and spheres of influence by the Treaty of Versailles, and was for some time reduced to the state of a half-colonial country. The only people who could be made to pay the price of the worker-capitalist collaboration were the middle classes and the peasants. The years of the Weimar Republic between 1923 and 1929 were an experiment in open exploitation of these classes to pay for the high capitalist

profits and the collective wage agreements and social services of the workers.

The depreciation of the mark, which was fostered by the capitalists and not prevented by the Social Democrats, led to a confiscation of middle-class savings by the capitalists and the State, since both got rid of their debts and loans.

The development of big stores and the co-operative movement, which expanded enormously in these years, ruined many small shopkeepers. The Social Democrats, who were naturally keen on the co-operative development, approved also of the concentration of private capital, believing that thus it would be easier to take over "some day." The middle classes could not be expected to like this theory.

The property of the peasants was gradually swallowed by finance-capital, partly because heavier taxes were imposed on fixed than on movable property. In the interest of the standard of life of the industrial workers (and to reduce the amount that had actually to be paid out by the employers), the prices of agrarian products were kept low. The agrarian crisis broke in Germany in 1927. Nothing effective was done to help the peasants.

This policy produced its natural result in the exhaustion of the resources of the middle classes and peasants, as the reformist policy of the Labour Party will presumably find its end in the exhaustion or loss of the colonies. This third group in the German State saw that they would inevitably be ruined by the organised forces of capital and labour; that they were doomed to be ground between these two great millstones if they themselves remained unorganised. They found a leader in Hitler, and organised themselves under the banner of National Socialism with its specially strong appeal to just these threatened classes. This revolt of the middle class threatened the basis of German capitalism, especially when, as we shall see later, its ranks were considerably strengthened by those

elements in the working class who had become disappointed with the policies of the Socialist and Communist Parties. These, together with the ex-officers, made the S.A. into a serious fighting force.

On the other hand there were fairly considerable sections who had not gained by the policy of rationalisation, who were infuriated by such incidents as Zoergiebel's[1] shooting of thirty-three workers on May 1st, 1929, and who were disgusted by the lack of resistance to the Nazis that the S.D.P. leaders displayed. They went to the Communists. The election results showed that from 1928 the working-class quarters in the chief towns tended to vote more and more Communist and less and less S.D.P.

For all these reasons the Social Democrats began to lose their value for the capitalists. There was no fight left in the leaders. After 1930 they simply yielded to each new form of pressure, each new demand exerted by the organised capitalists, whether economic, as wage reductions, or political—the practical abolition of the Reichstag. They drifted into the policy of the "lesser evil," which consisted in uniting with the Reaction—Hindenburg and Bruening—against the Nazis. True, by this policy they kept the Nazis out of power for at least two years, but only at the cost of discrediting themselves hopelessly in the eyes even of their own members, by handing over one position after another.

When, at last, in July, 1932, one of the ablest of them handed over the powerful, and armed, Prussian police to the serious pressure of one lieutenant and three men, they were of no conceivable use any more to the capitalists with whom they had collaborated. The magnates had to look for other allies, a new mass basis. One further degradation was left to the Social Democratic leaders. They had still to vote for the greater evil. They held up their hands for Hitler in the

[1] Social Democratic president of Berlin.

Reichstag on 17th May, 1933. Some days later they were dissolved. This was the fruit of the seeds sown in 1918. This was the end of the decision to collaborate with the capitalists, suppress their own Left elements, and postpone Socialist reconstruction to a more convenient season.

From the masses, the S.D.P. executive could expect no serious help, except votes which were given almost automatically. When they used the slogan, "Give us power, and we will give you Socialism," no one believed them—after 1919–23. They did not want the help of the powerful Communist sections of the working class. A Hamburg Social Democratic leader said at the time when his party friend, Eggerstedt, the Socialist police president, shot seventeen Communist workers who opposed a Fascist demonstration, "Better ten times with the Nazis than once with the Communists." This expressed tersely the general attitude of the Social Democratic leadership. The events after the Kapp Putsch in 1920, like the events after the Korniloff Putsch in 1917 against Petrograd, had shown that if once the masses are roused into movement, even under the leadership of the S.D.P. at the beginning, it is very difficult to prevent that movement turning into revolutionary channels.

When foreign Socialists deplore the split in the Labour Movement in Germany and blame the Social Democratic leaders wholly for it, it must be remembered that a Communist revolution would have meant the annihilation of the S.D.P. as a party and the physical destruction of many of its leaders. The memory of Noske and of the activities of many of the Socialist police presidents would have made that certain. Once that river of blood had flowed, reconciliation between the two movements was wellnigh impossible. At the late hour at which something of the kind was attempted by the Leftish leaders of the S.D.P., like Dr. Breitscheid, who in his election speeches of 1932 was making open overtures for a united front,

this was completely impossible. Hitler, it was thought, might find some use for Social Democratic leaders: Thaelmann never.

The Communists

The record of the Communists makes nearly as dismal reading as that of the Social Democrats. They were only defeated after they had done everything possible to destroy themselves. No country outside Russia has presented its Communists with greater opportunities than the Germany of the Weimar Republic. Few parties have had finer personalities at one time and another among their leadership. The record of the Communist Party in Germany is one of magnificent opportunities thrown away, and good men sacrificed for ends that were not theirs.

The heroic illegal work of the Communists since Hitler came to power has tended to silence criticism. The Russians have rushed in to stifle complaints that might come too unpleasantly near to Moscow by a blanketing resolution in June, 1933, that the German Communist Party line was throughout the correct one. An individual may be unlucky. He may deserve success without attaining it. But if the line of a party be correct, it does not go down without a murmur in a situation that it has foretold for years may happen and for which, therefore, it may be presumed to have prepared. The faults that brought down the K.P.D. are rampant in other countries. It is doing no service either to Russian or German workers or to the men and women who have fallen in the struggle not to insist on discussion of all the factors in the situation. The men who could not stand up to Moscow when they had the resources of an immense party behind them are hardly likely to be able to say what they really think when they are refugee guests in the Moscow household.

The Russian Model

In the first place, the German Communist Party used Russia as a Christian uses Heaven. The name was an answer to every problem. Always from the beginning, and in the course of the years with the progress of the Five-Year Plan, German Communists referred to Russia as the model of what should happen in Germany.

Fundamental differences between Russia and Germany were admitted to exist, but they were never clearly worked out. Certainly they were never popularly explained and consequent alterations suggested during the whole of the fourteen years of propaganda. In this way the Communists deprived themselves of a concrete programme suited to German conditions. They instilled into the workers the vague idea that " after the revolution " the Party would do the same sort of thing as the Russians. The " dictatorship of the proletariat " would solve all problems.

When the Communist Party leaders in a German town were asked what they would do immediately after a revolution, it was obvious that they had only the vaguest ideas and simply relied on instructions sent from above—a fatal habit of mind as was shown in March, 1933. The Party apparently could not be bothered with the detailed problems of socialisation which must surely be worked out beforehand by a party that really is aiming at power, if it is not to be in a position of complete helplessness at the crucial moments. For Socialism as a creed to secure the adhesion of the average citizen, it must above all things be concrete. It must provide the answer to the problems that are pressing on him, or otherwise he is completely uninterested. This essential work was omitted by the Communist Party. All difficulties were met by general references to Russia.

This might have got them through, if the German workers had been whole-heartedly attracted by the Russian experiment,

but they were not. Wanting immediate relief from the deepening economic chaos, the German workers were repelled by the prospect of a complete disorganisation and partial destruction of the German factories by civil war, and under inexperienced leadership. One of the authors met with this point of view very frequently in discussions with Social Democratic workmen.

The immediate prospects which the Communists held out to such workmen was not Socialism, but revolution and civil war. They could not promise the help, the relief from suffering and semi-starvation which the workers wanted, but only further hardship. The consequences of the Russian Civil War were well known in Germany. It was not a question of " White " propaganda. The Russian frontiers were too near. Too many German workers had been themselves to Russia for the facts not to be fairly accurately known to many German workmen. They knew that the country had been almost destroyed and that industrial production had gone down to 15 per cent of 1913 in the early years. In Germany, everyone knew that civil war would be much more terrible, and the destruction by white troops, and perhaps foreign intervention, at least as considerable. If a peasant country like Russia had had to go through a famine, how could Germany get through such a period ?

German workers, like workers anywhere else, only take the Russian way if their backs are to the wall ; if it is a matter of life and death for them to make an armed insurrection on a scale large enough to win power. As the events of 1870, 1905 and 1917, this happens only immediately after a war. Whereas Fascism springs out of moderate distress, Bolshevism comes from complete despair. The German Communists put out the slogan, " We show the way out," but their reliance on the Russian model meant that they could only show the way to immediate disaster with a dawn of hope at the end of it.

Communist Organisation

The Communist Party in Germany, as elsewhere, was an anti-Parliamentary party claiming to use the Reichstag as a platform and not to take it seriously. It must therefore be judged mainly by its work in the factories and on the streets rather than by its electoral results. The highest vote the C.P. reached was six million voters in November, 1932. In June, 1933, it claimed that there had been no defeat of the Communist Party in Germany because in the March elections of 1933 it had retained five millions of these voters.

In the conditions of terror and dismay in which those elections were fought after the Reichstag Fire, this was a creditable result even for a party that had claimed there was some value in electoral success, but what was the value of these votes to a revolutionary party ? Were they willing to follow the lead of the Party in an actual fight on the streets for power and for Communism, or were they in the main simply discontented people who cast votes of protest without any intention of backing up those votes by specific action ?

To what extent was the Communist Party able to organise these discontented elements even as support for the Party as a spearhead ? It is curious how little they were able to do this.

Every close observer of the German Communist Party was struck by the lack of organisation, of responsibility and discipline in the everyday work. It may seem a small thing that meetings, however important, always began late, and often did not finish until the small hours of the morning, but for the workers this was a serious thing. For the unemployed it did not matter. But it was the workers in the factories who had to be at work in the early morning who represented the strength that the Communists so badly needed.

The Communist Party enforced a rigid discipline—but only in matters of doctrine, not of action. Responsible and active

workers were easily expelled because they could not agree with this or that decision of the meeting of the Executive Committee of the Communist International (referred to invariably to the bewilderment of the workers as " the Plenum of the Ecci "). But there are few cases of action so drastic being taken against members who would verbally agree with anything, but who failed to turn up at some important meeting, or did not trouble to deliver their leaflets.

These may seem small matters of detail—but they are symptomatic of, and to some extent the cause of, the continual defeat of the Communist Party in almost all its actions in the factories, in strikes, in rent strikes, and those actions of mass discontent on which it placed great importance. The workers came to know that while the Communists were brave and active, and although they made burning speeches of discontent, when they had got the workers to the point of white-hot enthusiasm, they usually did not know what to do next. The result was that their influence in the factories was exceedingly small. In 1930, the results of the elections for the factory councils was as follows:

Social Democratic Trade Unions .	86·9	of membership of councils.
Christian Trade Unions .	7·2	,,
Communist Party Unions	1·5	,,
Others . . .	1·4	,,

In April, 1932, the Communist Party claimed to have 332,000 members, not all of them very active. In a report on the situation in Germany made in 1933, but describing the position up to 1932, Piatnitsky, an important Russian member of the Communist International, and one of the Old Guard of experienced Bolsheviks, said: " Up to the present the (German) Party has not been able to secure points of support in the factories, without which no Communist Party can carry on serious work."

He further states the astonishing fact that only 11 per cent of the total membership of the Party were in the factories as against 62·3 per cent in 1928. In 1932 there were 35,000 Communist Party members who were factory workers after fifteen years intensive propaganda among the factories. But the Communist Party cells had been recognised as a very serious danger to the established order and to the Social Democrats in 1923 and 1924.

The Communist cells also decreased in number:

	Factory Cells	Street Cells
1925	—	100
1926	2,243	—
1928	1,556	—
1929	1,411	2,519
1930	1,524	2,824

Also very instructive is the distribution of the factory cells among the different sizes of works:

IN 1929:

Number of Factories in which cells existed			Number of Workers employed	Percentage
33	out of	711	More than 5,000	46
328	,,	1,051	1,000—5,000	31
245	,,	1,780	500—1,000	14
702	,,	40,188	50— 500	1·7
103	,,	148,112	10— 50	0·07

Fluctuation

The Communists admit their weakness in the factories, but lay the blame for this on the attitude of the Social Democratic officials. Of course the S.D. officials were not friendly, but the

question to be answered is why, then, were the Communists not able to win the Social Democratic workers over to their side? The workers appeared to regard the old Social Democratic leaders, fiercely though they criticised their lack of action, as definitely the lesser evil. There was a continual movement of workers into the Communist Party, who joined with an earnest desire to help and to work. Many of them soon left again, either because the C.P. seemed able to find no use for them, or they were repelled by the inelasticity of the organisation and its curious dogmatic jargon, and by the lack of responsibility so frequently shown by the local leadership.

This movement in and out reached the proportions of a phenomenon. The Communist Party were themselves well aware of the fact and dignified it by an appropriate technical term. They called it Fluctuation. And it grew worse. In 1929, the Communist Party had on the average about 130,000 members, and 39,000 left it during the year. In 1930, with 150,000 members on the average during the year, no less than 95,000 left the Party.

The 1930 figures are specially important for history. This was the year when the full effects of the depression were being first felt. It was the year when the workers dimly realised that the Social Democratic policy of collaboration with the capitalists had definitely broken down. The old ties were loosening. The workers were anxious for a lead. It was the last year of opportunity for the Communist Party. It was the year when the Nazis won their first big electoral success. For the years 1931 and 1932 no fluctuation figures were published.

For years it was actually the fact that the majority even of the active members were less than three months in the Party. The Communist Party were very successful in what might be called their side shows. They won many Social Democratic workers for the R.G.O. (the Revolutionary Trade Union Opposition), thus creating many difficulties for themselves, as well as earning

the accusation of splitting the unions in the face of the employers. The United Front activities under Munzenberg's clever and experienced direction were influential, especially the *Internationale Arbeiter Hilfe* (Workers' International Relief), and similar organisations. They ran useful joint actions against war and against the Fascists, but none of these successes were deep or lasting.

The chief task of a Communist Party in such a situation as existed in Germany is surely that of winning over the workers for the final struggle. Actually they wasted what confidence they gained from the workers by a series of badly prepared and ill-advised actions which were not only foredoomed to failure, but which made it difficult, increasingly difficult as time went on, to rouse the masses even to the pitch they had once attained under Communist leadership.

Communist Isolation from the Masses

As compared with the British Communist Party, the German Communist Party was a mass-party, but even of the manual workers it could only gain a minority. The Communists cherished many illusions about this. They always maintained that the workers were turning Communist because the Communist theory is the theory of the class-conscious proletariat. But as the workers, even the majority of the class-conscious workers who remained obstinately loyal to the Socialist Party, did not in fact come to the Communists, or when they did, very soon went out again, this fact had to be explained away. The usual explanations given in the Communist Press amount to the statement that the Social Democratic workers were either fools or they were being bribed.

Of course this was not stated quite so baldly—particularly the first. But if the assumption is that the Social Democratic workers not only tolerated, but actually backed, a betrayal of

their interests which was so easily seen through by the Communists and so frequently explained by them to the workers, what other explanation could there be than their foolishness and simplicity compared to the Communist workers who so easily saw through the whole " Social Democratic swindle " ? Alternatively, the German workers had become a workers' aristocracy, too heavily bribed by the capitalists to be willing for revolution. As regards the well-organised and fully employed workers, this was nearer the truth, as we have already shown.

The " fools or bribed " theory was particularly popular until 1931, for in that period the mass of the unemployed were certainly behind the Communist Party, and the explanation fitted in very well with their general anger and disgust at the self-satisfied Social Democratic leadership. But the theory is too shallow really to account for the whole failure of the Communist Party to win a majority of the masses to itself.

If the Social Democrats were betraying the workers, why did not the Communist efforts at enlightenment of the workers meet with greater success ? Why could they make so little impression on the solid phalanxes of the Trade Union membership for example ? The lack of a revolutionary situation ? But if six million unemployed, and four years of the deepest depression in history do not create one, then what will ?

The Communist bureaucracy, though it talked and wrote so much about the masses, became curiously separated from them. There were, of course, brilliant exceptions to this, but in general even the German Communists themselves admit it. At a huge meeting in London in connection with German Relief, one of the present writers was the speaker with Mr. Harry Pollitt, the chairman of the British Communist Party. When the appeal for the collection was being made, Mr. Pollitt helped with gathering the notes and cheques and special

donations that came to the platform, took charge of the counting, and gave a hand in the technical work of the collection.

A high functionary of the German Communist Party, who was on the platform, looked with surprise at the chairman of the British Communist Party doing this. " In Germany our chief leaders would not have done so." Then he added: " Perhaps it would have been better if they had." A slight incident, but indicative of a certain remote and aloof attitude. The Communists can retort with truth that their leaders were far closer to the masses than the Social Democratic bureaucracy, without invalidating the general argument.

The steady overwork of the active Communist leaders, and no one can say that they did not do their full share, transformed them into technicians with a technical jargon—convenient portmanteau phrases for officials dealing constantly with the same set of ideas, but completely bewildering to the average worker. This unfortunate tendency set in early.

In 1928, the Comintern published a programme of ninety pages. It was translated into German—not into the language of the workers, but into that of an international intelligentsia. An appendix of eleven closely printed pages gave the German equivalent to the Latin and Greek words used in the text. It had apparently occurred to no one to translate the text directly into the workers' own language. Technicians writing for technicians may plead the necessity of a new vocabularly for ideas and things for which there are no equivalents in ordinary speech. But the popular propaganda for a mass revolution cannot be conducted in the language of the quantum theory. What does " ideological capitulation before the bourgeoisie " mean to the ordinary worker ? A phrase like " kow-towing to the boss " may lose a certain exquisiteness of accuracy, but at least the plumber's mate knows exactly what is meant.

Polysyllableism is a habit that grows. In the early years the Communist propaganda was the liveliest in Germany. Those were the days of its growing strength and power. But as the concentration on, and quarrels about fine points of dogma developed, the new converts found themselves in hot controversies about Trotskyism, Brandlerism, Ultimatism, which had no meaning to them except that Trotsky, whom they had been taught to admire as a red-blooded revolutionary, was evidently a bad lad. A worker in such circumstances does not express his ignorance. He is afraid of being laughed at, if the other people know, or pretend to know. He simply stays away. And that the German proletariat who were attracted by their thousands by the Communist energy, soon did, when they were expected to understand the fine points of all this doctrine.

The degeneration is shown in the slogans of the Communist Party in the later elections. Once they had hit home like fists. But by 1932, the Communists were reduced to using slogans like : " For the poor against the rich," which is 1830 not 1930. Nothing shows the health of a party like its slogans. From a lively growing party with its roots deep down among those it is leading, effective slogans and propaganda bubble like springs. By the nineteen-thirties the wells of Communist inspiration in Germany had run perilously low. Even the official publications of the Party complained that the Party was behind the masses instead of leading them.

More important than the efficiency or otherwise of the work done is the blunt question that the collapse of the Communist Party in Germany has forced to the front. Does the Communist theory itself bar any Communist Party from rallying behind it a sufficient majority of the population to make a successful revolution possible ? This question we discuss in detail in Part III. Here we can only look briefly at the way it worked in Germany. The Communist Party was in fact excluded from

the sympathies of the countryside by its rigid collectivism.[1] In Russia, the Communist leaders had something to offer—the big landed estates, the object for generations of the fierce envy of the land-hungry peasants. But there are no considerable estates in Germany except in East Prussia and Pomerania.

The theory of the "hegemony of the proletariat" is quite unintelligible to the peasants. And if they did understand it, they would hate it even worse than when they don't. There is nothing the peasant objects to more than that he should be ruled by a town bureaucracy, especially a bureaucracy of town workers who know nothing about the country, and lose few opportunities of demonstrating the fact. In Russia, the victorious proletariat could at least offer them the products of modern industry—when they got industry going. But in Germany that was no offer, for capitalism was already providing those more efficiently than Russian industry looked like doing for some time to come.

The same theory offended deeply the white-collar workers and the invaluable technicians. Nothing was done to break this psychological resistance. Obviously, a white-collar worker must be willing to admit, the complete equality man-to-man of the middle and manual worker classes. But it is a different thing to ask him to regard the manual workers as his superiors, even at jobs he knows a lot more about than they do. Many German technicians went to work in Russia, and came back enthusiastic about the big-scale vision of the Bolsheviks, but very angry and disillusioned about the chaos that was being caused, quite unnecessarily, as it seemed to them, by the subordination of expert but bourgeois technicians to inexperienced, but class-conscious bureaucrats. The rigid sectarian character of the Communist Party in Germany led to an isolation of themselves and those they led, which proved fatal in the testing days of 1933.

[1] "The education of the party officials and the party membership for the special tasks of agitation, propaganda and organisation in the countryside, and their instruction about the principles and tactics of the Leninist policy of alliance between workers and peasants, is still in its first beginnings." Quoted from *Report of Eleventh Party Conference of German Communist Party*, page 86.

This disorganisation, this lack of contact with the masses, these obvious shortcomings were not discovered after the collapse of 1933. They had been the subjects of complaint in the Communist Press for years. Why, then, were they not remedied? Does the fault lie entirely with the personnel of the Party and its leadership? No one who knew the Communist leadership in those years will deny that it contained some of the ablest people in Germany. The fault lay deeper. It was the necessary consequence of changes in the Communist International. After 1923 the Communist Parties outside Russia waned in strength.

Only the Russian Party became stronger and stronger, and there was no longer any effective counterweight to its overwhelming influence in the International. The officials of the Communist Party in Germany (as in other countries) were not responsible to the masses, not primarily even to their own members. Members who disapproved of the general line could leave the Party, but the lower officials were responsible to the higher; these again to their superiors, and ultimately, it cannot be denied, to the Russian Government itself.

It was inevitable that this continual "looking to Moscow" must destroy the initiative of the members of the national parties, especially as Moscow was continually interfering in comparatively trivial matters, and what was worse, in matters of import of which they could not possibly have the same understanding as the German leaders. But in all the world there is nothing and no one that can induce a Russian, in the full and righteous pride of his new achievement, to believe that there is anything in its own affairs that any country might conceivably understand better than himself.

In a broad sense it is true that there may be a very real harmony of interest between the German workers and the Russian Soviets, but the immediate problems of the Russian Government were concerned with the building up of a great industry. However interested they might be sentimentally in the progress of the German revolution, as realists they had to be concerned with the fact that such a revolution might upset the supply of the badly wanted machinery from the one country from which they could get credit on reasonably favourable terms. Russian exports to Germany were of supreme importance during the Five-Year Plans. Peaceful relations with this powerful neighbour which could so easily be used as an excuse and as mercenaries by the hostile capitalist powers were equally essential.

When it became only too obvious in 1933 that the Nazis were by far the strongest power in Germany, the Comintern was promptly paralysed. No action was taken either inside or outside Germany against the Nazis. The Russian Government displayed its anxiety to be friendly by actually placing large orders just during the first few critical weeks. The Comintern as an instrument of foreign policy has never hesitated to sacrifice its foreign sections in order to keep Russia out of trouble. And there is no special reason why it should. Even from the Communist point of view it is of the highest importance that their first great experiment should be a success, and not ruined by the premature war that certain influential quarters would be only too glad to have an excuse to force upon it.

But the Russians cannot have it both ways. Either they must allow the national sections to work out their own salvation without continual Russian interference with their internal affairs, or else they should be prepared to come to their assistance when the result of that interference among other causes has landed the national section into serious trouble. We have

heard Communist exiles speak with intense bitterness of the attitude of the Russians to the German Party after years of loyal co-operation by the German Communists.

These were the reasons partly responsible for the collapse of the Communist Party in Germany. Not unnaturally, the Communist bureaucracy denies that there was any such collapse. "There was no defeat in Germany," says the Comintern. The tragedy of this attitude is that it prevents the Communists learning from the mistakes that are so evident even to the most sympathetic observers. Just as for years the Communist Party wasted the ardent heroism of many of its supporters, so now its best members are being sacrificed for the illegal distribution of out-of-date leaflets that have no bearing on the situation. "Defend the Soviet Union" is one that has caused both deaths and imprisonments in Germany —irreproachable as a sentiment, but a little quaint in the circumstances.

The admirable quality of its leading members who have stayed in Germany to work there when so many of the leading Social Democrats have sought refuge in exile, has not been without its effect in other countries. But if the dependence on Russia is to continue, then the Communist Party cannot become a serious danger to the Hitler regime. It will be dependent on a prop that for the most admirable of reasons may have to be withdrawn at a vital moment. It will be kept out of living contact with its own masses.

From this examination of the condition and activities of the Socialist and Communist Parties, and the Trade Unions in Germany, the unpleasant fact emerges that Fascism, unreasonable as it appears, seemed in 1933 the only alternative available to the masses in Germany. Since both the other ways—the path of reformist pacts with the capitalists and the path to revolution—were blocked, only the way of an aggressive imperialistic expansion seemed to be open. This, in fact,

became the line of least resistance, and therefore inevitably it was taken.

The German masses hesitated long before they travelled that road. They first tried the two Marxist Parties, and showed in great part a stubborn loyalty to them as long as it was possible. Only after the leadership of these parties had demonstrated to the full their complete inability to solve the pressing problems of the time was the way free for Hitler. The masses either went over to him, or, as was to a greater extent the case, were too demoralised to resist him. Hitler could not have conquered the German masses. He could not have attained power if the path thereto had not been prepared for him by the mistakes of the workers' leaders. For those mistakes, Social Democrat, Trade Unionist and Communist must each accept their full share of the responsibility. It might be worth while to consider the German events from this point of view, in order to see how (or whether) a repetition of the same process may be avoided in Britain.

This is not the end of the story even in Germany. But before the effective opposition to Hitler can grow, the lessons of the period of the Weimar Republic have to be learned. They cannot be learned, or even understood, while the slogan " There has been no collapse in Germany " holds the field.

PART THREE

FASCISM AND BRITAIN

CHAPTER ONE

The Chances of Fascism in Britain

Most of the discussions about Fascism in Great Britain centre round personalities. Will Sir Oswald Mosley become a danger? Are Lord Trenchard and/or Major Elliot a greater menace to British democracy? But, as we have tried to show, Fascism is not brought into being by this or that leader. It is the result of a condition of high instability of the social system. When economic breakdown becomes a terrifying reality, when to the hunger and despair of the workers is added the ruin of the middle classes, the old formulas hold good no longer. Something new happens—and in a large part of Europe that something has been Fascism. Whether Fascism will become a danger to the democratic liberties of Britain depends not on the eloquence of Sir Oswald Mosley, or the attraction of a new fashion in shirts, but on whether the stability of the British economic system is likely to be threatened seriously in the near future.

Germany and Italy were in the depths of crisis, on the verge of economic chaos when the Fascists took power. Only such a crisis creates the despair and excitement without which the Fascist propaganda would be completely ineffective. England is not in such a condition—yet. Therefore the appeal of the Fascists is very limited.

Sir Oswald Mosley himself seems quite clear about this. He sees that the only chance the Fascists have of achieving their hopes is in a time of impending catastrophe. There is a

certain strength in the way he coolly banks on this, and builds an organisation now, so that a channel will be ready into which he hopes that the despairing middle classes and unemployed can be steered. While all other parties, except the Communists, assume that calamity can be averted by simply not thinking about it, Sir Oswald Mosley makes its possibility the basis of his planning. Are his calculations correct, or is the British economic system so stable that no catastrophe can reasonably be feared in the near future?

The Crisis of British Capitalism

The prosperity of British industry was built on the fact that it developed earliest, and that for a long time it had therefore a natural monopoly in supplying the world with machinery and industrial goods. This natural and accidental monopoly has now gone. As was inevitable, the other nations have built up their own industry. The mining areas lose their export markets because Belgium, France, Russia and Turkey have begun to produce their own coal, or find satisfactory substitutes. The tin-plate trade of South Wales, the iron and steel industry, the machine industries, now meet competitors of equal or greater efficiency. Lancashire loses much of its Eastern market to Indian and Japanese producers. These facts, for a long time considered as accidental and temporary results of the war, are now seen to be permanent. Their implication is slowly penetrating even the minds of the most conservative British manufacturers and their operatives. The population of Britain increased from eleven millions in 1800 to forty-four millions now on the basis of a monopoly trade which is losing ground day by day, and year by year. A quite considerable proportion of this population has now to be maintained out of reserves—and that cannot continue indefinitely.

The British public, which was growing used to the gradual

decline of Britain's world trade, has recently been startled by the sudden emergence of Japan as a serious competitor. Export offices have been opened by Japanese firms in the pet preserves of Britain, in the East Indies, in South America. There is the proposal to open another in Vienna. The Japanese wages are one-seventh of the English in the textile industry, one-seventh to one-third in chemicals, and one-fifth to two-sevenths in rubber manufacture. The working day is from 25 per cent to 50 per cent longer. What matters even more is that the Japanese have shown themselves very efficient organisers and salesmen, and have not scrupled to imitate treasured trade-marks with international reputations.

For the time being, the depreciation of the pound and the internal difficulties of her chief competitors have covered the difficulties of England, but there can be no doubt that Britain is being forced on to the defensive. The speed of this decline, and the point at which it will be felt in the form of serious reductions in the standard of life in Britain, can only be conjectured. In his book, *The Coming Struggle for Power*, John Strachey has given a survey of the factors which must be taken into consideration. They need not be repeated here because, brilliant as are his reflections, they amount only to showing that no one can know anything definite about the problem. The only thing which we feel able to say with certainty is that the pace at which these difficulties are felt by the population as a whole, will determine the form in which Fascism is likely to come in this country.

If there is a catastrophic breakdown in the economic system, a sudden shrinkage of the resources of the middle classes, the more violent form of Fascism, the Mosley form in fact, will have its chance. But if the decline proceeds quietly, almost imperceptibly, so that the standard of living of the workers need only be reduced gradually, then the British ruling class will be able to introduce the Elliot-Macmillan form of Fascism,

which can then do what is necessary with much less violence and suppression, and with the safeguarding of the forms of many of the traditional liberties of this country.

Elliot-Fascism would still have a place for the Blackshirts. They would be there in case of emergency, as a necessary reserve. Enthusiasm, fresh methods of propaganda and appeal to youth are particularly needed by a conservatism that, as its best minds recognise, has dropped too much into the hands of the old. All political parties are now feeling the loss of the war generation to bridge this gulf between the old and the new generations.

The B.U.F. is doing this work very well for the Tory Party, even while they denounce Lord Stonehaven and his Conservative organisation. The Blackshirts are also extremely useful to the Elliots and Macmillans. They frighten the Labour Party into the acceptance of a "safe middle." That gospel of the lesser evil which has been shown so often to lead to the "greater devil" can be preached with much better effect when the "devil" is incarnate, and marching through the streets. If war should come, and if there was threat of a general strike by the Trade Unions, a vigorous Blackshirt Movement would be invaluable as drummers for the War Party, and would be much more convenient for Authority than Sir William Joynson-Hicks' Organisation for the Maintenance of Supplies was during the General Strike in 1926. Not having any official status it could be given a much freer hand to make itself objectionable to the strikers and could be safely repudiated if any regrettable excesses were committed in the process.

Whatever the kind of Fascism Britain may eventually have, the decision between Sir Oswald Mosley and Mr. Elliot, between the vigorous, brutal offensive Fascism and the accommodating, fitting-into-the-national-tradition kind, will not be decided in England. That will be decided in the areas of British exploitation. If the resources of the Empire should no

longer be available on the scale to which Britain has become accustomed, and which have formed the basis of the higher standard of life of her workers as well as of her upper classes, the middle-classes would be badly hit. The Trade Unions also would lose the basis of their reformist policy which has been built on the veiled acceptance of the exploitation of less industrially developed races.

The middle-class demand for a "strong hand" for organisation which they hope will give them the advantages of a planned state without affecting their better position in it would become vocal. The influence of the Trade Union leaders will be weakened, and the workers, as in Germany and Italy, will tend to favour the Communist alternative. Both these conditions—a badly frightened middle class, and a serious Communist danger are indispensable to the victory of the Mosley type of Fascism. A "Communist danger"—the bogy of the middle class—does not depend on the actual numerical strength of the Communist Party.

The Middle Classes

What are the prospects for such a ruin of the middle classes in Britain as is contemplated in such a view of possible catastrophe? The depreciation of the pound sterling was compensated for by the fall in prices all over the world, owing to the continuance of the depression. But when, or if the depression lifts, even though temporarily, the process on the world market will rise. This must affect prices in England, with its consequent pressure on those who have stationary incomes or salaries.

On the other hand the custom of having £1 shares in Britain, as compared with a minimum share of 1000 marks in Germany —a lot for a small man to risk—has distributed investments very widely among the British middle classes of even modest resources. Only partly do these go down with the depreciation

of gold. In fact many of such shares have practically gold value and rise with it, which eases the effects of depreciation.

The clerical and administrative salariat has already suffered severely. Salaries have been cut by 20 to 30 per cent. Unemployment through mechanisation and the further introduction of female labour has been very great. Rationalisation and amalgamation, as well as bankruptcies owing to the depression, have created very serious unemployment among the administrative grades and technicians, even those who had been in enjoyment of high salaries. The decay in British shipping has added to the distress. India and other parts of the Empire no longer hold out the hope of honourable and well-paid careers to the sons of the upper middle class. Unemployment among university students finishing their courses is already approaching a calamitous figure—and its effect is seen in the growth of the Communist organisations among undergraduates.

This " black-coated unemployment " has already been the subject of a good deal of public and private discussion in Government circles. That it has not yet reached a point where it becomes dangerous is of course due to the superior resources of middle-class families. Some relation or friend comes to the rescue in a way that is not possible in the working class, where all are so near the limit of subsistence. But these resources are not limitless—in some sections they are already near the point of exhaustion. And consequently the discontent of the middle classes is beginning to make itself felt. They crowd to Olympia, dress in black shirts, and find in Sir Oswald Mosley's aristocratic bearing and eloquence the expression of well-bred discontent. A few thousands at most just now, while the country is in a period that, like 1929, may soon be looked back upon as one of the last periods of comparative prosperity. The British people is learning to be modest as to what it considers " prosperity." But a new crisis, a

sudden and violent change in middle-class conditions, and who can doubt that those few thousands would soon be tens of thousands. Mosley's chance would then have come.

Discontent with the Socialists

In each country where Fascism has succeeded, it has grown because of the failure of what in this country is called the Labour Party, and what on the Continent is meant by Social Democracy. The Socialists have to be given their chance, if not the chance to do something, at least the chance to prove disappointing to their followers. In Italy they had the chance to get the power, and lost it. In Germany the power dropped into their arms almost unasked. But this power was apparently not sufficient to warrant them taking steps towards social reorganisation—though they issued placards to assure the population that " Socialism has come."

It cannot be entirely chance that Mussolini was originally a leading Socialist, that Pilsudski also was one, that Sir Oswald Mosley still claims to be one, and has played a not inconsiderable part in at least one Socialist Government. Hitler, as he states in his book, was in his youth a follower of Social Democratic and Trade Unionist ideas, though never actually a member of either.

In England, the Labour Party has been twice in office. Both times they have been unfortunate. The Socialist and Labour Governments in all countries have shown a remarkable talent for being burdened with awkward situations. The German Social Democrats allowed themselves to be burdened with the responsibility of the Treaty of Versailles, which the generals allowed them to sign. A Social Democrat, Dr. Hilferding, was by the same coincidence the Minister of Finance—only for a short time, but that short time gave him the responsibility of the inflation policy which ruined the

middle class and piled up their hatred against the Socialists.

They were even burdened with the responsibility for the last crisis before the smash, for a Social Democrat, Hermann Mueller, was Chancellor when it began. By some chance also the Labour Party was in office when the depression began. The *Observer* was moved soon after that election to bewail that the Tory leaders had almost worked hard to lose it. Even during this " economic blizzard " the Labour Party clung to office, thus accepting responsibility for something over which they had no more control than over the weather, instead of going out on any of the various occasions that were offered to them, and leaving the capitalists to clear up the muddle which capitalism had created in the economic affairs of the world. Always they optimistically hoped that the tide would turn. It did. But by that time, they had been manœuvred out of office by a crisis which not only put the whole blame for the situation on the Labour Party but which used their own leaders to proclaim to the world that the Labour Party was responsible for what had occurred.

But what did the Labour Party do when it was in office in the way of Socialist reconstruction ? A few things were attempted. There were excellent reasons why more could not be done. A party is not judged by its excuses, but by its actions. The German Social Democrats had the most excellent collection of excuses why they did not introduce any Socialist reconstruction when they had the power. But that did not save them from annihilation.

If the Labour Party fails next time, then the events of 1931 will be repeated, but in a manner much more finally devastating to the Labour Party, for the middle classes will then have lost all fear of organised labour, and will take a hand in settling the question on their own lines. Germany and Italy have shown the general indication of what those lines are likely to be—nor

will they then meet with the opposition from the workers that they would have had to face had there been no Labour Governments.

Already we can see how much the disappointment with the official Labour leadership has contributed to the creation of a Fascist movement. It seems incredible that the Labour Government could have found so little use for Mosley's abilities when he was a loyal member of the Party. Overweening ambition, or for that matter personal conceit was not peculiar only to Mosley on the Front Bench. Many of his followers and a surprising number of headquarters' staff of the Fascists were members of the Labour Party or the I.L.P. The district organiser for South Wales was even a member of the Communist Party. It is, of course, possible to say that these people simply turn Fascist in order to get a job, but what of that, if their propaganda is effective, and if they can use the record of the Labour Party in office as their best way of getting a foothold among the discontented workers ? In face of what they can represent as the inactivity of the Labour Party they demand action—even Socialist action. The Labour Party is making a fetish of Democracy—appealing to Government and to the workers to preserve democratic forms at all costs. But it is not meeting the Fascists on their own ground and explaining to the workers what the Corporate State they are demanding really means, why it is the very antithesis of Socialism. Some of its organisations even discourage debates with Fascists.

Mere abuse of the Fascists as reactionaries is not enough. Labour Party and Trade Union officials even have said to the writers : " When I listened to the Fascist speakers I found not much to object to, and a great deal with which I heartily agreed." This reminds us of similar conversations in Germany. the Nazi saying to the Communist : " I think your programme quite excellent, but your Russian Jews will not allow you to carry it through." The Communist saying to the Nazi : " I

agree with your criticism of the 'system' and with most of your demands, but your capitalists will not allow you to put through your programme."

The Fascist movement produces a programme which, taken at its face value, is acceptable in its main points to Socialists. The Socialist workers remain suspicious for a long time, as they did in both Italy and Germany. Only after the workers have become disappointed with their own parties, only when these parties have shown by their actions, either that they do not want to achieve Socialism (as the Social Democratic Party in Germany), or that they are unable to deliver it to the workers, and make no progress in securing any radical changes, only then do the workers tend to go Fascist, or at least tolerate them.

That "National Character"

In face of these facts, it is simply absurd to attempt to rest on the cushion of the English national character—the boarding-house comfort that "Englishmen don't do such things."

That national character could, to take the most famous illustrations, avoid imitating the French Revolution only because the French people had imitated what the English had done already 130 years ago. German Liberals and Socialists, from 1927 onwards, used to take comfort in face of the onward march of Fascism, in the fact that a dictatorship could only exist in countries which had a high ratio of illiterates—as in Russia, Poland, Italy, Spain, Greece, Hungary, Turkey, etc.

Italian Fascism was alien to the German national character. Fascism has been adapted. The Fascists in Britain are in the imitative stage. They copy salutes and shirts and songs. As soon as theirs is a mass movement, Fascism in Britain will be British Fascism—and all the pet prejudices of the national character will be suitably incorporated. The Black-and-Tans were British of the British, and rejoiced in their super-patriotism.

What we think of as the British character has developed under circumstances of considerable economic comfort. How long those qualities which we like to think of as essentially British would survive economic collapse, no one can know as yet. The nerves of no other nation have been able to stand that strain unperturbed. It is too early yet to say whether the British national character would come through the ordeal any differently.

The events of the period about 1640, when Cromwell and his Ironsides acted in a manner which was at times not so very different from that of Herr Hitler, but which are carefully glossed over in most of the history books, may give some clue to what might happen. John Lilburne and Robert Lockyer, of the Levellers, so promptly suppressed by Cromwell, might be able to give Mr. Harry Pollitt and Mr. James Maxton some hints as to what they may expect when the middle classes of England are engaged in the settlement of political accounts.

CHAPTER TWO

The Necessity of Planning

Out of the welter of modern politics, out of the economic storms of our period, one idea is crystallising in the minds of most intelligent people—that planning of some kind has become necessary. This is recognised as the main problem of our time. Not less is it being accepted that there must be some adjustment between production and consumption. Mr. Ramsay MacDonald was speaking not as the former Socialist, but as the Premier of a preponderantly Conservative Government when he said: "If the greater facility of mechanical invention means a greater volume of production, with a substantially less number of employed, we will have to face a very serious problem of permanent unemployment."

The interest in proposals for economic planning has been growing among non-Socialists since about 1931. Previous to that, the word "planning" was hardly recognised in serious politics except as part of Socialist propaganda. The world economic crisis, and the admitted, if partial, success of the Russian Five-Year Plan, began to arouse interest in those who had previously stood firmly for "rugged individualism." One of the earliest reports made to the outside world of the Five-Year Plan was by the personal representative of the Rockefellers. In England the *Week-end Review*, Sir Josiah Stamp and Sir Basil Blackett got discussion started in circles that were emphatically non-Socialist. Their P.E.P. group began enquiries and research in which they had the help of some very

eminent capitalist interests. Sir Oswald Mosley's early ideas of a corporate state were first elaborated when he was a member of the Labour Party, but have since won the attention and adhesion of members of the other parties. More important perhaps than any of these, because of the political power behind them, are the efforts of certain sections of the Conservative Party towards a reconstruction of capitalism on centrally-planned lines. The writings and speeches of Mr. Harold Macmillan, Sir John de Vere Loder, Mr. Robert Boothby and other young Conservative M.P.s, referred to sarcastically a very few years ago by older Tories as "the Y.M.C.A.," are now receiving more respectful attention. Mr. Walter Elliot, once one of the group and a Socialist in his youth, is now in a position to put some of their ideas into legislative and administrative practice.

The widespread interest in planning has had its effect on the Labour Party, which has published detailed reports on how, if given the power, it would re-plan on Socialist lines, banking, transport, agriculture and the coal industry. The Socialist League, whose chairman will certainly occupy an important ministerial post in any Labour Cabinet, has also issued detailed proposals for planned economy. An influential Labour economist, Mrs. Barbara Wootton, has produced the case for planning in her book *Plan or No Plan*. Planning is in the air. Whatever Government is in power in England in the immediate future it is obvious that some proposals for some kind of planning will be put forward, and will, despite opposition from vested interests, be carried into effect.

The immediate political interest therefore is not between planning and no planning. No political party could now face the country and say that they proposed to leave economic forces to work themselves out as best they may. Even Sir Herbert Samuel, High Priest of Free Trade and *Laissez-faire*, has had to come into the swim and issue a programme in the

mode. Planning there will be. The real issue that has to be fought out in England during the second third of the twentieth century is the aim of that planning, and in whose interest are the plans to be made. Will the plans be made by the more far-sighted capitalists, in the interest of the present owners of wealth, but removing those objectionable features of competition which are obviously threatening the whole capitalist system, or will the plans be made in the interest of the working population by their own representatives ? In Russia the issue has been decided one way, in Italy the other. In Germany and America, as yet, the issue hangs in the balance. In England, the forces are only forming themselves for the fight.

Reformist versus Socialist Policy

The Socialists were the first to advocate planning. For years they had been preaching the inevitable breakdown of a competitive system and the necessity for planning. Capitalism after the war has in fact broken down, not altogether through its weaknesses, but partly by its overwhelming success—in being able to produce so many goods. But unrestricted competition did not know what to do with the goods that it produced.

Here was the opportunity for the Socialist Parties that had preached planning. And in fact power was either put in their hands, as in Germany, or so near to their grasp that they had only to stretch out their hands as in Italy and Austria to take it. In Britain they were so near power that their opponents quaked to see what a Labour Government would do with them in the new situation. In fact, none of these parties in none of these countries showed themselves equal to taking over the situation and putting their ideas into operation. The reason was not that they had not capable men among their leaders. Each of these parties had some of the ablest men in their

respective countries in the leadership. But they failed because they had never thought of planning in terms of an immediate situation, where their opponents would be so disorganised that the Socialists would actually have the power to get on with the job, with immense public opinion behind them—if they really showed they were able to do it. Though the Labour Party had not a majority in the House of Commons, they had considerable sentiment behind them. To have put forward concrete plans and resigned on them if need be, would have enormously increased their strategic position. Then it was revealed, even to the astonishment of the leaders themselves, that they were not in fact Socialists. That they did not want the existing system to crumble, simply because they had built their whole movement on getting as much out of that system as possible for the manual workers they mainly represented. When the Social Democratic Party in Leipzig in 1931 said, " We are the physicians of ailing capitalism," they were stating what was really their fundamental connection.

Where the Socialist Parties were in a position to start the replacement of capitalism by a planned economy, what they actually did was to take responsibility for the form of capitalism that was then existing, try to get it on its feet again, and make it more efficient, in order to get a bigger share in it for the workers.

That was the policy of the Social Democratic Party in Germany in 1919 and again in the crisis of 1929. The same desire led them to put their whole weight behind the policy of rationalisation carried through in Germany with particular ruthlessness. The Socialists who had preached the inevitability of capitalist breakdown showed themselves terrified of their words coming true.

In Britain this policy of reform has been the policy of the British Trade Union and later the Labour movement for the last fifty years. It has had great successes. The measure of

that success can only be appreciated by a comparison of the conditions of the working class in 1934 and 1854. But to the bewilderment of the older of the Socialist leaders that policy has become suddenly out-of-date. Not all their personal prestige and undoubted integrity can get the mass of the people interested in it any more.

Not only in Britain, but all over Europe the reformist Labour movements have been forced on to the defensive, where they have not actually been broken to pieces.

The Drain from the Colonial Areas

None of the reformist parties would admit that the benefits which they obtained from a grudging capitalism had to be paid for by someone. That they were not paid by the mass of the employers as a whole is proved by the steadily increasing share of the national income which the richer classes enjoy. In England, Belgium and Holland, the classic homes of the reformist Labour Parties, the improvement in the workers' standard of life has largely been paid for by the drain from the colonies, and by the tribute, in the form of interest on investments, that has been steadily pouring into these countries from abroad. In post-war Germany and Austria the better standards of the workers have been paid for largely out of the pockets of the middle classes as we have shown in detail. The reformist parties in these countries has therefore driven the middle classes into antagonism, and at a critical moment they have taken their revenge.

Subject peoples of the Empire areas cannot take their revenge in the same way, but the lessening of the drain caused by resistance in the colonies and the reduction in profits owing to the fall in prices of colonial products is being reflected in the drive against these higher standards of working-class life, and hence is reducing the amounts that the reformist

leaders can get out of capitalism for their members. As this source of supply lessens there is a tendency for both the organised workers and employers to make up the difference from the middle classes. In Britain the considerably increased allowances which the Labour Government made to the unemployed in the period 1929–31, of which about 44 millions was raised by direct taxation, incensed the middle and upper classes so that they took their full revenge in 1931. They did not act so drastically as the middle classes of Vienna, who were furious at being taxed to pay for the improved workers' houses. But their revenge was not the less complete as far as the Labour Government was concerned. There was no comparable middle-class opposition to the equivalent process by which the £29,000,000 paid under the De-Rating Act direct to the employers engaged in production was raised mainly by a tax on petrol, probably because the middle classes felt that their ultimate interests were safer in the hands of those who themselves had some property to defend, an illusion that the middle classes in Germany have had good reason to doubt.

The reformist policy has everywhere driven the Socialist and Labour Parties on to the defensive. Is it possible that in England the Labour Party can become the bulwark against Fascism ? To some extent the question is one of age and generations. The generation which now leads the Labour Party and the Trade Unions Congress has gained the main demands of its youth—universal franchise, independent parliamentary party, freedom of the Trade Union from Government interference (though the Trades Dispute Act was a step back, a warning that those who had " given " could also take away), improved social services, the recognition of the right if not to work, at least to some modicum of maintenance. It is psychologically impossible for this generation to turn away completely from this line of policy and understand, let alone formulate, the new aims which are the centre of interest for

the new generation, and regarded by them as a matter of course.

The standard line of argument against these new aims when put forward perhaps crudely by the young men is: "You have not been in the movement long enough to know how considerable are the successes our policy has won. Your demands will only endanger the solid foundations we have built. The difficulties are only temporary. We have had bad times before. Stick to the policy which has proved successes to its credit." But a movement on the defensive, whose chief aim is to defend its former successes, must be beaten. Only a bold attack towards new goals can give a tactical equality equivalent to that which the Fascists have been able to secure in Italy and Germany.

What the younger generation is beginning to see, and what the older leaders will never admit, is that reformism and Socialism are incompatible, that it is not in fact possible to get Socialism bit by bit, so that there comes a time when capitalism is imperceptibly merged into Socialism. The philosophy of "the inevitability of gradualness" has now been denounced even by its ancient but highly intelligent High Priestess, Mrs. Beatrice Webb. A compromise between capitalism and Socialism is impossible. In times of economic peace that incompatibility can be glossed over by using Socialist words to cover non-Socialist actions, an art in which Mr. Ramsay MacDonald showed himself an adept, but this adroitness will not stand the acid test of crisis.

If any political policy can ever have been tested fully in action, this reformist policy has been tested to the full in Europe, and there is now nothing so dead in nature as the once imposing Social Democratic Parties of Italy and Germany. In Britain the answer to this line of reasoning is that the Labour Party has not had a majority in the House of Commons, that its loyalty to its creed can only be judged

when it has had the legislative power to put that creed into practice. But is it entirely an accident that each Labour Government so far has been a minority Government or that the Social Democrats in Germany could never get that 51 per cent again (after they had given away their real majority in 1918)? Reformism stands for co-operation between capitalists and workers in the economic sphere. It is sane and well-tried Trade Union policy to leave the employer to manage his own business and to work with him, provided that in return he gives the workers a reasonable wage and decent conditions of work. One of the present writers is a Trade Union official who has carried out the official policy of her union in this sense as a matter of course during her whole official career. But no Socialist Party can achieve the power to carry out a Socialist policy with its inevitable corollary, the eviction of the present capitalists from control, without complete freedom from collaboration with the capitalist parties in Parliament.

The speeches of even the radical Mr. Lloyd George made that very clear on the 1929-31 Parliament. But the Labour Party's power, political and otherwise, is based on the Trade Unions who are committed to this co-operation with capitalism. The political sphere is always a reflection of the economic sphere. The legislative assembly in any country can only be the register of economic strength outside it. As soon as the Social Democrats had actually the power in their hands, they were driven inevitably—not as the Communists argue, by sheer wickedness of heart, but by the implications of their own creed, to co-operation with Stinnes and the German industrialists. No party can do differently in Parliament from what it is doing in the factories. A reformist without a capitalist is a man with one leg who can only hop.

Not the hard economic reality, but its political expression is veiled in England by the famous British tolerance—which makes it possible for a right and left wing to exist in the same party

and work on friendly personal terms. A left-wing non-Communist group has to make itself a very thorough nuisance before it is driven out of the Labour Party. Mr. Maxton took himself and his associates out, to the great and sincere regret of Mr. Henderson, who remarked to one of the present writers that it was as absurd to imagine that a party could do without a Left-wing as that a bird could fly without one. Refugees from Fascism are bewildered by the lack of bitterness in the arguments between the Right-wing leaders of British Labour, and the non-Communist Left.

The Left is not merely allowed, but positively encouraged to carry on propaganda for pure and undiluted Socialism. As Mr. Shepherd, the present chief organiser of the Labour Party, remarked in the course of a speech to the Party Parliamentary candidates and agents at the Annual Conference of 1933, it was desirable to have front-line speakers who had to watch their words in the statement of policy, but it was equally desirable to have a second line " who would preach Socialism."

But the pleasant personal relations that exist in Britain, not only between different wings of the same parties, but equally naturally among the leadership of the different parties cannot veil the issue when the time for action comes, when the challenge is actually thrown down. The existence of the Labour Party is in itself a challenge to the capitalist control of industry. In a time of crisis, it may be as unwilling as were its colleagues in Germany to force the challenge to an issue, but the decision may be taken by the other side. The existence of a Fascist Party in any strength at all will force that, as it has forced it elsewhere in Europe. If, as responsible Labour leaders have said: " Socialism in our time in Britain is sheer romanticism," then Fascism will, in our lifetime, become a reality.

The issue that reformism avoids is the ownership and control of *production*. It stands for a " share-out " conception of Socialism—the desire to get as much as possible for the proletariat. Hence the significant part played by various schemes of currency reform which aim only at the better distribution of the capitalist product. But the issue forced by our Machine Age goes deeper than that. It goes down to the basic units of production.

Corporate Industry in Britain

If British industry is to be reconstructed on Corporate lines, inevitably reformism will adapt itself to its new course. It will be convinced that this new reconstruction and centralisation of capitalism leads to higher efficiency, and therefore the possibility of higher wages. The reformists will therefore back it, and explain it as a new form of gradual approach to Socialism. The process began with the Mond-Turner conversations in 1928, when Sir Alfred Mond, perhaps the most far-sighted industrialist of his time, began the education of the Trade Union leaders in the new policy. The process was interrupted not by any effective opposition from the Trade Union side, but because Sir Alfred Mond's own colleagues were not in sufficient difficulties to feel any necessity to carry the Trade Union leaders with them. The economic slump provided them with the big stick of feared unemployment and the employers did not feel that it mattered much what the Trade Unions thought.

The British Trade Unions did not fall for rationalisation like the German Trade Unionists. In fact they fought some bitter strikes against it, and were so far successful that the newer industries were either removed to, or begun in, areas where the older Trade Unions were not able to enforce the traditional lines of demarcation between one craft and another. In older industries, such as cotton and steel, which could not be moved, rationalisation has either been hindered, or in certain cases, practically abandoned. But the more advanced reformists such as Mr. Herbert Morrison and Mr. Ernest

Bevin, the leader of the Transport Workers, have moved with the times. They see the necessity of improved organisation. The Labour Party Centrists, of whom Mr. Morrison may be cited as one of the most able, see the progressive character of the efforts of capitalist planning. Dr. Addison, the Labour Minister of Agriculture, in fact, laid down the lines which, with necessary variations the Conservative Minister of Agriculture, Mr. Elliot, has followed. They want to claim a share in this planning for "the community." Modern Trade Union leaders, like Mr. Bevin, and the shrewd and able Mr. Citrine, would prefer to see the traditional Trade Unions being built into the new system of re-organised capitalism, having the right to defend the workers, and to claim for them a proportion of the higher profits, rather than any such type of organisation as the British Fascist theoreticians are advocating. This is the orthodox policy of the "lesser evil." It commands the approval of the ordinary sensible man . . . and it holds good so long as capitalism can maintain its system intact, even going to the extent of Elliot Fascism. But this policy makes no provision for the time when the contradictions of capitalism, this eternal problem of finding consumption to meet its production, brings it to the stage when even the Elliot "fascism" (like the Bruening "socialism"), can no longer be maintained.

This is the point at which the testing of the Labour movement, its ability to take over and run production on the lines which it has laid down in speeches and pamphlets, will come. Certain sections of the labour intelligentsia show a distinct impatience with the perversity of capitalism in not keeping its system going on traditional lines until they had made up their minds and agreed among themselves as to just how they proposed to take it over.

The more responsible men, in control of the Labour movement are very concerned to help those intelligent capitalists, who stand for planning, to crush the stupid and inert capitalists,

the type who say, "this system will last my lifetime and it's very good for me while it lasts." The London Passenger Transport Board is one of the first-fruits of this collaboration between the intelligent capitalists in the Conservative Party and the Labour Party. Curiously enough it has been hailed as an act of socialisation. *The Times* lectured Mr. Morrison for being so indiscreet as to jeopardise his Bill by calling it a Socialist measure. It is in fact an act leading to the greater centralisation of capitalism with State assistance to suppress inconvenient, small, or recalcitrant capitalist interests. That the creation of big monopoly trusts is the first essential step towards Socialism has been argued for many years. It is, of course, technically easier to socialise the big trust than scattered small concerns, but it is now seen to be politically much more difficult, since the power of the big capitalistic units to resist Socialist demands is enormous. One has only to think of the fight put up by the Prudential Insurance Company against proposals for the nationalisation of insurance to realise that.

But if the new Public Utility Corporations are seriously put forward as measures of socialisation, then it is really difficult to see the difference between them and any other capitalist monopoly in essentials. Neither the Government nor the workers have any influence on management. The capitalist ownership of the means of production has not been seriously affected. Profit must still be made in order to compensate the old owners. The total capital of the owning class is not diminished. It is simply re-invested. The L.P.T.B. is no doubt a good and progressive amalgamation bringing greater efficiency—though the disadvantages of a monopoly not supervised by the decisive influence of the consumer are already visible. There is a tendency to use old buses. The attempt to raise fares is likely to be shortly successful. The conditions offered to the workers are not remarkably better. But Mr. Morrison, on the other hand, points out that in ninety

years time, London Passenger Transport will be in the hands of the community. This is not the socialism which inspires resistance to the urgent demands of Fascism for "action." At the best these Public Utility Corporations can only lead to State capitalism. In 1908 public influence was extended over the Port of London, but no one would now claim that as a measure tending towards Socialism. At least it would be difficult to persuade the dockers who fought Lord Devonport that this was the case. We are not suggesting that State capitalism may not be an improvement on anarchic capitalism —though it is at least debatable. We are only concerned to emphasise the fact that it does not and cannot do anything towards solving the difficulty which is driving the world to its present misery—the mal-adjustment of production and consumption.

The Socialism of Mr. Morrison presumes a society in which everyone is governed by the best intentions, or, at least, where they are guided by intelligent self-interest. Socialism will be introduced bit by bit. Through Parliament, one industry after another will be transformed into Public Utility Corporations, compensating the capitalists, leaving some of their number in control, but unifying them, and making the industry more efficient. High profits will have to be made for many years in order to pay dividends for compensation. In this way it is hoped that the capitalist will be driven out of one sphere of industry after another, until at last Socialism will come.

There are, then, two possibilities. Either this happens with the consent of the capitalists—not, perhaps, all of them—but with a sufficient number of progressive ones agreeing to make possible the coercion of the more reactionary, or it has to be carried through in the teeth of capitalist resistance.

If, with the consent of the capitalist class, this would be true "national" Socialism, a benevolent corporate State with the more enlightened capitalists in real control, a capitalist-plus-

Trade-Union Fascism instead of a terroristic Hitler-Mosley Fascism. And this is obviously the best result that can be obtained under these suppositions, under the Morrison-Citrine policies. For suppose the second alternative, that the capitalists, fearing their class may be strangled, however gradually, put up a resistance, as it is obvious they would in fact do, even if only the curtailment of some of their present privileges and power was at stake. The very persistence of democratic forms, on which the Labour movement so strongly insists, does not allow of any steadiness of this pressure. A Conservative government would follow and undo all of what had been done, of which they did not approve.

But suppose, in spite of the object lessons of 1929 and 1931 to the contrary, that the Conservatives of that day were unable to get back to power on a panic election—suppose that the Labour majority held. Can anyone seriously claim that the resources of those who own and control the means of production are thereby exhausted? In spite of all the traditional respect for Parliamentary decisions, it is obvious that the power to sabotage economically a government of which they disapproved remains with them. As has been proved to the hilt even by the moderates, Bruening and Roosevelt, the Government is helpless if it does not then confiscate. The Centrists argue that "they will confiscate if there is a clear case of sabotage."

As we have shown elsewhere, at a time of economic instability that is the most difficult thing to prove. It is a further illusion to imagine that the capitalists will only resort to sabotage if their profits have become nil. Obviously they will not wait until there is a real breakdown. If they foresee any danger whatever in the Centrist type of Socialism they will lament the impossibility of continuing in business, and close their works.

Nearly every big industrial town in Britain has had some experience of this in a mild form at times of hard-contested

elections, when nothing more was at stake than the influencing of some particular result. Is it to be expected that such would not happen on a far more serious scale, if the capitalist class felt that their existence was at stake ? The mass basis, which is the source of the Labour Party's power, would then be simply cut from under their feet. In what other ways can a reformist policy possibly end ?

CHAPTER THREE

What is Planned ?

Replanning of Industry

THE planning of industry is the core of all planning problems. The difficulties are so enormous in practice that they are avoided by theorists who like to construct working models of a new society, leaving out such essential factors as the certain resistance of some classes, and the possibility of securing the effective drive of others. It is easy to sit in a conference of enlightened capitalists, or at a Socialist summer school, and make plans for an excellent re-arrangement of industry which would no doubt work perfectly provided that everyone was agreed on essentials. Such plans usually assume a willingness on the part of the opposing classes in the State to work together for a new social order—a willingness which may exist in the hearts of the individuals present at the conference, but which cannot exist in reality in a capitalist State. Schemes of social re-organisation on as large a scale as that contemplated by a planned economy can, in fact, only come about at a time of economic breakdown, when, in consequence of the excitement of the population, something must be done. This leads to widespread feeling against the existing system. That feeling is already growing in Britain as elsewhere. As Mr. Lloyd George has said : " There must be something fundamentally wrong with our economic system because abundance produces scarcity. . . ." But it is when the breakdown becomes visible,

what was a general vague feeling becomes a passionate conviction, that the question arises : who is to canalise this excitement, and what changes can it be used to force through ? All the existing parties and institutions at such a time suffer from the general distrust. If we are to learn anything from the post-war experiences in Europe it is that this excitement was canalised by the Communist Party in Russia and in Germany and Italy by Fascism. The same situation that drives towards Fascism can be used to drive towards Socialism. What is not possible is that the situation that has produced the crisis and the parties that were in power at the time will be allowed to muddle along as before. At such a time the people who have some definite plan for dealing with the economic situation and who can get mass support for it will get the power. No excuses after defeat can veil the fact that the Social Democratic Parties were not prepared for the breakdown and were afraid of it. The Fascist Parties welcomed it and prepared for it.

For the Party which is to take power the planning of industry must become the central fact. Industry can be planned from three angles, it can be planned through credit, through production, or through the market. But only the planning of production itself gives direct control, effective for radical and lasting changes. Indirect control can be exerted by credit arrangements and by marketing schemes. Those who want to preserve private initiative prefer the indirect control—the sort of planning done by State credits and quota schemes. Planning for markets can be, and is being, done by the industries themselves—either in the form of encouraging sales—such as the Coal Council, a central body with coal owners, merchants and retailers represented, which promotes sales and encourages coal utilisation, irrespective of the conflicting interests of individual producers. Or it can be done by the parcelling out of the market into spheres, as the British brewers have done so successfully. Tariffs are a form of indirect planning, for which

the assistance of the State is needed. Fixing of prices can be done either by the industry or the State. Fixed prices presume a fairly high degree of organisation within the industry—as blackleg-proof, for example, as the Light Castings Association which has been able to enforce a price list in its trade. But the fixing of prices of such monopoly trusts or associations only increases the fundamental contradictions of capitalism by fixing high prices, and accepting a restricted sale. If lower prices are fixed by the State either they are fixed on the general principle of yielding approximately as much profit as they would do without regulation, or less profit. In the former case the fixed State price is only an indirect means of constituting monopoly trusts. But in the latter case, if the profit is lower than the capitalists feel they could otherwise obtain, then all sorts of devices are resorted to in order to break the price, or commodities disappear from the market, and the economic system is deranged until the State yields.

Should the Banks be Socialised First?

All these indirect forms of central control cannot solve the crisis which is caused by the basic contradiction in the capitalist system. That problem can only be tackled through the socialisation of big industry which, by its large-scale productiveness, has intensified the crisis. But just because industrial production is the central source of power, the urge to avoid tackling it, " at least for a beginning," is strong. Hence the many proposals to socialise the banks first, and then after an interval, presumably to take breath and see how it works, to proceed to the socialisation of industry. Mr. Henri de Man has achieved considerable publicity on the Continent for his Plan de Travail in which he urges that the power of finance must be destroyed first. Credit must be nationalised. Then, with the help of the " anti-finance " but capitalistically-minded middle

classes, it will be possible to arrive at a "mixed economic system," which will abolish unemployment and poverty.

The Socialist League also has decided to reverse the process adopted by the Russians. The real success in Russia has been the organisation of industry. The socialisation of the banks and the whole question of currency and monetary regulation has remained a weak part of their system. The socialisation of land in Russia is still in the stage of alternate victories and defeats of which no one as yet dare prophesy the end. The production of corn is still the same as in 1913. The power of the Bolshevik Government, admittedly one of the most strongly entrenched governments in the world, is firmly based on its control of industrial production.

In view of the experience in Russia it is startling to find the Socialist League making the statement that the first step for a Socialist government will be "promptly to socialise the banks and financial institutions and vest in the community the ownership of the land." After this has been done, key industries are to be socialised—say within the first five years. In reply to criticism they have said that they are already proposing a great deal for the first few months. But that is not the point. Success in the difficult process of altering the entire economic basis of a country is not dependent on quantities, but on beginning the work at the right end. Concentration on the desire to socialise the banks indicates a *rentier* view of economics. It can easily degenerate into an excuse for making no real attempt to grapple with the fundamental difficulties of the planned state.

To begin with, no one really knows anything very definite about finance, since it has no sound basis for prediction. That is its attraction for the speculator, the risk is so owing to the uncertainty of what is going to happen that the gains are correspondingly high. Finance experts admit the impossibility of understanding a financial system which is dominated

by piracy and risk. It may be argued that it would be the first business of a Socialist banking system to define rules and see they were observed. But finance can only be given laws by first regulating the sphere of production. Money is a reflection of goods. If the whole production of goods is anarchic the shadow—money—oscillates as violently. Money in a restricted sense has laws. A Government that attempts to control finance without first having the control of production in its hands will find itself a prisoner of the laws of money and able to do little to curb the bigger pirates.

Another attractive feature of socialising the banks first is that the workers need not be troubled about it. The whole process can take place over their heads as it were, with only their benevolent co-operation in supplying the necessary votes in the first instance. This view of the workers is very hard to eradicate, even with the object lesson of a Hitler before our eyes. Power to make fundamental changes depends on the active participation and interest of the masses of the people. In order to get Socialism, in order to secure the drive necessary for a planned economy, the workers must be aroused into taking an active and interested part. The Italian, German and American population had to be raised to great excitement to get even the amount of State control reached in these countries.

The workers, of course, have an interest in questions of finance in so far as their private means are concerned. The scare about the post office savings bank deposits in 1931 shows that. But the interest is ineffective as a means of control. During the first few months, in which there will be the excitement and interest necessary for socialistic measures, the most difficult ones for a new and experimental regime, the chief supporters of a Socialist policy will be carefully prevented from doing anything in the sphere which chiefly interests them—their place of production. But the sabotage in industry that will follow any real attempt to socialise the banks will

create distress, just in those places of production where the workers feel it most. Confidence in the Socialist Government will diminish and with it that support of the organised and mobilised working class which is indispensable to any real change.

The undue concentration on the socialisation of banking as being of primary importance rests on a certain misunderstanding. The main work of the banks is trading with titles of ownership. But titles of ownership lose their value if they are not backed by confidence. How catastrophically values can vanish has been shown in the various American crises. Obviously under Socialism these titles to ownership will not exist. The functions of present-day finance break down even when production is only regulated. It is interesting to see how this is working out even under the amount of regulation that exists in capitalist U.S.A.

The reduction in the business operations of Wall Street and other United States Stock and Commodity Exchanges is not due to the Securities Act, but to the control now exercised by the Roosevelt administration over a large part of the industrial system. The Treasury has gradually usurped to a very considerable extent the power formally held by the Banking System. Control of the railways, public utilities like the Tennessee Valley Authority, with the possibility of the vast extension of its supply of electricity to seven other states, the immense engineering and building projects, the large-scale operations in agriculture with the various arrangements for bulk purchase have simply cut away the ground from many of the financial transactions that were once the main interest of American financiers.

But if it be emphasised that this socialisation of the banks is only the prelude to the greater measures of socialisation why attempt to socialise what must automatically disappear ? Credit is based on confidence. The capitalist producer will

not have much confidence if he does not know how long he is to be allowed to continue in business. The investing public will not know either how long the system is to last. The blunt fact has to be faced that with the advent of Socialism, or even of the coming into power of a Government that has both the power and the will to socialise, the old machine of credit simply breaks down.

This need not necessarily be due to wickedness on the part of " Lombard Street " or the machinations of the famous Old Lady of Threadneedle Street, but simply that a new kind of confidence has to be created to replace the old confidence. And that confidence can only be got from where in fact the capitalist got it—from production.

To attempt to put the banks first and industry second is simply to make a present to the capitalists of the means to smash the machine. Whether the capitalists are in for three months or three years after socialisation seriously starts, any credit given will not be used for the purpose for which it is granted, but in order to beat the socialisers, and it will be a smart accountant who will be able to track down all the ways in which this can be done. Are you to give credit to an enemy you propose at no distant date to deprive of his power ? The idea that the active capitalist will be content with a moderate fixed income is again this curious *rentier* view of history which permeates so much Socialist theorising.

Neither Captain Macmillan nor the P.E.P. group, soaked as they are in the atmosphere of active capitalist enterprise, make that mistake. The keen capitalist fights for power. He certainly risks being reduced to beggary, but that is part of the game. These are not the men to be conciliated by fixed salaries. They will fight for the system that gives them power, at least until they can be quite sure that the capitalist period is definitely ended. And they will be resourceful enemies. It is not only innocence but dangerous innocence to imagine

that such men will submit to have their enormous power taken from them piecemeal because the House of Commons with a temporary Socialist majority passes a Bill to that effect.

Only a time of severe crisis will or can give the Socialist Party the power to introduce Socialism, and that can only come about even then if the Government is prepared to go for the main citadel of capitalist power. This idea that the banks constitute that power seems, even in view of the history of only the last half-dozen years of world crisis, the strangest of delusions.

Let us look at the plan in more detail. We will suppose that a Socialist president of the Board of Trade explains to the head of the Artificial Silk Trust that it is not proposed to socialise him—yet. The banks are to be socialised at once. The Government will be prepared to continue his existing credit from the banks, even give a substantial increase if he desires it, provided that he will agree to certain measures of amalgamation, certain improvements in wages and working conditions. No hint of socialisation of the textile industry in that conversation. The Socialist Government has its hands full with the banks. But election addresses promised "key industry to be socialised in five years." The conference is suave, pleasant even. The industrialist will, of course, agree to any amalgamation, any increase in wages, any fixing of prices, with the necessary demur and the inevitable remarks about "times are changing and we must move with them." He gets a useful Government credit of a quarter of a million. Government auditors, of course. But he is left in power, with a probable year or two or three. Does anyone imagine that every penny of that credit will not be spent somehow in widespread propaganda to shake confidence in the Government that so naïvely imagines that it has five years in which to socialise big industry at leisure ?

The resources of the capitalist in the direction of sabotage

are limitless. An actual story from Germany throws an interesting sidelight. A branch of the machine-making industry agreed to a fixed price-list for their product. The president of the manufacturers' association had by far the most efficient plant. The high fixed price would have so cut his production that it would have meant ruin. So he made various contracts. In a typical one he agreed to sell a certain consignment for 150,000 marks. From the buyer he at the same time purchased a Chinese vase, worth a trifle, for 50,000 marks. The latter transaction went through his private account. What Government auditor can check a "gentlemen's agreement" of this kind. If business men can outwit keen competitors in this way, by how many devices can they outwit a Government when it is to the interest of them all to do so. To socialise the banks without first socialising industry is to take over the apparatus of credit while leaving with the enemy the foundation on which that credit is based.

It is usual to say that the credit is really the confidence felt in the nation and that is true, but it is the confidence felt in the nation's power to produce, and to go on producing. How long will that confidence survive if the channels of that production (and hence the basis of credit) are left in the hands of those whose only chance of survival is to destroy that confidence ?

This is not to argue that the banks should not be socialised. Obviously they must be as part of the general scheme. The abolition of the gold standard would be necessary, since a gold standard (even if it is veiled like the present British position, which is really on gold) enables foreign speculators to disturb reconstruction and would make the Socialists dependent on a factor outside their control.

For well-planned industry a whole new scale of values would arise. Prices are now fixed on a basis of price=hours of work+depreciation of factories+profit+supply/demand.

Under a planned economy only the first two factors would be effective. The plans by which a Socialist Government could finance its schemes have been worked out in detail and need not concern us here. Our argument is that it is necessary to socialise the banks, but that it would be suicidal to attempt to socialise them alone, letting the socialisation of industry wait for a more convenient season.

CHAPTER FOUR

The Social Forces behind Planning

PLANS, however imposing, for re-organising our economic life remain on paper until it is to the interest of some powerful social group to force them through. It must be a continual puzzle to those who see society in terms of individuals, not classes, why schemes, in themselves admirable, are not adopted. Douglas Credit enthusiasts may prove that their proposals are economically flawless, but in fact they can get no wide social basis for them. Unless or until it becomes to the interest of some sufficiently powerful class to force through a plan, no amount of propaganda, no names on note-paper, however imposing, no number of individual converts can overcome the inertia in society which prefers things to remain as they are. In Britain tariffs, a form of planning, whose propaganda was backed by immense funds and great influence, remained a subject for lectures until it suddenly became to the interest of the industrialists to have general tariffs. At that moment free trade opposition faded into two wisps of parliamentary parties, themselves not very sure about their opposition.

The planned organisation and co-ordination of all those who co-operate in a factory belongs to the very essence of capitalism. This has been developing through three centuries, and has reached a high pitch of perfection at the moment. Worked out on a profit-making basis, it created the contradictions of capitalism. Since about 1880 the scale of planning has been gradually extended to whole branches of industry by

the forming of monopoly trusts. The process has gone a long way in Germany, U.S.A. and Japan. Britain has tended to lag behind, and now in the slump, caused to a certain extent by these monopolies, is reaping a certain advantage from that tardiness.

Since the dawn of this century economic theoreticians in the intervals between crises have explained that monopolies tend to abolish crises. In fact, monopolies intensify the crises because they sharpen the contradictions of capitalism. The monopoly trusts raise prices, or prevent competition forcing them lower. This gives the trust extra profit, at the same time leading to the further shrinking of purchasing power, and so the fatal gulf between producing and consuming power widens to a crisis.

The immediate task before capitalism is to weave the monopolies into a national trust—meaning by that that the whole national industry becomes a monopoly for finance capital—hence the emergence of autarchy as a new and more virulent form of nationalism. But this planning must necessarily extend the boundaries of the nations because none of them is economically independent. It must be accompanied by a widening of the spheres of influence, by a new type of imperialism. Nations who have lost their basis for this, like Germany, or who never had a satisfactory one, like Japan, are forced to an aggressive imperialism. Britain, which has such a basis, is forced on to the defensive to maintain its position.

From this to World Planning—the domination of the globe by a single financial group—is in the phase of fantasy at the moment, but it is the logical way out from the devastation likely to be caused by autarchy. Michael Arlen's novel, *Man's Mortality*, and Robert Nichols' *Fantastica* are intelligent prophecies of quite possible developments.

The kind of planning that will come out of the present capitalist chaos depends, as we have said, on which particular

social group is behind the planning, and in whose interest the planning process is carried through. It is necessary, therefore, to look more closely at the attitude of the different sections of the population to the problem of planning.

The Capitalists and Planning

To take first the capitalists, who are the present owners of the means of production. There are two ways of owning a business. One is to derive an income from it. In this sense all shareholders own an undertaking. If this were the only form of ownership there would be truth in the contention so frequently made, that the system of small shares has broken the individual ownership of the means of production. That we are all Socialists nowadays because the small man can become a capitalist.

But to own a thing also means to be able to use and control it. A capitalist is a person who can *control* the means of production by having a title to the property of a certain part of them. Forty per cent of the shares in an undertaking in one hand, and directed by one will, are in practice, stronger than the remaining 60 per cent if these are split up among thousands of ignorant and uninterested men, or directed by divergent wills. The share system, far from being " socialist," has enabled the capitalists to control an enterprise with a part only of the capital, the rest being in the hands of people who buy income with their shares, but derive no influence from them.

One section of capitalists are a driving force in planning so long as it takes the form of centralisation of capital, of subsidies, of State help in foreign trade, that " freedom from State interference built up on State assistance," which Edgar Mowrer describes as the aim of post-war German capitalism. In individualistic England the increasing difficulties of world trade and foreign competition has given an impetus to the

integration of industry in return for national assistance, as for example, the quota schemes in the mining industry, and the schemes for re-organisation in the iron and steel trades which were to be the price of the tariff concessions.

This process is rather expensive. The British public has grown somewhat restive at the costs already incurred for the agricultural marketing and milk-planning schemes. The subsidies granted for sugar beet have reached the absurdity of being higher in value than the entire crop. A National Sugar Marketing Board, which is, in fact, a capitalist price-raising monopoly, and has been denounced by the co-operative movement as such, is now to take control. But obviously the public cannot be expected to pay indefinitely for the concentration of monopoly capitalism—as long, that is, as it is allowed any knowledge of, or say in, the matter. "National planning" sounds much better, and secures the interest and assistance of people who consider that their main interest in life is to fight "capitalism." National Planning is the Innocents' Club, thoughtfully provided by capitalists for unwary socialists.

On the other hand certain capitalist elements are a definite obstacle to planning. These are the owners of plants which centralisation and rationalisation would put out of business. These smaller owners would also lose that personal independence in their industry which they value highly. If events take their normal course they can be crushed out either by bankruptcy or forced sale. If planning is undertaken as an urgent task they must be brought in by the joint action of the "progressive" capitalists and their Government. The electricity grid is a classic example of the ruthlessness of a capitalist State against small capitalists' interests when this is desired by the bigger men. Where the Italian Fascist State has done any planning it has had to break this resistance partly by administrative measures, but mostly by giving further advantages in the form of taxation relief or subsidies. A strong

national State is thus necessary for the movement towards capitalist concentration, to make trade agreements abroad, to enforce them at home, and to crush certain capitalistic as well as the workers' resistance. The Labour Governments are anxious to carry on the good work. The agricultural marketing schemes were proposed and the Bill passed by a Labour Government. The Coal Quota schemes and London Passenger Transport were the work of the same agency.

The planning of *production* can be, and has been up to now, carried through by the capitalists. The problem of our time is the planning of production and consumption in relation to each other. This can be done, either by extending the purchasing power, or by restricting production. Restriction is the capitalist way. Almost every day since 1929, the newspapers have given particulars of the cruder type of restriction, the burning of harvests, the ploughing in of growing crops, the restriction of acreage to be sown. The Roosevelt Plan has subsidised such destruction. Carried through more discreetly are the innumerable schemes for the restriction of factory production, the agreed quotas, the levies on tonnage produced over a certain limit. National Shipbuilding Securities Ltd. has not extended the market for ships, but has concentrated on eliminating the British shipyards made redundant by the restriction of trade all round. Between 1930 and 1933 it bought and dismantled 20 shipyards, with an annual capacity of 704,000 tons, and sterilised them against future use for shipbuilding. Mr. T. D. Barrow, of the Manchester Chamber of Commerce, advocating a scheme for the re-organisation of the Lancashire cotton industry, wants "plans designed to bring about a controlled and orderly contraction in the productive capacity of the cotton industry." The agreement drawn up by the West Yorkshire Federation of Mineowners provides for the closing of redundant mines, and the regulation of prices. The Woolcombers' Mutual Association has made a

somewhat similar scheme for the elimination of redundant plant.

The other way out of the crisis, the increase of purchasing power, is so against the capitalist grain that in most countries it has hardly even been discussed. America in the "prosperity years," previous to 1929, boasted of their high wage policy which, it was claimed, had ironed out the cyclical crises of capitalism. But even to this, as President Roosevelt has since explained, there were too many exceptions. And if there were not, the increase of purchasing power, and consequent increased turnover, leads inevitably, if the profit system is kept, to further extensions of production which expands more quickly than purchasing power, and the old problem is there again. Henry Ford has been proclaimed the High Priest of the High Wage Policy, but it is an illusion that he in reality pays higher wages. His method simply presses more productive capacity into the eight hours working day. He pays more for those eight hours than his competitors, but he buys the leisure time of the worker as well, by exhausting the energy which enables the worker to use his leisure time for his own purposes. By this means Ford presses also more of the workers' lifetime into the eight-hour day. In later years he can only sell his labour at a very low price, or not at all, owing to the high degree of exploitation in his youth. According to Pound, in the car industry of Detroit, piece-work wages have their maximum at twenty-five years and drop very rapidly after the thirty-fifth year. In pre-Ford days, the wages rose gradually to the thirty-fifth year, and remained fairly stable until sixty. The cost of the reproduction of the power to work must now be gained in fewer years. If all capitalist enterprise was run on the Ford system, the purchasing power of the working class as a whole would not rise. What they gained at twenty-five, would be lost by the men at forty.

The Workers and Planning

The part that can be played by the workers in planning is the crucial question now. The capitalist and Fascist forms of planning are deliberately designed to exclude the worker from any say in the matter. In Italy they are excluded from any direct influence. Their representatives, who are taken, not from their own ranks, but from the middle-classes, have a certain direct influence on the conditions of work, but the attempt of these *avocati* to get some influence on production itself, through the Corporation idea, has been quite ineffective so far. The only influence that the workers have in Italy is based on the fear of revolution, on the memories of the workers' attack in 1918–20. But this means only that the degree of exploitation is limited to the degree in which it remains just tolerable.

In Germany, the Workers' Front, with its 23 million members, has been deliberately excluded from having any influence whatever on questions of production. The Economic Council consists only of capitalists—and the egregious Dr. Ley. As in Italy, the only limit set is the menace of revolution, for the ordinary checks and balances of independent Trade Union organisation do not work. Hitler, less well seated in the saddle than Mussolini, and conscious of the coming war, has to keep his workers in as contented a state of mind as possible, but the whole "leader principle" on which his policy is based, excludes the workers from anything other than the maintenance of such tolerable fodder basis as can be provided by an economic system run and planned entirely by the employers.

In England, particularly since the war, there have been discussions of various forms of "Workers' Control" in capitalist industry. The Joint Industrial Councils formed under the Whitley schemes were supposed to develop towards some kind of consultation, at least. They have not gone beyond the

negotiation of wages and working conditions. The Labour Government's Mines Quota scheme made no provision for the workers taking any share in planning. Mr. Macmillan, in his "Plea for a National Policy of Reconstruction," states emphatically, "Interference in the daily management of industry must clearly be rejected. Those entrusted with that highly technical task must be chosen for their ability." In this assumption that the workers have no ability for "that highly technical task," Mr. Macmillan adopts Hitler's view that the capitalists have shown by their success that they are the true leaders of industry, and therefore the workers, by the fact that they are not employers, have shown that they are not fitted to be. In assuming that the workers are not competent for the task, great care is taken to ensure that they do not have the chance to become interested in it. Here lies the essential difference between Fascist and Socialist planning.

The workers have, as their main and immediate interest the raising of wages. But to do this effectively and permanently they must go on to solve the main contradiction of capitalism, the mal-adjustment of consuming to purchasing power. Thus, even unconsciously, they become the main driving force behind Socialism. Everything which is done in society by groups is done on the basis of class-interest. Therefore the contradictions of capitalism can only be solved by the class which is materially interested in solving them.

The question then arises why they haven't done this before now. But great changes like the transition from feudalism to capitalism, or from capitalism to socialism, though the actual change may come swiftly as in Russia, take long years, sometimes centuries, before the necessary explosive force accumulates. Capitalist control of industry has been regarded as a matter of course. Its efficiency during the great years of expansion from the eighteen-forties till the first World War seemed to be proved. But that confidence, shaken by the war,

has not been restored in the period of deepening crises and permanent unemployment that has followed the war.

In the country where the explosion came early, and the workers (under a leadership that had been carefully trained for years beforehand) took control and started to plan industry, they have had to concentrate on this function of adjusting consuming to producing power. Indeed, the phenomenon was witnessed by the capitalist world of a country where consuming power actually outran productive capacity, even when that productive capacity was raised to above pre-war level. This is as much the inevitable result of the early days of workers' control of planning, as the opposite, the excess of producing over consuming power, is the necessary result of capitalism.

If the workers in other countries remain indifferent and apathetic to the problem of taking over the planning themselves, while demanding a better standard of living, then the capitalist attempt to meet the problems caused thereby will lead through Fascism to a second World War. That, as far as can be judged at present, seems inevitably the path that will be taken.

After the second World War, Europe outside Russia, possibly also America, will exhibit the same conditions of utter breakdown that forced the workers to take over the planning of economic life in Russia. If the workers' movement can, in that situation, become the representative of the interest of society against a parasitic and dangerous class, the *bourgeoisie*, as the *bourgeoisie* were able to become the leaders of the rest of the classes in society against feudalism in decay, then a Socialist Europe will be the next stage of human development. If, that is, the second World War leaves any Europeans to develop.

The Technicians and Planning

The technicians have an interest of their own for planning, and they are indispensable for the planning of modern industry.

Their drive towards planning comes because they are trained to regard waste and inefficiency as serious faults, and all their professional efforts aim at eliminating them. When, under the pressure exerted by big convulsions of the economic system on their own economic status, they begin to look at the capitalist system as a whole, they are shocked by the discovery that though their individual machine or factory may have reached the summit of organised efficiency the sum total of machines and factories is in a state of anarchy and chaos. The machines which they build are not allowed to work because the social machine is out of order. Planning becomes for them a demand of reason. To them it seems that only stupid inertia and lack of reason prevents an intelligent planning of society. Only a few see the group interest that is served by the waste and inefficiency that shocks them. To the technician the reconstruction of society appears as a problem of science, of mechanics. Put some new parts into the machine to replace some parts that have worn out and the social machine will run perfectly. This is why proposals of currency reform receive so much support from eminent technicians. They think that if new paper is printed something will have happened to make the machine work. They have blind spots[1] in their scientific vision to the social issues, and the conflict of group interests involved in planning. The social division of society is to remain the same. Only the apparatus employed by society needs mending.

This attitude leads some of them even to conceive of a society rule by technicians. This was the basis of "technocracy," which had such a vogue in the America of 1931–2. No one could answer the smashing condemnation of modern capitalism which inevitably followed the technocratic analysis, except by proof that the leader of the movement could not get

[1] See "Theorie der Blindheit," in *Der Satz vom Widerspruch*, E. Conze.

on happily with his wife, which convinced America that his ideas were unworthy of notice. Actually the movement could produce no results, could strike no roots, not because of the personal idiosyncrasies of Mr. Scott, but because in attacking the powerful capitalist group interests they were not concerned to get the backing of the class whose interest lay in a planned economy.

Being a class which comes in between the workers and the capitalists, and which could combine with either, the technicians like to imagine themselves as impartial judges, disinterested arbiters of the social questions. They think that the claims of the capitalists and of the workers are partly right and partly wrong. They regard themselves as the scientific element standing for the interests of efficient production, whereas capitalists and workers are greedily interested only in their share of the fruit of production, in higher wages or in higher profits.

That the technicians are indispensable to the planning of industry as a whole, as well as of the individual plant, cannot seriously be doubted. But whereas some of the technical men desire their own hegemony as the "true experts," the more class-conscious workers tend to regard them as possibly dangerous enemies, only fit to be used by a triumphant proletariat. Because of their theory of the dictatorship of the proletariat the Russians have had endless difficulties with their technical staffs which still handicap their socialist reconstruction.

The attitude of superiority to the workers, the weight of the tradition of inferiority of the manual to the technical staff in a factory, accounts partly for this attitude on both sides. Different standards of living prevent the workers and technicians meeting socially, getting to understand each other's problems and point of view. For the future success of a planned state contact between workers and technicians in the factory and

not merely their representatives in the conference room is important. If they have never seen each other under capitalism except at a distance how can they at once work together as equals under socialism after the control of the capitalist who co-ordinates their efforts now has been abolished ?

CHAPTER FIVE

The Difference between Socialist and Fascist Planning

PLANNING is a weapon. The Russian Soviet system has taught the capitalist nations that. The period of anarchic free capitalism is over. Fascist planning is the answer of capitalist countries at a certain state of confusion to the Soviet system. It is an experiment in the art of securing the advantages of Socialism while preserving the fundamental contradictions of capitalism. It sees only the need for planning, but it cannot cope with the necessary consequence, the adjustment of the purchasing (consuming) power of society to its powers of production.

The fact that production is outstripping effective demand is wrecking capitalist society. When the economic breakdown is imminent capitalism cannot help producing a sort of Socialism out of itself. Far-sighted capitalists would prefer a development towards a kind of State capitalism controlled by themselves and if necessary avoid the threatened proletarian revolution by war. A modern war demands all the energies available and uses up the surplus products without altering the existing social relationships. Preparation for war raises the demand for raw materials and provides employment and internal markets for a time. This planning is based not on the desire to supply the needs of the population but on the perpetuation of the poverty and distress of the masses.

Nazi planning is a planned rationing of raw materials and

of goods. Its eye is on the war situation which demands the planning of the production of goods needed in a war within Germany's own frontiers. The irrational scarcity of goods which competitive capitalism produces is not real scarcity. For the warehouses are glutted with unsaleable products while the machines and labour are there to produce more. But the high prices and profits of the cartels and the rent demands of the landlords make the goods too dear to buy with the wages the masses are allowed.

This artificial scarcity reaches a point at which, in full view of the capacity to produce, human intelligence cannot be expected to tolerate it any longer. The old myths have worn thin, whether the myth of the Able American Business Man or of the Super-Efficient German Industrial Leaders. The Nazi attempt at rationing artificial scarcity in the midst of plenty has had to produce a new myth. It calls this process "The building up of national socialism." The rationing is "the accumulation of reserves once provided by loans from foreign capitalists but now to be provided out of the sacrifices of the German people." The "hunger period" of the Russians who started to build Socialism in an empty land is adduced as support for the myth that the rationing measures of the Nazi Government are a proof that it really is socialistic.

Fascist planning cannot avoid depression. Fascist Italy was hit as much, and as soon, by the world depression as other capitalist countries. Inevitably therefore the German and Italian Fascists are driven to short-circuit the contradictions of capitalism which their own system can do little to remove, by planning for war. The optimistic way in which eminent foreign journalists dismiss Mussolini's war speeches as "only the ballyhoo which the lads expect from him" misses the whole point of the present world situation which has produced Fascism. Fascism can be defined as that form of political rule

of big business which plans for war as an alternative to the immediate breakdown of its capitalist system, and which has to take measures to secure if not the enthusiastic co-operation at least the silent consent of the majority of the population.

One of two alternative powers can form the driving force behind an economic system—the interest in profit or the interest of the consumer. Of course, even if the system is primarily concerned with the making of profit the interest of the consumer must be considered in so far as the satisfaction of the consumer conduces to the making of profit. But the problem of the profit system is not the satisfaction of consumers' demands but how to make consumers who have sufficient demand. It is on this dilemma that a profit system breaks down, for it is impossible for such a system to raise the standard of living of the population so high that they can buy back all that is produced. If they could there would be no "profit" in an economic sense. It is this surplus of goods created by competition which is the cause of all the trouble.

The Mosley Plan

In Britain Sir Oswald Mosley is still in the cheerful stage of irresponsible demagogy. He has been a Socialist. He understands that this problem of the surplus products for which capitalism has somehow to find an outlet is at the root of the troubles of the capitalist world. So he is concerned to show that there is no difference as regards success between the Socialist and the Fascist planning for the solution of this, the most fundamental of the contradictions of capitalism.

The first condition of his solution is an insulated and self-sufficient Empire. "Great Britain is primarily a producer of manufactured products and the remaining countries of the Empire are still primarily producers of foodstuffs and raw materials. Imperial planning can arrange by a variety of

methods for production in the various parts of the Empire according to suitability for production."

It is a matter of course that the close collaboration with the Empire and the development of its resources will be the task of any Government, Conservative, Fascist or Socialist. The demand of Canada for freedom to set up protective tariffs not only against foreign goods but against the British had to be conceded as early as 1859, and has been one of the corner-stones in the policy of keeping the Empire together ever since. In *Greater Britain* Mosley himself gives the figures which show the rapid industrialisation of the Empire, particularly the Dominions and India. At the same time he says : " We will never seek in any way to interfere with the right of the Dominions to choose their own methods of government and develop their own policies. That right will be as carefully preserved as the complete autonomy of other Fascist Movements in the Dominions with which we are related and which now develop rapidly throughout the Empire."

A sentence like this shows how superficially Mosley has thought out the implications of his policy. The industries in the Dominions represent the solid economic interests of powerful people, Trade Unionists as well as employers. Are they going back to the land because it would be very nice for Great Britain if they did ? Is it suggested that this would be the policy of the Fascist Movements in the Dominions " with which we are related," even supposing they got power ? If there is one thing more than another that all Fascist Movements stand for it is exaggerated nationalism. Does Sir Oswald Mosley really think that a Fascist Canada would be more likely to heed the claims of Great Britain to be the wealthy workshop of the Empire than a Liberal Canada ? Who has the big industry has the power in war-time. Has Sir Oswald some means of bluffing the Canadian or South African Fascists out of that piece of useful knowledge ?

Let us suppose the celebrated Mosley eloquence could achieve even this, can he guarantee to deliver the goods in times of difficulty, particularly the supreme difficulty of war ? A casual glance at a map of the world shows the scattered character of the British Empire and the difficulty of guaranteeing trade and food routes. It was difficult enough in the last war when the German Fleet was bottled up to begin with and the big naval powers of Japan and later America were on the British side and never against them. But with the developments of war in the air and under the sea could the British, for example, guarantee industrial products to Australia if they were at war with Japan or America. Not even Sir Oswald Mosley's romanticism can say that such possibilities are never likely to arise. Australia has certainly had to consider the possibility. It is one of the reasons behind her drive since the war to secure an autarchic industry at very great cost. Apart from that the mere growth of the population in an infertile country compels to industrialisation.

An Autarchic Empire

Mosley sees quite clearly that big and important parts of the Empire belong to other economic units. He gives the figures, for example, of the extent to which Canada buys her manufactured goods from her powerful neighbour, the U.S.A., in whose orbit she obviously moves. Can such strong economic trends be altered by administrative measures ? Sentiments of loyalty to the Crown and the feeling of Great Britain as " home " are very real sentiments among the British elements in Canadian life, as anyone who has been there knows. But no one, least of all the Canadians themselves, have ever suggested that these would stand in the way of business advantage.

Of course, if Britain could offer really bigger advantages,

then even Canadians will listen. This is what the British tried to do at Ottawa, and they have achieved a slight increase in the imports of paints and varnishes, electrical apparatus, machinery, soap and coal from Britain to Canada. But the British consumer is becoming increasingly restive at the price he has been asked to pay.

Mosley, however, does not even want to pay that price. At the same time that he assumes that the Dominions will, to please him, become at least not more industrialised, he demands that Britain shall become more agrarian. Mr. Elliot, with his quotas and restrictions to encourage agriculture, is in the classic Fascist tradition. Not even Mosley can have things both ways. And if he thinks it possible to get advantages from the Dominions without paying the full price in return, perhaps a quiet dinner-party of all the Dominion Secretaries still living, not excluding for the occasion his late chief, Mr. J. H. Thomas, would supply enlightenment over the port.

A condition for the insulated Empire is either the miracle of all the Dominions turning Fascist at once and acknowledging Mosley's leadership, or that in the Fascist tradition he can treat Canada and South Africa as Hitler is treating Austria and the Saar. He himself sees that the latter is impossible.

Even the India of 1934 is not the India of Lord Curzon—and Curzon's high-handed actions created more problems than his successors have yet been able to settle. Sir Oswald Mosley claims the right of " conquest " in India, and proposes to cut through with steam ploughs not only the land, but hereditary landowning interests, religious custom, and convention. India is to remain an agricultural country.

If he proposes, as he does in *Greater Britain*, to crush the Indian *bourgeoisie* by ruining the nascent Indian industries for the benefit of the British manufacturer, then how does he propose to keep down India during the operation ? He says, quite truly, that the breaking of the grip of the moneylender,

the alteration of out-of-date methods of landholding, new methods of co-operative marketing would raise the standard of life of the peasant. But that takes time—a long time, considering the present state of Indian agriculture. It would need a civil service bigger than any the Indians can pay for, even supposing they were willing for the operation to be done fairly quickly. This re-organisation can't be done quickly—but the ruin of Indian industry could be undertaken overnight. What does he think the Indian capitalists will be doing, while the humanitarian, if authoritative, mind of Sir Oswald Mosley is trying to help the peasants. Could any army the British are likely to pay for keep the Indian masses, when mobilised by their own *bourgeoisie*, held down while Sir Oswald prepares the ground for these benefits to be bestowed upon them ?

The power of machine-gun and howitzer are considerable. Mr. Gandhi is convinced that they cannot prevail against ideas. In the long run, perhaps not, but Japan has shown that they can be very effective for their immediate purposes. Does Sir Oswald Mosley think, however, that he could get sufficient British officers imbued with the Japanese tradition to do the job in India ? Remember that that means such incidents as the shooting of 10,000 Koreans, unarmed and inoffensive people, after the big Japanese earthquake, not because they had even contemplated rebellion, but because the Japanese thought it wise to impress the Koreans with the fact that Japanese military power was unimpaired even though an earthquake had ruined Kobe. Amritsar was a slight incident compared with the activities of Japanese militarism in Shanghai. But on page 147 of *Greater Britain* Sir Oswald assures us that it is wrong to assume that " a highly organised Empire must be jingoistic and must pursue a policy of old-fashioned and aggressive imperialism." In India he must apply it. The Japanese policy is on the most up-to-date imperialist lines, the latest model, in fact. But it would cause some straining of

language for even a Fascist to prove that such methods are not " aggressive."

The Economic Empire

While engaged on these somewhat drastic measures of re-organisation within the Empire, Sir Oswald proposes to sacrifice the Economic Empire out of hand, because it is not painted red on the map, and does not sing God save the King at the end of its theatrical performances. Let Argentine pay for the extension of the British Market to the Empire. Argentine only benefits the investor in foreign loans to the detriment of British industries and agriculture, whose products it displaces, and whose necessary capital for development it consumes. But Britain owns the Argentine railways. Four hundred million pounds of British money are invested in Argentine, on which the interest is paid in beef and similar products. This is tribute paid to Britain. If the Fascists give up this tribute, not only will British investors lose, but British workers will pay considerably more for their meat. What is true of Argentine is also true of the rest of the economic empire or Sterling Bloc . . . those countries so financially interlocked with Britain that they went off the Gold Standard automatically when she did. Sir Oswald Mosley is against British investors financing foreigners. He thinks they do it because they are internationally minded, or because they have not the correct patriotic feelings. It has always been part of the peculiar Fascist mentality, that they cannot admit that anyone has good reasons for what he does, different from their ideas of what he ought to do.

British investors sent their money abroad because of the high profits they obtained, and obtained largely, though not entirely, because of the lower wages paid there. If the Fascist government takes measures that will, in fact, mean that this source of tribute is either given up or so ruined that future tribute cannot be paid, then the British investors will suffer.

The workers might be expected to take that calmly, but Fascist planning is admittedly planning by the middle classes with the consent of the capitalists, instead of by replacing the capitalists. How can Sir Oswald induce the capitalists to give up these profitable sources of investment ? Not temporarily, be it noted, as in a war emergency, but as a permanent state of business. Even if this miracle be performed there remains a powerful element which has benefited considerably if not directly from this tribute. The Fascists and the Empire Free Traders alike speak as though these loans to foreigners were detrimental to British workers, but it is a matter both of past history and present arithmetic that the high standard of the British workers compared to other European nations is partly attributable to the drain from colonies and foreign countries in the form of tributes. That the Fascists will be allowed to smash the highly-profitable Economic Empire of Britain, for the very debatable advantages secured by trading with autonomous states because they speak the same language is, to say the least, a highly romantic conception.

Fascist Planning in Britain

Strange things happen in our mad world, and an economic system desperately trying to stabilise itself may be driven to strange expedients. Let us suppose that the bed-time stories come true, that Oswald-in-Wonderland gets what he wants, this autarchic, this self-sufficient Empire, carefully insulated from all shocks from the outside. His is then the responsibility to plan Britain according to his ideas. What then ?

To do Mosley justice, he sees that the fundamental problem is to raise wages " to the point where increased purchasing power will absorb modern production in the home market." Mosley claims that under a Fascist system the wages *can* be raised

(1) because the rate of production rather than the rate of wages is the main factor in the cost of production in large-scale industry;
(2) because it is in the well-understood interest of the capitalist class as a whole;
(3) because a strong political organisation and State will enforce this common interest against individuals.

Tariffs and protection are to be made "conditional upon industrial efficiency, upon good wages to the workers and upon low prices to the consumers."

This is a system somewhere between capitalism and Socialism. It is Marxism made temporarily acceptable to Lord Rothermere. The Corporate State, it is claimed, within an insulated Empire, can so adjust consuming power to productive capacity that the fundamental contradiction of capitalism will have been solved without abolishing the capitalist system.

This attractive proposition needs more careful examination than it has so far received from the Socialist movement in Britain. There is a tendency to treat Mosley's economic theories as being of somewhat less importance than the cut of his elegant trousers. But the promise to produce the best of both worlds, without undue disturbance of any existing class interest, is proving a highly valuable asset to the Fascist movement—as Hitler and Mussolini found before him. The claims of the Corporate State merit more attention than a superior smile and an allusion to rubber truncheons.

The Corporate State of "Greater Britain"

Mosley's varying and vague theories about the Corporate State must be examined under three possible heads:

i. That there IS competition in the Corporate State, or
ii. There is regulated competition, or
iii. There is NO competition in the Corporate State.

He sometimes assumes the one, sometimes the other of these possibilities and in that way adorns his Corporate State with the advantages of all of them without admitting that they exclude one another.

I. There is Competition in the Corporate State

If there is to be competition, in any real sense, as the capitalist world has understood it up to now, then, as has been proved in practice over and over again, and as Mosley says himself, it is impossible to adjust production and consumption. Competition between capitalists producing similar goods keeps wages down because wages are an important factor in determining price, and the price must be kept low because of competition. As wages go down, profit goes up, because competition compels the capitalists to look for high profit. In a highly competitive system, big capital generally ruins or absorbs the small capital, therefore it becomes necessary for each individual capitalist, or capitalistic group, to accumulate as much capital as possible by profit-making and wage cutting in order to avoid annihilation. In the struggle for markets, too great a proportion of this profit goes into the financing of further production at the expense of the amount allowed for consumption, and therefore it is impossible for all these goods to be bought back. The surplus accumulates, and we are back in a period of depression.

The B.U.F. writers claim, however, that the organisation of the Corporate State would be able to modify these simple laws of the competitive system. The individual capitalists in one branch of production would be united into one monopoly trust, with certain State influences, and would then constitute a "corporation." Competition between different capitalists in the same industry would thus be abolished. "The syndicates of employers and workers' organisations in particular

industries will be dove-tailed into the corporations covering larger and interlocking spheres of industry."[1]

How would these " monopoly trusts," or " corporations " actually be organised ? Would the cotton industry, or the immense woollen industry form one corporation, or would cotton, woollen, and all other textiles, including the newest and fiercest competitor of them all, artificial silk (rayon) be put together in one " corporation " ? This is not an academic question of detail, but one that goes to the root of the problem. For if these big textile industries were separate corporations the competition would not be any less than it is now—in fact, the internal re-organisation of an industry as chaotic as the cotton trade would obviously increase its possibilities of competing with rayon.

If the answer is, " But, of course, all textiles would be in one great corporation," then the difficulties of these corporations are exposed at once. For it is possible to plan the respective shares of such highly competitive materials in a socialised textile industry, where the needs of the consumer and not the profit of the producer are the main concern. But if each of these branches of the industry is being exploited by different capitalists for their own profit, with only the general understanding that they fit into a general plan of " a national corporation or council of industry—co-operating with the Government for the direction of economic policy," then it needs little imagination to envisage the struggle that would go on within the councils of the Textile Corporation between rayon and cotton for their share of the great market of fashion.

Mosley and all the other Fascist writers state again and again that they want to preserve the spirit of enterprise, which is assumed to be pretty much the same thing as the spirit of competition. The competition between individual capitalists of the same branch will be abolished. But the competition

[1] *Greater Britain*, p. 37.

between the different branches of industry for their share in the market will remain.

Enlarging the Market

These branches will then have to compete for the share of the total income which is to be devoted by the public to the purchase of the particular goods which each industry produces —and this can only be done by one industry at the expense of the others. To a certain extent, of course, new needs would be created. It is interesting, for example, to work out where the money has come from to purchase the new wants that the motor and radio industries have created. They have been purchased by people who were apparently living up to their small incomes before they acquired a motor-bicycle or two-seater. The joke that has appeared in the comic papers of a young couple discussing whether they should have a baby or a Baby Austin does actually express a real social revolution. The no-child, or one-child family can afford industrial products quite out of the reach of the seven-child family. The young man who wants a motor-bike is not the sole provider of chocolates and treats for his " girl," or even of the future home, as was the case barely thirty years ago. The girl has an income as a typist or clerk, supplies her share of the future furnishings, and thus enlarges the market. Because of social factors of this kind, the suppliers of light luxury goods have been able to expand their business during a time when the heavy industries have been suffering from the worst slump in history.

For any such enlargements of the market there would be the keenest possible competition between the industries, and equally for the margin of income that can be spent on luxuries. By advertisement, and by " gifts," by reductions in prices and various other devices it is possible to influence the amount

spent on beer or cigarettes, railway or motor-coach travelling, para-rubber or leather-soled shoes.

But the Fascist might argue that such competition only affects a margin of the national income. That the amount spent on necessaries remains a fairly constant proportion, and that this would, in itself, provide a stable home-market, enabling the corporations to plan their production, and reducing competition between the corporations to the narrowest possible limits.

Sir Oswald Mosley himself, in his speeches and writings, insists that the amount available for the purchase of "necessaries" will rise—that it is part of the Fascist policy to increase it. But if that be so, then the amounts spent on the various kinds of necessities will vary. It is one of the grievances of the salariat that the cost of living index of the Ministry of Labour is based on the distribution of income for necessaries of a working-class household, with its 60 per cent expenditure on food. The demand for necessities is, in fact, very elastic. The working man, on two pounds a week, and the middle-class man, who complains that he is down to bare necessities, which to him include a small car and a golf club subscription, provide considerable possibilities of competition for the suppliers of their necessaries.

If the competition between the trusts or corporations is allowed within these margins then it will be real competition, and must involve as a corollary competitive reductions of wages. If it involves reductions in wages then the claim of the Fascists that the Corporate State can adjust consumption to production is obviously unsound, unless he wants to restrict production. The Corporate State will have increased the disparity and thus precipitated and deepened the crises it was set up to avoid.

But, says Mosley, reductions of wages will not be allowed by the Corporate State. All other weapons of competition will

be allowed to the capitalists except that one. Something of the same idea was tried out in Britain just after the war by the Regulation of Wages Act, and later the Miners Minimum Wage Act. The trade board system was also considerably extended, and Joint Industrial Councils were set up for certain better organised industries. It is true that the trade board system has not been broken by the depression, and the rates are still enforced, but these dealt with sweated industries and the wages fixed are low. In such trades as the chocolate and tobacco industries, which have Joint Industrial Councils, there has been no drive for wage reductions by the employers largely because of the positively catastrophic fall in the cost of their raw materials. But there is nothing in all this machinery which prevents wages being reduced if the capitalists can make out a case. The point is that even this amount of regulation has been bitterly resented by the employers as a whole, and all attempts to extend the system, as for example, Miss Bondfield's attempt to have a trade board for the Catering Trades, met with bitter opposition from the employers' associations.

Reducing Wage Costs

Apart from wage reductions, what other weapons are left to the capitalists in their competitive fights? It is possible to maintain the same weekly rate of wages while reducing the total wage cost in relation to the selling price of the article. This increases the amount of profit. Part of this profit may go into reducing the selling price, the other part invested in producing more of the article. This would be smiled upon as good business. But look what actually has happened. Suppose, for the sake of illustration, that at a wage of £4 per week, the wage cost of a pair of shoes costing 20s. was 10s. By improved organisation it is possible to reduce the wages cost to 8s.

per pair, while still paying £4 per week. This extra profit of 2s. per pair is then divided. One shilling reduction is made on the selling price, the other shilling goes into the fund for increasing the production of shoes now at 19s. The lower price induces a certain increase in sales, but the extra shillings spent on producing more cause many more shoes to be available, which the stable wages cannot absorb. So once again we are faced with this contradiction in capitalism that, so long as competition and profits exist, consuming power cannot be equated to production power, and therefore crises must arise.

When Mosley says that "the iron reality of the Fascist State" will not allow the capitalists to reduce wages he is thinking of the money paid at the end of each week, and obviously not of the various expedients by which wages costs can, in fact, be reduced. The iron reality of the Fascist State thus bites on the granite reality of capitalist interests. But Fascist planning is planning with the consent of the Capitalist. The assumption is that the well-understood interest of the capitalist class as a whole coincides with the interest of the nation. But the main interest of the capitalist class is just in this factor of "profit" which, by its re-investment, produces goods which cannot at any rate of wages which allows of that profit, be bought back by the consumers—and so the crisis comes again in due course.

Mosley meets this position by saying that the rate of wages does not matter as long as the industry can work to full capacity. He swallows the case of the technicrats that in rationalised industry the rate of wages are those paid to the employees in the concern, and as such, form no considerable proportion of the cost of production. In the statistical table that he uses to illustrate this in *Greater Britain* (pp. 119–120), he creates the impression that wages are only 10 per cent of the cost in rationalised industry. He forgets that in the 50 per cent accounted for by raw materials, heat, light and power, wages

are also included. In actual fact the national income thus divided would be about 50 per cent to labour and 50 per cent to capital—so that in each commodity a cost of approximately 50 per cent for wages is included.

That wages do matter is admitted by Mosley himself when he attributes the failure of British industry to the low wages paid by foreigners. If immense production compensates for high wages, what is the need for State interference ? Why do not the British manufacturers produce on this vast scale and so drive the foreigners from their home market ? If it be objected that production to supply the British market is not sufficient, then the same argument would apply under the Corporate State. Foreign subsidies cannot be used as the excuse because, apart from shipping, they are of little importance as compared to the $33\frac{1}{3}$ per cent protective duty, with the addition of the 25 per cent practical tariff supplied by the depreciation of the British pound.

But also the everyday events of capitalist society show that wages matter. Reduction of wages has been one of the main purposes of that process of rationalisation which has been going on for five hundred years. The whole story of capitalism as it began in the fifteenth century with the first machines has been to reduce the variable costs as compared with the constant capital. That this process has been going on with greater intensity during the last ten years or so than ever before does not make this a new thing. It is one of the unalterable laws of the capitalist system.

Mosley assumes that rationalisation in itself, if not connected with a decrease in production, does not affect the wages—and therefore the purchasing power of the working class. In the illustration he gives in *Greater Britain* he assumes that rationalisation reduces the labour cost by 50 per cent, from 20 to 10. If this industry works only half-time, then this labour cost will be reduced to 5, but the standing charges will be higher. He

argues that a guaranteed market will be able to keep the *rationalised number* of workers fully employed, that is go back from 5 to 10. But he does not claim that the guaranteed market will put back the other 10 thrown out by rationalisation, and so get back to at least the 20 men he started with in his illustration.

Therefore, as is clearly seen even in his own illustration, he has not solved the problem caused by the rationalisation of industry, but only the problem caused by the rationalised industry working short time. But the higher rate of profit which is the main attraction of rationalisation leads to further rationalisation, as Mr. Neville Chamberlain pointed out in a famous speech. This leads to further unemployment, for Mosley cannot, and does not, prove that the home market, even if guaranteed to the extent of actual prohibition of foreign products can absorb these men successively displaced in the process of rationalisation.

The Profit Remains

But in order to show how superficial is his argument, let us grant to Mosley every concession that he can possibly desire. As we have granted the "insulated empire" as a possibility, let us now grant him an extension of the home market on the scale which he envisages. How will this help the adjustment of consumption to production? For what matters in this adjustment is not the absolute amount of profit and the absolute amount of wages, both of which will of course be increased by an extension of the market, but the proportion between profit and wages. The whole case against capitalist rationalisation is that too great a proportion goes to the account of profit. The means of production in which this profit is invested produce too many goods compared with the purchasing power which, though it may be higher than it was before, is nevertheless

decreased by the amount of this profit, and therefore is not available to buy back the goods which are now produced.

There is no suggestion in any Fascist publication that we have been able to find as to what force could be used to compel the capitalist to alter the present *proportion* between profit and wages. We have seen no suggestion that this proportion needs to be altered at all. Mosley seems to have completely overlooked the necessity for this to be done before his airy promises to adjust consuming power to productive capacity can have any reality whatsoever.

In order to secure any effective control for the Corporate State over industry it is not sufficient to demand "decent wages and low prices" as all the Fascists' leaders in whatever country continually do. It would be necessary to fix by legislation or administrative decree both wages and prices. The effect of measures of this kind depends on the degree of liberty of decision which is left to the capitalists. If this liberty has been left untouched by the new regime, and the new decrees displease the capitalists, the Government can be defeated by the threat of closing their works. Over and over again since the war, whether the revolution has been to the left or the right, it has been shown that this threat is sufficient to bring to its knees any Government which is unwilling itself to take over the ownership and control of industry, and which has in this unwillingness its very *raison d'être*. For "the function of the State will in no case be the conduct of industry."[1]

It has been the invariable experience that if the Government lowers the prices the goods simply disappear from the market. The price-fixing methods of Mussolini cannot be adduced as a counter-argument. The decrees of Mussolini simply take the existing price level for granted and deduct from wages and prices as they exist an equal 10 per cent. By this only the proportion between the quantity of circulating

[1] *Fascist Week*, No. 5.

goods and the quantity of circulating money, and of course the value of the money is altered, but not the value of the goods in proportion to each other. This is not a price policy but a policy of monetary deflation which has as its aim the stabilisation of the internal, and incidentally the external, value of the lira.

To attempt a policy of fixing wages and prices would only bring to a head the dilemma which the Corporate State must face—either it must yield to the demands of the capitalists, in which case it is ineffective and superfluous and had better have left capitalism to run its own show; or else it takes over the means of production, in which case it is transformed into a system not of competitive but of what they at present call "bureaucratic" economics which they state it is their main purpose to avoid.

The Ideal Fascist State

The difficulty of arguing with Fascists is that they assume that it is possible to get the advantages of both a competitive and a non-competitive system by the simple process of attributing to the Corporate State at one moment all the advantages of competition, and at the next moment all the advantages of Socialism, blissfully disregarding the incompatibility of the two systems. But easy as this may be on a platform, however effective it may sound as a peroration before a not-too-critical audience, in actual life it simply is not possible thus to do it both ways. A system either has competition or it has no competition, or it may have a regulated form of competition which, as we have shown, is only a new competitive capitalism which reproduces the disadvantages of the old one on a higher scale.

The English Fascists have availed themselves fully of the advantage that a system of rigid State capitalism is in many ways almost indistinguishable from a system of State socialism,

that to this extent Stalin and Ford could meet harmoniously in the Brave New World. All Mosley's arguments are interpenetrated by a vision of an iron patriarchal state which at last, somehow, adjusts consumption to production. From Marx he got the idea that it is the sting of competition which creates this disproportion between consumption and production, and as we have seen this disproportion remains as long as competition lasts. Mosley's Corporate State is such a muddle precisely because he realises this, and yet at times speaks as though he could get rid of competition without getting rid of capitalism.

Apart from Socialism there is only one system which might be able to adjust consumption and production. That is State capitalism, which we may consider as the Ideal Fascism, dimly appearing at times as a sketchy background in Fascist writings. But this "Ideal Fascism" cannot be left in this shadowland. It must be examined, and the conditions under which alone it can fulfil this task must be fully realised. A clear understanding of these conditions will show that the "ideal Corporate State," the real rival of Socialism, is not something which can be brought into being by Mosley, but is a state of society which may (or may not) happen after several generations have tried every possible alternative, but who until they reach the goal of the final adjustment find no relief from the contradictions of capitalism, but are ever more and more oppressed by them.

The entire country would be run by a State capitalistic trust. The classes in this society would be :

Small controlling class.
Income drawers.
Serfs.

The control of the means of production would be in the hands of a few capitalists who collectively, together with some

officials of the Fascist Party, would own all the means of production. Around them would be a largely parasitic class, which derives an income from production without having any control over it. The majority of the population would be in a state of "serfdom." They might be well fed and well treated, better off in this sense than the "free workers" of to-day. But the free market for labour would have been abolished with competitive capitalism. Without putting any moral indignation into the term "serf" one must note that the distinguishing marks of the free worker are his right to change his master, to withdraw his labour, to choose his place of residence, and to take an interest in, perhaps (though not necessarily), part in the political affairs and government of his country. Tendencies towards limiting these rights exist in the present world. Germany now limits the entry into professions, and limits the right of entry of workers into towns with a high rate of unemployment. The English poor law has long had the right to return the worker needing assistance to his place of origin. Demands that those who have received relief during the previous twelve months should be deprived of the right to vote are frequently made by certain sections of public opinion.

In the ideal Corporate State the competition of workers for the workplace would also be missing. So the working classes would settle down into conditions which in theory would not be so different from those of the feudal Middle Ages, though the physical conditions might be infinitely better.

The capitalists, because they controlled the entire country, would be less interested in the height than in the stability of their incomes. They would thus be in a position to restrict, NOT the amount spent by the income-drawing classes on luxuries, WHICH DOES NOT MATTER, but the amount spent on the reinvestment in production WHICH IS THE PART THAT REALLY MATTERS. Those arguments about the rich

providing work have a certain validity. But the people who use them do not realise the corollary that it is the good, the abstinent, the re-investing capitalists, those who have been the objects of pæans of praise since the days of the Bible who in the conditions of modern large-scale industry are the danger, that is wrecking the system.

It is assumed that the small controlling class aiming at stability above all things will realise this. They may give an extra proportion of the profit to the *rentiers* to waste which may cause social irritation, but which not upsets the system. Their power would actually be best safeguarded by keeping the serfs reasonably satisfied anyway. They can quite easily do this, having abolished competition by adjusting consumption to production.

The national income could thus be divided into three parts:

1. Wages, salaries, etc.
2. Private income of the capitalist class and their parasitic employees and dependents—this is part of the profit.
3. That part of the profit which is used for accumulation and for replacement and new machinery generally.

In organised capitalism all the trouble arises because part 3 is too big. Under the "Ideal Fascism" it would be so adjusted as to provide only for the necessary replacements and for such new machinery as can be introduced without upsetting the nicely balanced adjustment of production to consumption. The mechanism of competition which favours big capital now compels each individual capitalist to keep parts 1 and 2 down in order to concentrate more capital in his hands for the competitive fight. If competition is abolished under a system of State capitalism then the proportion between these three parts could be guided by the demands of the stability of the system.

The propagandist value of a vague sketch of a planned economy of this type is that it can be shown that the system

could pay higher wages. All the Fascist writers stress this point. Naturally they are not so explicit, even to themselves, about the other essential features of such a system. First, because they would get a much more rigid bureaucracy than the Socialist one, which is one of their favourite objects of denunciation, and, secondly, because the scheme inevitably involves the annihilation of the many independent small capitalists whose help they desire.

The Fascist writers also leave vague the important question of who is to supply the driving force and the firm basis to secure and maintain this "State machinery for the maintenance and correlation of wages" for which Sir Oswald Mosley asks in *Greater Britain* (p. 110). He says that "this great structure of Corporate organisation can only rest with certainty upon the iron reality of modern political organisation." It obviously cannot rest on the workers, who are chiefly interested in the higher wages, for the system deliberately excludes them from control. It therefore must rest on the insight and interest of the capitalists.

Herein lies the fundamental difference between the Fascist scheme and the Socialist one. The Fascist plan is still capitalism because of the persistence of the essential antagonism between the owners of the means of production and the workers who are excluded from any control of production. There may, theoretically, be no difference between the material well-being of the workers under the two systems, but under the Fascist scheme the workers will depend for that material welfare not on their own planning and control of the means by which such benefits are secured but on the goodwill of a class which, however benevolently inclined (and this is a big assumption), considers the well-being of the workers as a necessary part of the general stability, like oiling the machinery or any other essential piece of routine work.

We consider this alternative to Socialism to be a logical one

which might well come about, though *only after a very long time*. Such a system would be the climax of a long series of struggles. It could not be introduced automatically by administrative measures, as Mosley rather unthinkingly seems to believe. The chief factor which favours such a solution in comparison with Socialism (or Communism) is the widespread disinterestedness of the working classes in the control of society, though they are interested enough in the immediate conditions of their work and the wages which they are paid. But on this fundamental apathy as regards ultimate control Fascism can build its strength.

What are the implications of such a scheme which we have outlined *at its best?* The danger which would threaten such a system would be stagnation. There would be no motive for technical progress except war. Two possibilities might arise. One of these gigantic national trusts might be in danger from another nation which had also organised itself on these monopoly lines. Then a fiercely destructive war might ensue, all the more devastating because of the complete organisation of the whole national forces for such purposes. Since power is as we have seen the chief motive of the rulers of such a State, for which they sacrifice excess of income, and since the workers count for no more than any other part of the machinery, such rulers would have a strong incentive to extend their power by war.

Alternatively we will suppose that this is not the case. That the rulers of the great national trusts seek stability above all things and amicably settle their disputes through some surviving form of the League of Nations. Then in the interest of the stability of the system revolutionising of technique will be approached with the greatest caution. The spirit behind technical knowledge will wilt. Science will degenerate into "recipes for results." There will be little interest in the reasons for the recipes. People of enquiring mind who want to investigate and invent will be regarded as public nuisances and

treated accordingly. This state of affairs has already existed. There is a very close parallel in the early Middle Ages in Europe. Gradually the productive powers of society will be reduced, and the standard of life of the masses will slowly sink back to poverty.

The middle classes call to Fascism for some form of planning which will maintain their own position. This is the sort of thing they are likely to get as an alternative to the active driving forces of the masses in a Socialism where every invention, every piece of new technique, is eagerly welcomed, as lightening the burdens on the workers, and adding to the national dividend.

CHAPTER SIX

The Middle Classes

DURING the last fifteen years, a new middle class that has been developing since the beginning of this century has acquired a quite new and unexpected political importance. In several European countries the battle between Socialism and Capitalism has been decided by the middle classes, and for the time being against Socialism. It is a wide-spread opinion among Socialists, with the exception of the English Fabian Society which exists to make a special appeal to them, that the middle classes, by their whole outlook on life, will always be on the side of the capitalists, and hostile to the workers. As we have shown earlier in this book, in those countries which are now Fascist, the Socialists insisted on doing everything in their power to drive the middle classes into conflict with the working-class movement, and to make them the main support of the Fascist movement. In England, also, the appeal of Fascism is mainly to middle-class youth.

Hitler's rise to power, helped so largely by this class, has induced the Socialists in the Western countries to pay some attention to this phenomenon. G. D. H. Cole's book, *What Marx Really Meant*, is, in the main, a discussion of the new situation created by the new importance of the middle class. In Belgium, the Plan du Travail of Henri de Man which is carefully framed to bring in the middle class was, in December, 1933, approved by the Belgian Labour Party Congress by a majority of 563,457, with 8,500 abstentions.

On whether the middle classes necessarily and inevitably choose Fascism instead of Socialism, if they have only the choice between the two, may depend the future history of this century. But is their choice inevitable ?

Who are the Middle Classes ?

A definition is necessary before the question can even be discussed, for the term " middle class " can be used so vaguely as to be meaningless. Yet it is almost impossible to give other than a negative definition. The worst confusion arises if income is taken as the deciding factor. The middle classes are " middle," because they come between the manual workers and the owners of the means of production. Income, as such, has little to do with the classification, for a middle-class clerk may have less wages than say a blast furnace man, or more money than the owner of means of production in the shape of a small factory. He still remains middle class as between the two.

It is easier to enumerate the different groups which can be said to belong to the middle classes, and this brings us really nearer to the problem. The technicians, the clerks and white collar-workers, the professional classes, the small shopkeepers, and finally, the farmers. The peasant farmers, though of less importance in England, have become a decisive factor of historical development in Russia, Germany, Austria, and Italy. In three of these countries they have prevented the workers getting power, and have helped to crush their organisations. In the U.S.S.R. they are the chief difficulty in the way of the proletarian dictatorship.

The middle classes in any country are not a homogeneous mass. The groups and layers among them are many. But, as Cole has pointed out, there is a broad distinction between the old middle class and the new. The older middle class consists

of small-scale producers, craftsmen and peasants who survive into the capitalism period. The new middle class are a product of the recent developments of capitalism, particularly since about the 1890's.

The growing complexity of the productive process, the increase in importance of the distributive trades made necessary a large staff of technicians, of clerks, of administrators. The extension of elementary education demanded many teachers. The development of medicine, public health and hygiene swelled the ranks of the physicians. The development of the imperialist exploitation of colonial areas has increased the number of small *rentiers* living on unearned income, or on pensions. At the same time, this exploitation made possible the success of the Trade Union struggle for higher wages, which raised a section of the organised working class to a level of income at least equal to that of the lower strata of the middle classes.

The New Middle Class

Marx knew only the old middle class. He saw it being ground between the two powerful and rising forces of the new capitalism and the organised workers, and assumed that it was doomed to disappear. He underrated the power of resistance of even the middle classes he knew to the competition of large-scale enterprise. He could know little of the new middle class which was actually linked up with the new processes of production and rose with it, for this development came mostly after his day. He thus overrated the chances of the workers to get power. Marx cannot be blamed for not foreseeing a development for which he had little data, but it is less easy to understand why orthodox Marxists still remain unwilling to bring their theories up-to-date in this respect.

At different ends of the scale, the middle classes tend to shade into the classes above and below them. It is difficult,

for example, to draw any hard and fast line between technicians and clerks, and the proletariat. Proletarians, workers in the narrower sense, are those people who sell on the free market their only property, their labour, in return for wages. But so do clerks, except that they get a salary instead of wages, a distinction which usually carries with it certain privileges, such as an annual holiday, and at least a week's notice. But fundamentally they are in the same position as the workers in that their access to the means of production is only through the capitalists. Economically they may be equal to the workers. Socially they feel themselves to be different. They spend their income differently. To keep their jobs they have to spend a greater part of their income in keeping up appearances. Formerly they had greater security than that of the manual worker, but that has almost gone. Yet their standards of values remain different from those of the workers.

The relations between the old and the new middle class are anything but settled. To some degree they are antagonistic. In other ways these interests feel a certain solidarity. The older middle class is threatened by the development of capitalist concentration. The newer middle class was brought into existence by this newer capitalism and lives on it. Cole considers that the harmony is produced by " intimate family connections and a similar social status." Similar habits of mind, induced by the strong desire of the lower middle classes to imitate the higher strata, habits carefully cultivated by a press whose advertising appeal is almost exclusively to the middle classes, all help to give at least the appearance of harmony to the really very conflicting interests of the different sections of the middle classes, particularly in a highly industrialised country like England.

Whether there are factors which definitely prevent the middle classes being drawn into the Socialist movement in any

considerable number is a question of more than academic interest now, both to workers and to the capitalists.

One of the factors which has acted powerfully so far is the snobbery that exists in the middle classes against the workers, a feeling which is reciprocated by many manual workers. In fact, between them, the organised workers and the upper classes have made the term " middle class " almost one of contempt. In every country, though less perhaps in France than in any, the workers and the middle classes know little of each other, and the strata that are nearest together economically are usually the most hostile socially. The existence of these largely psychological barriers has proved of the greatest assistance to the employers when they want to use one section against the other.

While recognising this elementary fact in the social struggle, organised workers and Socialists have generally assumed it to be practically inevitable. Some Socialist theoreticians seem to delight in widening the breach. Allen Hutt, in an otherwise excellent study of *The Condition of the Working Classes in Britain* (p. 232), says politely :

" The middle-class man presents in caricature the traditional ' national ' characteristics of capitalist Britain ; he sums up in himself the narrow, pettifogging outlook, the respectability, the cant, humbug and hypocrisy, the insularity and chauvinism, the combination of practical energy with disgraceful intellectual indolence." Yet Mr. Hutt is a member, a very obvious member, of the middle classes without exhibiting any of these vices ! But he could hardly blame a middle-class man who read this assumed description of himself and his fellows for presuming that they were not desired as allies by the working-class movement.

To secure allies among the middle classes is the only way in which the organised workers can avoid that isolation from the rest of the population which has brought success to Fascism

in Italy and Germany, and which would have prevented the proletarian success in Russia if Lenin had not realised the danger, and satisfied his biggest middle class, the peasants, in time to bring them in on the side of the proletariat.

The first strategical problem which the working class have to solve before they can hope to attain real power is to isolate the capitalists from their working-class support, so far as this is possible ; so far, that is, as they are unable to fulfil the functions which justify their existence. Obviously a considerable step towards minimising the disturbance consequent on the change-over from a capitalist to a planned Socialist industry would be taken if the technicians and actual administrative staffs could be won over to the workers' side.

The usual Labour attitude to such suggestions is the very real fear that if the middle classes came into the ranks in any numbers they would drive the Labour Party more to the Right and strengthen its tendencies towards a purely reformist policy. But if, for the moment, emotions about the working class can be put on one side, and the facts looked at calmly, who are the people who demand a reformist policy—that is, a policy which aims at raising the price of labour, at securing the largest possible share of the national income for the workers, while at the same time maintaining and stabilising the capitalist system as such ?

In all capitalist countries the Trade Unions are the basis of a reformist policy, and nowhere more so than in Germany, where the Trade Union leaders made no attempt to disguise the fact either to themselves or to their members. Any active Trade Union official knows how difficult it is to get the mass of his members, apart from a politically conscious minority, to take an interest in anything else than reformist policies which appeal to their immediate needs. It is obvious that this must be so, yet the Trade Unions do not consist of middle-class people.

Planning and the Technicians

Revolutions, whether in thought or deed, are only made by rising classes. To that there has been no exception in history. A declining class can only fight for a restoration. In attempting to keep pre-war conditions, such as the old lines of craft demarcation, and the old forms of organisation, the Trade Unions are fighting a battle which, necessary as it is under present capitalist conditions, is bound to be a losing fight if regarded as an end in itself. The men of the new machines, the organisers and technicians, are the rising class, the new middle class, and are therefore essential to the revolution, the new industrial revolution, whose primary object is the social control and ownership of the machine.

This rising class can be won for a planned State, if they can be induced to see that only under such a Socialist control can their machines work full time and their organising ability be given full scope. A reformist Socialism, far from winning the middle classes by its " moderation," only strengthens the antagonism between the manual workers and the middle classes. Reformist Socialism is based on the idea of the " share-out." Since, in fact, it leaves capitalist production untouched, it tries to give more to the workers by high local rates and high taxation, which fall hardest on the middle level of income, because it is easier for the rich to avoid it. Thus the workers get a little more, not because more is produced, but because it is taken from other sections of the population, particularly the middle class. In Germany, the collaboration between the Trade Unions and capitalists after 1918 was carried through largely at the expense of the middle classes. They took their revenge by backing Hitler, and smashing the workers' organisations.

The technical and administrative staffs are far from being the obedient servants of capitalism as many workers imagine.

The worker feels the weight of the capitalist exploitation. The technician sees the inefficiency of the system, the deliberate waste of the best products of his brain and skill in the interest of profit and a price policy.

Recently a chain of American newspapers, one of them with nearly the longest life of any on the American continent, had to close down suddenly, not because of lack of circulation, but because they had been used as the basis of a financial pyramid which crashed. The highly paid technical and administrative staffs whose work had largely built up the concern—the financier was a new-comer only interested in the papers as financial backing for his other schemes—had to see their fine work smashed, through no fault of their own. When men like these are attracted to Fascism, it is because of the Fascist propaganda against finance-capital, against Wall Street and the City of London. Why then is it assumed that it is the anti-capitalist propaganda of the Socialists which drives them away and prevents them making common cause with the workers ?

Not only the technical middle classes, but even the professional men have always had a certain enthusiasm for " Socialism " when expressed as monetary reform, with a strong hostility to banking capital. To them this means Socialism without a serious disturbance of the existing social relationships. The middle-class desire is for security and stability. In this it differs from the capitalists who live by taking risks. Its fear is of being de-classed, of losing its social status and of having its incomes reduced to working-class standards. Soviet Russia is, to the middle-class mind, an awful warning of what their class as a class can expect from a dictatorship of the proletariat, at the same time as its vast industrial audacity attracts the professional admiration of the technician.

Now it seems to us to be a question worthy of consideration by the working-class organisations, as to what price has to be

paid or can be paid for the support of the middle class in order to short-circuit Fascism and secure a planned State with the elimination of private control of the means of production by which alone consuming power can be adjusted to productive capacity.

The capitalists have shown their willingness to bid high for the support of the technical middle class (at the expense of the *rentiers*) whenever it becomes seriously afraid of the menace of the organised workers. The interesting question then arises whether the Socialists will agree to be bidders at that auction. Put thus bluntly, the answer of the Socialists, even of the Right, would probably be an indignant " No." The Communists, despite their theory of the hegemony of the proletariat, could hardly be so definite. As has been said, Lenin was willing to pay the price which the predominant section of his middle class, the peasants, demanded. At a subsequent moment of crisis he gave the further bribe of the new economic policy. Lenin realised that the important thing was to get power—to end the power of the big landowner and big capitalist.

However unpalatable the fact may be to the doctrinaire, it nevertheless *is* the fact that the workers are on the defensive everywhere except in the one country where they were prepared to make a very substantial concession to the middle class, and a good deal of the subsequent troubles in that country since Lenin died are due to the attempt to go back on that bargain.

What are the concessions that, say in England, might break down the resistance of the technical middle classes to a Socialist planned State ? The three things that concern them in this country are their status, their habits of living, and their income—whatever the order in which the individual may place them—and security.

The question of status raises difficulties of two kinds. As regards social status—the assumed right of the middle class to

have privileges that are denied to the working class, the better education, the reservation to itself of the more interesting and less exhausting work as a matter of caste, not of ability, all, in short, that is implied in the snobbery that has grown round the term " public school man "—could not survive in a Socialist State.

It is rather interesting to notice that even Hitler took some steps towards breaking down the barriers of snobbery, as when he quartered twenty proletarian Storm Troopers on an aristocratic University Students' Corps, and made the middle classes march with the workers in the First of May celebrations. And it is doubtful to what extent the worth-while middle class would want this Golders Greenery to continue, especially at such a time of excitement as would be inevitable to a period of actual change-over to Socialism. Only the B.B.C. at such a moment would insist on the wearing of the Old School tie.

But status in production is a different matter. Here the keener and more efficient the technician, the more he will resent being subordinated—not to workers as workers, but to people put to supervise his work, who, however pure their political doctrines, simply do not understand the job. After " liquidating " their own technicians, the Soviet Union has had to pay high salaries to foreign experts, and agreed that they must be in control of the technical processes, while the social side of the factory was placed in the hands of the workers in it. The Socialist bargain could offer greater scope and greater freedom to the technician than the competitive system.

Income is a simpler matter, as questions of L.S.D. always are compared to matters of principle. The Russians started with the ideal of equality of income. They found that it did not work in practice—that the average person continued to work best under the incentive of gain. They now seem to be working out a method which, if it succeeds, will be as much

a revolution in ideas as the October Revolution was in government. They have separated social consideration from level of income. The leading Communist officials get a fixed low salary. Their power and social importance depends not on their standard of life which is Spartan, but on their function in the State. The old Prussian bureaucracy had something of the same idea—low salaries but high official and social status. When this principle is established, then it is possible to pay the middle-class technician his price until a new generation educated on different principles is ready to take over. It is cheaper and better in the long run to satisfy the native technician than later have to pay fancy prices for imported ones.

Habits of living would also fall into perspective when the problem is frankly faced as a bargain with a necessary class. To quarter workers from the slums in great houses may be a socially necessary gesture when the State is abolishing the power of the Great Ones, and must symbolise that fact. But quartering families with young children in the modest flats and houses of technically necessary men is hardly worth the sacrifice of their efficiency.

The question of moderate incomes from investments cannot be ignored. " Your savings in danger " has too often proved a cry able to stampede sections of the working as well as the middle classes. But does Fascism offer security to the small investor ? This usual assumption is pathetically far from the truth. The small investor has been callously sacrificed by the Hitler regime in the interest of the big industrialists, and his interest has been cut as much from political motives as business reasons.

When the British Fascist leaders are met with the objection that their proposals for an autocratic Empire would mean losses to thousands of investors who had invested in the Argentine Railways and similar enterprises, they replied that

though regrettable this is inevitable. To suggest that modern capitalism offers any real security to the small investor would cause a smile even in capitalist circles.

There appears no insuperable objection why the interest on industrial loans should not continue to be paid by a Socialist State to small investors at any rate during the transition period. Again to quote Soviet Russia which went to the fullest lengths of repudiating old debts, it has found it quite possible to pay interest on loans made by its own nationals as well as by foreigners.

The one thing about which there could be no compromise, which in no case could be allowed, is the possibility of the reinvestment of such dividends in productive enterprises. Otherwise the whole trouble of the mal-adjustment of consuming to producing power would begin again. The *rentier* who wanted to buy out-of-season strawberries with his dividend would be no danger to a planned State. The man who wanted to buy machinery with it, except for his own amusement, would have to be regarded as Public Enemy Number One.

In quiet times the middle classes only prevent Labour coming to power. In times of distress and crisis, at the edge of breakdown, they can become, and on the Continent have become, active and powerful enemies of the working-class movements. It is in the expectation of these times that Mosley says that he is building his organisation. It can be laughed at in times of comparative stability. In a crisis it might prove the channel in which the discontented middle classes could rush, sweeping away in their wrath the organised forces of the working class, themselves demoralised by the crisis. This is what has happened everywhere but Russia so far.

That these crises will come, in ever-narrowing cycles, in ever-deepening severity, is a mere fact of observation in capitalist conditions. That human society cannot continue in this muddle and insecurity is becoming increasingly plain.

Both Fascists and Socialists are thinking in terms of power. The strength of Fascism so far has been that " willing the end " it has shown itself coolly realistic in " planning the means." The Socialist tends too much to believe that human nature *is* what he hopes it will become. It is said frequently that Socialism cannot come because " you cannot change human nature." Human nature, in practice, has shown itself the most adaptable of material. The problem before the Socialist is to take account of all the conditions under which human nature is operating before, by Socialist planning, the conditions, and therefore the human nature, can be changed.

CHAPTER SEVEN

The Choice before us

THIS book has been an analysis of Fascism as a disease of Capitalism. We have shown why Fascism comes at a particular stage of economic breakdown in any capitalist country. The British Fascists in the autumn of 1934 were under complete eclipse not because of the public reaction to their brutalities at Olympia in the summer, but to the fact that the index figure showed that production was back at the level of 1929. Without pushing the analogy too far, it can be said that owing to the depreciation of sterling, the British Fascists are in a similar position to which the German Fascists were reduced in 1924 by the period of "dollar prosperity." But if economic conditions change in England the fortunes of Fascism (though not necessarily of the Mosley Movement) will change.

That is why it is so important to understand what Fascism really is. Valuable energy can be wasted in fighting a bogy of atrocities and anti-Semitism which is assumed will be brought here from abroad, while in quite different guise other forms of the same thing are growing here. Of course, the vast majority of people are against Fascism in any country where the economic conditions are not calling it into existence in any appreciable strength—just as most people are pacifist between wars. Enthusiastic meetings declaring, purely on an emotional basis, "We won't have Hitlerism here" are not very far removed in intelligence from the Chicagoans who cheered Mayor Thompson's assertions that he would never allow

King George to rule Chicago. In each case, the likelihood of the event is remote.

When the economic circumstances provide the soil, Fascism comes to a country in a way that fits into the national tradition, as Mussolini came trailing the clouds of glory of Ancient Rome, and Hitler with his appeal to the oldest instincts of the Germanic peoples. When the time is ripe for the development it has been agreed to call Fascism, people who have protested loudly against its manifestations in other countries find in it just what seems to be needed for their own. Fascist cruelty and brutal suppression have aroused immense and justified disgust, but economic facts cannot be fought only by moral indignation, especially when this feeling is mainly directed against accidental manifestations that may not occur in the country of the righteous ones. The movement against Fascism can only be effective where it is based on the strong class interests which will be injured and maimed by Fascist success, and if it is prepared to offer a clear, constructive alternative to meet the crisis in which Fascism grows to strength.

The mass basis, this class interest in the fight against Fascism, can obviously only be supplied by the working classes, for it is the workers who suffer most under the present system, and ultimately under Fascism.

So far the working class, the articulate, industrial workers who can be organised to fight Fascism, have, as we have shown, been fundamentally reformist, concentrating on getting as much as possible out of the present system. The immediate problem of our time, in the short period left before the next capitalist crisis, is to convince a sufficient majority that capitalism as at present organised and controlled cannot give much more without drastic re-planning, and if that is left to the capitalists to do, the re-planning will take the form of organisation for war. Not that individual capitalists, except perhaps

the armament-makers, want war, but that is the only way out of the ever-deepening crisis that the system offers.

With the class interest of the workers must be linked the driving force of the rising class of technicians, who have a professional as well as a bread-and-butter interest in the planned State. Everything, therefore, at this moment depends on a very realist propaganda, and very clear aims on the part of those who can direct the great forces of labour. Unfortunately the new programme of the Labour Party, while appreciating the need for a planned State, sees in this only a gradual extension of their normal policy, and assumes that as a party it will be allowed to make the transition to Socialism gradually by the forms of parliamentary democracy of which it declares itself the guardian. It puts forward reforms under capitalism which can only in fact be paid for out of the profits of imperialism. Inevitably, therefore, at the same time as it calls for peace, it lines up behind the allied Governments by a declaration that it will fight unflinchingly a war for collective security, i.e. for the maintenance of that imperialist peace which was dictated at Versailles, and which has formed the basis for reformist policy since.

These contradictions are very human. They simply mean, that operating under the present system, the heart of any Socialist politician at work on the job has continually to be at variance with his head. The heart wants the peace and the substantial advantages for the workers that only a planned State can give. At the same time there appears the necessity to keep going the capitalism that somehow pays the wages meantime. For this they have to pay the ultimate price, which is the willingness to fight a war in defence of the collective guarantee of the imperialist arrangements which are made through the agency of, but more often behind the screen of, the League of Nations.

It seems to us that a psychological mistake is being made.

The fear of war is a very real thing in the Western world. Mass psychology is based on fear and hope. The Nazi success has shown how tremendous can be the power evoked by a propaganda based on this formula. Yet in England we see this mass fear of war being used, not to back the drive for a planned state which can remove the causes which help to drag this country into war, but being organised to back moves in a game of diplomatic chess which has less and less basis in reality, and which is largely incomprehensible to the mass of the people.

If there is one lesson more than another that ought to be learned from the successes both of Bolshevism and Fascism, it is that in modern times to carry through any big changes the interest of the ordinary man must be secured. The complicated mind of the Superior Person, who tends to occupy an undue amount of power in any of the older parties of reform, regards as illogical, even confused, the slogans and policies which make the strongest appeal to the man in the street. The Weimar Republic was a professors' republic. It largely ignored the necessity for winning the masses, securing their awakened interest in what it was doing, securing their interest even at the sacrifice of a certain amount of efficiency, or even of strict logic. The British leaders of labour to-day, forgetting the tradition of incessant mass propaganda out of which their whole movement was brought to birth, tend to disapprove of hearty, popular movements like the Hunger March which carried the protest against the Unemployment Bill into the villages and alleys. They objected to the " Communist inspiration " of this particular effort, but made no attempt at any other protest than the procedure provided by Parliament. Dignified conferences and mass meetings, attended almost exclusively by the converted, cannot stand up against tempestuous, popular movements like Fascism has become in every country where it has achieved power.

The Liberal Party discovered that it could not fight the popular force of labour by being merely well bred, when it lost the impetus of its old radicalism.

"Revolutionary" as an adjective applied to politics is an ambiguous term. It can mean civil war, which in Britain can be ruled out of consideration. Equally it can mean radical change. Using the word in this sense, we suggest that a "revolutionary Socialist Party" offers the only constructive alternative which is able to generate sufficient steam at a time of crisis to prevent Fascism achieving the popular strength which in other countries has guaranteed its success.

As we have shown in Part Three, a reformist policy, far from uniting inconsistent elements by its moderation, splits and isolates the industrial working class. It drives a wedge between employed and unemployed, between industrial workers and technicians, between town and country, and between workers and that working middle class which is bled by taxes and rates to pay for amenities for the workers which it would very much like to share.

We venture to suggest a different approach to the problem. "Gradual Socialism" in the sense in which the reformists use the term means the gradual attaining of the control of the means of production. This we believe to be impossible. Its impossibility has been demonstrated in every country where the workers have been strong enough to try it out seriously as a policy. Fascism itself is the latest weapon against it. To get control of the means of production is the indispensable beginning of Socialism. This has to be made the centre of propaganda and aim. That attained, the Socialist State can be built on a sound basis securing the widest possible co-operation in the new economic order from people who accept the inevitable once the vital question of power has been settled.

To regard the building of Socialism as a process which comes after the taking over of the means of production means

that programme and propaganda must be based on the factory, the workshop and the field, on the places where wealth is created. Socialism cannot be presented to the nation as a gift from the Parliamentary Labour Party. It cannot be built down from above, with only the passive consent of the citizens as expressed from time to time by their votes. It must come from the active participation and eagerness and understanding of the masses of the people. This may seem an untidy method. It will certainly produce some surprises in practice. But then the working model in the laboratory is always tidier than the early stages of putting it into production in the factory. Many models have been constructed, many paper specifications have been worked out for the Socialist State. The problem is to get the job into the hands of the workmen. Admirable as is the administrative collectivism of the Post Office and the municipal services these, we suggest, are not steps towards Socialism. They leave the worker with no more control or interest in the job than have the employees of any enlightened capitalist employer.

Mr. Arthur Henderson once suggested that the reason for the apathy of the workers to politics, a phenomenon of recent growth in England, was that so much had been done, so many of the reforms which he had advocated in his youth had been won. That is the precise truth—yet though the workers may feel their lot improved in detail, they are as far off as ever from that real Socialism which alone can remove the contradictions of capitalism from which they suffer.

The success of Fascism lies in its capacity to bring the masses into movement. The political party which grows to dislike doing that dies—as the British Liberal Party died. The Labour Party in tending, as it has been doing of late, to avoid the tactics of mass movement has based its whole future on the dignified appeal to the reason of the intelligent person. So did the Social Democratic Party of Germany, and the Fascist

appeal swept away their voters, including many intelligent ones, by their shock mass tactics. But the Fascists cannot consolidate the power they have won because they cannot deliver the promised goods to the workers, and they have no intention of taking over the means of production. Already in the events which have followed the shootings of June 30th, and the virtual replacement of the mass S.A. by the prætorian guards of the S.S. and the Reichswehr, power, once the wave has spent itself, is shown in the hands of those who in fact control the basis of power, the means of production.

If the Social Democrats could have won such power, and there was no reason prior to 1930 why they should not have done so, in 1918 they actually had it, then had they been willing to go on to take over the means of production, Germany to-day might be in a state of hopeful Socialist reconstruction, a great force for world peace, instead of in the chaos of Fascism, whose only way out of the muddle is war.

The whole purpose of this book is to show that unless the road to Socialism be taken, war and again war is inevitable as the capitalist system struggles to adjust itself to the incessant challenge of its own productivity. The book therefore closes with an appeal. In the last war the young men could say, "We did not know. Our elders have done this thing." No one will be able to complain that the next war comes unheralded. The whole world stands as if fascinated with horror, as the dreaded danger draws ever nearer. No one, least of all the statesmen busy at disarmament conferences, seems able to stop it.

In this complex situation, no easy panaceas will suffice. The economic condition of the world is out of gear; but to speak of the world situation as an excuse for not tackling the main problem in one's own country is to capitulate in the face of ruin. Is it impossible to conceive a way between the Communism of the Third International, with its dependence

on a foreign power, its over-emphasis on methods that arose out of such very different social conditions; and the reformism that in times of crisis leads inevitably to the fatal policy of the acceptance of the "lesser evil" as an alternative to the tremendous effort involved in bringing the masses into movement to demand and secure the control of the means of production?

The basis for such a new appeal is already present in the great Labour and Trade Union Movement, so strong in its mass, so weak in its present dependence upon capitalist organisation. The question is whether this mass drive towards Socialism can be organised before the coming crisis deepens to such an extent that the workers themselves can be stampeded by some British brand of Fascism into ranging themselves behind reaction, and helping to destroy the organisations they themselves have built on the sacrifices of the past. This is the real choice before us; for Britain cannot remain isolated from the great economic forces that are sweeping the world.

THE END

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