

July, 1940

THE NEW INTERNATIONAL

A Monthly Organ of Revolutionary Marxism

Capitalist Society and the War

by J. R. JOHNSON

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| I. | <i>"Dynamic" Fascism</i> |
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Capitalism and the War

Introduction

WAR is one great destroyer of illusions. Churchill tells the British people that they were so glutted with victory in 1918 that they failed to use it: imperialist Germany should have been destroyed once and for all in 1918. Thus even in the mouth of a great democrat the survival of democracy in Britain demands the destruction of the greatest nation in Europe. Reynaud's representative in Britain, General de Gaulle, with a third of France in German hands and the French army in full retreat, advises his countrymen that the "same methods" which gave Germany victory can give them to France: this patriotic Frenchman believes that if Fascist boots are to tramp down the Champs Elysées, at least they should enclose French feet. The eternal unity of France and Britain in defence of liberty has burst asunder, revealing two groups of greedy and frightened self-seekers, each one blaming the disaster on the other, trying to throw the responsibility on the United States, finally exchanging bullets. Hitler the conqueror sits in the very chair of Foch, and does to France what Churchill now regrets was not done to Germany in 1918. He makes one exception—France will retain enough armed forces to protect her colonies. On this point, "protective custody" for the colonies, Fascism and democracy are agreed.

The War and Marxism

The Marxist movement, the Fourth International, has not been taken unawares as to the general character of this war. But we have been guilty of some grievous, if excusable blunders. We predicated all our strategy on the victory of British and French imperialism. With that schematism which is the besetting danger of Marxism, we have applied the concept of victory going automatically to the countries of greater economic resources. Trotsky who told the Dewey Commission that Germany was certain to be defeated in the coming war now digs out a quotation of 1934 to prove that the "weakness of France and Great Britain was not unexpected" and "The power of the Fourth International lies in this, that its program is capable of withstanding the test of great events." The power of the program can be amply enough demonstrated without these papal claims to infallibility—even when obvious mistakes have been committed. We have underestimated the political and subjective factors in war. The result is we were mentally unprepared for the possibility far less the probability of a German victory. In the war of the classes, as in any other

war, surprise is a powerful weapon for disorganization, and disorganization is weakness. From a complete underestimation of the military and political power of Fascism, the bourgeois world today is swinging to an opposite extreme, in part propaganda, but in part genuine. The revolutionary movement cannot escape the consequences of so strong and sudden a reversal of opinion. Already, before the blitzkrieg, there were on the left, genuflections before Fascism. Some comrades posed the probability of "bureaucratic state" or "managerial society" as the next stage in social evolution. Should Hitler dominate Europe we shall see a rapid growth of these ideas in the revolutionary movement. Fascism as we know it has reached its culmination in the present war, and we must analyze its role in the war in specific and not in general terms.

The Marxists Predicted Fascism

First, however, we must re-state some fundamentals. Neither the war nor Fascism fell from the sky. Your democrat and your empiricist hate to be reminded of this. As in 1914 they want to forget everything in view of the new unexpected danger. The danger is not new, it is not unexpected.

Lenin and Trotsky not only stated the broad alternatives of our period, but specified its details with a precision which is a triumph as much of their method as of their minds.

The Communist International, in its first manifesto, predicated the coming forms of the state.

"The statification of economic life against which liberal capitalism protested so much, is an accomplished fact. The return to free competition is henceforth impossible; we move inevitably to the domination of trusts, syndicates, and other capitalist octopuses. One question alone remains to be decided: who will control the statification of production, the Imperialist State or the victorious Proletarian State?"

That was Trotsky. Just a year before that, in March, 1918, Lenin, speaking at the Seventh Congress of the Bolshevik Party on the program and name of the party, almost in an aside revealed his conception of the years ahead.

"Marxists have never forgotten that violence will be an inevitable accompaniment of the collapse of capitalism on its full scale and of the birth of a socialist society. And this violence will cover a historical period, a whole era of wars of the most varied kinds—imperialist wars, civil wars within the country, the interweaving of the former with the latter, national wars, the emancipation of the nationalities crushed by the imperialists and by various combinations of imperialist powers which

will inevitably form various alliances with each other in the era of vast state-capitalist and military trusts and syndicates. This is an era of tremendous collapses, of wholesale military decisions of a violent nature, of crises. It has already begun, we see it clearly—it is only the beginning."

German Fascism is "a vast state-capitalist military trust and syndicate." By the German blitzkrieg is achieved the first of the "wholesale military decisions of a violent nature." There will be others. At the rate the American bourgeoisie

is going we shall not have to wait long for them. But however powerful the military trusts, and however wholesale the military decisions, the situation of capitalism is to use another of Lenin's phrases, "objectively hopeless."

These are the boundaries of our theoretical arena. No armed guards prohibit the adventurous from wandering further afield, but those who cross the border either turn up in the camp of the enemy or reappear penitent and chastened.

I. "Dynamic" Fascism

The German Army Before Hitler

HITLER'S chief contribution to modern civilization so far has been the blitzkrieg. Now the spearhead of the blitzkrieg is the German army, its basis is the German economy. Let us note well that German Fascism created neither.

The military achievements and traditions of the German army date back before Frederick the Great. The French and British bourgeoisie, as far back as the late seventeenth century, owed their power to wealth created by their success in the scramble for colonies and international commerce. Germany, ruined by the Thirty Years War, first achieved European importance through the efforts of Frederick Wilhelm I who, soldier by soldier, built a powerful army, drilled and equipped as no other army in Europe:

the Prussian drill-sergeant, in actuality if not in tradition, dates back nearly 200 years. This was the army used by Frederick II to make Prussia into one of the great powers of Europe and extend its boundaries at the cost of its neighbors. However, the Prussian State, under Frederick, in comparison with the rest of Europe, represented no progressive social formation. The creation of the army was a tour-de-force. It declined in Frederick's last years and deteriorated after his death; Prussia, along with the rest of Europe, reeled under the blows of Napoleon's military genius manipulating the new mass armies of the French Revolution. But the basis of the Prussian tradition had been laid.

The Treaty of Tilsit, 1807, was for Prussia a nineteenth century Versailles. Germany's army was reduced to 42,000. But Stein and Fichte, Scharnhorst and Gneisenau led a movement of national regeneration whose psychological significance must undoubtedly have played an important part in the creation of Fascist morale. They evaded the limitations placed on the army by passing men through it with great speed, thus accumulating reserves. They dismissed incompetent officers. They opened schools for military training. They reduced the privileges of the officers. They created the landwehr, a national militia, the nearest they could get to conscription. They remodelled the whole educational system. They tried even to tinker with the social system. In all these efforts they met with stiff opposition from the Junkers. Ultimately, however, the Reformers succeeded in transplanting to the German army as much of the spirit and organization of the French revolutionary armies as was possible without a social overturn. They reaped their reward when Blucher's troops marched into Paris in 1814 and played the decisive role in the defeat of Napoleon at Waterloo.

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The Blitzkrieg Before Hitler

Surrounded by France and Russia and on the south by Austria, her powerful rival for hegemony over the numerous Germany states, the Prussian army became to Prussia what the British navy has been to Britain. The greatest theoretician of war, Clausewitz, was a German who analysed the transformation of warfare which had followed the French Revolution. The theory of total war which Clausewitz developed from his personal experiences in the French Revolutionary wars, was put into practice by the Germans more than by any other European people. The idea of the blitzkrieg, the lightning stroke, was conceived and prac-

tised long before Hitler.

In 1886 Bismarck crushed Austria in 7 weeks. In 1871 the Prussian army was outside the walls of Paris in 7 weeks and 3 days. The organization of the army, the study of military strategy and technique kept pace with the phenomenal progress of German industry between 1871 and 1914. In 1914 the Germans came within an ace of winning the first imperialist war. The Schlieffen plan just failed, and, in the words of Winston Churchill, "we survive to this day", a tribute by one well qualified to judge how nearly the Kaiser's blitzkrieg came to making Germany the master of Europe. Even before the 1914 war, in 1911, a military critic of the *Encyclopaedia Britannica*, an Englishman, made the following profound summation of the old German army: "The value of war was analyzed and the secrets of success and failure were laid bare; and on these investigations a system of organisation and of training were built up which, not only from a military, but from a political and even an economical point of view, is the most striking product of the nineteenth century." Hitler has achieved much. We shall examine it, but we must render to Hitler the things that are Hitler's no more.

Germany Economy Before Hitler

If Fascism inherited in Germany the skeleton and military tradition of the most powerful army of the nineteenth and twentieth centuries, it inherited also the magnificent economic structure of Germany, the finest in Europe, and in many respects, the most highly organized in the world. Any well-informed person knows the history of the rise and development of pre-1914 German industry, its efficiency, its mastery of the most modern processes, the scientific character of its technicians, its high degree of concentration of production and centralization of ownership. Much of this forms an important part of Lenin's book, *Imperialism*.

But there is one special feature of pre-war German capitalism which it is worth while to recall at this moment. The German bourgeoisie unlike the French, English and Dutch, who bordered the Atlantic Ocean, was never wealthy enough either to establish the national state or accumulate large reserves. British industry had a long start when Germany really began in the nineteenth century. German capitalism was tended: it grew up behind tariffs, it fed on state subsidies, the Junkers deserted their estates and made vast profits supplying the needs of the army. Thus German industry was the foster-child of the state more than any of the great industrial structures of Europe. From its very birth it was trained in the school of statification.

In 1919, chaos set in which was checked only by the entry of American capital after the defeat of the German workers in 1923. To pay reparations, Germany had to extend her foreign trade. But the workers' organizations still existed and the workers could not be reduced to impotence. To meet the demands placed upon it, the already highly efficient technical capacity, concentration of production and cartelisation of German industry underwent a further process, rationalisation, which awakened the interest and tempered admiration of industrialists and technicians the world over. If post-1918 Germany has contributed anything progressive to the technique and administration of production it was this rationalisation, which took place between 1924 and 1929.

Already in 1931 in the important exporting industries, coal, potash, metallurgical, electro-technical, and chemical, large-scale production had reached a level of concentration comparable with that in the United States, though in mechanization Germany still was second. In 1924 the Steel Ingot Cartel controlled about 94% of output and by 1931 production was in the hands of two great enterprises. By 1930, in the iron and steel industry taken as a whole, the existence of a few large combines had facilitated the organisation of a cartel structure more closely integrated and of a wider range than ever before. Two corporations accounted in 1931 for about 75% of the total output and more than 80% of the exports of the German electro-technical industry. In 1929 an international cartel of chemical dye-stuffs was formed consisting of five countries which two years before had produced between them three-quarters of the quantity and more than four-fifths of the world's exports of coal-tar dyes. Germany in 1931 had 75% of the total export quota. One chemical trust was responsible for 90% of German production. The coal industry had failed so completely to prosper under private ownership that by 1924 the whole industry was subjected to state regulation. The potash industry was similarly controlled. Later the whole iron and steel industry came under state control. Thus by 1933 when Hitler took over Germany, the Nazis had two enormous advantages, both sides of the same coin. Not only was German industry of a high technical standard, but more than any other industry in the world, it was ready for its inevitable end—statification.

Fascism: The Marxian Analysis

The Nazis inherited the skeleton German army and the German economic potential. They also inherited a country whose actual industrial production was just half of what it had been in 1929. There were six million unemployed. By 1938 production was 138% of 1932; unemployment has been abolished. The Nazis have constructed a military machine such as the world has never seen before. How did they do it? What is their "secret"? Have they solved the contradictions of capitalism?

Marx wrote three large volumes describing the structure and function of capitalist economy. For Marxists, labor power is a commodity like any other commodity which the capitalists buys and sells. Consumption is a function of production. The iron law of such a method of production is the accumulation of profits in the form of capital leading to an ever-greater concentration. The increasing disproportion, inevitable in the capitalist system, between the accumulating capital and the possibilities of consumption causes great and increasingly devastating economic crises. At a certain stage concentrated capital assumes a form which we know as imperialism. Lenin analyzed the nature of imperialism, contrasting its need for foreign markets, colonies and spheres of influence with the limitations of the available supply. Under such circumstances, the necessary division among the competing imperialisms takes place by war. *Such a war the Kaiser fought in 1914. Such a war capitalist Germany is fighting today.* But capitalist Germany of 1933 was a Germany economically at the last gasp. It had to win the coming war or go down to ruin. The Fascist bureaucracy therefore transformed the whole of German economy into a vast state-capitalist and military trust. To do this, the Fascists cheapened the most important element of

production, labor power, and compelled the bourgeoisie to invest a portion of its profits in armaments. The system however, remains a capitalist system, in the method of production, the use of labor power as a commodity, the inevitable accumulation of capital, the need for imperialist expansion. *The bourgeois investment in armaments is in reality a form of investment in colonies and new industrial opportunities which the armaments will win for them.* The Fascist bureaucracy acts in the interests of German imperialism as a whole, as did the German imperial and royal families and their nobility. The nature of bureaucratic power and the extent of its revenues are subordinate to the essential features of capitalist production in Germany. Fascism politically and economically is neither a new society nor world revolution. It is the old society and counter revolution. It is capitalism in its last stages, stripped to the waist and trained for war as its sole means of survival. Such is the Marxian analysis of this question.

We must bear this in mind when we address ourselves to the question of how Germany created the economic and military power which resulted in the defeat of France.

The Marxist Investigator

Guerin in his book, *Fascism and Big Business*, gives an admirable analysis of the economic policy of Fascism. It places the working class at the mercy of the capitalists in regard to wages and working conditions. At the same time, Fascism limits the liberty of movement of each capitalist and sacrifices all other branches of economic activity on the altar of heavy industry.

For heavy industry write armaments for war and the interior structure of the whole process is laid bare before us.

Guerin points out that when the Fascists came to power they hastened to give back to Kirdorf and Thyssen control of the businesses which they had lost in 1932. The Nazis gave back the state's share of capital to big bank mergers, in one case 90%, in another 70%, in another 35%. Municipally-owned enterprises, which even during the depression, had made profits amounting to 650,000,000 marks, were ruthlessly liquidated and their business restored to private capital.

The capitalists were allowed to deduct from their taxable income all sums used to purchase new equipment. Finance-capital was assisted by the formation of compulsory cartels. The Nazis, according to Guerin, created new enterprises but only when it was a question of profitless ventures. When profits could be made the enterprise was left to the capitalists.

Pre-Nazi capital could find no field for investment. The Nazis found an unlimited one—the field of what we can call “public works.” All capitalist politicians know this method of creating business, Roosevelt more than any other. But whereas Roosevelt knew that unlimited taxation for public works which bring in no returns leads to bankruptcy, the Fascists taxed heavily and invested all in their military construction, because these “public works” might someday bring fat returns in the shape of colonies, markets, and industrial opportunities wrenched by war from rival imperialisms. That is the Fascist contribution to the science of capitalist economy. The famous abolition of unemployment is no more than a gigantic WPA for the destruction of rival imperialisms.

Inevitably, the Fascist state piled up a mountainous debt.

But it had at its disposal all the wages which it could squeeze out of the defeated workers. It could force the capitalists to invest in its novel form of “public works.” It took savings in banks, and insurance companies under its protective custody. The only security it could offer was what it hoped to win by the war.

It is true that the Nazis compelled capitalists to reinvest profits over a certain amount in such industries as were indicated by the state, chiefly the armament industry. But the direction of these enterprises they left to the capitalists themselves and they forbade any increase in the state administration of industry.

Such a form of economy carries with it the danger of inflation, the most terrible word in the German language. To prevent this inflation getting out of bounds the Nazis rigidly controlled prices. But they also controlled consumption, feeding the people as little as possible, clothing them as badly as possible, so that all available funds could go into the production not of butter but of guns.

Like every modern nation, the Germans had to battle for foreign trade. The Nazis particularly needed raw materials for the great preparations demanded by war. They set out on the reactionary task of creating synthetic products, oil from coal, etc. most of it at a cost far beyond its production elsewhere. By this means they struck more blows at the living standards of the country, and undermined still further one of capitalism's most important contributions to society—the international division of labor. But with war in mind they had to be as far as possible self-sufficient, to create what the economists call the regime of autarchy.

The Nazis had promised, among other promises, to expropriate the big estates for the benefit of the peasants. This, with communal farming, is one of the most pressing economic needs for the advancement of modern society. Germany needed an expansion of agriculture, but the Nazis carefully guarded the property of the Junkers.

Such in essentials is the analysis made by a Marxist of what the Nazis with their usual impudence and bluster pronounce to be a world revolution.

An Observer on the Spot

How the Nazis mobilized economy is the question which naturally occupies the central position in any discussion of the war. To many sincere observers Guerin's analysis may seem too strongly colored by Marxist spectacles. Let us therefore look through the spectacles of Otto D. Tolischus, for years *New York Times* correspondent in Germany. Mr. Tolischus' paper is sufficient guarantee that those of his writings which appear in it will not reflect the least tinge of Marxism. In the *New York Times Magazine* of June 30 he sums up his unrivalled experience of Germany's economic mobilization for Hitler's world revolution. Though he and his employers would be horrified at this, his summary has a familiar sound. “A nation of 80,000,000 . . . has been converted into a gigantic trust which has no other aims or dogmas except total economic and military war . . . that will establish German world supremacy.” In other words, “a vast state-capitalist and military trust” aiming at “wholesale military decisions of a violent nature.” Lenin with his sharp eye for good theoretical work and his genial objectivity would have said “Bravo, Mr. Bourgeois, Bravo!”

Tolischus lists “the main principles and measures.”

FOR CAPITAL, TRADE AND INDUSTRY:

1. Fixed prices and adjusted currency by a price commissar "on a cost plus basis." This limited the inevitable inflation to not more than 25%.

2. The limitation of profits; these were limited by price control and by compulsory investment of all profits above 6 to 8% in government loans. But this investment was subject to later distribution to stock holders. "The gross dividend declaration is still up to 14%." This we may note in passing is what admirers of Fascism call "abolition of the profit motive."

FOR LABOR:

Fixed wage rates based mainly on deflated wage levels of 1932, job control, abolition of the right to strike.

FOR THE CONSUMER:

Rationing of virtually all food and of most other necessities under the slogan cannon instead of butter "which lowered the living standard almost to the point of malnutrition."

In no essential does Mr. Tolischus differ from the analysis and details of the Marxist, Guerin.

Mr. Tolischus finds this system, which reduces the consumer to the point of malnutrition, while the level of dividends remains at 14 per cent, a form of "paternal socialism". But Tolischus at any rate makes no claim to be a Marxist. As to its future he says that "while it lasts it compensates for loss of liberty with economic security." On the whole, Mr. Tolischus comes very well out of this. His "while it lasts" shows a caution which hotter heads might emulate.

A Bourgeois Economist

Tolischus is a reporter on the spot. John C. de Wilde is an economist who investigates German economy for the Foreign Policy Association. He has written on Germany three times during the past year, using almost exclusively German sources, official and unofficial.

The gross earnings of workers and salaried employees rose from 25.7 to 38.8 billion marks and probably attained 41.5 billion in 1938. The increase came largely from extension of the average working day in industry to the extent of 12%. This, we may waste some time in pointing out, is no new economic discovery. Capitalists have always known it. The question is to be able to carry it out and that is a question of the class-struggle.

The share in the national income of those living on investments in real property or stocks and bonds dropped from 6.6 to 5%, but increased about 3 times between 1932 and 1937. "As production increased and plants were utilized more fully, industry did in fact earn handsome profits;" but these had to be re-invested in business and were in many cases conscripted for the Four Year Plan. (The nature of this conscription, Wilde makes clear later.)

The Nazis have done all they could to increase agriculture, and large sums have been spent on land reclamations and improvement, but the acreage affected has been smaller than the area used for "air ports, roads, buildings, and other purposes connected with rearmament." The German bourgeoisie invests its surplus in air ports. The air ports will give it good land at the expense of Denmark, Holland, Belgium, French Colonial Africa, etc.

Of Goering's Four Year Plan, Wilde says that it obvious-

ly costs much money. Obviously. Producing oil from coal, and rubber of the synthetic variety usually does. But if profits were conscripted for this necessary preparation for war, let no one believe that capitalism suffered. The "main burden" of Goering's plan has been "thrust" upon private enterprise. The private capitalist financed some of the enterprises. When he needed outside capital the government guaranteed bank-credits or opened up the capital market. The State made 5 or 10 year contracts with him, guaranteeing a price that would cover cost of production interest and the amortization charges, as well as a definite profit. The government often guaranteed him a market. These are the burdens borne by the suffering capitalists in Germany.

Writing again on June the 15th, 1940 on the German economy after some months of war, Wilde has little to say that we do not know before. The cost of the war has been imposed on private business. This is not strange—little more can be squeezed out of the workers in Germany. But Dr. Funk, Minister of Economics, has repeatedly warned against heavier taxation which would impair the capital of industry and "deprive business of the incentive to produce, a factor he apparently believes essential even in a totalitarian state." Funk, that noble Nazi, sounds remarkably like the leaders of the Republican Party, and we may be sure that Hitler like Roosevelt, heard the cry of anguish. Finally, although everything is subordinated to the war and sacrifices are being exacted from all, yet "the State did not with few exceptions assume direct charge of production. It decided what was to be done, but imposed the responsibility for carrying out the program squarely on private enterprise. It has readily employed expert engineers and industrialists, but always under the strict control and direction of the government." Wilde concludes: "this is an example which the United States could perhaps follow with profit." He need not be afraid. The United States government and the capitalists will follow, both with profit.

Fascism — Guardian of Profits

That is the way Germany accomplished her economic mobilization. But the Fascist bureaucracy in the course of mobilizing the country for war gathered enormous power into its hands? How else pray can a vast state-capitalist military trust be created? The German bourgeoisie was too discredited to undertake this task by itself. The bureaucracy takes a large part of the national income? Every bureaucracy takes as much as it can get and Fascism has rendered services to the German bourgeoisie that can never be repaid. How much did the bureaucracy take from the capitalist share? Between 1932 and 1937 the percentage of dividends dropped a little over 1%. Without Fascism there would have been no dividends at all. The bureaucracy expropriated the Jewish capitalists? Yes. To give their property and profits not to some abstract "state" but to some very concrete Aryan finance-capitalists. We know their names and how much they got. A bureaucracy does not function in the void. It has from its beginning and always intensifies the closest political social and personal relationships with decisive sections of the class whose interests it serves. Ah, but it expropriated the Aryan Thyssen. So what? Thyssen opposed the alliance with Russia. The Nazis were not going to have anyone however powerful disrupting them at that critical moment. Thyssen left the country and probably

intrigued with the enemy. After all, Fascism is the government of finance-capital in decay. It cannot afford the freedoms and privileges of a healthy organism. The Nazis expropriated the Polish capitalists. Of course. What do you think they fought the war for? Glory? Later we shall see they will procede. Their present business is to win the war. But they have given state property to capitalists before. They will give it to them again. We need not lose sleep at nights about the share which German capital will get in the exploitation of Poland.

We have gone at some length into this question of the whence, how and why of Germany's economic mobilization. It can be summed up in a few words. Germany spent 253.5 million dollars on armaments in 1932. In 1935 she spent over two and a half billion, in 1936 over three and a half. In 1937, 1938, and 1939 she spent over four billion dollars each year. Such a gigantic transfusion of economic resources takes place only when it is an absolutely inescapable necessity for survival. Inevitably it brought vast changes in the political and economic structure. There has been a redistribution of income and a shift in political power, which afford scope for close study, and periodic revaluation. But through all the changes, the Fascist bureaucracy, even when, Bonapartist-fashion it makes gestures, concrete and symbolic, to other classes, preserved the fundamentals of capitalist society in our day, the profits of finance-capital with its inevitable consequences for national Germany and the world. And even such limitations as were imposed on individual capitalists were suffered for the purposes of imperialist war which meant, with victory, the greater glory and aggrandisement of the whole capitalist structure.

The Economic Blitzkrieg Abroad

With full control of economy at home, the Nazis prepared for war by an economic blitzkrieg—the economic warfare which they would afterwards continue by other means.

The war of 1914-1918 had ruptured the economic equilibrium of European capitalism and demonstrated the intolerable restriction of the national state. The bourgeois order stood squarely in the way of economic expansion. But France and Britain at Versailles could find no other solution to the taming of Germany and the isolation of Bolshevik contamination than by creating a number of small states with tariffs and customs barriers, thus adding considerably to those which had existed before 1914 and had so powerfully contributed to the chaos and ruin of the first imperialist war.

The fourth Congress of the Communist International pointed out that the economic basis of France, though enriched by the Versailles robbery, was still too small to dominate the entire continent. France had bitten off more than she could chew. Loans for armaments to Poland, Czecho-Slovakia and Yugo-Slavia were not enough to keep Eastern Europe within France's economic orbit. Once the Nazis had reorganized German economy on the backs of the prostrate workers they proceeded to dig themselves deep into the economic life of all the countries surrounding them, a process already begun by republican Germany.

There is no need here to go into the methods of barter of buying dear and reselling cheap on the world market which the Nazis used. The bare data of results is sufficient.

In 1938 Yugo-Slavia's imports from Germany represented 32.5% of her trade, her exports to Germany 35.9%. But this

export percentage represented only 2.6% of Germany's foreign trade. Germany thus could exercise enormous pressure upon Yugo-Slavia's internal and external politics. In regard to France, imports and exports were each low down on Yugo-Slavia's list. In 1939 France belatedly concluded a trade agreement with Yugo-Slavia. But that was useless. France's economy, inferior to Germany's, was geared to the trade of her empire. She could not be an economic power in Europe as well.

Germany stood at the head of both the import and export list of Czecho-Slovakia, France's closest ally on the continent. The same with Austria before the annexation. The same with Poland, with Bulgaria and Rumania.

In 1938 Germany took 27% of Rumanian exports and sent Rumania 37% of her exports. She was at the head of the import and export tables of Greece, Poland and Italy. With Holland and Belgium, Norway, Sweden and Denmark, she held in their imports and exports either first or second place and more often first than second.

In the key area of South Eastern Europe, the percentage share in German exports was in 1929, 4.3%, in 1932 it was 9.4% and in nine months of 1938 it had risen to 10.1%. The percentage share of German imports from these countries had risen in the same period from 3.8% to 8.9%.

Inheriting a high technique and strategic position the Nazis used the broken working class and state control to speed their war preparations and to serve as the advance-guard of the diplomatic blitzkrieg. The economic basis of France was too weak to sustain her elaborate system of political alliances.

The Diplomatic Blitzkrieg

Hitler could fight no war without a statified industry. But during its organisation he had to prepare military strategy as well, involving the choice of the enemy and the preparation of allies, in the sinister business which masquerades under the name of diplomacy. He had one central problem—not to fight on two fronts at the same time. In alliance or entente with Russia he could strike at France and Britain. He could strike at Russia in alliance or entente with Western Europe. There is not the slightest reason as yet to doubt that his first plan was to strike at Russia.

As late as May 1939, Beck, speaking in the Polish parliament, referred to conversations with Reich representatives when "various other hints were made which extended much further than the subjects under discussion." Beck very properly reserved the right "to return to this matter if necessary." The French Yellow Book tells us what it needed no great perspicacity to know, that these proposals were for an alliance against Russia. The British were ready to support this fully. Hitler's claim to be the advance guard of Western civilization against Bolshevism suited them exactly. Hitler tied Mussolini and Japan to him with promises of loot. By this means these two could squeeze Britain, alternately in the Mediterranean and in the Far East; and Hitler in the North Sea as well. He moved with Mussolini in Spain and Britain retreated. Mussolini being engaged in Ethiopia and Spain, Hitler struck at Austria and Britain acquiesced.

Chamberlain's capitulation at Munich seemed to make it clear to Hitler that Britain would not fight unless directly attacked, and Hitler could take his time over that. Chamberlain, and with him the British bourgeoisie, counted

above all on war between Germany and Russia. J. L. Garvin openly explained the British plan. Hitler was to be given no free hand in the East. When he attacked Russia, the British, French and others would declare a state of armed neutrality and see that the war ended "for the benefit of civilization." The German domination of Czecho-Slovakia lost the British and French forty divisions, and armament factories three times as large as Italy's. Britain did not deviate. As late as May 1939, Neville Henderson told Goering that compromise had its limits and he did not see how the situation could be saved unless the German government was prepared to wait "in order to allow excited spirits to calm down again and negotiations to be resumed in a better atmosphere." When Henderson was leaving the house, Goering showed him pictures of naked ladies labelled "Goodness" "Mercy", etc. Henderson commented that he failed to see Patience among them. In 1939 as in 1919 the British remained faithful to their policy. They were ready to appease to the last French colony. Hitler's alliance with Russia, therefore, was a last attempt to squeeze some more appeasement out of Britain. He had no reason to believe that Britain would fight.

Hitler destroyed Poland and clamored for peace. If he had got his peace he could at will come to terms with Britain and France and strike at Russia, or, peace being refused, he could continue the entente with Russia and strike in the West. As we review this pliant and audacious diplomacy, one thing emerges. Never before has any modern statesman been able to exercise such an astonishing suppleness and freedom of maneuver. In comparison with that of Britain and France, his diplomacy pivoted with the range and oiled freedom of a modern machine-gun as compared to a seventeenth century muzzle-loader in the hands of a horseman.

Thyssen, and we can be sure, not Thyssen alone, thought the Russian alliance suicidal for Germany. In France, Britain or America he and his supporters might have been strong enough to paralyze the government or create a grave dissonance beneath a fictitious unity. In Germany he had to fly for his life.

Whence this absolute control of the economic and political system, control not only of the workers but of all sections of the bourgeoisie? The Fascists owed it to the complete bankruptcy of the German bourgeoisie between 1918 and 1933. It had no force at its command, dared not show its battered and ugly face, and could find no new words to demand sacrifices from the population and even if it had had power, obedience. Secondly, however roughly the Nazis treated this or that section of the bourgeoisie, whatever expedients orthodox or unorthodox they adopted, however openly Hitler lied and deceived, he was doing the main job, getting rid of the Versailles chains which bound German economy; he was preparing to give German capitalism its place in the sun. He was consistently successful. But basically the Nazis owed their power over all sections of the bourgeoisie to the power they had established over the working-class.

In France Daladier could manoeuvre with the Social-Democracy and the Communists whenever the pressure against him was strong. In Britain Churchill, the anti-appeaser, was a hot candidate in 1938 for the Premiership in a Popular Front Combine. In Germany before 1933 Schleicher sought an alliance with the Trade Union bureaucracy. Even in Tzarist Russia in 1916 Miliukov and Kerensky could criticize Tzarist policy because they were

certain of response outside. But once the working-class was prostrate the Nazis could systematically make themselves master of every aspect of economic and political life. Hence the suppleness and bewildering passes of their diplomatic sword.

The Blitzkrieg on Morale

Where the revolutionary movement as a whole blundered, and the British, French and American bourgeoisie, as well, was to indulge in fantastic hopes of a German army and people whose morale would be immeasurably affected by the steel chains in which Hitler held Germany. Clausewitz himself had stressed the impossibility of waging war with a hostile population, and Hitler's regime was the regime of a ruler who ruled by terror. From these false expectations the bourgeoisie and some revolutionaries alike have rushed to exaggerate and hopelessly magnify the "inspiration" and the "new vision" given by Hitler to the German people. Hitler's inspiration to the German people is not a new vision but a refurbished version of a very old one. For consider. Anti-Bolshevism was the very heart and core of it. Such were Hitler's tirades against Bolshevism that for years the revolutionary movement foolishly thought an understanding between Hitler and Stalin an impossibility.

The revolutionary movement, after violently denying the very idea, did point to the possibility of an alliance between the two; but so did many others. What all said, however, was that Stalin was seeking an alliance with Hitler. And that was no great discovery because Stalin had openly proclaimed his wish for such an alliance in 1933. But this insistence on seeing it always as Stalin seeking the alliance from an adamant Hitler shows where our weakness lay—we had imbibed too much Hitler propaganda and took his anti-Bolshevik crusade too seriously.* We never once, until perhaps after Munich, considered that Hitler might want such an alliance, because we didn't think that Hitler could put it over to the German people. We took his anti-Bolshevism for granted as something permanent. Thereby we paid Fascism the compliment of accepting it at its own inflated valuation as a new order of society with a revolutionary ideology. But the ease and suddenness with which Hitler swung the German army and the nation behind him to the alliance with Russia indicate clearly that Fascist morale owes its strength in the minds of its supporters, not to its anti-Bolshevism, but to the fact that it is nothing else but old-fashioned bourgeois nationalism decked out with anti-Semitism and pseudo-revolutionary trappings. Had Fascist ideology been based on any true conception of a new society to which "Jewish Bolshevism" was the antithesis, the sudden friendship with Russia, the joint campaign against Poland would have shaken the morale of the armies and disoriented the population. That Hitler could switch without a tremor means only that Germany, a victory for Germany, the defense of Germany from another Versailles, is the thought uppermost in the mind of his followers. The Horst Wessel song turns out to be a Wagnerian variation of "My Country, 'tis of Thee."

All governments make abrupt turns of policy but, a genuinely new society which is the product of a revolution

*Which does not mean that Hitler may not attack Stalin to-morrow.

creates a genuinely new ideology which is a moral factor of enormous power and cannot be trifled with. As late as 1814 not only the peasants but even the workers of France, after all they had suffered from Napoleon, clamored for him to lead them in revolutionary struggle against the hated Bourbons. Napoleon had only to land in France for army and people to turn to him. He marched from Toulon to Paris without firing a single shot. After Waterloo the plebs called on Napoleon to invoke the revolution. For Stalin to be able to carry out his maneuvers in foreign policy without friction demanded the murder, exile, imprisonment or banishment of hundreds of thousands of Soviet revolutionaries, old and new. Hitler spun his followers around in less than a week, whereby he showed exactly how closely allied is his ideology to plain bourgeois patriotism, my country right or wrong.

Fascist Fakery

Even the famous war mentality so carefully instilled for years, has not captured the people. When Chamberlain went to Munich they crowded round him and cheered for peace. When Mussolini returned from Munich, the Italians welcomed him as never before. Never in 17 years was the prestige of Mussolini so high. The international brotherhood of Fascism is also a patent fraud. Not only did the two countries almost go to war over Austria; the great bulk of the Italian people hate and fear German imperialism and in recent months one could trace in the Italian press the frantic intensification of anti-British propaganda to whip the Italians into line with Germany. Can anyone imagine similar antipathy between two proletarian states?

That being understood we have to realize that Hitler's army has shown an astonishingly high morale. He had the youth. Before 1933 he had a large following, and between 1933 and 1940 on the impressionable blank minds of the young people of Germany he hammered home the national socialist philosophy such as it was.

Every device of modern technique and psychology was used to make them docile subjects for his military machine. They learned history, geography, literature and science, all taught with the one purpose. Even educated minds find it difficult to resist such a barrage day after day. The raw youth had no defense against it at all. They succumbed in millions. There Hitlerism has won a notable victory, of a scope that was unsuspected even by enemies of the regime. But even this in the last analysis owed its success to the one cardinal fact. No hint of any other ideas was allowed to corrupt the unadulterated stream of Nazi filth and lies. Under similar circumstances, as André Gide found in Russia, you can teach millions to believe that subways exist only in Russia, due to the superiority of socialism to capitalism; and with no opposition even Chamberlain could have inspired millions of British youth with the idea that an Englishman was born for no other purpose than to die for the British Empire. Unfortunately, when Chamberlain said so, Winston Churchill the Social-Democracy and the Liberal and Labor press called him in their various ways a liar, a traitor, or an incompetent scoundrel.

How long the Fascist morale would resist under strain is another story. The morale of revolutionary France frightened Alexander I even after Bonaparte's defeat in 1814. Could the morale of Hitler's world revolution outlast one defeat? We doubt it. The diplomatic victories of

Hitler raised his followers to wild enthusiasm, and correspondingly demoralized the millions of old Social-Democrats, Communists and Liberals who remain hostile to Hitler but hopeless. The youth in the army, and the army is for the most part, a young army, are swept forward on an unchecked tide of sweeping victory. The question, unanswered and for the time being unanswerable in precise terms, is whether this morale is such as to enable the nation to endure as Germany endured between 1914 and 1918. Even when we revise our previous estimates of Hitler's grip over large sections of the German people, there is nothing, not one single fact, to make us believe that Hitlerite Germany is inspired with such a love for the "new society" as could enable it to stand half the strain of 1914-1918, or for that matter, even a single colossal defeat. Uncertain of their supplies and doubtful of the morale of their followers, facing either victory or annihilation, the German General Staff sought for an early and decisive victory. On the first page of his World Revolution, C. L. R. James in 1937 wrote as follows: "The working classes of Germany, of Austria, of Italy and of Hungary, will not bear the strain of the coming war as they bore the strain of the last . . . Capitalists in those countries know that they must win and win quickly." It is obvious that though they guarded against the worst it is on this belief that the German General Staff worked.

The Blitzkrieg: A Capitalist Strategy

If the revolutionary movement underestimated Hitler's grip over the imagination and allegiance of German youth, it still more grievously underestimated the capacity of the German General Staff. Whatever secret stores of food and oil the Germans had accumulated, however much they badgered Rumania, in any long drawn-out war with France and Britain, they were losing with every day that the war dragged on. The Germans knew that the entry of the United States into the war in 1917 defeated them the last time. And any fool could see that Roosevelt was determined to bring America in just as soon as it was politically possible. Whatever Germany might hope to gain from Russia could be no compensation whatever when thrown into the scale against the incomparable resources and man-power of the United States. Ludendorff's great offensive in 1918 was a last desperate attempt to break through before America could throw its full weight into the scale. This time the entry of America was a foregone conclusion, and the uncertain sources of supply, the large number of the disaffected in the rear, not only Germans, but millions of Austrians and Czechs, demanded that what Ludendorff tried as a last resort in 1918 should be tried first in 1940. This time it was not to fail, for failure and a war of stalemate meant certain disaster. The German High Command worked in the spirit and traditions which had been theirs since the days of Frederick the Great.

They used every device of existing technique to improve a means of breaking through the center. They carried to a high pitch the concentration of weapons. How brilliantly they succeeded is now history. Any attempt to underestimate the scope of this victory and Germany's military superiority to France, i.e. by attributing the victory to the treachery of General Corap or Fifth column activity, is to betray not a mistaken judgment but fanatical stupidity. There was wide-spread treachery in the revolutionary armies

of France from 1792 onwards and in those of Russia in 1918 but both won victories which altered the whole course of history.

Yet there is one reflection which must be made about the German victory. Like the victories of Hannibal, Gustavus and Frederick the Great it represents nothing new. The strategy and tactics are essentially an adaptation and refinement of existing technique. Of an entirely different order were the victories of Alexander the Great and Bonaparte. Alexander's army was of a type never seen in Europe before, not only technically and tactically superior, but based on the people of Macedon, whereas the Greek democracies and the Persian King employed mercenaries. When we come to Napoleon's armies we have an absolutely new phenomenon in European history, the nation in arms, the mass armies served by a centralized government which could devote all its resources to the prosecution of war.

All modern strategy stems from Napoleon. Clausewitz' great treatise is based on his experiences of the Napoleonic wars. Napoleon himself said that tactics should be changed every ten years, and they change, though it is generally defeated armies with small economic resources which initiate the changes. But from Napoleon, through Clausewitz, Moltke and Von Brauchitsch and Von Keitel a straight line can be drawn—all are makers of war in bourgeois society. For a new type of warfare we shall have to wait for a new type of society, but the one will bring the other as surely as the French Revolution brought Napoleon. International socialism will abolish imperialist war. But if for example the cursed Social-Democrats had taken hold of Germany in 1918, such wars as a Red Army of Germany may have had to fight would not only have resulted in brilliant victories. *They would have been victories beyond the very conception of bourgeois strategists.* Not only would socialist organisation in Germany have put bourgeois technique to shame. The millions of the international proletariat who rallied to the support of Soviet Russia in 1918 would have been doubled and trebled at the march of a revolutionary German army. The general staffs of capitalism would be beaten before they began.

The Blitzkrieg and The Fifth Column

In one sphere alone the Nazis have invented an apparently new method of warfare—their use of the "Fifth Column."* Though this has been grossly exaggerated, it is not without importance. Most certainly in Norway and probably in Denmark, to some degree also in Holland and in Belgium, there was actual treachery and cooperation with the Nazis by highly-placed officers and wealthy bourgeois. The evidence for similar treachery among the French and British is conflicting and in the light of the above analysis, there is no need whatever for that hypothesis. Treachery did not win the German victory.

We can sum up the "dynamism" of Fascism in a sentence. Every victory of Hitler in every field is due to his first act on coming into power—the destruction of the organized working-class movement.

*Before the age of nationalist states, treachery was common in war.

Norway, we should note, and Holland and Belgium, can have no independent existence. The Norwegian bourgeoisie having to choose between its own Social-Democratic Government and Hitler, chose unhesitatingly. But Britain and France had huge empires to defend. That there were negotiations for a deal is certain. Also great unwillingness to prosecute the war. But treachery such as working from the start to ensure conquest by the Nazi armies is unlikely. These gentlemen understand each other's merciless rapacity too well to work for defeat at one another's hands, except at the prospect of a proletarian revolution. To that all other considerations bow.

Yet the Fifth Column, though the bourgeoisie is blowing up the smoke to make the fire as large as possible, has a deep symbolic significance. In 1914 it did not exist. Today, the bankruptcy of capitalism has reached such a stage that, at both ends of society, there are groups that stretch out their hands to similar groups in other countries. The Stalinists are one group and, misguided as are most of their followers, they on the whole represent a genuine repudiation of national patriotism in favor of another idea, symbolized for them in the defense of the Soviet Union as they conceive it. The Fascists represent another such grouping at the other wing of society. The corruption of the Stalinist leadership has weakened, disoriented and demoralized the immense revolutionary forces which it controlled in a country as decisive as France. But for their vicious masquerade as defenders of democracy between 1935 and 1939, they could have exercised an enormous power against Hitler's domination of Germany, particularly in France and Czechoslovakia, and the other countries that ringed Germany. Their treachery and the treachery of Stalin deprived the anti-Hitler forces in Germany of their last shred of moral and material support. In comparison to the genuinely revolutionary forces that they controlled in France, Hitler's Fifth Column in France was negligible. For the unity of revolutionary workers knows no frontiers, whereas Weygand and Petain would have won a victory if they could. In that lies the immense difference between Fascist "internationalism" and the internationalism of revolutionary socialism.

Finally, Chamberlain and Daladier could have used the Fifth Column with even more devastating effect than Hitler. The anti-Hitler forces in Germany were large. But the appeasers were handicapped by the same circumstances which lay at the root of all their difficulties. They could make no attempt to touch the vast reserves of anti-Hitler forces in Germany because they feared to. Blowing up Hitler from the rear was the last thing they wanted.

They could not stamp down on their own nearest approach to Fifth Columnists, the appeasers, because they were appeasers themselves. On the other hand, Hitler could contact and guide the forces sympathetic to him in the democracies while he and his Gestapo, once they had exterminated the working class organizations, established a regime in which terrible dangers hampered those who genuinely wanted to intervene, far less those who did not want to. Only at the very last moment, when they had decided at last to fight, did the British attempt some serious Fifth Column work on their own. But the leaflets with which Chamberlain showered Germany at the beginning of the war fell like artificial snow-flakes from the warm September sky.

II. "Decadent" Democracies

The Democracies Before Hitler

A mere recital of what Germany did is also an enumeration of what the democracies did not do, could not do. Now that France has been defeated there is a mounting rubbish heap of talk about the treachery of French generals, the sabotage of French industrialists etc. Most of this is superficial and beside the point. The fundamental question is: why did Britain and France allow Germany, beaten to her knees in 1918, rise again to become once more powerful. That being answered, all is answered. The first cause was the division between France and Britain.

This constant use of the term, the "democracies", the "allies", blinds us to the fact that all imperialisms are in constant conflict with each other. France wanted to destroy Germany in 1919, either by breaking it up into its separate states, or by creating a Rhineland republic. That would have finished with imperialist Germany for good and for all. Britain refused. Why? For the soundest imperialist reasons. A dismembered Germany would have meant the substitution of France for Germany as master of the European continent, and Britain didn't want anybody, however democratic, to be master of the European continent. Further, the economic system of Germany would have been destroyed and Britain's chief customer on the continent was Germany; thirdly, Germany would not have been able to pay reparations. France would have cheerfully foregone reparations to be master of the continent. But Britain would not have it.

France, bitterly disappointed, invaded the Ruhr in 1923. Whereupon the French learned another lesson. They unwittingly unloosed a tremendous revolutionary movement in Germany which threatened the whole capitalist structure of Europe. Poincaré had to retreat, having failed to accomplish anything enduring except the creation of the Hitler movement.

On Feb. 21, 1924, Ramsay MacDonald, Britain's Prime Minister, wrote a letter to Poincaré. "France is endeavoring to create a situation in order to gain what it failed to get during the Allied peace negotiations . . . Our economic existence has been gravely endangered, owing not to the inability of Germany to pay . . . reparations, but to the acute and persistent dislocation of the markets—occasioned mainly by the uncertainty in the relation between France and Germany, the continual economic chaos in Germany shown so clearly by the violent fluctuations in the value of currency, and the ultimate uncertainty in the relations between France and ourselves. Thus . . . the people in this country regard with anxiety what appears to them the determination of France to ruin Germany, to dominate the Continent without consideration of our reasonable interests and future consequences to European settlement; that they feel apprehensive of the large military and aerial establishments maintained, not only in Eastern but also in Western France; that they are disturbed by the interest shown by your government in the military organization of the new states in Central Europe . . ." What we are seeing here is not the "decadence" of democracies, but the "decadence" of capitalism. These rats are in a hole blocked at both ends. Will the defenders of democracy tell us what they would have

done then, or what they will do if they defeat Germany tomorrow?

The Democracies Against Each Other

The Second Congress of the Comintern in one pregnant passage summed up the inescapable contradictions of post-Versailles European capitalism: "German scientific technique and the very high level of production of German industry, two factors of an extreme importance for the rebirth of European economic life, are paralyzed by the clauses of the Versailles treaty even more than they had been by the war. The entente finds itself in face of a dilemma: to demand payment it must allow Germany to work; to let Germany work it must let Germany live. And to give Germany, ruined, dismembered, bleeding to death, the means of once more making a life for itself, is to render possible an eruption of protest." This was no mere question of reparations. It involved the whole economic life of Europe.

This division between Britain and France over Germany's future, rooted in the bankruptcy of European capitalism, continued right up to 1936 and in one sense never ceased. It was on this that Hitler throve.

After Hitler came to power, France turned to Italy. Laval wanted to guarantee Austria, i.e., South-Eastern Europe, with the help of Mussolini, who would receive in return Ethiopia and certain concessions in French Africa. Hitler was to be encouraged to strike at the Soviet Union through the Baltic countries. And Britain? To the devil with Britain. Britain on the other hand aimed at precisely a similar agreement, an understanding with Mussolini and Germany, with France as the vassal state.

When Sir Samuel Hoare invoked the League of Nations against Mussolini, M. Cambon the French ambassador, on the very next day visited the British Foreign Office and asked if sanctions would apply to the invasion of Austria as well. Sir Samuel replied that the British were an idealistic nation, but that times change and Britain could not commit herself. Thus Hitler marched unchallenged into the Rhineland in March 1936.

The bourgeoisie is not homogenous. At various times sections of the French bourgeoisie wanted to fight a preventive war. The British set their face sternly against it. When the Spanish Civil War broke out and Hitler and Mussolini intervened; the much abused Gamelin urged intervention and the checking of the Axis powers: The French have always been acutely conscious of the German army and Britain could have turned the scale in favor of intervention. Britain said no. The British never wanted a Germany destroyed. They wanted a strong Germany, but not only against the Soviet Union, which we all know, but also as a counter-balance to France, and for the sake of the German market. If they could come to terms with Germany, then, dominating Europe, they could challenge America in the world market. Even after Munich, British industry was seeking an entente with German industry. It was only at the last moment that Churchill offered complete union between France and Britain. It was done only because the British felt the cold muzzle of the blitzkrieg on their temples.

The Democracies Against the Workers

The British bourgeoisie feared the domination of the continent by France. But it feared more the proletarian revolution in Europe and the revolution in the colonial countries. The French bourgeoisie, concerned at first about security against Germany, moved with increasing speed to the British policy of "order" at all costs.

To understand the British mentality we must realize that their empire nearly went to pieces in 1918-1920. The Russian Revolution, the revolutions in Central Europe, have overshadowed the convulsive shocks which Britain suffered. The population of Britain is seventy per cent proletarianised. In parts of Lancashire, and Yorkshire, Central England and South Wales, the proletariat is clustered thickly together in towns that are scarcely ever more than five miles from each other. In many great seaport towns, there are hundreds of thousands of sailors and ship-building workers. Instead of a large class of farmers, there is an agricultural proletariat of nearly a million workers, not one of whom is more than twenty miles from an industrial town of some size. When in 1919 the English working class formed councils of action and presented an ultimatum to the British government "Cease intervention in Russia or we shall violently overthrow the government," the British bourgeoisie received a shock from which it has never recovered. At this very period, with the British workers in a state of ferment that was not conceivable to Englishmen in 1914, Ireland staged a revolution which resulted in the formation of the Irish Free State; in Egypt the nationalist movement broke out with uncontrollable violence. The Indian revolution made its first great attempt to eject the British. British power shook and it was Gandhi with his counter-revolutionary non-violence who came to the rescue of Britain. In the West Indies, in South Africa, in Kenya, in Malta there were risings. Between 1919 and 1921 it seemed that the British Empire might fall to pieces. Read the pre-1939 writings of J. L. Garvin, Editor of the *Observer*. Openly stated sometimes, and always underlying his argument, is the following thought: the next war means the end of the British Empire. Hence the main preoccupation of the British statesmen were—hostility to the Soviet Union, the fountain-head of revolutionary activity, and the preservation of "order" in Europe. Who more "orderly" than Hitler and Mussolini? Early in 1935 Anthony Eden visited Stalin. The Englishman made but one demand: cessation of Soviet propaganda in the colonies. Stalin of course agreed. The British welcomed the regime of Mussolini, and rejoiced at the coming to power of Hitler.

A mere enumeration of events will show the perils which hung over European capitalism and from which it was delivered by the triumphant Hitlerite counter-revolution in Germany. In February, 1934, the French workers and the Fascists fought bloodily in the streets of Paris. A few months after, the Communists and the Social Democracy formed a united front and the progress of French labor became an avalanche which culminated in the Popular Front victory the seizure of the factories and some four million workers joining the Trade Union movement in three months, a rate of 40,000 a day. At this same period, the Spanish workers and peasants were gathering momentum for the outburst which took place in July 1936. In Catalonia, the key province, bordering on France, the revolution was the most violent and powerful that history has yet seen. In less than seventy two hours, the economic and social power of the

bourgeoisie was destroyed and workers' power to clinch the victory was to be had for the taking.

Democracies' Main Enemy

In 1935 in Poland there was fighting on the barricades. There were barricades and pitched fighting on the streets in Amsterdam in 1935. Both engagements ended in drawn battles. The stay-in strikes in France were immediately followed by a general strike in Belgium, the uprising in Spain was immediately followed by a mutiny in the Portuguese fleet. In 1935 as soon as there was a threat of war between Italy and Britain the Egyptian *WAFD* with 90% of the population behind it forced dominion status from the British government. A few months after a similar rising broke out in French Syria with similar results. In Tunis and Morocco and Algeria there were risings against the government. Palestine blazed with revolt and the whole Arab world sat up to watch the course and result of the Palestinian struggle. In November 1934, in Great Britain itself, during the municipal elections, labor won such sweeping victories as had never been seen before. Constituencies which had been Tory for fifty years became completely Labor. Thus from 1933 on, a British statesman, looking at the map of Europe (with the British proletariat muttering outside) could draw a continuous line from Polish Danzig through Holland, France, Belgium, Spain, North Africa, Egypt, Palestine and French Syria, along which a flame of revolt could encircle the whole Atlantic coast and the Mediterranean. Further north, the Scandinavian countries were Social-Democratic, which might be a prelude to anything. The Indian Congress grew to a strength of five million and Gandhi steadily lost his restraining influence in India. Stalin began (publicly) to wash his hands of the revolution but so powerful was the Bolshevik tradition that it took years for people to understand that he meant it.

The British bourgeoisie did not need Hitler's propaganda to arrive at a pro-Hitler policy. The destruction Europe and the Near East might end in Bolshevism. That is the second reason why Hitler was allowed to grow so that he could ultimately conquer.

For that very reason also, the French bourgeoisie from being a vigorous advocate of "security" became increasingly conscious of the revolutionary threat and ultimately, far more than the British, saw the main enemy at home.

The Popular Front Saved Bourgeois Democracy

The Popular Front Government epitomised the rottenness of bourgeois France. We did not see it then with sufficient clearness. All the more reason to see it now.

The defenders of democracy who are prepared now to tell us what should have been done, have plenty to tell. The French bourgeoisie would have been glad for some real advice then. The French bourgeoisie would have needed advice first as to how to prevent the world economic crisis. French industrial production, 100 in 1929, was 76.7 in 1933 and 67 in 1935. The monthly average of bankruptcies, 726 in 1929, was 1239 in 1935. Foreign trade, 9030 millions of francs in 1929 was 3034 francs in 1935, the wholesale price

index, 100 in 1929 was 54 in 1935. The official number of unemployed 928 in 1929, was 426, 336 in 1935. The budget deficit, 2,638 millions in 1930 was 5000 millions in 1935. Now, Messrs. democrats, will you state precisely how you would have dealt with that situation? In America you shouted loudly enough for exactly the policy of the Popular Front only you called it the New Deal.

The French bourgeoisie did its best all things considered. The advance-guard of the counter-revolution struck at the workers, in February 1934. The thing would be solved in the Hitlerian manner. The workers resisted—defending their democracy; and the political struggle was launched. The workers thinking that the Communist Party was the party of the revolution followed it. They lifted the Party to a position of importance and influence never previously held by any proletarian party under capitalism. Its membership moved from 30,000 in February, 1934, to 350,000 in 1938. Such influence as the Communist Party did not have was kept by Blum and his Social-Democratic Party. And what did these two aim at? Have Messrs. supporters of democracy forgotten already? Have they forgotten that from start to finish, from the formation of the Popular Front in July 1935 until the Hitler-Stalin pact, the Communist Party and the Social Democracy used all their influence to make the workers moderate their demands, to impress upon them the necessity of working for “national defence?” The bourgeoisie was powerless. But for these “defenders of democracy” and advocates of “national defense,” the French bourgeoisie would have been swept away.

In 1937 after the Senate had refused his request for special powers, Blum told the National Council of the Socialist Party: We had a revolutionary situation and there was good hope of success, but for reasons of an international nature which I need not go into, it was necessary to be moderate. The Popular Front saved French democracy. Such concessions as were made had to be made or the workers would never have left the factories at all. Today, Messrs. democrats join the bourgeoisie and without a blush inform us “It was the fault of the Popular Front.” It was. Stalin, wanting his alliance with France, gave his blessing to French rearmament in the Stalin-Laval communique, and through the Stalinists the French revolution was ruined. In that sense the present situation is undoubtedly the fault of the Popular Front. But you should be grateful to it, Messrs. believers in democracy. It saved French democracy for you from 1936 to 1940. Four long years. What more do you want?

It took time to wear down the workers, by constant transference of capital from Paris abroad and back again, by raising prices, by artificial financial panics. The French bourgeoisie could not build tanks or prepare a strategy. It had more urgent matters on hand.

The whole regime was in an insoluble crisis, the crisis of decadent capitalism.

If the crisis was not so obvious in Britain it was because in traditional fashion, the Empire, especially after the Ottawa Conference was squeezed still drier. With the result that in Africa, East and West in the West Indies, in Ceylon and in India the class-struggle approached the heights of 1918-1921. The end of that chapter is as yet unwritten.

The Democracies Mobilize Economy

The democracies had great resources. German eco-

nomy in its basic structure, was, as we have seen more amenable to the totalitarian regimentation necessary for modern war than the more liberal economies of Britain and France. These had a thousand tentacles stretching to all parts of the world, particularly the colonies. Totalitarianism meant for them a far greater dislocation of the normal processes of their economy than it meant for German capital. But the resources at the disposal of Hitler's rivals were immensely greater than his. French industrial production, 48 per cent of Germany's in 1913, was 66 per cent in 1928. The areas reconstructed after the war were second to none in Europe.

But the governments of France, the constantly changing governments, never had the ability nor the will to regiment industry and trade to the degree required. Another task had to be settled first, the destruction of the working class movement. And that they could not do. The lethargy of a great class of rentiers reinforced their political difficulties. Yet, despite all these difficulties, the movement to statification was unmistakable even before the war—in both France and Britain.

Three months before hostilities began, James Frederick Green summed up his study of the “Economic Mobilization of Great Britain” as follows: “Great Britain appears to be gradually forced into the type of regimented economy which it is preparing to combat in Europe—but as yet without the accompanying political and social controls. The government is thus confronted with the dilemma of effecting an economic mobilization sufficient to enforce its diplomatic objectives but without resort to the methods of fascist states.”

That was their Achilles heel. For capitalism in crisis there is only one way, Fascism. And imperialist war is the greatest crisis of capitalism. Within their limits they tried. Britain spent 426 millions in 1932 and in 1937 had raised the amount to 1,263 millions, for 1939 it was 1,800 millions. France went from 509 millions to 1800 millions in 1939. But in 1938 she spent only 731 millions whereas in 1937 she had spent 909 millions. The fierce class conflict had her paralyzed and to our wishful-thinking democrats we must respectfully urge that you do not solve great class-conflicts except by force. When Daladier, with the help of the Stalinists, had exhausted the working class and beaten it down sufficiently, military expenditure moved from 731 millions in 1938 to 1800 millions in 1939.

The British capitalists, fighting a similar battle, could not mobilize their workers. They had to give every post in the Cabinet of any importance to a Labour member before they could dare to call for the effort the situation demanded.

The Democratic Diplomacy

Allied diplomacy, rooted in the same disorder, blundered continuously. The democratic idealists had it all solved: an alliance with Russia. But we have seen what that meant. We must not forget also that to the French capitalists an inevitable consequence of such an alliance was that the Communists, tools of Stalin, would have assumed commanding positions in every sphere of the national life, industrial, parliamentary, administrative and military, in addition to their almost complete control of the labor movement.

If we leave Britain and France for the moment and

consider Belgium, Poland, Switzerland and Czecho-Slovakia, countries bordering on Germany, the democratic diplomatic dilemma becomes still clearer. Leopold at first continued the alliance with France. When he saw Hitler re-enter the Rhineland unopposed, he withdrew and called himself neutral. If Germany did go to the East, he was safe for some years at least. Meanwhile he would do nothing to offend his powerful neighbor until war actually broke out. To the last he hoped that Germany might make a direct assault on the Maginot line or attack through Switzerland. If Britain and France in 1936 had shown him that they meant business, the confusion about the defense of the border between France and Belgium would never have arisen. Poland asked France for joint action against Hitler in 1933. France refused. Whereupon Poland sat on an excruciating fence: alliance with Germany and a German victory over Soviet Russia meant that German troops would never leave Polish soil; alliance with Soviet Russia, and Soviet victory meant the Red Army on Polish soil. Poland had 5 million members of oppressed nationalities living on the Soviet border and her social system was almost as dislocated as Tzarist Russia's in 1914. Poland knew this and France and Britain knew it too. Sections of the Czecho-Slovakian bourgeoisie wanted to fight and the social structure of Czecho-Slovakia was more stable than that of Poland. But the big agrarian interests feared a victorious Red Army as much as did the Polish landlords. Czech economy and German were closely interwoven. Around Czecho-Slovakia were the rickety structures of the Balkans and Hungary. Which European capitalists wanted to set that dry tinder afire? Hitler alone could dare to risk it. And for him there was no turning back.

Switzerland, in bourgeois mythology, was the democracy of democracies. But during the period of sanctions against Mussolini, Switzerland asked that in view of her special situation in regard to Italy, geographical and otherwise, she be absolved. The request was magnanimously granted.

All these smaller countries took their cue from the vacillations of Britain and France, beside which they had a very healthy desire to have the war fought if possible somewhere else. These were the problems with which the democracies had to deal. They did their best according to their lights. If their lights burned low and gave a feeble gleam in which they could not see their way, they could honestly say that it was not their fault.

Thinking itself safe behind the fleet Britain temporized and appeased. The French, watching the German army, had more misgivings than the British. But in essence now they were united. At the period of Munich, a section of the British cabinet, led by Duff Cooper, representing the views of the army, appalled at the military and strategic consequences if Czecho-Slovakia were lost, challenged appeasement. But Daladier and Bonnet, against the advice of Gamelin, supported Chamberlain and thus assured capitulation.

It is out of such a rich and fertile soil of class-conflict, dangers at home and abroad, that grew the tangled weeds of divided counsel, defeatist moods, inadequate preparation which is now reaping its reward. What policy could have saved the French bourgeoisie? To do what and when? The war has stripped it of its past and held it up in all its bloated and diseased nakedness.

The Democratic Morale

What moral preparation could leaders so torn by inner

contradictions make for war? The answer is none. How could they mobilize populations to fight in a war which they did not want to fight themselves? How could they create or develop morale of any kind when the difference between what they said and what they did was obvious to all politically-minded persons in the country? They could oppose to Hitler only the slogan of defense of democracy. But the words turned to ashes in their mouths. For the crisis of French economy and the bankruptcy of the system united them only on one policy—the crushing of the workers and the destruction of democratic rights.

The Stalinists and the Social-Democracy having the confidence of the French working class had by 1938 tamed it sufficiently for the French bourgeoisie to abandon their rear-guard action of the Popular Front period and attack on the most approved theories of the offensive. The workers were struck at from all sides. The burdens of rearmament were placed upon them, their militants were thrown into jail, and drastic restrictions placed upon their political liberties. And for what reason? In the sacred name of anti-fascism. At the same time the Cagouards and notorious fascists went free and flourished.

In Britain the Prime Minister and leading members of his cabinet expressly disclaimed any intention of fighting on behalf of any form of government. As the crisis neared, their halting phrases and stiff-jointed obeisances to democracy not only failed to inspire but carried doubt and demoralization into all sections of the people.

The Democratic Strategy

On France as the continental power would fall the main burden of the first military conflict. A strategy had to be worked out, embracing all aspects of the national life. But bourgeois France, feeling the proletarian pressure more than Britain, was divided into warring groups. Weygand and Reynaud wanted an offensive, but Laval and Bonnet were for appeasement to the end. In the Radical-Socialist party Herriot was for a firm policy, Daladier was for compromise. In the Social Democracy Blum was for a vigorous policy, Paul Faure for appeasement. Laval made the pact with Stalin, but on the way home stopped in Berlin to intrigue with Hitler. Doubtless they all underestimated Germany's power. But they had underestimated in it 1914 also. Their error in 1940 was the error of having to guide a bankrupt society. They feared victory as much as they feared defeat. From their gangrenous society flowed like pus their ruinous strategy of the defensive.

Today the bourgeois theorists wake up to the fact that the strategy of the defensive was a criminal blunder and in fact always has been. But which country torn as the democracies were torn could even attempt to consider any other strategy but the defensive, in other words, the strategy of temporization, of hesitation, of waiting and seeing, of trying to compromise. Perhaps the most ironic commentary on the French defeat is that the method of breaking the center by a heavy concentration of mechanized forces was insistently urged on the French Government by the French general, de Gaulle, as far back as 1934. In 1935 Reynaud published a whole volume on the subject. He was ignored. The Germans, intent on victory, worked on the plan for years. They tried it out in the Spanish Civil War. They perfected it in Poland. It was open to the French if they had wanted it. **THEY COULDN'T USE IT.**

Was there treachery at Sedan? Perhaps, though this writer has seen no conclusive evidence. Did a French general sabotage the sending of tanks to the front? It is possible. Did Laval and Baudouin from the start oppose the war and do all they could to bring it to an end? That they most certainly did. To all those who never wanted to fight, the disaster in Flanders would certainly be the signal for frantic negotiations with the enemy. But in the French revolutionary wars, whole armies with their generals deserted. There were traitors in the Red Army. But revolutionary France and revolutionary Russia were not defeated, because the government knew its mind and had the enthusiastic support

of large sections of the people. Blum and the Stalinists fought to save a rotting bourgeois France in 1936. They are the immediate cause of the catastrophe and the heavy travail of Europe today. *Had they seized the power in 1936, they would have ensured the success of the Spanish revolution and the initiative would have passed from Hitler.*

A revolution in France and another in Spain would have cut off Hitler's blitzkrieg at its base. The corpse of German proletarian organizations upon which he sits would have stirred under him, and at its first movement every advantage he enjoyed would have trembled in his hands.

III. The Future

The Fraud of Self-Sufficiency

WE have insisted that the superiority of Hitler's "dynamism" to the "decadence" of the democracies rests on the destruction of the working class movement. This is not a moral question. The existence or disappearance of the workers' organizations is judged on the historical scale by its effect on the general life of mankind—in this age, the crisis of capitalism. Though by his destruction of the German movement Hitler girded himself the more efficiently for war, by this very means he aggravated unbearably the general crisis of capitalist society and has opened the way to a future in which crises and wars of the past and present will be like the petty storms of inland lakes to the tempests of the open sea.

Unlike those dabblers in Marxism who can neither understand what is in books nor see what is happening around them, Hitler's economic advisers know that national socialism is as bleak a utopia as Stalin's socialism in a single country. By his regime of economic self-sufficiency Hitler sought merely *reculer pour mieux sauter*. The war was fought to bring the whole continent under German domination, not for the benefit of capitalism in general but as the sole way out for German imperialism. The idiocy of the German master-race theory is no more than a propaganda embellishment of the needs of German industry. Europe is doomed to become one vast colony of a victorious Germany. The industries of Britain, Northern France and Czecho-slovakia are to be as restricted and subordinated to German imperialism as the industries of India have been to those of Britain. The whole continent is driven back a generation in the imagined interest of the German people. Imagined, for bitter disappointment awaits the fanatical Hitler youth of Germany.

A continent is not sufficient. Capitalism established the world market. It was the basis of progress. It is woven into the lives of more than a billion people. It can be destroyed only by incredible suffering. Hitler is not fool enough to attempt it. All theory apart, for anyone with eyes in his head it is clear that the Nazis, even while they are at war for the domination of Europe, are waging a gloves-off battle for control of Latin-America. Whoever listens to Hitler's "Europeans to control Europe" is as dumb as those who listened to his "Germans to be controlled by Germany." The American bourgeoisie has no illusions whatever about Hitler's continental socialism. It knows what Hitler has done and

what Hitler cannot do. What Hitler has done has driven American capitalism still further on its pre-destined road.

U. S. Moves Toward Totalitarianism

The crisis in 1929 pushed the United States, most liberal of capitalist states, violently along the road of statification. The Roosevelt government made the first attempt to control individual capitalists in the interests of capitalism as a whole. The New Deal was the response to the first serious crisis of American capitalism. But the continued depression and the Nazi threat foreshadow still greater crises in the years to come. Roosevelt now aims at the cartelization of a whole continent to meet the German economic warfare, and he does not neglect the "other means" by which the economic warfare will be continued. We have seen the methods Hitler adopted. What else is there for American capitalism to do but batter down the workers' living standards, regiment industry and labor, and bring the whole continent under its command in the devilish competition with continental Germany. The "new" society has all the vices and none of the virtues of the old. Japan has now adopted the corporate state and the fascist one-party system, thus getting rid of encumbrances to the better organization of the "new order" in Asia. Sooner or later, according to the intensity of the internal and external pressure, American bourgeois society will find its way to the same solution. Walter Lippman, that great democrat, complains bitterly that "Washington . . . has not yet nerved itself to asking for the authority over capital and labor which such a program requires . . . Little has been done with lucidity and courage to liberate the national effort from the endless restrictions and complications enforced by vested interests, pressure groups, political indifference and bureaucratic inertia." He wants "a labor policy suited to the emergency". He wants the government to ask for "the necessary authority to commandeer and compel." (Lippman must restrain himself and have patience until after the election.) Yet for American capitalism the case is indeed urgent. It faces two enemies who may ally themselves.

Thus the war that we face now is a world war for world mastery. It is today that we can fully appreciate the meaning of the passage in the theses of the Third Congress (1921), which said: "The last war has been in one sense the European preface to the genuinely world-wide war which will

decide the question of *exclusive imperialist domination*." Thus the word is made flesh.

Fascism or Socialism

Capitalism after climbing great heights came to a standstill and has now slipped from its foundations. Great states crash, communities of millions are torn up by the roots; shocks, catastrophes, sudden reversals and annihilations, drawn-out agonies, events unpredicted and unpredictable follow and will follow each other with bewildering speed. As we look at the film of history it seems that the operator has gone mad. But through it all the general line is clear, the objective hopelessness of the profit system, the statification of production by the imperialist state, the reduction of the living standards of the people, political and social servitude, the creation of "vast state-capitalist military trusts and syndicates," the struggle for world mastery by "wholesale military decisions of a violent nature."

How ridiculous is therefore the would-be Marxist who in 1940 discovers that Fascism is a "new" society; or the Marxist, who in the face of a whole society in violent motion, dives into his cupboard, emerges with a spotted flag on a little stick, and waving it with the clumsiness of the renegade, proposes to arrest the march to world catastrophe by—the defense of American democracy. Even rats desert the sinking ship and brave the uncharted sea.

No, Mr. Democrat. To the tremendous forces that are leading us to a total ruin we must oppose forces of like range and scope—the scores of millions of proletarians and the hundreds of millions of colonial peoples. The same mastery of the historical process which enabled Lenin to

foretell the precise nature of the colossal transformations of our day enabled him to see also the "civil wars within the country . . . national wars, the emancipation of the nationalities crushed by the imperialists . . ." The one are as inevitable as the other. It is in those wars that lie the struggle for a new society, not in peering anxiously with a microscope at Fascism, seeking what is not there, nor in supporting the democratic imperialists against the fascists in their common road to ruin. Just as the democratic rights and privileges of bourgeois society followed on the rise in the productive forces under early capitalism, were unthinkable without that expansion, and are now disappearing with capitalism's decline, so not only the extension but the very preservation of such democratic rights as exist can come only from the release of the productive forces, that is to say, by the struggle for international socialism, in irreconcilable conflict with imperialism in all its shapes and forms.

Stalemate in Europe and compromise, or a victory for Britain do not solve one single contradiction of capitalist society. The crisis grows deeper every day. War is only one manifestation of it. The post war will contain others. Even, remote possibility, a capitalist Britain dominating capitalist Europe, could no more escape ultimate statification and fascism than a victorious Italy escaped it after the last war. And let us not forget: a victorious Britain that dominates Europe will at last face not only Japan but also America on equal terms. . . .

Bourgeois society is on its way. It can turn back as easily as a rock tumbling down a mountainside can turn back. Fascism or Socialism, that is the choice. And every additional human being who sees that clearly brings the socialist society just so much nearer.

— J. R. JOHNSON

*The lights are out in Europe
The darkness is drawing over America*

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