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This magazine, published by the Groups of Council Communists, consciously opposes all forms of sectarianism. The sectarian confuses the interest of his group, whether it is a party or a union, with the interest of the class. It is our purpose to discover the actual proletarian tendencies in their backward organizational and theoretical forms; to effect a discussion of them beyond the boundaries of their organizations and the current dogmatics; to facilitate their fusion into unified action; and thus to help them achieve real significance.

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GERMAN FASCISM ON THE OFFENSIVE

The creation of a "Greater Germany" constitutes the decisive point in the program of German fascism toward which it drives with tenacious fanaticism. The gradual scrapping of the Versailles treaty, the surreptitious "coordination" of Danzig, the conquest of the Sudeten German regions of Czechoslovakia through the Henlein party, the penetration and hollowing out of Austria in step with the inner arming of Germany itself, effected the conditions under which the first open action could be dared. The *Anschluss* with Austria was carefully prepared. The moment of action was determined by the events themselves. On the one hand, the internal political conditions created a situation which compelled Hitler to contrapose a decisive success of his foreign policy to the defeat suffered in the Niemoeller trial and to the partial rebellion of the generals; on the other hand, he was favored by the European political situation the victory of Chamberlain's foreign policy in England and the governmental crisis in France. He was able to achieve successes without running risks. The *Anschluss* again proved that the aggressive fascist foreign policy, for which war preparedness becomes the prime instrument of imperialist diplomacy, is superior to the traditional political game played by the League of Nations powers.

Hitler long ago abandoned the attempt to realize his vague socialist ideas, but he cannot be characterized adequately as merely the "tool" of German big business. German fascism must be understood as an economic and political process which provides monopoly capitalism with new conditions for existence. Monopoly capital outgrew the private capitalist barriers. It was approaching a break down in the crisis of 1929-1933 and finally handed over its social and political functions in large measure to the fascist state apparatus. This transformation of the social order in Germany again illustrates that there is no situation in which capitalism cannot find a way out, that it will not automatically "collapse", if the workers, as in Germany since

1918, fail to recognize their decisive social function. Imperialism is not "the highest stage" of capitalism. The latter is able to enforce its further existence in more effective and more violent forms. The doctrine that socialism emanates as a result of the increasing concentration of capital is often misunderstood in an automatic sense. — It means *economically* that monopoly capital necessitates at a certain point the abolition of the barriers between the competing monopolistic groups of private capital and demands a more comprehensive form of organization and control. This statement says nothing of the *social* contents of the organizational advance necessitated by monopoly capital. If the workers don't complete this process socialistically, it will be completed capitalistically by the fascists with the help of the totalitarian state apparatus which slowly and with contradictions transforms from a mere "ideal" to a very real total-capitalist, which Marx, in the days of liberal democracy, never dreamed of. In this sense, the state capitalism of the Soviet Union gives to German fascism the directives for its economic development — and "ideals"

It is one of the many weaknesses of the German and international anti-fascistic opposition that it has no adequate conception of this transitional social process. Yet, the attentive study of these events, the knowledge of the actual structure of fascism, is a thousand times more important than the moralistic "unmasking" of the outrages.

At the beginning of 1933, the ruling classes of Germany, in the face of economic and social bankruptcy, delivered the state power to the National Socialist Party. The consequence of this step was at that time neither foreseen by Hitler nor by the German bourgeoisie. Hitler could not maintain power if he did not abolish, step by step, the political obstacles which, on all sides, blocked his economic policy of creating labor at the cost of the average income on the one hand, and of forced armaments at the cost of the various private capitalistic interests on the other hand. In this way, he freed the German industrialists from the pressure of the labor struggles in order to subdue them to the interests of the state and armament policy. One capitalistic group after another lost the freedom of disposing of its capital and products and was subjected to a forced economy which is gradually completed but is still full of loopholes. Not without a considerable resistance, German industry has been militarized. Though in the main profit as the basis of the economy was guaranteed, the entrepreneurs lost increasingly the power of command which profit had given them until now. The capital-function became controlled by government; German economy was gradually transformed into a capitalism whose forces of production are directed by the state. This "control of production" is accomplished by fascism in the interest of a national totalitarian preparation for war.

This process is neither finished nor is it free from contradictions. The simple fact that it develops while private profit is being maintained, creates perpetually dangerous moments. Its continuance is due to the explained strength of the state apparatus and especially to the fact that the government's economic policy directly and decisively favors the big building industry and the three great industrial groups: mining, heavy, and chemical industries. Hitler's armament policy immediately favors the big monopolies which, already bureaucratized and depersonalized, do not need to resist very much the superseding of private by governmental initiative. Furthermore, long

termed and guaranteed state orders with a restricted span of profit are for these industries, with their expensive plants and equipment, more profitable than the possibilities for high but irregular earnings with the continuous risk of crises. Thus the fascistic economic policy is not "commandeered" by monopoly capital, though it is ultimately carried by it.

The position which the German fascist state holds in relation to its economy strengthens its actions immeasurably as compared, for example, with the possibilities which are at the disposal of Roosevelt. The centralization of all political functions in the hands of the state apparatus permits the latter to make use of the means and reserves of the country to the fullest degree. (That explains why the catastrophes prophesied by so many observers who measure German economy with a liberal yardstick remained unfulfilled.) The point of economic collapse is pushed back considerably through fascist state-capitalism.

The German totalitarian economics are not in an ideal position. That the production of substitutes does not by far compensate for the lack of certain raw materials necessary for war, that the various capitalist interests and the different social forces pull on the structure of the state under cover of the dictatorship — all this is only the other side of the development described above. These contradictions will probably provide the stimuli which may under conditions of high tension ultimately lead to the explosion of the national socialist system. Today, German fascism has cleared up those danger zones to such an extent that it profits decisively, just as does the Russian economic system, from the economic and social concentration.

The push in Austria accounts for the internal strength of the national socialist system. This push, in turn, will help German industry in its fight for self-sufficiency (through enlargement of its basis for foodstuffs, of lumber supply, and mining ores) and thus will result in a considerable strengthening of its forces in the space of a few years. The German bourgeoisie has not been asked for its approval of this step. But the "Greater Germany," prepared for over a long time politically and economically, and now established, extends the basis for an advance to the southeast of Europe to such a degree that the roadbed has been laid for the imperialistic drive for expansion of German capital — which serves its interests greatly. If Hitler does not overreach himself as Mussolini did in Abyssinia, in other words, if he evaluates only somewhat correctly, the foreign political situation, especially Great Britain's foreign policy, then the chain of his successes will not be snapped with the Austrian coup.

II.

German fascism was not created in 1933, but with the fiasco of the German "revolution" of 1918-1919. The workers learned too late — and the lesson was not sufficiently widespread — that they had to initiate a process of socialization in order to destroy the economic basis of the agrarian and industrial reaction. The cowardliness and ignorance of the Social-democratic and Democratic forces which were in power at that time prevented the measures which would have at least accomplished the aims of parliamentary democracy in Germany. (The annihilation of the feudal agrarian lords would have destroyed one of the essential fundamentals of fascism; the abolition of the internal states joined with a radical administrative reform would have

dammed up the reactionary particularism as well as the sabotage of the higher state officials; the creation of a militia would have beaten the reaction of the "free corps" fighting as interventionists against Russia, and later, on all occasions in which actions of workers were suppressed throughout Germany). Hitler bolstered his position in Germany considerably by passing measures which should have been performed by the republic. With the Austrian *Anschluss* he realized the idea of a greater Germany, which was the perpetual dream of the German democrats as well as of the socialists since the revolution of 1848 and even before that time. Marx and Engels, Lasalle and Bebel proclaimed that aim as one of the tasks of the future German revolution. Bismark had betrayed it in acquiescing to a smaller Germany for the benefit of the Prussian king. And so did the leaders of the young German republic, out of indecisiveness and ignorance and for what they considered the more important task of battling down the progressing workers in the interests of the German bourgeoisie and the feudal reaction. The German Social Democracy, especially, which in the early months held the fate of the German republic in its hands, had no foreign policy. Yet the *Anschluss*, which was affirmed by 85% of the population of truncated Austria under the more radical leadership of the Austrian Socialists, would have been possible without revolutionary means, by a little democratic courage — through an appeal based on the "selfgovernment of the nationalities" taken from the war and peace programs of the Entente and this long before the dictates of Versailles and St. Germain were imposed upon Germany and Austria. More than that, any German government based on a resolute internal program and on the driving initiative of the broad masses would have had all chances to defy the reaction of the victory-drunk French generals and the cold calculation and intrigue of English diplomacy. Such an attitude could have withstood even an invasion, which the Germans were later subjected to anyway when the Rhine and Ruhr were occupied, — without resistance and to the advantage of the German reaction. The history of the European revolutions of 1789 to 1917 and 1919, and in a negative sense, the Spanish Civil war today, prove that a definite revolutionary internal policy allows for the only possibility to carry through a definite revolutionary foreign policy. We may here remind our readers that it was not John L. Garvin and Lord Lothian who first asked for a "German Middle Europe" (*Observer* 3/14, 5/16, 1937), but the British General Staff's memoranda on the conditions of peace in 1916, especially that of Sir William Robertson of August 31st. He praised therein Lloyd George's memorandum which "raised itself to the heights of statesmanship" by recognizing the necessity of preserving a strong Germany in middle Europe, and he recommended under the motto of "the balance of power" the *Anschluss* of Austria and Germany. This, he stated, would be "by no means to our disadvantage."

Thus, Hitler owes his greatest foreign political triumph, the *Anschluss*, as well as his internal victory, to the weakness and cowardice of the fathers of the German republic. And probably herein lies the reason why, after years of considerable ill-humor and dissatisfaction among all layers of the population, he obtained again with this step, the psychological support of broad masses of the German people.

III.

Post-war Austria was in a similar way ripe for *Anschluss* as the Saar in 1935. It was the small remnant of a great empire originally composed of seven nations with a total of 56 million people. At the end of the War, this Empire was split into fragments. Small national states arose with the help of the Allies, who proclaimed the so-called self-determination of the nationalities. A small mountain area around Vienna was now called Austria. Vienna, once the capital of vast dominions, the junction of trade between west and southeast Europe, and an important industrial center in its own right, lost overnight its political and economic basis. There was no longer any demand for the rich Austrian timber. The big industrial region in the valley of the iron-ore mountain, south of Vienna, became a depressed area. Austria was doomed to eternal misery unless it could unite again with a great country and its big internal markets. It was the most unhappy product of the Versailles peace makers. Since 1919 it existed solely on the ground of the mutual pressure of the various big powers, originally under French protection. In the measure in which French policy, tied to the apron strings of English interests, lost its influence over the Little Entente and the countries around the Danube, German Austria came under the protectorate of Italy, which acted as an effective counterweight against German aggression, until the axis policy was invented. The price which Austria's clerical reaction had to pay for this protection was the abolition of parliamentary democracy, the crushing of the workers' movement, and the formation of a so-called "estate-state", which had nothing behind it except the Catholic clerics, the leadership of the *Heimwehr* (directed by Italy), and the Jewish bourgeoisie. The regime of Dollfuss-Schuschnigg, which was able neither to push back the illegally continuing workers' movement nor the impetuous offensive of National Socialism, found itself jammed between Germany and Italy. It was bound to break down helplessly as soon as pressure from either side was relaxed. With the axis alliance, the fate of Schuschnigg was sealed. Mussolini abandoned his influence over Austria. He had economically overstrained his country through the annexation of Abyssinia and the Spanish adventure, and was forced into an agreement with England. Only through the alliance with German fascism, bought at the price of the abandonment of Austria, could Italy still secure a position for bargaining in the face of English diplomacy, which will now be the principal profiteer of Mussolini's Spanish war.

Even so, Mussolini was undoubtedly completely taken a back by Hitler's military occupation of Austria and he certainly will know how to esteem Hitler's address of thanks: "Mussolini, I will never forget you for this", nor will he ever forget the demonstration of trust Hitler gave him by sending a strong detachment of German troops to the Brenner. He will scarcely overhear official speakers of the National Socialist Party in the Alp provinces declaring openly and freely that Italy will not be able to refuse the return of South Tyrol to Germany when it will be again in need of German support for his international policy. Thus, the axis has a serious dent, even though its fracture will be improbable as long as Italy does not recover with English help from its present state of weakness. This in turn should allow Germany to confine its foreign policy relatively undisturbed for the next few years.

The decision of the Austrian question was purely an Italian-German affair. Under the influence of English diplomacy, France renounced the resolute defense of its economic-imperialistic interests in the Danubian countries. When Schuschnigg, in the face of the threats of Berchtesgaden, asked for backing in Paris, he got the platonic assurance that the fight for the independence of his country would receive the complete "sympathy" of France. France fears the armed conflict with fascist Germany and believes it can obtain English support only if it falls in line with the English policy, which is determined to give free rein to the German expansion movement to the southeast, and which is now in full swing, playing Sudeten Germany into the hands of Hitler. The French diplomats do not seem yet to understand the simple fact that the Rhine is the real frontier of England, that England because of its immediate imperialist interests cannot tolerate Germany's further push westwards towards the North Sea, that it must therefore help France militarily in any case, if the German armies should march to the west. France pays heavily with foreign political sacrifices what it can get free of charge from England, as Robert Dell rightly remarked some weeks ago.

In this way, English imperialism accomplishes its most immediate aims in the European policy, which, on the whole, has become a second rate problem for it, at least since the Japanese invasion of China. Thus, it wins time for its own armament program, helps create in Greater Germany a decisive counterweight against Russia, its second great rival in Asia, simultaneously, drives Italy back into British vassalage through the southeastward advance of German fascism while holding France always pliant because of the German threat, and, lastly, eliminates German expansion from British spheres of influence for the time to come.

How far these long termed constructions of the balance of power policy are vain speculations, only the future can tell. In any case, the foreign political methods of German fascism proved to have unexpected "dynamic" power because they expressed the expansion necessities of a highly organized capitalism under the centralized leadership of a powerful military state for which imperialistic advance corresponds to the immediate economic and social needs. To the explosive force of this advance, the saturated imperialism of French finance-capitalism with its diplomatic methods, is that less a match for as the British policy depreciated and tore apart its most efficient instrument, the League of Nations contract while Hitler destroyed the guarantees of Versailles.

IV.

The fate of Austria was decided by foreign political constellations upon which it had no influence. Yet, not because it was no longer defended by a great power was Austria ripe for *Anschluss*, but also because of its internal political development. In this state, no longer able to exist economically, crises and pauperization became such a permanent feature that, as in Germany in the winter of 1932-1933, perhaps 50% of the population looked to National Socialism as the sole salvation. The abolition of unemployment through the armament drive, the relatively higher wages and standard of living of fascist Germany, made the social conditions of the third Reich appear highly desirable to the Austrians, just as they do to the Sudeten Germans.

The small farmers of the Alp regions especially, who were deprived of their means of existence, became the internal basis of National Socialism, which, due to the weakness of the clerical fascistic dictatorship, corroded the *Heimwehr*, the administrative body, and created for itself strong positions in the army and police. Austria was conquered from within as well as from without. At the moment of his fall, Schuschnigg recognized that there was only one counterweight against internal defeat and that would be a strong workers movement. He therefore made a despairing last-hour effort to undo February of 1934 and to bring back to life the Trade-Unions and the Social Democracy in order to throw the Vienna workers against the fascist assault. Hitler, through his brusque ultimatum, put an end to these attempts; the end was the more inglorious since the executive officials refused to obey the bankrupt Schuschnigg government.

More dramatic than the dissolution of clerico-fascism is the fact that the trade unions, which continued their reformistic battles under half-legal conditions, and particularly the Popular Front Communists who were strengthened by the backward workers of the provinces, and to a lesser extent the social democrats, who were held back by stronger traditional bounds, — were quite ready to compromise with Schuschnigg and to fight at the barricades against National Socialism "for the independence of Austria" and for the illusionary re-democratization of the country. This they were prepared to do not by their own independent action but within the frame of the Fatherland Front and allied with the police and the army. The unscrupulousness and lack of political understanding illustrated by this readiness signifies the crushing weakness of the European working class movement, which is at the end of its rope, which fails to draw the least consequence from the great triumphs of fascism and from the breakdown of the middle European parties nad trade unions, and now attempts to save itself behind the skirts of nationalism.

The Austrian illegal workers movement was to save the clerico-fascism from German fascism. The Italian communists and social democrats issued a call in which they accused Mussolini of being ready to deliver Italian soil to Hitler. The French social democrats and communists demanded, and have just obtained, a national union with the most reactionary groups of finance capitalists who on their part, were in no hurry to accept this "community of the people." The English socialists already think of supporting a government under the leadership of the same Eden who furthered the conquest of Abyssinia, the defeat of the Spanish Popular Front, the rearmament of German fascism and the liquidation of the policy of "collective security." The workers parties of the small countries, in face of these big examples — to which must still be added the extinction of the last internationally-known Bolsheviks in Russia, — do not know what else to do than to subject themselves willingly to "national unity", "social peace", and "defense of the fatherland". That in the imperialistic chaos of present Europe the small states are "betrayed" by the big states; that the extinction of the revolutionary spirit of the masses of Spanish workers and small peasants demanded by Russia did not bring any help to the People's Front government on the part of the "democratic" imperialistic countries; that there is no successful foreign policy in Europe except the fascist one — all these, and similar facts brought forth no reaction from the working class other than to bind them more closely to

the policies of their respective bourgeoisie and to abandon even the appearance of an independent policy. The one fact that only an efficient and active international of the workers can oppose the international victories of fascism and its democratic supporters has not yet been realized by the European workers movement. And therefore fascism will determine, for perhaps still many years, the harsh fate of Europe.

SP.

THE LORELEI

"For to reach a port, we must sail — sail; not lie at anchor; sail, not drift."

(Ending of Roosevelt's last fireside chat)

Sometimes it becomes difficult to believe that we are still living in a capitalist society. Everything looks so Russian, and reading the *Daily Worker*, for instance, one could easily imagine that, without noticing it, we have already entered the first stage of socialism and that our leader Roosevelt is actually engaged in saving us and the world from misery and dark reaction. The People's Front movement of the Communist Party must have found much encouragement in the President's fireside chat No. 11, and certainly also the Socialists must have enjoyed it, even if more gentlemanly by greater silence. But Roosevelt doesn't need the People's Front; he is the People's Front; he is, as *Common Sense* happily remarked, "America's most popular President."

Roosevelt's fireside chat derives its popularity from its impossibility. Let us remember the excitement caused by the technocrats a few years ago; they certainly made a hit but were soon forgotten. The geniuses of yesterday find themselves today on the relief rolls. As relief recipients they are certainly close to the government, and judging from the President's speech, they seem to have already entered through the side doors of the White House, for Roosevelt spoke, like the best of the technocrats, of an age of abundance which should soon raise the national income to 100 billions, and provide everybody with a life of plenty. Certainly not today or tomorrow, but soon. In the meantime, however, "we need more than the materials of

recovery, we need a united national will." Till then, says Roosevelt further, "there is placed on all of us the duty of self restraint... that is the discipline of a democracy. Every patriotic citizen must say to himself that immoderate statements, appeals to prejudice, the creation of unkindness, are offenses not against individuals, but offenses against the whole population of the United States." To give an example of a truly "democratic" behavior, he invited the persecuted jews to the States and the jew-baiter Ford to the White House. And following this example, the National Labor Relation Board turned against Little Steel, but at the same time made clear that preparation are under way to make the signing of collective bargaining agreements compulsory, restricting the freedom of both capital and labor. Justice is once more triumphant; equality before the law is secured.

If Roosevelt spoke like a technocrat, that doesn't mean that he actually thinks in technocratic terms. It proves only, if anything, that he has nothing to say, and is forced to replace his earlier sober approaches to our "economic ills" with empty phrases and promises. That the new proposed "pump priming" (which in many respects, despite the technocratic terminology accompanying it, is much more restricted than the first attempt) will be of no avail in curbing the depression should already be clear to him because of the earlier failure, not to speak of theoretical considera-

tions. But of what does this "forcing the prosperity" program consist?

There are proposed new Reconstruction Finance Corporation loans to the tune of \$1,500,000,000 to private business unable to get credits otherwise. But why don't they get credits when large idle funds lie in the banks waiting for investment? There is only one reason, and that is, that those "neglected" enterprises are already considered bankrupt, unable even to pay interests on loans, not to speak of returning them. Merely giving those "unsound" enterprises money to work with, will in itself, if general business does not improve, express their coming bankruptcies only in larger figures. No one likes to throw money away, and so it may be clear at the outset that the RFC loans will serve entirely different groups than those "unworthies", and will practically have to be considered as a disguised state subsidy to "sound" firms unwilling to expand at present at their own risk. This fact alone should be sufficient to show that no real prosperity can be expected from this kind of "pump priming".

\$1,250,000,000 will go to the W.P.A., one billion to public works, 300 millions to housing projects, 175 millions to the Farm Security Administration, 100 millions to new highways, and lesser sums for other purposes like the C.C.C., flood control, etc. — altogether a pump priming of about \$4,500,000,000. Although some of these projects will occasion the employment of a few more workers in private industry, and although some producers will find larger markets because of the material requirements of the public work projects, yet, the whole program, even if adopted in full, will not be able to serve the fundamental need for a capitalist prosperity, that is, create profits all around to allow for a general advance. Rather, some of the privately created profit, unable to find real capitalization possibilities, that is, a form of investment enlarging the total capital and therewith the total profits, is here forcefully put into circulation. This much is already known, that public works are not able to solve the problems of private capital, which,

however, is still overwhelming in the United States. Pump priming may or may not help in a small capitalist crisis by compensating for the temporary non-functioning of a particular factor of capitalist economy, but in the general crisis of capital, where the wells are entirely dry, public works will be unable to do more than to whet the appetite, but not to quench the thirst, for profits. But then, no one expects that, they only say so.

Pump priming is again explained with that other popular tune: overproduction, which rhymes with underconsumption. This tune is sung by all reformers down to Earl Browder and John L. Lewis. Opinions differ only as to what amount should be spent and in which direction it should go. Whoever opposes such proposals is marked a reactionary and fascist. But whoever is in favor of such a policy is also called a fascist by the other side. The truth of the matter is, that neither group is fascist or non-fascist. The questions of government spending are determined neither theoretically nor ideologically, but are expressive of the actual struggle for the division of present and future profits among the non-working layers of society.

Though it is true that any government, including the Roosevelt Administration, attempts to stay in power, the charge of the Roosevelt opposition that the spending is solely a bribe for re-election is not true. It is not a question here of the re-election of a particular person, and not even of the maintenance of jobs for those many people who make their living with politics, but this question concerns whole layers of society and specific capitalistic groups, which also fight by way of party lines. That a tremendous number of people adhere to a party program though it opposes their own interests, shows only that ideologies can have, and do have, a great force, and this the more so, since economically chaotic conditions do not clarify the people but bewilder them even more. Any party seeking to stay in power has to do two things, which are sometimes in "harmony" with each other, but more often in

opposition, forcing many ideological twists. One is to oblige their electors and themselves; the second is, to keep the capitalist society functioning so that the first may be possible. This is quite a difficult task, and whoever "solves" it in face of class and group differences and all the frictions within each group, must be a good opportunist, may he now be a dictator or a democrat.

Each government can foster only specific interests of powerful groups, and serve the ruling class in society. To do so with the least effort and danger, these interests must appear as serving general welfare. The propaganda machine has to see to that. The opposition, also fighting for specific interests, will make these interests appear equally pleasing to everybody. Roosevelt's arguments "favoring the masses" are answered with quite opposite proposals, but nevertheless, these too are in "favor of the workers". Roosevelt's speech was followed by one from the Brookings Institution's Dr. Moulton,* in which he said: "Existing wage rates, preventing an expansion in production, turn into a boomerang to labor by cutting down the real earnings of workers. The only basis, on which a constantly increasing level of wages can be supported is by steady expansion in production. Any one who maintains that existing wage rates should be retained is no friend of labor." He also "dismissed the governments credit inflation measures as of no consequence. An addition to the already abundant supply of credit cannot be expected to generate a recovery." Though we must agree with the last statement to a certain extent, still it must be noted, that Dr. Moulton's argument is rather pointless, for he refuses to see that because the "abundant supply" did not of itself find profitable investments, there was no choice but to "prime the pump" some more, not in order to change the situation but to maintain it; to avoid a further downward slide. The simple method of wage cutting, proposed by Moulton, is not possible at present to an extent which would sufficiently increase the profitability of capital to permit a

new upswing. Some time ago the Brookings Institution itself pointed out that wage cuts may defeat themselves through an accompanying decrease in workers' productivity.** In such a situation, where even the old traditional method of wage cutting is inadequate for the profit needs of capital and resulting "prosperity", recourse must be taken to pump priming as the only way left to keep capital circulating.

It is senseless to expect from the pump priming an important change of the economic situation, senseless also to assume that the cessation of the spending and relief appropriations and the balancing of the budget would usher in prosperity. It is also senseless to assume that one or the other party could change things decisively. Both parties are not really serious about their own statements. No one believes in programs any longer, and the governments and politicians least of all. Mountains give birth to mice, and Roosevelt's struggle against the "vested interests" boils down to an attempt to shift the situation a little bit in the direction which, for himself and the groups of interests behind him, seem the best at the moment. The opposition party likes a somewhat different distribution of the burden of the crisis. They will object to the new spending spree, and Congress will in all probability diminish its scope somewhat, but by no means will the spending come to an end, just as little as the failure to pass the reorganization bill has stopped the reorganization of government along centralistic lines. It should also not be forgotten here that the present spending policy was really initiated by Hoover, under the rule of the Republican Party, and that with Roosevelt it only assumed larger proportions and shifted directions in accordance with new necessities.

The Roosevelt Administration knows quite well, as would any other, where the "created purchasing power" comes from. They know quite well that taxes cannot be higher than profits, since they are only a part of it. Spending ceases where profits end. But the opposite is also true.

The question is what methods should be employed to fulfill both necessities, for the different methods in this process determine the fortunes or misfortunes of different layers of the capitalist class, as well as the other classes. You may tax the people heavily, (taxes are, like capital and profits, created by the workers) and through government spending return to them part of what was taken; or you may not tax them heavily and larger incomes will remain in their hands. In the latter case, money left in the hands of the individuals or individual concerns may be spent according to their wishes and necessities, in the former case the money may be spent as the government and those groups in society especially fostered by it see fit. In case the individuals themselves decide what to do with their surplus capital, they may or may not use it in new investments. If new investments seem unprofitable, their money will lie idle, to be consumed slowly. This situation prevails in any crisis. But this situation disrupts social conditions to such an extent that the government must try to start the ball rolling again. Capital, produced for purposes of accumulation, will now be used to keep the basis for capital accumulation intact. Questions of profitability will be neglected for the time being, in order to secure the profit-society. By way of taxation, money and credit manipulations, the government is able to "expropriate" private business to a certain extent, and to destroy existing fortunes. The destruction of capital, hitherto undertaken by way of bankruptcies, is now undertaken by the government in an organized fashion. That is, the control of society has actually proceeded to a point where the destruction of capital is no longer left solely to the "automatic laws" of the market, but is also consciously undertaken by governmental measures. The struggle of individual capitalists against this kind of planning is now no longer an ordinary struggle against taxes to keep their profits high, but a struggle for their very existence, as each must fear, that one or another turn of governmental policy will ruin him. However, it is unquestionable that only the weaker capitalist concerns can be destroyed,

that is, sacrificed to the good of capitalist society, as the large monopolies can not be dissolved, without destroying the very basis on which society rests today. The big monopolies must be saved, even if this necessitates state control. This activity of destroying the smaller fry is necessarily camouflaged with the ideology of trustbusting. Seen from this angle, the spending program is revealed as only another form of capitalist competition favoring Big Business and the concentration of capital. That was done under Hoover, it is now done under Roosevelt.

One thing remains clear at all times: whatever is to be distributed among the non-workers in society, has to be taken from those who work. Even that "artificially created buying power", that is, the extension of the credit system, which already began after 1913 and has not ended, must be created by the workers. Our contemporary capitalists are not only exploiting the present generation of workers, they also attempt, and partially succeed, to eat up the labor of the coming generations. Even if in capitalist reality the crisis effects from time to time a temporary end to those gigantic appetites, the attempts can no longer cease. But if the living off the future assumes too large proportions, even a crisis may fail to bring the exploiters back to earth. There is constantly the danger that this policy of boundless credit inflation will eventually be solvable only by a total re-organization, combined with enormous capital destructions, of the whole of capitalist society along state capitalistic lines. The struggle around the spending program is then, on the one hand, a protest on the part of the rugged individualists against an economic trend which would transform them sooner or later into mere bureaucrats employed by the state apparatus, and, on the other hand, a movement towards the planned exploitation of state capitalism, which eventually will be forced to be just as "anti-social" as are the present economic royalists. However, to stop spending means to invite in the near future a revolutionary situation. The struggle against spending will therefore always limit itself, will always

*Quoted from the Chicago Daily Tribune, April 20, 1938.
 **The Recovery Problem in the United States; p. 187.

be directed only against "excesses" and practically will serve specific group interests and so be a modified form of capitalist competition. "There is increasing pressure to favor particular groups or industries. Existing pressure groups are strengthened and new ones created, possessing what they come to regard as a vested interest in the government disbursements."*** As for those people with a "social program" favoring the present governmental policy, they will soon discover that the crumbs falling from the governmental tables will become increasingly smaller, and will by no means eliminate the workers' necessity of doing away with the whole exploitation system. If this is not done, the present trend will continue to run its course, finding its highest expression in the coming war.

The new spending program, amounting to a politically fostered redistribution of incomes, that is, an inflationary measure, will be able only to concentrate capital and

***W. W. Case in the New York Times. April 17, 1938.

ECONOMICS AND POLITICS IN REVOLUTIONARY SPAIN.

In order to work out a realistic approach to the constructive work of the revolutionary proletariat in Catalonia and other parts of Spain, we must not confront its achievements either with some abstract ideal or with results attained under entirely different historical conditions. There is no doubt that the actual outcome of "Collectivization", even in those industries of Barcelona and the smaller towns and villages of Catalonia where it can be studied at its best, lags far behind the ideal constructions of the orthodox socialist and communist theories, and even more so behind the lofty dreams of generations of revolutionary syndicalist and anarchist workers in Spain since the days of Bakunin.

As to historical analogies, the achievements of the Spanish revolution during the period which began with the rapid counter-action of the revolutionary workers against the invasion of Franco and his fascist, national-socialists, and bourgeois-democratic supporters, and which now rapidly approaches its final phase, should not be compared with anything which happened in Russia after October, 1917, nor with the phase of the so-called War Communism 1918-20, nor with the ensuing phase of the NEP. During the whole process of revolutionary movement beginning with the overthrow of the monarchy in 1931, there has not been one single moment when the workers,

further pauperize the masses. The social trend expressed in Roosevelt's speech means in economic terms the trend towards a fascist economy, not because the President is a fascist, but because capital can only continue to exist by further concentration of wealth and by deeper pauperization of the workers. And with this, his democratic political utterings, well meant though they may be, are of no avail to do away with the consequences of the economic acts. Curiously enough, shortly after Roosevelt's speech a new semi-fascistic force in the United States came into being: La Follette's National Progressive Party, indicating in which direction the wind blows. And in this wind Roosevelt has to sail. He may sail in the hope of reaching a real Democracy, but of another boatsman looking at a similar beauty, the poet Heine said already:

"The waters deep have caught them,
both boat and boatsman brave
"This Lorelei's song hath brought
them
beneath the foaming wave."

or any party or organization speaking in the name of the revolutionary vanguard of the workers, have been in possession of the political power. This is true, not only on a national, but also on a regional scale; it applies even to the conditions prevailing in the syndicalist stronghold of Catalonia during the first months after July, 1936, when the power of the Government had become temporarily invisible, and yet the new and still undefined authority exercised by the syndicates did not assume a distinct political character. Still the situation arising from these conditions is not adequately described as that of a "dual power." It represented rather a temporary eclipse of all State-power resulting from the split between its (economic) substance which had shifted to the workers and its (political) shell, from the various internal conflicts between the forces of Franco and the forces of the "Loyalists," Madrid and Barcelona, and, finally, from the decisive fact that the main function of the bureaucratic and military machinery of any capitalistic State, the suppression of the workers, could not operate in any event against workers in arms.

There is no use arguing (as many people have done) that during the many phases of the revolutionary development of the last seven years there has evolved more than once — in October 1934 and, again, in July 1936 and in May 1937 — an "objective situation" in which the united revolutionary workers of Spain might have seized the power of the State but did not do so either on account of theoretical scruples or by reason of an internal weakness of their revolutionary attitude. This may be true in regard to the July-Days of 1936 when the syndicalist and anarchist workers and militias of Barcelona had stormed the arms depots of the government and further equipped themselves with the weapons seized from the defeated fascist revolt, just as it may be true in regard to the July-Days of 1917, when the revolutionary workers and soldiers in Petrograd demonstrated under the Bolshevik slogans "*All Power To The Sovjets*" and "*Down with the Capitalist Ministers*," and when during the night from the 17th to the 18th a reluctant Central Committee of the Bolshevik party was finally compelled to reverse its earlier refusal to participate in a "premature" revolutionary attempt and unanimously to call upon the soldiers and the people to take arms and join what they still described as a "peaceful demonstration."

As against those people who today, 20 years after the event, extol the revolutionary consistency of the Bolshevik leadership of 1917, to the detriment of the "chaotic irresolution" displayed by the dissensions and waverings of the Spanish Syndicalists and Anarchists of 1936-38, it is quite appropriate here to recall the fact that in those black days of July 1917, 3 months before the victory of the Red October in Soviet-Russia, Lenin and his Bolshevik party also were unable to prevent or to turn into victory a situation which was described at the time in the following manner by the late S. B. Krassin who had been a Bolshevik and was later to accept high office in the Soviet Government, but at this time was the manager of an industrialist establishment.

"The so-called 'masses,' principally soldiers and a number of hooligans, loafed aimlessly about the streets for two days, firing at each other, often out of sheer fright, running away at the slightest alarm or fresh rumor, and without the slightest idea of what it was all about."*

* This and the following quotations are taken from J. Bunyan's and H. H. Fisher's documentary history of *The Bolshevik Revolution 1917-1918*, Hoover War Library Publications—No. 3, Stanford University Press 1934.

Even a considerable time later when the process of glorification of victorious Bolshevism had already set in, but a mild "self-criticism" was still possible among the higher ranks of the ruling party, the Bolshevik People's Commissar, Lunacharsky, recalled the situation of July 1917 by the following words: —

"We are bound to admit that the party knew no way out of the difficulty. It was compelled to demand of the Mensheviks and Socialist-Revolutionists, through a demonstration, something they were organically unable to decide upon, and, meeting with the refusal the party had expected, it did not know how to proceed further; it left the demonstrators around the Taurida Palace without a plan and gave the opposition time to organize its forces, while ours were breaking up, and consequently we went down to a temporary defeat with eyes quite open."

Nor were the immediate consequences of what may be called here, in answer to the oft repeated indictment of the lack of revolutionary leadership manifested by the Spanish Syndicalist, a "*failure of the revolutionary Bolshevik party to seize the political power in an objectively revolutionary situation*, any better for the Russian Bolsheviks of 1917 than they have been in 1934 and '36 and '37 for the Spanish Syndicalists and Anarchists. On the 18th of July, 1917, the mischievous accusation was raised against Lenin that all his actions since his arrival in Russia, and particularly the armed demonstrations of the preceding two days, were secretly directed by the German General Staff. The Bolshevik headquarters were raided. Their newspaper offices were closed. Kamenev and Trotzky and numerous other Bolshevik leaders were arrested. Lenin and Sinovjev went into hiding, and Lenin was still in hiding when, almost two months later, he warned his comrades against jeopardizing their revolutionary independence by an unreserved support of the people's front's government of Kerensky against the counter-revolutionary rebellion of the Commander-in-Chief of the Russian Armies, General Kornilov.

Thus, it cannot be said in fairness that the Spanish workers and their revolutionary Syndicalist and Anarchist leadership neglected to seize the political power on a national or even on a regional Catalonian scale under conditions when this would have been done by a really revolutionary party like the Russian Bolsheviks. It makes no sense to accept the tactics of the Russian Bolsheviks in July 1917 as a "cautious and realistic revolutionary policy" and denounce the same policy as a "lack of revolutionary foresight and decision" when it is repeated, under exactly analogous conditions, by the Syndicalists in Spain. One might then as well subscribe to the paradoxical statement made by Pascal 200 years ago that "what is true on this side of the Pyrenees is a lie on the other."

This is not to say that the revolutionary actions of the Catalonian workers have not been fettered by their traditional attitude of non-concernedness in all matters political and not strictly economic and social. Even their most radical steps in the field of economic reconstruction taken at a time when they appeared and held themselves to be unrestricted masters of the situation, were suffering from a certain lack of that single-mindedness and consistency of purpose by which the economic and political measures of the Bolshevik dictatorship in Russia both infuriated and terribly frightened their enemies at home and in every bourgeois country all over the world. There is, in the

bourgeois reports on conditions in revolutionary Spain, very little of the uneasiness with which foreign spectators looked at the assumed "atrocities" of the Bolshevik revolution in Russia at the time of the "sanitary cordon." (Even the formerly revolutionary Marxist, Karl Kautsky, in those days repeated and, as I think, seriously believed in the news that the Bolshevik dictatorship in Russia had crowned their expropriatory measures by a "socialization of the wives of the bourgeoisie.") There is, as compared with those exuberances, even a touch of humor and a certain jovial reliance on what the reporter calls the persisting "individualism" of the Spanish people, in the story of the Spanish "Collectivisations" given by a Special Correspondent of the (London) Times at the hour of the arrival of the Negrin Government at Barcelona:—

"The arrival of the Central Government brought new life to Barcelona. The huge city was beginning to droop under the burden of collectivization. Happiness cannot be collectivized in Spain, where the individual persist in remaining his own master. An hotel proprietor who could not endure to be a waiter in his own establishment is a waiter elsewhere. Of a well known Catalan actor it is told that, wearying of playing the principal part on the scene and a humble one on the payroll, he proposed exchange with a scene shifter, saying: 'We earn the same, let me pull the ropes while you go and pull the faces.' It has become quite a joke, though a poor one, among audiences at cinemas to point out Professors of the Conservatoire playing second fiddle in the band."

Even the more elaborate and much more hostile report given one month later by the Barcelona correspondent of the New York Times was supplemented by some quite attractive pictures which illustrated the life and work in "Collectivized Shops in Spain," and which were made even more attractive to the State-worshipping and bond-speculating readers of the Times by the cheerful remark that "Because Loyalists prefer State control to workers' control and wish to protect foreign interests in Spain, collectivization — as in the clothing plants pictured here — is being limited." In the same vein "Spain's Strong Man" (the now-debunked defence minister of the Loyalist government, Indalecio Prieto) was shown in photograph and described to the petty bourgeois readers of the Evening Standard of March 7, 1938, as a "comfortably fat newspaper owner, with a chin or two to spare" and with a "fondness for eels as his only gastronomic luxury," a man by the way whose "worth" is "even recognized by General Franco" and who is personally well acquainted with "the financier of Franco's movement," the illustrious Juan March.

The very fact that the CNT and FAI themselves were finally compelled to reverse their traditional policy of non-interference in politics under the pressure of increasingly bitter experiences, demonstrated for all but some hopelessly sectarian and illusionary groups of foreign anarchists (who even now refuse to besmirch their anti-political purity by whole-hearted support of the desperate strife of their Spanish comrades!), the *vital connection between the economic and political action in every phase and, most of all, in the immediately revolutionary phase of the proletarian class struggle.*

This, then, is the first and foremost lesson of that concluding phase of the whole revolutionary history of post war Europe which is the Spanish revolution. It becomes even more important and particularly impressive if we consider the wide difference of the character of the Spanish working class movements from all other types of proletarian class struggles in Europe and in USA as established by well nigh three quarters of a century.

The validity of this lesson is not weakened by the relatively moderate contents of the political demands raised by the CNT at the present juncture. There is no doubt that the proposal of a "new constitutional period which would sympathize with popular aspirations within the socialist Republic, which would be democratical and federal" does not demand anything which the People's Front Government could not, in principle, decide upon without a revolutionary change of its hitherto professed bourgeois policy. Nor could the proposed creation of a "National Economic Council on a political and trade unionist base, with an equal representation of both the social-democratic UGT and the syndicalist CNT," transform the hitherto bourgeois-reformist bias of the Government into a revolutionary-proletarian tendency. But here again appears a close analogy between the tactics followed by the Syndicalists in present-day Spain and the attitude observed by the Russian Bolshevik party up to and even after the collapse of the Kornilov rebellion. If this analogy is true, if we can show that even a revolutionary party so predominantly political and politically experienced as the party which made the Russian October, did not rise to its ultimate perfection before the advent of an altogether different historical intuition, how then could we expect such super-human and supra-historical excellence from a hitherto unpolitically-minded and politically almost entirely inexperienced group of proletarian revolutionaries under the undeveloped conditions of present-day Spain, where the counter-revolutionary rebellion of the Iberian Kornilov has not collapsed but has spread victoriously over the whole country and is now attacking the very heart of industrial Spain, the last strong-hold of the anti-fascist and anti-capitalist forces, the proletarian province of Barcelona?

There is indeed from the standpoint of a sober historical research ample proof that the revolutionary Bolshevik leadership of 1917 was in no way exempt from those human wavering and want of foresight which are inherent in any revolutionary action. Even after the victorious conclusion of that masterpiece of political strategy which the Bolsheviks, lead and inspired by Lenin, performed in the days of the Kornilov-affair in August and September 1917 when, in accordance with Lenin's most subtle instruction, they endeavored "to fight against Kornilov, even as *Kerensky's troops do*", but did not support Kerensky but, *on the contrary* exposed his weakness," Lenin still acted on the assumption that the Provisional Government had become so manifestly weak after the defeat of Kornilov, that it offered an opportunity for a peaceful development of the revolution on the basis of the replacement of Kerensky by a government of Socialist-Revolutionists and Mensheviks responsible to the Soviets. In such a government the Bolsheviks would not participate, but they would "*refrain from immediately advancing the demand for the passing of power to the proletariat and the poorest peasants, and from revolutionary methods of struggle for the realization of this demand.*" Of course, in suggesting this line of action in his famous article "*On Compromises*" in September 1917, Lenin did not boast of such flawless revolutionary righteousness as does for instance Stalin in present-day Russia or those State-denying anarchists in present-day ultra-capitalist Holland. Yet this small piece of real history shows how little the minor followers of Lenin are entitled to criticise the deficiencies of the syndicalist achievements in revolutionary Catalonia, let alone the well-known ambiguity of the "help" given to the revolutionary workers of Spain during the first and later stages of their

strife by the Communists and the Russian State both in Spain and in the Non-Intervention Committee.*

There is thus a deep shadow thrown on the constructive work resulting from the heroic efforts and sacrifices of the revolutionary workers in all parts of Spain where the syndicalist and anarchist slogan of "Collectivisation" prevailed over the social-democratic and communist slogans of "*Nationalization*" and "*State interference*." All this constructive work was done, as it were, preliminarily only. Its further advance and its very existence depended upon the progress of the revolutionary movement and, first of all, upon a decisive defeat of the counter-revolutionary attack of Franco and his powerful fascist and semi-fascist allies. Even at this late stage, when the defeat of the highly advertised new Loyalist Army has already so strongly manifested the intrinsic weakness of the Negrin-Government that the above-mentioned chief representative of the fascist and capitalist forces within the People's Front Government, Indalecio Prieto, had to be kicked out ingloriously, and a "reconstruction" of the government in a "leftist" direction became inevitable, a last hour victory of the revolutionary proletarian forces rallied in Barcelona — either with or without a rehearsal of the insurrection of the Communards in besieged Paris 1871 — would immensely enhance the immediate historical and practical importance of the great experiment in a genuine proletarian collectivization of industry, which was initiated and carried through by the workers and their unions during the last two years.

Short of such a favorable turn, the story of the Catalanian *Collectivization* which is told in the most impartial and impressive manner in a small book, published by the CNT — FAI and hitherto not translated into English,* and on which we propose to base our own analysis and criticism of the Spanish experiences in the next issue, cannot claim any greater merit than what we know from Marx, Engels, Lissagarays, and other writers about the economic experiments of the Revolutionary Commune of the Paris workers in 1871. They are a part of the historical past just as are today the attempts of the revolutionary Italian workers in 1920, which were later annihilated by the hordes of Mussolini subsidized by the frightened Italian land-owners and capitalists, and as the equally frustrated attempts made several times between 1918 and 1923 by the vanguards of the German and Hungarian workers. In the same way the more comprehensive and certainly much more illustrious temporary achievements attained by the revolutionary Russian workers in the period of a really communistic experimentation 1918-20 did not retain any practical importance for the later development of the so-called "socialist construction" in Soviet Russia. They were soon afterwards denounced by the Bolsheviks themselves as a mere "negative form" of communism temporarily thrust upon a reluctant Bolshevik leadership by the emergencies of war and civil war. Thus the great historical experiment of

*We quote here for the benefit of those hitherto Stalin-worshipping Communists who have recently begun to learn the lesson of the great "purges" in Russia, a sentence from Pravda testifying to what the Stalinist "friends" did and intended to do in a thoroughly "bolshevized" Spain. Says Pravda from Dec. 17, 1936:—"The purging of Catalonia from all Trotskyist and anarcho-syndicalist elements has already begun; this task is pushed on with the same energy with which it has already been performed in USSR."

***Collectivisations*—L'oeuvre constructive de la Revolution Espagnole — Recueil de Documents — Editions CNT — FAI, 1937.

the so-called "War Communism", which in fact represented a far more positive move toward a communist society than the measures of any NEP, NEO-NEP, or other variances of the no more socialist and proletarian policies which were later inaugurated by the various combinations of the post-Leninist and Stalinist bureaucracy, became a forgotten and abandoned episode of past history in the very country which even today claims to march in front of the international proletariat by the so-called "construction of socialism in a single country."

Even before this new turn of the Bolshevik economic policy, on Dec. 4, 1919, two years after the full seizure of the State power, Lenin in a speech delivered to the *First Congress of Agricultural Communes and Agricultural Artels* gave the following description of the results until then achieved by the Bolshevik struggle for Communism: — "Communism is the highest stage in the development of socialism, when people work because they realize the necessity of working for the common good. We know that we cannot establish a socialist system now — God grant that it may be established in our children's time, or perhaps in our grandchildren's time."*

"To serve the history of the revolution" is the program which is invisibly written on the front page of the above cited faithful and comprehensive report on the positive results achieved in the economic field by the revolutionary workers of Barcelona and by the industrial and agricultural laborers in many a small Catalonian town or remote and forgotten village. "To serve history" means for the writer as well as for us, revolutionary workers of a dismal world laboring in the crisis and decay of all forms of the "old" socialist, communist, and anarchist labor movements, to learn from the deeds and from the mistakes of past history the lesson for the future, the ways and means for the realization of the goals of the revolutionary working class.

l. h.

*Quoted from the 8th vol. of the Selected Works ed. by the Marx-Engels-Lenin Institute, Moscow (Engl. transl. by International Publishers, New York, p. 205).

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THE DOMINICAN REPUBLIC SOLVES ITS UNEMPLOYMENT PROBLEM

On the Island of Hispaniola, in October, 1937, 12,000 defenceless people were suddenly attacked and slaughtered in a butchery that one writer spoke of as "the most horrible, unprovoked massacre of modern times." The massacre began when the president of the Dominican Republic, Leonidas Trujillo, saying that he was going to rid the country of "dogs, hogs, and Haitians", journeyed to a town near the Haitian border, and at a dance held there on the night of October 2 he delivered an address wherein he said, "I came to the border country to see what I could do for the Dominicans living here. I found that Haitians had been stealing food and cattle from our farmers here. I found that our people would be happier if we got rid of the Haitians. I will fix that Yesterday three hundred Haitians were killed at Banica. This must continue." The speech inaugurated a period of appalling bloodshed. At a given signal, mass murders broke out almost simultaneously in as many as sixty-five different localities. Those who did not escape to Haiti in time were herded into clearings and butchered like animals in a slaughterhouse.

Why was this helpless people butchered? To answer this question we must review the forces culminating in these killings, but when we do so, we shall discover not merely the reasons for the killings, but also forces ominously portentous with tragedy for the large masses of mankind.

The Island of Hispaniola is about 400 miles in length and varies from 24 to 165 miles in width. It is largely mountainous territory, the mountains being overgrown with dense, tropic foliage, and overshadowing the broad, fertile valleys. The island is divided into two parts. The eastern part is the Dominican Republic; the western part is Haiti.

Roughly speaking, the Dominican Republic occupies two-thirds of the island and has but one-third of the island population. The Dominicans, a mixture of Spanish, Indian, and Negro, are almost all white, with thin

lip and straight hair. The Haitians are about ninety-five per cent full-blooded negroes, the remaining five per cent being mulattoes and comprising the Haitian aristocracy. Both Haiti and the Dominican Republic are under the fiscal control of the United States.

With two-thirds of the island population concentrated upon one-third of the island territory, Haiti is overcrowded. About 275 Haitians subsist by primitive agricultural methods on each square mile. Crowded out of their own country, many have sought work in the cane-fields of Cuba and in the fecundite valleys of the Dominican Republic. And this influx of Haitian labor was welcome to these nations and was greatly encouraged. For those were the boom days of sugar, and there was scarcely enough labor power in these countries. Furthermore, toil in the cane-fields was a labor which the natives of these countries avoided. It meant swinging the machete all day long for the miserable wage of twenty-cents a day, and was contemptuously spoken of as "Haitian labor". At the end of the seasons, many of the Haitians remained with their families on the fields where they labored. There was room for all and work for all; they constituted an advantageous reservoir of labor power; and so they were tolerated. Thus all went well — until the sugar boom burst.

With the collapse of the sugar market, the Haitians were no longer a source of profit to these countries, but a drag upon them. Their presence swelled the unemployed and intensified the conflicts of the crisis, and they had to be swiftly disposed of. Cuba began shipping back to Haiti warship after warship loaded with workers. 16,700 of them had been dumped in that country since the preceding February and were being still shipped back at the rate of 2500 a week, reported the American Fiscal Representation in Port-Au-Prince, last June. President Trujillo, however, refused to go to all this trouble and expense. His method was cheaper and more direct.

Outraged by the slaughter, and reacting with strong nationalistic feeling, the natives of Haiti, assembling in angry throngs, began clamoring for action against the Dominicans. The nationalists of the country, representing a movement in favor of native capitalism in opposition to the imperialist interests in Haiti, directed their wrath against Stenio Vincent, who, as the president of Haiti, represented those interests. The Haitian government thereupon forbade all demonstrations, and the Haitian police dispersed all gatherings. Vincent then communicated with Trujillo, and they both embarked upon an "investigation" into the murder, with the purpose of "placing responsibility". Thus they attempted to reduce the entire affair to a "diplomatic" deal. Their ministers assured the people of both countries that the "difficulties" were being resolved in the friendliest fashion, and that "cordial relations have not been impaired." "They deplored the 'exaggerated' reports", says the *New York Times* for October 26, "that 1700 were killed or wounded in violent outbreaks."

But the Haitians knew very well the nature of this "investigation", and they were not to be suppressed. Led by their nationalists, they gathered into angry crowds, and, rioting in the streets, killed a Dominican army captain and the Dominican consul. President Vincent thereupon appealed to America to intervene, and America, after a display of the right amount of reluctance, agreed to act with Cuba and Mexico as mediator in the affair. Our well-informed President then sent a telegram to the well-informed Trujillo, stating that he hoped the mediation would be welcome to him, "since the peaceful aims which animate the Dominican government are well known."

These diplomatic measures accomplished exactly what they were intended to accomplish — nothing and Haiti continued to boil with unrest. Strikes broke out. A number of them were led in the provinces by the petty-bourgeois students; then the transport workers joined the strikers, and for a time a general strike was expected. Finally Vincent, assailed by angry demonstrators who told him

forthright that he was in league with Trujillo, declared that since the measures taken did not indicate a speedy "solution", he was invoking the Gondra treaty, which, backed by American guns, provides that an international commission of investigation assume jurisdiction over any dispute between American nations. But Trujillo, striking a pose for the awe of his Dominican subjects, withheld for a while his consent to this vestigation. He inserted in the *New York Times* a full-page, closely written statement announcing that no disagreement existed between his country and Haiti; that they could settle the dispute themselves, without any outside help; that an invoking of the Gondra Treaty was not in order.

Though the personal history of Trujillo is that of a gangster, and a thief, and has been lustily described by the liberal periodicals, his acts as president, regardless of his personal history, can be viewed only as proceeding from the economic straits of his country. The murder of the Haitians was not simply an attempt to reduce unemployment in the Dominican Republic; it was also an example for the unemployed Dominicans and for the proponents of native capitalism of what would happen to them if they arose against Trujillo. But more than this, it was an experiment in "active nationalism"; it was an attempt to direct prevailing discontent against the people of another country — in much the same fashion in which all the nationalists of the world put the blame on other nations for the desperate conditions of their country. American investments in Haiti are large, and our dividends must be protected. Illumined by these facts, Trujillo's acts as president are seen as adjustments to his country's conditions; and if those conditions had been too overwhelming for one man, the U. S. marines would have landed on the island again, and would have promptly created the order that Trujillo's soldiers achieved.

However, reports of the massacre, escaping through the strict censorship of both countries, began to appear in a few American newspapers, and Trujillo felt it necessary to close the matter quickly, for, like all dictators, accustomed as they are to a con-

trolled press, he exaggerated the power of the press of "democratic countries", and the significance of the "popular feeling" in the "protector" nation. His full-page article in the *Times*, "clarifying his position" and widely advertising his innocence, was an attempt to exercise this actually feeble sentiment. This method failing, for even the paper in which the advertisement appeared pronounced editorially its scepticism, he felt that he had maintained the pose of free agent as long as was necessary, and that he could accede to the investigation without losing contenance before his subjects. The investigation revealed that 12,168 people had been slain in the massacres, though Trujillo's minister insisted that this figure was an exaggeration, and the commission of inquiry, apparently valuing the life of a worker at \$61.64, suggested that Trujillo pay the Haitian government \$750,000 indemnity.

This is the story of how Leonidas Trujillo, inexpensively, and with the help of our government, solved the economic unrest of the Dominican Republic. Still, one wonders if this method was any harsher than that of Cuba, who ruthlessly shipped boatload after boatload of workers back to a country which was already over-

crowded and distressed with its own economic conditions, and where they could only drag out their lives in misery and hunger. Yet these two methods of dealing with the unemployed — starving them and murdering them are the only measures left to capitalism. The happy Dominicans, together with the happy Fascist countries, that frankly organize for war, can now realize the more direct form of these two possibilities. The "democratic countries", offering dole and relief, must as yet permit them to die only from malnutrition and disease. But soon all nations, fascist and democrat, will employ the more direct form of eliminating the unemployed. Then will the massacre of Haitians be duplicated upon a world scale, but effected this time not with machetes and other primitive weapons, but with the tanks, the bombing planes, and all the other engines of death in the possession of the more civilized nations.

Thus the massacre in the Dominican Republic begins to assume its full significance. We see now that it is no isolated event remote from our lives, but that it is actually a pure example of capitalism's solution for unemployment.

WHAT CAN THE UNEMPLOYED DO?

Bootlegging of Coal in Pennsylvania

The first significant reaction to the depression on the part of the American unemployed was the wide-spread self-help movement in the years from 1930 to 1933.* Most of their organizations sprang up in the agricultural regions of the United States, primarily in the West. Those existing in cities were compelled to function by organized begging and by bartering their labor for life necessities. By 1933 most of them had disappeared. Besides these unemployed, trying the "American Way" of escaping their misery, there were others who tried new methods of self-help. Among these, the miners of Pennsylvania were the most successful.

Beyond the Confines of Private Property

Bootlegging of coal in Pennsylvania considerably agitated the capitalist world. People, unacquainted with the facts, wondered that "such things could happen". The Coal Industry Commission's report to Governor Earle

*See the previous issue of *Living Marxism*. Vol. IV, No. 2, March 1938, pp. 59-61.

in 1937 stated** "that coal bootlegging is a social and economic phenomenon without precedent in this country. The bootlegger is expropriating other's property to his own use, to keep himself alive. The nearest analogue is perhaps the industrial sit-down, that paralyzing new weapon of organized labor". The economic issue involved comes here clearly to light as a class issue. For this reason the movement of the unemployed miners concerns all workers and warrants a closer investigation.

The taking of coal by miners, employed or unemployed, is a long established practice in the coalfields of the country. Unprecedented, however, is the open appropriation of coal for selling purposes. Taking coal from culm and refuse banks for their own use was always considered by the miners as their "right". Always cheated by the coal companies, they felt that the coal remaining in the refuse banks actually belonged to them. This practice has been consistently but vainly fought by the companies for the last 30 years.

The depression hit the anthracite districts of Pennsylvania exceptionally hard, as the coal industry had been declining since 1926. In that year production amounted to 84 million net tons, which was reduced to 51 million by 1935. The number of workers employed decreased from 168,734 in 1926 to 100,539 in 1935. The total value of the product dropped from 466 million dollars in 1926 to 207 million dollars in 1935. The total wages fell from 256 million dollars in 1924 to 105 million dollars in 1935.***

After 1927 most of the higher cost collieries were closed, an event which meant complete ruin for many mining towns, especially in the southern regions of Pennsylvania, in communities like Pottsville, Shamokin, Minersville, Shenandoah, etc., where no industry other than mining existed. As the general situation did not permit migration and as the relief given, when given at all, was inadequate, many miners had no alternative to starvation except bootlegging.

Bootlegging of coal as it is known today has been functioning since 1930. At first it consisted in an extension of the old practice of taking coal from breaches and outcroppings, though in increasingly larger quantities, part of which was exchanged in the neighborhoods for other commodities. From bartering, the miners soon proceeded to selling. At first all activity took place under cover of night, but experience extinguished the fears and soon coal was extracted and shipped in trucks by the same methods employed in legitimate business. After 1931 bootleg coal reached cities as remote as Philadelphia and New York, and today illegal mining, with its own techniques, marketing, and organization arrangements, is a substantial industry. In 1936-37, the bootleg industry produced and sold anthracite coal at the rate of 2,400,000 tons a year, or 5 per cent of the total output of all the anthracite mines of Pennsylvania. Consumers paid about \$16,000,000 a year for bootleg coal.

**Bootlegging or Illegal Mining of Anthracite Coal in Pennsylvania. Anthracite Coal Industry Commission, Commonwealth of Pennsylvania, 1937. All facts following are taken from this report, which may be considered the most reliable study so far undertaken.

***Taken 1926—100, the number of workers declined from 100 to 60, the output from 100 to 60, the total value of production decreased from 100 to 44, the wages from 100 to 41, which illustrates that no technical or rationalizing improvements of real significance were made during these years, most of them falling in the crisis period. The stagnating character of the coal industry comes here clearly to light, hence also the efforts toward its nationalization.

About 13,000 men were engaged in the industry, most of them being former miners and their sons, who made a living for about 45,000 people. During regular employment, most of these miners were members of the United Mine Workers of America.

The mines, or holes, are operated by groups of from 3 to 5 miners. The work is done on a partnership basis, but some holes employ workers for wages. In 1937 there were about 2,000 holes in operation. As the miners, for want of implements, cannot dig very deep, they have to abandon the holes after a few months and to develop new ones where coal is more accessible. The breakers employ about 4 men and work on the average about 119 tons per week. With a few exceptions, neither the miners nor the breakers are able to average a weekly income exceeding 14 dollars. The truckers and distributors have a higher income, some making as much as 70 dollars a week, but as the coal must be sold below the market price in order to be sold at all, profits even for the distributors cannot be very high. Bootlegging is possible only in certain parts of the State, where coal can easily be reached. Although a few enterprises, by pooling the savings of miners, have employed considerable machinery, in general the capital invested in implements is extremely small, and is often much below \$100. The average working time in breakers and mines is about 40 hours a week.

The Struggle against Bootlegging

The significance of illegal mining was very well recognized by the employing class. Not only the "expropriated" owners, but the entire bourgeoisie were horrified by the breakdown of "law and order". They incessantly demanded action against the bootleggers. The liberal and labor press "excused" the illegal activity on the grounds that the bootleggers had no alternative and demanded that the bourgeoisie make legal provisions for the unemployed miners, so that the "excuse" could be removed. It is clear that the force of circumstance brought about this generally deplored situation, and it is also clear that the miners would prefer legal employment, as \$14 a week is no real inducement to illegality, and as the dangers connected with bootlegging are very serious. Despite the absence of the driving bosses and of the speed-up system fatal to so many miners, still the absence of safety devices brings about a fatality rate in bootlegging three times as high as in legal mining. And though the miners, having lost their fear of punishment, no longer have a moral attitude regarding illegal mining, but simply go about earning their livelihood like the rest of this "god-damn" world, they are not particularly happy about their present situation and would be quite willing to return to more "respectable" employment if it were available.

The first act of the coal operators against illegal mining was to arrest the bootleggers. Judges passed dollar fines, which, as everybody knew, could never be paid. Soon the miners demanded jury trials and seldom was there found a jury willing to convict the law breakers, since everybody outside of the companies knew the situation quite well and could not conceive an end of bootlegging by court action. Some jail sentences were executed, but were unable to influence the miners. Furthermore, there were not enough jails in existence to hold all the law breakers, nor was there money enough to feed the prisoners or even to pay the prosecution expenses.

The overwhelming majority of the people in the mining towns are miners. The bourgeoisie apparently doesn't like to live where it exploits. The elected instruments of "law and order" in these towns could not easily turn against their electors, nor the storekeepers against their customers, the priests against the hands which feed them. Bootlegging was justified from the pulpits as well as in the court houses and certainly in the general stores, which awaited payment from their debtors. As all the non-producing elements in the mining towns had formerly depended on legal mining they now came to depend on illegal mining.

This attitude and necessity is explained, furthermore, by the concentration process in the coal industry. About 65 per cent of all the bootleg miners are working on lands belonging to one company, the Philadelphia and Reading Coal and Iron Company. The company closed the unprofitable mines in accordance with the ethics of capitalism — that is, by totally disregarding the social consequences of this act. The miners "deserted" by capital, found it easy to desert the capitalist cause. Throwing the unemployed miners on the local and state charitable organizations did not create much sympathy for the suffering capitalist enterprises. But just the same law is law, and the state machine represents the whole of the capitalist state, and not only the southern part of Pennsylvania where bootlegging flourishes. The actions of the miners had to be denounced in principle, even if they could not be stopped in reality.

In September 1932 the operators appealed for an embargo on bootleg coal and for police action. But the State pointed out that there was not available a police force large enough to cope with the situation. After all, Pennsylvania is not yet Spain. Mass murder is still a questionable method. The problem would still remain of what should be done with the unemployed if the police succeeded in stopping illegal mining. Somehow the workers would have to be fed, and considering everything it was more economical to let the workers "steal" their livelihood, than to serve them with relief. Further-more, relief was so meager that bootlegging was unavoidable as a means of supplementing it. As a matter of fact, the coming of Federal Relief and the WPA did not stop bootlegging to any significant degree.

With their own private police force the companies continued to harass the miners and truckers of the bootleg industry. But in 1933 there was considerable unrest in the mining areas. Demonstrations and protest movements led to a "dangerous situation", and forced the operators to lay low again. Miners went on strike in sympathy with the bootleggers; other unemployed joined the forces of the latter; and equalization of work between the collieries was generally demanded. Against protests and appeals reaching as far as Washington, the Reading Coal and Iron Company shut more mines in 1934, and the bootleg industry could not help but expand. But still, law is law and bootleg coal distributors were arrested in Philadelphia and New York. By closing the distributive channels it was hoped to close the holes in the hills of Pennsylvania. The truckers then organized into associations and fought their cases in the courts. The miners also organized in the Independent Miners of Shamokin and Vicinity and in similar organizations. In April 1935, the Holstrom Bill, calling for the issuance of permits to coal haulers on state highways was introduced in the State legislature. Five thousand bootleggers marched on the Capital, Harrisburg, and the bill was withdrawn.

In 1936 the operators tried again to get governmental help to end bootlegging by police methods, but were once more turned down. The State initiated an investigation committee which was supposed to bring in with their report suggestions for a solution of the problem. So far, however, no solution has been found, other than Governor Earle's suggestion of nationalizing coal. But neither the humanitarian Governor of the State of New York nor the still more humanitarian Mayor of the City of New York were willing to wait for Bolshevism in the coal industry, and bills were passed designed to stop bootlegging by regulating the sale of coal. However, bootlegging continued, though at a somewhat slower pace for a while, because of the temporary improvement of conditions, but now again on a larger scale.

The Meaning of it all

The existence of the bootleg industry tells a manifold, far reaching story. First it illustrates in a concentrated way all the idiotic arrangements prevailing in present-day society. Coal is a social necessity, but as a natural resource it exists only in limited quantity. There is no sense in wasting coal or labor power engaged in its extraction. Technical development has allowed for greater productivity in the mining process, though the workers exploited more intensely, did not profit much, if at all, from the technical improvements. But in the bootlegging industry technique has ceased to exist; coal is again extracted in the primitive manner of the middle ages. It is also extracted without regard to the near future of coal mining, which is incidentally of concern to the capitalist owners, who would extent as much as possible their profits from the mines. The bootleg holes weaken the rock and dirt formation above coal veins that lie further down, and when abandoned they constantly threaten the deeper legitimate workings with flooding. But today this is primarily a problem for the legal owners of the mines, though in the last analysis it really is a social problem concerning everyone. Safety devices cannot for lack of investment funds be employed sufficiently by the bootleggers, and those existing in the deeper legal mines lose part of their value because of new dangers caused by the encroachments of the bootleg holes. Safety engineers have thus labored for nothing; the results of their work are hampered by the present situation, which means so many more broken bones and crushed skulls for the miners.

As far as the much bewailed breakdown of the legal process is concerned, that shouldnt even worry the capitalistic minded worker. For it only *seems* as if the workers have escaped exploitation by capitalists; in fact they are more exploited than before, though no longer by particular firms but by the prevailing system of capitalism of which the particular firms are a part. The complaining coal operators are not so much concerned about the fact that the bootleg mines are operated in opposition to established property principles, but they see in this activity the re-appearance of a capitalist form of "unfair competition", with which they have to reckon. Since bootleg coal is sold at a lower price than legally mined coal, it cuts into the markets of the coal companies which are already considerably shrunk. The monopoly position of the concentrated coal enterprises will be threatened if bootlegging increases. Whatever the latter gain, the former will lose; more mines working on small profit margins will be closed, and more bootleg mines will spring into existence. The competition largely eliminated by capital concentration threatens to return through this kind of expropriation.

However, this fight against capitalist monopoly is fought with unequal-
weapons. The primitive working methods have to vie with the highly
developed technique in the functioning mining enterprises. To undersell
legal operators today results in a meager wage of about \$14 a week. New
and improved methods of production in the legal mines, will lower the income
of the bootleggers until nothing is left. The pressure brought about by
bootleg competition will help to force down the wages of the "legal miners".
To hold their jobs they must help maintain their companies' profits and will
finally discover that bootleg competition disturbs their own interests as well,
that is, as long as they think in capitalistic terms. Thus, if bootlegging in-
creases considerably, the unions, to keep themselves alive, must also turn
against it, in order to keep wage rates on a basis which allows for their ex-
istence. Bootlegging increases or re-establishes competition among the coal
producers, as well as among the miners themselves. And here too all the
odds are against the bootleggers. Because they are always forced to undercut
the regular prices established by general competition or by monopoly prices,
their income will always be lower than the income of other workers. The
technical backwardness and other restrictions characteristic of their means of
operation, outweigh by far the profit yields pocketed by the individual
capitalists, as has been proved by the previous history of bootlegging. Illegal
mining then presents no way out of the miseries for the unemployed miners,
for it is not enough to escape particular exploiters and still remain in the
capitalist society. The latter determines the life of the workers; the former
only the place of exploitation. Only as long as their competition is not a
serious one can it assert itself. If bootlegging should become a real menace to
private industry, the operators will eventually drive the bootleggers out of
business, even without the forces of the state and the law, but merely by way
of ordinary competition, wage cuts, improved techniques and increased speed-
ups. That this has not been done as yet only illustrates the fact that
the problem is not considered as of first importance so far. The troubles and
losses involved would at present cost far more than could be gained by the at-
tempt to eliminate the bootleggers. Therefore only those means which
could be obtained for nothing were used to check the movement and keep it
within limits. Then too, since coal can only be extracted near the surface at
certain restricted places, the geographical limitations of bootlegging induces
the operators to wait and win rather than to strike and succeed.

What Bootlegging means for the Workers

The most important lesson to be drawn from the Pennsylvania miners
concerns their action as such. That this action cannot solve their problems
either of today or tomorrow has no bearing on the question. The miners
did not act because they thought their action would solve their problems, but
because they did not see any other way to turn. There was no organized
propaganda nor encouragement by organizations which induced them to enter
bootlegging. They simply did what they were accustomed to do, though on a
larger scale. All the complexities involved in the question of bootlegging,
which occupied government commissions for months, resulted from the simple
process of their taking more coal than before to exchange for food. The
problems of all workers are here, so to speak presented in a nutshell. All
that is really necessary for the workers to do in order to end their miseries is

to perform such simple things as to take from where there is, without regard
to established property principles or social philosophies, and to start to
produce for themselves. Done on a broad social scale it will lead to lasting
results; on a local, isolated plane it will be either defeated, or remain an un-
successful attempt unable to serve the needs of the working class. When the
large masses face a similar general situation as the Pennsylvania miners faced
in their specific case, we have every reason to assume that they will react in
the same way. The bootleg miners have shown in a rather clear and im-
pressive way, that the so much bewailed absence of a socialist ideology on the
part of the workers, really does not prevent workers from acting quite anti-
capitalistically, quite in accordance with their own needs. Breaking through
the confines of private property in order to live up to their own necessities,
the miners action is, at the same time a manifestation of the most impor-
tant part of class consciousness, — namely, that the problems of the workers
can be solved only by themselves. This class consciousness grows out of the
need for action, and the contradiction of capitalism, and not from the ideas
and the ability of smart leaders. That the other self-help organizations,
which we discussed previously, did not teach such a positive lesson to the
workers, is not due to the fact that the workers involved therein were less
"class conscious", or more "patriotic", but because in their territories there
was still a chance to get along in the "American Way", thus there was no
necessity for them to act as "unpatriotically" as the Pennsylvania unemployed.
But the one as well as the other form of these movements, shows very clearly
that men do what they can do and what they have to do, and think accord-
ingly.

Nationalization of Coal

The case of the Pennsylvania miners is also an indication of certain general
social and economic trends. First there is the concentration process of capital,
here expressed in the fact that the majority of the miners of Southern Penn-
sylvania were subordinated to one large company. Then we observe the
decline of profitability — only the most productive mines could be operated
profitably, and whole towns were suddenly without possibilities for living.
Next we see here the total absence of the possibility for migration, for
wherever the miners could have gone, they would have discovered what they
had left behind. To condemn the companies is easy and we certainly do not
object to this, but it is rather pointless. To demand that these companies be
abolished is also senseless, for they have already abolished themselves. No
solution can be found locally. The workers demand work, the capitalists,
profits. Neither of these demands can be satisfied, for both are not deter-
mined locally but by national and international conditions. The hopelessness
of the situation brings about the demands for the nationalization of coal, which
would mean that the government would assume control of mines and their
production. Then the price of coal would be fixed according to what pro-
duction and distribution plus administration would amount to. But this
describes only the most favorable conditions, for if coal could not be sold at
such a price, it would have to be sold at a loss, the deficit to be made up
out of the general tax income. That would mean practically that the rest of
the population, that is, all the workers, would have to pay for the privileged
position obtained by the coal industry.

Coal is not produced in the quantities possible, for such a production would not yield profits. Yet, there is no shortage of coal on the market. Either the coal production will be cheapened and sold abroad below the world market prices and so make miners idle in other countries, or, unsold, it will be piled up and after a while force the restriction of production, regardless of the nationalization of the industry. It is not possible to expect a general up-swing of capitalist production from the lowering of coal prices alone, nor is it possible, in the long run, to dig holes in the earth to produce mountains of coal on the surface. Only if the general capitalist conditions improve with a progressive accumulation, can the demand for coal be raised sufficiently and unemployment mitigated. But the nationalization of coal is only another expression for the relative stagnation of the capitalist accumulation process. On the basis of such stagnant conditions, the nationalization of coal can lead only to further nationalization of more, and eventually of all industry, in a re-organization process, which permits the continuation of the capitalist forms of production and distribution despite diminishing profits. But this other temporary solution is already "Bolshevism" and presupposes social upheavals to an extent dangerous to the whole exploitative system as such.

The demand for the nationalization of coal in America is possible only by way of compensating the owners of the industry. In this manner a solution is presented for many individual capitalists, whose unprofitable mines are also unsaleable. The nationalization would largely mean state support to capital. And as the compensation would have to be paid out of the socially created products, it would mean that the workers have to solve once more the difficulties of their exploiters. All theory surrounding the question of nationalization boils down to nothing more than wage cuts for the workers. But even this would not solve the problems of the miners, for their continuous employment presupposes a general and progressive unfoldment of capitalism, whereas the subsidies and wage cuts indicate the opposite trend. Whatever will take place, the nationalization of coal offered as a solution, is, even in advance, in need of a solution itself.

(To be continued in the next issue. Next chapters: Organizations of the Unemployed. — The New Deal in Welfare.)

BOOK REVIEWS

America's Stake in International Investments. The Brookings Institution, Washington, D. C., 1938. (710 pp. \$4.00)

Like most of the publications of the Brookings Institution, this book by Cleona Lewis and Karl T. Schlotterbeck presents an impressive accumulation of factual material of the highest importance to the economist, sociologist, historian, and the general reader. No theory underlies this study; the facts speak for themselves, and thus the book serves a useful purpose. Although the "neutral" position taken by most of the writers connected with the Brookings Institution is only another

form of capitalistic bias, the results of such studies may very well serve entirely different functions than those intended.

The facts assembled here tell the story of America's investments abroad and of foreign investments in America, and it compares the investment activities of the different countries in their historical development and in their different forms. As regards investments there exists no fundamental difference between the many capitalist countries. Debtor

nations change into creditor nations, and vice versa. All capitalist countries have invested more or less capital in one form or another, or in all forms, at all times. The height of capitalist development and the success in international competition determines the proportional relations of investment activities among the different nations. Some countries like England, are relatively successful with their foreign investments; others, like France, are not quite so fortunate. The reasons for the preference of one or the other form of foreign investments, by one or the other nation, is explained by particular circumstances confronting the search for higher yields. Foreign investments are somewhat more complicated affairs than investing capital in one's own country, but fundamentally there is no difference between both, and the extent of both is determined by the general world conditions and the conditions within in the single countries. The relative stagnation of capitalist accumulation, contracting world-trade, also reduced foreign investments considerably. Those in existence before the depression of 1929 were depreciated to a large extent.

America changed from a debtor to a creditor nation during the course of the World War. This process is seen by the authors as an inevitable one, which the war did not cause but only hastened, and that, by stimulating the tremendous loans and credits to the Allies, and later also to the enemies, to enable them to re-organize to serve their own and America's needs for profits. America in 1929 had invested abroad a gross total of 17 billion dollars. This declined until in 1937 it was only 13 billions, or with foreign investments in the United States deducted, the decline ranges from 8.1 billions in 1929 to roughly 5 billions in 1937.

Foreign investments "relate to the prospects for pecuniary gains, for the expectation of profit remains the touchstone by which investment opportunities are tested". Such investments become at once possible and necessary after a certain stage in the capitalization process of a country is reached. As far as those investments serve foreign trade they will always have to exist in some way

or another, as national capitalism is not self sufficient. Export of capital in its many forms will take place when the expectations for higher profits, or simply for profits, are possible, or possible only by investing abroad. The decline of profitability in the United States since 1920 has led to a tremendous investment activity abroad, to the lending for all possible, and also impossible, purposes. Wholesale defaults, moratoria, and standstill agreements have turned a large portion of these investments into losses, just as once America's defaulting wiped out large European investments in the United States.

The present instability of capitalism finds its expression also in the fact that most of the present capital movements from country to country are determined not so much by the profit motive, as by the desire for safety. To keep what one has counts already as success, since to enlarge it becomes less and less possible.

The authors see a dark future for American foreign investments. Already a large portion of the American loan to foreign corporations "was utilized for improving the living conditions of foreign populations. Loans for strictly productive purposes accounted for a very small part of the total credit extended to foreign governments and foreign corporations." Also, the growing state control in many countries with its "new labor legislation, land laws, tax legislation, control of railway and public utility rates, are serving to reduce the profits formerly realized on many kinds of entrepreneurial ventures, while political shifts of various kinds are further narrowing the field for such investments." However, at the same time, new tariff laws, are opening new investment opportunities abroad. "Foreign tariffs, by raising prices of imported commodities, give assistance to capital — both foreign and domestic — invested in the protected industries. Thus, new foreign tariffs — expressions of a national desire for self-sufficiency in many countries, or demands for protection by powerful groups in other countries — serve to invite and encourage the migration of American branch factories into

protected areas". It is very important to recognize that the present drive towards governmental control of industry and its accompanying tariff regulations, etc., have a twofold effect upon capital: it is detrimental but also favorable to profits. One group may gain by it and another lose, so that this whole "new" development comes clearly to light as only another form of "old" capitalist competition. When demonstrated on foreign investments, it becomes clear why capital is neither fascistic nor democratic, but simply a profitmaking institution whose attitude to governmental forms is always determined by its profit needs, and those, as they have to assert themselves by way of competition, may at times even reduce a war between fascism and democracy to the "primitive" struggle for profit between two or more differently interested capitalistic groups. The book

Caste and Class in a Southern Town. By John Dollard. Yale University Press, 1937. (502 pp. \$3.50)

Dollard's study, undertaken for the Institute of Human Relations of Yale University, deals with the social and emotional life of a small community in the South. Life is here dominated by two forms of organization — caste and class. The attitudes of both white and negro as determined by caste and class are studied and described by analytical methods in such an impressive way that even readers not in sympathy with the Freudian approach will considerably improve their understanding of the conditions in the South, typified by this town. The author participated in the social life of the community and questioned people from all groups there. Well-known habits and ideas of southern people are once more illustrated but in a way which brings out, even though unintentionally, the impossibility of any changes without corresponding fundamental social and economic changes. The reader feels that a new Civil War might be necessary to do away with the barbarous conditions described; that the ideologies in the South are nourished by the desire to avenge the defeat of almost 70 years ago. The author, a Northerner, often felt "like

makes clear, though not willingly, that capitalism has no principles; that all its different policies are only serving the single purpose of bringing profits to the ruling capitalistic groups. However, these possibilities become more and more limited, at home as well as abroad. "Changing world conditions", to quote the authors once more, "undoubtedly have been narrowing the opportunities offered both for the extension of foreign loans and for the making of new direct investments abroad". The hope is expressed in the conclusion that the Government of the United States will see, "that policies affecting international investments should be so designed as to safeguard the larger public interests at stake as well as the immediate interests of the investors." That is, the book ends with the empty hope that the impossible may be made possible.

By John Dollard. Yale University

the last of the carpet-baggers, like a lone raider following in the wake of the Union armies". The caste barriers are recognized as largely a "protection against competition from the Negroes". The Negro is to be kept in "his place", but even that place vanishes under his feet. The poor whites, a frustrated class, are, as L. W. Dobb points out in the Appendix to the book, "seeking a solution for their frustration and do not find it within the pattern of their own environment." Their own hopelessness finds a kind of consolation in race prejudices and a sort of misdirected protest activity against their own miserable conditions. The poor whites are not the lowest caste, however low their living standards may be. Too weak to fight their real enemies, and therefore too weak to recognize them, they turn their hate to the negroes, with whom they also have to compete for jobs and tenancy. However, it is noted, that race hatred is less strongly expressed among the poor whites than among the white middle class. It is also noted that white and negroes will often forget caste issues to fight a common class issue.

Living conditions in the South are unbelievably low. To mention one fact, wages range from 75 cents to one dollar-and-a-quarter a day. The low income of the tenants is still less credible; facts here are actually stranger than fiction. The pauperization is greatest among the negroes, as is illustrated, for instance, by the fact that infant mortality among negroes is three times as high as among the whites.

The best that may be said for Dollard's book, whose contents cannot be adequately dealt with in a short review, is that its approach to the problem has undoubtedly succeeded not only in making the prevailing situation in the South visible and comprehensive, but also in bringing this situation in all its cruelty and misery so near to the reader that

America on Relief. By Marie Dresden Lane and Francis Steegmuller. Harcourt, Brace & Co., New York, 1938. (180 pp. \$2.00)

Trends in Relief Expenditures. Works Progress Administration. Division of Social Research. Washington, 1937. (117 pp., free)

This Question of Relief. Public Affairs Pamphlets. 1938. (32 pp., 10c)

Research Monograph X of the W. P. A. Research Division is, like all other publications of this institution, of the highest value to the student of social conditions in America. Here for the first time are collected scattered and fragmentary data on outdoor relief expenditures before and after the depression. The upward trend in expenditures for the last two decades is demonstrated in connection with the shift from private to public relief. The increase in both public and private relief expenditures, as is brought to light here, has been greater than the growth in population; that is, it corresponds to the increase of exploitation and misery accompanying the capitalist accumulation process. The rate of increase of public relief expenditures has greatly exceeded that of all governmental expenditures combined. The importance of the relief problem and the impossibility of solving it manifests itself unmistakably here in charts and figures.

This Question of Relief, prepared by Maxwell S. Stewart, tells the

he might be actually haunted by the disgusting conditions, and in that way may slowly be oriented towards the developing of what is called a social conscience. However, the peculiar conditions in the South are inseparable from the conditions in the North. The frustration in the South is largely based on the accumulation of wealth in the North. Still, cessation of this accumulation will not effect anything favorable for the South, but will only make the difficulties existing there still more intolerable and will foster all these ideologies described by Dollard. An end to such conditions cannot be expected by political changes in the South, but only by decisive economic and social changes in the entire America, and even, to a certain extent, in entire world capitalism.

above story in a more popular, journalistic, and restricted form for propaganda purposes. He approaches the question from a liberal moralistic point of view. He "feels" with the unemployed and wants a "sane" relief policy designed to turn even the present misery in some kind of pleasure. He is not against the "dole", but he prefers work-relief. On the basis of the popular under-consumption theory he approves of "priming the pump", and demands a national program as against local control, the attainment of the self-respect of the recipients of relief, and relief corresponding to the "American standard of living", whatever that might be. At the same time the lowest administration cost is advocated. Administration should be taken out of the hands of the politicians and be turned over, to the trained social workers. In other words, a "friend of the workers" here speaks his mind, but in such an unrealistic manner, so unfamiliar with the real situation that one can not help but warn the workers: beware of your "friends"!

The "trained social workers", Marie Dresden Lane and Francis Steegmuller, also friends of Hopkins and the workers, demonstrate in *America on Relief* what they would like to do to the unemployed if Mr. Stewart were to have his way. Once more the relief situation is described and the previous treatment of the situation mildly criticized. The method of distributing the money available has to be improved. "Pantry-snooping" by social workers was not sufficient enough in saving on relief costs. The theme of the whole book seems to be that in the long run it would be cheaper to employ more and more efficient social workers. That this is supposed to be good also for the unemployed and society at large is to be understood at the outset. But still, all the authors can propose in the present status of relief is saving by reducing costs, and this program is presented as a struggle against waste, inequality and graft. Some people don't need relief, others receive too much, while still others not enough. The equalization of the existing misery is sought by taking from where there is supposed to be too much, instead of increasing where there is obviously not enough. Though they don't dare to advocate openly the reduction of work relief wages, they do so indirectly by pointing out that it is unfair to give some unemployed union wages and incomes as high as \$94 monthly and others hardly enough for subsistence. But in no place do they mention that fact that the incomes of the social workers exceed by far even the highest of the work-relief wages. Their own favorable income position doesn't bother them the least; what worries them is the inequality among the paupers, and also the fact "that the great majority of the professional and technical W. P. A. workers have never received an average yearly

wage as high as that which they are now receiving on the W. P. A." But they seem to see nothing wrong with such miserable wage standards existing in private industry, but only with the still miserable standards prevailing on the W.P.A. which they think too high in comparison with the former. They demand the "elimination of the wage differentials and recognition of family size". That they don't mean equalization towards the maximum but towards the minimum W. P. A. wages becomes clear in the fact that the whole argument is based on the idea of saving on relief costs by better distribution. This also forces them to consider family size, as hardly more than a single person could exist on the miserable minimum wage paid today by the W. P. A. They disregard the capitalistic need for division in order to rule, but they also express the narrowing of this traditional policy of handling the poorer class, which may force the capitalist society to equalize misery, though it means greater difficulty in holding down the exploited class. There are many more suggestions in the book, but none opposes its general theme, that is, to save on the unemployed by paying more to the social workers, and to proceed from "pantry-snooping" to snooping everywhere. The whole spirit of the book, with its authoritarian attitude that would regulate the life of the "lower classes", is deeply disgusting. Such books, however, will indicate to the workers that the "social workers" when they speak of the needs of society always meditate their own needs; that as servants of capital they have to be approached like all the other servants and police forces of capital; that from this group nothing favorable can come to the workers; and that the needs of the unemployed can be served only by the unemployed themselves.

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