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BOOK REVIEWS

VOL. VI, No. 3 — SPRING 1943 — 35c A COPY
WILSON vs. ROOSEVELT: REFLECTIONS ON A CHARTER

In the past year, two schools of thought have crystallized within the American bourgeoisie on the question of America's part in the post-war world. They agree on what is, after all, the main point: that this country is the most democratic and the most prosperous and generally the most wonderful nation that has yet arisen on the face of the globe, and therefore is divinely appointed to dominate the post-war world. Their disagreement is sharp, however, on the form this dominance should take.

The liberals, whose ideologists are Vice-President Wallace and Wendell Willkie, envision the United States leading the rest of the world into a paradise of Democracy, Free Speech, International Brotherhood, and Planned Abundance in which every individual — black, yellow, brown, or white — will have delivered on his doorstep every morning one quart of Grade A milk provided gratis by the Henry A. Wallace International Milk Supply Corp. The basic assumption of this school is that bourgeois democracy has a future, that the historical movement which began in 1789 will rise to a higher and more universal plane once Nazism has been defeated by the United Nations.

The conservatives reject this perspective as unrealistic, but are unable to substitute any ideology of their own for it, since it is as yet too early to come out openly with authoritarian ideas. They are forced therefore to get along without any ideology at all, limiting their aspirations for the moment to the re-establishment of the status quo ante Hitler, with the important difference that America is to intervene positively to control the new world balance-of-power in her favor. The Army, the State Department, and certain sections of big business are committed to this view.
In this conflict, the liberals have won all the oratorical battles, and the conservatives have won all the policy decisions. In England, Churchill has come out with increasing boldness for the preservation of British rule over India, and Cripps — only recently the white hope of the liberals — has been excluded from the war cabinet. The U. S. Secretary of War has just recognized as recruiting agent for the Army ... Otto von Hapsburg. President Roosevelt himself, who in 1940 and 1941 was thrilling the liberals with speeches about the Four Freedoms, last spring gave an official name to the war: "The War for Survival". The war-policy speech to which he gave his approval last summer was not Wallace's "People's Century" oration, but Hull's conservative rebuttal of Wallace. On the most important political issue in the war to date, the Indian question, he has backed up Churchill.

The cruelest blow of all to liberal illusions has turned out to be the American occupation of French Africa. How delighted and relieved were the liberal supporters of the war for the first 48 hours, at this undeniably brilliant strategic stroke, carried out with the utmost technical efficiency and the most effective military "fifth column" work in advance. But this greatest triumph of Anglo-American arms in the war to date has turned out to be politically disillusioning in the extreme. General Eisenhower's political manifestoes were issued not to the native populations, but to the Vichy French imperialists. The American army landed not to bring the Four Freedoms or the Atlantic Charter to Algeria and Morocco, but to preserve the French Empire. As the N. Y. Times prophetically editorialized on October 25 last, "The only hope for a French Empire after the present war rests with a victory of the United Nations." Nor was this all. These French African leaders are not "good" (i.e., pro-United-Nations) reactionaries like De Gaulle, but "bad" (pro-Nazi) ones; and yet General Eisenhower made a deal with the late Darlan and with Nogues which left them in command in Africa. Two questions arise: why did Eisenhower make the deal? and: why did Darlan make the deal? The answer to either is discouraging to those who believe that a victory of the United Nations in this war will lead to a broadening of the classic bourgeois-democratic social and political ideals.

The disillusionment which the liberals are now undergoing is something they should have long prepared for (only in that case, they would not be liberals). There is not only no prospect of carrying the ideas of 1789 to a fuller fruition under democratic capitalism, but there is little hope of repeating even the extremely modest restoration of these ideals that took place after the last war. The promulgation of the Atlantic Charter in the fall of 1941, the only official statement of war aims which the present governments of England and America have ever committed themselves to, should have indicated clearly the real nature of the war now being conducted by the Roosevelt and Churchill regimes. But the liberals, trying to believe in the possibility of democratic social progress without any revolutionary reordering of society, have to shut their eyes to the real nature of anything that even seems to be on their side. Thus Wallace in the same speech calls for the carrying out to their historical conclusion of the democratic and humanitarian ideals of the Great French Revolution, and cites as an example of democratic progress ... the Soviet Union. And so, too, no liberal speech, whether by Wallace or Cripps or Willkie, is complete without a friendly reference to the Atlantic Charter. The chief quarrel the liberals have with the Charter is that it is not being implemented — as when Willkie recently demanded a "Pacific Charter" to bring freedom to Asia. Actually, however, the Charter itself is worth some analysis as a symbol of the conservative, not to say reactionary, nature of the Roosevelt-Churchill war.

This appears with special clarity if one compares the Charter with its historical analogue (and inspiration), Woodrow Wilson's "Fourteen Points". If Wilson's proposals, in the light of what happened later, are tragedy, the Charter carries out Marx's formula about history repeating itself as farce. The Fourteen Points was a great historical document, expressing the last grandiose illusion of bourgeois idealism. The Charter is — at first glance — a restatement of the Wilsonian concepts: free trade, disarmament, self-determination of nations, freedom of the seas. In 1918 the bourgeois-democratic system was still viable enough for people, including Wilson himself, to believe in such war aims. And in fact there was a temporary stabilization of capitalism after the last war, a host of small nations were more or less self-determined, a League of Nations was formed. But the boom was off such doctrines long before 1941, and to propose them as a basis for post-war reconstruction today is a bad comedy.

They are put forward in the Charter, furthermore, with such qualifications and such intentional vagueness as to rob them of whatever positive attraction they might still retain. This vagueness is necessary because Roosevelt and Churchill have in mind a very different kind of post-war world than Wilson did, and one whose outlines would not sound particularly well in public.

The real clue to the Charter is to be found not in its similarities to the Fourteen Points, but in its departure therefrom. The similarities betray the ideological bankruptcy of the present democratic regimes, but the departures hint at the real direction their post-war plans are taking. Five of them are especially significant:

1) It is not surprising that the Charter should have been a dismal failure as propaganda. The loyal N. Y. TIMES, it is true, saluted it with a ringing-to-the-occasion editorial beginning: "The great winds of history blew the two grey ships together in the shadowy lanes of the North Atlantic." But the more realistic TIME (whose account began in equally characteristic fashion: "In the dark, gloomy, misty, almost Ukrainian interior where the 50 men stood and sat, impatient, gripped, chilled") admitted that whereas "the Fourteen Points became the greatest victory of the war", the Charter was "a disappointment" and sounded "warmed over".
1) The Charter omits Wilson's famous First Point: "open covenants openly arrived at", its authors probably not having the heart for such an idealistic flight in this age.

2) The pronouncement in favor of free trade is hedged by the phrase, "with due regard for their existing obligations", which is reported to have been inserted at the insistence of the British cabinet, doubtless mindful of tin and rubber cartels and the Ottawa "Empire Free Trade" Agreement. It would seem, in any case, that Free Trade has acquired connotations unknown to Bright and Cobden, since the Soviet Union, in signing the Lend-Lease Agreement, has pledged itself to work towards "the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers" after the war. Hull's miracle of integrating into a post-war Free Trade world a nation whose foreign trade has been a monopoly since 1917 is of the same order as Wallace's transformation of Stalinist Russia into a democracy. In a period like this, such terms are to be understood in a Pickwickian sense.

3) Unlike Wilson's Fourth Point, the disarmament proposal of the Charter is unilateral, applying only to "nations which threaten aggression". The major effect of Wilson's Fourteen Points was on the enemy population — "the greatest victory of the war". The Charter was as ineffective in this important purpose of stating war aims as all the other democratic propaganda has been. Many papers in Germany, indeed, are said to have used the Charter as pro-war propaganda by simply printing its full text without comment, putting the disarmament proposals in bold-faced type.

4) No less than eight of Wilson's points were devoted to detailed proposals for specific nations — Point Seven deals with Belgium, Point Twelve with Turkey, etc. It was this which, as much as anything, made it a meaningful and effective political document. Although the Charter endorses in principle self-determination of nations and the restoration of sovereign rights "to those who have been forcibly deprived of them", it betrays its unreality in not venturing a single specific proposal. The two democracies have officially recognized the various governments-in-exile as the most expedient course at the moment, but they are wary of making definite commitments. For the Nazi occupation has destroyed most of the institutions, property rights, political parties and social differentiations on which these old regimes based themselves. (And most of them were politically bankrupt anyway when they fled before the Nazis.) Roosevelt and Churchill are not anxious to commit themselves to quixotic forays on behalf of "legitimacy". What regime they will try to install in each country will depend on a delicate balance between two considerations: (1) its subversiveness to Anglo-American interests; (2) its popularity inside the nation in question. The contradiction that plagues Hitler's New Order now will probably vex the democratic statesmen after their victory: to the extent that (1) obtains, (2) will be lacking, and vice versa. The Nazi conquest of Europe has, furthermore, so shattered the old national barriers to a continental economy that even a Wilson might hesitate to recreate them today.

5) Wilson's Fourteenth Point proposed a formation of "a general association of nations" after the war, but the Charter says nothing about either a new league of nations or a "United States of Europe".

When this silence is added to the other differences already noted, two general patterns emerge from the documents: the Wilsonian vision of the nations of the world, of each of them, big and small, preserving its sovereignty as an absolute right, all participating democratically in a league of nations (much as every citizen, rich or poor, preserves his rights as an individual under parliamentary democracy); and, on the other hand, the drive towards the integration of the world into a few big continental areas nakedly and directly dominated by three or four great powers, each with its 'hinterland' of weaker nations (the political parallel here needs no definition). It is true that the big powers converted the League of Nations into an instrumentality for maintaining their ascendancy over the weaker nations, just as inviolable civil rights don't prevent the poor citizen from being exploited by the rich under bourgeois democracy. But there is quite a difference, nonetheless, between indirect and direct, veiled and naked exploitation.

Finally there is a significant difference in tone between the two documents. Wilson put forward his as an individual, not even as President of the United States, (though his official position naturally lent weight to his proposals). The Charter is explicitly an official statement of the "national policies" of two great empires; and the world settlement proposed is to be put into effect, not by cooperative action of all nations, but unilaterally, by England and America,— "They desire... They respect.... They will endeavor". Wilson treated lesser nations as subjects, the Charter treats them as objects.

There are three factors which may upset America's neo-imperialist plans as expressed in the Atlantic Charter: 1) England's economic situation; 2) Stalin's European policy; 3) what happens in Europe when the Nazi lid is blown off.

1) The American post-war planners have cast England in the role of junior partner to this country, nor are there lacking British voices already in support. But a junior partner must follow the senior's lead, and this may be difficult. Great Britain will emerge from the war stripped of most of her overseas investments, with her former lucrative hegemony of world trade services (shipping, banking, insurance) transferred to New York. She will thus have lost most of the capital imports she needs to balance her huge food and raw material imports, while her home industry, concentrated by the war into big and technologically efficient units, will be more productive than ever. This situation, similar to Germany's in the thirties, may lead to a similar neo-mercantilist "export or die" policy, with State...
control of trade, barter, and Empire autarch. "Britain must resort to the
tarter system after the war," stated the Federation of British Industries
recently, "buying only from nations prepared to buy British services and
products, in the face of the declared American policy of world free trade."
(N. Y. Times, May 30) If Hull's post-war formula is thus threatened,
so is Wallace's, since Britain's exploitation of her colonies must be increased
to make up for the loss of so much other imperial revenue. This is, of
course, the explanation for Churchill's "obstinacy" about India. Whether
the Anglo-American bloc will show political as well as economic fissures
is too early to tell. But most observers seem to agree that some kind of
collectivism is much closer in England than it is here.

2) If the Stalin regime and the Red Army come out of the war suf-

ciently intact to play a major role in the peace settlement, the Kremlin
would have two possible policies open to it. It could collaborate
with the democracies in policing the post-war world, as expressed in the
newly intact to play a major role in the peace settlement, the Kremlin
produets, in the face of the declared American policy of world free trade."

2) And yet, such are the paradoxical twists in this period, when the dialectical prin-
ciple of the unity-of-opposites is daily illustrated, the Soviet Union may turn out to
be the one power that tries seriously to realize the Charter's promises on national
sovereignty. Stalin's speech of November 7 last indicates a possible third post-
war policy: neither collaboration with the Anglo-American forces in policing the de-
teated Axis, nor an attempt to spread pro-Soviet "people's governments" throughout
Europe, but rather a policy of restoring the sovereignty of all pre-war nations, those
of the Axis included, as a counter-balance to a too complete Anglo-American victory.
"It is not our aim to destroy Germany," he states, "for it is impossible to destroy
Germany; but as it is impossible to destroy Russia, but the Hitlerite state can and
should be destroyed... It is not our aim to destroy all military force in Germany...
but Hitler's Army can and should be destroyed." Earlier in the speech he emphasized
as the alleged war aims of the Anglo-American-Soviet coalition "equality of nations
and integrity of their territories... restoration of sovereign rights, the right of
every nation to arrange its affairs as it wishes". Thus Stalin emerges as the most
conservative of all post-war planners, a veritable Metternich of our age, whose
respect for the status quo is so enormous as to make him oppose even disarm-
ing of post-war Germany.
A HISTORICAL VIEW OF GEOPOLITICS


Derwent Whittlesey, German Strategy of World Conquest. With the collaboration of C. C. Colby and R. Harthorne and a Foreword by E. J. Coll, members of the National Planning Association, Farrar & Rinehart, Inc., New York, xiii and 283 pp., $2.50.


Ever since the summer of 1941 when the "Thousand Scientists Behind Hitler" were first introduced to the American public by The Reader's Digest, the new science allegedly invented by Major General Prof. Dr. Karl Haus- hofer in Munich has been the subject of mixed emotions for the good people of America. Like most other things associated with Nazism it was admired and hated, imitated and rejected all in one breath. Even those few military specialists for whom Geopolitics had no novelty and no mystery, because they had known and practiced it themselves for a long time, felt obliged to repeat certain standard phrases which became imperative for all writing on Geopolitik after Pearl Harbor. Thus we find such a long-time admirer of Haushofer's theories as Colonel Beutkema referring to German Geopolitik at one time as an undoubtedly scientific work "which must not be confused with propaganda" (Fortune, Jan. '42), at another time as "a curious medley of unscientific jargon, irrefutable facts, and plain hokum." (Introduction to Dorpalen, p. XVI)

THE STATUS OF GEOPOLITIK IN THE U. S.

Until recently the discussion of the theories of Geopolitik has been based on a deplorable ignorance of their real contents. With the exception of part of the work of Ratzel, none of the great source books of geopolitics has been translated, not even the works of Haushofer nor those of his fore-runner who founded and named the new science during the first World War: the Swedish scholar Rudolf Kjellén.

On the other hand, almost all contributions to the subject in any language have been carefully translated and exploited by German scholars. They were the only ones to take an interest in even the comparatively unsuccessful efforts in this direction made by Brooks Adams in the U. S. They studied the magnificent work of the British geographer Sir MacKinder, which has been completely overlooked for more than twenty years by the English-speaking people.

The new and daring concepts advanced in the post-war period by Haus- hofer and his school were eagerly discussed from every conceivable point of view, including the various shades of the Marxist creed. The disciple of Kautsky, G. E. Graf, bewailed the fact that the primary importance of such nature-given factors as climate, population and the geographical formation of the earth had been neglected by Marx and all his followers, with the possible exception of Engels; he attempted to make up for this deficiency by a "synthesis" of geography and political economy — Ratzel and Marx. On the other hand, the distinguished Sinologist K. A. Wittfogel subjected the whole complex of "Geopolitics, Geographical Materialism, and Marxism" to a critical analysis that appeared both in the German and the Russian editions of the periodical Unter dem Banner des Marxismus. The school of Haushofer, while reprinting the greater part of Wittfogel's article in its own periodical, took the edge off his theoretical attack by a shrewd reference to the wholesale acceptance of the geopolitical principles by the practical statesmen of Soviet Russia (Zeitschrift fuer Geopolitik, vol. IX, p. 587).

The lack of a documentary basis for the discussion of geopolitics in the U.S. has been amended to a certain extent, but not wholly removed, by the four books listed above. Of these, the first, by Andreas Dorpalen, can be described as a good textbook for the classroom as well as for the general reading public. It is well informed, lucidly written, and does not go beyond the task of presenting the ideas and theories of Geopolitik in the form in which they have been presented by the German geopoliticians themselves. Of particular interest, and a welcome substitute for the original works not available in this country, are the carefully selected excerpts from the writings of Haushofer, Ratzel, MacKinder, Kjellén, Obst, Lautensach, Maull, Seiffert, Billeb, Siewert, Schmoelders, Vogel, Kraemer and Schenke, which take up 144 of the 337 pages of Dorpalen's book.

Derwent Whittlesey sets himself the more comprehensive task of presenting Geopolitik as a current in the main stream of German thought and, at the same time, a gigantic, carefully designed scheme of world conquest. Yet the extension of the theme does not add to the value of the book. It does not lead to, but rather distracts from, the peculiar features which distinguish present-day geopolitics from earlier types of imperialist aggression. The author is at his best when he illustrates the general theory by a well documented analysis of certain arcana of the geopolitical theory and propaganda which have not been sufficiently explored by Dorpalen and other writers on the subject. Most interesting in this respect are the twenty-eight characteristic geopolitical maps attached to Chapter VII, and the author's critical discussion of the ten basic and the more than a hundred other symbols commonly used by their makers. There is, in the same chapter, an elaborate analysis of some dozens of catch-words and phrases seized upon and reiterated in the writings of the geopoliticians.

Of a different nature is the contribution of Hans W. Weigert. The publisher's blurb describes the author as "one of the German liberals who,
unable to compromise with the forces of Hitlerism, left Germany in 1938.” Five years’ experience in Nazi Germany has left an all too visible trace in the author’s mind. Even today, he is deeply enthralled by the “genius” of Haushofer, that “political seer of the twentieth century” (pp. 12, 112).

In spite of the author’s vehement repudiation of the revolutionary features of Geopolitik as a particularly Teutonic creed, the violently subjective theories advanced in the book are still imbued with the same outlandish Weltanschauung. In all this he reminds one strongly of the similarly ambivalent attitude of Rauschnung who attacked not the whole theory and practice of totalitarianism, but only its particular aspect as “the revolution of nihilism”.

An original contribution to the theory of geopolitics, or geography applied to politics, is contained in the timely reissue of MacKinder’s masterpiece of 1919. The brilliant theories and original discoveries embodied in this book and in even earlier paper, dating back to 1904, have led many enthusiastic reviewers to describe this great work as the only true and undistorted expression of the essential contents of present-day geopolitics. The work has also impressed them by its superior formal qualities, its scientific detachment, wealth of ideas, and the inescapable logic of its conclusions. One of its admirers (E. M. Earle), though aware that the book was written in 1919 with special reference to the then impending settlement with Germany, ascribes to it “the rare quality of timelessness”.

This universal praise of MacKinder’s book at the present moment is not wholly due to its undoubtedly great scientific discoveries. For the present-day American experts it has the additional merit that it provides them with an opportune escape from open agreement with a Teutonic creed which had become somewhat disreputable since Pearl Harbor. The belated discovery of MacKinder’s theories presents a convenient disguise for what is in fact an outright acceptance of the main tenets of the German geopoliticians. There is, as far as the present writer can see, not a single writer on Geopolitik in this country today who does not exploit this welcome opportunity. Even the most Teutonic among the recent explorers of Geopolitik, H. W. Weigert, prefers to describe himself as a disciple of MacKinder rather than of Haushofer (p. IX) or, in a more daring mood, as “the disciple of MacKinder and Haushofer” (p. 258).

THE HISTORICAL APPROACH

What is at stake in the present-day discussion is not the theoretical validity of Geopolitik as a “timeless” science. Emphatic denial of its validity is today just as much of a propagandistic device as the equally emphatic claim against which it is directed. For the detached observer — if such a thing can be found in the present world struggle when all previously cherished ideas of a non-partisan science have been shelved “for the duration” — the whole clamor betrays, if anything, a lack of confidence in the unreinforced strength of the arguments put forth by either side. If Haushofer’s theories have a particularly German bias, those of MacKinder seem to have a particularly British flavor. Both agree in classifying the Americas, together with Australia, as merely secondary zones of the total area of the world-historical development. This emphasis on the “insular” and “satellite” character of the three so-called new continents, as compared with the old Eurasian-and-Euro-African continent, is even stronger in the British writer than it is in Haushofer who at times seems to be more interested in the big area of the Pacific and its enjoining land regions than in the more restricted German-European zones. Nor is there any greater freedom from a particular national outlook in the theoretical schemes of the American geopoliticians. What Beukema candidly admits of his own recent scheme applies to them all: they are “obviously postulated on a decisive victory for the United Nations” (Fortune, Jan. ‘43).

The historical approach has the further advantage that it leads away from such generalities as the concepts of a “global”, a “closed”, or a “shrinking” world. The global form of the earth has been generally accepted at least since Copernicus and Columbus. The “closed world” was a widely recognized phenomenon in the last decades of the nineteenth century; it played an important part in the discussion of the nature and causes of the modern “imperialistic” form of capitalist politics both before and after the first World War. Finally, every new form of communication (railways, electrical current, motorcars, radio) was invariably hailed as a decisive step towards a “shrinking” as well as a global, a closed and closely interrelated world. These theories had so little to do with present-day geopolitics that on the contrary the whole development was in most cases presented as a tendency towards an ever greater independence from the geographical properties of the various regions of the earth. The same Utopian idea recurs in the present-day sentiment about the alleged importance, both for global war and global peace, of the recent developments in the use of airpower. Impressive examples of this kind of generalities and half-truth are found in the beautiful airmaps and grandiloquent advertisements spread all over the country by American Airlines, Inc.

The real truth which is only dimly perceived by the prophets of the new “air-age geopolitics” is that all those earlier concepts have assumed a new and enhanced significance within the modern theory and practice of geopolitics. At the same time they have been integrated with a number of other ideas and realities which are today represented by the forces of totalitarianism, Fascism and Nazism as well as by those opposite tendencies which describe themselves as anti-Nazism, anti-Fascism and anti-totalitarianism.

The idea that Geopolitik in its present form is a particular phase of a great world-historical process has been presented, first of all, by Haushofer himself. He has always carefully distinguished between the evolutionary strategies based on sea-power, which are followed by the old empires, and the revolutionary strategies of the newcomers who tried to establish unchallenged
control over a wide continental area and to build on this enlarged basis a
great combined force of land-, sea- and air-power. A striking example
is the discussion of the various evolutionary and revolutionary schemes ad-
vanced by the representatives of the Pan-European, the Pan-Asiatic, the
Pan-Pacific, and other Pan"-movements, contained in Haushofer's Geo-
politik der Pan-ideen of 1931.

The same idea seems to underlie the somewhat crude theory by which
certain American writers have explained Geopolitik as a mere dogmatic
rationalization of an "axe to grind" and of the consequent "emotional ef-
forts". The connection of this psychological explanation with a more ob-
jective historical insight appears in Whittlesey's phrase that "Geopolitics
was sired by war and born by revolution" (p. 113). It appears again in
the concluding chapter of his book where the author hints at the possibility
that after all there may be some more important cause for the present upheav-
al than Germany's "ingrained habit of aggression", namely, "an economic sys-
tem disintegrating under blows dealt it by a changing technology". He also
speaks of a cure for the present unrest, more efficient than a mere psycho-
logical re-education, which might be found in "a suitable political framework
for the technological age" (pp. 261, 268).

The nearest approach to a genuine historical interpretation is made by
Weigert who describes Geopolitik as the philosophy of "that deadly fight
for world domination, that represents the world-revolution of our age" (p.
252). Yet the historical view of the author is obstructed by the fact that
he does not break through those particular ideological barriers within which
the German geopoliticians have moved from the very outset. He may exert
himself in a frantic attempt to turn Haushofer's theories against Haushofer
himself. He may strive to offer to the Americans a new "Heartland" and
a new "World Island" based on the recently discovered potentialities which,
according to Vilhjalmur Stefansson (Fortune, July, '42), are inherent in the
great new continent formed by the regions surrounding that new Mediter-
nanean - the Arctic Ocean. But all this amounts in the end to nothing
more than an imitation of the scheme which has been worked out on a
comparatively more realistic basis by Haushofer and his disciples in Nazi
Germany. In striking contrast to the realism of the original model, the
new version of a geopolitical program starts from an altogether ideological
assumption. The decisive importance of the new World Island (the land-
masses of North America, Asiatic Russia, and China) is said to lie not in
the "tangibles of power assembled in the inland regions" but in the "intang-
bles" which will "mold the future of man" and which are alleged to be
"nowhere more at work than in the continental land-masses" (p. 255).

There is a twofold fallacy underlying the objections raised by Weigert
and other critics against the "materialist philosophy" which is supposed to
be inherent in the new science of the German geopoliticians. First, one
should not turn up his nose at a materialist approach in a field in which,
since time immemorial, all true experts have been imbued with more than
a moderate dose of materialism. Second, the geographical materialism of
Haushofer is not a "materialistic" creed in the sense in which the term
is used by the critics. It is not a passive, deterministic and fatalistic belief
in the irrelevancy of the organized will of man. In spite of the tremendous
difference which—as will be shown later—exists between the two concep-
tions, the new materialism of the geopoliticians is just as critical, activistic
and, in the traditional sense, idealistic as was, in an earlier period, the so-
called historical materialism of Marx. The hotly contested distinction be-
tween political geography and geopolitics is of exactly the same order as
that which in the nineteenth century existed between the political economy
of Quesnay, Smith and Ricardo, and the critique of political economy
of Marx.

Just as Marxism aimed at a conscious control of the economic life of
society, so Haushoferism today can be described as an attempt at the political
control of space. This character of the new materialism appears most clearly
in the following formulation which we select from the one hundred and
more "definitions" of Geopolitik discussed in the current literature. Ac-
cording to O. Schaefer, as quoted by Whittlesey, p. 80:

"Political geography is directed toward the past, geopolitics toward the present.
Political geography shows how space influences the state, imposes its laws
upon the state and so to speak overwhelms it. Geopolitics considers how the
state overcomes the conditions and laws of space and makes them serve its
purposes. The former places more emphasis upon the simple presentation of
the qualities of space. The latter is interested in space requirements, with the
outspoken aim of finding norms for the behavior of the state in ever increasing
space. To sum up, political geography views the state from the standpoint
of space; geopolitics views space from the standpoint of the state."

FROM MacKINDER TO HAUSHOFER

We shall not embark here upon a detailed analysis of that gigantic
and not yet concluded historical process by which in our time the old form
of imperialism, based on sea-power, is transformed into a new imperialism,
no longer primarily based on sea-power but on control of the big continental
areas of the world. Nor shall we try to describe the forms in which sea-
trade and sea-power had a decisive share in the genesis of the whole economic,
political and ideological structure of that older type of bourgeois society
which prevailed to the end of the nineteenth century, nor to show why the
domination of large and contiguous ("continental") areas has become one
of the basic foundation of the new monopolist and imperialist structure of
capitalist society. Instead, we take our departure from the often observed
contrast between the form in which Geopolitik was presented by Haushofer
roughly from 1920 to 1940 and the form in which it had been presented
by MacKinder during the preceding two decades, that is, in the period
overshadowed by the first World War. We shall try to discover the his-
torical basis for the daring anticipations of future development found in
MacKinder's work of 1919 and which appeared, even more miraculously, in his earlier paper, *The Geographical Pivot of History*, read before the Royal Geographical Society in London in 1904 and now reprinted by Dopolan, pp. 185—201.

How did it happen that at this particular time, after many centuries of comparative self-assurance, a British scholar, equipped with an all-comprehensive geographical knowledge and endowed with a particular historical sensitivity, became aware of the tremendous contradictions between the survival of his own British empire and the new potentialities inherent in the material formation of the inhabited earth? Like Ricardo in the early 19th Century, this political geographer of the early 20th Century no longer shared the naive faith of his contemporaries in a preestablished harmony of the then-existing economic and political structure of the world. Like Ricardo again, he lived at a time when the secret tremors under the surface of the then-existing world system had just come to the open in the outbreak of a world-wide economic crisis in the one case and of a world war in the other. Yet in each instance, that first menace had been safely overcome and the threat of a new and greater danger was as yet but dimly perceivable in the distant horizon. This explains the almost super-wordly quality of serene detachment for which both these writers were admired by the best among their contemporaries and by subsequent generations. "Mr. Ricardo", said Lord Brougham, "seemed to have dropped from another planet." The same strange feeling fills those who today, after reading MacKinder's book, reflect on the immature historical conditions in which those daring discoveries were made, and on the tremendous isolation of the man who made them.

The whole situation had changed in the new period in which Haushofer turned MacKinder's theories against MacKinder's world. In the meantime the entire traditional system of society had been shaken in its foundation by the first waves of a world-wide social and political revolution and the conquest of state power by the representatives of a formerly suppressed class. The impact of this experience was not weakened by the fact that the revolution was arrested and frustrated. The manifold broken and distorted forms in which the revolutionary forces reemerged after a short respite finally destroyed the faith of the ruling class, and of all classes, in the security of the existing economic, political and ideological structure of society. The defeated revolution returned in the more terrifying and brutalizing forms of a totally disenchanted, cynical and ruthless counter-revolution.

From this historical source derives the glaring contrast between the scientific detachment of the geopolitical writings of MacKinder and the impassioned and strangely perverted yet terribly efficient theories of Haushofer and his disciples. Geopolitik represents the expression as well as the weapon of a desperate attempt to solve the revolutionary problems of our times in a different way—through the cataclysm of a world-wide counter-revolution.

A further difference between MacKinder and Haushofer arises from the fact that MacKinder's thought, in spite of a critical awareness of the impending changes, still corresponded to a structure of society based on trade and on the production of commodities. As such it was still bound to the characteristic fiction of competitive capitalism by which each producer in seeking his private gain is assumed to serve, at the same time, a more general end. What is good for one member of the bourgeois "community" should be good for all. This principle was supposed to apply to scientific theories and political programs as well as to the production and exchange of material goods. Even the imperialist conquest and exploitation of colonial territories and zones of interest was deemed to promote, in the last instance, the progress of the exploited peoples as well as of the exploiters. Thus in the eyes of MacKinder, and in those of his belated eulogists today, there is no contradiction but rather a profound harmony between the fact that his theory served the ends of the British Empire and the assumption that it served the true interests of the whole earth. In contrast, the repetition of MacKinder's theories by Haushofer at the present time serves nothing but an insatiable lust for aggrandizement and conquest. The real difference is, of course, that the new imperialism of monopoly capitalism as represented by the totalitarian forces, is no longer formally bound to the traditional obligation of the bourgeois class to represent its group interests as the general interests of humanity—though it still indulges occasionally in the now entirely hypocritical use of the old ideological language.

There is no sense then in explaining the difference between MacKinder and Haushofer in psychological, ethical, or ethical terms as the difference between true and pseudo-science, a gentleman and a knave, or a Britisher and a Teuton. Nor is it helpful to refer to Haushofer's use of MacKinder's texts as a case of "the devil quoting scripture".

When Haushofer reviewed MacKinder's book in the second volume of Zeitschrift fuer Geopolitik in 1925, he was fully aware of the ambiguities of MacKinder's position. He advised his readers to make good use of this highly valuable work which is "poison", he said, for "good peace-loving Europeans but wholesome for empire builders"—a work of lasting importance for those who know how to think in the great coherent schemes of geopolitical thought and to travel the unbeaten paths of Geopolitik. He showed that, through the very contradiction of his standpoint, the British geographer had become the most logical geopolitical educator in a course of continental politics which must be followed by the land powers of the old world unless they want to remain forever the victims of foreign exploitation. There is still another reason, he added, which makes MacKinder's theories valuable for the German reader. They should not be regarded only as a lesson that can be learned from a "hateful enemy". It is even doubtful whether in the coming fight between democracy and totalitarian statesmanship this Britisher is to be regarded as an enemy at all. "MacKinder", he said, "combines polite bows to the democratic ideas with a devastating criticism of the democratic practice".

Such duplicity of purpose seems indeed to be expressed in the very title of MacKinder's book which confronts "Democratic Ideals" with "Real-
ity". Again, in a short note to the 1942 reprint, the author described his book as an attempt to check the "wave of Idealism" which after the return of peace will "sweep the English-speaking nations" by a "counterbalancing realism". Finally, all the expert reviewers of MacKinder's book in this country, the military specialists as well as the geographers and political scientists, have praised the strong sense of reality which prompted the author to supply the arsenal of democracy "with the weapons and means which democracy can maintain and still remain democratic" (Major Eliot).

Yet from a careful study of the whole of MacKinder's book, including its generally overlooked final chapter, there arises a suspicion that the author was not content after all with that trite distinction between a lofty but impractical "ideal" and a brutal but intensely practical "reality" by which the average democratic citizen hides from himself the fact that he pays lip-service to the former for the purpose of serving the latter. The last surviving representative of the more open-minded attitude that prevailed among European scholars until the decade preceding the first World War, the friend and collaborator of Elisée Reclus and prince Kropotkin, seems to remember another concept of reality which has not lost its importance even in the present time of crisis when (in the words used by him in 1935) "men may become cruel because imprisoned", and their first impulse will be "to make sure of their castles of refuge".

In the last chapter of his book which follows the discussion of The Freedom of Nations and is entitled The Freedom of Men, MacKinder turns his back on that traditional "ideal" of Democracy which can be put into practice only by transforming it into its opposite; nor does he deal any longer with that "reality" which exists only for the purpose of being so opposed to the type of Democracy, which after its earliest phases became equivalent to the "ideal" which escapes the eye of the superficial reader.) He contrasts the traditional centralized democracy based on the arsenal of democracy "with the weapons and means which democracy can maintain and still remain democratic" (Major Eliot).

Yet from a careful study of the whole of MacKinder's book, including its generally overlooked final chapter, there arises a suspicion that the author was not content after all with that trite distinction between a lofty but impractical "ideal" and a brutal but intensely practical "reality" by which the average democratic citizen hides from himself the fact that he pays lip-service to the former for the purpose of serving the latter. The last surviving representative of the more open-minded attitude that prevailed among European scholars until the decade preceding the first World War, the friend and collaborator of Elisée Reclus and prince Kropotkin, seems to remember another concept of reality which has not lost its importance even in the present time of crisis when (in the words used by him in 1935) "men may become cruel because imprisoned", and their first impulse will be "to make sure of their castles of refuge".

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In presenting this essentially anarchistic idea of democracy, MacKinder is no longer afraid of a clash between his "ideal" and the so-called "realistic" claims of the "practical men":

"I have no doubt that I shall be told by practical men that the ideal of a complete and balanced economic growth in each locality is contrary to the whole tendency of the age, and is, in fact, archaic. I shall be told that you cannot get a great and cheap production by the method of world organization and local specialization. I admit that such is the present tendency, and that it may give you maximum material results for a while. But a great specialist organization, guided by experts, will inevitably contend for the upper hand, and the contest must end in the rule of one or other type of experts. That is empire, for it is unbalanced." (pp. 198-200)

This ultimate creed professed by MacKinder seems to lead far away from the "realities" of geography and power with which, in the preceding chapters, he had contrasted the allegedly too lofty "ideals" of the Democratic statesmen. Yet the mental picture of a new and untried type of democracy which is here designed by a great scientist and statesman may still turn out, in a no longer remote future, to be more realistic than both the "ideals" and the complementary "realities" of present-day Democracy. There is no particular reason to expect that the "ideals" advanced by the leaders and spokesmen of totalitarianism will have a better chance to survive the test of practice than had the democratic ideals of the recent past. All the same, we must point to a peculiar resemblance which seems to connect MacKinder's view of a world organized in well-balanced regions with certain leading concepts of the geopolitical creed of his authoritarian antagonists. As pointed out elsewhere*, the tendency toward unlimited expansion and conquest was much more inherent in the old system of competitive capitalism than it is in the geopolitical concepts of Haushoferism. Whatever will be the ultimate outcome of the present struggle between ideals as well as realities, it is a sad fact for capitalist Democracy that today it is attacked by its friends and foes alike, not only for the permanent conflict between its ideals and its realities but also for the increasing obsolesence of its very ideals.

Karl Korsch


THE BUREAUCRATIC SPIRIT

The life of a modern man has come more and more under the sway of party, trade union, army and state. These organizations are made up of men, it is true, but the human individual stands small and powerless before the huge apparatus. Everything is decided by the directors at the top, and the average citizen, or the average party or union member understands neither the workings of the complicated apparatus nor its real aim. So an ideology has been created to justify this relationship, an ideology which preaches that men must blindly subordinate themselves to "their" organization, placing their lives at the disposal of a "whole," whether state or party. Rational organization thus leads to irrationality; the organization no longer exists for men, but men now exist for the organization. Originally a means, organization in our time tends to become an end, a fetish to be worshipped. The bureaucrats function as the high-priests of this new religion.
The bureaucratization of life has gone farthest in Nazi Germany and in Soviet Russia, but the tendency is neither peculiar to this age nor limited to the totalitarian countries. Industrial mass production, the proudest achievement of the United States, has long anticipated the organizational principles of the Comintern and the Third Reich. Here the mass of the workers perform only single functions. Knowledge of purpose is not only immaterial to the performance of these functions but often remains concealed from the workers. The individual laborer is taken into account along with coal, limestone, lubricants and other materials of production; all that is required of him is that he submit passively to the disciplined production process. That the mass of the workers are not expected to understand the process as a whole becomes clear when their union leaders make feeble proposals in this direction as in the case of the Reuther and Murray plans for war production. “Planning” and “rationalization” in this instance do not raise the intelligence, the consciousness, or the self-reliance of the masses.

On the contrary, it relieves them of the necessity of employing these faculties and hence of developing them. An understanding of the workings of the whole productive process is limited to top-executives, and it is this knowledge that helps them hold their power positions.

In modern totalitarian states, it is as though the assembly line of a rationalized factory extended through the entire fabric of social life, reducing the human being to the status of a slave of his tools. In his book, The Worker, the fascist novelist Ernst Juenger wrote in 1932, “There will be an order based on command instead of on the social contract.” In the interests of efficiency and cheap production costs, all personal freedom is destroyed, every individual is manipulated by the state, which extends its scope to the intellectual sphere, to private life and personal beliefs. Despite the well-known limitations of freedom in bourgeois society, the individual, as Marx pointed out in The German Ideology, had still left to him “the enjoyment of accident.” The right to take advantage of these accidents under certain circumstances has been called ‘personal freedom’.” But in totalitarian society, central regulation becomes so extensive that even this “accidental” freedom ceases, and laissez faire fades out of personal as well as out of public life. All human experience is geared to the assembly line.

The triumph of the bureaucratized state has been maturing for generations in the womb of bourgeois democracy. It was over a century ago that the French sociologist, Alexis de Tocqueville, after traveling through the young American democracy, predicted the ultimate defeat of democracy by the centralized bureaucratic state, and the rise of functionaries — to “a nation within the nation” — occupying the position of a new aristocracy. In the fourth volume of his Democracy in America he predicted that the citizens in “The democratic nations which have introduced liberty into the political sphere at the same time that they have fostered despotism in the administrative sphere . . . will soon become incapable of exercising the larger political powers.” But the most remarkable anticipation of the process of bureaucratization is to be found in the writings of Marx, especially in his early Criticism of Hegel’s Philosophy of the State.

It is fashionable today to emphasize certain authoritarian tendencies in Marx, more temperamental than theoretical in any case, and to ignore the main content of his life work that recognizes as the enemy whatever alienates man from himself, whatever reduces him to an object, instead of elevating him to the dignity of a subject. Marx’s political and philosophical system can best be understood as the completion, not the negation, of the humanitarian and democratic tradition of the eighteenth century; and he himself so understood it. “The bureaucratic spirit,” he wrote in 1842,

“is through and through a Jesuatical, theological spirit. The bureaucrats are the state-priests and state-theologians, the state priesthood. It conceives of itself as the ultimate object of the state. Since the bureaucracy has made its moral purposes into the context of state policy, it finds itself in conflict everywhere with the real content of this policy. Therefore, it must call form content and content form.”

And has not the Stalinist bureaucracy, for example, constantly made the form, that is, the maintenance of the state machine and the party organization the content of its politics? International socialism has long been degraded by the Comintern to a means of mobilizing the international working class in support of the foreign policy of the Kremlin. The party organizations in various countries no longer serve any general political ends of the working class. The bureaucrats shift their political lines according to the changing interests of the Soviet Union, keystone of their apparatus.

“The general spirit of the bureaucracy,” Marx wrote in his Criticism of Hegel’s Philosophy of the State,

“wraps itself in a mysterious cloak of knowledge which the hierarchy maintains inside the bureaucracy, and which, from the outside, looks like the secrets of a fraternity . . . Authority is therefore its article of faith, and the decision of authority is its conviction. The spiritualism (expressed in this attitude) becomes inside the bureaucracy a cross materialism of passive obedience, belief in authority, of mechanically fixed, formal procedures . . . As far as the individual bureaucrat is concerned the ends of the state become his private ends: promotion, the pursuit of a career. He considers real life to be primarily materialistic because the spirit of life has an existence of its own in the bureaucracy . . . In the second place, life is for the bureaucracy only an object for manipulation, because its spirit is prescribed, its purposes lie outside of it . . . By now the state exists only in the form of the various bureaus whose interconnection is based on subordination and passive obedience . . . While on the one hand, the bureaucracy is thus nakedly materialistic, it reveals a cross spiritualism in that it wants to do everything, that is, it makes Will into a first cause. For the bureaucracy, the world is merely an object to be manipulated.”

The fact that the bureaucracy views the world only as an object is the basis of his morality, a morality founded on contempt for humanity.

1) Bureaucracy neither signifies here the simple administrative worker or civil servant, nor does it deal with criticism of “red tape.” In our context, bureaucracy denotes the rule of men who possess the key position in either an organization or the state, and who acquire power through their function.
Where man is reduced to a mere factor in a political calculation, anything which serves to make him obedient appears as moral — the lie for instance. The systematic use of the lie as a “technical means” for leading the masses can arise only out of this spirit. In a passage in Mein Kampf, omitted in later editions, Hitler wrote that the “Germans have no idea how one has to swindle the people in order to get a mass following.” Here the irreconcilable antithesis between the Marxian conception and that of the bureaucratic leadership reveals itself. The basic Marxian thesis is that class-society will be overthrown only when the oppressed class comes forward as the subject of the transformation of society. But the bureaucrat is interested in the people only as the object. He is not concerned with what the people can make of themselves, but with what he can do with the people. “We have to take men as they are and take into account also their weakness and brutality,” Hitler wrote in Mein Kampf. He is interested not in changing existing human qualities but in using them.

Because the bureaucracy always sees itself wiser than and superior to all other people it believes that the obedience of people is in their own interest. It feels justified in using any means against opponents who disturb the relationship between leaders and followers. The bureaucracy does not suffer from a bad conscience. Its opponents are lumped in an amalgam (Jews, Trotskyists, etc.) and invested with every diabolical property because all opponents, whatever their motives may be, frustrate the wise aims of the bureaucratic leadership and incite the masses to think for themselves. As far as the bureaucracy is concerned, opposition is the evil principle. It makes use of such formulas as “Fuehrer-Gefolgschaft” (leader-followers), “Mannestreuere” (loyalty) and “Party-discipline” in order to condemn the opposition in principle. The Stalinist bureaucracy justifies all its actions, however cowardly and base, with party-discipline. The party as a fetish justifies all means. The idea is spread about that only clever calculation and disregard for all feelings can make a revolutionist. This is called “Bolshevik toughness.” As the bureaucracy understands discipline to mean only submission to itself, so it understands heroism to mean only toughness against others in the interest of its own power position.

Where such morality becomes a state-principle, all humanism ceases. Exalted to a fetish, state-interest not only subordinates the political sphere to itself but science as well. The German psychologist N. Ach, for example, stated in his paper Toward a More Modern Study of Will, read before the meeting of the German Association of Psychology in 1936, that “will is a habit of voluntary response to the command of the superior leader.” Political theory degenerates into pure and simple apologetics, and art becomes incense-burning. Individuals seek to better their personal situations through Byzantine slavishness. To denounce someone as a disloyal servant of the only true fetish and its hierarchy becomes a moral act and a daily method of rising within the bureaucracy.

Where contempt for humanity becomes a universal principle, self-respect no longer has any value. The uncritical adherence to commands, the renunciation of one’s personal opinions, and the acceptance of the official creed as infallible lead finally to a type of intellectual masochism, to a readiness to do penance at once for every independent idea. Thinking transforms itself automatically into a justification of official acts. The Nazi psychologist, Pintchovius, wrote that only one idea may fill the soul and that the aim of propaganda is the “narrowing of consciousness.”

The possibility of rising in the hierarchical is bound up with special qualities. The bureaucratic spirit corresponds to a definite type of personality. The Nazis try to cultivate this type artificially in their so-called Ordensburgen where, according to a phrase of the youth leader Baldur von Schirach, an elite is to be educated in which each individual is formed and “stamped” according to a certain type. No sensitive personality has a chance; ruthless-ness is the only method of getting on in the bureaucratic apparatus. Critical ideas are viewed with suspicion. The totalitarian rulers have a feeling of inferiority in the presence of people representing critical thought who merely provoke them into demonstrating the extent of their power. The vigorous, practical men who know and successfully exploit the average qualities of people are those who advance. Their only passion is for power. Possessed by this passion, they know neither contemplative leisure nor sensibility. They think cynically about one another. Herman Rauschning, who once belonged to the Nazi hierarchy, writes: “In the higher circles of the bureaucracy one speaks openly about the personal shortcomings of certain members of the elite. Rivalries and deadly enmities are cynically admitted.” Where ideas are only a means to power and not rooted in conviction, cynicism, of course, alone remains.

Today people are fascinated by the fact that the totalitarian form of organization is successful, that the ruthless and exactly calculated use of human material is superior to the unplanned form of organization. And as the planned factory is more profitable than the unplanned one, so the planned state is more powerful than the unplanned one. However, the belief that class society can be overthrown by a bureaucratic leadership has proved to be an error. “One of the principal moments in previous historical development was the consolidation of our own creation into a real power over us, a power that outgrew our control, destroyed our expectations, and frustrated our hopes,” Marx wrote in the German Ideology. The totalitarian state and the totalitarian party — no matter what ideology they may use — only continue this historical trend.

However, when the organizational apparatus places itself above men and makes them its slaves, we find that behind the assumed “general in-

2) The lie is always a means of political rule. All revolutionary movements in history have served the truth because they have attacked lies which sought to justify privilege. The difference is that the political lie was usually used when needed, as an afterthought or a justification, whereas here it is used systematically, primarily in order to prepare the people for particular purposes of the leadership.
ning, business ability, political chicanery, conquests of organizational offices. The Marxist who sees relationships between human beings only to change conditions, but to change yourselves so that you can qualify sharing of the booty of demagogy, but in saying to the workers, "You will have to go through 15, 20, 50 years of civil war and national struggles not for political rule."

Real democracy, realized only when those who produce cease being the slaves of their tools and themselves have the power to rule over the means of production, can be attained only by democratic means. All means reflect the ends which they serve. As Hegel has pointed out in his Logic, an end can be attained only when the means have already been penetrated by the nature of the end. The aims of democratic control over the means of production can therefore not be reached through the help of an organization over which the members have no control. In order to accomplish this aim, there must be a progressive change of the environment through permanent expansion of the democratic sectors, as well as a change in the people themselves. The people can acquire the ability to decide their destinies for themselves through their own political experience. Marx therefore insisted that the revolutionary task does not consist in a momentary sharing of the booty of demagogy, but in saying to the workers, "You will have to go through 15, 20, 50 years of civil war and national struggles not only to change conditions, but to change yourselves so that you can qualify for political rule."

The bureaucratic spirit sees in the problem of organization only a technical problem. The Marxist who sees relationships between human beings behind such “technical problems”, unmasks bureaucratic organization as a new form of domination which can be overcome only by a political conception in which the masses come forward as the agents of action. Major changes in society are not brought about through clever arrangements. Cunning, business ability, political chicanery, conquests of organizational offices do not replace ideas which become a material force when they take hold of the masses. The ideas, without which no progressive transformation of society is going to be accomplished, do not come from clever, practical politic-
The dialectics of Marxism has been set forth time and time again in the literature of modern socialism so that we need not recapitulate all the details here. But there has as yet—so far as I know—been no clear presentation of instrumentalist logic with respect to its social and class implication. Therefore this article will try to provide a preliminary note in this unexplored direction. This is important, especially in America, since most of the literature on the subject of pragmatism remains immured in the technical and metaphysical issues of philosophy proper.

Bacon's work, as we know, proceeded out of the changes from feudalism to emergent capitalism in Renaissance England. It was found that the old formal logic of the schools was no longer adequate for the social and reasoning purposes of the new class lately come to power—hence, its scientific alliance with the methods of the natural sciences, and its interest in the techniques of discovery and induction. The innovation lay in the kind of thinking most apposite for the enterprise of industry, commerce and manufacture, which sought to achieve power. The chief characteristic of the new logic of Bacon was, thus, the utility of thinking for the needs of the hour: control over nature on behalf of the new class. Mill, a little later, amplified this logic to reconstruct thinking to his classic methods of research, which were designed to fit the utilitarian philosophy of mid-Victorian England; as the Empire more and more became the sole concern of the period. Finally, in 1878, we have the first clear note of pragmatism in America from Charles Peirce, the famous scientist and logician, who founded modern logic.

The Maxim of Peirce reads: "Consider what effects, that might conceivably have practical bearings, we conceive the object of our conception to have. Then, our conception of these effects is the whole of our conception of the object." The Maxim was definitely offered as a rule of logic, as a break with the formal logic of feudalist thinking, as a concomitant to the methods of natural science and mathematics in the modern temper. This meant the beginning of bourgeois logic in the current sense, since a modern method of thinking to serve the present ruling-class and its vested interests was on the order of the new day. The stress on "effects" and on "practical bearings," as we see in the Maxim, logically meant nothing but the social needs of capitalism. This marks a break with the logic of idealism, ancient, feudal and modern.

The empirical note in Peirce is in the tradition of Bacon and Mill, but the differences lie in the experimental and laboratory methods of "practical bearings," with emphasis on action, use, behavior and results. At the same time, Peirce drew his values from the mathematical sciences, the hiatus found in the prior Bacon-Mill reconstruction of logic. This, in the larger world, came to mean the success of America as a capitalist state after the Civil War. Further implementation came from Dewey shortly before World War I, thus marking the further usefulness of instrumentalist logic for the purposes of modern imperialism.

Dewey's reconstruction lay in his emphasis upon the particular "situation", which gave the logic of pragmatism the added distinction of function and behavior in the modern psychological sense. Thinking was most at home with a problematic situation, a difficulty and a perplexity, hence the logic of the instrument toward resolving the problem to a successful conclusion. It became, in short, a logic of judgment in which experience played the greatest role because of the individual and discrete situations confronted.

We observe, then, that as feudalism was replaced by modern capitalism, the techniques of the syllogism of Aristotelian formal logic gave way to new methods of experiment, experience, behavior, function and operation. Unless we keep in mind the historic and class mission of this pragmatic logic of instrumentalism, these techniques do not assume their necessary social implications in the modern world. For the revolt was against the idealist logic left over from feudalism on behalf of the new philosophy of the bourgeoisie, namely, pragmatism. Fixity and static inflexibility in thinking as seen in the rigid categories of the old logic were rapidly replaced by the mobile, fluid, flexible and evolutionary concepts behind the instrumentalist logic of the American pragmatists.

World War I brought into prominence still another type of logic, namely that of dialectical materialism, or Marxism, as pragmatism faced a new enemy and opponent in the philosophy and logic of the working classes. It was no longer idealism and the syllogism that were at stake: it was rather the advance of a new social class and a new social economy. The empiricism of England and the idealism of Germany were now to be superseded by the dialectical materialism of Soviet Russia, by virtue of the Russian Revolution. What was the instrumentalist logic to do now in face of this drastic change in the economy of the entire world? Could it still speak of experience, of experiment and of behavior? Could it still cling to the doctrine of the "situation"? It was a social question of critical importance, since logic itself became basically involved once again in new economic and political arrangements.

The class-struggle between capitalism and socialism, between the middle-classes and the working classes thus directly affected the contemporary battle between the logic of instrumentalism and the dialectical logic of Marxism.

Why? Because dialectical logic is geared to materialism, the philosophy of social revolution; instrumentalist logic is the weapon and ally of the now-declining bourgeoisie, of the entire capitalist-economy. In this sense, pragmatism no longer assumes the role of reconstruction and reform but rather that of counter-revolution, since it is faced with the critical alternative of choosing between the forces of communism and fascism in the world economy. Instrumentalist logic, being functional and practical, being purposeful and relevant to human need, must therefore keep up with the critical issues of the times if it is to be significant and meaningful in the world about us. This is its social dilemma as well as its logical dilemma.
The truth is that instrumentalist logic follows the line, confessedly, of the experimental natural sciences — including biology. But it has never worked out the important relations demanded by the social changes dealt with by the sciences of economics and politics. We find, for instance, very little if any thinking in the entire literature of pragmatism concerning our economic and political system. To be critical of them would be to adopt the Marxian analysis, which would lead to socialism. Yet the hiatus remains, so that faced with the issues of communism and fascism, the instrumentalists inexorably find themselves in a quandary. Thus the experimental and the experiential features of this logic find the pragmatist confined within capitalism, impotent to progress and advance beyond it to socialism. This is the impasse of the instrumentalist logic fashioned in America between the Civil War and World War I.

C. P. West

COMPETITION AND MONOPOLY

Almost three years ago, during a Hearing before the Temporary National Economic Committee, representatives of the Federal Trade Commission declared that "the capitalist system of free initiative is quite capable of dying and of dragging down with it the system of democratic government." Monopoly, they said, "constitutes the death of capitalism and the genesis of authoritarian government." Since then, and because of America's official entry into the war, the discussion around the monopoly question has calmed down considerably. As far as public interest is concerned the TNEC has seemingly labored in vain. This is not at all surprising. Contrary to the propaganda of despair that had been released by the liberal business world which asserted among other charges that the monopolistic restriction of output would "impair democracy's ability to defend itself in times of war," production has been expanded to a remarkable degree. And this has been done possible not by limiting but by strengthening the power of the monopolies and by the further concentration of economic and political power in the hands of the greatest of all monopolies — the government.

The government which, according to traditional ideology, stands above social factions and separate interests, was to destroy the monopolies. But bust

2) Ibid.
3) In a round table discussion on Preserving Competition vs. Regulating Monopoly at the Fifty-second Annual Meeting of the American Economic Association, Leon Henderson spoke in favor of preserving competition. "The supposed evils of excessive competition he did not consider to be particularly terrifying. Nor was he worried over the destruction of investment in industry if the country should decide "whether as a way of life or as an economic policy monopoly should not exist." (The American Economic Review. Part II. March 1940, p. 212.)

(Continued from page 26)

However, there will be no surplus. There will be, instead, deteriorated productive apparatus and dilapidated manpower for which the newly developed techniques and organizations of production, as well as the new capacities of the additional workers drawn into production, will be only small compensation. The present imperialistic expansion of production is extension for destructive purposes. Not at once, but in the long run, this kind of expansion results in the same situation which is presumably created by the output restriction of monopolies. The population can be impoverished and its labor wasted by the expansion as well as by the restriction of production. All the inventions, all the increases in productivity and new productive processes of the first World War, for instance, did not affect the trusts, and help the "little man" restore fair competition in order to foster economic mobility and thus social stability. And it did break the economic stagnation but not its alleged cause, the monopolies. It did restore a sort of international competition by way of war which, however, led to the further restriction of competition at home. "By the aid of war contracts and other assistance from the Federal Government, the larger companies in virtually every industry are assuming greater importance, while the small units are being forced gradually out of business or assuming a lesser role." Thus even the professional trust-buster, Thurman W. Arnold, who claims to believe that the monopoly issue may be solved because of the "full production compelled by war" and the "potential increase to national wealth by a new release of productive energy," finds himself forced to make the amendment — "provided production does not fall into a few hands with power to shut it off." His optimistic expectation is based on the assertion that "no monopoly can maintain its control over prices in the face of a surplus which it does not control." But in reality, there are no obstacles to controls of all kinds, including that of price, and in the face of all kinds of surpluses. At any rate, if there should be an "uncontrolled surplus" it will be uncontrolled by existing monopolies only because it will be controlled by the stronger state-monopoly.

(Continued on page 27)

4) J. H. Carmichael in The New York Times, January 24, 1943 . . . H. S. Truman, chairman of the Senate committee investigating the war program, related that "In two short years the peace time production balance of America has been put in reverse. Today, 100 corporations enjoy 70 per cent of the war and essential contracts, while the 175,000 smaller companies have been reduced from their former 70 per cent position to a mere 30 per cent." The Chicago Tribune, February 12, 1943.

the permanency of the capitalist crisis and did not improve the living conditions of the mass of the world population.

Although improbable, it may be possible to produce objectives and implements of war faster than they can be destroyed so that a favorable balance is gained at the end of the hostilities. Yet this balance would make possible the resumption of war, it could not be a basis for improving social conditions. The latter depend not only on production but also on the kind of goods produced. The arguments that stress the possibility of a quick reversal from war to peace production overlook the fact that under modern conditions all peace production is necessarily production for war. Among Roosevelt’s “Conditions of Peace” that of the “Disarmament of All Enemy Nations,” for instance, implies the “Policing of the World” by the armed victors and thus the impossibility of reverting to that limited war production usually called production for peace. Maintenance of the peace can only mean that the victors gain and secure their monopoly of arms. Incapably, a progressively increasing part of their total production will have to be devoted to destructive ends.

Aside from this, the very nature of capital production itself precludes the possibility of producing at will or “according to plan.” Neither the individual entrepreneur, the monopolist, nor the government can decide what and what not to produce. Whether they know it or not, all their decisions are determined not by their will to serve themselves and society, but are forced upon them by the development of capital and the social frictions connected therewith. All positive expectations connected with the increase of production and productivity by way of war are based on the illusion that the capitalist system may be regulated consciously, on the false notion that those people who declare war may also assure peace; that those who preside over the chaos of destruction may also bring about abundance for all. To us, however, who proceed from the peculiar laws which determine capitalist development, the present restriction of the social forces of production by way of the progressive destruction of men and materials seems rather like the action of a suicide who, instead of simply starving to death, laborously constructs himself a deathly contraption for his final plunge into the night unending.

II

The discussions around the monopoly problem are unrealistic because the present war is a war between more or less monopolistically developed nations. The transformation from a state of “imperfect competition” to the dominance of monopolies has long since been accomplished. The current ideas and theories in this respect deal awkwardly with the past. The war makes the world conscious of this fact; it also removes the last remnants of the old laissez-faire structure. And yet, though it appears as if some-thing new has evolved, what is really new concerns only the form not the substance of capitalism.

Capitalism is not particular as to what form it assumes. Its genesis and previous development, however, exclude the possibility of a victory of the forces of “competition” over those of “monopoly.” The past cannot be resurrected. The struggle between laissez faire and monopoly, furthermore, was not a fight between adherents of opposing economic principles, but simply the actual unfolding of capitalism, differently described by differently affected interests. The victors were always temporary monopolists no matter how competitively they behaved; the losers merely lamented this fact. The present struggle between monopoly capitalism and totalitarianism is a continuation of the previous struggles by which the form of capitalism is altered.

From its very beginning capitalism was always both monopolistic and competitive. One group in society had the monopoly of the means of production. It did not “compete” with those who had none, but exploited them. It was competitive against other monopolists. Class relations, implying monopolism, exclude non-competitive conditions. Ideologies formed by class relations exclude the spreading of non-competitive conceptions. Thus it seems almost everybody that competition is derived from “human nature.” The “natural competitive aptitude” supposedly transcends and overpowers all social and economic changes. It is to be utilized for the welfare of society just like any other natural force. The more widely spread competition in the early stages of industrial capitalism, due to the greater number of capitalists sharing in a smaller mass of capital, was thought to benefit society. In asserting itself the competitive ego supposedly brought about the most economical arrangement of the practical social life. This ideology, seen as a universal truth, corresponded to the interests of a small part of the world that ruled almost all of it — to a limited group in society that monopolistically dominated the whole.

“Competitive society" in the sense in which it is today defended by would-be trust-busters and anti-fascists never existed in reality. Its place was in the methodology of economic theory which itself was merely a phase of traditional ideology. The theory of competition had been directed against interferences by undefeated powers of the past. Originally it refused to serve other functions than that of glorifying the absence of theory in the practical social life. With the final defeat of feudalism, economy could only serve descriptive functions because of competition which, supposedly, automatically regulated supply and demand, harmonized value and price, and would be the more “economical” the less one tried to deal with it.

Not to deny the usefulness of theoretical models, it is nevertheless true that those of the professional economists who concerned themselves with competition analysis in static terms and closed systems were entirely useless for understanding and influencing the real world. However ingeniously
constructed, there never was the slightest resemblance between the different
economic models and the developing reality. The equations of the com-
petitive models which established economic equilibriums could not serve
as the "ideal" to which laissez faire economy could or should aspire, nor
as the "ideal" which monopolistic competition left so far behind. Nor yet
as theoretical yardsticks with which to measure the extent of the diversions
that the automatic competitive regulation might suffer, thus throwing light
upon the necessary counter measures in order to reach a better approxima-
tion of the "ideal."

There was only the historical fact that some became capitalists sooner
than others, that some amassed more capital than others, and that some
were more favorably affected by social and economic changes than others.
There was only the fact of the relentless general scramble for the largest
profits possible, repeated in all the subdivisions of the socially created sur-
plus value, and the feeble attempts on the part of the workers to get the
highest possible wages. Actual occurrences made immaterial the assurances
of economists that the competitive system must only become really com-
petitive to be the perfect system. The inconsistency of the Neo-Classicists' 
attempt to "learn the secrets of the market" in order to improve social con-
ditions was merely an indication that they recognized the constant widening
of the always existing gap between reality and economic theory. For despite
all competition, laissez faire economy was progressively "disrupted" by monop-
olistic and state interferences which, in view of the traditional convictions
as to the wonder-workings of the market, were in great need of rationalization.

Of course the process of capitalist production and distribution might
be described as a competitive process. Wage differentiations, too, allow
for competitive procedures within the working class. With the par-
ticular means at his disposal, each one tries to get as much as possible of
the results of social labor. By force of circumstances, the struggle of in-
dividuals is, at the same time, a struggle of groups, organizations, classes.
This competition, however, does not result in the equations of Adam Smith
or in those of the modern economists. On the contrary, the fiercer this
competitive struggle, the greater the inequalities and disproportionalities
that form the base of the whole capitalist structure.

Some fifty years ago there existed in the highly developed nations less
capital concentration and therefore less monopolization than is evident today.
In the world at large, however, the more competitive economies were highly
monopolistic by virtue of the concentration of industry in a few countries.
With the spreading of capitalism competition became as fierce on the world
market as previously it had been only in the early industrial centers. With
the extension of the competitive process, war and direct appropriation were
employed in addition to the "peaceful" competitive means of increasing ex-
ploration and profitability through the growth of the productivity of labor
made possible by the technical concomitant of capital accumulation. This
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There was only the historical fact that some became capitalists sooner than others, that some amassed more capital than others, and that some were more favorably affected by social and economic changes than others. There was only the fact of the relentless general scramble for the largest profits possible, repeated in all the subdivisions of the socially created surplus value, and the feeble attempts on the part of the workers to get the highest possible wages. Actual occurrences made immaterial the assurances of economists that the competitive system must only become really competitive to be the perfect system. The inconsistency of the Neo-Classicists' attempt to "learn the secrets of the market" in order to improve social conditions was merely an indication that they recognized the constant widening of the always existing gap between reality and economic theory. For despite all competition, laissez faire economy was progressively "disrupted" by monopolistic and state interferences which, in view of the traditional convictions as to the wonder-workings of the market, were in great need of rationalization.

Of course the process of capitalist production and distribution might be described as a competitive process. Wage differentiations, too, allow for competitive procedures within the working class. With the particular means at his disposal, each one tries to get as much as possible of the results of social labor. By force of circumstances, the struggle of individuals is, at the same time, a struggle of groups, organizations, classes. This competition, however, does not result in the equations of Adam Smith as those of the modern economists. On the contrary, the fiercer this competitive struggle, the greater the inequalities and disproportionalities that form the base of the whole capitalist structure.

Some fifty years ago there existed in the highly developed nations less capital concentration and therefore less monopolization than is evident today. In the world at large, however, the more competitive economies were highly monopolistic by virtue of the concentration of industry in a few countries. With the spreading of capitalism competition became as fierce on the world market as previously it had been only in the early industrial centers. With the extension of the competitive process, war and direct appropriation were employed in addition to the "peaceful" competitive means of increasing exploitation and profitability through the growth of the productivity of labor made possible by the technical concomitant of capital accumulation. The means of competition have quantitatively grown with the growth of production, the extension of capitalism in space, and the growing differentiation of functions within the socio-economic structure. But the end remains the same; the power of some individuals and agencies is broken in favor of others. First, competitive business is monopolistic and becomes increasingly so by way of competition. Monopoly competes against competitive business and against monopolies. The government supersedes both monopoly and competitive business by its greater strength and competes with more and more powerful means, internally and externally, for control over men and resources. Competition in this sense does not cease even if "competitive society" disappears.

Today the conviction grows that not competition but "planning" will insure social welfare. Yet this "planning", too, involves competitive processes. "Within the sphere of collective enterprise," writes the London Economist, "the need for competition is even greater" than in the sphere of privately-owned business. The struggle for power, involving economic control, remains a competitive struggle in monopolistic society. Even under conditions of an imagined single world-monopoly based on class relations, competition would continue. It would be a general competitive struggle for positions everywhere within the hierarchical set-up.

III

The previous preoccupation of economists with competition and their present preoccupation with monopoly explains itself by their preoccupation with the distributive side of capitalism. The substance of capitalism — the exploitation of labor for the possessors or controllers of the means of production — can be discovered only in the social production relations. As their eternity is always taken for granted, the substance of capitalism is nowhere challenged. All capitalist changes did not affect the substance of capitalism but referred solely to ways and means by which the surplus value is distributed. To be sure, the fact that the production of surplus value itself could be the reason for all peculiar economic phenomena that arise within the capitalistic development, cannot be made the subject of investigation without challenging the ruling classes. It is for this reason that capitalist economy concerns itself almost exclusively with questions of "demand" and with "market laws." It also explains why the "laws of market" are now resurrected in the so-called "planned economies."

The limitations of the Classicists Marx brought to light with his class struggle theory in both its philosophical and economic form. In the course of its development capitalism itself destroyed its early labor theory of value.

It could no longer face that truth it conceived in its theoretical fight against the persistencies of feudalism. Theories were now constructed to prove the value-creating power of capital and its possessors. At the same time subjective value concepts attempted to do away with all class considerations in economic theory. "Supply" and "cost" made room for "demand" and "utility."

In modern economics "value" refers to the rate of exchange between useful and scarce commodities. Expressed in money terms it is equal to price. This, of course, explains neither value nor price. To escape the tautology, the principles of diminishing and marginal utility? are called upon. Small increments and decrements in the utility of a commodity are thought to be of prime importance in value determination. Consumers are believed to compare the marginal or final degree of utility of different goods when choosing one or another commodity on the market. In this way they are supposedly determining exchange values and thus the allocation of resources. The mechanism of the theory has been extended from demand to production, productivity, saving, rent, interest, profits and wages. The endeavor was brought to lead to the discovery of the reasons for the changes of actual market values. It incorporated also an attempt to utilize the methods and findings of the natural sciences in economic theory. The latter became mathematical and analogous to mechanics and modern physics.

Because in this theory the utility of a good is derived from the intensity degree of its want-satisfying ability, it offers no concrete scientific standard to measure utilities. It is for this reason that many economists abandoned the utility-value concept altogether and restricted themselves to the mere consideration of price. Others tried to give the concept a more concrete meaning by working with preference scales and price schedules derived from observable market actions. But the fact that "individual desires" seem to express themselves in observable choices on the market does not explain the real reasons for these choices, nor anything else of importance for the understanding of the economy. Though conceived as a theoretical base for actual procedures in the economic sphere, all these endeavors find their most important reasons in the apologetic nature of economic theory. All "progress" made in this field relates only to form — the refinement of competition analysis. When it comes to the real economic problem modern economics has not made one step forward since Adam Smith. It still proceeds from the false assumption that economics is the problem of the equalization of the interests and desires of individuals, realized by the competitive process that brings about an equilibrium between supply and demand, cost and price, and the most economical allocation of resources. Of course, within the abstract framework of theories that concerned themselves with non-existing equilibriums, unverifiable margins, and unexplained prices all and nothing could be proved. All sorts of plays with mathematical quantities could be arranged for and anything desired be established if one stuck close to the postulated rules of the invented game. The complete alienation of economic theory from its real base had been achieved.

IV

Although economic theory has no relation to reality, changes in the latter nevertheless enforce new formulations of existing economic abstractions so that they may continue to serve apologetic purposes. At present economic theory supposedly finds itself back on the road to reality. This attempt involves an over-lapping and harmonizing of the various doctrines that split up the economic schools. The process, long in evidence, started with the adaptation of marginal principles by the Neo-Classical school. Many modern value theorists are now ready to supplement "pure economics" with the "sociological" approach of the Institutionalists. The "microscopic" techniques of "pure economics" are to be re-enforced with "macroscopic" arguments concerning social and political perspectives of today. Yet, as at all times before, so now, too, in regard to class and property questions, modern economists maintain a "neutral" attitude.

By their extensive consideration of actual price-setting practices, it could not escape the economists that the assumption that prices are determined by individuals dealing in a highly competitive market was not justified at all. The "individual competitor", furthermore, was not the small individual proprietor of traditional economic literature, but rather the large quasi-monopolistic corporation. Price, they discovered, was a "highly elusive thing." It had often no connection whatever with the changes in cost and profit conditions. It became more and more obvious that the competitive assumptions had no relation to facts. The market price theorists found themselves forced to consider the imperfection of competition and to consider it differently than had been done previously because of the ruling assumption8) that the economy was always tending towards an equilibrium between supply and demand, cost and price, marginal cost and average price, average cost and marginal revenue, and so forth. The theory of pure and

7) Diminishing utility, in textbook terms, means "that the additional benefit which a person derives from an increase of his stock of a thing diminishes with every increase of the stock he already has." Marginal utility, in Webster's short definition, means "the minimum degree of utility necessary for continued production or use of goods or services."

8) Recently it has become the vogue to declare that "the good old days of competition never really existed," and that "it had always been known that perfect competition was a mere abstraction." (Supplement to Fortune, December, 1942.) However, for more than a hundred years of economic theory and general thinking on economic subjects, the idea of perfect competition ruled not as a mere abstraction, but as expressing the goal towards which the real economic movements were tending. The recent publication dates of almost all treaties of monopolistic competition also indicate that the present wisdom, expressed by the editors of Fortune, was not the general property of the competition theorists who, for so long, monopolized economic literature.
perfect competition made room for that of monopolistic competition. And as previously in regard to value and price, here, too, economic thought split into two factions: those who believe that the postulates of the old competition theory may still be useful in the investigation of monopolistic reality, and those who simply deal with the latter without bothering to reconcile it with the traditional assumptions.

The Great Depression brought the monopoly issue into the sphere of politics and forced the economists to deal with it in a more serious manner. Yet, the old idea that the prices established under conditions of a free market have the tendency to maximize utility for all concerned was not really rejected. Rather, on the basis of this erroneous assumption it was now argued that this sort of price formation had been made impossible because of monopolization. Consequently, all that would be necessary was to resurrect a kind of competition which insures price flexibility. All economic evils were now blamed on monopoly and the price rigidity supposedly connected with it. From the President down to the left-wing agitator, concentration and monopolization were made responsible for the economic stagnation. Concentration, in the definition of the economists a "situation in which the number of sellers is too few for pure competition but too many for complete monopolization", was thought to result in prices to buyers higher than those necessary to call forth supplies.

Among others it was especially Dr. Gardiner C. Means who advocated that the basic cause for the breakdown of laissez faire and the principal reason for the failure of the American economy to function properly was to be found in the monopolistic, administrative control that replaced the market control of pricing. However, in opposition to this point of view and with new empirical evidence at hand, Dr. Alfred C. Neal demonstrated that price inflexibility, found so significant today, is not at all a new problem connected with, or to be blamed on, the rise of monopolies. Of course price inflexibility is also caused by monopolistic price manipulations. Yet, in regard to the whole price system and by a comparison of the present with the price formation of the past, it must be admitted that there exists no real proof that concentration has resulted in inflexible prices. Though it is true — in regard to stagnation — that there exists in times of depression the tendency for those commodities which suffer the greatest drop in production to show the smallest decline in price, this behavior "is manifested in a similar degree by products produced under both 'high' and 'low' concentration conditions, which is evidence that concentration is not a significant factor for such behavior."11)

Be this as it may, the whole dispute is possible only by the artificial confrontation of monopoly with competition. It ceases to have meaning as soon as it is realized that — in the words of Marx — "competition implies monopoly, and monopoly implies competition." At all times capitalist development knows both flexible and inflexible prices, stagnation and expansion. The reason why at certain periods the one or the other can and is emphasized will not be found in monopolization as the outward manifestation of capital concentration but in this concentration process as inherent in the accumulation of capital. To approach the problem as one of monopoly vs. competition means to remain in the sphere of capital distribution. But all the important happenings in the sphere of capital distribution are determined by what happens in that of capital production. Only by entering the latter is it possible to comprehend the meaning of monopoly.

V

Competition is not the regulator of production and distribution, but is itself the result of capitalistic disproportionalities. Specifically, it is the necessary consequence of the permanent overproduction of capital, which finds its reason in the fact that capitalists accumulate for the sake of accumulation and workers produce for the sake of the capitalists. Yet "competition had always to shoulder the duty of explaining all inexplicable ideas of the economists, whereas the economist should rather explain competition."12) They failed to do so and thus they now fail to explain monopolization. But if competition, as is now widely acknowledged, is not the regulator of the capitalist economy, its imperfection or total absence cannot be made responsible for capitalist difficulties. Both the growth and the present impasse of capitalism are independent of competition as well as of monopoly. Of course, both play their parts in economics; but neither is for nor against the regulation of the capitalist economy.

Competition and monopoly have something to do with the distribution of profits. Competition "cannot balance anything but inequalities in the rate of profit."13) It may bring about "a price of commodities by which every capital yields the same profit in proportion to its magnitude; . . . the only thing it tells us is that the rate of profit must have a certain figure."14) The dominance of monopolies may interfere with the distribution of profits according to the size of capital invested in different branches of production and within each single branch. For shorter or longer periods the monopolists secure for themselves extra-profits which reduce the profitability of non-


11) Ibid.: p. 36.


13) Ibid., p. 1008.
monopolistic business. By preventing the free movement of capital within a sphere of production and from one sphere to another, by monopolizing a certain product or a number of products, by political means and by all sorts of controls and devices that hinder competition by outsiders the monopolists reduce the profits of non-monopolistic enterprisers below the average that may be obtained under more perfect competitive conditions.

The problem of competition vs. monopoly belongs to the secondary sphere of profit distribution. Empirical observation, in so far as it is possible, has here shown that concentration — to speak in the language of the professional economists — has "a small but significant influence upon the decline in the difference between unit price and unit direct cost — the overhead-plus-profit margin." The margin over direct cost is the source of interest, depreciation, savings, dividends, salaries, bonuses and the like; in short, the Marxian surplus value. "This margin tended to decline least where concentration was high; most where it was low."14

To ask for the restoration of competition means to ask for a more "equal" profit distribution, for the elimination of extra-profits to bolster the average rate of profit. In a sense, this quest is a mere repetition of the quarrels of the Classicists in regard to profit and rent and of banking and industrial capital in regard to profit and interest. Now that neither rent nor interest is any longer of great importance because of the growth of industrial-financial capital and because of its dictatorial position in society, the capitalists' quarrels have been reduced to a mere family brawl. The fight concerns the distribution of profits between bigger and smaller capitalists, affecting, of course, the interests of all the social layers that are being fed by the surpluses created in production.

To ask for the equalization of profits according to the sizes of capital is, however, to ask for the impossible. In spite of all competition, there has never been such a profit distribution. There have always been extra-profits which, for shorter or longer periods, escaped assimilation with the lower average profit rate. Of course, as long as competition was fierce the equalization of the profit rates existed as a tendency — one which, however, became weaker the faster capital accumulated.

Although competition tends to bring about "a price of commodities, by which every capital yields the same profit in proportion to its magnitude, the magnitude itself is independent of it." But all depends on this magnitude. Capitalism, being production for profit, prospers, stagnates, or declines in accordance with the movements of the profit rate. In addition to others, its most important "economic" difficulty consists in the decreasing profit rate that accompanies the formation of capital. This tendency asserts itself under all the forms that capitalism may assume; it determines to a large extent the changes in form. Competition is one way to escape this difficulty. Monopolism is its result and is also another attempt to escape the declining profitability. As the successful competitor turned monopolist, so the latter now competes to become a super-monopolist. What spurred on competition also drives monopolism: the search for extra profits to escape the consequences of the self-contradictory movement of capital accumulation.

According to Marx "the development of capitalist production makes it constantly necessary to keep increasing the amount of capital laid out in a given industrial undertaking, and competition makes the immanent laws of capitalist production to be felt by each individual capitalist as external coercive laws. It compels him to keep constantly extending his capital, in order to preserve it, but extend it he cannot except by means of progressive accumulation." With accumulation, more and more capital is invested in the means of production and relatively less in labor power. The relative decline of the latter, being the sole source of surplus value, leads to a smaller profit rate measured on the total size of capital. But production must be profitable, capital is set in motion to yield a greater capital, thus the surplus value must be raised to neutralize the profit decline. It can be raised by increasing the exploitation of labor and by an absolute increase of the labor force despite its decline relative to the total mass of capital. In order even to maintain a given rate of capital accumulation the production apparatus must be developed in such a manner that more and more of the total social labor serves the needs of accumulation. To make possible that relatively stable rate of accumulation that capitalism knows, the productivity of labor must be raised continuously to yield the additional capital for expansion.

The concentration process is the result of the continuous effort to raise the surplus value. Its social consequences are unavoidable under conditions of capital production. Just as the genesis of capitalism is to be found in the concentration of the means of production in the hands of a particular class, so present-day capitalism necessitates the further concentration of capital in fewer hands. The essence of capitalism is this process of expropriation by which the control of the means of production is centralized and an always greater mass of people are deprived of all but their labor power.

The influence of monopoly upon prices, resulting in monopolistic extra profits that lower the profits of non-monopolistic enterprisers, forced, as they are, to a more severe competitive struggle in a restricted field of economic activity, will lead to the ruin of small business, but it does not explain economic stagnation. Rather, monopolistic profits should make possible an increased economic activity and monopolistic expansion. The disappearance of small business cannot be given as the reason for the monopolistic stagnation for it is obvious that the monopolies flourished because of it.

The reason for the monopolistic stagnation is the same as that for the growth of monopoly. Monopolies came to rule in order to escape the de-

14) A. C. Neal, Industrial Concentration and Price Inflexibility, p. 165.
creasing profitability of capital. However, just as the greater "perfection" of competition could not yield what the existing competition refused to bring about, namely, the undisturbed accumulation of capital on a competitive basis, so also the greater "perfection" of monopolization did not lead to what monopolization aspired to: profits high enough to enable the further accumulation of capital on a monopolistic basis. The long pre-war stagnation merely indicated that the escape was not successful, that the decreasing profitability had caught up with the monopolies and hindered their further unfolding. The period of crisis and decline was utilized for the preparation of another escape in the old — and only — manner given to capitalism. Being a world system, capitalism now continues the concentration process that started nationally and was slowly extended by international cartelization on a global scale.

Seen from this point of view, the present war emerges as a consequence of the monopolistic difficulty of solving the needs of profit and expansion. There now exists on a global scale what has been experienced everywhere before on a smaller scale: the expropriation of capitalists by capitalists. By trying to win the war, America hopes "to face opportunities of unprecedented scope. . . . By the end of the war the United States," it is thought, "will be the only great industrial power with its physical facilities and social fabric intact."16) Her international monopolistic position will be used "to help rebuild other countries,"16) which, in less polite terms means "a 'peace' more vindictive than the Versailles Treaty, that will seek to stabilize an Anglo-American feudal monopoly over the entire world."17) Of course, the Axis fights this war for similar ends. Whatever the outcome of the war, however, capitalististic difficulties will not be solved. The war can only reproduce capitalist contradictions on a still larger scale. This reproduction, to be sure, affects the form of capitalism. But the substance remains the same.

VI

The law of the falling rate of profit, due to the disproportional development between the two constituents of capital, variable (wages) and constant (means of production), has often been rejected18) with the remark that if capital is viewed as a whole, constant capital disappears and all capital is variable. If — in the final analysis — all capital is variable, the contradiction between constant and variable and its consequence is merely imaginary. The Marxists would be the last, of course, who would deny that all wealth is the product of labor. But it is clear that the workers do not carry constant capital but only wages in their pay envelopes. The means of production belong and remain in the hands of a separate class and because of this class-relation in the productive process, means of production appear as constant and labor power as variable capital.

Because of particular social relations, and for no other reason, the results of previous labor oppose the existing laborers since the former can serve only to exploit them. The growth of wealth in capitalism is the growth of profits which find their way into means of production with which more labor can be exploited and all labor can be exploited more intensively. Without the division of the products of labor into constant and variable capital, capitalism would not be possible. To say that all capital is variable is tantamount to saying that there exists no employing class in society and thus also to negate the statement that all capital is variable.

For the proponents of "classless" economics it is no doubt necessary to ignore the contradictory development between constant and variable capital determined, as it is, by the class structure of society. But its result — a lack of investments for reason of insufficient profitability — is widely acknowledged and investigated. In this field, however, the burden of the professional economists has somewhat been eased because of governmental depression procedures which they merely had to sanction. They shelved "pure theory" for the duration and neglected the "laws of the market" to give more attention to production and the business cycle or, now, to production and the war. The question of monopoly and competition made room for theories of employment and income distribution which largely ignore the old equilibrium assumptions.

Mavnaed Keynes,19) the most famous contemporary economist, reached his elevated position not by breaking with the customary marginal principles but by temporarily forgetting them and constructing a "theory" that justified the makeshift policies of governments in distress. Of course his theory is dressed in marginal terminology and fitted to traditional assumptions, but its "application" is independent of its subjectivistic formulation. Keynes starts from appearance, that is, from the fact that a capitalist depression is, in Stuart Chase's term characterized by "idle money and idle men." Although quite late, Keynes found out that the assumption of the Classists that what is not spent on present consumption is spent to provide for future consumption is not true; that there are no automatic forces operating that adjust the "spending habits" of the community; . . . "the propensity to consume becomes weaker, . . . because it is increasingly difficult to find attractive fields of investment." Keynes even found out that there has been a "chronic tendency throughout history for the propensity to save to be stronger than the propensity to invest."20) But "employment can only increase pari passu with an increase in investment; unless, indeed, there is a change in the propensity to consume."

According to Keynes the marginal efficiency of capital will tend to decrease as investment increases; a sudden shift in the schedule of the marginal efficiency of capital causes entrepreneurs to hesitate to make new com-

17) R. S. Lynd; The Structure of Power, "The New Republic", Nov. 9, 1942.
mitments. There arises the desire on the part of people to hold their wealth in the form of cash, the so-called "liquidity preference". As there are no automatic forces that bring about a revival of investment activity, that is, bring about an increase in the marginal efficiency or profitability of capital the government, not subject to the pessimism of the entrepreneur in regard to the profit outlook, will have to assume "an ever greater responsibility for directly organizing investment." 21) The national debt can be used to balance income and investment; uninvested savings can be made the special target of tax laws and can finance public works that regulate economic activity; inflationary methods can raise the money wage and decrease the real wage of the workers and thus increase profitability. And there are yet a number of other means beside these by which the present system of production may be stabilized.

The fact of insufficient investments22) can be interpreted in different ways. Against the principle of diminishing utility offered by Keynes, it is argued that the failure of investment cannot be due to a "lack of confidence" that has possessed business men, as there exists no real evidence of a "liquidity preference" on their part. Calculations based on an American study "of the relationship between the volume of new securities issued and aggregate after-tax income received by individuals above the $10,000 level," indicated that the "answer to the mystery of why investments in new securities have shrunk so greatly is not hoarding, but inability of the prosperous classes to invest more. There are two main reasons for this inability. First, the number of persons receiving incomes of $10,000 or more is smaller than in the late 'twenties'. Second, and more important, is the steep rise in income tax rates."23)

From the point of view of the government as represented by Keynes, taxation leads to a greater volume of investment. From the point of view of the taxed business men, it will shrink private investment still more and thus—in the long run—lower total investment. The mere governmental control of investment certainly cannot increase its volume, which does not depend on attitudes but on abilities. But it does transfer capital from the hands of private capital to those of the government; from one group of individuals to another. It may, via the government, enter the hands of the monopolists in case they control the government; it may strengthen the government against the monopolies in case the government has capitalized itself already sufficiently to operate against the monopolies. It may do both at the same time. The procedure is only a particular form of that continuous expropriation of capitalists by capitalists which accompanies the whole capitalist development.

The war seems, however, to disprove the idea that what is here involved is the mere transfer of capital, by itself unable to increase the volume of investment. The blessings of New Deal measures in all capitalist nations could be questioned, because nobody can really tell whether or not, sooner or later, business would not have picked up of its own accord and driven the revival further than that presumably created by government action. This spurt in economic activity was too insignificant to be able to prove anything. It went far ahead only wherever "public works" and "pyramid building" served, or changed into, war production. And only intensive preparation for, and the final outbreak of, the war led to the desired situation where there was neither idle men nor idle money.

When Maynard Keynes discovered that throughout history "the propensity to save exceeded that to invest," he noticed only the obvious fact that capital must first be accumulated before it can be invested. Not every amount of capital can be invested; the necessary amount varies with the changes in capital formation. With the growth of the organic composition of capital, that is, in other words, when more and more capital is invested in the means of production and relatively less in labor power, the necessary additional capital—despite the cheapening of capital goods—must grow progressively in order to secure a given rate of expansion.

The magnitude of the needed additional capital for expansion is determined by the magnitude of the capital already invested. Since the exploitation of a given number of workers under given conditions has its limitations, additional workers must be exploited and be put to work under more profitable conditions. The existing capital, earmarked for expansion, can fulfill its function only if able to establish a productive apparatus which allows for the exploitation of such a number of additional workers as would be necessary to make its investment profitable. The absolute number of workers must grow despite its further relative decline connected with the growth of the organic composition of capital. And thus, however large the idle capital may be, it may still be too small to satisfy the capitalistic expansion needs. The idle capital, appearing as a surplus, would merely indicate a temporary profit shortage hindering the further unfolding of the capitalist economy. To overcome the ensuing stagnation the profitability of capital must be raised, which implies its further concentration and centralization.

Meanwhile, the idle capital, insufficient for a profitable capital expansion, can still be used for unprofitable New Deal measures. Workers are put to work not to create additional capital but to secure the stability of the capitalist system. Stagnation is dangerous. Though it strengthens the
forces of monopoly just as well if not better than expansion, it also creates a situation which threatens the whole social structure and therewith the government itself. Out of the necessity of intervening in the economic sphere, the government soon makes a virtue and transforms itself into one monopoly among others to become in due time the strongest of them all. "Before 1933, despite the growth in government control, private business seemed to have the ascendancy. Since then, the pendulum has swung in the opposite direction."24 It was then realized that "government must be admitted as a partner if it is not to be master."26 But today it is also realized that the continuance of the policy of governmental interference in the economic life, particularly with regard to investment, "implies the ultimate governmental ownership of all industries."26

That this trend finds the acclaim of the majority is itself merely the political expression of the concentration of capital which makes the private owners of capital an always decreasing minority facing an increasing non-owning population, still more augmented by the incorporation of so-called "backward nations" in the interest spheres of imperialism. The trend is all the more welcomed because of the well-founded and widespread illusion that a government-controlled economy will be a welfare economy, capable of bringing about that economic equilibrium often aspired to but never reached, by a proper balancing of investment and employment. Questions of "want" and "choice" become irrelevant; planning from above is to bring security to all. Suddenly it is assumed that the government knows best what people really desire in kind and quantity of commodities and what kinds of jobs and working conditions they really favor. Thus, at the very moment when all "capitalistic principles" of the freedom of the individual are violated far more than ever before, at that moment the capitalist propagandists feel that "man becomes the master of his fate."

Despite the new phraseology used, the New Deal measures are the old capitalistic procedures employed during periods of crisis. And thus they are limited. They merely foster the more rapid concentration of capital. Short of a complete state-capitalist revolution of the Russian type, it is not possible to oppose the backbone of the economy — the monopolies. All that can be done is to create conditions for their expansion. Internally this means to "recreate" conditions of "equal opportunities" for all capitalists, for precisely under such conditions will those already at a disadvantage be still more disadvantaged. The more laws are passed and executed against monopoly, the stronger the existing monopolies will be, for in this way they are freed from the threat of monopolistic competition. The democratic struggle against monopoly — indicating the existing monopolist stagnation — helps to secure the stronger monopolies. The harder the struggle, the more of the social capital enters their hands.

New Deal measures must be understood as procedures dictated by necessity and ordained with the faith that the capitalistic system will sooner or later, as it always has in the past, bring forth a new prosperity. In the course of the process that the New Deal releases, "the idle money" of the weaker capitalist disappears. That of the monopolists becomes still bigger as their profitability increases. But if the Keynesian proposals are carried further it will also disappear in due time. It is hoped, however, that before such a time the increased profitability of monopolistic capital will initiate a new boom to compensate for the depression losses.

If the upswing does not come, the Keynesian methods of stabilizing the system lead to the end of the whole capitalistic structure; an end that finds its beginning in complete government control unless what is done on a limited national scale is repeated on the larger plane of the world economy. A greater mass of the world's surpluses must be brought into fewer hands, so that the victorious monopolists will be able to change the whole process of capital production and circulation in such a manner that it yields profits which will enable the further expansion of both constant and variable capital, despite the further growth of the organic composition of capital. Of course this necessity need not be recognized. Monopolistic competition and the power politics connected thereto provide enough incentive to embroil the whole world in war. Yet whatever the proposals dealing with the goal of the war, all of them point to the control over more men and resources by fewer competing monopolists. Each side is out to restrict or to eliminate the other. Just as monopolization nationally is fostered in the name of the restoration of democratic competition, so internationally it is fostered by the quest for equality in opportunities on the part of the "have-not" nations, and by the free-trade promises of the Atlantic Charter.

In each capitalistic nation a lack of capital with regard to the capitalistic-social needs of accumulation appears as a surplus in the hands of the competitive and monopolistic entrepreneurs. In a similar manner a shortage of capital with regard to the expansion needs of the world economy appears in each capitalistic nation and each monopolistic power bloc as a surplus without profitable investment possibilities within their narrow structures. Hence their attempts to widen the structure, to gain Lebensraum, to concentrate the wealth and poverty of the world still further. The New Deal becomes the new world war. Centralization by competition and law changes into concentration by direct force. Unprofitable production and "pyramid building" changes into the destruction of capital by military means.

Internationally, however, the monopolists do not face the weaker capitalists they face at home. They meet other monopolists. The capital which is insufficient to allow for the progressive accumulation of the world economy is also insufficient to serve the needs of destruction. All available resources


26) W. I. King, What has Happened to the Investor Class?
must now be used to provide the means for the imperialists’ struggle to create conditions under which the monopolistic survivors may add the profits of the losers to their own and thus secure their further existence. Just like capital accumulation, the war situation, too, masters the capitalists instead of being mastered by them. The war of monopolists becomes more than that. The released forces of destruction enforce changes in the form of the economy which go beyond the control and the desires of the ruling class. Yet the war itself testifies that the substance of capitalism is still intact. To satisfy the demands of war, the capitalists must use more and more of the surplus labor and, finally, more than just the surpluses for purposes of war, which leads, on the one hand, to the accelerated centralization and concentration of capital and power in the hands of the monopolistic government and, on the other, to a decreasing productivity because of the impoverishment of the broad masses who, paid below value, are no longer able fully to reproduce their labor power. The more extensive, the more feverish the production for war, the smaller are the chances to reach that profitability needed for a new general upswing of the capitalist world.

VII

Monopolization, government control and the necessities of war have changed the market economy into an administered market economy. It is widely assumed that thereby it becomes possible consciously to direct the economy according to one plan or another. The editors of Fortune, for instance, pronounce as “the lesson of war, that economic mechanisms are the servant, not the masters, of man’s fate.” In their opinion this implies that “poverty is not inevitable any more.” They are not disturbed at all by the greatest impoverishment ever experienced in modern times when in large parts of the world millions of people are literally starving to death and the lucky ones in other parts find their consumption progressively reduced. For that is only for the present, the result of the satanic planning of the Axis. The new technology now developed will make post-war life beautiful. Thus, too, the technocratic-minded Stuart Chase, to give another example, has no other worries than what to do with our savings when the war is over. Recognizing that the decline of the market cannot be undone, and also recognizing that trusts, monopolies, cartels and trade associations, with their price controls and production restrictions, are not the cause but the result of the decline in the rate of expansion, he finds the solution for the economic problem in the continuation of the policy that rules war production which policy, by considering price a secondary matter, lays bare the physical basis of the economic system. We must keep on thinking in terms of use-values instead of in terms of exchange-values.

27) Supplement to Fortune, December 1942, (The Domestic Economy).
28) The Road We are Traveling, New York, 1942.

The depression-born vogue of technocracy found its adherents among the dispossessed and among aspirants of the expanding bureaucracy. Today the technological trend of thought is taken up by the spokesmen for the capitalists to substantiate the promise of a happy life just around the corner of the war. Existing miseries are always justified by promises of a better future. But there never can be a better future without the direct bettering of the present.

It should be noted that it is no longer capitalism but “science” that now forms the basis for optimism. “Even during the depression,” write the editors of Fortune, “the scientist stuck to his task, dreaming up new products and techniques as though there was no such thing as ‘overproduction’.” Yet periods of depression or — what is the same — of overproduction of capital, are precisely those in which the scientists “dream up” new products and new techniques to enable their capitalist masters to continue their expansion. Overproduction of capital is always answered with still more overproduction. “Science” within capitalism can only function capitalistically. It is not only “a mistake to count on science to remold the world in accordance with man’s best interests,” as the editors of Fortune admit; it is also a mistake to believe, as they do, that “science creates the conditions in which individualism, a healthy family life, and a true American culture can flourish.”

The thinking and acting in terms of use-values does not alter the exchange-value motivation in any way. Both remain determined by the self-propelling, contradictory forces of capital accumulation and all the science of Fortune and all the semantics of Stuart Chase can do nothing about it. Besides there is nothing “revolutionary” in this attitude of considering the physical basis of the economy. Capital itself is the result of the difference between the use-value of labor power and its exchange value; of the physical capacity of the laborer to create more than he consumes. In practice this fact is always recognized by the capitalists’ activity in widening the gap between productivity and wages. It is hidden only in theory and ideology. To lift the veil a little, to recognize the physical basis of the economy, does not change the economy in any respect. It merely replaces one capitalist ideology with another or, rather, changes the terms of the same ideology.

The fact that people learn to think and act in terms of materials and manpower only facilitates their unchanged economic activity. It merely fosters the removal of some superseded and unessential mediating factors and agencies within the capitalistic circulation process. Others take their place. Initiated by monopolization, the war merely accelerates this trend. With the monopolistic control of diverse products, non-market distribution for purposes of capital formation became more dominant. The new “rev-
oluntary” fiscal policies of today were foreshadowed by the increasing self-financing of the great industrial combines. The war-ration system finds its forerunner in chain-store practices and product standardization connected therewith. In brief, thinking in physical terms merely reflects the monopolistic actuality and cannot serve as a program for the future. To think consistently in this direction leads to a totalitarian ideology — to exactly that which is allegedly combated. The fetishisms that rule society have their basis in the class relations that underlie all economic phenomena. The one cannot be ended without ending the other.

Those who do not recognize classes because they belong to or support the ruling class may imagine that the new changes in the economy will allow for its planned direction. “Thanks to the TNEC,” write the editors of Fortune, “the concentration of economic power in the U. S. is no longer a sinister supposition, but a measurable fact. Being measurable, it can be handled.”31) To handle it, they propose “a return to the higher values of individualism. The restoration of the creative, risk-taking, profit-seeking, competitive individual to the legitimate throne of a sovereign free market.”32) Yet they insist that this “counterrevolution is not a return to laissez faire,” because, “to accomplish this restoration, the individual must enlist the aid of the very power that has been harrassing him; ... the power of government.”33) As the economic power has already been transferred to Washington, the “only realistic question is: to what use will that power be put.”33) It should not be used against bigness of enterprise for bigness is not the issue; but it should reconcile “the profound but perplexing American desire for both security and freedom. The government should underwrite the whole economy, using fiscal controls, public works, and a broader social security program, so that everyone who wants and is able to work may have a reasonable chance at a job. The government should recognize its responsibility for the health of the economy, by vigilantly policing the free market and actively encouraging the risk-taking individual.”33)

This request has, of course, been granted long since. “Big business,” declared H. S. Truman, chairman of the Senate Committee investigating the war program, “has shifted into our bureaucratic agencies, such as the war and navy departments, and the war production board. It has placed thousands of its representatives in key positions in Washington.”34) “Here the “risk-taking individual” asserts himself in the interests of a “true American culture,” and the government has given everybody without means a “reasonable chance” to “work or fight.” All the “planning” that is done is done in the interest of the ruling class and opposes the “planning” of other ruling classes, just as the “planning” in one particular factory or industry opposes that of another. If, in the latter case, the result is the anarchy of competition, in the former it is the anarchy of war. In both cases there is no planning in a socio-economic sense, but only an organized onslaught against the lives and interests of all the ruled all over the world.

If big business wants to utilize the increased governmental powers for its own purposes, the economic journalists of liberalism want to see it utilized in the interest of the population as a whole. But here they face a great dilemma. To diminish the surpluses of the monopolies in favor of “small business” leads to the monopolization of the latter; the destruction of some monopolies leads to the establishment of others. It is, of course, “conceivable” that all monopolization may be forbidden by law, just as the job trusts of the trade unions have been outlawed in the totalitarian states. But in that case all smaller monopolies would be dissolved in the “perfect” state-monopoly. To escape this conclusion, the anti-monopolists return once more to Adam Smith, whose “political economy was sound in its insistence on free enterprise and on the separation of economic from political power.”35) However, writes Lewis Corey, though he “fought against mercantalist monopoly he did not foresee the capitalist monopoly which now destroys economic freedom,” and thus we “need to use government more than Adam Smith envisaged.”36) More, but not too much. The new political economy must “use government to destroy monopoly by transforming it into free public enterprise in the form of public corporations, on whose boards of directors are represented management, labor unions and consumers, that are largely independent of the state. By keeping and strengthening free enterprise in the form of independent business and farming, of independent cooperatives, of independent labor unions ... a new system of checks and balances will be created preventing centralization of economic power in a new tyranny.”36) Mere verbiage accomplishes here the reconciliation of the irreconcilable. The end of capital concentration and the destruction of monopoly means also the end of free enterprise and competition, the end of capitalism itself. To square the trend towards further concentration with the alleged struggle for democracy, free enterprise and competition by way of the government enforced “democratization of the monopolies” merely elevates the ordinary monopolistic war propaganda into an “economic theory.”

No doubt it seems plausible that the elimination of monopolistic extra-profits would benefit not only the small business men but the working class as well. It seems especially plausible because it is always taken for granted that the end of the rule of the monopolies will not effect the trade unions which will be able to enforce wage increases and transfer purchasing power towards consumption goods since they now face a weaker enemy. In the course of time the whole economy would assume more and more the character of production-for-consumption instead of for capital. All depends on the existence of a benevolent government that controls society in the interests

31) Ibid., p. 4.
32) Ibid., p. 9.
33) Ibid., p. 17.
34) The Chicago Tribune (2/12/43)
of the whole and — not to deviate from its task — is, in turn, controlled by those it controls.

And thus whether in a technological, scientific or economic setting, each hopeful attitude towards the future depends on government control of the social life. Only the degree of state interference do the theorists debate, and this only during the transitory stage from monopoly to government control. In Russia and Germany they are all of the same opinion. Previously, government was thought to stand independently above social faction in order to preserve order; now its dominating position leads to the belief that it eliminates the class character of society altogether. In technology as well as in modern economics the distinction between capitalism and socialism disappears.

The old nonsense that economics has to do with human behavior as a relationship between ends and scarce means which have alternative uses is now accepted almost generally with this difference, however, that the government must now do what the market no longer fulfills satisfactorily. Economics is reduced to a mere technique to be employed by the government to satisfy demand and the proper allocation of resources by a pricing system based on marginal principles. Even the difference between “the traditional Marxist and the modern position” in regard to these questions is described as “but a difference as to the technique applied.” 36 With mathematical precision it is demonstrated — on paper — that government pricing and fiscal policies which balance supply and demand could guarantee full employment and the optimum use of resources. If this would be accomplished, the “philosophically inclined could speculate for a long time whether the society was capitalistic or socialistic.” 37

Situations which were hitherto merely the unrealistic assumptions of static equilibrium theories are found today to be realizable by virtue of governmental control. Even pure competition theorists do not hesitate to advocate controlled institutional monopolies to enforce “perfection” of competition. Just as state-capitalist theorists, by defining competition in “functional terms”, that is, as the correct allocation of resources, attempt to incorporate the competitive principles in their authoritarian set-up, so competition theorists believe that competitive results may be achieved by way of monopolistic institutions. For in such a definition “the extent to which any process, practice, law or institution constitutes to the optimum allocation of resources determines whether it is to be classed as economically competitive or not.” 38 From this position it is not inconsistent for political authoritarianism to act in the name of democracy, or for democracies to apply authoritarian principles. Everybody’s inconsistencies are removed by a simple redefinition of terms.

37) A. P. Lerner, Democratic Perspective. The University Review, Kansas City, Autumn 1942, p. 70.
38) A. C. Neal, Industrial Concentration and Price Inflexibility, p. 12.

The great concern of the economists with the “economic optimum”, implying the most economical allocation of resources, springs from the old illusion that capitalistic principles are economic principles. On the basis of this illusion, they apply their economic principles to all forms of society regardless of the particularity of the social relations. But behind their apparent timelessness is revealed their specific, historical, capitalistic character. For capitalism is not a social production but society production for capital. Precisely in its disregard for social relations and in its emphasis on ends and means there comes to light that particular social relationship that constitutes capitalism — the division of society into exploiters and exploited. In order to ignore this division, economics has to concern itself with the bettering of the existing state of affairs without altering it. For the economist a “better state of affairs” means a more “economical” one; the better allocation of resources and their fuller use for the given “social ends” — whatever they might be. Right now they happen to be war and victory, yesterday they were competition and accumulation without extensive warfare.

The ruling economic theories are so constructed that they can always serve capitalistic needs regardless how often or to what extent the form of capitalism might change. Their great adaptability to actual capitalistic changes brings to light once more that their quarrels about competition, monopoly and state control do not touch the real problem of capitalism but deal with the problems of capitalists which arise in their struggles over the division of surplus value. If this great adaptability has led to a redefinition of terms equating monopoly and competition it also contains, of course, the reluctant confession that Marx was right after all in his insistence that monopoly implies competition and competition, monopoly.

With few exceptions, then, economic theory echoes both the actual economic policy and the propaganda accompanying it. By itself it has nothing to offer but the theory of the equation of sacrifice and desire by way of demand and price formation which, already ridiculous in view of depressions, is made utterly nonsensical by war. The present-day optimism of the economists over assumed planning possibilities and the assumed trend towards a welfare economy by virtue, or with the help of government control is without any justification. Though it is true that for quite a while the economy tended towards a production for consumption goods, 39 this

39) George Terborgh’s Estimated Expenditures for Durable Goods shows that durable consumers’ goods production averaged 9.3 billions per year for the period 1919 — 1938; whereas for the same period durable producers’ goods production averaged only 6.6 billions. (Federal Reserve Bulletin, Sept. 1939).

The predominance of durable consumers’ goods production is an additional reason for the increasing economic stagnation. “Consumers durable goods demand,” writes A. C. Neal (Industrial Concentration and Price Inflexibility, p. 160), “is influenced not by considerations of profitability of future demand, but by use-value and income. The use-value effect is likely to make for inelastic demand; particularly in depressions.”

(Continued on page 50)
was merely an indication of the great dilemma in which capitalism found itself. And though it is true, as many economists (Hicks, Hansen, Keynes, Wallace and others) have realized — in contrast to traditional ideas — that the greatest flexibility of prices by way of competition could not guarantee economic stability and social welfare, their own suggestions in this direction in favor of price stabilization and government interferences are also no antidote for depressions. The contradictions of capitalism do not turn overnight into blessings merely because the government finds it convenient to speak in terms of social welfare in order to keep up national morale and to keep down its own bad conscience in this, capitalism's "war of survival."

VIII

If it seems "plausible" to writers like Lewis Corey that conditions of the past can be restored by destroying the monopolies with the help of a government otherwise restricted in its power and yet achieve a sort of "socialism" — that is, production for consumption which, of course, could not mean the conspicuous consumption of the capitalists but that of the masses — this "plausibility" has no other basis than the wish to serve the powers that rule today. The innocent are nevertheless capable of being taken in by such propaganda. They desire a better future and in their powerlessness are only too willing to believe in it in order to make their present lot more bearable. Such people must be reminded that the early period of capitalist development with its wide-spread competition and its division of powers knew an even greater misery of the workers than the period of monopolization and the contraction of political power. Monopoly is neither a greater nor a lesser enemy of the working class than is competitive business.

The betterment of the laborers living conditions within the capitalistic development was not due to a growing humanitarianism of the capitalist class, and not even due to the wage struggles on the part of the workers. Back of this betterment was the fact that the productivity of the workers was raised to an extent which allowed them to consume more although they received increasingly less from society's total production. Greater ex-

(Continued from page 49)

With durable goods demand being what it is, even the often advocated policy of selective price cuts would not stimulate investments. E. Neal relates that during the last depression the Boston Building Trade Council wrote a large number of companies asking whether a cut in wage rates would alter their building programs. None replied in the affirmative.

An increasing use-value production (production for consumption) does not change the character of capitalist production but disrupts it still further. It makes it increasingly more difficult to overcome depressions and leads, finally, to war for the restoration of profit production as the only kind of production that insures the expansion of capitalism.

41) The severity of the split may be recognized by existing wage differences in the United States. The weekly earnings of American factory workers are:

<table>
<thead>
<tr>
<th>Wage Range</th>
<th>Number of Workers</th>
<th>Living Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $20</td>
<td>2,490,000</td>
<td>Poverty</td>
</tr>
<tr>
<td>$20 to $30</td>
<td>2,810,000</td>
<td>Poverty</td>
</tr>
<tr>
<td>$30 to $40</td>
<td>2,240,000</td>
<td>Bare subsistence</td>
</tr>
<tr>
<td>$40 to $50</td>
<td>1,650,000</td>
<td>Minimum decency</td>
</tr>
<tr>
<td>$50 to 60</td>
<td>1,410,000</td>
<td>Slight comfort</td>
</tr>
</tbody>
</table>

Some 7% million wage earners still make less than 40 cents an hour. This represents 19 per cent of the 40 million American workers. Many in lines of work not covered by the wage and hour law are getting less than 30 cents and some as little as 15 cents. About 52 per cent of all factory workers get less than 76 cents per hour and only 8 per cent earn $1.20 and more. (Bulletin of the International Federation of Trade Unions. No. 3. February 1943.)
secure capitalist exploitation and to extend it over still more people and to include even the colonization of the defeated colonizers.

In this situation lies the hope for capitalism. As was evident from the last war and the ensuing long depression, capitalism was headed for destruction. Yet it did not collapse but regained strength for another attempt to solve the crisis capitalistically. Social relations do not collapse like a house on rotten foundations; they must be changed by independent action on the part of the working class. But there are no signs in this direction. And there is no telling how long a particular social relationship may exist under the most intolerable conditions, especially if this relationship concentrates all power in the hands of an unremovable minority and if the society, though not at all changing substantially, changes continuously in non-essentials.

The war, for instance, changes many things: from the greater comradeship between private and officer when faced by the enemy to the control of war profits by the leaders or representatives of the people. Not only the Russians and Germans but all the participants in this war speak now in terms of socialism. Although in the democratic countries it is argued that the war must first be won before the rule of the common man may begin, even the most reactionary statesmen seem to favor social legislation designed to end insecurity. Nevertheless, every proposal in this direction incorporates the continuation of capitalist class relations.

It must also not be overlooked who the people are who speak today for a welfare economy tomorrow. "Any one who analyzes the composition of the Conservative party in the House of Commons," writes H. J. Laski, "cannot avoid the conclusion that its essential purpose is the protection of the interests of private property in the means of production. Forty-four per cent of them are directors of public companies; between them hold nearly 1,800 directorships. All important economic interests are represented here — banks, insurance, railways, shipping, iron, steel, engineering, textiles, electricity supply, coal, oil, tobacco, foodstuffs, newspapers and so forth."42 As yet, ending the power and influence of private capital is no more than a possibility of the future. "The very rich," writes Nicholas Davenport, "remain just as rich and powerful as before, for the simple reason that they retain their capital and their hold of the national wealth. True, the Government has requisitioned securities and stock of materials, but it has given the former owners cash or Government stock in exchange. The former owners of capital have merely received claims on our future wealth. Through-out all the war industries private ownership and control of plant remain the rule of our wartime economy. When the Government has to exercise some sort of authoritarian regime it usually does so by asking 'big business' to administer the controls of their own capital."43


exploitation improved living conditions. But greater exploitation implied capital concentration and monopolization. It is thus impossible to advocate a special opposition to monopoly on the part of the working class. The workers' opposition must begin and end with capitalism.

Those who are not opposed to capitalism have no choice but to favor monopoly. "The trade unions, seeking improved labor conditions and better educational opportunities, find it much easier to come to terms with the big monopolies than with the general run of smaller firms, and are consequently apt to favor the big business interests when they clash with those of the smaller firms." Of course, in the last resort, "such an attitude cannot possibly benefit more than a fraction of the working class; for even if the monopolists are ready to share profits with their employees, monopoly profits must come from somewhere, and that in practice means that a large part of it must be extracted from the workers who are not in privileged employment. Yet the workers cannot possibly find allies in the smaller capitalists, who are induced by their inferior bargaining position in the market to be less liberal in their treatment of labor."46

At any rate, monopoly that splits the capitalist class also splits the working class.41 If the existing wage differentiations in each capitalist country weld parts of the working class to the monopolists, in the world at large workers support their government against others in order to secure or to gain a privileged position in the shade of their nation's privileges. Because some of the workers ally themselves with their rulers in order to safeguard their immediate interests, others have no choice but to follow their lead. There is no greater hypocrisy than that of labor leaders and their followers who speak of the liberation of the working class as a whole and of the liberation of suppressed peoples from imperialistic rule when at the same time their activity at home and their participation in war helps to

41) The severity of the split may be recognized by existing wage differences in the United States. The weekly earnings of American factory workers are:

<table>
<thead>
<tr>
<th>Wage Level</th>
<th>Weekly Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $20</td>
<td>$2,490,000</td>
</tr>
<tr>
<td>$20 to 30</td>
<td>$2,810,000</td>
</tr>
<tr>
<td>$30 to 40</td>
<td>$2,240,000</td>
</tr>
<tr>
<td>$40 to 50</td>
<td>$1,650,000</td>
</tr>
<tr>
<td>$50 to 60</td>
<td>$1,410,000</td>
</tr>
</tbody>
</table>

Some 7% million wage earners still make less than 40 cents an hour. This represents 19 per cent of the 40 million American workers. Many in lines of work not covered by the wage and hour law are getting less than 30 cents and some as little as 15 cents. About 52 per cent of all factory workers get less than 76 cents per hour and only 8 per cent earn $1.20 and more. (Bulletin of the International Federation of Trade Unions. No. 3. February 1943)
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some sort of authoritarian regime it usually does so by asking 'big business'
to administer the controls of their own capital."(43)

Thus far the war is a war between monopoly and totalitarianism.
Totalitarianism is the attempt of weaker monopolistic groups to beat the
stronger ones in a super-monopolistic way by the more thorough concen-
tration of all possible powers in the hands of a more centralized directing
force. The monopolistic governments counter this attempt by transforming
themselves into similar government-controlled super-monopolies. For them
there is no answer to totalitarianism but totalitarianism.

The character of the war as a struggle between totalitarianism and
monopoly is not altered by alliances of monopolistic democracies with total-
itarian states such as Russia and China. Imperialistic needs and defense
necessities at times transcend internal differences between allied nations.
This also demonstrates the mixing and overlapping of many struggles of
various groups during a particular historical period. Russia's totalitarianism
is the product of the last war. It was designed to lead to a quick industrializa-
tion and to prevent exploitation and control by foreign imperialisms. German
totalitarianism, the product of the Great Depression, is an attempt to solve im-
perialistically what could not be solved by traditional economic means. The
Growing totalitarianism in England and America is the result of the new
war and springs from the desire to safeguard the capitalistic forces which
are threatened by German imperialism. Coming to life at different times
and under different conditions, each totalitarian state has characteristics of
its own. From a long-range point of view this individualism disappears,
however. In the matter of capitalism, there is no difference between democ-
ristic, monopolistic or state capitalism. In the matter of capitalists, the
Russians are different from the Germans and the Germans from the Am-
erican. Furthermore, a Russian commissar arrives at and defends his position
in a manner different from that of an English factory owner. The Goering
Works have quite a different history from the United Steel Trust. Yet
whatever differences exist between the various owners and controllers of
capital, they all act alike.

The expansion and concentration of capitalism occur simultaneously
and result in the centralization of economic and political power. This trend
— unavoidable so long as capitalism lasts — can of course temporarily be
influenced either positively or negatively. The status quo can be retained
or it can be broken. Whether one or the other happens, one or another group
of interests, or a particular combination of interests, must rule. Determined
by economic class relations, capitalist development is executed, however,
by way of struggles between classes, groups, cliques and individuals. The
change of rulers occurring in these struggles creates the illusion that history
is made by men. Yet in all nations all rulers always act in the same way
whatever philosophy they profess to believe in — that is, they all divide
society and keep it divided between themselves as rulers and controllers
on the one hand and the ruler and exploited on the other. And they all
try to defend themselves against other ruling groups, or try to eliminate
other ruling groups by way of peace and war.

43) Social Revolution—Conservative Style. The New Statesman and Nation, October
10, 1942.
When English or American capitalists speak of German fascism as the mortal enemy, they mean not only German imperialism but also the subordination of the individual capitalist to the state as practiced there. In fighting German fascism they hope also to remove the threat of their own displacement by fascist bureaucrats. The fact that many German capitalists remained capitalists and even became bigger capitalists under fascism is not enough to quiet their fears, for they cannot be sure that they will belong to those who retain privileged positions — especially not if they belong to a nation controlled or defeated by German imperialism. Even if English and American capitalists think themselves capable of withstanding competition by other capitalists, they know that they cannot withstand the dictates of a totalitarian government.

The totalitarian threat that comes from Russia is quite secondary to that stemming from Germany, for at this time only the latter nation is able to challenge Anglo-American capitalism. The defeat of Germany would bring western Europe into the orbit of Anglo-American imperialism, just as the defeat of France made her — however uneasy — an ally of Germany. The “rulers” of the “new Europe” would be ruled by Anglo-American capital. The threat of Russia — if it arises at all — will concern Asia rather than Europe but it will also have to be met, of course, in Europe, which is an additional reason for the allies to control western Europe. German totalitarianism is the most immediate issue to be dealt with and monopoly capitalism concentrates its power for the battle for Europe.

If the monopolistic nations must copy the organizational forms and military methods of totalitarianism, they must also take over totalitarian propaganda. Thus both the struggle of fascism and the struggle against fascism appears propagandistically as the fight for socialism. The more strictly the governments act in the exclusive interests of state-supported monopolies or the monopolistic state, the more lip-service they pay to social-military methods of totalitarianism, they must also take over totalitarianism. Thus both the struggle of fascism and the struggle against totalitarianism implies the opposite from what it really is.

Although monopoly implies totalitarianism and vice versa, just as at an earlier stage of development competition implied monopoly and vice versa, it is nevertheless important not to overlook the distinctions between monopoly and totalitarianism. Otherwise many real problems of today would remain incomprehensible. But it is just as important not to forget that these distinctions refer to the struggles for control of the various competing ruling groups in a world that socio-economically remains unchanged.

If the state supported monopolies in the democracies have their way, that is, win the war in a short time, government control — however expanded — will be used chiefly to secure private capital and its profitability. Super-monopolies will assure extra-profits and reduce the profits of the weakened competitors still further. The state-monopolies of the defeated nations will be dissolved. Mr. Hull speaks the truth when he promises restoration of “free trade” after the war. It will be “free trade” for others who face a stronger Anglo-American monopoly just as at an earlier time England fostered “free trade” because of her monopolistic position in the world market. Free trade merely means preventing other nations from using monopolistic practices and thus to making it easier to exploit them.

The anti-fascist struggle, on the part of the democracies is no fake. Without fascism Germany and Japan would be no match at all for Anglo-American capitalism. A “democratic” Germany was a weak competitor, for her monopolistic strength lies only in her organization and not in the expansiveness of her territory, nor in her possession of vital raw materials, nor, for that matter, in her productive apparatus. Just as monopolistic nations are in favor of free trade to the disadvantage of other nations, so monopolistic nations, however much they themselves may tend towards totalitarianism, are strictly opposed to fascism in other nations, that is, to fascism with imperialistic ambitions and potentialities. Those without such ambitions and potentialities they are only too willing to accept.

Assuming that the Anglo-American monopolists win this war, that they succeed in breaking all monopolies but their own and assuming further that they will be able somehow to reconcile their monopolistic world position with the needs of the majority of the world population and thus bring about a period of peace and reconstruction of world production and world trade; assuming all this, it is conceivable that the surplus value and the profitability of monopoly capitalism will be sufficiently raised to allow for the further expansion of capital on a more strictly monopolistic base. On the basis of this assumption it is also conceivable that just as at previous periods of increasing exploitation so now again parts of the world population will be able to increase their consumption despite, or rather because of, further monopolization. The masses of the property-less would be greater, the number of capitalists smaller, but capitalist economy would flourish once more.

Accumulation would continue. The hastened monopolization, however, does away with the extra-profits based on the existence of non-monopolistic spheres of production. The monopolistic rate of profit would tend to become the given rate of profit determined solely by accumulation and the rising organic composition of capital. The need for rapid expansion would be greater and stagnation more dangerous than ever before. The need for more surplus value to compensate for the decreasing profitability would be more pressing than ever before and the exploitation of the workers of the world would have to be increased in an as yet unknown measure. In due time, however, capitalism would face another period of stagnation, which would lead to new wars and to the further expansion of government control. All that the present war would have accomplished would be the postponement of the complete merger of capital and government.
If monopoly capital fights for a cause already lost, it does so because it has no "cause" at all, because its actions are determined not by any social considerations but by momentary competitive needs in the general struggle for favorable positions at the sources of surplus value. That this general competitive struggle and its devastating results still determine the anti-social history of mankind is fully revealed precisely in monopolistic "planning" and in the "new order" of totalitarianism. All the real order that may be detected within the capitalist development only demonstrates that the contradictions between social- and class-production have objective limitations. This order asserts itself in spite of capitalism and merely shows once more that social planning and order can be established not by, but only against, capitalism.

Just as Adam Smith's fear of monopolistic conspiracies against the well-being of society did not stop his most ardent followers from conspiring against their competitors and from forming monopolies, so the most earnest monopolists in their fight against totalitarianism will eventually become totalitarians while struggling to maintain their monopolistic-competitive position. For what they want and what they are forced to do are two different things. In their search for profits they destroy the profitability of capital. In their attempt to safeguard capitalistic freedoms they establish totalitarian prisons. With their "planning" they lead the world in the barbarism of the present war, all the while demonstrating that, as always before, so today, too, instead of controlling anything they are controlled by developmental laws which they cannot change without giving up their capitalistic existence. Friedrich Engels pointed out some fifty years ago, what is still the truth: "Although production assuredly needs regulation it is certainly not the capitalist class which is fitted for that task... The trusts of manufacturers of whole spheres of production for the regulation of production, and thus of prices and profits... have no other mission but to considerations but for favorable positions at the sources of surplus value. That this general competitive struggle and its devastating results still determine the anti-social history of mankind is fully revealed precisely in monopolistic "planning" and in the "new order" of totalitarianism. All the real order that may be detected within the capitalist development only demonstrates that the contradictions between social- and class-production have objective limitations. This order asserts itself in spite of capitalism and merely shows once more that social planning and order can be established not by, but only against, capitalism.

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In the final analysis monopolistic profits mean nothing else than expropriation of capitalists by capitalists. Monopolism does not represent stagnation; the charge that monopolies hinder economic development out of fear of losing their monopolistic position is nonsense, for precisely by attempting to hinder development they push it forward. If capitalism cannot go on expanding by the ordinary capitalistic means of commodity exchange, the monopolists do the "uncapitalistic" thing of favoring the status quo. The status quo for the monopolists is, however, the decline of small competitive business, that is, the status quo does what expansion would do—if it fosters the expropriation of capital by capitalists. The more the monopolists try to maintain a certain situation, the more they actually change that situation. The war should be proof enough of that.


If the status quo is only another expression for monopolistic expansion, the struggle between monopolism and totalitarianism must end with the victory of the latter unless, of course, capitalism itself is abolished. To be sure, this does not mean that the present totalitarian powers will be victorious. It means only that no matter who wins or loses on the military front the world will proceed from monopolism to totalitarianism as it moved from competition to monopoly. Both trends—which are really one trend—are only other ways of demonstrating that capital expansion is the concentration and centralization of capital which is brought about in less developed nations by forceful political means and which springs from the economic forces on hand in developed nations. For capitalism, the war is what the revolution was for backward Russia, a direct political attempt to hasten a process of development that became too slow by the ordinary means of commodity exchange and capital export.

Private capital and private monopoly are everywhere on their way out. They also cannot be developed in backward nations which have to start where capitalism leaves off—with state monopoly. All Mr. Hull's honesty with regard to the restoration of free trade does not make his program realistic, for free trade in the proclaimed sense presupposes a return to the conditions of early capitalism. A way must be found to bring to the monopolistic nations the fruits of free trade without free trade. Faced with the impossibility of undoing the concentration process and its social-material consequences in the defeated enemy nations, the modern free traders will have to employ the fascist methods of direct appropriation and direct annexation in order to realize Mr. Hull's program.

Even victory over the totalitarian Axis powers will not enable the victors to realize their goal—the maintenance and further expansion of present-day monopoly capital. The exploitation of the defeated powers itself will turn against the monopolists of today and transform their society into a totalitarian one. This, as well as the difficulties connected with the attempts of bringing the whole of Europe and Asia under the direct military control of Anglo-American capitalism, not to speak of the future discrepancies and enmities between England and America, explains the vagueness and the unrealistic character of all the Allied peace proposals brought forward. The Allies really do not know what to do to make the war and victory the profitable undertaking it has to be in order to give another period of life and success to monopoly capitalism. "The gruesome fact is," said a liberal writer the other day, "that if the slaughter were to end tomorrow it would be a catastrophe for the entire world."45

The most "realistic" proposals under these conditions are no doubt those that advocate the complete destruction of enemy nations by their de-industrialization, by mass-kilings and mass-sterilization. This process

would have to be repeated in all the coming wars until finally there would be nothing left but the most powerful exploiting nation without anything to exploit but her own population. Imperialism, however, is designed to escape the limits of national exploitation. And so the whole history of imperialistic competition would have yielded a "solution" which consisted simply of a return to the problems that initiated imperialism. The most "realistic" proposals are not realizable and the unrealistic suggestions are merely excuses for the lack of any ideas concerning the coming peace. What has been said in regard to the war of 1914-1918 is doubly true for the present one: "It differed from others because it lost all relation to particular ends, Nations went on fighting because they had begun and did not know how to stop."46)

Paul Mattick


PHILOSOPHY AND THE STATE *

All philosophies have been political weapons. The Hegelian philosophy — especially in its opposition to English empiricism — expressed a variance of interests which resulted from different stages of development reached in England on the one hand and on the European continent on the other.

The naturalistic oneness of English empiricism expressed the strength of English capitalism. It felt sure of itself. With the overcoming of feudalism there no longer existed a "social issue". The workers' position in society was their "natural" position; economic laws were "natural" laws that had finally been discovered; the workers' share of the produce was their "natural" share; their misery a "natural" law, and so forth. According to laissez faire ideology there was no sense in attempting to organize society, no way to do it, no knowledge that could serve such an attempt. What knowledge there was came from sense perceptions. The immediate facts were the only ones that lent themselves to scientific investigation.

It was not the satisfaction of the empiricists with the facts of nature, however, but English satisfaction with capitalist society that caused the empiricists to remain in the sphere of natural facts. But by not answering questions pertaining to society and social change, English empiricism could not answer adequately the problems of matter and mind, object and subject, nature and consciousness.

The opposition to empiricism manifested itself in scientific and philosophical terms. It was, nevertheless, not so much an opposition to empirical methods as an opposition to the philosophy that was connected with it that was unable to account for, or to further, social progress by other than the means employed in the advancement of natural science. This opposition was really, in the last analysis, an opposition to English capitalism.

Hegel's philosophy, which conceived the present as both past and future, and "being" as "becoming", must be explained out of the pre-capitalist situation and the predictable developmental tendencies inherent in the capitalist system. However, the problems he was concerned with remained always those of his time whether they stemmed from the past or pointed to the future. He wanted to go beyond today and yesterday, not to excel the given reality but to represent it as well as possible.

The French Revolution enunciated reason's ultimate power over reality. "Man is a thinking being. His reason enables him to recognize his own potentialities and those of his world. He is thus not at the mercy of the facts that surround him, but is capable of subjecting them to a higher standard, that of reason."39) The rationalism of the French revolution already superfluous in England, could still serve in Germany. Hegel, however, knew the political economy of his time. He was aware of the anarchic and hazardous character of the capitalist mode of production, of the contradiction between capital and labor and the dangers it implied. But he saw also that the system was actually functioning, that despite all the atomization of society it advanced precisely by reason of its contradictions. There was a sort of "regulation" and "order" behind the disorder and irregularities. And thus for Hegel, Reason was not subjective human reason but the whole objective reality. He did not see in man, in the individual, a rational creature who forms his own world according to his own knowledge and desire. "Mankind, he believed, could never completely understand its own destiny, because it could not climb out of history and view it objectively from a timeless standpoint. We are the creatures not creators of time, and our reason is the sport of Reason, not its overlord."40) This philosophy which made men the products of forces outside their control was — in its realistic core — the expression of a social relation in which the productive process controls men, not men the productive process. Hegel's Absolute Reason, which in his description "lets men 'wear one another out in the pursuit of their own ends' and thus, without direct interference, nevertheless 'attains her own purpose only', this concept of Hegel's was . . . nothing else than an idealization of the bourgeois concept of the benefits derived from free competition."41)

It was the capitalist mode of production that found in Hegel’s philosophy its best expression. The capitalization process of society became an inevitable process. All that served this process was rational. When subjective reason could be employed by, but also turned against, the bourgeoisie, Hegel’s objective Reason could served none but the masters of his time. And just as empiricism became a weapon of the ruling class in England, so Hegel’s idealism served the developing capitalistic class in Germany. Both served identical ends.

The capitalization of Germany, however, could be enforced only by methods which countries with a longer capitalistic history had learned to look upon as “reactionary.” When, after Germany’s "liberation" from Napoleon’s rule, the capitalistic industrialization increased in scope and tempo, it was soon found that what was good for the goose was not so good for the gander. The unequal competitive powers of the different nations excluded general adherence to “universal” trade practices. Apparently “reactionary” methods such as the prohibition of political economy in favor of national economy, protective tariffs and state interferences ran counter to the laissez faire philosophy and infringed upon the “liberty” of individual capitalist entrepreneurs in favor of the state.

Of course the “increasing powers” of the state really did not mean much more than the maintenance of the existing powers of the state, which, still in the hands of a feudalistically-orientated absolutist military caste simply refused to retreat before the industrial entrepreneur and financial manipulator. Thus, in view of the general trend of development, a reactionary class actually attempted to stop “progress”. But in its attempt to maintain and thus necessarily to strengthen its own position, this reactionary class was forced in its very struggle against “progress” to adopt and employ “progressive” means of combat, that is, to industrialize the nation. The “enemy without,” i.e., the growing capitalization of the world, did not allow the complete or even partial suppression of the “enemy within,” i.e., the rising bourgeoisie clamoring for power to determine policies according to its own interests. Whereas before the French Revolution, the economic theory of the Physiocrats was in its essentials “a bourgeois reproduction of the feudalistic system,” the new school of national economy that developed in Germany represented a capitalistic theory in feudalistic garb. It was in “harmony” with a situation that demanded compromises between the old and new ruling classes because “the constant threat from without did not allow internal clashes to work themselves out.” It was thus, so to speak, the “anonymous power of capital” that overcame the former class system and its more primitive agricultural production. And this despite the “victories” of the reaction and the incorporation of feudal privileges in the capitalistic structure. The omnipotence of the state in Germany did not contradict her capitalistic development but was one of its forceful levers. The “historical fact of the omnipotence of the state dominated German philosophy: German philosophy did not create the omnipotent state. Fichte and Hegel had to deal with and explain the accomplished reality. It was the world they lived in.”

The principles of the French Revolution — Reason and Freedom — seemed unrealizable in Germany. But these principles to which Hegel adhered, implied something quite tangible and specific. There was no other reason and freedom involved than that “reason that liberated industry,” The bourgeoisie had been hindered in its development by the absolutistic institutions of the pre-capitalist era. “What must the government do in order to maintain abundance in the kingdom?,” the elder Mirabeau had asked. “Nothing!,” he answered himself. If the bourgeoisie of France thought that with regard to industry and trade “no government was the best government” and if they had been able to enforce the reorganization of their society by way of revolution, still their struggle against the state was neither a fight against the state-as-such nor against the absolute state. It was a struggle against an existing state in favor of another that would be absolutely at the service of the bourgeoisie. The old state, insisting on the status quo in order to safeguard its own existence, was attacked for its inability to adapt its policies to the new situation which was brought about by the feudalistic disintegration and the rise of the bourgeois mode of production. In France, the most powerful European nation at that time, the state was an “arrogant” state, unwilling to yield to the “enemy within” because it was not seriously threatened by an enemy from without.

At the eve of the French Revolution there was everywhere hatred between the classes. “The bourgeoisie hated the nobility, while the peasantry hated bourgeoisie and nobility alike. The lesser nobles hated the dukes and marquises and counts; and the petty bourgeoisie hated the rich notables.

44) Gustav Stolper, German Economy. New York, 1940, p. 10.
45) H. Marcuse, Reason and Revolution, p. 4.
The laity hated the clergy, and the poor parsons hated the luxurious archbishops and bishops. THE bourgeoisie, however, was that class that could strive for state power and dominance. All opposition against the existing state of affairs, including the opposition of the laboring class against all other classes merged into the fundamental opposition of the time—that between feudalism and capitalism. The bourgeoisie, for its own part and in all its layers, was convinced that its own emancipation would benefit the whole of society. All interests, desiring a turn of events, sided with the bourgeoisie not because of an identity of interests but because of their common hatred of the ancien regime. The manifold interests taking part in the revolution explain its turns and twists, the illusions and disappointments connected with it, its revolutionary and its reactionary aspects.

In England the situation was different. The insular position fostered internal developments. It did not isolate the country but made it more immune to onslaughts from without. England had become a nation state as early as the eleventh century. At a time when, on the Continent, the coming of kings indicated the rise of the national state and the beginning of the end of feudalism, in England it was already possible to restrict the powers of the king without disturbing national unity. The Magna Charta demonstrated, however weakly, a control of the existing central power. The middle class, industry and trade, grew faster in England than anywhere else. And yet the "political form under which the nation was freed from feudalism and papal supremacy was in fact more despotic than anything which preceded it. ... Mercantilism transferred to the state that supervision of economic life previously held by the Church. The Tudor era is not a period of free trade but of state-controlled trade, in which a new bureaucracy directs the activities of private enterprise. The state intervenes to grant monopolies, fix wages and prices, manage the currency, determine tariffs and by, a new poor law, to tackle the problem of unemployment."

62 Germany, the battle ground for the European wars, was one of the last countries that completed its national unification. To ask for a strong state in Germany was to ask — quite independently of what those struggling for national unity were thinking — for the capitalization of the country. Because in Germany what had since long been a reality in France and England was realized at a later time, there existed in the beginning of the nineteenth century not a state with greater powers than other states possessed but only a different relationship between the state and the ruling classes. The German state still served both the feudalistic interests and those of capitalism. In France the state served a capitalism that could ignore the remnants of feudalism. In England the bourgeoisie had long since turned into aristocrats and the aristocrats had turned into the bourgeoisie who made the state the exclusive instrument of capitalism. Against the exploited classes the state was equally omnipotent in all nations, equally powerful, equally absolutistic. With regard to the ruling classes the state served, all appearances to the contrary notwithstanding, the capitalistic needs of the nation.

The state that the bourgeoisie found best fitted to its needs was one that forbade all social practices which interfered with the accumulation of bourgeois private property. The nation state became the bourgeois state. But the range of the bourgeois exploitation exceeds national boundaries. The state had to remain a double-edged weapon against internal and external foes. The non-intervention in the economy demanded of the state at home was not in contradiction to but a counter-part of state intervention abroad. Though this was true for society as a whole and for the whole of its development, it meant all sorts of things for different classes, groups, and individuals. State interference found actual opposition from groups directly disturbed or hurt by it; it was hailed as the proper policy by those who gained through its application.

To be sure one could adhere to laissez faire or to state control without being directly influenced by one or the other policy. As both policies were only tendencies within the capitalistic development, indicating changes of procedure in the competitive struggle, it was often not a consistent opposition to one or the other policy that asserted itself in the political arena but merely the fear that a prevailing tendency might be allowed to go too far. People who had a difficult time within the laissez faire situation imagined that some day they might succumb altogether to more powerful competitors — a fear quite justified by everyday experience. They wanted the state to do away with the "bad side" of laissez faire. Others, however, saw in state interference the basis for a more successful competition abroad that in turn would make the position of private capital at home easier. Thus in actual politics, there existed a mixture of points of view with regard to these problems which found revolutionaries in reactionary camps and reactionaries in the progressive camp.

Though in Germany, too, the individual capitalist found himself hampered by the semi-feudal regime he still had first to favor the strengthening of nation and state in order to develop more freely. He had thus a twofold, though not a contradictory attitude, towards state power. He wanted the freedom to accumulate for private purposes and he wanted a nation that would furnish the basis for it, plus a state that would give security. But in order to develop a powerful nation, that freedom of private enterprise which prevailed in England could not at once be realized in Germany. That freedom itself had been the result of a long period of development characterized by state interferences.

After the French Revolution and the Napoleonic wars the bourgeoisie was inclined to think, and had every reason to think, that a further weakening of the already weak Germany through internal strife would lay the country...
open to further aggression. To a certain extent it is true that Napoleon's campaigns had helped to destroy the feudalistic vestiges in Germany. He had for this reason been the object of the "admiration" of the "progressive" elements in Germany. Yet his occupation had not strengthened the German bourgeoisie economically. The "ideological liberation" had not been translatable in cash. "The more Napoleon aspired to broaden the frontiers of his administration, the more did he seek to constrict the definition of 'national' interests. Both aspirations were designed to benefit the French industrial and commercial bourgeoisie, whose support was indispensable to the Emperor. Consequently, their interests — the 'national' interests — became the keystone of his pillaging policy in the conquered lands." 48) Napoleon suppressed the productive powers in the subjugated countries, and the ambition that the "progressive" bourgeoisie had felt for him changed into the desire to liberate the nation from his despotic rule.

The French Revolution in its political aspects could no longer be a real inspiration for the whole of the German bourgeoisie. It began under the leadership of dissatisfied aristocrats and capitalists and was liquidated under similar conditions. Its revolutionary phase — the Jacobin terror — was merely an episode destined to fail from the very beginning. The bourgeoisie revolution was not only a revolution against feudalism but also against the petty bourgeoisie and the laboring classes. What seemed revolutionary within the French Revolution was hopelessly utopian, for the most "radical" revolution, for the concrete content of those principles, the liberation of the petty bourgeois and the laboring classes. What seemed revolutionary, in a real social community. Yet, for all practical purposes, this whole scheme terminated in the demand for the actual national state that could only be the bourgeois state. Still the ideological scheme did not contradict the real development. To have the national state it was necessary to accept the "closed industrial state." To attain the latter in face of the feudal reaction and the foreign foe, it was first necessary to have a "political community." Even in the ideological scheme the "social community" had been placed in the far away future and thus to the "idea" no bourgeois needed to object.

To desire the national state was to desire participation in the capitalization process of the world. But as long as there was a wide gap between desire and reality, the mind could wander freely and idealize expectations. It could imagine that the capitalization which emphasized the state was something other than that which emphasized private interests. It could imagine this all the more as it had already been demonstrated that laissez faire did not mean social peace, welfare, security, or equality, not even "equality of opportunity" among the capitalists themselves. What could not be achieved nationally could certainly not be achieved internationally. Thus the other road appeared as the possible better one.

Even in France where the laissez faire ideology originated — though under different conditions than those that induced the English economists to adopt it for their capitalistic apologies — the traders and industrialists found it necessary to accept the supplementation of free trade with control measures. They always wavered between both policies with any turn of events. They always sought to determine or influence development; yet their actions were reactions to movements beyond their control. Even before the Revolution and despite her military strength, France's textile and metalurgical markets were dominated by British capital. The war during the Revolution was essentially one between English and French merchants and manufacturers. The struggle was carried on by Napoleon and lost by France. The war enhanced Britain's agricultural and industrial development enormously. British dumpings after the war spelled ruin to foreign industries. In the ensuing depression competition was merely sharpened, but especially by means of protective measures. The two-faced attitude
toward state control and laissez faire was just as much a French as it was a German “characteristic.”

The exaltation of the state that flavored German idealism and her economic and political theory also played a great part in French history. "The protective spirit had been deeply planted in the French character," writes R. H. Dabney, "therefore it was not strange that there were writers like Necker, Mably, and Morelly, who saw the means of improving the conditions of the people, not in laissez faire, but in what they considered beneficent regulation by the state." This attitude never left French thought or, for that matter, the ideas of men anywhere.

Nor was this attitude new; it was always newly revived and adapted to the fashions of the moment, but it could nourish itself on practically the whole of human history. Plato's Republic, the “ideal state” of Aristotle, the countless visions of remembered and forgotten utopians expressed dissatisfaction with things as they were, and longed for conditions as they ought to be. They expressed, too, suppression and exploitation, the inability to change conditions at will, the isolation of groups and individuals, social frictions and the impossibility of overcoming them, the escape from the outer disharmony into the inner harmony of the imagination; the hope that some one — the messiah, some force, the state — would straighten things out, would solve the overwhelming problems of mankind in the face of which the greatest humility still looked like utter conceit.

Within the capitalist structure, however, the exaltation of the state was always an expression of the inner contradictions and the historical limitations of capitalism itself. It was a declaration of bankruptcy on the part of those who praised the profit motive as the creator of all thing valuable, who spoke with pride of the self-regulating features of their marvelous market-mechanism, of the liberating democratic forces inherent in commodity production. For them it was a “return” to a previous, more primitive state, of the liberating democratic forces inherent in commodity relations, a setback, a temporary retreat from the new, the better, the just fed them, always attempting to put the state — its servant — in its place. But the state was a feature of capitalism that could never totally be removed because of the existing class and property structure and which could thus, and at times had to, become the dominating feature. The danger was always there that some day it might destroy the bourgeoisie which supported it most staunchly and at the same time had the greatest contempt for it.

If for the optimistic bourgeoisie the state was rather unnecessary as far as the economic life of the nation was concerned, for the pessimistic bourgeoisie this independent economic life seemed just as unnecessary because of the existence of the state. Though the latter remembered that progress had been described as the emancipation of capital from the state, they could conceive equally well the emancipation of the state from private property. To them the whole bourgeois revolution appeared as a mere intermediary phase in the development from an unsatisfactory state to a better one that really represented and even was identical with society as a whole. Capitalists, full of despair during economic depressions, on the verge of ruin in the tumult of the crisis, unsuccessful in their climbing towards the top, possessed by the fear of being hurled into the proletarian abyss; intellectuals wavering between old and new loyalties, experimenting with the ideas of the day, divorced from the bread-baskets of the aristocracy that had fed them together with jesters, jugglers, and dancing bears, not appreciated by the suspicious, miserly, accumulating bourgeoisie of the founding period, unacknowledged by the beastly exploited and thus “beastly proletarian scum” that found its happiness in cheap whiskies and its salvation in the mumblings of still cheaper priests; politicians conspiring for power and positions; revolutionists looking for “radical” solutions and “shortcuts” to a better society — in brief, all those who opposed the “successful” within the atomized capitalist society based their hopes and programs on that sole feature within the capitalist society that seemed to be the single social element in the anarchical scrambles of individual interests and activities.

Hobbes' Leviathan of the future was expected to be of a beneficial nature; it would control but also secure a more blessed life. Hegel’s “divine idea” of the all-powerful state was no Frankenstein either. And now, after the first experiences with a capitalism quite grown up, a state was envisioned that might preserve its good side, i. e., its productivity and abolish all its bad sides: exploitation, crisis, and possibly even wars. The “true socialists” of Germany who were grouped around the idealist, Moses Hess, thought their way into the future in a direct line from Hegel to the communist state. Fourier's phalanstère and all the utopian experiments based on similar ideas, expressed paralleling tendencies in France. The idea of the future state that was to be society appeared in speculations such as Bellamy's Looking Backward. The government of the French February Revolution, as well as that of the little Napoleon, emphasized once more the identity of state and society. The earlier German labor movement under Lasalle was equally convinced that state control was the key to all social questions and so was their class enemy and friend-in-arms, Prince Bismarck.

To be for the state was to take a communal as against an egotistical stand; it seemed to be equivalent to a choice between capitalism and social-
ism. Some of the bourgeoisie turned into "socialists" merely by being good nationalists. This was the counterpart to what in England had been called "Tory-Chartism," and what had turned Napoleon's adventures into "peoples' wars." The temporary "alliances" of opposing classes such as those between tories and workers, bonapartists, capitalists, and workers, liberals and socialists, Prussian Junkers and the laboring class were time-conditioned opportunistic moves made possible by the continuous shifts of economic fortunes and political power positions of various groups and interests within the general development of the capitalist nations.

Those who bound their hopes to the further development of the capitalist forces of production necessarily favored further centralization of economic control; and thus, in order not to lose the achievements of the bourgeoisie revolution, they favored a strong "social state" to combat the inevitable result of capital concentration — the dictatorial plutocracy. To make possible the capitalist mode of production with its promised economic abundance and also the liberty that had inspired the revolutionary bourgeoisie, a state was needed which would guarantee these liberties that were progressively destroyed by the process of capital accumulation. But the "return" to the dominance of the state did not need to be demanded. It was one of the results of capitalist development.

To oppose an increasing control by the state would have been possible only through the stabilization of conditions as they existed prior to and during the French Revolution and the American War for Independence. As pointed out before, the Jacobins had not been the "true" representatives of the French Revolution for their dictatorship had been directed against necessities. Their social vision did not go beyond a democratic peasantry, a decentralized static economy of insignificant enterprisers who had more or less equal competitive strength and were thus able to prevent the rise of monopolies. The Jeffersonian democracy, too, had been defeated long before it celebrated its political successes. The American constitution was designed as an instrument to help the industrial and mercantilist interests in the East to counteract and overcome the pressure of the agricultural majority that constituted Jefferson's followers. To have the kind of democracy that was in the mind of the people during this period, it would have been necessary to call a halt to all further development, to "freeze" society once more as it seemingly had been "frozen" in medieval society. But this was not possible. The Federalists won in America and Robespierre died under the guillotine because the future belonged to big business and large industry, to Capital.

The concentration and centralization of capital destroys the socio-economic basis of even that limited kind of democracy that may exist in class

51) In a letter to Marx (1845) describing a "socialist workers meeting" F. Engels wrote: "The whole of Elberfeld and Barmen was present, from the money aristocracy down to the épicerie, only the proletarians were missing." (Briefwechsel, Vol. I, p. 16).

and slave societies. Thus it can be pointed out, for instance, against people who adjudge the American South as an essentially fascist regime compared with the industrial East that the opposite would be much nearer the truth. The South was rather, as Donald Davidson remarked, "as complete a realization as we have any right to expect of the kind of society that Jefferson visualized, the society in which democracy could flourish and remain itself without artificial stimulation." 52, 53

Indeed, most of the hitherto existing social theories opposing the state have adhered to socio-economic concepts that were in opposition to the real developmental tendencies of capitalism. Not only Proudhon but almost all the anarchist creeds looked backward when constructing their blue-prints of the future. The "individualism" of the bourgeois revolution was retained in the Bourses du Travail, in the English "Guild Socialism" and came to light even in the "counter-utopias" opposed to those conceived in the spirit of state control as, for instance, in William Morris' "News from Nowhere." This much was obvious, however, that capital development led either to a plutocracy that made the state the servant of small groups of titans engaged in the exploitation of all, or that the state destroyed the plutocracy by making itself master of society. 53 In either case there was reason to fear that liberty, fraternity and equality would soon be ended.

(To be continued in the following issues of New Essays)

51) Mr. Cash and the Proto-Dorian South. The Southern Review, Summer, 1941, p. 15.
52) Before the turn of the century even the socialist program was simply a demand for state ownership of the means of production. In fairness to Marx and Engels, however, it must be said that both sought state power to eliminate the power of the state. The "administration of things that was to follow the government over men, they saw merely as a branch of the production and distribution process of no greater importance than any other. Practical politicians, however, aspired to little more than the replacement of individual capitalists by governmental administration. The post-Marxian theories of socialism resurrected the division of society into controllers and controlled. Georges Sorel observed rightly that the "authors of all inquiries into modern socialism were forced to acknowledge that the latter implies a division of society into two groups: the first of these a select body, organized as political party; the second is the whole body of producers. This division is so evident that generally no attempt is made to hide it." The first world war led to an extended state control over production and distribution. All socialism theories developed during and after the war leaned heavily on the war-time example as Lenin's for instance. As Elise Halvey has said: "The whole post-war socialism is derived from this war-time organization more than from Marxism."
BOOK REVIEWS


There is more in this stimulating book than is revealed by its somewhat martial title. Yes, there is a lot of powder in the "American character," and the author is just the right person to bring out this important asset of the American people in the present war. If we resume, in a preliminary way, that "powder" in a character-study means about the same as "pep," there is no doubt that the author herself has brought a generous share of that vital ingredient to her study of the stuff the American people are made of. Her book reveals, furthermore, a fair amount of that good marksman-ship which does not necessarily go with a superabundance of powder.

As usual, Leatherstocking advised his young friend of the Mohican tribe, "Tell you, Uncas, you are wasteful of your powder, and the kick of the rifle disconcerts your aim! Little powder, light lead, and a long arm, seldom fail of bringing the death screech from a Mingo! At least such has been my experience with the creature." Without losing sight of the essential connection between the manifold subjects treated from various angles in the different parts of the book, we propose to deal with its main contents under two separate headings, of which the first should read,

Coming of Age in America

The author does not claim that she, or any other student of primitive societies, can approach modern civilized society with the high degree of detachment achieved in the study of remote and strange societies and still remain a normal, particip-

ant member of that society. The very familiarity of the language, institutions, ideas and mores seems to exclude the "detailed objective recording in human behavior," which is the aim of anthropological research.

Here is, indeed, a very contradictory instance. The greatest praise that Franz Boas could bestow on his gifted pupil in the Foreword to Margaret Mead's best known book, Coming of Age in Samoa, was that she had been able "to identify herself so completely with the Samoan youth." For this purpose the anthropologist has to step outside his culture and his century. There is a chance that in face of such different moral standards and theoretical concepts, he may even be able, within certain limits, to forget about the equally accidental and conventional values which are part and parcel of his own culture, deeply ingrained in his and his kin's behaviour. Yet if he turns back, as Margaret Mead has attempted to do in a few important chapters of her recent book, to apply the same methods to his own civilization, the trouble is not that it is difficult for him to identify himself with this particular culture, but that he is already too completely identified with it. Even if he succeeded in the contradictory task of stepping outside of and remaining inside the society which is the subject of his study, his readers might miss the essential point since the anthropological record will lack "the whole incident paraphernalia of strangeness" which in other cases are all the time reminding them of the "otherness" of the discribed situations. That is, as we may note in parenthesis, exactly the same difficulty which for a long time prevented the true understanding of the Marxian criticism of the fetishist nature of modern capitalist "commodity production!"

In spite of such difficulties, Margaret Mead sets valiantly to solve her self-imposed task. Chapters VI and VII deal with the typical attitudes towards "achievement" and "success" which in American life are derived from the particular relationships between parents and children on the one hand, and the influences exerted on the growing child by his siblings, near relations, nurses on the other. Under such a point of view this kind of investigation is reached in the ninth chapter (The Chip on the Shoulder) which might indeed have been an excellent section of the author's unwritten book, Coming of Age in America.

Before dealing with the conclusions the author derives from her anthropological investigations we point to a certain ambiguity in her own description of the new anthropological approach. There is no reason to deny that, as the author says in one place, "one way of understanding the typical character structure of a culture" is to follow step by step the way in which it is "mediated" to the child by his parents and his brothers and sisters. Yet there are other statements in which she speaks of a "final and more exclusive claim. She contends that just this particular method is the only way to "understand" the regularity of the particular behavior of particular people in a particular period, while all other hitherto accepted scientific approaches lead at best to a mere "description." Since it is probable that we, in all the strangeness of this claim does not lie exclusively or primarily in the somewhat spurious use of the two terms which we have put in quotes, we reprint the passage in full:

"To the family we must turn for an understanding of the American character structure. We may describe the adult American, and for descriptive purposes we may refer his behavior to the American scene, to the European past, to the state of American industry, to any other set of events which we wish, but to understand the regularity of this behavior we must investigate the family in which the child is reared." (37)

From this and many similar passages it seems to follow that for such problems as the war and the ensuing peace the reference to the underlying historical, economic, and other material conditions ("any other set of events") is expressly cut out to make room for the only relevant question "how babies become Americans." The author does not distinguish enough between the investigation of the dynamic changes of a given historical structure of society, and that of the comparatively static ("timeless") conditions which are commonly supposed to be characteristic of the so-called primitive societies. She expressly excludes any possible attempt to approach the investigation of the changing of the American by a question which looks towards "a few historical causes" (80-81), or to explain the "betrayal" of the Liberation of Europe after the first World War by "statements" about international banking, the big interests, the fear of Communism in the bourgeois mind.

There is no doubt in the reviewer's mind that from a strictly scientific viewpoint we must accept this redefinition of the restricted interest of a given piece of investigation. It is quite possible, e. g., to deal with such events as the World War and the Depression merely in terms of "believing in" and afterwards "betraying" a "Cause", and of an ensuing "punishment." Though the reviewer is not much impressed by this or any other "simplified" ex-}
Unfortunately, the author has not reached her results, even in the more especially "anthropological" chapters through a strict adherence to those methodological postulates. There are deep insights into the peculiar dynamics of American life and its basic driving force, the craving for change. There are brilliant imitations of the inherent contradictions of the American mind, its ambitions and fears, its incessant efforts to measure up to an unknown and unattainable standard, and the resulting anguish of a desperate unattained without connecting those peculiar traits of the American character with definite historical, economic and societal conditions. This becomes unmistakably clear if we turn to the author's analysis of the family relationships as such to her discussion of the particular role which has been and is being played in the development of the American character by the incident of immigration. There is no reason that is why "history" creeps back into all the author's descriptions of the particular dynamics of the ever changing American scene. The general trend of this investigation is derived from the quasi-historical phenomenon of a permanent influx of newcomers and their gradual adaptation. The "first generation" tries to overcome its immigrant heritage (the author never mentions the analogous processes of the Asiatic immigration) The "second" and all subsequent generations strive to overcome the various intermediate phases of a never completed process of Americanization, until in a somewhat elusive last phase the whole non-stop movement seems to turn backward in a circular way there is nothing left to which one might still adapt oneself. The only way out of this situation is, as the author proceeds to show in the second part of the book, to turn back to American isolation to a world-wide extension of the American society, complemented by the valuable elements of other cultures, other peoples, and other civilizations. This last and greatest opportunity is offered to the American people, in the author's view, by the present war.

Phrasing the World for War

"Winning the War" is written in large letters, as it were, all over the author's book. She dedicates to this purpose not only her great talent of factual investigation but being the kind of person who must go the whole hog in all she does, throws in a number of most atrocious prejudices—such as the reviewer fondly believes she would not have considered even a few years ago. There is a terrible exaggeration in the manner in which she jumps together, in one foul pool of "miasma", all that the best type of the last generation of Americans thought and felt after the triple shock of the War, the Prosperity, and the Depression. The last twenty-five years are told as the story of "a generation who betrayed their own ideals, whose moral musels went flaccid", and who exposed the whole succeeding generation to "a moral peril such as no group of Americans has ever had to face before". There is only one good point to this whole situation. The bodies and souls of the offspring of that lost generation, the unfortunate children of "mental debauches of the last twenty years" were saved from incurable moral decay by the fact that their would-be defilers, on top of their other failures, failed absolutely in sufficiently infecting them with their own cynical failure. Any reader who suspects this description of being overdone should read in the chapter entitled "A Little Different?", the humble apology of the generation who committed the horrible crime. This is what, according to the author, they should say if they want to look their children in the eye:

"We admit that we have done something which might have disappointed you. We taught you to believe that everything that we fought for was a mirage and that we were dopes to have fallen for it. We did fail in that we withdrew our moral effort from the job, and in that we stopped trying. We had put our hands to the plough and turned back. For that we must ask forgiveness. We called you back, forcing ourselves and you to believe that we had no part in the way in which the world was getting steadily worse. Still we can say with deep thankfulness that we have failed to betray you of your American Inheritance... In this our fatal failure, to put upon our children our own weakness, we have failed also, thank God." (pp. 127–128)

This repentant mood of the author, like a magnifying mirror, reflects and reverses the way in which she would have not have considered it an omission which has become increasingly common among the American intelligentsia. It is for this reason mainly that we have dwelt on it although, if we look at the book as a whole, it does not represent its main tendency.

The true aims of Margaret Mead's work are much better expressed by the fact that it is presented as "one part of the program of the Council of Intercultural Relations which is attempting to give a series of systematic understandings of the great contemporary cultures so that the special values of each may be orchestrated in a world built new." The accurate question whether this goal can be reached by a conscious effort of the American people as it is today ("There is no time to re-educate us— even to the degree to which re-education is possible") underlies the careful stock-taking of all the strengths and weaknesses of the American character which takes up the greater part of the book. It is highly interesting to observe the manner in which the author marshals the often widely divergent and even conflicting results of her various investigations and reasonings to the one purpose of discovering the American task in this war not as a mere world conquest but as a much more difficult, more daring and, therefore, more worthwhile Job for the Americans.

"Building a new world" — what a task for God's chosen people! "Americans should make good leaders in such an undertaking" (p. 121). The very contradictions between the American character and the American situation: the all-devouring impetus toward success in every young American and the impossibility for "the fourth-generation American who is the fourth of a line of successful men" to go on sacrificing, giving, living, working and upwards (76 f.), the secret knowledge that this whole need for an ever-increasing success which since pioneer times has been an indispensable element of the life of the American, is after all suited only to an ever expanding world (261) — all these contradictions inherent in present-day American democracy lead the author, herself an American, to the ardent conviction that the only worthwhile aim is to blend these contrasting features of the American character for a New World which lies not in the New World, nor entirely of it, and yet could not have been without it!” (79).

Even more revealing is the "precedent" on which the author bases the details of her American plan of "building the world new." As a good American she claims that America has the whole credit for the historical process by which during the last two hundred years the old craftsmanships and specialized hereditary skills of Europe were replaced by machinery. It was not the Dutch, the English, the German and, in the last phase, also the American, who together performed that tremendous change of the structure of society which was described by their historians as the Industrial Revolution. It was the American alone who, by three successive steps of one gigantic effort, moved away from the European system of specialized personal skills and, through the pioneer stage when each man was his own jack-of-all-trades, moved on to "our present age of machine tools and assembly lines" (220). It was the American who with his characteristic mixture of strengths and weaknesses, imported all valuable skills from Europe, yet did not learn them himself, but instead set about studying the underlying opera-
tions and made machines to do what till then the European skilled work-ers had done (222-24).

Of a similar nature, the author continues her argument, is the new picture she sees of the Americans at the present juncture. Again, the task is not to invent a new culture for the whole world de novo. "If we wish to build a world which will use all men's diverse gifts, we must go to school to other cul-
tures, analyze them and rationalize our findings. We must find models together on a world scale, will make and patterns which, orchestrated to-
our findings. We must find models a world as different from the old as the machine world was from the historical "precedent" on which
sês an international task and
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since Tocqueville one hundred l'ears ago
marsh of revolu.tion, so we must re-
process which he described as the
nation alone". Though for imme-
early is necessary to "see
this job as America's", we must see it in a wider aspect if we want to transform the fulfillment of the Job at hand into a first step towards a future state of society "where there will be neither war, nor the absence of war, but a world that is not war-
oriented at all."

The present reviewer has no quar-
rel with this lofty ideal. Yet from a methodological point of view it is hard to discover any but the most tenuous link between those ultimate results of the book and the anthropo-
pological investigations from which it started. Thus it seems that the book as a whole does not bear out the author's claim that if we want to win this war and to build the world anew after the war, we must know what American mothers are telling the four-year-olds at the breakfast table. This deficiency does not invalidate the author's at-
tempt to apply to the modern Am-
erican scene those methods and skills which during the last seventeen years she applied in studying the primitive societies of South Sea Is-
nders and Indians. Many signs point to the increasingly important part that such "unhistorical" ap-
ches as those of anthropology, psychology and technology will play in dealing with what in the receding past of the Euramerican civilization were regarded as purely historical subjects. A detailed discussion of this larger problem is beyond the scope of this review.

ESCAPE FROM FREEDOM. By
K. K.

This book begins with some ex-

tremely dubious statements. When Fromm writes "The familiar picture of man in the last century was one of a rational being" and "One felt confident that the achievements of modern democracy had wiped out all sinister forces that up to now civilization has been confined to a few islands in a vast ocean of

barbarism, ignorance and corruption. Even in the most advanced nations, the "enlightened citizen" of the 19th century has always been in a minor-
ty; and we now realize that this worthy citizen was tremendously over-
confident, largely because of his unconscousness of the terrible in-
security of his historical position. To-
day the problems posed by the rela-
tions of white and colored races in

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The author believes that the United Nations are engaged in a life-and-death struggle with a rebellion against mankind. To forestall an Axis victory and a subsequent destruction, the United Nations need not only a powerful army under a single command but, most of all, a new vision. This new vision must break away from the prewar concept and practice of segregated power politics and monopoly imperialism. The millions of soldiers and workers engaged in this life-and-death struggle abroad and at home must be told that they are fighting and dying for a new equilibrarian society, a society which will really be free from want and fear. Up till now, Mr. Straight charges, none of the war aims released by the United Nations has given us such guarantee.

On the contrary, the much heralded Atlantic Charter contains the seeds of further segregation and even fascist development. The most dangerous weakness in the Charter is Article Three because it provides that the signatories of the Charter "respect the right of all people to choose the form of government under which they will live". This guarantee constitutes no guarantee at all. There is no case in modern history where a people have voluntarily chosen fascism as a form of government. There is no reason to believe that a dictator has not claimed that he was in fact chosen by the people. Article Three may be the forcing wedge for the return of fascism to the world.

Another major source of frustration Straith sees in Article Four which will endeavor "with due respect for existing obligations to further the development of all States on equal terms to the trade and raw materials of the world which are needed for their economic prosperity." If we intend to return to the international relations of 1938, Straith complains, it would be far better to say so now. Further, more, the Charter does not contain assurances to oppressed peoples that they will be freed, and whenever amplification has been sought we have remained ominously silent.

Mr. Straight makes this lack of clarity in the formulation of our war aims the central theme of his plea for a new vision and for coordinated action towards the realization of his new society. To substantiate his argument that prewar society was bad, he delves into the recent socio-economic and colonial history of Great Britain and the United States, reveals the reasons for the alienation of color that apprears, shows how we continue to exploit the Chinese even now and why, on account of this policy, fascist tendencies are making rapid headway in China. He charges the government with inefficiency in the execution of decrets converting industry from peace- to war-production, and the blame for these shortcomings he pins on the administration's inability to curb the activity of powerful individual interests which hope to restore, after the war, the economic and social structure of 1938. Equally vehemently Straith attacks the government for allowing around Professor Nicholas Spykman's handy guide of American imperialism. "America's Strategy in World Politics", whose strategy, allegedly inspired by the most permanent fascists, is to emerge after the war.

The Provision of Capital for backward or devastated nations is to be secured by the organization of a United Nations Reconstruction Finance Corporation which is to work in close collaboration with similar government agencies of the affiliated countries; The Control of the Terms of Trade will have to be regulated by a United Nations Commodities Corporation which is to fix the price for primary products and the rate of interest on capital loans; The Planning of World Development is to be left in the hands of a United Nations Resources Commission which is to guide a country's national development and prevent overdevelopment of certain industries through the uncoordinated rush of industrialization that has self-sufficiency as its objective.

If these problems can be solved, as Mr. Straight believes they can then society will recover from the wounds of the war. The new society, based upon planned trade on a world-wide scale, will eliminate unemployment and privation, the people will be happy and free again, and thus the present war will go down in history as the last war.

There is no need to discuss in detail the author's particular demands. In spite of his wish to mobilize all progressive democratic movements of our time: the labor movement, the New Deal, Communists, "and all those who are fighting for greater freedom and world peace", we are now realizing our mistakes. We freeze wages and limit salaries to $25,000 annually, we encourage voluntary savings through sale of war bonds, we establish minimum standards of nutrition and enact laws towards greater social security; in short, we are moving towards the equilibrarian society. But that is not enough; we must now work out in detail the form of society that is to emerge after the war.

The author visualizes a world in chaos. Large parts of Europe will be devastated. Millions of people will die during the war. Millions of the children may face death or lifelong disfigurement. All former institutions will be destroyed, and "almost no organizations will be in existence capable to provide a government." During these chaotic conditions the European Federation will be born and the United Nations must provide leadership and help. In Mr. Straith's opinion three fundamental problems will have to be solved:

1) The Provision of Capital for backward or devastated nations is to be secured by the organization of a United Nations Reconstruction Finance Corporation which is to work in close collaboration with similar government agencies of the affiliated countries;

2) The Control of the Terms of Trade will have to be regulated by a United Nations Commodities Corporation which is to fix the price for primary products and the rate of interest on capital loans;

3) The Planning of World Development is to be left in the hands of a United Nations Resources Commission which is to guide a country's national development and prevent overdevelopment of certain industries through the uncoordinated rush of industrialization that has self-sufficiency as its objective.


The authors of this book belong to the group, New Beginning, which tried to revive the Social Democratic Party of Germany after its destruction by the Nazi party. Members of the group kept in contact with others that remained in Germany. They were able to receive inside information almost up to the beginning of the war because of the continuous warfare and because they could read German publications which revealed in court and police reports that the Nazis were not able to stamp out all opposition. The bulk of the book, however, deals with the history of the opposition of the labor parties before Hitler's ascendency to power. It states for the ensuing period are facts, experiences, and observations already publicized by the exiled Social Democratic Party and the Inland Committee for the Repatriation of the English and American "Friends of German Freedom." Although there is no reason
to doubt the truth of these reports, what they reveal does not justify the suspicions expressed.

The book deals not so much with the silent war against the Nazis as with the fact that organizations once established die very hard. It also shows that such organizations will do anything to regain their loss, in this particular case, by subscribing to the war plans of the allied nations which coincide with their own desires to remove a political competitor. The "silent war" is offered partly as their contribution to the common cause and partly to justify their present and future claims to a share of the results of a victory over Hitler. Hitler's fear of a home-front of which the authors speak has, however, really nothing to do with the opposition to point nor with one which they would be able to envision. The opposition will come not from political forces of the past but from the contradictions of the present.


In this — his last book — the late Professor Ferrero elaborates upon his earlier established theory of legitimacy in government and connects it with the present war. According to Ferrero the political crisis of the frightful disorder to which Europe has succumbed is not the disturbance of international relations among the various states, but the result of the internal crisis that completely upset all the Old World States. Responsible are the revolutions which, since 1917, have convulsed practically the whole of the European continent. Once a revolutionary government unleashes a general war for the same reason and in exactly the same manner as the French Revolution. What we are witnessing is a world-wide scale act of Napoleon's adventures translated into German. If war results from revolutionary governments, peace can be established and maintained only with the help of legitimacy's government and thus Ferrero demands a new "Congress of Vienna" which may be able to save the world as it saved Europe in 1815.

This outline, contained in the preface, comprises the whole of his thesis. The rest of the book merely illustrates it. The historical illustrations and anecdotes, however, make the book readable despite its unrealistic propositions. The peculiar state-mem are based on attributes of "human nature" such as "fear" and on "necessities" such as the "historical constant" that authority comes from above and legitimacy from below. Sovereignty implies priority between also the consent of the governed. Their consent, the "principle of legitimacy", in Ferrero's view, is always "in harmony with the culture, the society, the religion, the economic interests of an age." For him the relationship between rulers and ruled is similar to that between father and child. Though "government is condemned to live in terror because... it makes use of physical force and violence; yet, despite its fear, it will always be stronger than all the results that will break out of it, because its existence, like its fear, is conformable to human nature."

Unfortunately for humanity once forgot what is conformable to nature. "Because the end of the eighteenth century," Ferrero writes, "one of the foremost peoples in Europe refused for six weeks, only six weeks, to obey, a sort of revolutionary apocalyptic was thereby brought about, which has lasted for a century and a half now, after having devastated Europe, threatens to spread over the whole world and destroy everything... Hanging in mid-air between monarchy, which was no longer possible, and democracy, which was not yet possible, in desperation people turned towards revolutionary government. The Weimar Republic, too, was not a legitimate government because too many Germans refused to accept republican institutions. But a revolutionary government is not sure of its superiority and is over-whelming its people. Possessed of fear it keeps on arming itself the more frightened it becomes, and in the reflecting game of fear the true origin of war may be found. Aside from all the contradictions in which Ferrero involves himself, his theory amounts to saying that if there is a revolution there is a revolution, if there is none there is none. A government is legitimate if it is not overthrown, it is revolutionary if it succeeds a previous government. What Ferrero says is that he does not like revolutions and that consequently governments should prevent revolutions and that the rule should abstain from revolution because they bring about general disorder and solve nothing. He insists on the correctness of his thesis by saying that revolutionary government "did a great deal of harm to me, my family, and my sons."


For Mr. Carr the present war is an episode in a revolution against liberal democracy, national self-determination and laisserie faire economics. It can be neither explained nor waged in purely national terms. There is also no return to pre-war conditions. "Hitler has consummated the work, which Marx and Lenin had begun, of overthrowing the nineteenth-century capitalist system." What is now under attack, however, is not "democracy as such, but liberalism in its specifically nineteenth-century form." That democracy of property owners crumbled away with the rise of organized economic power. In the new democracy to come, "liberty" must be re-interpreted in economic terms. To make this possible, economic power must be brought under government control.

The rights of nations, like the rights of men, are hollow if they fail to lead to an individual well-being. Thus national self-determination must also be understood differently because "interdependence has become an inescapable condition of survival." Those concerned with international relations of the future must recognize the need for a larger unit than the present nation and realize that national self-determination can be valid only within a new framework of mutual military and economic obligations.

The economic crisis underlying the political crisis led to the present retreat from the money economy and to a re-integration of society by way of collectivisation. The solution of the economic problem is planned consumption. Initiated in Germany and Russia by revolutions, it is now fostered everywhere by war, unfortunately only in its simplest form, that is, as armament production. Although the profit motive has failed us, we have not yet discovered a moral substitute for it other than war; nothing but war seems sufficiently worthwhile.

For Carr the economic crisis is in essence a moral crisis. The absence of a moral purpose explains the "popular demand, not for unrestricted liberty, but for more authoritative leadership." The popular demand is met by the shift of power from the popular representative assembly to the popular responsible leader, which does not represent a diminution of democracy but a change in the form and character of contemporary democracy. The transfer of power from the legislative to the ex-
ecutive branches of government is evident also in the United States, where the presidency is likely to become more important than Congress. Carr's idea of a moral crisis underlying all the problems of today, is a necessary prerequisite to his outline of policies for the coming peace. All his specific recommendations, such as planned consumption, public works, social minimum, control over industry, in order to be carried out and to lead to the results envisioned, presuppose that the ruling class is determined by nothing other than a moral law designed to guarantee the well-being of all humanity. He admits, however, that the two existing moral principles that supersede war, i.e., Christianity and communism, cannot serve to lend purpose and meaning to modern life. A new faith must be found.

Meanwhile one must recognize the changes that have taken place. Britain's balance-of-power policy, for instance, has come to a close. She can no longer stand aloof from Europe. American interests, being bound up with the survival of security of Great Britain, are identical with British interests in maintaining British power in Europe. Both must accept permanent military and economic responsibilities beyond their own borders. As to Germany it is difficult "to imagine any effective policy for her dismemberment, which would not involve the break-up of the economic unity of Central Europe." Thus we must help to build up the German economic system into a larger unit under different forms of control. Reconciliation will follow by way of co-operation. Carr suggests the setting up of a European Reconstruction and Public Works Corporation and a European Planning Authority. They will be heirs to two going concerns; the centralized economic machinery of Hitler's New Order and the machinery of Allied wartime controls. There is no choice but to build on them, and perhaps recast them in the process of building.

While reading all this and more of the same stuff, one cannot help wondering what the war is all about. Apparently the only difference between Carr's schemes and Hitler's are differences in terminology. Carr goes so far as even to be willing to do for Germany without Hitler what Hitler tries to bring about. He objects to Hitler's ideas because they are based on the "hypothesis of German predominance." His own ideas, however, are based on much less, that is, on the hope that a new moral purpose will arise. Actually both are in full agreement as to what ought to be done; they differ only on the question as to who is going to do it.