

Living Marxism

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

THE WAR IS PERMANENT

The long expected second world war is now in progress. Guesses about its outcome spring from all directions. However, ignorance and wishful thinking becloud most of the popular speculations. To discover, then, the real meaning of this war, to form an attitude toward it, and to discuss possible actions against it, it is necessary first of all to brush aside the current misconceptions about it.

In Britain, from the Conservatives leftward to the Labour Party and the trade unions, it is claimed that there is no motive for the war other than to end "Hitlerism", international "lawlessness", and all aggression. The French bourgeoisie as well as its labor movement (with the exception of Russia's foreign legion in France—the outlawed Communist Party) blow the same bugle, and so do all other people lined up on the side of the Allies. Germany's attack upon Poland is taken as the immediate cause for the declaration of war. Coming after the Austrian *Anschluss* and the occupation of Czechoslovakia, it demonstrates, so they say, that Hitler cannot be trusted, that there will never be peace again until this madman is removed. This view is shared by those interested in retarding the German imperialistic drive for the purpose of accelerating the imperialism of the other powers.

The anti-Nazi powers defend "democracy", "peace" and "civilization", as well as themselves and a number of weaker nations against Hitler's barbarism, but the Nazis too, find themselves in a "defensive war" against Britain's attempt to limit the living opportunities of the "German people". Only a strong Germany, they point out, may escape foreign exploitation and may regain its rightful place in the sun. The *Anschluss* was unavoidable, they declare;

Czechoslovakia had to be disarmed to safeguard Germany, the system of Versailles had to be destroyed, so that the German people may continue to live. They turn back the moral arguments, pointing out that England is notorious for breaking promises and agreements, that Poland did not live up to treaties made with Germany but actually, backed by England, attacked Germany. They declare Hitler's policy not only beneficial for Germany but also a guarantee for further world peace, a peace which is not desired by English interests.

The German "war-socialism" developed long before the actual outbreak of hostilities provided the Nazi propaganda with an additional argument, namely, that it is the "socialistic" nature of the German national-economy which is feared and fought by the "capitalistic, plutocratic, Jewish, democratic nations". Nazi propagandists point out sarcastically that the slogan "defense of democracy" is an ordinary swindle, since the democracy which is only nominal in the capitalistic countries is far less popular than German fascism, which really rules in the interest of the nation as a whole. This propaganda is engaged in by all people interested in Germany's imperialistic expansion and in the prolongation of fascist rule.

It is true that in both the fascist point and the anti-fascist counterpoint there are some grains of truth; otherwise it would not be possible that people would accept such explanations. However, the partial truth contained in the war propaganda loses even its minimum of veracity once they are connected with all of the arguments, not to speak of their comparison with the real facts.

The "neutral" countries adhere to one or the other position mentioned, always ready, however, to change sides. They speak of peace as long as they are neither willing nor forced to enter the war, though in the meantime they take part in its economic battles. The course of the war on both fronts, military and economic, will make the decisions for those countries. Because at this writing the war is still in its initial phases, despite Poland and Finland, because the economic war has not as yet brought to full growth the military one, the curious performances of countries like Italy, Spain, Turkey, and Japan are still possible. Russia, though participating in the imperialist aggression, even now considers itself and is considered a "neutral" power. All countries seem to wait for more clues, offers, accidents, and moves before they make a step further in the direction of a world war worthy its ancestor.

The neutrality of these countries is as much a swindle as the German "defense" or the "anti-Hitlerism" of the Allies. No country stands aloof from the present war. In more than one way are Japan's occupation of Manchuria, Italy's conquest of Ethiopia and the Spanish civil war, to mention only a few incidents, closely connected with the present war. And so is the neutrality policy, as any other policy of the United States. Though it seems that the majority of the population in America shares the current nonsense concerning the cause of the war, directing its sympathies to the side of the "peace-loving", "democratic countries"; nevertheless their participation in the war will not be determined by this feeling, but by realities over which they have little control and which are not even known to them.

WAR AND CAPITALISM

Knowledge of the cause of the war is indispensable to any investigation. There were wars before there was capitalism. Only the capitalistic war is caused by the present socio-economic system. Some people hold that in capitalism wars are inevitable; others assume the possibility of a capitalist society outlawing wars forever. The latter looked upon the war of 1914 as the "last war", as the war to end all wars. Again they proclaim this war the unavoidable way to eternal peace. Now, as then, they nurture a "grand illusion".

We think that though each war has its specific historical reason, that all wars within the capitalist system have also a general reason which can be found in the class- and production relations of capitalism. As boom and depression are interrelated, war and peace interdepend upon each other. To favor capitalistic prosperity means to suffer capitalistic depressions, to favor capitalistic peace means to be a war monger. The warrior and the pacifist cannot help but act alike, because both react to the same forces, beyond their control.

To explain the interconnection between war and peace: The German wars from 1864 to 1871, for instance, were designed to break down a national and international political framework hindering unfolding of Germany as a first-rate industrial and capitalist power able to compete with other capitalist nations. The wars helped to bring about a situation where the newly released productive forces demanded more than a merely European power position. Germany proceeded on the road to world power in direct competition with France and England. It set out for a greater part in the exploitation of world labor. The peaceful post-war prosperity, based on a rapid capital accumulation, to a large extent had its basis in the new

setting created by the wars, just as the earlier difficulties in starting this expansion were one important reason for their outbreak.

As a capitalist economy cannot remain a "national" economy, of necessity it must lead to conflicts among nations whenever the complications of economy, which increase with the growth of capital, demand solutions and changes carried out internationally by the national unities. The national form of capitalism is one of its limitations, which, however, cannot be overcome unless the capitalist system itself disappears.

National wars and national revolutions effect a capitalist world production just as much as do capital export, colonization, international division of labor, and foreign trade. As a matter of fact, wars and revolutions take place when the "peaceful" means of strengthening and spreading capitalism become insufficient or lose their force altogether. Though wars themselves do not create profits but destroy capital, still the development of capital is unthinkable without them.

For a long time until recently all depressions could be regarded as a "healing process" of a sick economic body, actually leading to a new prosperity enjoying a new level of productivity which the depression itself established. Similarly, each war could be regarded as an attempt to re-organize for peace. The question today is only that inasmuch as the depression no longer seems to re-establish a basis for prosperity, whether in the same way war no longer can establish a basis for another period of capitalist peace. [1]

ECONOMIC CONTRADICTIONS

It is one of the unresolvable contradictions and calamities of capitalist profit production that the more it strives to increase its profits, the more difficult it becomes to produce them. Only a steady increase in capital formation permits capitalist prosperity. A continuous depression and stagnation allows no perspective other than the eventual destruction of capitalist society. If it becomes impossible in a given country to raise the profitability of capital sufficient for the continuation of capital expansion, there then arises the burning need to begin or increase the appropriation of additional profits from abroad. This means an attack on the profit opportunities of other nations, and when the situation becomes critical, war.

[1] Though it is true that the miseries of depression are always present in any period of prosperity, and that a time of complete peace was never a reality, nevertheless these situations can still be distinguished, since the degree of misery existing, or the extension of warfare in the whole scheme of things can be relatively determined.

This dry explanation of the economic basis of capitalism [2] and imperialism (and the basis for both is the same) does not, of course, tell the whole story, but without it a real understanding of capitalism's inability to escape internal frictions and international wars would be impossible. The insatiable need for ever more and more profits, the fact that capitalism is nothing but profit production, makes it necessary to explain the driving forces behind imperialist actions in terms of economic categories. More than that, whatever the phenomenon that may be brought forward to explain imperialism, as, for instance, the ideological arguments, the desire for security, for land and for raw materials, the monopolization of markets, capital export, strategic-military requirements, or anything else, can be reduced finally to its simplest terms: capitalism's vital necessity to accumulate profits.

There should no longer be any doubt that all of capitalism's difficulties spring from a lack of profits. On this point all capitalists and all bourgeois economists are agreed regardless of the different explanations they might bring forth to explain this shortage, or whatever the methods they might suggest to do away with it. They have employed various means and methods to increase capital's profitability in order to continue expansion. They have raised the productivity of labor and intensified its exploitation; they have formed manufacturer's combine, cartels, syndicates, etc. They have set up marketing and price controls, created trust and monopolies, and all without avail. As soon as one industry seemed to be stabilized, another was disrupted. In the very attempt to safeguard and increase the capital of one or the other capitalist group, the basis of existence for the whole of capitalist society became only more precarious. Thus capitalism, seeking to surmount its barriers, succeeded only in creating higher and more impassible ones.

COLONIZATION AND IMPERIALISM

The need for imperialistic actions is nothing else than the need for profits. As this need explains the internal development of the capitalist countries it also explains their foreign policy. Capital is

[2] We do not wish to give at this point a fuller explanation of the consequences of the capitalist accumulation process since we have dealt with them quite frequently in previous issues of Living Marxism. We accepted Marx's theory of accumulation and his interpretation of the meaning of the tendency of a falling rate of profit in the course of the accumulation process. (The rate of profit declines because the organic composition of capital grows; that is, that part of capital invested into means of production grows faster than that invested into labor power. As profits are derived from the exploitation of labor power only, the decline of the latter relative to the capital invested into means of production must make it difficult, in the course of time, to gain sufficient profits for the continuation of a rate of capital expansion necessary for a capitalistic prosperity.)

transferred from one field of production to another, alike internally and internationally. It is sent into non-capitalistic countries, or countries which offer more favorable conditions of production just as it spreads over all branches of manufacture and conquers primitive agriculture in the advanced countries.

The colonizing imperialists began by exporting capital for the development of plantations, irrigation systems, mines, mills and factories. In return for building highways, railroads and ports for the imperialists, the colonies found themselves swamped with goods from the mother countries. The exploitation of the colonies was a two-fold one: the labor power was exploited directly in the capitalist enterprises, and indirectly through the exchange of colonial products with those manufactured in the mother countries. The difference in the productivity of labor, due to the high organic composition of capital in the imperialist nations, and the lower organic composition of capital in the colonies, allows the advanced countries to exchange less labor for more, and to exploit even the poorest populations of the world. Besides these measures, taxation and forced labor increased the profits gained by colonization even further.

Just the same, the desire and need for colonial exploitation is often denied by the statement that colonies have proven to be liabilities rather than assets to imperialist countries; but no capitalist country has as yet been ready to part with them unless forced to do so by other nations willing to take over the "white man's burden". The Allies did not hesitate a second about taking Germany's colonies after 1918; for, in reality, the possession of them and the control of backward countries is profitable to the imperialists not only because of the exploitation of the natives, but also because of the establishment of monopolies over vital raw materials, and because military-strategic advantages can be gained which, in turn, may be transformed into additional profits.

Though it may be true that colonies are expensive to the taxpayers of an imperialist country, nevertheless they have yielded tremendous profits to those capitalist groups directly engaged in colonial exploitation. Not with injustice is it said about England, for example, that its rapid rise as an industrial and capitalist power would not have taken place except for the fortunes taken from India. Money in sufficient quantity is transformed into capital; without the tremendous money accumulation largely aided by colonial plunder capitalism's development would have been much slower.

IMPERIALISM AND FASCISM

The sharpening need for additional profits intensifies all imperialistic rivalries. But the changes taking place in each capitalist country become reflected in its imperialistic attitude. The international growth of capital becomes opposed to its early imperialism. New capitalist nations, late in entering the arena of world politics, have found and are finding themselves hampered by conditions created at the time when they still belonged with the backward countries. Old capitalist countries, especially England, had subjugated a great part of the world and exploited it in their exclusive interests. To ward off exploitation by the stronger countries, those that were backward had to develop "artificial" means to increase their competitive strength.[3] They became more "political", more "militaristic", more "restless", and less "democratic" from the very outset of their development.

The more openly expressed "militaristic spirit" and the "undemocratic nature" of countries like Germany, Japan, Italy, and Russia, is connected not only with their feudalistic traditions, but even more with their precarious positions as new capitalistic countries within the world economy. They simply cannot afford the "democratic" spirit of France which rules over a vast colonial empire and possesses even the means to maintain a largely satisfied peasant population. They cannot afford the effective solidarity of all classes which exists in England and which is based on an instinctive recognition that English privilege demands such unity. Limited in their appropriation of profits from world-exploitation they are forced to squeeze their own population more intensively to accumulate profits. "English history shows that political democracy can function only where the tempo of social transformation is slow and steady", observed Adolf Loewe [4]; it cannot function with the same results and in identical forms in the newer and belated capitalist countries, which have to hasten their capitalization process. But this quickened accumulation, based on the intensive exploitation of the native workers, gives rise to social legislation to compensate for oppression, and to prevent the killing of the goose which lays the golden egg. This "social" element in the newer capitalist countries, hailed as its humanization process, was and is in truth an expression of its insecurity and its bestialization. While the dearth of capital is thus compensated by better organization,

[3] See the following article on the development of Bourgeois Economics in this issue.

[4] *The Price of Liberty*. London 1937, p. 38.

which helps to develop capitalism, at the same time it undermines even faster its fundament; the blind-working laws of the market.

The process of capital accumulation is at the same time the concentration and centralization process of economic and political power. It takes place during the whole evolution of capitalism and proceeds faster during periods of stagnation and decline. At present it is accentuated by new political movements appearing under such terms as Bolshevism and Fascism.

It was often assumed that the richer a country, the stronger should be its centralization and concentration. But rather that which determines the degree of centralization in a country is the rapidity of accumulation necessitated by its competitive position on the world market. Expressed only in terms of capital concentration it was true until the world war that the more highly developed capitalist countries were those in which the largest fortunes were concentrated. Yet, the "richer" a country was in an economic sense, the less urgent was its need to rule politically. The government was left to middle class politicians, for they could not help but govern in the interest of the big capitalists, and, at any rate, could not govern against them. In America, for instance, the powerful capitalists could ignore the government to a point where it at times seemed to be in strict opposition to the needs of Big Business, without, however, being able to exercise more than verbal opposition.

In poorer capitalist countries, like Japan, the concentration of wealth was from the beginning identical with the concentration of political power. What was required here was not the slow "normal" development of capitalism by way of general competition, but a forced capitalization necessitating from the start the most extensive state interferences to overcome the disadvantages of Japan's tardy entrance on the world market. In other words, the high capital concentration of wealth reached in the older capitalist countries, account for the accentuated concentration of wealth and power in the more backward countries. The Russian slogan, "To reach and over-reach" Western capitalism, is not an empty one, but dictated by dire necessity, the necessity to avoid exploitation by foreign capital and thus be hindered in her national development, which would mean the continuation of the misery caused by a combination of generally backward productive forces with the exploitation from abroad. To change this primitive misery into the advanced miseries of capitalism compels the use of national-revolutionary methods directed against those interests bound to the backward conditions of the

country, and the interests of foreign capital. The capitalization of such countries, then, when not accomplished by the still undeveloped bourgeoisie, must be accomplished against the bourgeoisie. The economic weakness of the backward countries thus explains the radical centralization of all possible power in the hands of the state.

This forced centralization, furthermore, reveals the real international character of capitalism, which forces its weakest links to leap violently over and beyond the gaps in development between themselves and stronger nations. From this point of view the state-capitalist tendencies developing in both "fascist" and "democratic" nations indicate an actual economic weakness of capitalism.

Thus, the "aggressors" in the present struggle have turned their weakness into strength. It is true that while both the fascist and the anti-fascist nations are aggressors, until recently, however, the "democratic nations" could emphasize the use of economic weapons, whereas the fascist countries to an increasing extent had to rely on purely military ones. The world crisis of 1929, sharpening the imperialist contradictions and disturbing in unknown proportions the international economy, accentuated the militarization of capitalism. If the crisis brought no more than the "New Deal" to a rich country like Germany, the still poorer nations like Italy, Japan, Turkey, Russia, and Poland already having it. Fascism reveals an arid capital and a still existing well-being is the basis of anti-fascism. When this well-being goes, the metamorphosis of anti-fascism into fascism occurs.

It is true, or rather it was true, that in the time of rapid capital accumulation the number of capitalists increased together with the growth of capital. But as soon as one compares this increased number with the increase of capital then it must be said that relative to the rate of growth of capital the number of capitalists declined. They were decimated in booms as well as in depressions; they fell victims to trustification and market control, to changes in production and productivity. However, in periods of capital stagnation and conditions of crisis the concentration process of capital through dominantly economic channels slowed down to the point where like in Germany it had to be bolstered by violent political methods.

Internal political struggles, the shifting of class positions, bankruptcies and favoritism, increased state interference to secure some form of stability to the exploitative society, lead to a situation in which the state assumed economic leadership. Though there exist

in Germany and Italy still individual entrepreneurs, individual interests, profits and goals, and therewith individual chances for gain, for privileges and extra profits; yet this individualism is now subordinated to the state-controlled total economy. Of course, formerly there were also economic aggregates and complexities, but today the individual diversity of all economic subjects and undertakings is coordinated and directed into total unified activity, in so far as this is possible at all.

In Germany today, the individual entrepreneur is no longer master of his own enterprise. He can no longer decide upon investment, upon importation or quality of raw materials, conditions of labor, type of production, rate of interest or profit. Overseas trade, colonial activation of the forces of expansion are taken out of his hands. He becomes an interested official in a bureaucratized, politicized, economic apparatus. No longer does he factually possess or augment capital which need reinvestment. The forced centralization, the trustified state monopoly has curbed if not abolished competition. For him, there is no longer a crisis in the old sense threatening the economy, because the armament industry which has animated all branches of industrial life is working full blast and is actually swamped with orders. The manufacturer is no longer haunted by the spectre of the falling rate of profit because the state has fixed, normalized and guaranteed his income. For expansion or new investments the treasury of the state is available.

This process going on, the composition of the ruling class changes still further. The state bureaucracy replaces more completely the lawful owners of capital. The bureaucracy becomes a mixture of industrial, military and political officials. However, like the capitalists of old, the new fascist rulers are such only by virtue of their control of the means of production. The rule over the workers and the powerless in society, which could no longer be safeguarded by economic means, is now secured by political methods. [5]

Able to develop world trade only on the basis of exploitation, the international policy of all capitalist countries—at all decisive moments—could assume the form only of warfare. Despite this peculiar form of "international relations" the capitalists, still fighting against the remnants of feudalism, fighting between themselves and against the workers, at first needed a political democracy in

[5] As the best short exposition of fascism and its origin we suggest the reading of Max Horkheimer's article "The Jews and Europa" in the *Zeitschrift fuer Sozialforschung*, Jhrg. VIII, Nr. ½; Paris, 1939.

which they could settle their problems within the general competitive struggle. But the more the concentration process of capital became intensified, law and government became less and less the synthesis of numerous political and economic frictions, and instead the "needs of the whole" were served better through exclusively serving the needs of the few. Government became solely the instrument for suppression within the country and an instrument for imperialistic policies.

National borders, however, cannot stop the centralization process. The trend in capitalist development towards reducing the number of exploiters simultaneously increasing their power over larger masses of workers, forces the international "re-organizations" of spheres of exploitation. The more the competition of private entrepreneurs was displaced by the political competition for bureaucratic power positions, the sharper became the competition between nations, but no longer only for this or that colonial possession, or for a greater share of world trade, but for complete and exclusive control over so-called geographic-economic "*Lebensraeume*". In other words, there evolved the division of the world by a few important powers, sharing among themselves the exploitation of the many national unities, just as the great industrial combines control a number of smaller enterprises. "Only for a few great powers", states a Nazi Publication, [6] "remains the possibility of military independence and an autonomous economy. For lesser powers this holds true no longer". And it is pointed out further that the world crisis was not overcome by the automatism which worked in earlier depressions, but that each country was forced to find a solution for itself without regard for world economy. However, this "independent solution"—first celebrated as the trend towards autarchy,—was in reality the preparation for war between the decisive powers for world dominance: "The concept of a power", the Nazi publication continues, "has been defined as a state capable of defending itself against a constellation of other powers. Since there exist great powers, small and medium states are forced to cooperate with them or to maintain neutrality. The political power must also be an economic power, which, then, is the real meaning of all present-day military policy in England, France, Germany, Italy, and Japan, because the basis for a stabilized economy exists only in countries like the United States or Soviet Russia, stretched out as they are over whole continents. The smaller countries are unable to defend them-

[6] L. Miksch, "Wirtschaftsgrossmaechte und Nebenlaender", Die Wirtschaftskurve, Frankfurt a. M. H. II. 1939.

selves and are able to be independent only on the basis of a low standard of living. The transformation of world trade corresponding to the military-economic necessities of today is not a general one, but starts with the great powers and leads to a reshifting of all nations around a few power centers."

The miserable conditions in Russia and the depth of the crisis in the United States, however, shows that in these countries there also does not exist the basis for a "stabilized economy". The capitalist crisis is not a question of geography but a problem of class relations. As long as the exploitation of wage labor exists, as long as the whole economy functions for the maintenance and in the interest of the ruling classes, just so long territorial expansions, re-shifting of nations, divisions of spheres of influence may help one group of capitalists at the expense of others, but they can not do away with the existing misery and the present crisis conditions. This very process illustrates the utter incapacity of capitalism ever to proceed towards a real and rational world economy. The "automatic laws of the market" have not done away with the crisis conditions characterizing the world of today; the hope is gone that they ever will. The possibility for the recurrence of the "normal recovery" is also gone, for capitalism there is nothing left than to amalgamate as many states as possible into one or the other bloc of powers and to attempt an equalization of the diverse competitive capacities between these blocs, which is possible only by way of war. But this very process of solving consciously and capitalistically the present crisis conditions, deepens them only further, for those economic criteria of capitalism which manifested themselves through crises, have been largely eliminated under recent fascistic and other organized interferences with the economic mechanism.

This then is the "tragedy" of fascism and of all "capitalistic planning" attempts, that the better they succeed, the more they disrupt the capitalist world order. Yet, there is no way of preventing this destruction, for with the "waiting for normal recovery", the depression would create miseries at present inconceivable, and cause the destruction of millions of human beings and multitudes of capitalists. This situation cannot be envisioned without its corollary of wars and revolutions that is, such a situation would bring into existence what exists today. A capitalist peace is no solution for capitalism; it would not be less costly than war. And the intelligent of the ruling class know this. "In all the belligerent countries", writes the *New Statesman and Nation*, [7] "the return to

[7] *A New Deal for Europe*, 2-17-40.

civilian life may seem so perilous and so difficult that the dread of it may even prolong the war. Besides idle machines, demobilized men even among the victors, if victors there be, will face poverty with rifles in their hands."

TRANSFORMATION BY WAR

It was no secret that Germany was preparing for war. Its whole economy since 1933 and even long before that was geared to the coming slaughter. To make possible the external struggles, peace had to be established at home. The bourgeoisie of old could no longer guarantee such peace with the traditional methods. A new ideology was developed to secure capitalist exploitation, though it no longer appeared capitalistic. The social phraseology became the more "radical", the more actual life became barbaric. As the "social politics" of the age of reform indicated only intensified exploitation, so the growth of national-"socialist" ideology expressed only the preparation for gigantic mass murders.

From the viewpoint of the worker's class interests there are no essential differences in the characters of the German and the other socio-economic structures. Yet, there exist considerable differences in the economic insecurity of the diverse nations, explaining the range of differences in the ideologies. As a capitalist nation Germany resumed its imperialistic policy at the first opportunity; capitalistically there was no other way out of its difficulties. The German working class, unable and unwilling to end capitalism was therewith forced either to participate in the new imperialistic drive, or to remain altogether passive. And their actual passivity has been an additional reason for the coming of fascism with its peculiar national-socialistic phraseology. But what holds good for Germany, under present conditions, holds good for all of the world. Not to act socialistically means to act imperialistically. It is entirely senseless, then, to maintain that the German workers do not really want to fight for fascism and its war. Nobody *wants* to fight for anything. But by missing a historical chance, or in the absence of an opportunity for a social revolution, the workers of today have no choice but to fight in the fascist war. In spite of the French and English workers declaring and even believing that they are not fighting Germany but Hitler, they too are fighting only because they have no other alternative, they also have to act imperialistically for failing to act socialistically. For this reason it cannot be expected that the workers of these countries, or any other country, will seriously oppose the fascization process going on in the world.

Fascism is not a German invention, but the outcome of capitalist liberalism. It is not the opposite of that which existed yesterday but its continuation. Its roots can be traced back to the very beginnings of capitalism, and it may be described as the most ideal form of capitalism yet achieved. As fascism is the product of capitalism proper and as it is created by world capitalism though first appearing in a few countries, it must some day embrace the world unless the capitalist system of production disappears altogether. The war will hasten the fascization of the world, it is the medium for this process, but even this development must be forced upon the world and cannot be—on account of the existing class relations—consciously and peacefully adopted.

"To conquer the enemy", said Paul Reynaud, [8] "we must first conquer ourselves." And two weeks later he said before the French Senate: "Many Frenchmen are uneasy at the prospect of postwar France. They wonder if the state will devour everything... Exchange control? Price control? Salary control?... Events have forced them on us." It is true, events have forced fascism upon the bourgeoisie. But once it appears, all bridges to the previous form of capitalism are blown to pieces by that newly-emerging ruling class which takes over positions of social power during the "emergency."

The centralized dictatorships of the continent also determine the course of English society. Its resistance to the transformation in their direction is not to be considered since "the unconscious but extremely effective solidarity of all classes in exploiting the colonial and pre-capitalist markets is drawing to its close. The struggle for the respective share in the national product can no longer be mitigated simply by a compromise over the sharing out of the annual increase." [9] The state itself will have to maintain the exploitative order and "the only compensation which could be offered to the upper classes in place of their economic privileges would be a favored role in filling leading positions in the administration of a planned order-administration instead of acquisition." [10] "It is not too much to say", states the London *Economist*, [11] "that the form which industrial control takes during the war will dominate the economic development of the country after the war. We are in serious danger of slipping into a feudalistic system of cartel con-

[8] Speech to the Chamber of Deputies 12-13-29.

[9] *The Price of Liberty*, p. 38.

[10] *Ibid.*, p. 41.

[11] 12-9-1939; p. 364.

trol which may or may not succeed in producing a stable post-war world but which will certainly militate against the abundant production of cheap goods."

It will not take long till the French decrees for stabilized wages, regulation of payment for overtime, and the abolition of the shop steward system will echo in England. And after that there will follow the elimination process of the atomized capitalistic interests to establish the unity state-capital now ruling in the fascist countries. In the forming of the modern nation-state, political centralization was the necessary means of overcoming feudalism, and it now becomes the guardian of the system of wage labor against possible rebellion. What was once hailed victoriously by the lower classes as their very own, now turns into a system of oppression beside which the feudalistic form appears as a monument of liberalism.

Just as the individual capitalists turn fascist (with exceptions) only at the point of bankruptcy (and some are denied even that privilege) the capitalistic labor organizations, too, have difficulties in adopting themselves to fascism. They can at best follow, but never initiate the new trend. That the old labor movement lives and dies with liberal capitalism comes to light in their helplessness before fascism, and their inescapable necessity to help prepare the way for it. In opposition to Daladier's dictatorial policy, Leon Blum, for instance, in behalf of the French socialists could no more than declare, that his own program did not differ in its final purpose, but only in method, from that of the French bourgeoisie. "There is even a movement among the more progressive elements in the C. G. T." (National Trade Union Centre of France), reports the *Economist*, [12] "to think in terms of universal military rates of pay supplemented by family allowances. Why should a worker be paid more than a soldier?"

When after the establishment of exchange controls, of a license system for foreign trade, and with the beginnings of investment control, in the French and English governments' adjustments of their economies to the needs of war had been made, the thing that was stressed by the English experts first and most of all was the need to lower the English wages to the level of the French. The trade union representatives, it was said, "will be unable to escape the conclusion that sacrifices will have to be made by the British working class before equality of effort with France is reached." [13] And British experts offered a number of plans to facilitate the sacrifice.

[12] London, 2-3-1940; p. 191.

[13] *Economist*, 12-16-1939.

Mr. J. M. Keynes, the most celebrated of them, writes, "The workers must not make a greater immediate demand on the national resources than hitherto; the community may have to ask of them a reduction. But this is no reason why they should not be rewarded by a claim on future resources... The remedy is to distinguish two kinds of money-rewards for present effort—money which can be used, if desired, and money the use of which must be deferred until the emergency is over and we again enjoy a surplus of productive resources." [14] This scheme fits perfectly, as an American complained, "in the growing passion for coercion and regimentation", but it must amuse even the schemers, as they know quite well that Mr. Keynes' high-sounding language will not substitute for the whip which will back up the command to work more and eat less. For "at no point in a realistic discussion of how in particular those British citizens who suffer war losses to person and property are to be compensated can it be assumed that anyone but the British public will foot the bill. This obviously means that the attempt will be made to keep the bill small. [15] The bill can be kept small only at the expense of the workers. And if it was only just to ask why a worker should be paid more than a soldier, it is not unjust to ask further why he should live longer than a soldier?"

The more the struggle for democracy spreads and the longer it lasts, the more rapidly will the world be fascized. Beginning with the complete subordination of labor, the process ends with a newly-entrenched ruling class controlling all of society. Neither capital nor labor will escape; nor will there be left a democratic island to which the intellectuals may escape to preserve the "culture" of yesterday that is, their status as intellectuals in a moribound world. "If this war leads Europe to adopt the totalitarian economic system", concluded a round table conference of American experts, [16] "in which government directs production and foreign trade, the United States might move in the same direction, for reason of self-defense."

Though war accelerates the spread of fascism, it does not cause it. How fast fascism will march cannot be correctly predicted. However, a defeat of the "democratic countries" would lead to the immediate completion of the fascist revolution now in progress. Countries in which private property in the old sense has still sufficient weight, will for that reason—in self-defense—be on the side of

[14] *London Times*: 11-14; 11-15; 11-28-1939.

[15] *The Economist*, London; 12-2-1939, p. 320.

[16] *Fortune* January 1940, p. 71.

France and England. An alliance of a country like the United States with Germany would presuppose a fascist revolution in America. Only when the private property elements would be sufficiently driven back, would the question of choice in war-partners arise. At present, the United States, is interested only in either a speedy defeat of Germany necessitating its early entrance in the war on the side of the Allies, or in a compromise solution, in a truce rather than peace, to win time for a re-alignment of forces less favorable to Germany than the present one. In short capitalism wants both war and no war. This Hamlet attitude corresponds to the opposition of private capital to the fascist tendencies in the "democratic" countries. It constitutes their weakness and augurs their possible defeat unless they, too, become as one-sidedly totalitarian as the fascist countries. But if they do—and eventually they must, war or no war—there, then, should be apparent to any worker now under the spell of ideologies, the senselessness of all national questions and all struggles for national purposes.

The more difficult the situation becomes for the Allies, the more pressing becomes the need for America to help them, the more fascistic these countries will become, and the more they will drive Germany towards the final elimination of the last remnants of the old capitalism. If the fascization does not continue in the democratic countries, there is no chance for their military success; and violent fascist revolutions will attempt to save what can be saved in the diverse fatherlands. All roads lead to the totalitarian state.

It is no less than backward thinking to assume that a truce at present would improve the position of the Allies, on the chance that the Allied diplomacy of Pound and Dollar could then defeat the German diplomacy of troops and cannons. Money was everything only as long as it was respected as the ideal and universal form of wealth and power. The old Blanqui slogan, that "those who have iron, will have bread," bears more weight today. What of it, if Germany cannot secure iron ore from Sweden or the oil from Rumania because she lacks exchange? It can take the mines of Sweden and the fields of Rumania by force if no counterforce exists to stop her. The gold in the hills of Kentucky is no such counterforce; to become transmitted into force, means the arming of Sweden and Rumania, or the militarization of America. The first takes time, the second means fascism. Dollar diplomacy is not enough; the truce will be used rather to militarize the "democracies" to the extent that will reimburse the fascists with the proper respect for cash. "We can defeat Germany only", states the *Economist*, "by accumula-

ting an unquestioned preponderance of all the materials of war. The only way in which we can be sure of winning the war is by looking ahead to a time when we shall be able to take the offensive side with at least an equality of manpower and a crashing superiority of material—in short, do to the Germans something of what they did to the Poles in the month of September". [17] If this was true when printed it is even truer today. It implies that the anti-German forces will be increasingly forced to adopt that system which they are out to fight.

It is the wishful thinking of the anti-fascists that the blockade and brewing financial troubles will surely bring about the defeat of Germany without much effort on the part of the Allies, but in this hope the movers and shakers of yesterday will be utterly disappointed. Those "Marxists" a la Sternberg who by counting the economic weaknesses of their old fatherland on their ten fingers will have to do much re-counting. Their "economic approach" is already today a sort of propaganda in the Goebbels manner. By fostering the war they help to bring about a world-wide fascism; and even if their hopes come true, they will have merely aided in bringing about a change of fascist commissars in Germany, but no more. Such "Marxists" who propose others to fight against Hitler assuring them of success in advance, have become themselves fascist in spite of Hitler's unwillingness to grant them that privilege.

THE FASCIST WORLD REVOLUTION

If Germany wins, warn the antifascists, it will rule the world. No more possible in reality is the other hobgoblin that haunts many an antifascist, which is that out of this war there might arise a world-embracing system of fascism under one centralized ruling body. The present half-hearted economic union of France and England and its possibility of continuation after the war, the hypocritical talk of pacifists, antifascists, labor leaders, and other well-meaning people about using this war to establish some sort of European Federation which would come to an understanding with the rest of the world, returning with it to economic freedom, gives rise anew to the dream of internationally regulated exploitation.

During the period of social reform it was argued by the socialist worshippers of capital that the so-called tendency in each nation towards the General Cartel—the one big trust—would be only the stepping stone to an international cartel, that therein was to be seen

[17] *The Economic Front*. December 9, 1939; p. 363.

the conscious and peaceful transformation of international society into socialism. The League of Nations was later envisioned as the first major step in this process, but the world crisis, the collapse of innumerable schemes and real attempts for international cooperation, changed the dream into the nightmare of a world-embracing fascism after the Russian model, so that the only ones remaining joyful in these fantasies were the Bolsheviks.

The ruling classes of the nation-states have historically developed in a way which excludes the possibility of sharing in the world exploitation by agreements. The organization of world economy with its highly developed division of labor, bound as it is to a multitude of interests not directly concerned with its needs and consequences, continually evolves frictions between the pressing real needs of world production and distribution, and the class needs and limited interests of the atomized bourgeoisie. This contradiction exposes the capitalist mode of production as a hindrance to the further unfolding of the productive forces of mankind.

Theoretically and abstractly it is conceivable that wars could be avoided if all ruling classes in all countries, or in a decisive number of important countries, would unite themselves into one ruling body to organize world exploitation on a truly world economic basis. What would be still left then would be the class war between the world exploiters and the world exploited. However, though the human mind could construct such a situation, history is more and something else than the human mind. First of all, the actualization of this concept would mean the disregarding of all previous history, which has created a set of conditions in which decisive changes can be made only by way of struggle. Furthermore, in the very process of centralizing the rule over the workers in each and all countries class positions are shifted, fortunes destroyed, capitalists eliminated. To effect a centralized world rule which would realize an exploitative world economy ending the necessity of war, not one but uncountable wars would have to be fought to destroy a multitude of special interests opposed to this centralization process. But each of these wars is likely to create conditions allowing or forcing the working class, to destroy the now reactionary class rule. Being the only class whose interests do not oppose a real and conscious world collaboration, a truly world economy which would release the productive forces now latent can be successfully realized only by this class.

The present war demonstrates as does all previous capitalist history, the impossibility for capitalism nationally and internationally considered, either to satisfy the real needs of world production or of mastering it in its own capitalistic way to safeguard itself. Even nationally where through political methods capital concentration has reached unity with the state, it has been proven impossible to eliminate the struggles within the ruling class. And it is unthinkable that these could ever be eliminated (their form only can change) without the eradication of classes altogether. The very existence of class relations continuously engenders frictions and struggles within the ruling class. So long as the economy is not able to satisfy the relative wants of the great masses of people—and the existence of class relations is indicated by just this situation—it cannot satisfy the wants of the ruling class, which in itself is divided into many categories of economic and political importance. The control of the controllers remains a necessity, and distinctions are made in all layers of such society. Each shift in the productivity of labor, and each reversal the economy suffers, dislocates entire sections and changes their positions within the ruling class. The struggle of the exploited to enter the exploiting class leads to a continuous struggle within the latter, as the struggle in the exploiting class finds its arguments in the misery or the aspirations of the exploited.

That it is impossible for the sectional struggles within a national ruling class to be eliminated, is proven quite dramatically by the various purges in Russia and Germany, and since this intra-class peace cannot be attained in countries where political and economic control are practically unified, its possibility is all the more fantastic in the case of an international ruling caste. All this is independent from the more important consideration of whether a greater productivity and better general welfare would be possible at all on the basis of such centralized control, which nevertheless continues the old class relations between capital and labor. Neither Russia nor Germany has as yet proven that this greater "prosperity" is feasible, and the proof will be forthcoming only when this real world of opposed capitalist units is superseded by the prophet's paradise of a war-free world cartel.

But the war-free world cartel, in which by international agreement the different shares of the world-created profits are allotted to the different political-economic combines according to the needs of international fascism, will not become a reality. Not even the unification of Europe will result from the present war, for this would presuppose the complete defeat of one or the other set of the belli-

gerents. However, the fight is not over European but over world issues. A unified fascist Europe would mean, furthermore, the continuation of war; no longer between blocs of powers but between whole continents. And it would make no difference here whether the fascist United States of Europe would be determined by German-Russian or by English-French imperialism. The American imperialists, for instance, are well aware of the fact that whatever may be the outcome of the war, it would lead only to another war with still greater issues involved. Arguing for the increase in the Navy's budget, Secretary Charles Edison recently stated: "What we have asked for is not sufficient to defend our home waters, the Monroe doctrine, our possessions and our trade routes against a coalition of Japan, Russia, Germany and Italy. We must face the possibility of an Allied defeat and then measure the strength of the powers which might combine for action against the Americas. If our Navy is weaker than the combined strength of potential enemies, then our Navy is too small. It *is* too small [18]." But American imperialism would have to arm equally as well against an English dominated coalition.

Capital must expand or disintegrate. In either case nations, blocs of nations, or continents must with necessity encroach upon the interests of other nations and coalitions. Within this very process oppressed nations seize either the opportunity or face the necessity of revolt against their oppressors. National states will arise as others disappear. The world scene does not shift towards greater balance but to ever more chaos. Disorder is the basis of capitalism; the quest for order itself leads to greater disruption. By fighting for national "independence" the backward countries not only add to the general disorder but also bring to light the impossibility for a realization of their desires. Their struggle for independent national borders helps to destroy other nations. This is analogous to what happens in the attempt to safeguard competition in a world of monopolies. The fiercer one fights for competitive strength the more inexorable grow the forces of monopolization. The days of the capitalist market economy are numbered; so are the days of capitalistic nationalism. And yet, the victory of monopolization can never be complete, and the national question can never disappear unless the socio-economic setting is created for a conscious regulation of world economy. This task can be undertaken only by the world proletariat which must yet recognize that its life interests are internationally identical. Though these interests of the workers

[18] Quoted in "Time," 1-22-1940, p. 18.

are already objectively unified, the life interests of the ruling class will always remain nationally sundered no matter how close the nations should ever resemble each other.

To support today the struggles for national liberation means to support the growth of fascism and the prolongation of war. Because only by becoming more centralistic, more capitalistic, more aggressive than the older countries, such nations would be able to "free" themselves from one set of imperialists only to fall victims to another. But never can they free themselves from the capitalist misery ruling the world. Since all advantages are still on the side of the imperialist nations the fight for national liberation concerns no more than the choice between imperialist rivals benefiting not the mass of the oppressed people but only their rulers. To envision, for instance, that the independence of India, brought about because of the war or with the direct aid of German imperialism would create democratic conditions and further the capitalization of that country requires the loss of all sense for reality.

Though there is no longer a chance for the oppressed nations to free themselves, there too, is no longer any chance for the oppressors to maintain their rule, just as there is also little hope for the so-called have-not nations to overcome their present difficulties by seizing for themselves the possessions of the have-nations. After all, the favorable position of the have-nations did not spare them from economic depression and decline. They may fall later, but when their reserves are exhausted they fall nevertheless.

It is a rather pitiful show which is provided by English and French capital in their hedging on the Russian question. They cannot make up their minds whether or not to include Russia among their enemies. Not only Germany, or Germany and Russia, but the whole world is England's enemy, just as not only England but the whole world—despite the German overtures to France—is Germany's enemy. As a matter of fact, "Russia, not Germany, is Great Britain's historical antagonist in Asia; and Russia, not Germany holds the strategic threat to Britain's imperial life-line from Cairo to Calcutta. Germans see, beyond the wheat fields of the Ukraine and the oil wells of the Caucasus, the land route to India. Having already obtained Russia's pledge of economic help, they see the prospect of also obtaining Russian pressure on the vast reaches of Britain's empire [19]." If because of this, the British attempt to break the Russian-German alliance, they will find no reward. The "balance

[19] Barron's Financial Weekly, 2-12-1940, p. 3.

of power" strategy has reached its end. What was believed to have worked somehow in the last hundred years certainly does not work any longer. England's policy of preventing the establishment of a power or coalition able to challenge her supremacy did not save the Empire, but it was rather the relative prosperity all over the world which allowed credence to the value of this policy. Though apparently leading to the German defeat in the last war, its pursuance permitted a German comeback so that it could once more challenge English supremacy [20]. As the well-being of international capitalism allowed success to the policy of the "balance of power," the general crisis of capitalism excludes its working. Not this or that policy, but the deep economic pressure which moves the world today determines its future as well.

What if England does succeed to break the new alliance of fascist countries by bestowing upon Russia what it refuses to Germany, or giving to Italy what it denies Japan, or to Japan what it denies Russia, or to Germany what it denies Russia? Then new alliances will spring up as a result, new interests will arise, the war though shifted will remain because the hunger is general. What if by such moves one or the other country, whether Russia or Germany, is totally defeated and dismembered by the victors? "The days are over," mourns the *Economist* [21], "when the defeated enemy was expected to meet the expenses of the victor, and also to indemnify him for the inconveniences and suffering involved in fighting the war, . . . the understanding that the loser pays has gone the way of most of the sporting principles which were a minor feature of the wars of the distant past." What if in the course of the war German interests all over the world are eliminated? This war is not only unprofitable [22], but entirely meaningless from the viewpoint of national capitalistic interests. Not only is there a chance that non-belligerent powers may take advantage of the war situation, but those backward countries over which the war is really fought may yet raise their heads and secure for themselves the exclusive rights for the exploitation of their "people." In South America for instance,

[20] See "The World War in the Making," *Living Marxism* No. 5, pp. 132-peace agreement, with the possible consequences of attempts at ending the per-

[21] 12-2-1939, p. 320.

[22] The *Economist* of Dec. 9, 1939, p. 365, states: "There is now widespread recognition of the necessity to use the weapon of export and import competition against Germany in these markets that are still open to her and to us. We must be prepared to sell cheaply there, if by so doing we can make Germany also lower her prices; we must be prepared to pay extravagant prices for goods we do not want if Germany does want them... Export industries are not an alternative to munitions industries; they are munitions industries."

oil for Mexico and steel for Brazil are made the pretexts for the development of half privately, half state controlled economic systems the like of which rule today in Europe. Private capital will no longer be able to control those countries and no longer be willing to take the necessary risks. To continue the exploitation of countries like those in South America a fascist North America must arise.

The economic war disrupts further the already badly disorganized world-trade and threatens the foreign business of all "neutral" nations including the Americans. The English, for instance, have brought pressure upon Argentina to buy British products to the exclusion of goods from the United States. The Germans have increased their exports to all acquirable markets. They have a price policy dedicated to economic warfare and are producing on a scale that will not only keep an army in the field, but on the largest scale to which their industrial machine can be driven. The non-belligerents are not profiting from the war; they report increasing unemployment and growing economic stagnation. As history cannot be turned back-interests which must in turn be defeated since they will not voluntarily retreat.

One must laugh upon reading Mr. Welles' proposal to the French government that a war goal must be the removal of the newly established trade barriers. The Welles statement [23] listed three points: "1.) Healthy commercial relations must be the basis of political and economic peace. 2.) The prosperity of international commerce precludes exclusive discriminatory agreements between two countries. 3.) If world trade is to be reconstructed after the war, it must be without resentment or fear of any nations toward others." And it is only in keeping with the nature of these proposals when President Roosevelt added to them the need for "doing away with huge armies, and the need to permit free international exchange of ideas and to allow the worship of God."

The return to a free market as a war goal goes well with the hypocritical proclamation that no more than the defeat of Hitler and the re-establishment of borders violated by Germany are involved in this war. Neither one nor the other can be realized even if the statesmen for once in the history of statesmanship should mean what they say. The increasing fascization through war eliminates all respect for national borders, as fascist foreign policy means precisely the doing away of borders preventing the needed expansion. To maintain the security and the profitability of the present blocs of power new trade barriers have to be erected in conformance with their

[23] New York Times, 3-10-1940.

different needs. Planning will bring counter-planning, features of today's economic warfare will become permanent if the fascist plans succeed.

There are numerous additional arguments proving the practical impossibility for the realization of a fascist world cartel. The present war will not effect a capitalist international reorganization allowing for a new period of capitalist advancement. This war, as the permanent depression since 1929, is but another side of the decline process of the capitalist form of society.

Ending the War

The fascist "world-revolution" must then be understood as the reorganization of all countries on the basis of a fascist economy, accompanied by violent attempts to re-shuffle economic power positions in the interests of the dominant fascist countries and their satellites. The present war will not lead to another period of peace, but is a permanent war, as the depression of 1929 has become permanent. There will be no vanquished and no victors; defeat and victory would imply that the ending of the war exists already in its beginning. Whatever countries will still be involved in the war, and what re-alignments will take place, interesting as this speculation may be, are of no concern to us, nor to the working class at large. Neither victory nor defeat are any longer of importance to the ruling classes, though no choice exists but to work towards victory. They will never obtain the peace they desire; all they may reach is a temporary truce implying the defeat either for England—France, or for Germany. In either case the position of the countries forced into the truce will become untenable and their collapse would be only a question of time. They could not help but to initiate another armament race and to prepare for the resumption of the war. The respite would not be long for without the war internal conditions would culminate into social convulsions, leaving the uncertainties of war more preferable to the ruling classes. And yet, though war seems to be the only solution out of the capitalist dilemma, the system will not be able to carry war to the extent necessary for the solution of its contradictions.

We must recall at this point that capitalist accumulation comes to an end simply because it cannot produce the profits necessary for a continuous expansion. When capital becomes too gigantic, profits become too dwarfed in comparison for capital to be increased at the previous rate of growth, a rate necessary, though no longer possible, for the existence of prosperity. In other words: the profits

created, however large they may be, are too small to be employed with any significance in relation to the increased requirements of an increased mass of capital; the largest unemployed army indicates no more than a real lack of labor power relative to the profit-needs determined by a progressive expansion. In a similar way, the war which may be necessary for that re-organization of capitalism necessary for its further existence, may require energies which can no longer be created by capitalism. The war machinery needed by each of the belligerent countries to crush the other may be beyond their reach. Just as capital lies idle, appearing as a surplus though in reality representing a shortage of capital because it is not sufficient for a profitable expansion, armies and war machinery lie immobile because — enormous as they may appear — are still insufficient to make probable the success of an offensive. Idle capital indicates the permanent depression—the idle soldiers on the Rhine illustrate the permanency of war. Ridiculous as it would be, from a capitalist point of view, to activate a capital that would be sterile of profit, it would be just as ridiculous to set in motion armies incapable of shifting the balance. However, capital weighs heavier than human lives, and capitalists will sooner risk their soldiers than invest their capital unprofitably. But even if the offensive will eventually occur, through the despair caused by the increasing economic and social pressure, still they must of necessity take place within the structure of a limited war unable to fulfill its birthright: the total defeat of the enemy.

The cost of equipping and maintaining a division in the field has been almost doubled since the last war. The cost of aeronautical equipment per man in the English air force alone is about 2,000 Pounds per annum. The technological advance of the war-machinery has increased the cost of military operations enormously, and it can be said that for each soldier at least 10 workers are needed to assure his efficiency under modern war-conditions.

The enormous armies kept in constant readiness, the production for purely destructive purposes increasing continuously, the need for carrying on the economic warfare, and the necessity to provide sustenance for the workers laboring at high speed, all eat into the surplus value as never before and lead to an increasing pauperization of all countries, and still this process cannot be intercepted by a sudden gigantic effort on the part of one of the belligerent powers. For such an effort all the available energies are not enough. Thus arises a situation which necessitates the permanence of a war grow-

ing out of the permanent depression—a crisis which cannot be ended unless ended by the soldiers themselves, the soldiers both on the fronts and in the factories, for in the course of war any distinction between these divisions of the laboring class will disappear [24].

THE END OF BOURGEOIS ECONOMICS

The beginning of theoretical economy as an independent science is generally traced to the time of Adam Smith. Though this "beginning" may be more correctly considered a turning point in economic thought, nevertheless there began with "The Wealth of Nations" an entirely new period for economic theory, the period of the "Classical" theory, which reached its highest development with David Ricardo. After that it seemed that all that could be said about political economy had been said. The followers of the Classicists came to be known as the Orthodox School; their aspirations encompassed only the interpretation and elaboration of the Classical viewpoint.

The Classical theories and the Orthodox School both developed in England. There they had their greatest influence. For England was then the most industrially advanced country. True, other countries following England's form of industrialization were strongly inclined to import those economic theories, since they were a concomitant of the industrial development. However, because the results of this industrialization process did not for a long time correspond to the high expectations of its advocates, scepticism arose to challenge the desirability of following in the footsteps of English capitalism and of accepting its economic theories.

Because it was the first of the new capitalistic powers England had many advantages, and these resulted in a corresponding number of disadvantages for countries less advanced. Free trade, a principle of the Classical School and its followers, expressed in reality a prerogative of England and hampered the industrialization process in countries not so highly developed. The general theory did not fit different circumstances; to object to English monopoly meant also to object to its laissez-faire philosophy.

[24] This article, continuing in the next issue, will deal with the further consequences of the permanent war, with the meaning of an eventual temporary peace agreement, with the possible consequences of attempts to end the permanency of war through turning the whole world into a battle field, and, finally, with the possibilities for a change of society to be made by the international working class. Included in the continuation of this article will be a critical discussion of the arguments presented by *Alpha* in this issue of *Living Marxism*.

The opinion of the Classical theorists and of the Orthodox School was that it was best not to interfere with the "automatic" regulation of economic affairs, which was affected by a market law as inexorable as a "natural law." According to this opinion, the law of *supply and demand* brought order into social production and distribution: An invisible hand was guiding the social relations of men in a just and effective manner. By competition, each tried to get the most for himself, and, because this competition was a general one, no one could acquire privileges nor be taken at a disadvantage. Each would receive what corresponded to the value of his product—a price that expressed the labor time incorporated in the commodity that he offered. If no one interfered with the automatic market laws, there would be active and continuous tendencies toward an equilibrium between supply and demand, and therefore the best possible harmony and welfare.

It is easily understandable that whoever prospered under the conditions of *laissez-faire* [which was more of an ideology than an actuality], was bound to believe that the theory of the Classicists satisfactorily explained the economic laws, and that whoever did not fare so well under those conditions would be inclined to rebel against this philosophy, as well as against the practices associated with it. These two conflicting attitudes, however, only proved the validity of competition. Each group was fighting for specific interests, but with unequal possibilities. Free trade, recognized as an advantage to the more developed countries, could be opposed by the less developed countries only with additional political means, such as state-fostered industries and tariff regulations. But this activity could lead to nothing but a return to international free trade and a more equal participation therein. From the beginning, the turn against free trade was destined to be of only a temporary character calculated to win competitive strength and to counteract national economic disadvantages.

At first, the Classical theories met intensive criticism. A new school of economic thought developed in backward countries which were trying to industrialize themselves. In America its foremost exponent was Henry Carey. Although some of the ideas of his "National Economy" can be traced back to the teachings of the Mercantilists and the French Physiocrats, their influence and temporary popularity were based, not on the past, but on the immediate national needs of overcoming hindrances in the capitalization process. Carey and his followers pointed out that the theories developed by Smith, Malthus, and Ricardo had only limited validity, since they could serve only the historically determined interests of the English capitalists.

Each nation, they concluded, was bound to reason along lines of its own specific interests. The purely economic could not be the sole explanation of economy: extra-economic factors, historical, ethical, psychological, national, institutional, also played their part, and had to be taken into consideration. The movement of prices, for instance, did not need to be explained by general competition, as they were not so absolutely and abstractly determined by "supply and demand." Instead, a series of ethical, conscious, and institutional factors was able to determine and transform historically established price constellations. However, with the growth of American industry and its larger participation in world trade, the historical school of National Economy lost its popularity and gave way again to the Orthodox School as the most scientific explanation and approach.

II.

The Orthodox School believed that the principles of economic science had been established, and that all further activity must restrict itself to the search for additional arguments to support the established generalizations. As a matter of fact, it was difficult to conceive of a further important development of economic science, since the belief that the law of the market alone solved all problems made further research quite superfluous. However, conditions in society were not so satisfactory as they might have been, despite the prevailing theories, and because of the existing social distress there arose within the highly industrial countries, and also within the countries in a transitory stage, a criticism of the Classical concepts. The Marxian School of economic thought, for instance, discovered that the Classical theory had stopped short at a point where its further development would have brought to light the painful consequences of the class antagonism existing in society. The recognition of the class-relations led to the formulation of the theory of surplus value, that is, to the concept that a part of the value created by labor was appropriated in the forms of profit, interest, and rent by the entrepreneurs and the owners of the means of production. By a theoretical anticipation of the consequences of such a relationship in regard to capital formation was deduced the theory that the development of the capitalist society would necessarily be accompanied by an increasing exploitation of the laboring population, since the rate of profit had a tendency to decline, in view of the fact that the relationship between the capital invested into the productive apparatus and that invested into wages shifted in such a way that the former became always larger and the latter smaller. As all profits are created by the workers, the diminishing number of laborers must lead to a scarcity of profits in relation

to the total socially engaged capital. This condition, it was argued, would increase the competitive struggle for the division of the social product. Thus the entire social arrangement was brought into question.

This rather complex theory, although finding little support in the United States, was in a simplified fashion largely adopted by the European labor organizations as the theoretical justification of their struggle to improve labor conditions. This school was widely acknowledged to be, as indeed it considered itself to be, the heir of the Classical theory.

It was difficult for the proponents of the Classical theory to confute the Marxists' theories, as the Classicists and the Marxists based their arguments on the same objective value concept, that is, that the value of commodities is determined by the quantity of labor socially necessary to produce them, and that all economic phenomena can be traced to this fundamental relationship. Attempts were now made to replace this objective and dangerous concept with a psychological, and subjective one, which, developed by Jevons in England and a number of Austrian economists, came to be known as the Marginal Utility theory. For a time this new theory became very popular in America.

The ideas of this school originated from the simple observation of human reactions to the scarcity or abundance of useful things. The Classicists approached all economic problems from the side of the commodity producing process. The new school took as its starting point the demand for commodities. It was clear that the utility attributed to a commodity by individuals diminishes with its greater abundance. Supply and demand were no longer determined by what was brought to the market by the producers, but by the individual desires of the buyers, who measured the value of a commodity by what it meant to them. Price was no longer determined by labor, but by the marginal utility of a commodity, which was measured on the market by the strength of demand. The decrease in demand would effect a decrease in the prices, and, with this, a decrease in the production of the commodity, for then its results would bring less than the final, or marginal price. It was, however, difficult to explain consistently all the various economic phenomena with this theory; and though single concepts of this theory were adopted by many economists of other schools, still, as a general theory it was slowly abandoned in America and elsewhere. However, the schools of commerce and the advertising business profited to a large extent from the findings of this school.

Although temporarily overshadowed by the theory of Marginal Utility, the Orthodox School was still dominant in academic circles, especially because of its revival by the Neo-Classicalists, whose foremost exponent was Alfred Marshall. The Neo-Classicalists, or modern value theorists, combined their older cost of production theory with the marginal utility theory. The idea that the Classicalists had neglected the demand aspect of the economic process seemed to come clearly to light in the fact that it was difficult to satisfy the needs of the people, and this despite the occasions when it became quite difficult to dispose of the produced commodities. The Neo-Classicalists did not bother themselves any longer with questions as to the desirability of the prevailing economic system, they simply assumed that it was the best possible system, and they tried only to find means of making it more efficient. For one thing, laissez-faire did not function in the expected way, and recognizing that many of the arguments of the Historical School were justified, recognizing also that, theory or no theory, there were in reality constant interferences with the economic mechanism, they tried to find what possibilities there were of nullifying disturbances caused by state intervention, imperfect competition, and disequilibrium on the market. The static concept of the Classical School was replaced by one that allowed for evolution; absolute statements became relative ones, and the theory of value was now maintained only for the purpose of explaining the total and general social development. But for the explanation of market phenomena there was constructed a cost-of-production theory that no longer accepted labor as the sole value-producing unit, but postulated instead four factors of production, which, when transformed into market prices, determined the division of income. This new concept forced the Neo-Classicalists to restrict their research to market and price investigations in order to discover possibilities of influencing the economic movement in a socially favorable way.

To attempt to influence the movement of the market it was necessary to assemble empiric data and to discover practical methods of utilizing them. Two main tendencies then developed out of the Neo-Classical revision: One, maintaining interests in "pure theory," developed the qualitative analysis; the other, interested solely in empiric research, conformed to the quantitative analysis. Both tendencies played their part in America, but the latter found preference. Out of it developed the school of Business Cycle Economists, who were interested mainly in discovering the factors that determine prosperity and depression. Their researches were helped along largely by the birth of the so-called Mathematical School, which believed it

could reduce fundamental economic relations and problems to matters of summation and equation. However, as this school had only a methodological character, it was not in opposition to the other schools of economic thought, but helpful to all of them to a certain extent, and especially helpful to the Cycle Analysts.

III.

In opposition to the Classical theorists, as well as to the other economic schools, there arose in America the Institutional School, whose foremost exponent was Thorstein Veblen. This school, which had its antecedents in the Historical School, thought that most of the arguments agitating the academic circles were largely of an artificial nature; that most of the problems raised could be ignored. Economic problems and relationships were to be regarded no longer from the viewpoint of general abstract theories, but approached by an investigation of the actual social conditions and institutions as they arose, functioned, and declined. The Institutional School accepted economic determinism and connected it with technological development. It believed that the rise of industry had brought into being many new problems that could be solved only by the adaptation of society to these new institutions. It rejected the psychological emphasis of both the Classicists and the followers of the Marginal Utility theory and pointed out that "human nature" does not explain social relations and the institutions of society, but that rather these latter form and change human nature.

Institutionalism has its philosophic parallel in Pragmatism, both of which may be explained by the general social and ideological conditions existing at the turn of the century. By rejecting totally or partially the old value concept of the Classicists, economic theory had ceased the attempt to explain all social phenomena by an objective general theory. All it could do was to follow the actual movements of the market, the price relations, and to try to discover afterwards why the one or the other event had occurred. Predictions became impossible; the economists found themselves drowning in their accumulated empirical material, or lost in abstract speculations remote from all reality. Business was certainly something other than economic theory, for business men never acted in accordance with economic theory. Instead, they followed their most immediate necessities, without questioning their social meanings, or else they based their activity on their own analysis of market conditions, independent of all theory and guided solely by actual or imagined facts. The inability to discover the economic laws of motion on the basis of

money and price considerations brought about a general despair as to the usefulness of all economic theory. Hopes arising in period of prosperity vanished again in ensuing depressions. The harmony assumed by the Classicists did not harmonize with the increasingly chaotic character of economic life; and just as the Pragmatists had ceased to believe in eternal, universal, unchangeable natural laws, so the Institutionalists ceased to believe that the Classical Concept could be regarded as corresponding to unchangeable economic processes. What had been taken as the "natural order of things" was now recognized as an abstraction serving specific ends; not corresponding to an objective reality, but serving as an instrument for a particular social practice. Not the insight into a general law, but the need for such a law to foster limited interests, was at the bottom of the Classical theory. As long as this ideology, accepted as a general law, served the function of its adherents, it was certainly justified; its validity was proved by its actual results. However, the discovery having been made that not an insight into the nature of things, but the will to reach certain results, determined the ideas and actions of men, it followed that all theory can serve merely as an instrument to fulfill desired purposes. It saw old psychological motivations as factors excluding conscious interference with the economic processes, and as fostering a will-less subordination under nonexisting, but simply assumed, "natural laws," and it believed it was necessary to intervene actively in the economic life of society, to make it function in a desirable way.

After the first great difficulties had been overcome in the process of industrialization, there arose very rapidly in America the tendency towards monopolization and trustification. "Big business" seemed to proceed under its own necessities and wishes toward the subordination of all other social layers. The assumed "mechanics" of the Classicists, or the determination of production by consumption, as assumed by the Marginal Utility theorists, no longer corresponded to the known facts. Concentration of capital, fostered by the development of the banking and credit system, seemed to give the big trusts and financial combinations dictatorial power over the whole of society. The principle of laissez-faire seemed to have served solely to camouflage a development that was progressively destroying even the outer resemblances of laissez-faire. The cry for intervention in the "automatic" laws of the market was no longer directed only against cheap foreign competition, as in the case of the Historical School of Carey and his following, but also against the growing power of the trusts and monopolies within the country,

which could not be checked by economic competition, because competition had created them. The Classicists had assumed that the market served both society and its individuals, but now there existed neither the independent individual nor a society that harmonized all the interests of its members. Institutionalism takes as its starting point neither the individual nor the whole of society, but institutions which change society and transform group interests. It is not, as are, for instance, the Marxists, interested in a radical transformation of all social relations, but rather in a gradual change of society accomplished by important social layers that will adapt men and their relations to institutions that are already formed, like modern industry and technique. Without this adaptation of society to determining institutions, chaos and destruction must arise. Wishing to avoid these dangers, Institutionalism, by clamoring for actions for purposes of reform, was, as Dr. J. A. Estey has said, "an S. O. S. to save a sinking world." [1]

The psychological elements in economic theory are not, the Institutionalists pointed out, determined by general economic, unchangeable laws, but by institutional-cultured factors. To amount to something in society, one has to be successful in business; one has to be a man of means. People aspired to be rich in order to represent something socially. Parasitism and waste, expressions of wealth, were a mark of respectability, justifying the accumulation of large fortunes. In satisfying their pecuniary desire, people were constantly engaged in establishing social prestiges. Whoever lost the opportunity of doing so would be willing to turn to oppositional points of view and advocate a change in social conditions. The prevailing psychological attitudes seemed to the Institutionalists not only utterly false, but also dangerous to the maintenance of society. Against the economics of the leisure class they set the common-sense arguments for an economy that recognized the importance of the productive elements in society. Against the parasitical finance capital and its undisturbed freedom, they proclaimed the need for guiding the economic life, for partial or even complete control, for the reorganization of society in a way permitting the further advance of production and subsequent increase in consumption, which advance was being sabotaged by the "vested interests." In short, Institutionalism wanted to reform society along the lines of a full unfolding of the technical industrial forces, and of the possibilities of the greater welfare resulting therefrom. Today, the program of the Institutional

[1] *Orthodox Economic Theory: A Defense.* Journal of Political Economy, December 1936; p. 798.

School, as adapted to the most urgent needs, concentrates on the demand for a better distribution of mass purchasing power and an economy of plenty, which seems, in the words of one of its best present-day exponents, Professor C. E. Ayres, "the only road to economic peace, as it is the only road to economic order." [2]

IV.

In the United States today, only two schools, Orthodox Economy [modern value theorists] and Institutionalism, are of actual importance. Single phases of other schools, the Mathematical, the Marginal Utility theory, and the Cycle Analysts, insofar as they did not conflict with either of the main theories, were incorporated into them. The sharp opposition between the two groups has almost ceased to exist; each regards the other's doctrines as a supplementing rationale. This new attitude is dictated by the actual economic conditions, for even the most consistent orthodox theoretician can no longer overlook the fact that *laissez-faire* no longer does, nor could, function in such a way as to satisfy the hopes for it. So it is that W. C. Mitchell derived his importance in the history of economics largely, as R. G. Tugwell recently remarked, "because he is a bridge from Classicism to Instrumentalism," [3] and the Institutional School has profited much by recent researches undertaken by economists of the orthodox theory. However, seen from another point of view, this overlapping of all theories corresponds with the fact, as R. G. Tugwell further remarked, that "we have no economic theory any more in the old sense; we have merely utilitarian tentatives."

All schools of economic thought were forced by the crisis conditions to attempt to find practical answers to the needs of business. Since 1929, and even before that time, economists of the Orthodox School, as well as the Institutional, have indulged in extensive empirical researches to discover the secret of prosperity, and to find methods of shielding society from the dangers of stagnation and decline. Researches into the movement of the rates of profit, price studies, and analyses of the business cycle; investigations into the country's capacity to produce and consume, into problems of capital formation, the relations between income and economic progress, and issues like foreign trade and capital export were undertaken. Commissions of inquiry into the prospects for a planned economy were formed by universities and private research societies. The questions of business, labor, and the government, were widely discussed, with

[2] *The Problem of Economic Order*. New York, 1938; p. 88.

[3] *The New Republic*. October 6, 1937; p. 240.

and without relation to the experiences of other countries. Extreme adherents to the Institutional School arrived at conclusions of economic control similar to the partial or complete state-controlled economic systems in European countries. Extreme conservative exponent of the Orthodox School blamed, if not the depression, at least its continuation, on the unwarranted interferences of the government. But all this work was not sufficient to still the growing scepticism or outright despair for all economic theory. Despite the most important studies, and often because of them, the deepest pessimism as to the possibility of a rational solution of social problems prevailed.

Looking backward, and taking only essentials in consideration, one recognizes that the more recent development of bourgeois economic theory may be described as an unsuccessful flight from the value concept of early capitalist economic theory. However, the rejection of the labor theory of value resulted not only from increasing apologetic needs, but more so, from the growing necessity of interfering with the assumed automatic mechanism of the market economy. For such purposes the labor theory of value is entirely useless. Forced to consider only their most immediate necessities, the capitalists can find no interest in a real understanding of the present production relations and their social consequences. A knowledge of fundamental social laws is not required to make profits or to declare bankruptcy. Such a knowledge can help neither the capitalist nor the society which he dominates, because it can only disclose the shortcomings of the latter and predict the end of the former. The fetish character of commodity production requires "erroneous" concepts of economic problems, in order to bring about "correct" results for the exploiting classes; for in capitalist society

"the relations connecting the labor of one individual with that of the rest appear, not as direct relations between individuals at work, but as what they really are, material relations between persons and social relations between things."
[4]

The more "social-minded" the bourgeoisie becomes, the more it feels induced to bring order into its system—the more does it disrupt the only order possible under capitalistic relations, the uncontrollable workings of the law of value.

"In trying to escape from the periodical crises which threaten more and more the existence of bourgeois society, and in a desperate attempt to overcome the existing acute crisis of the whole capitalist system, the bourgeoisie is compelled, by continually fresh and deeper 'interferences' with the inner laws of its own mode of production, and continually greater changes in its own social and political organization, to prepare more violent and more universal crises and at the same time, to diminish the means of overcoming future crises." [5]

[4] K. Marx, *Capital*, Vol. 1; p. 84; Kerr Ed.

[5] K. Korsch, "Karl Marx." New York, 1938; p. 146.

The recognition that any attempt to safeguard the present society through conscious interventions into its economic laws is futile would not end such interferences, for they are themselves dictated by the blindly operating law of value. What "planning" there exists and is possible is forced upon the "planners" in their very struggle against a truly planned social economy.

The class character of society limits the bourgeois economists to considerations of isolated phenomena, to the assembly of limited and therefore meaningless data, to the play with certain relationships between some economic factors; it never allows them to deal with actual social questions. They can arrive only at conclusions the "correctness" or "incorrectness" of which is determined entirely by the "accidents" of the market. The recognition of the causes of those "accidents" can not lead to their elimination, but only to the knowledge that it is necessary to liquidate the market and commodity economy. Nevertheless, it will remain the unsuccessful function of the bourgeois economists to try to find ever new methods of guarding society from the results of its own developmental laws. The whole history of bourgeois economics actually proves Marx's assertion that the bourgeoisie is incapable of maintaining a scientific political economy under conditions of growing class contradictions.

"Its last great representative, Ricardo," Marx said, "consciously makes the antagonism of class-interests, of wages and profits, of profits and rent, the starting point of his investigations, naively taking this antagonism for a social law of nature. But by this start the science of bourgeois economy had reached the limits beyond which it could not pass. . . . It was thenceforth no longer a question, whether this theorem or that was true, but whether it was useful to capital or harmful, expedient or inexpedient, politically dangerous or not." [6]

V.

Marx distinguished between three different types of economic theory, the classical, the critical, and the vulgar. Since then, the latter has spread out in about a dozen branches. In accordance with the competitive character of capitalist production, each class of economic thought vies with the other. Each blames the other for the prevailing belief in the uselessness of economic theory in the practical needs of society. But as a matter of fact, theory is more important to all of them than reality, all have fallen victims to a fruitless formalism. The dry and eccentric opinions of the followers of the Mathematical School are no more nor less removed from reality than are the ideologic, partial descriptions of economic processes by other schools, and the prevalence of the one or the other is de-

[6] K. Marx, *Capital*, Vol. I; pp. 18-19; Kerr Ed.

terminated not by the economists, but by the social conditions under which they operate. In the United States, for instance, where the miserable character of capitalist production is only now beginning to impress itself upon the minds of men, a considerable number of economists can still limit themselves to empty price considerations, and can even say that "the greatest economic catastrophe that has ever occurred is primarily a price problem." [7] Whether or not this is actually true is not even investigated, for as long as the logic of the false assumption is maintained, all is well as far as the economists are concerned. That their theoretical assertions are not applied is not the fault of the economists, they argue, but the problem of those who are responsible for actual policies, and who in their ignorance refuse the service of economic science. But where all theory is "co-ordinated to the needs of the nation," as in Germany, economic thinking becomes outright nonsense. "Pure theory," it was said in Germany after 1933, is "typical for the English and the Jews," but entirely foreign to the German character, which derives its economics from national and racial principles. However, though an "economic theory" limited to a nation may serve the propaganda needs of autarchic policies, it will serve nothing more—and those policies are only the means for further imperialistic expansion in an actual international economy. Consequently, a few years later, the "typically German" economic theory was once more transformed into "general principles of human relationships." [8] In England which, so to speak, still lingers between yesterday and today, between America and Germany, neither the consistent restriction to price phenomena, apparently free of all ideology, nor the ideologic nonsense in vogue in Germany, apparently freed from the price fetishism, has yet aroused sufficient interest. Thus, economic theory everywhere only supplements the prevailing ideologies. Though it is said, for instance, that J. M. Keynes' "rebellion" against Orthodox restrictions in favor of a determined active attempt to change depression conditions is largely responsible for Germany's present economic policy, as well as for Roosevelt's New Deal, it is quite superfluous to inquire into the truth of such assertions. For even if this be the case, nothing of real importance can be recorded. The "new" credit, money, and public works policies, the quest for a lower rate of interest, or even its complete abolition—yes, even the "socialization of investments" and all the other proposals, are as old as capitalism. Their present more intense application only reflects the increasing

[7] G. F. Warren and F. A. Pearson, *Prices*. New York, 1933; p. 1.

[8] *Die Deutsche Volkswirtschaft*. December, 1937; p. 1281.

difficulties of capitalism. They are not designed to change the system, but instead they follow from the changes already made in capitalist structure, and mean practically that the concentration and centralization of capital proceeds now with additional political means. The present economic measures, Sir Arthur Salter has said, "are a kind of bastard-socialism," [9] not conceived to help society, but forced upon it by powerful group interests. And it is amusing to see how not only socialists, but also bourgeois economists, mistake this "bastard-socialism" for an actual societal trend towards socialism.

E. C. Harwood, for instance, declares, "we seem to be in the process of exchanging our parasitical rich for a much more numerous group of parasitical poor." [10] He doesn't know that he still describes here the workings of the capitalist accumulation process, for, as Marx and Engels have pointed out, [11] in this process

"pauperism develops more rapidly than population and wealth. And it is here where it becomes evident, that the bourgeoisie is unfit any longer to be the ruling class in society, and to impose its conditions of existence upon society as an over-riding law. It is unfit to rule, because it is incompetent to assure an existence to its slave within his slavery, because he cannot help letting him sink into such a state that it has to feed him, instead of being fed by him."

Under such conditions the bourgeoisie must try to increase the exploitation of the workers more than ever, and attempt to decrease still further the number of exploiters. All recent economic policies have attempted to fulfill both necessities. And all bourgeois economic theory has merely supported these actual policies, even though they have proposed quite different methods to achieve these results. These differences of procedure only correspond to actual differences of interest among the unequally situated bourgeoisie.

However, as none is willing to do away with the present exploitative relations, all such proposals are out to serve the needs of further capitalist accumulation, which presupposes the re-establishment of a sufficient profitability. How to exploit more workers and to raise the productivity of labor; how to reorganize society, or to influence economic procedures to this end, is at the basis of all economic thinking. As long as this is precluded practically, or possible only to an insufficient degree, economic discussion necessarily centers on the question of how the diminished surplus value shall be distributed among the non-workers in society to allow for the security of the present social arrangement. On the question of labor they are

[9] *The Framework of an Ordered Society.* Cambridge, 1933; p. 17.

[10] *Current Economic Delusions.* Cambridge, Mass. 1938; p. 64.

[11] *Communist Manifesto*; p. 29; Kerr Ed.

all agreed. Recently G. von Haberler correctly pointed out [12] that the real differences in opinion among the diverse economic schools and theoreticians

"have been frequently exaggerated, and that, for certain important questions, a much greater harmony between writers of different schools can be established than the superficial observer would believe, or even than these same writers would be willing to admit."

After a systematic analysis of the diverse theories of the business cycle, including purely monetary theories, over-investment, over-production, under-consumption, disproportional, psychological, and other theories, Haberler in his synthetic exposition as to the nature and the causes of the cycle comes to the conclusion that the proximate cause of the reduction in industrial output is the fact that expected prices do not cover production cost, a condition that finds its expression in a disappearance of the profit margin. "When we then," he says, "look for automatic expansionary impulses, we shall find them primarily in the shape of factors which directly stimulate producers' spending [investment]." [13] The question,

"as to whether a continued fall in the money wages under conditions of general employment is to be regarded as a factor which will bring a contraction to an end, must, if we carry the argument to its logical conclusion, be answered in the affirmative. Wages and prices must be allowed to fall if a rise in unemployment and a fall of output are to be prevented." [14]

But we don't have to accept Haberler's synthetic exposition on this question. Any bourgeois economist, whatever school he may stem from, and whatever methods he may offer, presents identical ideas. R. G. Hatrey is of the opinion that "the trade cycle is wholly due to monetary causes" and consequently believes that monetary control devices are sufficient to establish economic stability, and he will on the question of labor and prosperity also say that [15]

"if wages were reduced in proportion to the previous reduction of prices, and the disparity between wages and prices wholly eliminated, profits would become normal and industry would be fully employed again."

Again, Mr. Keynes made the discovery that "within a certain range the demand of labor is for a minimum money-wage and not for a minimum real wage;" that it is consequently easier to reduce the income of the workers by inflationary methods than by wage cutting in the old sense—that is under deflationary conditions. He declares that a crisis is caused chiefly by a decline of profitability of the enterprises, and that to overcome the crisis, profitability must be re-established by a decrease of the interest rate and by price inflation, as "in general, an increase in employment can only occur to the ac-

[12] Prosperity and Depression. Geneva, 1937; p. 2.

[13] Ibid.; p. 288.

[14] Ibid.; p. 299.

[15] Trade Depression and the Way Out. New York, 1933; p. 45.

companionment of a decline in the rate of real wages." [16] Fundamentally, the diverse theories towards a "new distribution of wealth" and "greater mass-purchasing" power do not differ from Mr. Keynes' proposals. Thus the more intense exploitation of the working class is the objective of all these economic theories

VI.

Capitalist economy has been dynamically progressive; its history is one of continual expansion. True, this process was periodically interrupted by depression periods, but they were even by the Marxists regarded as healing processes, as they provided the bases for further advances. Each new prosperity period over-reached the highest accomplishments of the previous upswing period. The period since 1929, however, is, in comparison with this previous history, a period of stagnation. Prosperity such as known before did not displace depression conditions; rather a spurt in business within the stagnant conditions was all the system was capable of. Depressions in the old sense also disappeared and the decline in business within the stagnant economy was not inappropriately called a recession. The pulse of capitalism beat slower. With the high state of monopolization already reached, the state interferences in the economy have undoubtedly tempered down the hysteric fluctuations of the business cycle. And at times it really seems that John Stuart Mill's gloomy picture of capitalism's future as one of stagnation is actually coming about. And just as this perspective made Mill a class collaborator, so in this ideological respect the present period of capitalist stagnation appears, to many, to sweat socialism from all its pores. Even the most conservative economists, who want to continue the capitalist accumulation process under the old and no longer possible conditions, want to do so in the interest of the workers. Dr. Moulton of the Brookings Institution not so long ago pointed out [17] that

"the existing wage rates prevent an expansion in production, and turn into a boomerang to labor by cutting down the real earnings of the workers. [Consequently] any one who maintains that existing wage rates should be retained is no friend of labor."

But Dr. Moulton, who wants to be a friend of labor, has difficulty in becoming one, as the Institution which he represents has also discovered that wage-cutting may defeat its own purposes through an accompanying decrease in workers' efficiency. [18] Wage cuts are

[16] The General Theory of Employment Interest and Money. London, 1936; p. 17.

[17] In the *Chicago Daily Tribune*, April 20, 1938.

[18] The Recovery Problem in the United States. Washington, 1936; p. 187.

no solution for capital unless all other factors for a new upswing are also at hand, guaranteeing sufficient profits to make an upswing materially possible. Wage cuts are no longer sufficient to provide the enormous capital necessary for a progressive accumulation; more and more of the elements making for a new upswing have already spent themselves without avail. Even if Mr. Keynes succeeds in eliminating the interest-taker entirely, his demand to this effect is rather pitiful, as capitalists have shown no desire to expand under the lowest possible rate of interest. To squeeze out the middle-classes and the weaker capitalistic groups becomes increasingly difficult, since it becomes more necessary for these classes to strike back and force into existence new political situations that prevent their abolition as a group or class under capitalistic conditions. The excesses in business financing as experienced in Germany, however successful for certain emergency situation, are by no means "a street without an end," as Dr. Schacht once remarked. But if investments are not made, the countries must attempt to avoid social upheavals. Therefore, questions of profitability have to be neglected in the very attempt to save the profit economy. To avoid the expropriation of capital, the capitalist society has to expropriate the capitalists to an always larger degree. The destruction of capital, hitherto left to the market, now proceeds in an organized fashion. Control of society has actually advanced to a stage where the destruction of capital is consciously undertaken by governmental measures. And some economists hail such a destruction of capital as the successful application of new principles of distribution. However, what can be distributed must first be produced by the workers; the further concentration of capital fostered by those governmental measures, can only accentuate the stagnation in economy; can only further diminish the income of the workers, who, in order to stave off rebellion, have to provide the means for maintaining an ever-growing non-productive population.

The continued capitalization process is possible only at the expense of consumption. Under capitalist conditions, consumption can increase only with a relatively more rapid capitalization. A better distribution of wealth, as proposed today by many bourgeois economists, presupposes better, or rather different, productive relations than those based on wage labor and capital. But because none of them is willing to propose such a change, their theories of distribution are simply illusions, illusions which may serve demagogic political purposes, but never the economic needs of today.

A growing number of bourgeois economists becoming actually disturbed by recent capitalistic policies, are beginning to investigate possibilities for the future. Pigou, the man who took Marshall's position in Orthodox economy, already thinks that a socialist economy of the Fabian brand is possible, at least theoretically. Many other economists have expressed themselves in a similar way. Even "Marxists" were able to discover a true socialistic kernel in the teachings of the Institutionalists, and a whole school of so-called "market-socialists" are acquiring importance in their endeavor to "make possible the achievement of that rare thing in history—a fundamental change in political control, or class relations, without a conflict." [19] However, this change of class relations still leaves intact the fundamental class relation of capitalist economy: wage labor and capital. For in all the proposals appearing under the name of "socialism," the proletarian class remains a proletarian class. The only thing that is changed, or made more efficient, is the control over the class. In all these theories exploitation is not to be abolished, nor left to the market fluctuations as before, but thoroughly organized. In this new planned exploitation it is the government and not anonymous and atomistic competition of sellers and buyers, that regulates cost and sales prices and margins.

"It does so in order to make certain lines of production expand and others contract according to public social economic plans. . . . The realization of a rational economy, though being a task and necessity in collective economy, will not depend and rely upon the automatic self-correction of the economic system which has been the main object of economic thought during the past, but will rely on the will, insight, and abilities of the few persons who are in dictatorial command of the whole of society. Thus, a decisive irrational, personal, and subjective element comes in." [20]

The quest for a "planned economy" based on the continuation of proletarian exploitation, only brings to light once again the utter inability of bourgeois economic thinking to find solutions for the many contradictions inherent in the capitalist mode of production. Their "socialism," the last word in bourgeois economic theory, is able only to rationalize the trend of bourgeois society towards the brutal political domination of those elements which have succeeded in retaining or acquiring mastery of the means of production. For them, and not for society, economy and economic thought still functions. What is "progressive" in capitalist economy progresses towards barbaric conditions; what is "progressive" in economic thought abandons economic theory in favor, no longer of an indirect, but of a direct support of whoever rules society. In this final attempt of bourgeois

[19] B. E. Lippincott. Introduction: On the Theory of Socialism. Minneapolis, 1938; p. 38.

[20] H. von Beckerath. Economic Thought and Evolution. The Philosophic Review. November, 1937; p. 595.

economic theory to deal with economy by trying to regulate consciously and in an organized manner forces that move unorganized and blindly in exactly the same direction, they have to put themselves in opposition to the real economic needs of society and thereby only supply an actual demonstration of the fact that the beginning of bourgeois economy was also—at the same time—its end. [21]

THE HISTORICAL CHARACTER OF THE WAR AND THE TASK OF THE WORKING CLASS

1. This War Is a Fascist War, Accelerating the Fascization of the World.

This war is a totally monopolistic war, monopolistic in its origins, its aims, its methods. It is a totalitarian war, inaugurated by totalitarian states—a fascist war. The interests of small monopolistic cliques are at stake; monopolistic tycoons are the commanders-in-chief. What with markets tied up by giant combinations, with every economic activity subjected to the monopolistic claim for totality, that is, for autocracy, omnipotence, unrestricted control; what with all degrees of subordination of capital to political rule; what with old trust magnates and new government magnates, finance capital coteries, and general staffs—this war has been started as a further step toward a redistribution of the world. National combines are fighting for their quotas in the international combines to come.

At the same time the war represents a further advance toward the fascization of the world. From September 1st the process within the great democracies of imitating and likening themselves to fascism gained momentum, just as on August 23rd the equation Hitler-Stalin lost its mystery even for those who had been most completely hoodwinked by ideologies. If this war should grow to wider dimensions than its predecessors and if, at the same time, it should not call forth a sweeping counter-movement, it would probably result in a *Worldwide Fascist Council*, and only its name would vary according to the defeat of the one or the other of the belligerent groups. There is no reasonable hope for the democratic alternative of that outcome; the League of Nations already ceased to exist before the war began.

[21] Continuing this article, the next issue of *LIVING MARXISM* will deal with the present-day fascist—and war economy, as well as with the social and economic problems of state-capitalism, and the tendencies toward state capitalism in the still “democratic” countries.

[1] Offered for discussion.

2. *Anti-fascists, Opposed to the War, Have Nothing in Common with Belligerents.*

Our opposition to the war and the belligerent powers has never been more unequivocally necessary than at the present time when the struggle is so obviously waged on both sides in the interests of consolidated cliques, when the quartet of Munich had been complemented by the sequel of Moscow. The belligerents are either totalitarian states of serfdom or are on their way to becoming such. To us every one of the belligerent powers represents an enemy—an enemy in every aspect of his being.

3. *Total Mobilization is Contradictory to Totally Monopolistic War.*

Equally unequivocal are the guiding principles of our complete opposition. This war, far from fulfilling the wish-dreams of some super-fascist ideologists, is by no means a total war, but only a totally monopolistic, a totalitarian war. Nevertheless, in its total mobilization of all productive forces, the war itself comprises certain tendencies that surpass the intentions of statesmen and defy the calculations of general-staffs. The more the monopolists are driven to carry through total mobilization under the ever sharper spurs of imperialistic competition, the more they are forced to convert their people into workers. The less they succeed in their peace-offensive, in their efforts to throttle belligerent action and to reach some intermediate solution, the more clearly appears out of the murk of imperialistic expansions the world-wide scope of the workers' tasks.

Behind the geo-politic and technocratic formulas of the monopolists, total mobilization reveals the objective conditions of the workers' world. Shock-troops, put to work in the "Stakanovic" manner in armament plants, break through the traditional rules of labor observed in capitalistic society. In the trenches death imposes upon men a degree of precision, adaptability, presence of mind, and spontaneity, that far exceeds the bureaucratic mechanism of general-staffs. If by "organic form of a working process" we understand that the spontaneous activity of workers prevails over the dead mechanism of working conditions, we may say that total mobilization must eventually result in those autonomous and organic forms of work. That means, at the same time, that the workers will rise above the monopolistic command "from without" and above the death spread by the machines of material warfare. This threat, inherent in a truly total mobilization, is the reason that the monopolists try to confine their war to the limits of monopolistic warfare, that they prefer localiza-

tion, throttling, and intermediate solutions. The destructive unchaining of the productive forces through war implies for the workers a chance of emancipation, and for the monopolists a threat of ruin.

From the very outset, there appear three possible solutions for the contradictions inherent in the present situation. Each of them implies a different extension of the war-process itself, and of the changes to be brought about by the war:

[a] The belligerents will succeed in throttling the Fascist war in order to avoid the dangers for the monopolists of its complete unleashing.

[b] The productive forces unleashed by total mobilization, and the will to power of the belligerent groups will prevail. From a localized war-of-siege, the war will grow into a Fascist World War.

[c] Total mobilization, once it has been seriously set into motion, and, in its further development, has threatened to burst the slavery of fascism, will ultimately frustrate the monopolistic war aims themselves. It will lead not to an imperialistic redistribution of the world but to the unity of the workers' world. If all peace-offensives of Hitler and all attempts at localization fail; if the available productive forces released overflow all barriers; if a really "total war" destroys all existing bourgeois order, the workers' order will immediately become the only possible order of the world. Instead of the *World-wide Fascist Council* which would have resulted from an all-embracing but monopolistic war, the workers mobilized in shock-troops will organize the *World-Wide Congress of Workers' Councils*.

No matter how widely this war will spread, no matter what course it will take, whether an attempt at localization succeeds or not, whether the belligerents will be able to maintain their fascist character or not, whether the anti-fascist counter-forces inherent in total mobilization will break through their fetters or not—there can be no question but that, for the direction of our own activity, we must look in the direction of these counter-forces.

4. *The World War, the Last Liberal War, Has Resulted in Fascism.*

The typical features of the fascist war can best be understood by contrasting them with the World War. When the imperialists of 1914 started their democratic war, their "war for democracy," they were firmly established in a liberal world. The general-staffs started in Moltke-fashion to control liberal, atomistic mass armies in a bureaucratic manner just as in 1870-1871, and searched the

archives for the Schlieffen Plan and similar plans. But behind all the bureaucratic apparatus, behind an apparently progressive rationality, there worked a hidden automatic law, ruling by catastrophe like destiny itself. Monopolistic interests of capitalist cliques, still far from being politically regulated cartels and government-controlled trusts, pushed forward in boundless liberalism. Men's appetites were as boundless as the mobilized masses; the goals aspired to as immense as the mechanized battles of material warfare. However, when the conquerors sat down around the table at Versailles and attempted to construct a "Societe des Nations" by arbitrary dictation, when they proceeded to dictate democracy, peace, and if possible, security, the October Revolution had already snatched from their reach the real results of the war. As catastrophically as war had broken out, revolution broke in, and after Versailles and October there merged—ready for every task, fit for every purpose—history's latest hit, Fascism. The inefficient representative of Italy at the Conference at Versailles changed into Mussolini—Ebert into Hitler. In Russia, Lenin was followed by Stalin. A victory more completely and more unambiguously opposed to the intentions of the victors could hardly be imagined. The war for democracy had amounted to nothing.

5. *The Shock-Troop Principle, Whose Logical Conclusion Is the Call for the Workers' Council, Is Distorted in Its Fascist Application.*

The transition to the present war was accomplished by three important transformations. Just as the present war cannot be understood if its interpretation does not start from the well defined new epoch inaugurated by the World War of 1914-1918, so its proper significance cannot be grasped without a true appreciation of these transformations:

[1] The liberal democratic world war changed into the bolshevistic world revolution.

[2] The Versailles system of the League of Nations changed into the fascist system.

[3] The October Revolution—transformed into a national revolution—changed into the monopolistic model-revolution.

[1] The World War had been the culmination of a violent upswing of material productive forces, compressed into, at most, two or three decades: Chemicalization of production [hegemony of the chemical industry], industrialization of agriculture, motorization of traffic [automobile roads], aviation, radio, sound-films, television.

In its character of world crisis, the world war represents the specific form of a structural crisis. The new productive forces are not compatible with the liberal system of a competitive capitalism nor can they be mastered by monopoly capitalism so long as the application of its forms is restricted and kept within the limits of a liberal system.

The victory of the new productive forces can be summed up under the name of the Second Industrial Revolution. From this Second Industrial Revolution, which burst forth with destructive violence in the mechanized battles of the world war, there emerged a new form of division of labor—the shock-troop. The emergence of the shock-troops during the second half of the war coincided with the transition from trench warfare, which had deadlocked the liberal war machines and their traditional procedures, to the “war in motion,” based on new weapons and new forms of action. Modern material warfare develops a peculiar materialism in contrast to the formalism of liberal mass-battles. The tirailleur-tactics of skirmishing infantry, which had been developed since 1789, and the mass-armies, which had been controlled in a bureaucratic manner by the general-staffs, were increasingly replaced by that new and more highly qualified type of fighter which had been molded by the objective conditions of machine battles in the latter part of the World War. This type of fighter is compelled to develop a spontaneity that defies bureaucratic calculation. The abstract and “equalitarian” system of compulsory service is gradually replaced by the first steps of total mobilization.

This new and up-to-now unsurpassed principle engendered the original and long-forgotten contents of the world-revolutionary movement inaugurated by the revolution of October and openly proclaimed in the slogan “All Power to the Soviets.” It finally declared that the worker is the exclusive form of social existence. The greatness of Lenin is shown in his attempt to apply, in a utopian manner, this new principle of action to a country just on the point of liquidating illiteracy and in his dream to abolish the rule of bureaucracy at the same time that a general-staff of professional revolutionaries was in fact building up a totally monopolistic state-bureaucracy on a national scale. This principle proclaimed by the October Revolution reached the ears of all workers and alarmed the whole bourgeois world because, along with the democratic liberal war aims, it jeopardized the whole system of capitalist rule. In the contrast between the German Spartacus Councils and the old “General Commission” of the German Labor Unions, constructed according to Moltke’s pattern,

there appears the social consequence of a contrast already foreshadowed in the conflict between the shock-troops and the liberal methods of the general-staffs.

[2] In the system of the League of Nations established at Versailles the victors tried to cling to the liberal-democratic starting point of their World War. They tried to apply the principle of democracy to international affairs and took care to isolate this system by a cordon sanitaire from the threat of bolshevism. They proceeded with an admirable lack of insight and experienced uncommon misfortune. They willed peace and got Manchuria, Ethiopia, Spain, China, and Poland. They wanted disarmament and unleashed a race of armaments. They willed Parliamentarianism and got castor oil, Gestapo, GPU. They wanted self-determination of nationalities and the outcome was Munich 1938 and Moscow 1939. They succeeded in nothing. Up to now they have utterly failed in everything.

It could not have been otherwise. The tasks set by the Second Industrial Revolution could not be mastered on the level of liberalism. These tasks bore a revolutionary character. And revolutions are not called forth unless imminent danger threatens. The superiority of the fascists over the liberals is based on the fact that they proceed from the specific results of the Second Industrial Revolution, both positively by using them as a new starting point, and negatively by curtailing their dangerous implications. They reduce the shock-troops to the form of an order, whose members are drilled in all existing kinds of arms and sports. They transform total mobilization into a totalitarian state. They preserve wage-slavery, chaining capital and wage-labor together by the handcuffs of their total state power. They reduce the world-wide scope of the proletarian world revolution to the level of ultra-imperialism. They monopolize the microphone, the unlimited application of which ultimately obviates political coercion. They control the market through political cartels, the labor-market through nationalized unions. They set up state-corporations. The antibolshevists adopt the doctrines of bolshevism and restrict them to the level dictated by the requirements of monopolistic control.

[3] Dissipating the world-revolutionary action of the workers into a series of national revolutions and counter-revolutions was a preliminary historical condition of fascism. Thus at the same time the character of the October Revolution was fundamentally changed. From being the hidden archetype of fascism—its closest enemy—the Russian revolution was transformed into a monopolistic model-

revolution. With the Russian state's inauguration of the "New Economic Policy," the utopia of direct organization of the Workers' World was finally abandoned for political economy, i. e., the maintenance of capital and wage-labor, class rule and exploitation. The Hitler-Stalin pact represents the logical conclusion of the liquidation of the proletarian, world-revolutionary contents of the October Revolution—the liquidation of the Comintern.

6. *From the World War to the Present War.*

The present war is not comparable to the World War in any of its aspects. It takes place on a fundamentally changed basis. To grasp its peculiar character we must regard the series of specific modern wars in which it is placed—the Manchurian, Ethiopian, Spanish, and Chinese wars. Up to now, it is the most advanced, most distinct, and most unambiguous war of this newly developed type.

None of these wars has displayed at its outbreak the cataclysm of July and August, 1914. In these wars there has been a gradual transition. In each case the belligerent action has been more or less prepared in advance on a material, military, and propagandistic plan. Methodically it has been directed to a definite aim. In few of these wars has there been a formal declaration of war. The judicial fiction of an "incident" has been maintained and the very term "war" avoided. Intervention has been called non-intervention. Thus Russia's invasion of Poland, her participation in its occupation and annexation, has been termed neutrality, and this label accepted by the other belligerents. As far as possible military action has been localized to a small and distinctly delimited area. At the same time the diplomatic war has proceeded in high gear. Economic warfare, sanctions and blockades, as well as the war of propaganda, have tended to spread rapidly. If by the term "monopolistic war-of-siege" we understand localized military action and generalization of commercial warfare, this term adequately describes the present first stage of the German-English-French war. Between Luxembourg and Switzerland, on the smallest possible front, entrenched behind the Siegfried and Maginot lines, there is being staged a demonstration of artillery combat with a comparatively small expenditure of ammunition. At the same time every effort is being concentrated on blockade and counter-blockade, on control of commerce, on a war of mines and submarines, supplemented by a war of leaflets and radio, of propaganda, of diplomatic intrigues aimed at soliciting trade-agreements, securing trade-routes for themselves and barring them to others. Thus the economic war has already grown into a world war whereas the military war has not yet started.

The gradual, not sharply defined transition from a so-called peace to a not-so-called war indicates, in contrast to 1914, a further stage in the process of transition to a new era. This process has been going on from 1914 to the present day—a period characterized by the replacement of liberal democratic concepts by bolshevistic, fascistic, and antifascistic concepts. An indication of the difference between then and now was August 4th, 1914, which saw the collapse of the Second International, or more precisely, of the abstract illusions of internationalism attached to it. That collapse had appeared as a major catastrophe to all the people participating in it. The world of Kautsky, Bernstein, Jules Guesde, Jaures, Martov, and of the pre-war Lenin, had gone to pieces. Nobody experiences today, as Rosa Luxemburg and Lenin did in 1914, a breakdown of his whole previous conception of the labor movement. There was no August 4th at the start of the present war. All the consequences of that single historical event have been fully worked out, in the meantime, by the monopolists of workers' organizations, by the apparatuses of the labor unions, the Parliamentary groups, and the entire bureaucratic machinery of a totalitarian state [Russia].

Today there is no International—no Second International, no Third International. There will never be a Fourth International. There never was a 4th of August of the Comintern, just as there has never been an unmistakable Ninth of Thermidor of the Russian Revolution. Instead of the impressive drama in which Robespierre, St. Just, Danton and Bonaparte acted their parts, we were shown a horrible performance of disgusting stage-trials produced by the agents of the GPU.

The monopolistic revolution and its archetype, the national Russian revolution, differ from the liberal one in that the monopolistic party, its acting agent and its most characteristic outcome, produced the monopolistic unity of Jacobinism, Thermidorism, and Bonapartism. It wiped out not only the liberal division—the executive, legislative and judiciary powers—but also the participation of several parties competing in furthering political progress. Stalin not only possesses all power, but his name stands for every event from October to the division of Poland. Trotsky, whose name has been crossed out of all bolshevist history books, searches in vain for the 9th Thermidor and shifts it at least once every year to some other date. Nor does he succeed any better in his search for August 4th of the Comintern.

We can characterize the period that began with the World War and the 4th of August of the old labor movement as follows:

The World War produced the beginnings of total mobilization. Total mobilization called forth monopolistic revolutions. The monopolistic revolutions transformed total mobilization into totalitarian states.

Each stage of the period from 1914 until today can be characterized more precisely a further step in this historical development.

1913-1917: The specific World War crisis of the liberal system of competition.

1917-1921: The specific bolshevistic period of civil war, the results of which are the USSR and the Versailles System.

1921-1925: The first post-war crisis overcome by the Fascist counter-revolution. Transition to NEP. Transition from inflation to deflation.

1925-1929: Prosperity of the League of Nations; Dawes, Young; Bucharin-Stalin anti-Trotskyite Neonep—"Enrich Yourselves!"

1929-1932: Second post-war crisis. Fighting period of the National Socialist Party. "Second Period." Liquidation of the Neonep by the landslide of the Collectivisation.

1932-1939: Culmination of the National-Socialist revolution. Specific period of the monopolistic wars.

With the Manchurian war in 1932 there was inaugurated—on the basis of the now fully-developed monopolistic conditions—that more comprehensive military process of which the English-French-German war represents only the last phase.

Since September 1st a new stage in this process has been reached. The totalitarian war has assumed a universal character. In this war, inasmuch as it is a trade war, there have been no neutral states from the outset [cf., repeal of the arms embargo by the U. S.; total trade control by England; impossibility of the small nations maintaining neutrality].

From another angle, the historical development since the World War can be summed up as follows:

1913-1921: *The World War* changed into the world revolution. The world revolution in its first phase was wholly bolshevistic. The final social consequences of total mobilization appeared, in a Utopian form, on the horizon.

The disintegration into a series of monopolistic revolutions of the bolshevist world revolution was completed in three phases:

1921-1925: Culmination of the first post-war crisis. Italian Fascism.

1925-1929: Post-war prosperity; Chinese Fascism [Chiang Kai Shek].

1929-1932: Second post-war crisis; German Fascism.

These phases are at the same time phases in the formation of the monopolistic character of the national Russian Revolution.

1932-1939: The series of monopolistic revolutions turns into a series of monopolistic wars.

The present war completes this series of monopolistic wars. It replaces economic warfare-without-war, or with only partial war, with universal economic warfare and extinction of the regular world trade. If the fascist state can be described as a fully matured and completely self-realized capitalistic state, the perfect state of wage-

slavery, and the capitalistic system raised to the form of a State, then the fascist war can be described as a fully matured and completely capitalistic war. The revolutionary process has turned fascist in the monopolistic revolution, and to the proletariat appears as an anti-proletarian counter-revolution. At the same time the slogan of world revolution has been turned into an ultra-imperialistic slogan. Lenin's prognosis that in 1914 the world was entering into a period of wars and revolutions has proved to be true, but its results have turned out to be exactly contrary to expectations. If we want to apply the term "world revolution" in a definite sense, we have to say that we find ourselves today in the midst of a fascist world revolution. There exist today few remains of the bolshevistic action toward world revolution which could serve as a basis for new revolutionary action.

7. Further Growth of the Contrast Between Principles of the Workers' Order and the Monopolistic Rule of the World Produced by the War.

The present war, though localized, is essentially a world war in its opening phase as a monopolistic war-of-siege. There seem to be only three belligerents in the midst of a neutral world, but there is really no neutrality. The more England succeeds in disturbing the world market, the more striking will appear the world-wide unity of the World of Labor.

It is true that there was a continuous transition from the so-called peace to the not-so-called war, but this whole process proceeded by necessity from 1914. On both sides the outbreak of the war resulted from a miscalculation. Chamberlain did not anticipate that Stalin would really march with Hitler. Ribbentrop did not anticipate that this time Chamberlain would really make war. From the outset, irrationality interrupted the rational continuity of the monopolistically-controlled course of events. Admittedly the war had been planned and prepared on both sides more methodically than ever before. But that very planning may assume a catastrophic character. The more the destruction of the world of trade makes way for unity in the world of productive labor, and the nearer the final catastrophic efforts at planning approximate the cataclysmic result not reached between 1913 and 1921, the more distinctly apparent will be the fact that a world-wide planning that holds in check all violent collapse has not yet been devised.

It is true that this war is only another phase of the war-like process started in 1932, but all characteristics of the epoch that began in 1914 are called into play by total mobilization. From the Far East,

over Africa, Spain, and into the heart of the old European continent, the monopolistic war has fully outfitted its arsenal. All positions are now clearly defined. Nowhere today will a Saul be caught napping and be obliged to convert himself into a Paul. And there will be no 4th of August. At the same time, in the background, from Verdun and Versailles, and the red October; from Tokio via Mukden, Hong-Kong, Addis Ababa, Madrid, Barcelona to London, Paris, Berlin, Moscow, returning to the Far East, and incidentally nullifying the neutrality of the American continent—total mobilization has come to contradict the total states and the totalitarian war, which has been started by them. It contradicts the whole monopolistic system of the world. Bolshevism, that set out to organize a Workers' World, has been transformed into a mere cog in the monopolistic world system, yet all the elements of a wholesale anti-fascism have been set into motion by total mobilization. While the old vocabulary rots in the mouths of the Muenzenbergs, Rauschnings, and Schwarzschilds, the youngsters have the new grammar on the tips of their tongues. All Jacobinism today is fascism. Terrorism has come to be the monopoly of the Gestapo, of the GPU, of the Intelligence Service. But the youngsters—the Komsomol, the Balila, etc.—no longer cherish the ambition of becoming good Jacobins and terrorists. "World Revolution" has become an ultra-imperialistic slogan, but the new phase into which the monopolistic war has entered presents an advanced stage in the contrast between the principles of the new workers' order and the old monopolistic system of the world.

8. Implications for Working Class Action.

If we examine the general aspect of the present war and its inherent tendency, we get a clear idea of how those who remember the World War and the World Revolution of the past regard today's events. Today there is no new Zimmerwald movement [2] that has to deal with a new Fourth of August of a third "International." August 4th, 1914, was indeed far more than the mere breakdown of a No. 2 International. Today the abstract "Internationalism" of the old workers' movement as well as the liberal "self-determination of nationalities" are things of the past. When the world revolutionary action of 1917 to 1921 was dispersed into a series of monopolistic revolutions, the Comintern, which was originally intended to be the instrument of that world revolution, was transformed into a monopolistic instrument, controlled by the bureaucratic power of a totalitarian state.

[2] The international conference at Zimmerwald served to rally the forces of the new revolutionary movement which emerged from the August 4th, 1914, breakdown of the Socialist International.

The more distinctly the new principles of the workers' order contrast with the existing monopolistic system of the world, the more the slogan of the World Revolution itself is transformed into an ultra-imperialistic slogan, i. e., the enemy's slogan. The movement towards a "World Revolution" was the last aim which, in spite of an apparent and transitory opposition, the working class and the bourgeoisie had held in common. Insofar as our action still has any political character, it will be negative action that results in smashing the state apparatus. Insofar as it is a *revolution*, it will be a revolution *against* the fascist "World Revolution."

The fascist counter-revolutions have revolutionized the October revolution. Stalin demonstrably benefitted by every one of those counter-revolutions. The internal policies of Russia were the logical conclusion of the international counter-revolution. The more distinctly our anti-fascist action develops its own anti-terroristic and anti-Jacobinistic character, the more superior it will be to the fascist revolution.

The catastrophe of August 4th and the succeeding events have given abundant proof that there is at present no independent action of the working class, as far as it still moves in the wornout formations of its old activities. They have also shown the reasons for the total eclipse of the labor movement's traditional forms. "Marxism" is dead. Parties are dead. It is comforting that nobody wants to talk any longer about the "People's Front."

We point today to the contradiction which inevitably arises between total mobilization—anti-fascist in its consequences—and the "total monopolism" represented by the existing system. We are aware that the totalitarian systems, formed during the period since 1914, are but monopolistic restrictions on the first attempts at total mobilization, called forth by the necessities of war, of the productive forces. By comparing the either ruined or fascisized old party and trade union movement with the wholesale anti-fascism of the younger generation we rediscover, in a surprising manner, the original contents of bolshevistic action from 1917 to 1921. In the contrast between the world-wide extent of the tasks of labor and the monopolistic, restricting tendencies illustrated by the present war lies the hidden meaning of the World War and the era inaugurated by it.

9. Three Possible Events.

At the beginning we contrasted three possible solutions for the contradictions inherent in the war:

[1] *Fascist localized war-of-siege*—England will be able to continue the war-of-siege only if hunger will eventually lead to a breakdown of the Hitler system. As long as the USSR and Italy remain neutral and consequently lend Germany a certain amount of support it seems improbable that a blockade will result in a collapse, for the three following reasons:

[a] Under the conditions of a continued war-of-siege the shortage of iron, oil, rubber and copper will not result in a major military disaster since no huge material battles will be fought anyway. Nor is it probable that the one remaining vulnerable factor of German supplies, the shortage of fats, will prove disastrous by itself—the less so because there exist certain possibilities for limited imports that may be realized in time.

[b] The fascist apparatus is a specific apparatus of terror and is equipped with entirely different strong-arm measures from those of the past, e. g., those of the Hohenzollern regime. It possesses an incomparably more tenacious will for self-preservation against internal enemies pressing from behind, and it has never for a moment hesitated to use to the full its concentrated implements of coercion.

[c] The emerging new forces have as yet hardly formed ranks, and the pre-fascist remnants of the confused, paralyzed, and crippled forms of the labor movement do not present a serious starting point for new activity.

Even assuming that the war-of-siege would eventually result in the collapse of the Hitler regime, this would not offer any greater revolutionary possibilities. Nationalism today is only a different expression of conflicting imperialistic ends. So-called National Liberations will serve only a particular imperialistic aim. They will moreover be of an entirely fascist nature. The Poles and Czechs suffer most from the Gestapo terror, but their liberation from fascism can no longer be brought about on a national scale. They serve as buffers against fascism in a fight that goes far beyond all national problems and cannot be settled on a national basis by any means whatever.

Taken as a whole, the localized war-of-siege, whether it leads to a collapse of the Hitler regime or to a compromise, appears in its first and immediate effects as a further step towards a world-wide fascistization. Any anti-fascist counter-movement will have to start by destroying these narrow bounds.

[2] *Fascist General World War*—The issue of the war will be decided by the entrance of new powers into the war. Essentially

there are three sets of future developments that will turn the scale: the Balkans, the Near East [e. g., the Arab question and the further development of the Turkish policy], and the Far East.

In case the present localized Fascist war should extend into an equally fascist world war the first and immediate result would be the establishment, under a suitable name, of what actually would be a world-wide fascist council. The movement thus begun could hardly stop at the "United States of Europe." It would amount to the establishment of a monopolistic world system. The quotas assigned to each participant would be settled by the outcome of the military and economic warfare.

[3] *Total War*—The incomparably greater and more comprehensive anti-fascist consequences of an unrestricted release of the existing productive forces, unchained by total mobilization, cannot be discussed until the preliminary conditions of their occurrence are actually presented.

10. *How Great Is the Precision in the Work of Soldiers! How Great Is the Confusion Resulting From the Exertions of Statesmen!*

Thus it appears that the specific task of the anti-fascist in this war is to oppose the fascist world revolution, which tends to bring about the ultra-imperialistic, international cartel. He opposes every attempt at an imperialistic redistribution of the world by proclaiming the unity of the workers' world. He is opposed to the very existence of all those class, private, and clique interests that are rallied in monopolistic concentration behind imperialistic war aims. He develops the forms, the means, and the contents of the struggle against the total state-machine out of the objective conditions of total mobilization. He will in due time oppose the coming Fascist Council by convening the Revolutionary Workers' Councils of the World. He stands opposed to monopolistic management and to all kinds of hierarchies.

The task of the anti-fascist is essentially a worker's task, political only at its margin. His action, even when apparently terroristic and propagandistic, is essentially anti-terroristic and anti-propagandistic. As to method, he proceeds in the manner peculiar to the work of all shock-troops. A shock-troop is, for instance, invariably equipped with appropriate material implements, its members invariably skilled in a particular kind of work. The principles of organization of a particular shock-troop follow the particular instrument used, for in-

stance, an airplane, a transmitter. The physical conditions of the job determine the kind, the size, the composition and the structure of every shock-troop. They will be compelled to act without leaders. They must function as their own general-staff. And if in a certain phase of their fight they should single out a special "general-staff," this will be an anti-general-staff, itself presenting the character of a shock-troop.

How great is the precision in the work of soldiers! How great is the confusion resulting from the exertions of statesmen!

The statesmen wage this war.

The war produces new totalitarian states of complete wage-slavery. The state-magnates, the diplomats, the political leaders drive us into a monopolistic world system in which, because of its faulty construction, the workers have no share. The task of the worker has outgrown the control of businessmen and politicians.

Alpha.

ANTWERP, OCTOBER, 1939



BOOK REVIEWS

Death Is Not Enough. Essays in active Negation. By Michael Fraenkel. C. W. Daniel Comp. London 1939. [170 pp.; 7'6].

For Fraenkel, as for many of us, this period is one of disintegration and death. For us, however, it is a revolutionary process in which the existing society decays and the beginnings of a new one are not yet apparent enough to give courage to those who are likely to fight for a better life. Consequently, despair is everywhere visible; the revolution seems no less like death than the counter-revolution is deathly. Nor is the bourgeois individualistic mind a happy one. Its anarchistic, aristocratic ideals are destroyed by its practical activities and its increasingly collectivistic exploitation methods. To remain "intelligent" means to remove oneself from reality and live like the insane in a world of pure imagination. To maintain an individualistic position today means to be opposed to the present and to the morrow. The escape into a world of words and dreams is here the alternative to sui-

cide. Fraenkel searches for a new mental level on which to escape the consequences of the decay of this society. He excuses his continued existence with the attempt to realize death as an integral part of life, which must be faced and accepted in order to get a new vision of life. However, words fail him in his attempt to make clear to his readers what he actually wants to say. His essays remain a mere play with the concept death, a word used often enough to mar his style in places. Nothing can be learned from this book save the author's capacity to form good sentences. His analysis of the mental state of present-day society is often sharp and revealing, but his suggestions are only incomprehensible subjective moods representing a sort of non-commercial mysticism. His book shows the often brilliant emptiness of consistent individualistic thinking despite the social determination of man.

M.

The Marxist Philosophy and the Sciences. By J. B. S. Haldane.

[Random House, New York, 1939. x & 214 pp.; \$2.00.]

At first reading this book seems to be just another illustration of the strange fate which so often befalls a formerly revolutionary theory when it has turned from a relentlessly persecuted heresy into the accepted creed of a ruling group or the canonized ideology of a powerful church or state.

Mr. Haldane confesses frankly that when he published this book in 1939 he had been a Marxist only "for about a year." He compares the part played by the Marxist and Leninist philosophy in Russia today with that of the scholastic philosophy of St. Thomas Aquinas which is "still active in guiding the activity of the Roman Catholic Church." He formally revokes the sins of his past wherein he had formulated an "idealistic principle of relativity." In his fifth chapter [Psychology] where he propounds his theory of the nature of mind, he carefully points out in advance that these are his own speculations and "in no sense part of Marxism." Thus he trusts that the statements and doubts contained in that "excrement of an otherwise useful book" will not be held against his Leninist orthodoxy, though they are "based on scientific advances made during the last thirty years" and at the same time, in his opinion, suggest fairly well "the kind of hypotheses which a Marxist might reasonably investigate." He even tries to redeem his father, the late Professor J. S. Haldane, from the sin and damnation of a non-materialistic creed by pointing out that one of the books written by that eminent scholar "was recommended by a Moscow radio commentator as a very good introduction to dialectical materialism, although far from being Marxist."

Careful study, however, leads to the conclusion that this Marxist confession of a newly converted bourgeois scientist, in spite of its highly ideological and indeed almost reverent character, represents an entirely new and highly interesting phase in the development of Marxist thought. One may explain it as being merely an expression of the so-called People's Front tactics which had been adopted, temporarily and for a definite political purpose, by the headquarters of

the Communist Party. Yet there remains the fact that this enthusiastic and even fanatical English adherent of the Communist faith displays a degree of "freedom of thought" which until recently seemed to be quite impossible within the party-controlled literature. Such freedom is already evidenced by the fact that he does not begin his book with the usual bow to the "great and beloved leader, Stalin." That reticence does not indicate, as an innocent observer might believe, a revolution towards democracy within the development of present day Communism. Rather it reveals a growing disintegration within the national ranks of the so-called "international" Communist Party. Nevertheless it can be regarded as a sign of the weakening grip of the Muscovite usurpers of the true Marxist theory and, in that sense, as a comparative gain in intellectual freedom.

Haldane shows that newly attained "freedom" furthermore by a distinct tendency towards all sorts of theoretical heresies. He flirts with the "admirably dialectical" philosophy of Bishop Berkeley—that archetype for every faithful reader of Lenin's book on "Materialism and Empirio-Criticism" of non-materialistic and reactionary obscurantism in bourgeois philosophy. He equally extols Hume, the forefather of Machism and all modern scientific positivism. He openly admires Bergson, Whitehead, Edgington. He even discovers a "serious affinity with the Marxist" in the academic English philosopher Alexander, who "tries to trace the evolution of being from space-time through matter to life and mind, and beyond mind to a hitherto non-existent quality" which he calls "deity."

It is here, by the way, that we can get the deepest insight into the hidden cause of the attraction which a misunderstood and quasi-religious "Marxism" holds today for people like J. B. S. Haldane. For Marxists, he says, just as for Alexander, the mind is still evolving, and still very imperfect. "It has risen from the mud, not fallen from heaven, and it is destined to rise still further" [emphasis

by K. K.]. Such a philosophy "enables Marxists to carry on through defeat, terror, and persecution." "Although it offers no future life for the individual, the belief in better future lives for the human race does give to many Marxists the same energy and confidence that the hope of personal immortality gave to the early Christians." Now we know why Chamberlain and Halifax and other bourgeois politicians in distress tried to get even Stalin's red army as an ally for the redemption of the dividends of the democratic branch of the international capitalist class against the Hitlerian threat of "defeat, terror, and persecution."

Notwithstanding this apparent absence of an unscientific bias, Mr. Haldane's discussion of the relations between Marxism and the scientific problems of our time is not scientific. He criticizes those Russian writers who attempted "to apply dialectical materialism to every kind of activity from portrait painting to fishing" and to embellish their bad scientific papers with "irrelevant quotations from Marx, Engels, Lenin." But in practice, he contents himself in most cases to treat the recent discoveries of the various sciences as so many "examples" of the pet categories of the old dialectic philosophy. This quasi-scientific procedure which, to a certain extent, is typical of all Marxian excursions into the field of the natural sciences [including the philosophical writings of such eminent scholars as Engels, Plekhanov and Lenin] differs from the old idealistic method of Hegel only by a changed metaphysical principle, not by a final dismissal of all metaphysical claims. While Hegel starts from the metaphysical assumption that the world is a mere exemplification of the logical categories, Feuerbach, Engels, Lenin, and Mr. Haldane start from the partly opposite but equally metaphysical assumption that the logical categories "were exemplified in nature before they governed thought."

This underlying metaphysicism of Haldane's scientific attitude is not refuted but rather is confirmed by his report on a controversy concerning a certain biological theory which had been suggested to him by his colleague, Professor R. A. Fisher. He emphatically repudiated that theory, in spite of its "beautifully dialectical"

character, because it appeared to him to "run counter to certain observable facts." We cannot resist the temptation to quote in full the concluding phrases of this report in which the author modestly congratulates himself on that truly scientific achievement:

"I mention this controversy in view of the widely held theory that acceptance of Marxism is an emotional cataclysm which completely ruins one's judgment. If only Fisher were a Marxist and I were not, this theory might perhaps be applicable in the case in question. As a Marxist, I hope that Fisher's general argument may have a wider validity than at present appears likely to me" [p. 137].

We cannot refer here in detail to the many cases in which Mr. Haldane toys, as it were, with the other "beautiful examples" offered for the intricate dialectical concepts of "negation" and "negation of negation" on the fields of modern mathematics, cosmology, quantum mechanics, etc.; nor can we quote the numerous other passages where he strives to prove that the most important discoveries of modern science, in one way or another, had been anticipated by Engels more than fifty years ago. There seems little hope that he will thereby succeed in convincing those "scientific workers and students" to whom his book is primarily addressed, that "Marxism" as here expounded "will prove valuable to them in their scientific work" as it has to him in his own. More likely the scientists will go on to say that Marxism, in spite of its admirable power of prediction in the field of socio-economic developments, has so far not delivered the goods which have been so often and so loudly advertised by the "dialectical materialists" in the field of the natural sciences.

Even less satisfactory is Mr. Haldane's achievement from the point of view of that "somewhat wider audience" to which the book is also addressed. The interested layman will find some valuable information on recent problems and discoveries, e. g., on the growing influence of industrial practice on the very methods applied in so-called "pure" mathematics (50-57); on the various successive phases of Milne's theory of cosmological relativity (64-78); on the recent developments of the theories of heredity

and mutation [119ff]; and on the relationship between mind and brain [162ff]. The chief objection from the layman's point of view against these and many other sections of the book is their lack of adequate popularization. Haldane often conveys his information on a complicated subject in a highly technical and fragmentary manner. Thus the book is fully comprehensible only to the expert scientist, who perhaps does not need it at all.

An even more fatal objection arises from the already mentioned fact that the book as written does not really break with that traditional orthodoxy which has handicapped the development of Marxism almost from the beginning and most certainly since its formal reception and canonization by the Russian Marxists. Paradoxically, there is no necessary link between an orthodox method and the definite and invariable contents of a theory. From a historical viewpoint we might rather say that every "orthodoxy," and most certainly the orthodoxy of a political creed, is bound to vary its contents according to the varying conditions and the changing aims of the growing political movement. This was shown many years ago by the development of the foremost "orthodox" Marxists in Germany and Austria, and, in a later period, by the many rapid changes of the "orthodox" Bolshevik theory before, during, and after the revolution of 1917. In some extreme cases, classically represented by the latest phase of the "orthodox" Marxist theory of the German socialist, Karl Kautsky, and by every phase of the development of the political theory of Soviet-Marxism after the death of Lenin, the deviations from the original contents of a revolutionary theory become so numerous and obvious that its faithful adherents need a tremendous amount of what they now begin to call "dialectics" to

reconcile "ideas" with facts or a "revolutionary" theory with counter-revolutionary practice. Thus the creed of the German socialists, which had been for half a century a revolutionary theory of the working class, was ultimately transformed into a quasi-socialist theory for the benefit of the bourgeoisie. Thus again, and in a much shorter interval, the "international" Bolshevism of Stalin was merged into a mere Russian counterpart of the national socialism of Hitler.

History repeats itself, and while the first phase of the historical drama is often a major tragedy, its last phase invariably takes on the style of a farce. We concede that historical significance to the performance of Mr. Haldane who after his conversion to Marxism in 1938 started out, in 1939, to renew the task that had been accomplished in the field of philosophy by Engels fifty years ago and by Lenin in 1908. He certainly does not shrink from the self-appointed task of demonstrating to his readers "the kind of speculations into which Marxism leads a scientist." He does not stick to the comparative rigidity of the old Marxist philosophy, but displays to the full the increased amount of elasticity attained by the Marxist creed today. Whilst Lenin fought an otherwise quite harmless philosophy of his time (Machism), because of its possible obscurantist implications, Haldane, after thirty years of further scientific development, offers a thinly disguised defense of an unmistakably obscurantist creed because of an alleged analogy between the mind-reader's aim of abolishing the "privacy of mental images" and the socialist's aim of abolishing private property. "I do not see," states Haldane on page 169, "why a dialectical materialist should reject a priori the possibility of such alleged phenomena as telepathy and clairvoyance."

K. K.

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