

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

VIII

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

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

39) — (Continued from page 49)

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

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

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

Those who are not opposed to capitalism have no choice but to favor monopoly. "The trade unions, seeking improved labor conditions and better educational opportunities, find it much easier to come to terms with the big monopolies than with the general run of smaller firms, and are consequently apt to favor the big business interests when they clash with those of the smaller firms."⁴⁰ Of course, in the last resort, "such an attitude cannot possibly benefit more than a fraction of the working class; for even if the monopolists are ready to share profits with their employees, monopoly profits must come from somewhere, and that in practice means that a large part of it must be extracted from the workers who are not in privileged employment. Yet the workers cannot possibly find allies in the smaller capitalists, who are induced by their inferior bargaining position in the market to be less liberal in their treatment of labor."⁴⁰

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

40) *Big Monopolies and Small Firms*. The New Statesman and Nation. December 5, 1942, p. 366.

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

Under \$ 20.....	2,490,000.....	poverty
\$ 20 to 30.....	2,810,000.....	poverty
\$ 30 to 40.....	2,240,000.....	bare subsistence
\$ 40 to 50.....	1,650,000.....	minimum decency
\$ 50 to 60.....	1,410,000.....	slight comfort.

Some 7½ million wage earners still make less than 40 cents an hour. This represent 19 per cent of the 40 million American workers. Many in lines of work not covered by the wage and hour law are getting less than 30 cents and some as little as 15 cents. About 52 per cent of all factory workers get less than 76 cents per hour and only 8 per cent earn \$1.20 and more. (Bulletin of the International Federation of Trade Unions. No. 3. February 1943.)

secure capitalist exploitation and to extend it over still more people and to include even the colonization of the defeated colonizers.

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

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

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

42) *Who Are the Real Rulers of Britain*. New York Times. 1/24/43.

43) *Social Revolution—Conservative Style*. The New Statesman and Nation, October 10, 1942.

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

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

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

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

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

If the monopolistic nations must copy the organizational forms and military methods of totalitarianism, they must also take over totalitarian propaganda. Thus both the struggle of fascism and the struggle against fascism appears propagandistically as the fight for socialism. The more strictly the governments act in the exclusive interests of state-supported monopolies or the monopolistic state, the more lip-service they pay to socialism. With the progressively increasing concentration and centralization of economic and political power the illusion must be strengthened that all this implies the opposite from what it really is.

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

If the state supported monopolies in the democracies have their way, that is, win the war in a short time, government control — however expanded — will be used chiefly to secure private capital and its profitability. Super-monopolies will assure extra-profits and reduce the profits of the

weakened competitors still further. The state-monopolies of the defeated nations will be dissolved. Mr. Hull speaks the truth when he promises restoration of “free trade” after the war. It will be “free trade” for others who face a stronger Anglo-American monopolism just as at an earlier time England fostered “free trade” because of her monopolistic position in the world market. Free trade merely means preventing other nations from using monopolistic practices and thus to making it easier to exploit them.

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

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

Accumulation would continue. The hastened monopolization, however, does away with the extra-profits based on the existence of non-monopolistic spheres of production. The monopolistic rate of profit would tend to become the given rate of profit determined solely by accumulation and the rising organic composition of capital. The need for rapid expansion would be greater and stagnation more dangerous than ever before. The need for more surplus value to compensate for the decreasing profitability would be more pressing than ever before and the exploitation of the workers of the world would have to be increased in an as yet unknown measure. In due time, however, capitalism would face another period of stagnation, which would lead to new wars and to the further expansion of government control. All that the present war would have accomplished would be the postponement of the complete merger of capital and government.

If monopoly capital fights for a cause already lost, it does so because it has no "cause" at all, because its actions are determined not by any social considerations but by momentary competitive needs in the general struggle for favorable positions at the sources of surplus value. That this general competitive struggle and its devastating results still determine the anti-social history of mankind is fully revealed precisely in monopolistic "planning" and in the "new order" of totalitarianism. All the real order that may be detected within the capitalist development only demonstrates that the contradictions between social- and class-production have objective limitations. This order asserts itself in spite of capitalism and merely shows once more that social planning and order can be established not by, but only against, capitalism.

Just as Adam Smith's fear of monopolistic conspiracies against the well-being of society did not stop his most ardent followers from conspiring against their competitors and from forming monopolies, so the most earnest monopolists in their fight against totalitarianism will eventually become totalitarians while struggling to maintain their monopolistic-competitive position. For what they want and what they are forced to do are two different things. In their search for profits they destroy the profitability of capital. In their attempt to safeguard capitalistic freedoms they establish totalitarian prisons. With their "planning" they lead the world in the barbarism of the present war, all the while demonstrating that, as always before, so today, too, instead of controlling anything they are controlled by developmental laws which they cannot change without giving up their capitalistic existence. Friedrich Engels pointed out some fifty years ago, what is still the truth: "Although production assuredly needs regulation it is certainly not the capitalist class which is fitted for that task . . . The trusts of manufacturers of whole spheres of production for the regulation of production, and thus of prices and profits . . . have no other mission but to see to it that the little fish are swallowed by the big fish still more rapidly than before."⁴⁴)

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

44) *Capital*, Vol. III, pp. 142-143 (Footnote).

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

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

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

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

45) Hiram Motherwell in *Common Sense*, April 1943, p. 114.

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

Paul Mattick

46) Linden A. Mander. *Foundation of Modern World Society*. Stanford University Press, 1941, p. 646.

PHILOSOPHY AND THE STATE *

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

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

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

* Continuation of the article *The Marxian Dialectic and its Recent Critics* in *New Essays*, Vol. VI. No. 2, p. 49 to p. 75.

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

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

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

39) Herbert Marcuse, *Reason and Revolution. Hegel and the Rise of Social Theory*. New York, 1941, p. 6.

40) R. H. S. Crossman, *Government and the Governed*. New York, 1940, p. 214.

41) K. Korsch, *Karl Marx*. London, 1938, p. 141.

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

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

Of course the "increasing powers" of the state really did not mean much more than the maintenance of the existing powers of the state, which, still in the hands of a feudalistically-orientated absolutist military caste simply refused to retreat before the industrial entrepreneur and financial manipulator. Thus, in view of the general trend of development, a reactionary class actually attempted to stop "progress". But in its attempt to maintain and thus necessarily to strengthen its own position, this reactionary class was forced in its very struggle against "progress" to adopt and employ "progressive" means of combat, that is, to industrialize the nation. The "enemy without," i. e., the growing capitalization of the world, did not allow the complete or even partial suppression of the "enemy within," i. e., the rising bourgeoisie clamoring for power to determine policies according to its own interests. Whereas before the French Revolution, the economic theory of the Physiocrats was in its essentials "a bourgeois reproduction of the feudalistic system,"⁴²⁾ the new school of national economy that developed in Germany represented a capitalistic theory in feudalistic garb. It was in "harmony" with a situation that demanded compromises between the old and new ruling classes because "the constant threat from without did not allow internal clashes to work themselves out."⁴³⁾ It was thus, so to speak, the "anonymous power of capital" that overcame the former class system and its more primitive agricultural production. And this despite the "victories" of the reaction and the incorporation of feudal privileges in the capitalistic structure. The omnipotence of the state in Germany did not con-

42) Karl Marx, *Theorien ueber den Mehrwert*. Stuttgart, 1921, Vol. I, p. 41.

43) Adolf Loewe, *The Price of Liberty*. London, 1937, p. 29.

tradict her capitalistic development but was one of its forceful levers. The "historical fact of the omnipotence of the state dominated German philosophy: German philosophy did not create the omnipotent state. Fichte and Hegel had to deal with and explain the accomplished reality. It was the world they lived in."⁴⁴⁾

The principles of the French Revolution — Reason and Freedom — seemed unrealizable in Germany. But these principles to which Hegel adhered, implied something quite tangible and specific. There was no other reason and freedom involved than that "reason that liberated industry."⁴⁵⁾ The bourgeoisie had been hindered in its development by the absolutistic institutions of the pre-capitalist era. "What must the government do in order to maintain abundance in the kingdom?" the elder Mirabeau had asked. "Nothing!", he answered himself. If the bourgeoisie of France thought that with regard to industry and trade "no government was the best government" and if they had been able to enforce the reorganization of their society by way of revolution, still their struggle against the state was neither a fight against the state-as-such nor against the absolute state. It was a struggle against an existing state in favor of another that would be absolutely at the service of the bourgeoisie. The old state, insisting on the *status quo* in order to safeguard its own existence, was attacked for its inability to adapt its policies to the new situation which was brought about by the feudalistic disintegration and the rise of the bourgeois mode of production. In France, the most powerful European nation at that time, the state was an "arrogant" state, unwilling to yield to the "enemy within" because it was not seriously threatened by an enemy from without. ,

The preponderance of the state in Germany was not specifically "German." The modern nation state developed with capitalism. The state fostered this development through a process of centralization that limited the powers of the nobility and broke that of the gentry. The absolute monarchy and its supporters, it is true, yielded their new-won powers not in the interests of the middle class and the exploited in society but solely in their own interests. Yet the middle class could develop faster under better conditions. As far as social power is concerned, however, the centralization process polarized society into a smaller ruling body and a large mass of ruled. It created a basis for revolutionary actions that could involve the whole of society and influence national development. It multiplied the social grievances and directed all opposition against the central authority.

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

44) Gustav Stolper, *German Economy*. New York, 1940, p. 10.

45) H. Marcuse, *Reason and Revolution*, p. 4.

The laity hated the clergy, and the poor parsons hated the luxurious archbishops and bishops." 46) The bourgeoisie, however, was that class that could strive for state power and dominance. All opposition against the existing state of affairs, including the opposition of the laboring class against all other classes merged into the fundamental opposition of the time—that between feudalism and capitalism. The bourgeoisie, for its own part and in all its layers, was convinced that its own emancipation would benefit the whole of society. All interests, desiring a turn of events, sided with the bourgeoisie not because of an identity of interests but because of their common hatred of the *ancien regime*. The manifold interests taking part in the revolution explain its turns and twists, the illusions and disappointments connected with it, its revolutionary and its reactionary aspects.

In England the situation was different. The insular position fostered internal developments. It did not isolate the country but made it more immune to onslaughts from without. England had become a nation state as early as the eleventh century. At a time when, on the Continent, the coming of kings indicated the rise of the national state and the beginning of the end of feudalism, in England it was already possible to restrict the powers of the king without disturbing national unity. The *Magna Charta* demonstrated, however weakly, a control of the existing central power. The middle class, industry and trade, grew faster in England than anywhere else. And yet the "political form under which the nation was 'freed' from feudalism and papal supremacy was in fact more despotic than anything which preceded it . . . Mercantilism transferred to the state that supervision of economic life previously held by the Church. The Tudor era is not a period of free trade but of state-controlled trade, in which a new bureaucracy directs the activities of private enterprise. The state intervenes to grant monopolies, fix wages and prices, manage the currency, determine tariffs and by, a new poor law, to tackle the problem of unemployment." 47)

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

46) R. H. Dabney, *The Causes of the French Revolution*. New York, 1889, p. 286.

47) R. H. S. Crossman, *Government and the Governed*, p. 47.

classes the state was equally omnipotent in all nations, equally powerful, equally absolutistic. With regard to the ruling classes the state served, all appearances to the contrary notwithstanding, the capitalistic needs of the nation.

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

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

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

After the French Revolution and the Napoleonic wars the bourgeoisie was inclined to think, and had every reason to think, that a further weakening of the already weak Germany through internal strife would lay the country

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

The French Revolution in its political aspects could no longer be a real inspiration for the whole of the German bourgeoisie. It began under the leadership of dissatisfied aristocrats and capitalists and was liquidated under similar conditions. Its revolutionary phase — the Jacobin terror — was merely an episode destined to fail from the very beginning. The bourgeois revolution was not only a revolution against feudalism but also against the petty bourgeois and the laboring classes. What seemed revolutionary within the French Revolution was hopelessly utopian, for the most "radical" demands flatly contradicted the need for the full release of the capitalist forces of production. When, however, the revolution ended with the reconciliation of capitalists and aristocrats the question naturally arose — why not begin with such a reconciliation? The refusal of Germany to repeat the cycle of the French Revolution did not violate the principles of that revolution, for the concrete content of those principles, the liberation of industry, could now be gained without much fighting, thanks to the existing authority.

The past was also not forgotten. It showed that a state could do both: obey the demands of a particular class, but also "stand above all class interests." Of course, the latter meant no more than that the state, wavering between feudal inclinations and capitalistic necessities, "solved" its problem by doing only what served its own interests. The mercantilistic state, especially, seemingly demonstrated that a government could — like the Church or God himself — tower over the whole of society and rule it "in the interests of the whole." If it did not do so it was thought that this was not because it was not possible to do so, but because the people who comprised the state were either bad or lacked wisdom. The paternalistic relationships of medieval society were retranslated to fit new conditions.

With Hobbes the more sceptical bourgeois thinkers saw in the omnipotent state a necessary reaction to the ceaseless frictions of the competitive

struggles which grew out of the passions of human nature. Strong authority was to secure the social order. There was, however, the other idea, that a powerful state could prevent the rise of conditions that awakened the competitive passions in man. The state could be tyrannical or beneficent and also a beneficent tyranny. In Fichte's mind the state could even develop in a "government that made government superfluous." To be freed from government, however, the government itself had first to be freed from social fetters hindering its development. Fichte's "free state" was to be freed from its bondage to particular interests. It was to become a "political community" which, by passing through a stage described as a "closed industrial system" that was to lead to economic abundance, would end up in a real social community. Yet, for all practical purposes, this whole scheme terminated in the demand for the actual national state that could only be the bourgeois state. Still the ideological scheme did not contradict the real development. To have the national state it was necessary to accept the "closed industrial state." To attain the latter in face of the feudal reaction and the foreign foe, it was first necessary to have a "political community." Even in the ideological scheme the "social community" had been placed in the far away future and thus to the "idea" no bourgeois needed to object.

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

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

⁴⁸) Eugene Tarlé, *Bonaparte*. London, 1937, p. 237.