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

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GERMAN FASCISM ON THE OFFENSIVE

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

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

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

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

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

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

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

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

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

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

II.

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

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

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

III.

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

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

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

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

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

IV.

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

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

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

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

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

SP.

THE LORELEI

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

(Ending of Roosevelt's last fireside chat)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ECONOMICS AND POLITICS IN REVOLUTIONARY SPAIN.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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