

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

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

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

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

IV.

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

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

[2] *The Problem of Economic Order*. New York, 1938; p. 88.
[3] *The New Republic*. October 6, 1937; p. 240.

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

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

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

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

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

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

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

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

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

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

V.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[13] Ibid.; p. 288.

[14] Ibid.; p. 299.

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

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

VI.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[1] Offered for discussion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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