The Nazis and Monopoly Capital

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Fifty-five years after the vanquishing of Nazism the monster of fascism continues to plague the world. Over decades neo-fascism has made its presence felt in Germany and Italy, gaining a new stimulus in the former nation after the annexation of the German Democratic Republic. Contemporary Austria and India have fascist parties as the major components of the ruling political coalitions. Fascism stares the democratic movement in the face once again. Any discussion of fascism has to re-assess the history of Nazism in Germany which was placed to power in one of the most economically advanced countries of the world and whose victory represented a major catastrophe for mankind. Allan Merson reveals the intimate nexus between National Socialism and monopoly capital in the coming to power of Hitler's party as well as in the economic policies of the period 1933-45. This is a salutary analysis for the bulk of the western histories of Nazism shy from taking up this central question. The author leans heavily on the investigations conducted by the GDR historians — revealing the powerful traces of Marxism in the field of historical research which remained in this country after the restoration of capitalism in the 1950s — and which confirmed the 1933 Comintern definition of fascism as the open terrorist dictatorship of the most reactionary, most chauvinist and most imperialist elements of finance capital. Notwithstanding Allan Merson's adherence to the view of the now-dissolved CPGB on the 'peaceful transition to socialism' this study is an important window to a body of literature which is little known. We also draw attention to the useful study by the same author on the resistance of the Communist Party of Germany to Nazism in the difficult years between 1933 and 1945 ('Communist Resistance in Nazi Germany', Lawrence and Wishart, London, 1985).

Despite its importance the Comintern's definition of fascism made in 1933 must not be extrapolated in a simple fashion to colonial countries such as India. Dimitrov, at the Seventh Congress of the Comintern in 1935, asserted that in colonial and semi-colonial countries the fascist groups which had emerged did not constitute the same genre of fascism such as existed in Italy and other capitalist countries. He stressed the need to ponder over and study the peculiar economic, political and historical conditions in the colonial world as a consequence of which special forms of fascism had arisen : formulas had to be avoided and the concrete forms had to be examined. Dimitrov's brief but pregnant comments of 1935 remind us of the unperformed tasks of the analysis of the Hindu communal-fascist BJP, for while a rich body of empirical data has been accumulated in recent years on the 'Sangh Parivar', the concomitant examination of its class basis is conspicuously absent. The western histories of historical fascism and the contemporary investigations into communal-fascism in India are vitiated by the common ideology of empiricism which abdicates responsibility for the elucidation of the class essence of fascism. It is apparent that the BJP and the 'Sangh Parivar' are promoting the rapid implementation of the interests of US imperialism through the agendas of the International Monetary Fund and the World Bank, as well as the interests of the big Indian bourgeoisie and the pronounced vestiges of feudalism (witness the links of the BJP with the private landlord army of the Ranvir Sena in Bihar). The failure to elaborate the concrete links between contemporary communal–fascism and its class essence means the disarming of the democratic movement in the

impending struggles for the defence of the interests of the working people from communalism and fascism.

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1. The Debate about Fascism

The nature of fascism has been in dispute ever since the emergence of the first fascist movements in 1919. Between the wars the debate accompanied the political efforts to build a popular front; since 1945, transferred to the historical plane and enriched with a wealth of documentary evidence, it has continued at international conferences and in the pages of historical journals.

One issue is whether fascism has ever constituted a single international movement or, indeed, a single historical phenomenon in any sense. The movements to which the term 'fascist' has conventionally been applied varied considerably, both ideologically and socially. Some preached racialism, others merely old-fashioned nationalism; some were ostensibly radical and revolutionary, others self-consciously reactionary; and their social character varied according to the very different social structures of the countries in which they appeared, ranging from an advanced industrial society such as Germany, with a large proletariat, to backward agrarian states like Bulgaria, in which the working-class was tiny. Some scholars, therefore, have denied that these movements had enough in common to justify a common designation. Others have attempted to distinguish different types of fascist movement and to relate them to the economic and social structures of the respective countries.[1] Hugh Trevor-Roper; for instance, has distinguished fascism proper, peculiar in its developed form to advanced industrial countries with a strong labour movement, from reactionary military or clerical regimes which to some extent accommodated themselves to fascism, or imitated it, as they came under the influence of Fascist Italy or Nazi Germany.[2] Fascism, in such a view, was never a true international movement, but a heterogeneous collection of nationalisms of varying character and conflicting interests whose co-operation, when it occurred, was due first to the common fear of bolshevism which gripped the ruling classes of all European countries after 1917, whatever their social character, and, secondly, to the overwhelming power of Nazi Germany after 1933. Some, indeed, have seen fascism as strictly timebound, characteristic of the historical period 1917-1945 and unlikely to recur, at least in a major capitalist country.[3] Others, going further still, have argued that fascism even then would have remained without general significance but for its victory in Germany in 1933, so that the whole crisis of civilization that followed could ultimately be explained as an 'accident' of German history or even of Hitler's personality.

Although bourgeois theorists differ in the degree of generality they attach to the concept 'fascism', they have for the most part agreed in taking it at face value as a movement aiming to construct a new form of society, a third alternative to capitalism and socialism.[4] This was the view of liberals in the 1930s and it has been further elaborated by Western scholars since 1945, not without some valuable insights. Some of these interpretations, like that of the West German Ernst Nolte, are in purely idealistic terms, presenting fascism as the expression of a unique ideology compounded of nationalism, racialism, irrationalism, nihilism, the cult of violence, of action, of youth, etc. Increasingly, however, as the influence of Marxism has grown, bourgeois scholars have looked for a materialist explanation of this, as of other historical movements, in

terms of economic and social interests. Some have seen fascism as an expression of the aspirations of the petty bourgeoisie to revolutionise society in its own image, and this is still the view of some Western historians. Yet this conception had less plausibility after 1945, when it had become clear that, whatever the origins of fascist movements, their tendency when in power was to promote the interests, not of the petty bourgeoisie, but of the big bourgeoisie. Non-Marxist historians have sought a way out of this difficulty in two ways. Some have continued to regard fascist movements as an expression of petty bourgeois interests and have explained their actual policies as tactical compromises, temporary alliances with the old ruling classes which would not have survived the final victory of fascism.[5] Others have abandoned their original materialist standpoint and have taken refuge in an idealistic conception of fascism as a sort of historical exception, a movement uniquely independent of social classes, definable only in term of ideology.[6] To others, as once to Harold Laski[7] even fascist ideology seems a sham and all that is left is a leadership group acting in the void, cynically manipulating ideas as it manipulates social interests in a struggle aimed at power for power's sake, a historically unique phenomenon, an exception to normal historical laws; whence it is not very far to an explanation in terms of the unique personality, the charismatic (or demonic) leader whose will supplies alike the place of historical causation and the demand for a universal scapegoat.

Communists and other Marxists regarded fascist movements from the beginning as instruments of the bourgeoisie, mercenary forces recruited by landlords and capitalists against the revolutionary workers' movement. They did not overlook the fact that these movements often drew their following from ruined and disillusioned petty-bourgeois and declassed proletarians who were attracted by pseudo-revolutionary slogans. Successive documents of the Communist International in the 1920s recognised that the early fascist movements had to some extent arisen spontaneously among the petty bourgeois strata which were deeply alienated from existing society and eager for 'action' but had been turned against the working-class movement for various reasons, including the very failure of the socialist parties to carry through the revolution.[8]

To note that fascist movements had a petty-bourgeois following, and often a petty bourgeois leadership, could not, however, satisfy Marxists. The sort of 'anti-capitalist' society sketched in fascist programmes was vague and full of contradictions; and in any case, as Marx had shown, the petty-bourgeoisie, because of its social position, could not make itself a ruling class. Inherently unstable, pulled both ways, it must ultimately fall under the influence either of the existing ruling class or, in the capitalist epoch, of the revolutionary proletariat. Marxists therefore looked beyond the social composition and overt aims of fascist movements to the objective historical tendency underlying them, which meant in effect relating them to the main social forces of the epoch of proletarian revolution and transition to socialism, it was this-the objective historical tendency of fascism -which was expressed by the Communist International in successive definitions. All of these explained fascism as a form of bourgeois rule which had developed in specific historical circumstances but also exemplified a general tendency to more repressive, reactionary government in the epoch of imperialism. This was an important truth, but it became to be over-generalised. By 1928 fascism had come to be viewed by Communists as more than just one variant of bourgeois rule. 'Fascisation' came to be conceived as a sort of law of development of bourgeois states in the era of imperialism, so that all European states outside the Soviet Union could be seen as moving at different speeds through different stages towards fascism. It seemed to follow on the one hand that fascism represented the immediate eve of the

socialist revolution and on the other that Social Democratic parties themselves, inasfar as they were involved in the politics of bourgeois states, were accomplices in the process of 'fascisation', either by sharing responsibility for the repression of the revolutionary movement or by 'tolerating' increasingly reactionary regimes. Hence the concept 'social fascism' and the tendency to equate anti-fascist struggle with proletarian revolution. Between 1928 and 1934, as a result of these tendencies, the term 'fascism' came to be used in the international Communist movement with so broad a meaning that it was blunted as a tool of scientific analysis and the task of isolating the main enemy was made more difficult.

The defeat of the German working-class in 1933 eventually led to a re-examination of the strategy of the world Communist movement and of the analysis on which it was based.[9] Among the results was the famous re-definition of fascism by the Executive Committee of the Communist International at its 13th plenum in December 1933 as 'the open terrorist dictatorship of the most reactionary, most chauvinist and most imperialist elements of finance capital'.[10] The significance of this was not just that it emphasised the bourgeois essence as against the petty-bourgeois appearance, but that it regarded fascism as different from other forms of bourgeois rule not merely in methods but in social content, since it expressed the dominance, not of the bourgeoisie as a whole, or even the monopoly bourgeoisie as a whole, but of a particular extreme section of the monopoly bourgeoisie. From this it followed that a very broad anti-fascist front, including sections of the bourgeoisie itself, could be built up and that this must be regarded as a separate stage, not identical with socialist revolution. The ECCI definition of 1933 thus furnished the essential theoretical basis for the development both of the popular front movements of the 1930s and of people's democracy after 1945.[11]

The 1933 definition was never intended to be a comprehensive description. Indeed, it was just because fascism had so many contradictory features that it was necessary clearly to define its essential objective tendency. Here again, insistence on an important truth may sometimes have led to over-simplification -in this case to a tendency to simply *identify* fascism with the most aggressive section of finance capital without paying sufficient attention to the specific features of the relation; and this in turn may be connected with another tendency to lay chief emphasis on the repressive side of fascist states with under-emphasis on their 'ideological' side-their ability to mould opinion and change attitudes. In recent years the need to work out strategies for peaceful transition to socialism has led to renewed discussion among Marxists about the nature of political power, the relation between the state and social classes in bourgeois society and the interaction of ideological and repressive functions of the capitalist state.[12] It is with questions such as these in mind that Communists need to re-examine the history of fascist movements between the wars.

In any such discussion the case of Nazi Germany is bound to be crucial. It was in Germany that fascism was most extreme and apparently got a firm hold on a politically-conscious and educated working-class; and it was victory in so advanced and powerful an imperialist state that converted fascism from a comparatively minor variant of reaction to an immediate threat of major catastrophe. Moreover Germany has been the main forum of debate about the nature of fascism since 1945. The collapse of Nazism made records for 1933-45 available in unprecedented abundance, while the division of the country led to the emergence of a powerful school of Marxist historians in the GDR alongside the predominantly bourgeois historiography of the Federal Republic. The social basis of the Nazi regime has been a major subject of debate

between them, for, apart from its scientific interest, it has had far-reaching political implications, centring round the question whether the Nazi heritage could be repudiated without the repudiation at the same time of imperialism and its monopoly capitalist basis? On this and similar issues there has been sustained argument ever since 1945. The bourgeois side of the debate is well-known in Britain through translations of West German works and their elaboration by Anglo-American scholars. But GDR work, though presented at occasional international conferences, remains untranslated and largely unknown, except through the refutations, and dismissive footnote comments, of scholars in the West.[13] The aim of the present paper is not to make an original contribution to the debate, but to clarify the issues, taking account of the work of GDR scholars.

2. Nazi 'anticapitalism' in theory and practice.

In their early propaganda the Nazis attempted to voice the grievances and aspirations, not only of the petty-bourgeoisie, but to some extent of the workers too. The original party programme, adopted in 1920 and declared unalterable, promised radically anticapitalist measures.[14] War profits were to be confiscated, embezzlers and usurers punished by death. Mortgage interest and speculation in land were to be abolished, trusts to be nationalised and profit-sharing introduced; and, finally, unearned income itself was to disappear and work to be required of all. In practice, it is true, little attempt was made to elaborate the measures that would be needed to carry out this programme or to reconcile the widely differing statements of party spokesmen. Inconsistencies were covered up in vague talk about the need to stop the selfish pursuit of class interests and to unite employers and workers in a 'people's community', and in still vaguer talk about the artificiality of big cities and the need to get back to the healthy life of the countryside and the old values of 'blood and soil'. Nevertheless, as long as the Nazis were still struggling to win a mass following, they laid considerable emphasis on what they called 'German socialism'. Ostensibly they were revolutionaries whose programme heralded a radical transformation of capitalist society and was so understood by many of their followers.

Among the first to be disillusioned in 1933 were the activists of the National Socialist Factory Cell Organisation (NSBO), through which the party had been trying, since 1929, to get a foothold among the industrial working-class. The NSBO leaders naively imagined that their party's rise to power would be followed by the establishment of a corporative system in which the conduct of enterprises would be taken over by an all-embracing organisation representing both owners and workers, with party officials playing the key role. This expectation seemed about to be fulfilled in May 1933, when the NSBO was mobilised to take over all the institutions of the trade union movement which were then incorporated in a new 'German Labour Front', to which employers were also to belong. But disappointment quickly followed. The Labour Front was not allowed to take over the fixing of wages and conditions of work. Collective bargaining was replaced, at first provisionally, by the decrees of newly instituted 'labour trustees' who were powerful officials responsible to the minister of labour-most of them being in fact 'experts' previously connected with employers' associations or otherwise personally acceptable to big employers. The meaning of the new type of labour relations was made quite clear in January 1934 by a Law for the Ordering of the National Labour. The employer was declared to be 'leader' of the enterprise, responsible for all decisions about its conduct; the workers were his 'followers', owing him 'loyalty'. This law fulfilled the age-old aspiration of reactionary

employers to be ‘master in their own house’. Elected works councils were abolished, the workers retaining only the right to submit complaints through a ‘council of trust’ (whose members were chosen by the employer and the leader of the Nazi party organisation in the factory, subject, until 1935, to endorsement by a ballot), with appeal in the last resort to the ‘labour trustee’.

The Labour Front, though it nominally included both workers and employers in a party controlled organisation, was effectively confined to the function of combatting class consciousness and indoctrinating the workers with Nazi ideas. To compensate for frozen wages and forfeited democratic rights it organised phoney manifestations of the supposedly classless ‘works community’ and the ‘beauty of labour’, together with cultural events and cheap mass excursions or subsidised holidays. And for those workers who remained unconvinced the Labour Front provided the local arm and information service of the Gestapo. Yet in the long run the conflict of class interests forced itself to the surface, especially when rearmament made labour scarce, and although the Labour Front was never able to exercise an effective influence on the fixing of labour conditions or the running of enterprises, it made repeated efforts to claim a voice, if only to maintain some credibility in the eyes of the workers and hinder the growth of illegal organisations.[15]

The ‘middle-class socialism’ on the basis of which the Nazis had attracted so much of their original mass support proved to be equally illusory. The radicals of the party’s economic and agricultural policy departments, Otto Wagener, Gottfried Feder and Walther Darre, had vaguely envisaged a return to a small-scale economy, involving the breaking up of big estates and other large-scale enterprises. Industry was to be dispersed and the city proletariat re-settled in semi-rural housing projects in small towns or on agricultural smallholdings. Chain-stores, department stores and co-operatives were to be prevented from competing with the small artisan and small shopkeeper by discrimination in taxation and public contracts, if not by more drastic measures; and the whole process of de-industrialisation and de-urbanisation was to be guided through the control of credit by a nationalised banking system and given permanence by the establishment of a nation-wide structure of compulsory guilds.[16]

This programme was fundamentally incompatible not only with the interests of the big landowners and capitalists, but with the Nazi leaders’ own aim of forced war-preparation; and attempts to begin realising it were sharply rebuffed. The Nazi-sponsored League of Struggle of the Commercial and Industrial Middle-Class was stopped from taking direct action against co-operatives and large stores, which were allowed to continue with minor restrictions, the League itself being dissolved in the summer of 1933. The grievances of small traders and artisans were diverted against the Jews or appeased by supposedly radical measures such as the limitation of company dividends or the conversion of smaller companies to individual ownership, which in fact also suited the monopolies. In reality small business continued to lose ground, hit by shortages of raw materials and by the priority given to the big armament firms. The war, bringing a further concentration of production and call-ups of inessential workers, especially after 194l,completed the ruin of hundreds of thousands of small businesses and independent artisans. Their fate was specifically referred to by Goebbels in his ‘total mobilisation speech’ of 18 February 1943, when he denied that it was intended to establish monopoly in the economy and promised that the middle-classes would be restored after the war, both economically and socially. The Nazi champions of ‘middle-class socialism’ in commerce and industry had been

decisively repudiated as early as June 1933, when the first reconstruction of Hitler's government took place. The conservative Hugenberg's place as minister of economics was taken, not by the Nazi Party's commissioner for the economy, Otto Wagener, who in fact lost his position at the same time, but by another capitalist, Kurt Schmitt. The only economic sphere in which Nazi radicals were to some extent able to put their ideas into effect was agriculture, thanks in part to a conflict of interest over food policy between landowners and industrial capitalists. But although Walther Darre became minister of agriculture in July 1933 and was able to legislate for a peasant settlement programme including compulsory purchase of estates and the creation of a hereditary peasant elite as leaders of a medieval-sounding 'Reich Food Estate', the dreams of a nation re-organised on a basis of 'blood and soil' came to nothing. The re-settlement programme was nullified by low priority in the allocation of land and finance and there was in the end less settlement in the 1930s than in the 1920s. By 1937 German farming occupied a smaller proportion of the population and provided a lower percentage of the nation's food supply than before 1933. Village life remained backward and impoverished and the drift from the land continued, despite all efforts to check it.[17] The great industrial cities, on the other hand, grew faster than ever and industry became more heavily concentrated in large units, swelling the factory proletariat with ruined artisans and shopkeepers.

When the actual economic development of Nazi Germany is examined, it is clear that there was no sign of a return to a small property-owners' system, but, on the contrary, a rapid expansion of monopoly capitalism on lines not fundamentally dissimilar to those followed in other imperialist countries in the same period. The capitalist property system was in all essential respects preserved and even strengthened. The much-heralded subordination of private to public interests amounted to little more than the fining of a few small business men by 'Social Honour Courts' and the compulsory replacement of a few inefficient peasants by more competent relatives. Even the large estates, so often threatened with expropriation, survived and prospered. In industry a few major enterprises which were necessary for war-preparation were launched with government capital, but this was outbalanced by the 're-privatisation' of banks and industrial firms which had been taken over by previous governments to save them from collapse during the depression of 1929-32. Rarely indeed has the principle of nationalising loss and 'privatising' profit been more faithfully applied than in Nazi Germany. Investment, it is true, no longer took place mainly through the stock market, but through the state or by internal accumulation in large concerns. The result gave the monopolists no ground for complaint. Through huge armament orders on a cost-plus basis, they were assured of big profits in advance. Statistics point to an increase in the share of the national income going to the propertied classes[19] and to a disproportionate growth in the scale of operations and in the capital of the great monopoly concerns in the field of armaments.

It was in the priority given to rearmament that Nazi Germany most markedly differed from the western imperialist countries in the years of recovery from the economic crisis of 1929-33. Many foreign observers at the time, including anti-fascists concerned to draw attention to the dangers of Nazi aggression, believed the German economy to be fully mobilised for war in the later thirties, on the basis of a ruthless sacrifice of 'butter' to 'guns'. During the war, however, it turned out that there were still very great reserves in the German economy and this led the American writer Burton H. Klein, in an influential work published after the war,[20] to argue that the German economy before 1939 was so far from being a serious war economy that it was more

conspicuous for increased housing and durable consumer-goods; and this in turn was used by A.J.P. Taylor to buttress his well-known thesis that Hitler probably did not intend war at all.[21] More recent research has shown that Klein's figures need drastic correction and that the Nazi economy was from the beginning geared to war preparations, but to the preparation of a particular type of war, a war of limited resources brought to bear overwhelmingly at one point: the *blitzkrieg*, the only war Germany could hope to win.[22] The proportion of national income devoted to armament in the widest sense had risen from no more than 2% in 1932 to an estimated 27% in 1938.[23] This has been described by the GDR economist Jurgen Kuczynski as 'an armaments economy' as distinct from the sort of full war economy which prevailed after 1942 in Germany and other belligerent states, when something over 50% of national income was spent on war. 'Armaments economy' thus did not preclude the continuance of a fairly high level of consumer goods production in certain branches, though the benefits went to the bourgeoisie and associated classes, whose incomes rose while those of the workers remained pegged. As the war industries expanded, however, competition among firms led to a black market in skilled labour and a tendency for some wages to rise, countered by a number of moves towards regimentation and militarisation of labour. In this the Nazis felt their way with some caution, being well aware how precarious their hold was on the older generation of workers.[24]

In all imperialist states the recovery from the crisis of 1929-33 was accompanied by increased state intervention in the economy in the form of deficit spending, subsidies, compulsory marketing organisations, etc. In Germany, where recovery took the form of forced war preparation, the role of the state was markedly greater and was believed at one time to be different in kind, amounting to a form of ruthlessly efficient central planning aimed at total 'autarchy' or self-sufficiency. This, however, can now be seen to have been a misconception. The armaments economy of preparation for *blitzkrieg* warfare involved state control of imports and foreign exchange and state allocation ot strategic raw materials with the aim of alleviating crippling shortages of strategic materials in the short run. But in the wider sphere of major long-term economic decisions the competitive struggle between business interests for present and future advantage continued and recent study has suggested that the multiplication of new state and party agencies in some ways increased rather than diminished the chaos of monopolistic competition, subject only to occasional overriding interventions by Hitler. After 1939, it has been said, there was more effective planning in Britain than in Germany; only the failure of the *blitzkrieg* in the Soviet Union forced the Nazis to try to mobilise their resources more effectively.[25]

The once popular notion that Nazi economy was no longer monopoly capitalism but a special kind of totalitarian planned economy' in which the state had superseded the capitalists, has thus been discredited. It now appears rather that the power of the great monopolies expanded, not only during the armament boom of the 1930s but also during the period of conquests (1938-42) when they acquired control of vast interests throughout Europe. At the same time they became ever more closely intertwined with the state apparatus in a complex hierarchy of directing agencies, in which representatives of party, state and monopolies worked together at every level. Yet many Western historians cling to the idea that the capitalists lost all real control over policy after the mid-thirties and thereafter retained only an illusion of influence as long as the war made them indispensible to 'the new rulers'. To clarify the true nature of the Nazi state it is therefore

essential to try and probe further into the relations of business men with the developing government apparatus.

3. The Monopolists and the Nazi Dictatorship.

The setting up of the Nazi dictatorship in 1933 involved a major change in the relations between the state and the ruling class. The various political parties and economic associations through which the different sections of the bourgeoisie-monopolists, non-monopoly bourgeoisie, landowners, etc, and particular sectional interests-had previously exerted influence on government policy were now streamlined into a single party and an all-embracing hierarchy of economic groups and chambers with compulsory membership and powers of direction. On paper this looked like a totalitarian system in which the government, through the minister of economics, could impose its will on business, great or small, But when more closely examined, the reality looks different. The Nazi regime was not a monolithic entity but a complex of rival empires in which Hitler held the balance; and there was ample scope for the exertion of influence by the great monopoly firms, both through the occupation of key posts in the formal apparatus and through the sort of informal relations between business men and politicians which play a part in all bourgeois states. Within this complex system the struggle of economic interests to influence government policy continued in the Third Reich, hidden from public view except for periodic crises when a change of personnel gave evidence of major policy changes and shifting power relations behind the scenes. It will be possible here to look at only some of the salient features of the relations of the monopolies and the state between 1933 and 1945.[27]

Although some of the great capitalists had backed the Nazi movement from an early date, the majority did not make up their minds to commit their interests to Hitler without some misgivings. What decided them was that the authoritarian dictatorship on which they were increasingly set after 1929, for both internal and external reasons, could not be established or maintained without the support of the mass following which the Nazi leaders controlled. At the same time there was a danger that if the Nazi following were not so enlisted it might disintegrate, with a consequent strengthening of the genuinely revolutionary movement, and this enabled Hitler to exercise a certain blackmail in the negotiations which went on throughout 1932 about the terms on which the Nazi leaders should be taken into the government. When this was finally arranged and Hitler installed as chancellor in January 1933, the leaders of the ruling class still hoped to keep a close control over him through the conservative majority in the cabinet and the maintenance of a presidential prerogative in foreign and military affairs. The rapid establishment of Hitler's ascendancy in the ensuing months, completed by the ousting of the nationalist millionaire minister of economics and agriculture, Hugenberg, in June 1933, and the dissolution of the bourgeois parties, is often interpreted as a victory of the Nazi party over the ruling class. But the shift of power can be more plausibly explained as a change in the attitude of decisive sections of monopoly capitalists. Their confidence in Hugenberg had been weakened by his agricultural policy, which had favoured landowners at the expense of industrial employers, while their doubts about the Nazis had been overcome, partly by private assurances given them by Hitler and Goering at select meetings such as that of 20 February, partly by the vigour with which the Nazi leaders had acted against the labour movement and their evident determination to give first priority to the speediest possible rearmament. Within a few months the leaders of monopoly capital committed their interests, deliberately and irrevocably, to a fascist dictatorship

and to a programme of all-out war preparation, with all the accompanying risks, internal and external. It was symbolic that Gustav Krupp, at that time president of the Federation of German Industry, who had hitherto stood aloof from the Nazis, became overnight one of their most fervent supporters and, while his firm was entering into big new arms contracts, took the lead in re-shaping the relations between big business and the state.

The immediate aim of the monopolists in 1933 was to ensure that any organisational changes in the business world were carried out in such a way as to leave them in control of their own affairs. This was the meaning of the slogan 'self-government of industry' which they now advanced, while at the same time developing their own versions of corporative theory, like that worked out by a special institute founded at Dusseldorf by the Nazi industrial magnate Fritz Thyssen, in order to head off any danger of party interference in management. Meanwhile the Federation of German industry itself took the initiative by dismissing its Jewish employees and adopting the Nazi 'leadership principle' with its president, Krupp, as its nominal 'fuhrer'. By such measures, and by maintaining direct contact with Hitler and Goering, the leaders of the big monopolies were able to frustrate the attempts of Nazi radicals to interfere in the running of firms through ad hoc commissioners or in labour relations through the Labour Front. As a result the elimination of the conservative minister of economics in June 1933 was followed, not by any reduction in the influence of the monopolies, but by its consolidation through what bore all the signs of a far-reaching private agreement between the Nazi leaders and the big capitalists. The new minister, Kurt Schmitt, was an outspoken champion of private enterprise and chairman of Germany's biggest insurance company. and he proceeded to use the enlarged powers with which he was invested to strengthen the position of big business. In July, for instance, he took powers to make existing cartels compulsory for all firms in the trade or industry concerned and to order the formation of new cartels. The effect of this, in a country in which business was already extensively cartellised, was almost certainly to complete the subordination of the smaller independent firms to the big monopolies.

Schmitt sought at the same time to establish a formal organisation of economic chambers. The previous rather crude attempt to dress up the principal industrialists' association as a 'corporative' institution was abandoned and, after a false start in August with a 'General Council of the Economy' manned by prominent representatives of the monopolies, a new all-embracing compulsory system of 'main groups' and 'groups' combined in regional economic chambers and a national economic chamber was set up in February 1934. Even this was not final but was drastically re-organised under Schmitt's successor, Schacht, in the following autumn. This apparatus was not a means of subordinating industry to control by the party but rather provided machinery by which the big monopoly firms, whose representatives occupied the key positions, were able to exercise a determining influence on the fixing of prices and the allocation of scarce resources within the framework of the rearmament programme.

German monopoly capital was not, however, a single interest, but was split into rival groupings which, while sharing a common interest in the suppression of the labour movement and in imperialist expansion in general, differed on important questions of policy and strategy. The two main groupings appear to have consisted of heavy industry on the one hand, traditionally dominant in the German economy, and the newer chemical, electrical and aircraft industries on the other, each grouping having financial allies among the great banks. In the: first half of 1933

heavy industry, under Krupp, took the lead, but lost it under Schmitt, who was associated with the chemical-electrical grouping, only to regain the ascendancy when Schacht succeeded Schmitt as minister of economics in August 1934.

The differences between the two monopolist groupings concerned various questions of economic and foreign policy, such as whether the nationally owned concerns should be 'reprivatised' and how much importance to attach to the maintenance of close relations with American interests; but the main issue, according to GDR historians, concerned the time-scale of the arms build-up and therefore the type of war to be envisaged, the type of preparations required and the size of the risk to be taken.[28] In 1934 these policy differences between the monopoly groupings were still overshadowed by the threat to both from the disillusioned petty-bourgeois masses seeking a 'second revolution'. But the power of the storm troops was crushed in the massacre of June 1934 and when next a crisis of economic policy occurred, the choice between two rival strategies became at the same time a major struggle between the two monopoly groupings for dominance in the Nazi state.

Acute shortage of foreign exchange had already caused an economic crisis in the spring of 1934 and had helped to bring about the fall of Schmitt, the spokesman of the chemical group, who wanted to slow down the tempo of rearmament, whereas Schacht, who took his place, had a drastic short-term solution to the problem which would enable the arms drive to be speeded up, as the military and political leadership also wanted. A new crisis occurred in the early part of 1936, however, when it became clear that the level of imports of strategic raw materials achieved by Schacht's manipulations would still be quite insufficient to maintain the increased tempo of armament now being demanded by the generals. This time the roles of the two groupings were reversed in the prolonged struggle over economic policy which was decided by the adoption of the so-called 'second four-year plan' in August 1936 and the final ousting of Schacht in 1937. This is commonly represented by Western writers as the breaking of the four-year alliance between the Nazis and 'Big Business' and the final assertion of party dominance. This interpretation has a superficial plausibility, since Schacht's place as the most powerful economic minister was taken by Goering. But on closer inspection this version looks less convincing. What was at stake was a decision to speed up war preparations so that the German government could take advantage of opportunities for aggression in the near future. For this purpose it was proposed to invest huge sums in developing the production in Germany of certain vital materials such as synthetic rubber and petrol and iron from local ores, regardless of cost and of the danger of future inflation. The Nazis knew, of course, that Germany could not achieve the complete self-sufficiency in these materials that would be needed to avoid blockade in a long war. But they intended to gamble on quick knock-out blows in a series of brief wars of *blitzkrieg* type. The synthetics programme was designed to give them the necessary flexibility in foreign and military policy by guaranteeing a certain short-term freedom from economic dependence on the Western powers.

Important sections of heavy industry disliked this reckless policy for several reasons. They were reluctant to invest heavily in the working of inferior German iron-ore as likely to be unprofitable in the long run. More generally, while committed no less than their rivals to a prospect of war and imperialist expansion, they took a more cautious, long-term view of it, envisaging a slower but at the same time more thorough type of war preparation ('armament in depth' as against

'armament with width') with more extensive investment and increased exports to pay for the necessary imports with less financial risk. This in turn implied a certain degree of economic dependence on the world market and the Western powers and therefore a foreign policy directed more consistently eastwards against the Soviet Union. The chemical trust *I.G. Farbenindustrie*, on the other hand, was already heavily involved in the development of synthetics and had grown through the arms programme to mammoth proportions, as Germany's largest firm. Now, supported by the equally fast-growing aircraft firms and by some of the heavy-industrial enterprises most heavily engaged in arms production, such as Krupps, it successfully championed the *blitzkrieg* strategy. It was the *I.G. Farben* director, Karl Krauch, who prepared the plans on which the Four-Year Plan was based and who subsequently became Goering's right-hand man in the four-year plan office, the key economic agency from 1936 to 1942. Goering himself became economic chief, not as spokesman of party radicalism against big business, but on the contrary because he enjoyed the confidence of the monopolies concerned and was thought to have enough personal authority in the party to impose the priorities the plan involved. He was thus well fitted to be the central figure in this grouping of what now emerged as the most aggressive section of finance capital. As head of the air force he was already identified with the policy of full speed in rearmament, but it was also typical of his new role that he became at once the figurehead and the greatest private shareholder in the new public-private enterprise for exploiting low-grade ore (*Hermann-Goering-Werke*) and soon became himself one of Germany's and eventually Europe's greatest and most ostentatious multi-millionaire business magnates.

Those monopoly capitalists who opposed the adoption of the four-year plan *blitzkrieg* strategy in 1936-7 subsequently maintained, in some cases, a half-hearted and ineffective opposition to the Nazi government. Goerdeler, in particular, who had been Hitler's price commissioner, while maintaining links with a variety of capitalist interests, and with Schacht tried also to keep up contacts with the Western powers and to organise a shadow government for the event of Hitler's failure. The critical attitude of this group, and of certain individual capitalists, is sometimes cited as evidence that 'big business' had been ousted from all real influence by the Nazi dictatorship. But in fact these critics remained a small minority section of finance capital and that no doubt is why they were never able to win acceptance as an effective or credible alternative government. The main sections of monopoly capital, headed by the chemical trust, took the lead in preparing not only the means for the conquest of Europe in the years 1937 to 1942 but the plans for the seizure and exploitation of the resources of the conquered territories. That Germany looted the occupied countries and took over many of their industries and resources and deported their workers is, of course, well-known. But the role of the great monopoly firms in all this has been given little attention in the West and the evidence which was assembled in the immediate post-war trials of *I.G. Farben*, Krupp and Flick, etc. has been little used by historians.[29] It is one of the most important services of the Marxist historians of the GDR to have published and analysed much documentary evidence from the archives of firms with branches in what is now the territory of the GDR, showing how closely some of these firms were integrated into the whole process of planning aggressive war and exploiting and looting conquered territory.[30]

Even in the last stages of the Nazi regime, when hundreds of thousands of lives were sacrificed in a senseless resistance, there is no evidence that the decisive section of monopoly capital ceased to support Hitler and his policy. In the regime of tighter planning after 1942 their interests found expression through Speer, as Goering's influence declined. It is surely significant that few

if any important representatives of monopoly capital were executed after the bomb plot of July 1944. A few industrialists who had maintained contact with Goerdeler were protected by Speer and even Goerdeler himself seems to have been held in reserve until the beginning of 1945.[31] It is reasonable to conclude that the leading sections of monopoly capital, whatever reservations they may have had about Hitler's scorched earth policy in the final weeks, nevertheless backed him to the end as the best way of postponing the collapse of authority, with all its dangerous consequences, until the Anglo-American armies could begin to take over.

4. Conclusion.

Controversy among historians about the nature of the Nazi regime has turned largely on the role of the capitalist monopolies. Many bourgeois historians have played down or ignored their role, concentrating exclusive attention on Hitler and the Nazi party. Some have sought to lump Nazism together with Communism as forms of 'totalitarianism' and so to turn popular abhorrence of fascism into a weapon in the cold war. Others have been content to treat Nazism as a unique historical episode, attributable to the 'demonic' personality of Hitler and representing an essential discontinuity from what went before and came after. This interpretation has naturally appealed to those who would like to resume the pursuit of expansionist aims without the stigma that attaches to Hitler and his associates, and this may help to explain the strong emotions which tend to be aroused by historians who lay stress on the elements of continuity in the history of German imperialist policy from William II to Strauss, or on the role of the monopolies in that history.[32]

Of the various Western historians who have seriously examined the role of the capitalists in the Nazi state (some of them influenced by Marxism, others by Weberian sociology) most have conceived of the party and 'big business' as two distinct entities which happened to share a common interest in the early years but diverged at some later point, when 'big business' found itself ruthlessly subordinated and deprived of the illusory autonomy it had at first seemed to enjoy. Such, in essentials, was the thesis advanced by the German socialist Franz Neumann in his *Behemoth*,[33] while Arthur Schweitzer, the American author of *Big Business in the Third Reich* speaks of a period of 'partial fascism', marked by a three-cornered partnership between the Nazi party, the armed forces and big business up to 1936, after which, with the fall first of Schacht, then of Blomberg, the party emerged supreme in a regime of 'full fascism'. The interpretation of the British historian T.W. Mason, though less schematised and more influenced by Marxism, is not fundamentally dissimilar. In Mason's view the great capitalist firms determined economic policy through their representative Schacht up to 1936, but thereafter were too deeply split to have any common interest or policy and simply fought for their interests as individual firms or interest-groups; and while some of these, like I.G. Farben, still had a voice in economic questions, even they had no real influence on the formation of high policy. Mason's conclusion, though supported by sophisticated argument, is the familiar one that the Nazi regime was historically unique, representing an unprecedented 'primacy of politics' over economics, the dominance of an irrational power pursuing irrational aims with little reference to economic realities.[34]

Western theories have been framed too frequently in terms of an undifferentiated category of 'Big Business' and based too exclusively on the study of top-level transactions. In the GDR,

where the records of individual firms have been analysed without the inhibitions prevalent in West Germany, much light has been thrown on the complex interrelation between rival business groupings and rival party agencies and on informal contacts such as those between Himmler and his Circle of Friends. So far this evidence has been used mainly in re-affirmation of the truth of the Comintern definition of fascism as the dictatorship of the most aggressive section of finance capital.

Two final points about the controversy may be made. First, in assessing the character of the Nazi regime, historians must be guided by what actually happened in the twelve years of its existence, not by speculation about what might have happened if the Nazis had not become involved in war or had not been defeated. Some writers, even while recognising that the big monopolies played a prominent part in preparing war and exploiting conquered territories, nevertheless assume that if only the war had been won, the Nazis would have lost no time in turning on the capitalists and carrying out the long-neglected and forgotten radical points in their programme. Yet the actual developments of the war years, including the years when victory seemed assured, point in a quite different direction. What was visibly happening was an increasing prominence of the SS in the Nazi movement and of the monopolies in the economy and an ever closer co-operation between the two. The SS became more and more of an economic institution while at the same time slave labour played an increasing part in the operations of the great firms. Far from there being even the faintest foreshadowing of a showdown, there was growing evidence-in the factories spreading round Auschwitz and the concentration camp annexes built near Krupps' and other factories in the Ruhr- of an interpenetration between Big Business and the SS. This, surely, was the face of the future if the Nazis had won.[35] Yet their victory could never have been anything but temporary, for the empire it would have established was already rent by sharp contradictions arising from the exploitation on a European scale of an enormous number by a tiny few, presaging a permanent state of insurrection and civil war-which indeed was why the Nazis envisaged the SS as a permanent feature of their future world empire.

It must, however, be admitted-and this is the second point-that many questions concerning the relations of the ruling class and the state in the epoch of imperialism, and under fascism in particular, remain to be clarified, and that Communists have sometimes -understandably-been too closely preoccupied with the need to insist on the essentially monopoly capitalist nature of fascism to pursue these further questions. Recent suggestions that the 'orthodox Communist concept of state-monopoly-capitalism' postulates 'the fusion of the monopolies and the state into a single mechanism in too simple and direct a manner[36] deserve at least to be examined. What does now seem clear is that fascism is not, as Communists once tended to assume,[37] the typical form of monopoly capitalist rule, but only one variant and perhaps after all not the most characteristic. It is no doubt true that as property and power have become concentrated in an ever smaller capitalist oligarchy, the problem of ensuring a mass basis has become more crucial. Social democratic reformism still seems in many ways the most satisfactory, stable, long-term solution from the point of view of the capitalists. Why, then, did they resort in certain circumstances to fascism and so in effect entrust their fortunes to a clique of demagogue-gangsters?[38] The failing grip of reformism on the workers must be part of the answer, combined with the special needs of the capitalist class in certain countries where ultra-aggressive aims and inadequate resources made them unwilling to provide the conditions and observe the limitations (e.g. legal opposition to militarism) of a parliamentary system.

To the German monopolists it must have seemed that the launching of a war of expansion from an unfavourable situation, in which many factors were against them, could only be achieved by a reckless gamble which was only practicable if opposition were silenced and power concentrated in one man. This in itself involved risks. Yet in entrusting dictatorial power to Hitler the monopolists may not have taken so irrational or unique a course as some have thought. It is remarkable how much similarity can be found in both the aims and the methods of German imperialism in the first and second world wars; and the more closely one looks into it the more evident it becomes that even the errors and miscalculations Hitler made were not so much personal quirks as the characteristics of a class. The ruthlessness, the gambler's addiction, the overestimation of one's own strength and the underestimation of one's opponent, the incipient megalomania all these were visible in 1914-18, and it would need an optimist to believe that they have finally disappeared among right-wing German politicians and capitalists today. The key to an understanding of Nazism is contained in these words of a GDR historian:

'True though it is that German imperialism was specially expansionist because it was fascist, it is equally true, and more important for an understanding of the deeper causation, that it was fascist because it was exceptionally expansionist and aggressive.'[39]

Notes:

1. A Marxist analysis of this problem was presented to the 13th International Congress of Historical Sciences by the Hungarian scholar, Midos Lacko, in his paper, **Le fascism: les fascismes en Europe centrale - orientale** (Editions 'Naouka', Moscow, 1970).

2. In S.J. Woolf (ed.), **European Fascism** (Weidenfeld & Nicolson, 1968).

3. This seems to be the implication of Ernst Nolte's significantly entitled study, **Der Faschismus in seiner Epoche**, translated as **Three Faces of Fascism** (Weidenfeld & Nicolson, 1965).

4. Prof. Eugen Weber, for instance, has explicitly stated: '... my objectivity consists of taking Fascists and National Socialists at their word, whenever possible, and then seeing how far they were able to achieve their aims ...' (**Varieties of Fascism**. Princeton: Van Nostrand, 1964, p.3.)

5. E. Weber. **Varieties of Fascism** (1964), p.143.

6. This seems to be the disappointing conclusion of Tim Mason's otherwise interesting and suggestive essay, 'Der Primat der Politik' in **Das Argument no. 8** (West Berlin, 1966) translated as 'The Primacy of Politics' in **The Nature of Fascism**, ed. S. Woolf (Weidenfeld and Nicolson 1968).

7. **Reflections on the Revolution of Our Time** (1946), pp 95-6.

8. For a useful study see John M. Cammett, 'Communist Theories of Fascism' in **Science and Society**. XXXI Spring 1967.

9. R. Palme Dutt's classic work **Fascism and Social Revolution** was first published in June 1934, while this reexamination was still in progress. See also chapters viii and ix of his more recent book, **The Internationale** (1964).

10. For the text see Jane Degras (ed.), **The Communist International, 1919-1943: Documents**. Vol. III. 1919-1943 (O.U.P., 1964), p.296.

11. For an interesting analysis, see E. Paterna & others (eds.), **Deutschland von 1933 bis 1939** (Berlin: VEB Deutscher Verlag der Wissenschaften. 1969), pp. 89-96.

12. E.g. N. Poulantzas, **Political Power and Social Classes** (NLB & S & W, 1973); R. Miliband, **The State in Capitalist Society** (1969); N. Poulantzas, 'The problem of the capitalist state' in **New Left Review** (1969); and several of the contributions on the strategy of socialist revolution in Britain in **Marxism Today**, 1971-3.

13. Historical work in the GDR up to 1960 was exhaustively reviewed in **Historische Forschungen in der DDR** (Berlin: Rutten & Loening, 1960), a volume of 33 reports presented to the Xlth International Congress of Historical Sciences. A similar volume, **Historische Forschungen in der DDR**, 1960-1970. **Analysen und Berichte** (Berlin: VEB Deutscher Verlag der Wissenschaften, 1970) was presented to the Xlllth Congress. Both volumes were issued as special numbers of the monthly **Zeitschrift für Geschichtswissenschaft**, the principal GDR historical journal, of which a full index for 1963-72 was published as the 12th issue of 1972. A very valuable Marxist account of the history of Germany from 1933 to 1945 is contained in volumes 11 and 12 of the collectively-edited GDR textbook **Lehrbuch der deutschen Geschichte** (Beitrage): E. Paterna and others. **Deutschland von 1933 bis 1939**, and W. Bleyer & others. **Deutchland von 1939 bis 1945** (Berlin: VEB Deutscher Verlag der Wissenschaften, 1969). If only this work could be translated!

14. For an English translation, see M.J. Oakeshott, **The Social and Political Doctrines of Contemporary Europe** (1939), pp. 190-193.

15. For the Labour Front, still a neglected aspect of Nazi Germany, see T.W. Mason 'Labour in the Third Reich', **Past and Present** no. 33 (1966).

16. For useful material on 'middle class socialism' and other demagogic aspects of the Nazi programme and practice, see Arthur Schweitzer, **Big Business in the Third Reich** (1964), chapters 3-6; David Schoenbaum, **Hitler's Social Revolution: Class and Status in Nazi Germany**, 1933-39 (1967)

17. Schoenbaum, ch. 5.

18. Or, like the Hermann Goering Works for exploiting low-grade iron-ore, with a combination of public and private capital.

19. See Schoenbaum, pp. 154-5.

20. B.H. Klein, **Germany's Economic preparations for War** (Cambridge, Mass., 1959).

21. **Origins of the Second World War** (Penguin Books, 1964), pp. 16-18.

22. See Berenice Carroll, **Design for Total War: Arms and Economies in the Third Reich** (The Hague, 1968).

23. J. Kuczynski, **Studien zur Geschichte des staatmonopolistischen Kapitalismus in Deutschland, 1918 bis 1945** (Berlin: Akademie-Verlag, 1963), pp. 135-6. Carroll's estimate (*op. cit.*, p. 184) is broadly comparable, for though she gives a considerably lower proportion to armaments expenditure, the difference seems to be mainly due to a narrower definition of armaments expenditure. Kuczynski, for instance, includes part of the capital expenditure on autobahn construction.

24. See Tim Mason, 'The Legacy of 1918 for National Socialism' in A. Nicholls & E. Matthias (eds.), **German Democracy and the Triumph of Hitler** (1971).

25. Carroll, ch. V; A.S. Milward, **The German Economy at War** (Athlone Press, 1965), ch. I.

26. E.g. Schoenbaum, op. cit., p. 158; Mason, 'Der Primat der Politik', p. 490.

27. For detailed accounts, see Paterna, **Deutschland 1933-1939**, pp. 44-53, 110-123, 132-143, 164-184, 219-235; also Schweitzer, ch. 6.

28. Dietrich Eichholtz, 'Monopole und Staat in Deutschland 1933-1945' in K. Drechsler & others (eds.), **Monopole und Staat in Deutschland 1917-1945** (Berlin: Akademie-Verlag, 1966), pp. 37-8.

29. **Trials of War Criminals before the Nuremberg Military Tribunals**. Selected documents in 15 volumes (Washington: U.S. Government Printing Office. 1950-53) includes the trials of Flick (vol. VI), I.G. Farben (vols. VII & VIII) and Krupp (vol. IX). These volumes, long out of print, are now being reprinted by NCR Microcard Editions, Washington DC.

30. See D. Eichholtz & W. Schumann (eds.), **Anatomie des Krieges**. Neue Dokumente über die Rolle des deutschen Monopolkapitals bei der Vorbereitung und Durchfuhrung des zweiten Weltkrieges (1969). and G. Hass & W. Schumann (eds.), **Anatomie der Aggression**. Neue Dokumente zu den Kriegszielen des faschistischen deutschen Imperialismus im zweiten Weltkrieg (1972), both published in Berlin by VEB Deutscher Verlag der Wissenschaften.

31. A. Speer, **inside the Third Reich** (Sphere Books, 1971), p. 531 note; Gerhard Ritter, **The German Resistance**. Carl Goerdeler's struggle against tyranny (1958), ch. xi.

32. E.g. Fritz Fischer, **Germany's Aims in the First World War** (Chatto, 1967).

33. 2nd Edition, Gollancz, 1944, reprinted Frank Cass. 1970.

34. See, especially, his 'Der Primat der Politik' cited above. It is only fair to add that his work contains much useful material and helpful insights.

35. GDR historians insist that the defeat of the Third Reich was inevitable.

36. N. Poulantzas in **New Left Review**, 1969, p.76.

37. See, e.g. Dimitrov's characterisation, in 1928, of fascism as 'the whole system of the class rule of the bourgeoisie and its dictatorship in the era of imperialism and social revolution ...', quoted by J. Klugmann, **Marxism Today**, July 1972, p.196.

38. This interpretation, brilliantly conveyed in Brecht's **Resistible Rise of Arturo Ui**, is, however, deprecated by the authors of the GDR textbook, as tending to exculpate the monopolists from full responsibility for fascist crimes.

39. D. Eichholtz, 'Monopole und Staat', **op. cit**., p. 43.

This paper was originally read in the History course of the Communist University in 1972. Reprinted from 'Our History', No. 57, Summer 1973.