

PART THREE

THE NEW ORDER

STRUCTURE OF GERMAN SOCIALISM

## CHAPTER ONE

# PHILOSOPHICAL FOUNDATIONS

### I. INTRODUCTORY

IN contradistinction to the hitherto prevailing liberal and mechanistic views, we start with the belief that a people or a nation is an organism, a living body, with definite peculiarities of a corporeal, mental, and spiritual kind.

From this it follows that to the history of a nation there applies the eternal law of organic life, the 'die and become', a biological compulsion to pass along the inevitable road from the cradle to the grave, from the apple-seed by way of the fruit-bearing tree to the dead wood. This application of biological laws to the course of national life does not invalidate the metaphysical premises of fate and of the activity of God — any more than our knowledge and recognition of the inevitable movement of the individual's life from birth to death can either 'explain' or invalidate the enigma of his having become a human being or the form taken by his nature.

### 2. RACE — PEOPLE — NATION

If, therefore, we try to explain the origin of a people, we must never forget that we can do so only within the limits to which all human knowledge is subject. That is to say we can only explain it within that causal world outside or above which we recognize the governance of



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the fate that primarily sets causality to work and determines its trend.

From this outlook we perceive that a people is an amalgam of various races, even as a child mingles within itself in definite proportions both maternal and paternal 'racial' constituents.

To the biological influences of this racial amalgam are superadded the geopolitical influences of situation, climate, diet, etc.; and, finally, the historical effects of the dispute one nation may have had with another, of internal adjustments, of personal ripening, and what not.

Out of these threefold constituents of race, country, and history, the 'people' is formed — though we must again emphasize the limits imposed upon this causal explanation by referring to the becoming, the genesis, of a human being, whose essential character and form are outside the domain of causality.

Applying these considerations to Europe (to which Russia does not belong, never has belonged, and never will belong), this signifies that the peoples of Europe have originated out of the same racial constituents (Dr. Günther, the famous ethnologist, distinguishes from four to five primary races in Europe), which in different countries are mingled in various proportions. In this fundamentally similar racial composition we discern the explanation of the typically European or western civilization as that of one family of peoples in which the individual children (read, 'individual peoples') represent various minglings of the parents (read, 'races').

To the effects of this varying racial admixture within the different members of the European or western family of peoples were superadded the effects of differences in

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the countries they inhabited, thanks to which their visages were further differentiated; and, finally, the effects of their respective histories, which even more strongly influenced the further formation of the various peoples. As a result has been produced the extraordinary diversity of the western peoples, which nevertheless all have, owing to their racial kinship, one and the same rhythm of western culture, and have all been subjected to the same vital laws of this family of peoples.

The concepts 'race' and 'people' (including family of peoples, or cultural circle) having been thus explained, the 'nation' obviously discloses itself to be a 'people' that has become more fully self-conscious. A people whose history has taught it its own specific peculiarity becomes a nation, which simultaneously presents itself as the ripe stage, the fully adult stage, of the people which is 'at home' in a specific area. (Compare this with the 'awareness of personality' that ensues in the individual as a result of his experiences and adventures.)

At this stage of our exposition it will become plain why Young Germany insists that in the new epoch inaugurated by the war of 1914-1918 the German people is undergoing its development into nationhood as the last people of the western cultural circle; and why Young Germany finds therein the reason for the repercussion of the German Revolution upon the whole western cultural circle.

## 3. RHYTHM OF HISTORY

From the foregoing dissertations it will have become plain that we accept the validity of Oswald Spengler's brilliantly formulated law of the rise and fall of the

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cultural circle—in this instance the western cultural circle; and that we perceive therein a great law of motion of all organic life, the law of birth, maturity, and death.

As something essentially new, we supplement this law of motion which is comparable to the movement of the earth round the sun, by a second law of motion—one whose manifestations I myself described several years ago, giving it the name of the Law of Triune Polarity. Its working may be compared to the rotation of the earth on its own axis.

Empirical study of the course of development within the western cultural circle shows certain regularities, which on closer examination may be systematized as follows. We discern epochs of constraint or fixity alternating with epochs of unconstraint or revolution. A study of dates shows that such an epoch lasts from 140 to 150 years, and is followed by another epoch which lasts about the same time. Without transcending the limits of this introductory work, I may point out that the last three phases of transition were: 1789-1799, the great French Revolution; 1640-1649, the English Revolution under Cromwell; about 1500 began the mighty revolution we call the Reformation (America having been discovered a few years before). Going farther back in European history we come to such caesuras as 1350 (Hansa, Golden Bull, etc.); towards 1200, etc. Herbert Blank's book, *Schleicher? Hitler? — Cromwell?*, published by the Verlag Lindner (Leipzig, 1932), contains a detailed account of this 'Rhythm of History'.

If we study more closely the ideas and the forms of these various epochs, we discover the remarkable fact that we only have to do with two conflicting ideas, two

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opposing poles, between which the pendulum of history swings unceasingly: the idea of constraint, and the idea of unconstraint; or, we may say, conservatism and liberalism.

Should we try to transfer into organic life these two ideas and the change from one to the other, we shall easily recognize the two main forces of organic life, the self-preservative impulse and the species-preservative impulse. The first makes the self, the ego, the second makes the species, the community of like persons, the we, into the centre of the universe. The first is the soil out of which the ego-idea, the second is the soil out of which the we-idea grows.

It is needless to explain why we identify the ego-idea with liberalism, and the we-idea with conservatism, since after what has been said it is obvious that we reject the attempt to grade their respective values, for we regard this as non-organic. Just as you cannot say that day is more valuable than night, or night than day, since each determines the other, and both are merely the poles between which the pendulum of the earth's rotation swings; so you cannot say that the ego-idea is worth more than the we-idea, or the we-idea worth more than the ego-idea, that liberalism is preferable to conservatism, or conservatism to liberalism, since each determines the other, and they are but the poles between which life swings on its course from birth to death. A simple comparison may make this twofold law-abidingness easier to understand. Within the law from apple-seed to apple-tree to dead wood, fulfils itself annually the rhythm of summer and winter—a rhythm whose forms of expression are chiefly determined by the law of age.

We prove, therefore, that the 'ideas' of conservatism



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and liberalism continually replace one another on the visage of a cultural circle, determining the thoughts and feelings of human beings, and thereby determining the forms of their life.

In accordance with the three-dimensional character of all organic life in body, mind, and soul (the bodily plane representing the relation of human beings to things; the mental plane, the relation of human beings to one another; and the soul plane, the relation of man to God), each of these ideas manifests itself equably and simultaneously upon these three planes of life. In an epoch when the 'we-idea' is dominant, we therefore observe constraint, conservatism, an economy in which the we-idea prevails, a social order characterized by the we-idea, a cultivation of the we-idea; and conversely when the ego-idea is dominant we notice an economy in which the ego-idea prevails, a society of the ego-idea, a cultivation of the ego-idea.

In current parlance (regarding the now declining ego-idea as characteristic of liberalism) we therefore speak of 'capitalism' when liberalism is dominant on the bodily economic plane; speak of 'individualism' when liberalism is dominant on the mental-social plane (i.e. in the State); speak of 'materialism' when liberalism is dominant culturally and on the plane of the soul (i.e. in religious matters).

This triad of capitalism, individualism, and materialism is what we discern as the forms of liberalism that exist in the receding stage of the western cultural circle.

As contrasted with this triad of liberalism, the we-idea of conservatism likewise manifests itself equably on the three planes of life: as 'socialism' on the bodily economic

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plane; as 'nationalism' on the mental-social plane (the State); and as 'popular idealism' on the soul-cultural plane (religion).

This triad of socialism, nationalism, and popular idealism is what we discern as the forms of conservatism that exist in the advancing stage of the western cultural circle.

When we have mastered this basic outlook, we find it easy to perceive the character of the French Revolution, as a victory of liberalism, and that of the English Revolution as a victory of conservatism; for we know that at about 1500 the liberal idea was becoming dominant, and that at about 1350 a conservative epoch was beginning — and the differing vocabularies used in those old days, or the varying forms dependent upon the different phases of ripeness, will no longer be able to hide the underlying ideas.

The law of triune polarity not only gives us an entirely new explanation and appraisal of the past, but also gives us an appraisal of the present and an interpretation of the future. We perceive that the times are being fulfilled, for the dominant epoch of liberalism and its forms (capitalism, individualism, and materialism) is drawing to a close, and ever since August 1914 the pendulum of the clock of fate has been swinging towards a new epoch when conservatism will be dominant in the forms of socialism, nationalism, and popular idealism, whose mighty uprising and eruption we call the German Revolution.

I should like to make it plain that acceptance of these philosophical foundations is not to be regarded as an essential preliminary to the approval of the political and

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economic disquisitions that follow. But I regarded it and regard it as incumbent on me, as a matter of personal decency, to allude, however briefly, to the deeper wells from which I myself have drawn the constructive forms I am going to expound, although others may wish to study these forms for purely opportunist reasons, or may arrive at the same results in very different ways.

Anyhow I should like to insist that it is of the utmost importance for everyone who wishes to play an active part to have a sound and unified philosophical standpoint (which for others may seem a mere hypothesis) — all the more because the multifariousness of life will continually present new tasks 'outside the blue-prints'; and because the performance of these will (consciously or unconsciously) be facilitated by waters drawn from the deep wells of philosophy.

### 4. MARXISM

It also seemed indispensable to begin Part Three by a clear statement of the philosophical foundations of German socialism, that we might thus early explain the internal and fundamental opposition of German socialism to international Marxism — a matter to which allusion will frequently have to be made in the sequel. For us National Socialists, of course, there is no question of Marxism being an invention of 'the Jew Marx' specially designed to lead the German workers into error or even into poverty. But for us Marxism is a socialism both liberal and alien, a doctrine whose liberal factors necessarily unfit it for the upbuilding of the socialist (i.e. conservative) future, and one whose program cannot but involve it in the decline of liberalism. This applies

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quite as much to the constitutional Marxism of the S.P.D. (Socialist Party of Germany) as to the 'revolutionary' Marxism of the K.P.D. (Communist Party of Germany), as is shown convincingly enough by the fact that the S.P.D. is no less hostile to National Socialism than is the K.P.D.

There was nothing primarily 'wrongheaded' about this liberal alienism. It was simply due to the fact that the longing for socialism began to find expression at a time when the ego-idea, liberalism that is to say, was in the ascendant. In these circumstances the socialist struggle of the workers had either to face inevitable defeat (as the Peasants War of 1525 faced defeat because then, likewise, liberalism was in favour), or else to adapt itself to the dominant liberal ideas.

Thanks to Marx, Engels, Kautsky, etc. (all typical liberals both by origin and by nature), socialism took the liberal path towards alienism, as was plainly shown by its relation to the International, its class-war tactics, and its materialist philosophy.

For that reason, and only for that reason, it will be impossible for Marxism to play a formative role in the coming development, and for that reason Marxism will be involved in the decline of liberalism.

The author has intentionally left the above paragraphs exactly as they were written in 1931 in order to show how the truth of what he then wrote has been confirmed by subsequent facts. The catastrophe of the Marxian parties in Italy, Germany, and Austria — in part also in Spain — is only comprehensible when we realize that it was the fateful consequence of the dying-out of the



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liberal idea and of its associated forms. For neither the differences in strategy as worked out by Marxism in its two main trends of communism and social democracy, nor yet the differences in tactics as practised by Marxism during its death struggles in Germany and Austria, did anything to save it from its fate.

Moreover, if we contemplate the position of the Marxian parties in the other countries of Europe we see that neither in its revolutionary nor in its reformist form does Marxism play any decisive part in European events. (In this connexion it is interesting to note that such part as Marxian parties still play is directly proportional to their attachment to the nation, and that in accordance therewith the numerous and welcome attempts at the renovation of Marxism necessarily start with a renewed enquiry into the relation between the nation and the workers.)<sup>1</sup>

Nevertheless, in view of the fact that 'Fight Marxism' has become a modern catchword, it seems to me only just and decent to point out how much the Marxian labour movement has achieved on behalf of the broad masses of the people, and especially to stress the importance of the trade unions.

But a knowledge and an admission of these things makes it all the more necessary to enquire why Marxism has been a political failure, and here I am not so much concerned with hair-splittings about Marxian theory as with the political practice of the Marxian parties. It is this which must above all be kept in the limelight during the investigations which follow.

<sup>1</sup> C.f. the book *Volk und Arbeiter* by Wenzel Jaksch, a German social democrat of Sudetenland.

## CHAPTER TWO

### GERMAN SOCIALISM

#### 1. THE CRISIS OF CAPITALISM

In the forefront of every consideration of economics stands the question of its function. The man of the people always answers as follows: 'The function of a nation's economic system is to satisfy all the citizens' needs for food, clothing, and shelter, and to put by reserves for troublous times.'

Minor details apart, an economic system which does these things secures the general approval of those whose bodily needs are thus satisfied.

These considerations explain, not only the existence and the duration of the liberal (i.e. the capitalist) economic system, but also its present crisis and its approaching end. Independently of all anti-capitalist theories, the capitalist economy would persist (in Germany) if it could continue to perform its task of ensuring for all Germans a sufficiency of food, clothing, and shelter. The 'crisis of capitalism', therefore, is not an outcome of the socialist movement, but, on the contrary, its main cause.

For it is an obvious fact that the capitalist economic system can no longer perform its function (as above defined), this being plainly shown by the huge numbers of the unemployed, the proletarianization of the middle class, the ruin of the peasantry, and the failure to provide openings for the members of the rising generation.

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When within the domain of causality we seek explanations of the breakdown of capitalism, we find that the three most essential factors of the capitalist economy all contribute to it equally:

a. The capitalist economic policy of a centralized world-wide system of production, exchange, and the gold standard.

b. The capitalist economic law which decrees that 'private property is sacred'.

c. The capitalist economic form of industrialization, mechanization, rationalization, and gigantic enterprises.

It is necessary to indicate briefly the disastrous consequences of these three features of the capitalist economic system, as prelude to a demonstration of the opposing trends which must be taken by German socialism.

Our view that capitalism is the economic system of liberalism is fundamentally distinct from the Marxian and the Hitlerian (or fascist) views.

To both the latter is attached an appraisal, which becomes intensified to invectives against the supporters of capitalism.

Marxism, with its unhistorical way of looking at things, is further inclined to describe all earlier economic systems as capitalist, or at least quasi-capitalist, with which socialism is contrasted as something entirely new.

Thus the Marxians fail to recognize that capitalism is ideologically linked with liberalism, prior to the dominion of which there was an entirely different economic system ideologically akin to socialism, though of course differing from socialism in form.<sup>1</sup>

In like manner the Hitlerians (and the fascists) fail to

<sup>1</sup> *Abendländische Revolution* [The Revolution in the West], a recent book by the Prague social democrat Emil Franzel, is a notable exception to the commonplace Marxian sociology.

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understand that the ties between capitalism and liberalism are inseparable, and they look forward to destroying liberalism while keeping the capitalist system intact.

On the other hand the National Socialists, while recognizing the importance of capitalism because of its great achievements, are convinced that by internal causes the system is doomed.

### A. Capitalist Economic Policy

Capitalist economic policy is based upon the open world-market, worldwide free trade, and the international gold standard. But all three of these principles were irreparably destroyed by the war [of 1914-1918], and from our 'organic' outlook the war was only the expression of a revolution, not the cause of this revolution. For:

a. During the war the uncivilized and semi-civilized countries (India, China, South America, North Africa, South Africa) started gigantic industries of their own; and when, after the war, the two countries where manufacturing enterprise had been longest established, Britain and Germany — backed up by the U.S.A., which during the war had been transformed from an importing country into an exporting country — tried to supply their old markets, they were faced everywhere by locally-produced manufactured articles. These locally-manufactured goods could be sold much cheaper, because wages were lower, and nothing had to be added to the prices on account of freight and customs dues.

b. In connexion with the war, vigorous nationalist movements began everywhere, especially among the semi-colonial and wholly colonial peoples. Their nationalist struggles for liberty were always linked with



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attempts to boycott 'white goods', attempts of which Gandhi's spinning-wheel is one typical instance, and another is the universal movement in China against imported commodities (a movement which went on regardless of the disturbances resulting from the wars between the generals). The economic policy of independent Turkey took a similar line to those of Persia and Egypt. Everywhere the struggle for national freedom continued side by side with a campaign against 'white goods', i.e. against the capitalism of Europe and the U.S.A.

c. Another change having important consequences was — in connexion with the Bolshevik Revolution — the disappearance of Russia as a consumer of the goods produced by the older manufacturing countries. More than a hundred and sixty million customers disappeared from the 'world-market', to say nothing of the developing possibilities of Russia as an exporter.

The world-market, and trade generally, were completely upset by the cooperation of these and other factors. Then came the break-away of more and more countries from the international gold standard, causing shocks to which the German reparations contributed jolts of their own.

Since all these causes remain in operation, and from their nature are likely to act with increasing strength, there is no prospect that the foundations of capitalist economic policy will ever again be firmly established.

Although the capitalist world clung convulsively to the hope that this was nothing more than a transient crisis, that hope has been cruelly frustrated by the course of world trade.

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According to statistics published by the Geneva Bureau of the League of Nations, the trade of the world as reckoned in milliards of French francs has been:

<i>Year</i>	<i>Imports</i>	<i>Exports</i>
1929	813	735
1930	662	586
1931	505	415
1932	319	285
1933	289	266
1934	273	252

The mighty and successful efforts of Russia and Japan leave the manufacturing States of Europe (where production is more costly) no chance of ever regaining their old position as exporters; and it has to be remembered that the U.S. policy of economic isolation, in conjunction with the Empire policy inaugurated by Britain at Ottawa, tends to make matters worse. To the European States the 'crisis' therefore presents itself as a structural one, which can only be overcome by an entire transformation of the economic system.

### *B. Capitalist Economic Law*

The capitalist economic law which decrees that 'private property is sacred', that 'a man can do what he likes with his own', was also completely undermined by the war [of 1914-1918]. In the hearts of the people there spread a feeling that there was something fundamentally unjust about a system which repudiated the moral demand for safeguards against pauperization and lack of bread, which brought about or maintained an anti-social cleavage of the population into strata of exploiters

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and exploited, and excluded the great majority of the citizens from any share in the property, guidance, and advance of the nation. To every individual it became plain that such an unrestricted right on the part of an owner 'to do what he liked with his own' conflicted with the vital interests of the people, and that there could be no inner justification for such a right at a time when the whole nation was being called upon to shed its blood in the defence of 'property'.

These experiences have made it impossible that the capitalist law concerning the 'sacredness of private property' should ever again secure recognition from the German people.

Of decisive significance in this matter is the distinction between the goods which can be augmented in quantity as much as you please, and those which cannot be so augmented because they are monopolies.

Since the very existence of a people depends upon certain goods of which there is only a restricted quantity (land, the raw materials that lie beneath the surface of the land, and — with certain reservations — the means of production in general), people as a whole are directly dependent upon those who own such monopolies. If the (capitalist) right of private property is considered to be valid as regards these monopolies, then persons to whom the monopolies 'belong' can dispose at will of the life and death of millions of their fellow-countrymen. The economic power which thus accrues to the owners of monopolies is the essential curse of capitalism, and necessarily involves the servitude of the dependent majority of the population — a servitude which radiates from the economic into the political and cultural fields.

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For no State, however shrewd and honourable those who manage its affairs may be, can effectively safeguard the interest of the non-possessing majority of those who depend for their very lives upon access to and use of the monopolies, if the legal system of the country recognizes private property in these monopolies, with the owners' unrestricted right to do what they like with their own.

Moral and economic causes therefore combine to induce latter-day human beings to repudiate — as far as the aforesaid monopolies are concerned — the capitalist economic law that 'private property is sacred'.

Basically different, on principle, is ownership of the goods whose quantity can be augmented at will — ordinary commodities of whatever kind. Their ownership (and we shall see later this applies also to money) does not create any such 'economic power over the non-possessing', for these latter are not dependent upon goods that are at any time augmentable, and therefore do not become the dependents of the 'private owners' of such goods.

### *C. Capitalist Economic Form*

Lastly the war [of 1914-1918], through the fierce industrialization that occurred, had a disastrous effect upon the bodily and still more upon the mental health of the Germans. Doubts concerning the 'victory of machinery' were intensified by the results of the rationalization that took place during the post-war period, producing huge industrial undertakings — and vast bodies of unemployed.

Not without effect, moreover, were the results of the renewed contact with nature which the men at the fighting front had had in the trenches, the youngsters in their



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hiking leagues, and the unemployed in their allotments, thanks to which, in industrial life afterwards, they all began to ask themselves whether the great town with its brick-built dens, the murderous giant factories with their conveyers, really provided worth-while conditions during the brief span between cradle and grave.

The feelings of the masses turned away more and more from the capitalist economic forms of industrialization, the tentacular towns, and manufacturing technique, and made the dispossessed more and more insistent in their demand for new forms.

Therein a genuinely conservative repudiation found utterance — a repudiation of the tendency to overvalue the technical and other recent acquirements of civilization. Herein we have an important distinction from Marxism, which in these matters, likewise, shows its mental kinship to liberalism. (We see signal examples of this in Russia, where Marxist panegyrics on industrial development are in high favour, and where the recent 'Stakhanoff Movement' reminds us so much of certain features of early-liberal capitalism.)

To the liberal (and Marxian) ideal of a boundless increase in production and consumption we contrapose the conservative (and socialist) ideal of a thoughtful and cheerful existence, which naturally requires as its foundation a sufficient supply of the necessities of life, but seeks and finds its main fulfilment in very different values.

The first thing that emerges from the foregoing discussions is the reason why the economic policy, the economic law, and the economic form of capitalism are in the throes of a crisis from which no exit can be found; but we are also introduced to the germs of the trend and

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the kind of economic policy, economic laws, and economic form that will characterize German socialism.

## 2. ECONOMIC POLICY OF GERMAN SOCIALISM

Arising very urgently out of the collapse of world economy, world trade, and the gold standard, come the demands of German socialism for autarchy, a State monopoly of foreign trade, and a currency standard of our own.

### A. *Autarchy*

Autarchy, self-sufficiency, i.e. adequate domestic sources for the supply of raw materials, is a necessary antecedent to the satisfaction of the main demand of a socialist national economy — the safeguarding of the food, clothing, and shelter of the community. It is also the necessary antecedent to national freedom and popular cultural development, as is plainly shown to the German people by the issue of the world war. With regard to food-supply, autarchy must be absolute, whereas in the case of our minimal cultural requirements it can be and will be relative. We already have the bulk of the conditions. With the necessary improvements, our agriculture and stock-raising could supply a sufficiency of food for the German people. The most important raw materials that are lacking (cotton, oil, and rubber), can in part be replaced by such substitutes as artificial silk and flax and in part by synthetic products.

Efforts to make our national economy independent of the rest of the world will be facilitated by simplifying the lives of our fellow-countrymen. Under the capitalist system a great many 'daily needs' are artificially

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developed by advertisement. Simplifying life would not mean a 'relapse into barbarism', for culture is not dependent upon luxury or upon the gratification of needlessly created wants. In a true fellowship no one would make a to-do about the satisfaction of such needs while any of his fellow-countrymen were going hungry from lack of work.

Thus the stress that is laid upon promoting the idea of autarchy needs certain restrictions — but still more does it need an important amplification.

National autarchy cannot and must not be the last aim of a socialist economic policy, for we are not concerned with a Spartan ideal, but with a Dionysiac ideal, in the profoundest sense of the term. Consequently this national autarchy can only be a transitional phase — though the present international situation makes us suppose that it will be the terminal phase of German socialism. Not through our own will, but under stress of circumstances — and it seems undesirable that one nation should blame another for these circumstances.

European autarchy, however, is here deliberately advocated as the necessary economic policy of German socialism, since this is essential to the maintenance of the level of European culture and civilization, and can be shown to be possible if there is a suitable adjustment of agricultural and industrial capacities for production and consumption. Nothing but the establishment and safeguarding of European autarchy can make it safe to carry on a luxury-trade with other parts of the world without endangering the existence of Europe. For the very reason that European autarchy is an aim of German socialism, and for the very reason that extant political

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and economic data are still obstacles to the reaching of this aim, the national autarchy of German socialism is an indispensable antecedent thereto.

### *B. State Monopoly of Foreign Trade*

So far as import of raw materials or luxuries seems necessary or desirable, the German people will export some of its own wares in exchange for the requisites, exporting the produce either of a natural monopoly (potash, chemicals) or of an artificial monopoly (electroplate, expensive machinery, etc.).

The exchange will not be effected in accordance with the arbitrary wishes of the individual producers, but in accordance with a plan drafted to suit the needs of the State, and this will involve the existence of a State monopoly of foreign trade. Such a State monopoly will not (as does the Russian) aim at itself conducting the foreign trade, but will merely supervise, and give licences for export to such persons as may need them.

Once more it is necessary to distinguish between what may be the terminal situation of German socialism, and what may be aimed at beyond it.

In what will probably be the situation of German socialism to begin with, a national monopoly of foreign trade will be urgently required. Not merely will the natural opposition of international capitalism render indispensable this concentration of all the forces of the German national economy, but the monopoly will also suit the needs of a planned economy, without which a socialist economy is impossible.

Inasmuch as even after European autarchy has been established, the internal structures of the various national



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economies will differ, when this later condition is reached German socialism will not be able to dispense with the monopoly of foreign trade.

The fact that there will only be a monopoly in granting licences to trade will make it easy to adapt matters to the various requirements of intra-European and overseas trade.

Above all it will safeguard and turn to useful account those incommunicable experiences in foreign trade which cannot be acquired by any bureaucratic apparatus.

### *C. A Currency Standard of Our Own*

Abandonment of the international gold standard will be an essential preliminary to autarchy, for so long as the foreign world can have any influence on our currency (which is the 'blood' of economic life), no really independent national economy is possible. As regards the practicability of our having a currency standard of our own, it might be enough to point to the German rentenmark or to the Russian chervonets. But so great is the interest taken in currency questions that it seems expedient to make a few general remarks upon the problem of money and the problem of the gold standard.

The preponderant part that money plays in contemporary economic life is due to the circumstance that, in addition to fulfilling the tasks of being a medium of exchange and a standard of value, money is also a commodity, being in most countries dependent on gold, a commodity which is privileged over all other commodities by having assigned to it by law a fixed value. This peculiar commodity-character of money as dependent on gold, and the concentration of the extant supplies

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of gold in the hands of the great financiers, enable these in all States where gold is current coin, or at least the standard of currency, to exert a decisive influence upon the economic life of the States concerned, an influence whose danger has repeatedly been disclosed by the events of post-war political life. The commodity money-gold has, moreover, a peculiar quality which attaches to no other commodity, namely the power of increasing itself through interest accruing while it lies idle and its owner does nothing at all.

This quality of gold is not natural but artificial. The natural purpose of money is to facilitate exchange. Money is (1) a means of exchange, (2) a measure of value. Since in a large and complicated economic unit, barter becomes impracticable, the producer sells his goods, receiving in exchange, not goods of corresponding value, but a 'certificate', a 'token', of the value of what he has sold. He accepts this token being confident that therewith he will be able to buy a corresponding amount of other goods. He does not primarily wish to exchange commodities for money, but commodities for commodities. He will only be able to do this if the goods he wants are already obtainable or will soon be obtainable in the market. Confidence in the purchasing power of the monetary certificate or token which he accepts, gives this token its value, makes the token 'current coin' (or current notes). All currency is therefore sustained by the confidence of the owners of the current coin and of the mass of goods ready for exchange. If the current coin is faced by a suitable quantity of goods, the stability of the currency is ensured. When goods are scarce, money depreciates, for a fixed amount of money will buy

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less: when there is a glut, money appreciates, for the same amount of money will buy more. Only in a circumscribed economic system, where the circulation of money and the circulation of goods are not exposed to the influence of outside forces, is it possible to make sure that the quantity of money and the quantity of goods shall be in an appropriate relation each to the other. By the State monopoly of foreign trade we shall be able to prevent any outside forces from exerting undue influence upon the quantity of marketable goods, and by having a currency standard of our own we shall be enabled to exert a decisive influence upon the circulation of money.

It is necessary here to remind the reader of the difference between the immediate national aim in these matters, and the ultimate aim of the United States of Europe.

However urgent it may be for German socialism to establish a currency of its own, this must be supplemented by establishing, within the European economic system we aspire to (brought about no matter how), a supra-national currency available throughout the joint region.

Various practical considerations seem to indicate that the stable Swiss franc can and will become the supra-national currency, this giving new tasks to a Swiss banking system, under general European control.

### 3. ECONOMIC LAW OF GERMAN SOCIALISM

#### *A. Private Property?*

The transformation of economic policy by the establishment of autarchy, a State monopoly of foreign trade,

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and a currency standard of our own — subsumed under the comprehensive term of a 'planned economy', is today regarded as necessary by numerous groups in Germany and elsewhere in Europe. But this theoretical recognition of 'planned economy' will remain sterile so long as these groups still cling to the prevailing capitalist economic law which decrees that 'private property is sacred'.

With the utmost possible emphasis, therefore, the conservative revolutionist must at this point insist upon (as indispensable preliminary to a genuine and effective planned economy) the abrogation of the prevailing economic law of private property.

One who takes his stand upon the maintenance of private property in land, the raw materials that lie beneath the surface of the land, and the means of production in general, is not only repudiating German socialism, but is also defending what will make a planned economy impossible — no matter how ardently in theory he may desire it.

This follows without more ado from the very nature of the owner's claim that he has the right 'to do what he likes with his own', the claim which forms the core of the legal notion of 'private property'. So long as the owner of land, the raw materials that lie beneath the surface of the land, and the means of production in general, can do what he pleases with his 'property'; so long as the peasant can cultivate his fields or not as he prefers, the owner of a coalmine have the coal mined or not as he likes best, the factory owner have his factory working or idle at his own sweet will — just so long is a planned economy impossible. (To say nothing about the privilege of the owner to sell his property to a foreign indi-



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vidual, corporation, or State, which would be fatal to the organization of a German planned economy.)

For these reasons therefore, as well as for the moral reasons that have already been specified, the abolition of private property in land, the raw materials that lie beneath the surface of the land, and the means of production, is the main demand of German socialism, and the presupposition to a planned national economy.

The same demand is made by all Marxians, and to this extent they are socialists, though the carrying into effect and the fruitfulness of their demand have been hindered and will be hindered by their liberal alienism. I consider it expedient to dwell upon the identity of demand in this respect as between the international Marxians and the German socialists, this being a prelude to insisting, as regards constructive methods, upon the difference between Marxism and German Socialism.

### B. 'Entail'<sup>1</sup>

This difference is based upon our (conservative) view of the nature of (German) human beings.

Biological and historical experience precludes the possibility of any change in human nature, and even of an intention to change it. Our political task is therefore to study human nature as it actually exists in its German stamp, and to allow for that nature in our economic and social institutions. We must not try to force an economic theory upon Germans, but, on the contrary, we must

<sup>1</sup> This term is not here quite identical with the specifically English use of the word 'entail', but we know of no other possible term for the rendering of the German *Erblehen*. We therefore use it in quote marks. Its meaning will soon become plain to careful readers. A conceivable alternative term would be 'usufruct', but this lacks the 'atmosphere' of 'entail'.—*Translators' Note*.

## ECONOMIC LAW OF GERMAN SOCIALISM

deduce an economic theory from the nature of Germans, and, more particularly, we must then formulate an economic system under which Germans can live and develop. (If, in what follows, we deal exclusively with 'Germans', this is merely to restrict our field, and not from any overweening presumption.)

First of all, then, let me insist that the German has a longing for his own peculiar style, for independence, for delight in responsibility and joy in creation. The lack of possibilities for satisfying this longing constitutes the taproot of the homelessness, the discontent, the purposelessness of the existence of the latter-day German. He suffers, in a word, from the proletarian character of his life, from his lack of possessions, from the hopeless prospect of his old age, and from the dependence of his present.

To deproletarianize the Germans must therefore be the main task of German socialism.

This deproletarianization is only possible by finding possessions for every German. Nothing but possessions of his own can give that independence of thought and development, that stamp of creative energy, and that experience of the sense of responsibility which can really and truly satisfy a German.

This brings us to two apparently contradictory demands of German socialism:

- (1) No German shall any longer have private property in land, the raw materials that lie beneath the surface of the land, and the means of production in general;
- (2) Every German shall have possessions in these same things.

The escape from the apparent contradiction between these two fundamental demands of German socialism

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can be made by something which we were the first to advocate — the introduction of 'entail'.

The nation, that is to say the whole body of the German people, the community at large, is the sole owner of the land, the raw materials that lie beneath the surface of the land, and the means of production in general, the right of exploiting these being assigned to individual Germans in 'entail' according as they may be capable and worthy of it.

To make this demand intelligible we must briefly distinguish between 'private property' [Eigentum] and 'possession' [Besitz].

To have a thing as one's 'private property' means that one can do what one likes with it — can sell it, injure it, or destroy it at will.

To have 'possession' of a thing means usufruct, that one is entitled to use the thing, to exploit it, but subject to the will and supervision of another, the substantial 'owner', whose 'private property' it is.

The proprietor of the entire German national economy will henceforward be no one other than the community at large, the whole nation. But the nation, or its organizational form the State, will not run this economy itself. It will hand the national economy over, fragmented and in 'entail', for exploitation by German individuals or German groups.

This watchword of 'entail' forms the core of German socialism.

Nothing but 'entail' will render possible that combination of general welfare with private advantage which is another of the aims of German socialism, since it conforms with the inalienable requirements of human nature.

## ECONOMIC LAW OF GERMAN SOCIALISM

Intolerable to the highly developed individualism of the Germans (and doubtless of other Europeans) would be any economic or social system that should run counter to a German's personal initiative or restrict his freedom. The brief interlude of the Hitler System will make no change here.

The fatal defect of the capitalist economic system has been that its increasing monopolization and bureaucratization of the masses has for them done away with the possibility of their having lives of their own, of advancing, of acquiring possessions. This 'proletarianization', with its terrible economic phenomena and its ghastly cultural defects, cannot be overcome by universalizing a proletarian lack of possessions. Deproletarianization is absolutely essential to the cure of this cancer of our time; I mean the assignment of possessions to all working members of the community, either as individuals or associated in groups.

This will be rendered possible by 'entail', which for centuries was the legalized form of the German and European economic system, and which, in its fruitful tension between the community spirit and the individual will, represents the German and western way of managing affairs.

### *C. Repudiation of State Socialism*

This systematized method of 'entail' further involves an emphatic rejection of any form of State capitalism, euphemistically termed State socialism.

The need for the repudiation must be thoroughly explained, all the more because not only the Marxians but many sections of non-Marxians who are working for a



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'national planned economy' aspire towards State capitalism — or, as they prefer to say, State socialism.

In so far as this would involve the transfer of all ownership rights to the community, as represented by the State, it is in perfect harmony with the aims of German socialism.

But when we come to the carrying on of enterprises by the State or its organs, the German socialists are passionately opposed to such a method, because thereby mental deproletarianization, the development of creative energy, and the encouragement of delight in responsibility would be even more impaired than they are in the private capitalist system — to say little of the fact that those who did the work would be even more under the thumb of their employer.

So well do I know from personal experience what a destructive effect bureaucratic control has upon the individuality of the workers, and, on the other hand, what a craving for independence the German peasants and the members of the German middle class have, that I cannot but regard with disfavour any scheme which would kill this craving for independence by the blight of bureaucracy.

To my way of thinking the chief curse of proletarian life is the lack or the perpetual suppression of a longing for independence, and I therefore believe it to be the chief aim of mental deproletarianization to provide independence for the urban operatives rather than to undermine the independence of peasants and members of the middle class by proletarianizing them.

We have furthermore to consider the increased subordination of all 'hands', financially, socially, politi-

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cally, and personally, when the State, besides being their employer, will be their only court of appeal. Under private capitalism the State (since the worker who has a complaint to lodge is anyhow one subject much like another, being a taxpayer and a soldier) must always be fairly impartial in its attitude towards the employer, and this benefits the worker.

But under State capitalism there is no such impartiality since employer and State are one and the same person, one and the same authority.

I know that the revolutionary Marxians try to invalidate this argument by pointing out that their 'State' is the proletarian dictatorship, in which there can be no antagonism between employee and State. However, so long as a bureaucracy exists, there is no genuine proletarian dictatorship, but only the rule of a class, the official class, over the great mass of the working people, who are far more effectively subjected to the class dominion of the bureaucracy than today under capitalism they are subjected to the class dominion of the owners of the means of production.

Decisively in favour of our 'entail' plan is the popular belief that it is a million times more contributory to the people's welfare that there should be a thousand independent peasants than a thousand agricultural workers in State employ; in other words that the crucial aim of German socialism must be to make the number of economically independent persons as large as is the number of citizens who actually exist inspired with a will to independence.

The repudiation of State capitalism and State socialism is one of the most marked characteristics of German

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socialism. Herein German socialism gives expression both to a genuinely conservative scepticism of organization and to the popular dislike for bureaucracy; and it also avows its faith in individuality, which is threatened just as much by mass rule as by party dictatorship. (We shall return to this when we come to discuss the State.)

The fascists and the communists rival one another in glorifying the State, in suppressing economic and personal independence, in unduly extolling power and the successes of organization, of decrees, of planning, and—as a last requisite—the police.

It is precisely in the economic field that the German socialists deliberately aim at the utmost independence and autonomy of all fit members of the population; and in their system those who do not achieve individual economic autonomy will, by combining to form co-operatives, acquire a considerable measure of that independence which is the only soil where firm characters can grow.

To this popular (non-economic) outlook the German socialists purposely subordinate all such views as 'what pays best', 'the greatest good of the greatest number', etc.

### 4. ECONOMIC FORM OF GERMAN SOCIALISM

The popular outlook likewise dictates our aims as regards the economic form of German socialism.

Those who understand that life in our huge tentacular towns is a danger to the human race cannot fail to regard systematic de-urbanization as urgently required for the sake of the people. De-urbanization will also be a

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logical consequence of the establishment of autarchy and the introduction of 'entail' as regards peasant farming, since both will make it necessary that Germany should be agrarianized once more.

This re-agrarianization of Germany will be supported from the towns by a far-reaching policy of land-settlement, which will mainly take the form of 'marginal settlements'.

Here it becomes appropriate to mention in passing that systematic de-urbanization in conjunction with a marginal settlement policy will be of the utmost importance to the defence of our country, inasmuch as thereby the risks to the industrial centres from aviation attacks with poison-gas and incendiary or explosive bombs will be greatly reduced through the dispersion of motive force that has now been rendered possible by the distant transmission of gas and electricity and by the local use of internal combustion engines.

The utilization of these recent discoveries will further make it possible to fulfil the demand of German socialism that industry should be decentralized for its own sake, and that the excessive industrialization of German economic life should be counteracted.

To the liberal capitalist and liberal Marxian ideal of modern mammoth factories producing vast quantities of goods, we should contrapose the conservative ideal of a full and free life, so that it will be the task of a responsible government to create the economic and social conditions essential to the realization of such an ideal.

No sane conservative will admit that it is reactionary to shatter, as far as may be desirable, the idols of mechanical technique. It is assuredly time for Germans



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to end the tyranny of technique, to overthrow the dominion of the machine, and to make technique and the machine once more servants instead of masters — for their domination has been an unmitigated curse.

Already, in the subsection on Capitalist Economic Form (pp. 135 and foll.), I have referred to the new attitude which German socialism adopts towards the problem of 'man and economic life'.

Most emphatically do we reject the capitalist (and Marxian) creed that man is sent into the world 'in order to work'. The Song of Labour is a capitalist device for the training of diligent slaves, and the same characterization applies to both the fascist and the communist glorification of labour, whose sole aim really is to inculcate diligence upon the slaves of the State.

The conservative revolutionist regards labour as nothing but the means for the maintenance of life, an instrument which can only transcend narrow limits in the higher form of 'creation'.

Consequently industrial work with its murderous monotony must somehow enable the individual worker to find a chance for 'creation' outside his daily round of toil, i.e. this daily round must not claim more than a fraction of his life. (But at the same time as much attention as possible must always be paid to the 'spiritualization' of daily labour itself.)

In view of the vast productive powers of modern German factories, etc., there is nothing utopian in the idea that various branches of industry can produce a sufficiency by winter work alone or mainly, so that the workers engaged in these branches will be left free during the summer for their own 'creative' work, for learning to

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know their fatherland better, the world at large, and what not.

The disintegration of titanic enterprises and a healthier estimate of the role of machinery will give their stamp to this new life, even as increasing joy will promote new sociability and foster true culture.

These ideas will be admirably rounded off when the spiritual leadership of the New Germany no longer has its headquarters established in one of the nerve-destroying giant towns, but in a new and carefully chosen capital of the Reich. For historical and other reasons, Goslar or Ratisbon would seem admirably fitted for this purpose.

Later historians will recognize how overwhelmingly strong are the arguments in favour of such a conservative choice, and will agree that the governmental capital of a country ought not to be in one of its great industrial towns. They will point to the examples of Versailles and Paris, of Potsdam and Berlin; and, outside Europe, to Washington and Kyoto as against New York and Tokyo.

### 5. AGRICULTURE

#### A. *The Coming System*

The object of agriculture is to make sure that the community will be fed.

The land available for the use of the community is owned exclusively by the nation, for it was not by any individual but by the community at large that the land was acquired, by battle or by colonization on the part of the community, and by the community it has been defended against enemies.

The community as owner puts the land at the disposal

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of the nation in the form of 'entails' to those able and willing to use them for husbandry and stock-raising.

This 'entailing' will be undertaken by the self-governing corporation of the local peasant-councils (see below, Chapter Three, 5 B, Vocational Councils, pp. 192 and foll.) and the appropriate circle president will merely act on the instructions of that corporation.

The size of the farms will be limited in accordance with the local qualities of the land: the maximum being determined by the principle that no one may hold in 'entail' more land than he is able to farm unaided; and the minimum being determined by the principle that the landholder must have enough land to provide, not only food for self and family, but a superfluity by the disposal of which he will be able to obtain clothing and shelter for self and family.

The maximum limitation will result in freeing large quantities of land for settlement by peasants, particularly in Eastern Germany. This peasant settlement is all the more necessary because the existence of an abundance of peasants thus settled on their own farms furnishes the best guarantee for the maintenance of public health and public energy.

The landholder who thus receives a farm on 'entail' will pledge himself to manage this farm for the best advantage of the community and to use his utmost endeavours to make sure that the land shall be farmed to supply the food of the community. He will therefore have to pay a land-tax, a tithe-rent, to the community. This will be payable in kind, the amount being fixed in accordance with the area and quality of the land. No other taxes will be payable by the peasant.

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Should the holder of an 'entail' die, the farm will pass to a son able and willing to carry it on. If there are no male children available, the 'entail' will revert to the community, and will be reallocated by the local peasants' council.

In the event of bad farming, an 'entail' will also revert to the community, the decision upon this matter resting with the local self-governing body (peasants' council) in agreement with the State (represented by the circle president).

The introduction of 'entail' into German agriculture will be in such manifest conformity with German tradition and with the right and necessary ideas of peasant proprietorship, that neither psychological nor material difficulties are likely to ensue.

Even the Hitler System, which had not attempted any radical attack upon capitalism, was compelled, upon pressure from the German peasants, to introduce a measure that was based in some degree upon the same ideas.

But the Patrimonial Farm Law of the Hitler regime differs from our 'entail' plan in the most essential respects.

(1) It leaves the entire capitalist system in being. For this reason the patrimonial farm peasant has great difficulty in securing credit, since, in view of the nature of his tenancy, the capitalists will not lend him money.

(2) The extant fiscal system levies taxes in money from the patrimonial farm peasants, who can only pay their dues by getting into debt.

(3) Old mortgage liabilities remain, as well as other debts, and to pay the interest on these (let alone clearing



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off the principal) is even more impossible to a patrimonial farm peasant than to a freeholder.

(4) It extends only to a portion of the peasantry, and has therefore created three kinds of agricultural entrepreneurs: peasants whose holdings are so small as to be unviable; middle and great peasants who are tenant-farmers; and great landowners who run their estates on purely capitalist lines.

(5) It protects the great landowners who, sheltering behind the Patrimonial Farm Law, can avoid having their estates divided up, and thus frustrate their younger sons' hopes of attaining at least a peasant's independence.

(6) It is an instrument controlled by the State and the party bureaucracy, not a method of peasant self-government.

(7) It knows nothing of the cancellation of tenure which the local government can effect in cases of bad farming, nor yet of reversion of the land to the community when the family becomes extinct in the male line.

### *B. Management of the Transition*

When we compare this coming system with the present one, in order to discover how the transition can best be managed, we find first of all that the majority of German peasants will remain in possession of their farms.

For of the 5,096,533 farms in Germany (census of 1925) only 18,668 were of the size of 500 acres or more. All the others are peasant farms, and would remain such under the new system.

Indeed, properly speaking they would first become peasant farms under the new system. The transformation

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of 'privately owned farms' into 'entailed possessions' would necessarily involve the cancellation of all mortgages, land held as an 'entail' under the new system being by hypothesis unmortgageable. The transformation would free the peasants from their burden of debt, and would make it impossible for them to get into debt again. The new (really Old-Germanic) organization of land tenure would make the man who is now enslaved by having to pay interest into a free peasant.

This complete liberation of German agriculture from debt, as a necessary consequence of the proposed 'entail' system, carrying with it the impossibility of the burden of debt ever being renewed, is of decisive importance, first, to promote both psychologically and materially the acceptance of German socialism by the peasants; and, secondly, to make our agriculture a paying concern for all time.

For in this way German socialism would justly present itself to the peasant as the redeemer, coming to deliver him for evermore from the claws of the mortgagees, the bankers, and the tax-gatherers.

To save the creditors from ruin, and in this way to avert a convulsion in the capitalist money-market, the sums owing on mortgage would be converted into non-interest-bearing bonds payable by the Mortgage Cancellation Department, a three-per-cent sinking-fund being arranged by the Agricultural Tenants' Redemption Scheme.

No less important, as the system gets into working order, will be the disappearance of the taxes now demanded from the peasants by the State, in place of which there will be one general annual payment of the 'tithe',

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so that there will be no possibility of the peasant possessions becoming once more burdened with debt.

The danger to the State that there may be variations in the revenue from the tithes, and the danger to the peasants of there being localized failure of the crops, will be obviated by the solidarization of the peasantry of the circle and the province. (Whereby at the same time will be established the necessary community of material interests among the peasants — a community that will make the working of the peasants' councils stable and effective.

### *C. Great Landed Estates*

The subdivision of the great landed estates will be fundamental to the re-agrarianization of Germany, which is one of the aims of German socialism.

The 18,688 big farms in Germany, of a size of 500 acres and upwards each, utilize more than 16.7 % — or if we take in all farms of 250 acres and upwards, more than 20 % — of the land suitable for agricultural purposes. Even stronger than this moral argument is the urgent need for the provision of more peasant farms, since nothing else can prevent the second and third sons of our peasants from drifting into the towns.

The objection that such expropriation of the great landed estates would be unjust is invalid, seeing that what remained for the former owners, who would become 'entail' farmers, would be completely freed from debt; and, further, compensation could be paid by the Mortgage Cancellation Department.

The main objection advanced against dividing-up the great landed estates into independent peasant farms (an

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objection voiced both by Marxians and by capitalists) is the alleged indispensability of large-scale farming to the supply of a sufficiency of cereals to the great towns.

This argument is based upon various considerations, some of which are still sound today but will be overruled tomorrow, when the proposed de-urbanization of great industries will have markedly reduced the population of our towns — a movement which will be reinforced by administrative and military defensive measures.

Besides, the systematic intensification of agriculture by the spread of market-gardening will in any case involve a structural change such as we see in Denmark and Holland, and this presupposes the partition of the great landed estates.

Finally the inclusion of the south-east, the granary of Europe, in the economic system of Central Europe, in conjunction with the other general aims of the European Federation, will inevitably liberate Germany from the need for producing cereals 'at all hazards' — a need which would impair the chances for the establishment of a planful agricultural system in this part of the world.

It has already been pointed out that these changes will take time. Obviously, therefore, the partition of the great landed estates must be part of a general plan for agrarian reform that will look years ahead, making arrangements for the erection of the necessary farm-buildings and habitations, the choice of the young peasants who will run the new small farms, the provision of agricultural implements, live-stock, etc. Not least, the State will have to found in each province a number of model farms, as centres for the supply of seed, for stock-raising, and general agricultural progress. This



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development will facilitate the maintenance of the extant 'model farms' that have been established by progressive landowners, the personal services and peculiar skill of these being recognized and utilized by appointing them 'bailiffs of the domains'.

It is important to remember that the tithe-rent payable to the State can be paid in kind, and that this will save the peasants from the wasteful conversion of their produce into money, whereas the State will in a very simple way come into possession of a notable part of the harvest, which it will to some extent use directly as food-supply for the army, and to some extent put on the market as may seem desirable to regulate prices. (The salaries of officials, allowances to pensioners, etc., may be partly payable in kind.)

The transition from the capitalist agriculture of today to the socialist agriculture of tomorrow will thus be comparatively easy, because the German peasantry has an interest in escaping from the fleecing capitalist system, and in gaining and safeguarding a position in which the peasants will be free and independent.

### 6. INDUSTRY AND WHOLESALE TRADE

Industrial enterprises are fundamentally different from agricultural enterprises. Whereas an agricultural enterprise is mainly carried on by the work of an individual and his dependents, an industrial enterprise needs the collaboration of a manager or foreman and his staff of workers. The produce of agriculture varies with the soil and the climatic conditions; the produce of industry varies with the supply of raw materials and their

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distribution. Raw materials are either supplied from the sources within the country, such as coal deposits, ores, etc., which are the property of the community, or else they are procured by import (in Germany: oil, cotton, and rubber). For the freedom and independence of a national economy, it is essential that there should be (to the extent previously explained) autarchy and a State monopoly of foreign trade. In this way the State acquires a decisive influence upon the supply of an industry with raw materials, and it must be in a position to cope with the requirements of production for use. Thus besides the manager and his staff of workers there must be a third party to the affair as representative of the community, and there are three factors concerned in any industrial enterprise:

Manager; Staff of Workers; the State.

It is needful that we should have a clear idea of this tripartition of interests that results from the very nature of the industrial process, since therefrom are logically derived the forms of possession, the management of enterprise, and the distribution of profits, as envisaged by German socialism.

German socialism emphatically repudiates a totalitarian claim on the part of any one of these three factors: whereas capitalism makes a totalitarian claim on behalf of the entrepreneur; fascism makes a totalitarian claim on behalf of the State (a claim it has not so far been possible to enforce in practice); and communism makes a totalitarian claim on behalf of the workers.

As contrasted with the totalitarian claim of any one factor, we have the notion of an equipoise throughout the whole, and here (in current parlance) is manifested an

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important distinction between liberalism and conservatism.

### *A. The Factory Fellowship*

Manager, staff of workers, and State are the three partners in any enterprise. They constitute a factory fellowship.

The State, which in agriculture is the exclusive proprietor of the land, is equally, in an industrial enterprise, the exclusive proprietor of the concern. Through the instrumentality of the appropriate vocational council it assigns the work in fief to a manager who is competent and willing to undertake it. In return there will be payable to the State an impost (corresponding to the tithe payable by an agricultural enterprise), the amount of which will be assessed at regular intervals (5 or 10 years, let us say). These imposts, since, in conjunction with the tithes from agricultural enterprises, they must provide for State expenditure upon public affairs, will have priority over net profits, allowances for wear and tear, and reserves.

Management, possession, and profits are thus assigned in thirds to the manager, the staff of workers, and the State. The management decides about the world policy of the enterprise, settling the kind and quantity of goods to be produced, fixing the respective amounts payable for depreciation (wear and tear), reserve, and profit, and prescribing the wages to be paid.

Whilst the approved imposts from the works, in conjunction with the tithes from agriculture, are the returns payable to the State for safeguarding the public economy, the share of the State in the profits represents a variable

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revenue which can be disbursed for special purposes. (Current expenses; for administration, education, army, etc.: extraordinary expenses; public buildings, canals, power stations, etc.)

The manager derives his income from his share in possession and profits, so that his economic position turns upon the success or failure of the enterprise. Success will depend upon his devoting his whole time and capacity; and his share should, therefore, be comparatively large.

In virtue of his share in the possession of the enterprise, every member of the working staff will draw a portion of the profits, and will also receive wages suitable to his achievements. The two together form the basis of his economic self-maintenance.

The respective shares of the manager and the working staff in the profits must be so apportioned that the manager will be able to provide for his own living expenses and those of his family out of his share in the profits and nothing more, whereas the worker's ordinary expenditure will be defrayed out of his wages. The manager's share in possession and profits must, therefore, be comparatively large, whilst that of the individual worker can be comparatively small. Furthermore it is undesirable that the workers should have a large share in the profits, for such copious profit-sharing may foster a deleterious overdriving of the means of production and the neglect of improvements that technical and hygienic considerations render desirable.

It is also essential to remember that there should not be any aim at large profits, since these are excluded by paying due regard to the need for good wages and low prices.



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The factory fellowships with their basis of fiefs thus resemble the agricultural enterprises with their basis of 'entails', but the former are substantially collective, whereas the latter are substantially individual in character.

Of especial importance are three primary qualities of this new form of industrial enterprise:

(1) There will come into being, in contradistinction to the extant 'class' of capitalists, an 'estate' of managers which, regardless of wealth or origin, will constitute a functional aristocracy that, thanks to the very methods of its selection, may be said to be made up of 'captains of industry' or 'commissioned officers of economic life'.

(2) The dispossessed 'class' of proletarians will vanish, its place being taken by an 'estate' of fully privileged workers, directly and indirectly participating in and therefore interested in their 'workshop'. They will no longer be the objects of economy, but its subjects.

(3) The relations between State and economic life will be radically altered. The State will not be the 'night-watchman and policeman' of capitalism, nor will it be a dictator whose bureaucracy cracks the whip that drives the workers to the bench and spurs them at their tasks; but it will be trustee of the consumers, and as such it will have much influence, but only within and beside the self-determination of the working producers, namely of the manager (who may be a plurality) and the staff of workers (consisting in appropriate proportions of clerical and other intellectual workers, on the one hand, and manual operatives, on the other).

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### *B. Contrast to Capitalism and Marxism*

It seems desirable to give a brief account of the basic distinction between the watchwords of German socialism in these matters and those of capitalism, on the one hand, Marxism, on the other.

#### I. DISTINCTION FROM CAPITALISM

*a.* There is no private property in the means of production. They can neither be bought nor sold, so that even though there may be persons who possess large quantities of commodities or money ('wealth' in this sense being both possible and permissible), nothing like 'capitalism' can come into existence.

*b.* The staff of workers and the State are equally privileged partners with the manager, who is not a 'capitalist', but merely a fief-holder.

*c.* The need for economic and systematic production is enforced upon the manager because his partners outnumber him.

*d.* Every German citizen is one of the joint possessors of the entire German economy.

#### 2. DISTINCTION FROM MARXISM

*a.* The personal initiative of the responsible managers is preserved, but it is incorporated into the needs of the community.

*b.* Within the systematically planned management of the whole national economy by the State (organically safeguarded by the equal third of influence which the State has in every industrial enterprise) the wholesome rivalry of the individual enterprises is maintained.

*c.* The treatment of State and economic enterprise, that is to say of official and industrial manager, on an

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equal footing is avoided; so is the arbitrary power of the State which deprives the worker of his rights.

d. Everyone engaged in an enterprise is, in virtue of his being part-possessor as a citizen, one of the immediate and influential possessors of his enterprise, his 'workshop', and can exert this possessive right in full measure on the supervisory council of the concern.

The form of the factory fellowship, founded upon the legal idea of the fief, and vivified by the great self-governing body of the workers' and employees' councils, on the one hand, the industrial and trades' councils, on the other, constitutes the new economic system of German socialism, which is equally remote from western capitalism and eastern bolshevism, and nevertheless complies with the requirements of large-scale industry.

### *C. Management of the Transition*

Although the content and the form of German socialism are so strikingly different from those of the contemporary capitalist economic system, the technical management of the transition from one to the other will be comparatively easy — provided always that the political question of the change in the economic law has been overcome.

The simplest way will be to transform all industrial and trading enterprises that employ a considerable amount of labour-power into joint-stock companies, for the tripartition of possessorship and the corresponding subdivision of control and profits will be easy enough to arrange.

The 'shares' will, of course, be very different from those of the extant joint-stock companies, for they will be real portions, inalienable because of their fief-character,

## INDUSTRY AND WHOLESALE TRADE

neither saleable nor pledgeable — non-negotiable in fact, belonging exclusively to the assignee.

The extent to which present 'owners' can become fief-holders will turn upon their achievements as effective managers of the enterprise in which they hold shares and upon their attitude towards the German Revolution. The formation of an 'estate' of managers is no less incumbent upon German socialism than the formation of an officers' corps was incumbent upon Prussia — an analogy of profound significance.

The unified representation of the State in the national economic life as a whole (a representation fundamentally distinct from the fascist regulation of economic life) will secure the lasting organic joint leadership of economic life by the State, without resulting in forcible intervention on the part of insufficiently skilled officials. More especially it will ensure the systematic de-urbanization of industry, in conjunction with its requisite unification and simplification, as well as the permanent control of production, wages, and prices. All this will grow organically from within, elaborated by experts, and unceasingly adjusted by the wills of the working staffs and the managers.

Thus the transformation of profit-making industry and trade into socialist industry and trade, working for use instead of profit, will be comparatively simple, because it will conform with the interests of the community, the workers, and even the managers whenever these are of sterling quality.

The most frequent objection is that our method of transition will render it possible for 'capitalists' to come into existence once more, or will perhaps actually leave them in being.



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This objection overlooks the radical difference between a capitalist and a business-manager (entrepreneur), and especially does it forget that 'capitalism', that is to say economic power based upon monopoly-goods, cannot arise under the new conditions. No matter how much money a man may have, he will not be able to buy portions of an enterprise (the sometime 'shares'), which can now be held only in fief.

This becomes peculiarly plain when we consider how the monetary and banking system will be run under socialist control.

Except during the time of transition, when indubitably the needs of the situation will demand a (postponed) fixing of maximum and minimum incomes, the acquirement and possession of money will be limited by what work a man can do, and by that alone. Thereby the standard of life will be as much differentiated as human nature demands. (Of course a strict legal control of inheritance will play its part.) But the decisive point is that, under the conditions that will prevail, even the ownership of vast sums of money cannot lead to 'capitalism', because, although commodities of the kind that can be multiplied as much as you please are purchasable to any amount, monopolies such as land, the raw materials that lie beneath its surface, and the means of production in general, are not purchasable at all.

Consequently interest will still be obtainable for money, but with two important restrictions. The Reichsbank, which issues banknotes, is a State institution, and determines what the official rate of interest shall be, and by this rate the great banks (which will have the ordinary character of professional corporations, unless it has been

## HANDICRAFT AND RETAIL TRADE

thought expedient to have them taken over by the State) will have to abide, with an additional allowance for expenses. On the other hand, the small banks and local credit institutions will have more latitude in this matter of the rate of interest. But credit will have to be granted without any concrete security, so that it will be a purely personal matter of notes-of-hand. There can be no mortgaging of land, factories, or business undertakings of any kind, since they will all be national property assigned for usufruct as 'entails' or fiefs.

The increased importance of private and local credit institutes will, however, revive the private bankers of the old days, and this will be 'good for trade'; advantageous to the economic system as a whole. Owing to the increased risk to the money thus lent on personal security alone, 'interest slavery' having been done away with by making mortgages impossible, the present objection to 'incomes made without trouble or labour' will cease to exist.

Finally, this elastic way of treating the money and interest problem will facilitate the practical testing of the latest monetary theories, whose general application by the community would involve excessive — and needless — risk.

## 7. HANDICRAFT AND RETAIL TRADE

Under the caption of handicrafts and retail trade come the various independent petty undertakings in which there are no more workers (mostly styled 'apprentices', 'pupils', or 'assistants') than can have a reasonable expectation of some day becoming independent themselves.

## GERMAN SOCIALISM

These handicraft enterprises and petty establishments for retail trade are fundamentally different from the factory fellowships. Whereas in a factory fellowship the success of the concern, and therewith the weal or woe of every one of the workers engaged in it, does not depend upon individuals but on the associated labour of all, the welfare of an independent handicraft enterprise depends upon the personality of the 'boss'. In a factory fellowship, problems are jointly decided by its three sections, the manager, the staff of workers, and the State; but, in the independent handicraft enterprise the boss decides 'on his own'. He is solely responsible for what is done. In a socialist economy this amount of personal freedom is only conceivable if there are leagues which organize the individuals into a community. Such a league will federate the handicrafts or branches of retail trade into a guild.

### *A. The Guild (or Corporation)*

Handicraft enterprises, small shops, and also the liberal professions, will therefore be incorporated into guilds.

The State will grant the guilds certain rights over their members, and in return the guilds will undertake to collect from their members the contributions which will make up the lump sum due from each guild in the way of taxes to the State.

They will allot the right to practise a petty industry or trade by conceding to suitable persons the title of 'master', which can only be acquired by one who gives definite undertakings. The guild will insist upon work of a certain quality, and in that case will guarantee support to the guildsmen. It will decide how many apprentices each guildsman may take, etc.

## HANDICRAFT AND RETAIL TRADE

These regulations will render it impossible for the guildsman to pursue his own interests ruthlessly, to make an improper use of his economic freedom, for he will have to subordinate his interests to the needs of the community.

It will be obvious that one who is employed in such a petty enterprise is not entitled to any share in its possession, profits, or management. Though apparently disadvantaged as compared with the members of the working staff of a great enterprise, this is because the position of the former as employed members is different. In reality they are nothing more than apprentices or pupils who know that in due time, when they have given proof of competence, they will become independent masters.

This presupposes that the possibilities for such advancement have been duly considered by the guild and the administration, working together, and bearing in mind the public demand for persons practising such crafts or professions. The granting of diplomas by the authorities will be subordinated to the growth of population, and the schools will have to guide their pupils in the choice of avocations. Especially does this apply to the liberal and academic professions.

Such inevitable encroachments upon individual liberty will be more than compensated by increasing security of livelihood and promotion; apart from the fact that the encroachments will not be the work of bureaucratic State officials, but will be made solely through the instruments of a system of self-government that will have to act within a framework prescribed by the State.



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### *B. Management of the Transition*

Here the extant vestiges of the guilds and cooperatives will provide stepping-stones. The advantages to the independent handicraftsmen and the members of the middle class that will derive from the new vocational associations, from the fixing of maximum numbers, etc., will be so great that the apparent disadvantage of the official control of prices will be fully made good — all the more seeing that the associations will be established by self-governing bodies, and will only be subject to State supervision.

Of great importance in this connexion will be the abolition of the existing scale and method of taxation, in place of which the guild will pay a lump sum, collected by the guild from its members.

The transformation of the minor handicrafts and petty retail establishments into the guild system of German socialism will be all the easier because the German handicraftsmen and small traders have a vital interest in escaping the destruction with which they are threatened by the capitalist system, and thus maintaining their existence as independent artisans, small shopkeepers, etc.

For the sake of completeness I must point out that house-ownership comes within the category of 'goods which can be augmented in quantity as much as you please' (see above, pp. 134-5), and will therefore remain private property. The necessary adjustment of rents will be arranged for by seeing to it that municipalities and cooperative building societies of all kinds shall provide a sufficiency of new dwellings on behalf of the public welfare — always on the presupposition (applying to pri-

## COOPERATIVE SOCIETIES

vately owned houses no less than to others) that land is not private property, but will merely be leased to the houseowner as a fief for a definite term of years. This fundamental principle will make sure that the State or the municipality (which in general will here be trustee for the State) shall have a decisive influence in the building market. Besides, the new way of dealing with banks and mortgages will make it easy to control the building-sites on which fantastic groundrents are now paid. Thus from the monetary side the building market will be made healthy once more.

### 8. COOPERATIVE SOCIETIES

One of the main objects of German socialism is to combine the personal egoism that is a necessary and useful part of our human equipment with advantage for the general welfare, much as the working of the engine propels an automobile.

This aim finds expression, for example, in the fact that a peasant's tenure of his farm is to be arranged with an eye to communal benefit. The surplus he produces by working harder will be 'tax-free'. Another and even more striking instance is that there will be no limit to the acquisition of commodities other than the natural limit to a man's working powers. Herein, once more, is a sharp distinction between German socialism and Marxian communism, for the latter only recognizes personal freedom in such matters within marked limits. But the decisive point is that however much money a man may possess, or however large a quantity of goods, these will not enable him to become an owner of land, its mineral resources, or the means of production — for

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they are only obtainable on 'entail'. (Apart altogether from the heavy inheritance tax which, except for a few taxes on luxuries, will be the only 'tax' of the old sort to remain.)

Although our picture of German socialism can be no more than a sketch, we can at least make it plain that the voluntary formation of producers' and consumers' co-operatives will be strongly encouraged by the State, which will be competent to encourage it through playing so active a part in all great enterprises.

Though it will be uncongenial to the nature of German socialism to introduce any kind of State coercion into economic life, this objection is neither theoretical nor unconditional, but merely represents a practical inference from the German character.

The development of cooperatives will be an important supplement to German socialism, and the economic counterpart to political self-government. It need hardly be said that the individual will be free to enter or leave a cooperative at will, partly because none but voluntary members can be expected to work cordially in the organization, and partly because nothing should be done to diminish the friendly rivalry between cooperative and non-cooperative enterprise. From this outlook it may be taken as a matter of course that there should be no material favouring of the cooperatives by the State, except that the State will certainly encourage the educational activities of the cooperatives, and this will be especially valuable where agricultural cooperatives are concerned.

Ideologically considered, the future trade unions will be simply workers' cooperatives whose main task will be

## PUBLIC ASSISTANCE

to promote vocational training and development; for the economic and political interests of the workers (and employees) will be best served, directly by the workers' councils (or employees' councils), and indirectly by the estates' chambers. (See below, pp. 197 and foll.)

I may take this opportunity of repeating that the German temperament is equally opposed to the disposition of western capitalism to ignore the rights of the community, and to the disposition of eastern bolshevism to ignore individual responsibility and to despise the creative will of the personality.

The economic system of German socialism is, therefore, no less hostile to eastern bolshevism than to western capitalism; and our socialists feel strongly akin to those forms of the Middle Ages that gave expression to our national peculiarities, and to the essentials of the German nature.

### 9. PUBLIC ASSISTANCE

Public assistance comprises care for those members of the community who are no longer in a position to gain their own livelihood.

The main significance of the term 'community' or 'commonwealth' is that no one who belongs to it shall have to endure the miseries of poverty. For the duties which every citizen owes to the community are also entail rights, being set off by the duties which the community owes to every citizen.

This principle implies the need for a comprehensive system of national insurance, covering childhood, unemployment, accident, old age, and death, supplemented by voluntary insurance.



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In contrast with the existing methods, the whole complicated system of insurance and support would be replaced under socialism by a unified life insurance. Every citizen would thereby be insured in a way that would guarantee him a sufficiency whatever happened, and no matter whether he (or she) was temporarily or permanently unfitted. Every citizen, moreover, by paying a supplementary premium, would be able to secure in case of need an allowance supplementary to that provided by the national insurance scheme.

As a matter of organization this would mean that all private insurance companies would be fused into one comprehensive national insurance scheme which would be directly connected with the Reichsbank. The economy effected by sweeping away the intricate apparatus of the extant private insurance companies, and by putting an end to the earning of considerable profits by the stockholders in such companies, would greatly reduce the premiums.

Further, matters would be much simplified by having only one aim of insurance — to safeguard the supply of a sufficiency for maintenance to anyone who should become unfitted for earning a livelihood, whether temporarily or permanently, and by whatever cause.

Desires for individual variations in what is regarded as a minimum subsistence would be met by having different grades of insurance. The lowest grade would be compulsory, and the premiums would be automatically deducted from wages or salary. What supplementary premiums were thought advisable would be decided by people themselves, at their own risk and at their own responsibility.

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In these circumstances under German socialism there would be no further possibility that any members of the community should go hungry, as they do today, or even (horrible to relate) actually starve to death.

Every German, man or woman, would then be freed from the dread of poverty in old age, which now, to many, is a source of unceasing anxiety and gloom.

### CHAPTER THREE

## THE GERMAN SOCIALIST STATE

### I. MATTERS OF PRINCIPLE

IN accordance with the organic conception that all institutions must be judged by the extent to which they favour organic life, we regard the State, not as something that stands above the community at large, but as nothing else than the organizational form of the people, the form that will ensure the fullest possible development of the organism known as the 'German people'. The State is not an end in itself, but something whose aim is (or should be) so to deal with the organism of the 'people' (or 'nation') that it may most effectively utilize all the energies that will enable the community to maintain itself as against other communities in the world.

It follows from this that the State is always determined by the peculiarities of the people. No people can take over intact the State-forms of another. When the form of the State is adapted to the peculiarities of the people of one country, our organic outlook makes it plain that this form of State cannot be perfectly adapted to the peculiarities of any other people. If, for instance, fascism is the form of State best suited to the Italian people (and the fact that the Italian people tolerates it makes this probable), then fascism cannot be the form of State best suited to the German people. The same considerations apply to the bolshevik form of State which prevails

### MATTERS OF PRINCIPLE

in Russia, which cannot possibly be the best form of State for the German people.

The State must originate out of the nature of the people; it should arrange the people's life, and reduce internal friction to a minimum, for then the outwardly directed energies will grow more powerful. The athlete who trains for some great achievement, who makes his nerves and muscles cooperate without friction, and who by the regular practice of graduated exercises also cultivates the mental powers of self-confidence and will-to-victory, is the model of an organism in prime condition. A team trained for success in some particular sport, such as football, is a community whose chances of victory depend on the same presupposition — the reducing of internal friction to a minimum, in order to secure the maximum output of well-directed energy.

This conception of the State as the best possible organization of the people involves the rejection on principle of the demigod role which all dictators and would-be dictators ascribe to the State, and implies the frank avowal of the 'people's State'. The organic connexion between people and State which underlies the latter notion imposes upon the conservative revolutionary as a necessary deduction that the forms of the State must adapt themselves to the internal and external transformation of the people, of the popular consciousness, of the popular degree of maturity. It also follows as a matter of principle that those forms of the State are 'good', i.e. suitable, which are favourable to the bodily and mental health and development of the organism that is the people; even as those forms of the State are



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'bad', i.e. unsuitable, that are unfavourable and inhibitive in these respects.

For the people is the content, the living, the organic; the State is the form, the dead, the organizational.

The experiences of recent years, and especially our experiences of the Hitler System, make it necessary to reject with the utmost possible emphasis the principle of the 'totalitarian State'.

The national idea, according to which man and his organic community the people should be the core of the social system, involves by its conservative nature the repudiation of any attempt to idolize an organizational form. No less decisively in favour of this repudiation is the recognition that the State, from its very nature, can only have regulative functions, that is to say can only influence and ought only to influence a part (though an important part) of the social life. Both the lower plane, that of the 'body' (= economic life), and still more the higher plane, that of the 'soul' (= culture), tend by their very nature to set themselves apart from the plane of the 'spirit' (= society), and claim for themselves independent fulfilment, unless the natural equilibrium is to be impaired, which will inevitably lead to the illness and ultimately to the death of the organism as a whole.

In accordance with the introductory thoughts to our Philosophical Foundations (see above, pp. 119 and foll.) the reader will, I think, understand these dissertations even if he finds I am making a somewhat unfamiliar use of terms. (This is mainly because the words—like old coins—have been worn thin by excessive use. They will need to be reminted in days to come.)

## THE FORM OF THE STATE

The lordly sense of superiority with which the genuine conservative always regards the State as nothing more than an instrument, a tool — as a 'suit of clothes' which fits the people more or less well — is justified, even as is justified the humble respect he has for the organism of the 'nation', in which he sees the durable whilst the State is the transient (varying with the extant growth or ripeness of the nation).

### 2. THE FORM OF THE STATE

For these reasons, at bottom the State form is indifferent, and all we have to enquire is which form of State is most appropriate to the present ripeness (= age) and ideology of the German people.

For these reasons, more especially, the question monarchy or republic is of little moment. Our choice will be determined by our answer to the question, 'Which form of State will be most suitable to the German character and essential nature?' The more suitable the State is to the German character, the more harmonious will be its internal organization, and the more powerful will it be in a world where it is faced by other States.

The principle that only the best and most efficient among German men shall be summoned to lead the State, excludes hereditary monarchy, for it is contrary to probabilities that talent will be so perfectly transmitted by inheritance that the son of the best leader will also be the best leader of his people. An additional argument against hereditary monarchy is the principle that there must be no handicap in life, that there shall be equality of opportunity for all the citizens. A form of State in which a supreme position is assured, by the mere fact

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of birth, to the eldest son of the reigning monarch conflicts so drastically with the principle of equality of opportunity that it is self-condemned.

Remains to decide between an electoral monarchy and a republic. In either case the head of the State will be elected: in an electoral monarchy, for life; in a republic, for a specified term.

A short term certainly involves the danger that the president will be tempted, in order to favour his chances of re-election, to bribe the electors by concessions of one sort or another; and this will make dispassionate government unlikely. The danger of bias will be greater when the president is energetic and ambitious (two qualities that are otherwise desirable in a statesman), resulting in corruption when the electorate is small, in the courting of popularity when it is large.

Such dangers are obviated when the president (or monarch) is elected for life, for this makes him independent of the electors, and enables him to contemplate and carry out far-reaching schemes regardless of anything so mutable as popular favour.

For these reasons it seems to us that the best arrangement for Germany would be that the Reich should have a president elected for the term of his natural life. That would be conformable with the experience of more than a thousand years of German history, and it matters not whether the monarch so chosen is called an emperor or a president.

### 3. ADMINISTRATION

The president of the Reich, elected for life, will be the supreme representative of the State authority. The

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ministers appointed by and subordinate to him will merely be experts with advisory functions, and will not be responsible wielders of State power; they will be personally responsible to the president.

The second wielder of State authority will be the Great Council.

The Great Council will consist of the presidents of the provinces (from twelve to seventeen in number), the five ministers of State, and the presidium of the Reich Chamber of the Estates. It will therefore have about two dozen members, all of them persons of outstanding importance. By a simple majority vote, the Great Council will also elect the president of the Reich (who need not be a member of the Council).

The third wielder of State authority will be the Reich Chamber of Estates. This will consist of 110 members, 100 being elected and 10 being nominated. It stands at the head of the entire Estates System. (Fuller details will be found in Section Five, below.)

The three wielders of State authority will have equal powers. A law will require the assent of any two of them for enactment or repeal.

Stability in the management of the State will be ensured by the fact that the president of the Reich is elected for life, that he will command a majority in the Great Council (since he appoints the presidents of the provinces), and because, nominating ten members of the Reich Chamber of Estates, he will also have predominant influence in that body.

The position of the president of the Reich, which was outlined by the author in 1931, obtruded itself into the Hitler System after Hindenburg's death — but with



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the difference typical of the transitional character of the Hitlerian epoch, that here it was an inevitable outcome of circumstances, not the fruit of creative will. This accounts for the absurdity that the ministry *de jure* of the Reich still has in the main (as the Weimar constitution foresaw) *de facto* the character of a mere body of experts with advisory functions, and lacking the powers of responsible government.

But precisely because the president of the Reich will thus have a great deal of power, it is vital that there should be the two other wielders of State authority, to establish the eminently desirable modern form of 'authoritarian democracy', which is fundamentally distinct both from the dictatorship (of an individual or of a party) and from the mass dominion (of parties or councils). — Once more, fuller details will be found below in Section Five.

Here it becomes necessary to say something very important about the officialdom. In conformity with the essential nature of the genuine 'people's State' which we desire to establish, there must be no privileged officials. Probably there is no popular sentiment more widely diffused, and certainly there can be none better justified, than discontent with an officialdom which considers itself entitled to lead a sheltered life apart from the economic struggles of the broad masses of the people. Less than ever today do any exceptional achievements of the officialdom warrant such a position.

When as a matter of principle the 'official' has become nothing more than a 'public servant', he will have to fulfil all the demands for efficiency and hard work that are made of the members of the liberal professions, and

## PROVINCIAL SUBDIVISION

to share in the vicissitudes of the general welfare. In other words, whereas in contemporary Germany the officials have peculiar rights in that they cannot be dismissed and are entitled to pensions — when the new order has been established, absolute security against dismissal will have been forfeited by officials of all grades, whilst the right to a pension will belong to every German citizen without exception.

It will be a firm principle with German socialism that a privileged and powerful officialdom — bureaucracy, in short — will be a deadly peril, against which the only safeguards are a maximum of self-government, and a minimum of official rights. That is why strict supervision and control of all public functionaries will be so imperative.

## 4. PROVINCIAL SUBDIVISION

One of the most difficult questions of German home policy, hitherto, has been the puerile one, unitarism or federalism? The question is of typically liberal origin, and it need hardly be said that the liberal answer has always been 'unitarism'.

Though a conservative German will no less certainly answer 'federalism', it must not be supposed that he dreams of making the present German States the units of this new federalism. These States nowise correspond to the organic integrality of the populations living within their 'borders'. They came into being as a result of the local dynasts' endeavour to bring as much territory and as many 'subjects' as possible under their respective sways — an endeavour which was most powerful (and

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also most deleterious to Germany) in the Habsburg monarchy.

It will, therefore, obviously be needful for Germany, as a start, to break up and rearrange these separate States.

I know that, as things are now, both Old Prussia and New Prussia will strongly oppose the disintegration of the State that passes by the name of Prussia, on the ground that it would be disastrous to the Reich because it would impair the formative energy of the Prussian spirit.

I have, indeed, too much respect for the Prussian spirit, and am too keenly aware of the important part it has played in German history, to be moved by any anti-Prussian resentment such as I might be supposed to have imbibed in my Bavarian homeland.

But my knowledge of the German character and of German history have convinced me that the Prussian particularist solution was no more than an arbitrary expedient — which did not cease to be an arbitrary expedient because it was advocated and adopted by Frederick the Great and then by Bismarck. My general understanding of historical interlacements convinces me, indeed, that in the epoch of the (liberal) national State there was no other way by which the Reich could be established than by the hegemony of Prussia. But the same understanding now informs me that the time is ripe for a revival of the old (conservative) idea of the Reich, an idea whose mystical interconnexion with the rebirth of the West is overwhelmingly confirmed by the history of the last thousand years.

The development of the German people into a true

## PROVINCIAL SUBDIVISION

German nation (which I regard as the substantial meaning of the German Revolution) demands and compels that Prussian particularism in all its forms shall be thrown into the melting-pot, demands and compels a wedding of the Frederician German type with the Theresian German type to procreate (anew) the true German — for to the true German appertains a European sense, which was so conspicuously and fatefully lacking in Prussian particularism.

This recognition of the necessarily unified character of the German State is not an acceptance of the ideal of liberal unitarism. For this unified German State must not be ruled centrally from one spot. There are such marked geopolitical, religious, and cultural differences within the German people as to forbid a uniformity that would conflict with the very nature of the Germans. Though, therefore, the coming German realm will be unified, it will be federally subdivided into provinces. The extant arbitrarily formed States and territories having been broken up, they will be rearranged into from twelve to fifteen provinces, each corresponding to a geopolitical, cultural, and tribal entity.

The weekly periodical I used to edit under the title of 'Der schwarze Front'<sup>1</sup> contains, in its issue of September 30, 1931, a sketch of the proposed provincial subdivision of the German Reich as it then existed, to which I refer readers who want more details.

The province will be subdivided into circles (Kreise), each having approximately the size of the present circles (in Bavaria, Bezirk; in Saxony, Amtshauptmannschaft;

<sup>1</sup> It has now [1936] become *Die deutsche Revolution*, Verlag Heinrich Grunov, Prague.



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in Württemberg, Oberamt; in Baden, Amtsbezirk; in Mecklenburg and Oldenburg, Amt).

Reich — province — circle will thus be the organizational subdivision of the administrative areas of the German State.

Each province will have its own president, who will hold office for seven years. He will be appointed by the president of the Reich, but the appointment will be subject to the approval of the Provincial Chamber of Estates. If this approval is withheld for two years in succession, the provincial president will have to retire, and the president of the Reich must appoint another.

In like manner the circle president will be appointed for five years by the provincial president, and his appointment will need the approval of the Circle Chamber of Estates. Here also, if approval is withheld once, the question will come up again after a year's interval.

The need for confirmation of the appointment of the chief provincial and circle officials by the respective Chambers of Estates implies the exercise of an extremely important influence by the popular assemblies. Thereby the presidents of circles and provinces will become at least as dependent upon the good will of the people as upon that of their official superiors, and this is all the more important because thus the popular influence in the Great Council will go far beyond that in any case exercised through the representatives directly elected by the people (the five chairmen of the Reich Chambers of Estates).

The prescription of a one-year-interval before a second vote by which the president of a province or a

## THE ESTATES SYSTEM

circle can be definitively dismissed safeguards these officials against excessive mutability of public opinion, and ensures in any case the continuous functioning of State authority.

### 5. THE ESTATES SYSTEM

#### A. *Abolition of the Party System*

The most important inference from the conservative view that human beings (even the members of the same people) are unequal in bodily, mental, and religious respects, and therefore unequal in what they can do for the community, is the repudiation of the (pseudo-) democratic principle of equality.

A further inference is the recognition that every human being can only form valid judgments about things and persons that he knows from his own achievements and from personal experience. This involves the repudiation of the politico-parliamentary electoral system.

It is time to unveil the repulsive and gain-seeking falsehood of popular government which is an essential constituent of liberalism, which is disseminated by selfish groups of capitalists, promulgated by internationals of all kinds, maintained by demagoguery that tickles the vanity of the masses and contributes to securing for various obscure forces an influence and leadership that would be impossible in a better-managed State.

That is why the German socialists unconditionally reject any kind of political election, any election by political parties and groups which always remain anonymous, and, conversely, why they insist that it is

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necessary to establish a system of popular representation by vocational estates.

On principle these demands signify the end of all political parties, and whatever kind of parliaments they may have formed. From their very nature political parties have a vital interest in sundering the people into factions, for they exist through producing such a cleavage, and their main task is to foster and intensify oppositions of every kind by means of the press, public meetings, etc. A genuine commonwealth of the people can, therefore, only be established by the destruction of the existing party system.

If I here reproduce without change what appears concerning this matter in the first edition (1931) of the *Aufbau des deutschen Sozialismus*, it is only to show in how inadequate, half-hearted, and therefore inoperative a way the Hitler System fulfilled this primary demand of the German Revolution. The necessary and eminently desirable dissolution of political parties was stayed as regards the dissolution of the Hitlerian Party; the (evil and corrupt) system of rule by political parties was replaced by the (still more evil and still more corrupt) system of rule by a monopolist party.

All complaints made of the party system apply with redoubled force to the monopolist party system of the Hitler regime, which has all the drawbacks of the multiple-party system and none of its advantages.

In my view the parliamentary form of party government is incomparably preferable to any kind of uncontrolled personal or party dictatorship — not forgetting that there are varieties of parliamentary party government, ranging from the ideal-democratic system of the

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Swiss canton of Appenzell by way of the conservative-democratic system of Great Britain to the demagogic-democratic system of the Weimar Republic.

The fact that there are such diversities within the field of parliamentary democracy shows that where there are different preliminaries, at varying times and under various developmental conditions, there may be distinctive forms of democracy, and that it is consequently incumbent upon us to study what new kinds of democracy may be called for by existing circumstances.

Nor must we forget the signal fact that during the last decades of western social evolution there has been going on everywhere a 'massing' of the people which cannot fail to have momentous consequences. Owing to the rapid growth of towns, of enormous towns, tentacular towns, people have been uprooted from the countryside and 'intellectualized' in a way that has weakened their healthy instincts; this has been accompanied by a growing inclination to overrate both machinery and sport, these in their turn tending to hasten the general despiritualization of life. The net upshot has been the fateful change of the peoples into mere masses, a change which has increasingly affected all the European nations. Elsewhere,<sup>1</sup> discussing the matter in detail, I have given concrete instances of this trend and its effect upon political life. Here, then, it will suffice to reiterate my conclusion that this disastrous change from people to mass will necessarily involve the decay of all the old forms of democracy — a decay that is so con-

<sup>1</sup> See my book *Die deutsche Bartholomäusnacht* [the German Massacre of St. Bartholomew], Reso-Verlag, Zurich, 1935, pp. 129 and foll.



## THE GERMAN SOCIALIST STATE

spicuously displayed by the cheapjack methods of the mass political parties of today.

A logical inference from this, reinforced by a knowledge of what has been happening in Germany, is that the revival of the old parties has become impossible.

The German people's passive acceptance of these (still no more than half-finished) workings of the Hitler System shows very clearly [in 1936] how accurate was the diagnosis of the situation I made five years ago, and how in this respect the Hitler System has been fulfilling the will of the German Revolution.

### *B. Vocational Councils*

It is of the utmost importance, therefore, to establish a new form of democracy which shall avoid the defects of the old kinds, shall make due allowance for the 'massing' which has occurred, shall go out to meet the dangers that have resulted therefrom, and shall overcome them within its own structure — trying, at the same time, to arrest, and as far as may be to reverse, this process of disintegration.

These things will only be possible if we can liberate once more the mighty energies of self-government, loosen the framework of society, educate the people by systematically encouraging political responsibility in the very lowest strata of the community, and thus consolidate a supporting tier, without which authoritative democracy is impossible.

We must therefore create, instead of the bureaucratically dictatorial State of fascist, bolshevist, or parliamentary irresponsibility, the genuinely popular State of German democracy and aristocratic responsibility.

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The principles and forms of an aristocratically responsible way of carrying on the State have been expounded in the first four sections of this chapter. We now have to consider the principles and forms of supervision and collaboration by the people, of self-government by the estates, of what I call 'German democracy'.

Starting from the conservative view enunciated above (p. 189) that a human being can only form valid judgments about things and persons that he knows from his own achievements and from personal experience, we arrive at the vocation as the basis of every 'choice', every election, that the individual German can make in his own sphere of achievement and personal experience.

Therewith is fulfilled another vital demand based upon the conservative view, that only those citizens shall have seat and vote in the Thing who contribute a prescribed minimum by way of achievement on behalf of the community, in a word, only those who work.

The demand that the electors should be personally known is fulfilled by the circumstance that the 'constituency' shall be the smallest 'administrative unit' — the circle.

The German citizen will therefore make one primary electoral act, within his own vocation and his own circle.

In each circle there will be elected five vocational chambers, or vocational councils, namely:

- the Workers' Council of the Circle,
- the Peasants' Council of the Circle,
- the Council of the Liberal Professions,
- the Council for Industry and Trade,
- the Council for Employees and Officials.

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Each vocational council of the circle will consist of twenty-five members elected for three years.

These vocational councils will be the only popular assemblies that are the outcome of general, equal, secret, and direct election by persons active in a vocation or retired therefrom.

They are exclusively vocational representations of persons united by common interests.

This fact prescribes their sphere of activity. The vocational councils will deal with all vocational interests; will supervise wages, working conditions, vocational training, etc.; they will be the experts to be consulted upon all vocational questions by the national administration; and, above all, they will decide matters of fiefs and 'entails'. They alone will nominate the candidate for any fief that becomes vacant, and the State will ratify the appointment through the instrumentality of the appropriate circle-president — or else will refuse to ratify it, in which case the vocational council concerned will have to make a fresh nomination.

The vocational electors will naturally do their utmost to elect as members of the vocational council the persons best fitted for their task, being guided by a knowledge of the candidates both in vocational and in private life.

The further development of the vocational councils will accord with the structure of the administration in this way, that the vocational councils of the circles will elect the five vocational councils of the province, consisting of fifty members each, belonging to the appropriate vocation; and the vocational councils of the provinces will elect the five vocational councils of

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the Reich, each consisting of one hundred members, belonging to the appropriate vocation.

The decisive feature here is that these elections of the provincial chambers and the Reich chambers is not primary, but indirect; not by the ultimate electors, but by the members of the next lower grade of vocational representation. The object here is, of course, to ensure that the most capable and effective vocational representatives shall rise into the higher bodies, which will be guaranteed all the more securely by indirect election without any canvassing of the primary electorate because the election of the fittest is in the interest of each vocation.

The members of the provincial vocational council will be elected for five years, those of the Reich vocational council for seven.

The sphere of activity of the higher councils will be identical with that of the circle councils. Substitutes will have to be elected to a lower council in place of those appointed to a higher council.

Thus the vocational councils will represent the interests of all the active workers in Germany.

It is important to note that the self-government of these councils will be absolutely independent, whereas in Italy and Russia the State and the respective monopolist parties dominate (that is to say interfere with) the self-government of the active workers. This is especially marked in Italy, where none but members of the Fascist Party or the fascist unions are eligible for election and entitled to vote, the representation of the active workers being thus limited to a small fraction of the population (carefully sifted by the organs of the State), consisting



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of persons in relation to whom the masses of active workers have no rights whatever. (It is the same here in Germany under the Hitler System, without even the trifling fragment of the corporations.)

It is somewhat different in Russia, where (in theory, at least) the whole mass of active workers has the suffrage. Still, the different categories of active workers have different voting powers, and some are expressly disfranchized. Five peasant votes correspond to one worker vote — though we are told that there is to be a change in the next elections; and many persons engaged in 'bourgeois' vocations, notably the intellectual professions, are disfranchized. It is significant that in Russia the motions that are to be voted on are decided by the party, and merely have to be 'approved' by the assemblies. Also we note in Russia a very remarkable fact that whereas in the councils of the lower grade there are many non-party members (of course persons acceptable to the party), there is a much larger proportion of communists in the middle-grade bodies, and the highest councils consist exclusively of party members. This signifies that there can be no genuine, independent, democratic representation of the interests of all active workers.

Contrariwise the war-cry of German socialism is that we shall ensure unrestricted, truly democratic self-government by all the active workers of the population. There must be no influence exerted by, no dependence upon, any powerful group or party, and least of all upon the State. No matter what the State may desire, under the German system any German who enjoys the confidence of others that pursue the same vocation will be

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able to make his way into the highest offices by which the State is controlled and led; even becoming a member of the Reich Chamber of Estates or the Great Council. This will mean the most complete democracy attainable and without a chance of its degenerating into demagogic rule.

### *C. Chambers of Estates*

Inasmuch as the vocational councils of the circle, the province, and the Reich will represent nothing but vocational interests, they must be supplemented by general popular representation.

In each administrative unit (circle, province, Reich) there will, consequently, be formed out of its vocational councils a Chamber of Estates, as follows.

The Circle Chamber of Estates will consist of twenty-five persons elected by the vocational councils of that circle and three additional members nominated by the circle president. These nominees must be eminent and respected inhabitants of the circle.

The Provincial Chamber of Estates will consist of fifty persons elected by the vocational councils of the province and five additional members nominated by the president of the province.

The Reich Chamber of Estates will consist of one hundred persons elected by the vocational councils of the Reich and ten additional members nominated by the president of the Reich.

Of decisive importance to the composition of the Chambers of Estates is it to make sure that they shall faithfully reflect the sociological stratification of the circle, the province, or the Reich. For this reason the

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various vocational councils will not elect the same number of members each to the appropriate Chamber of Estates, but a number proportional to the composition of the population in the administrative area concerned. If, for instance, in a province there are 40% of workers, 25% of peasants, 10% of tradespeople, 10% practising the liberal professions, and 15% of employees or officials, then the membership of the Chamber of Estates must comprise the same respective proportions. Of the fifty members of this provincial Chamber of Estates, twenty would be industrial workers; twelve, peasants; five, tradesmen; five, members of the liberal professions; eight, employees or officials. One necessary limitation to this would be that no vocation must have more than 50% of the members of the Chamber, so that it would not be possible for one of the estates to command a clear majority over the others.

In each administrative area the presidium of a Chamber of Estates would be formed by the five chairmen of the vocational councils.

The sphere of activity of a Chamber of Estates is fundamentally different from that of a vocational council.

The Chambers of Estates form an important part of the State administration and State leadership.

Their collaboration in every governmental measure is direct insofar as every decree by a circle president or provincial president would need the approval of the appropriate Chamber of Estates. Moreover, as explained in Section Four of this chapter (pp. 188 and 189), the circle president and the provincial president will need to enjoy the confidence of their respective Chambers of

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Estates for the proper performance of their official duties.

But the right of veto possessed by a Circle Chamber of Estates or a Provincial Chamber of Estates only becomes effective when exerted, about the same matter, for a second time after a year's interval. This measure cuts both ways: for, on the one hand, it prevents the holding-up of measures urgently required for the good of the State; and, on the other hand, the permanent enforcement of an unpopular measure, or the continuance in office of an unpopular president, will be prevented by the system of popular representation.

In addition the activity of the Chambers of Estates will render possible their authoritative supervision of the whole State administration in the area under their control, and especially their collaboration in matters of consumption, prices, quality, etc.

The duration of the Chambers of Estates, in conformity with that of the vocational councils, will be three years for the circle, five for the province, seven for the Reich.

The special duties of the Reich Chamber of Estates as the legislative body, and the further duties of its presidium of five (consisting of the chairmen of the five Reich vocational councils) has been discussed in Section Three of this chapter.

Not unimportant is it to mention that representative services in the vocational councils and Chambers of Estates will be honorary. Compensation will be allowed for loss of time and out-of-pocket expenses, but there will be no financial advantage in holding such a post.



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The decisive importance of this scheme for the representation of the estates, lies in the fact that thereby the popular will can find expression throughout the work of administration no matter what the State authorities may do or desire to do.

The distinction between vocational councils and Chambers of Estates, both as regards their composition and as regards their duties, is of the utmost moment.

Whilst the vocational councils give expression and influence to the vertical stratification of the German people, the Chambers of Estates represent the horizontal stratification, and thus give a cross-section through the interests of various parts of the population in all areas of the Reich.

The councils represent purely vocational interests, so that their duties are correspondingly restricted to the particular vocations and the relation of these to the State; but the Chambers secure for the localities a general popular representation, and consequently form an important part of the general State administration and State guidance.

Of especial consequence is it that thereby will be ensured a direct and lasting popular control of the State and its officials in all parts of the State apparatus.

In the fascist State there is no such control; in the bolshevik State it can only be exercised 'by way of the Party' (which is almost identical with the State); and in the parliamentary State, at the best, control can only be exercised by unseating the government, which is often a difficult matter. But the Circle and Provincial Chambers of Estates, with their right of veto over circle president and territorial president, can control the State

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apparatus permanently, directly, and effectively; can control it from the bottom to the top through the instrumentality of independent popular representatives. Hereby we realize the idea of a people's State as contrasted with bureaucracy.

CHAPTER FOUR

CULTURAL POLICY OF GERMAN  
SOCIALISM

I. CONSERVATIVE REALISM

IN conformity with our knowledge of the completeness of the revolution that is inevitable, and is therefore in progress, we realize that there is also going on a revolutionary change in peoples' minds. They are forming a new estimate of the meaning of life and of the task that awaits mankind.

The philosophy of the liberal epoch has been and still is materialism. Nothing typifies Marxism more plainly than the fact that it is tainted with alien views of socialism, that its program is shaped by the materialist philosophy which it shares with liberalism.

Before the French Revolution we already encounter traces of a new outlook on life — the outlook of those who aspire to break away from their allegiance to God, and to take their stand exclusively upon the logical plane of a human knowledge that has been freed from sparks of the divine.

This rationalist way of looking at things involved a number of serious errors. The rationalists and materialists believed themselves able to explain nature; but they failed to grasp nature in its entirety, in its relations to life; they recognized no other phenomena than those that could be numbered, weighed, and measured, and thus subjected to what they regarded as 'law'. All that lay

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beyond this, which was non-rational and therefore 'unreasonable', all that was inaccessible to the reason, to the understanding, having been deliberately excluded from observation, they then went on trying to force their rationalist laws upon the non-rational.

The development of science, which convinced them they would be able to understand and explain everything, induced an overweening pride which made them regard the understanding of the ego as the measure of all things, and recognize as real only that which the understanding (thus limited) could grasp. Matter and force were the foundations of all being. The rationalists, the materialists, felt that they could really understand matter, but force remained inexplicable. Still, this did not bother these would-be 'explainers'. The contemplation of dead matter, of its atomic structure, of the juxtaposition of these atoms and their mechanical relations in a universe where they were moved by named but inexplicable forces, became the foundation of their picture of the world, the basis of the materialist outlook — of materialism.

To us conservatives this attempt of the liberals to evade the mysteries of life, the subordinations to destiny, with the methods of a soulless logic, seems to us as childish as would be the endeavour to ascertain the perfume of a flower with a yardstick or a weighing machine. Humbly and modestly we recognize that the decrees of fate lie outside human control, and that it behoves man to abide by these decrees — in a word, to accept 'God's will'. We know and accept His will as the pre-supposition of all that befalls man and of all human action, and we solve the eternal enigma of the freedom



## CULTURAL POLICY OF GERMAN SOCIALISM

of the human will by saying that the 'What' lies without the sphere of that will, but the 'How' within.

We thus find a new significance for life in the fulfilment of the 'God-willed' specific peculiarities of our people, in the affirmation and perfectionment of the people's soul as a revelation from God.

But we should only be making a blunder akin to that of the materialists were we, in our turn, to proclaim idealism as an exclusive philosophy of the world.

Indubitably it has been one of the great and never-to-be-forgotten services of liberalism in general and of Marxism in particular to have proved how valuable and important to life are material forces, material relations, and material functions; a service which abides, however much the liberals and the Marxians may have underestimated the value and importance of ideal forces, ideal relations, and ideal functions.

Were the German socialists, instead, to overestimate the value and importance of idealism, they would be false to the crucial doctrine of the neo-conservative organic philosophy, according to which the true and all-embracing reality of life is discoverable in the relations and the functions of the necessarily unified forces of body, mind, and soul. We are justified therefore in speaking of conservative realism as the typical philosophy of the German socialists.

## 2. RELIGION AND CHURCH

Conservative realism not only regards the power of faith as one of the most splendid manifestations of the soul, but also affirms the greatness and everlastingness

## RELIGION AND CHURCH

of the religious sentiment which unites the human soul with God.

But our humility towards every true religion must not blind us to the fact that not only religious ideas, but also (and even more) religious forms, i.e. the Churches, are intertwined with the specific peculiarities of the various nations and with the general laws of human transitoriness which finds expression in the mutability of all the phenomena of life.

Here, then, arises (more especially in view of the turn the German Revolution has taken of late), the question where Christianity stands in the picture.

We should be false to the teachings of history were we to deny that the source of Christianity did not flow from the spot where the heart of the West beats. But if, as we showed in the chapter on Philosophical Foundations, the concept 'West' includes the religious elements of history as well as the racial and geopolitical ones, it follows undeniably that the mighty experience of Christianity has been an inseparable constituent of the West, and that any attempt to eliminate it would be as foolish and impracticable as to attempt to make the impressions of two thousand years of history non-existent.

This does not mean that the mutations of the West, as determined by the eternal law of growing older and by the rhythmic change in ideas, will not have a decisive influence upon Christianity itself. If today far-seeing Christian theologians speak and write both of the 'Germanization of Catholicism' and of the 'Catholicization of Protestantism',<sup>1</sup> this shows to how great an extent muta-

<sup>1</sup> Cf. the article entitled 'Katholische Kirche und National-Sozialismus' in the *Neue Zürcher Zeitung*, No. 1268, July 21, 1935.

## CULTURAL POLICY OF GERMAN SOCIALISM

tion is going on in Christianity. A glance at the religious and organizational struggles in the Protestant Churches and in the Greek Orthodox Church, at the changed and changing relations between Catholicism and Protestantism, and also between the Catholic Church and the Greek Orthodox Church, will confirm the view that political and economic structural changes in the West are bound to have a decisive influence upon its religious and cultural forms.

All this indicates that Christianity and Europe are not antitheses, but that, on the contrary, the mental attitude of the West has been formed and determined by Christianity — which itself, though beginning outside Europe, has largely been domiciled there for ages.

In this connexion the reader will do well to refer back to the last paragraph on p. 98, where I deal with the question of the relation of the Eastern Catholic (Orthodox) Churches to Western Europe.

The author does not wish, nor does he feel competent, to go more deeply into these eminently personal religious problems. Enough to have referred to the matter in general terms, and to have recognized (with considerable gratification) that inside and outside Christianity great and vigorous movements are heralding a religious renaissance, though without as yet having any obvious effect upon the extant Churches.

Above all he is interested in the relations between State and Church, and is strongly in favour of the separation of the two.

This separation would mean the end of an unworthy dependence of the Church upon the State, and also the beginning of a free development of the extant Churches.

## RELIGION AND CHURCH

It would still be the obvious duty of the State to protect the Churches against attack from without.

A separation of the main Church in a country from the State would likewise be beneficial to other religious communities, and would favour the growth of all genuine religious movements, with whose internal affairs the State should never interfere.

The proclamation of the freedom of faith and conscience would be usefully supplemented by a recognition of the freedom of art and science, whose healthy growth needs independence from the rule of the average man — and what more can any State be in these respects? Then only will the intellectual and artistic rivalry of the European nations, an Olympiad of the spirit, be really fruitful, so that a cultural renovation of Europe will be no less certain than a political and economic revival.

The press requires special consideration. Though on principle we demand the freedom of the press, liberty does not mean libertinage, as it has done often enough under liberal auspices. Guarantees will have to be given to ensure that freedom shall not be misused.

The most effective guarantee will be insistence that every contribution to a periodical shall be signed. The abolition of anonymity and of the editorial 'we' will make the writer responsible both politically and legally. Another valuable safeguard will be that a sharp distinction shall be drawn between politics and business. It must be made impossible for the advertisement columns to influence the 'news'. This will be achieved by an advertisement monopoly, and the consequently reduced cost of production and distribution in the case of many commodities will have a good effect on prices.



## CULTURAL POLICY OF GERMAN SOCIALISM

### 3. THE NEW SCHOOL

The position and form of the school is of direct interest to the present work.

The position and form of the school are dependent upon the importance attached to the school, and upon the tasks assigned to it by popular culture and the German State.

For the State, the school is the principal means by which the intellectual leaders are sifted out. Though earlier I have castigated and repudiated the liberal illusion concerning human equality, I nevertheless ardently champion the conservative doctrine that equality of opportunity is essential — that, as far as can be, all should be given an equal start in the race of life. There must be no needless handicaps.

Nothing but an equal start for all citizens can ensure that there shall be an organic stratification into 'estates', that is to say into groups of similar, equally competent, equally directed human beings whose occupation is in harmony with their 'calling' — instead of a disastrous stratification into 'classes', this meaning into groups of dissimilar, variously competent, variously directed human beings who follow the same occupation, not because they have a 'calling', but because they have been forced to.

To give an equal start, education at all the schools must be free, and the pupils will be gratuitously supplied with the requisite books and materials. Arrangements must also be made to render it possible for every pupil at an elementary school to pass on to a higher school, no matter where he lives — for of course there will not be a secondary school in every district. The cost of attend-

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ing such schools at a distance from the pupils' homes will be defrayed by the State.

A people's community can have only one kind of primary schools, at which there will be separate classes for more highly gifted and less highly gifted children. When the course at the elementary school is finished, education will be continued at a technical or vocational school, in other cases at a higher school, and later, in suitable cases, at a university. The uniformity of system does not mean that all the schools will be exactly alike, for they will be variously adapted to peculiarities in the provinces and circles.

The subjects taught in the elementary school will be German, history, arithmetic, knowledge of the homeland, the beginnings of natural science, bodily exercises, gardening, simple technical training — the aim being, not to 'impart information' but to educate Germans. The age for attendance at the elementary school will be from six to fourteen, inasmuch as not until after puberty will the vocation be chosen and vocational training begin. Before that, the child will be growing up into the German cultural world, without having his mind unduly diverted towards alien cultures during the receptive years of childhood.

At puberty a child will pass on from the elementary school, either to a vocational (technical) school, or else to a higher school where training in the direction of the intellectual professions will be carried on.

At a high school, education will be more diversified. Since German culture will have been thoroughly instilled at the elementary school, alien cultures can now be taught, for there will be little risk of alien contamination.

## CULTURAL POLICY OF GERMAN SOCIALISM

When the high-school education is finished, selection of pupils for the university will take place. Here it is not simply the 'amount of knowledge' that has been acquired which will be taken into consideration, but also the character that will be considered desirable in a person destined to be one of the future leaders of the German people.

The decisive feature of the selection will be, not that the youngsters (or their parents for them) want university education, but the will of the community, as expressed through the teaching staffs and the examiners (who must have had plenty of practical experience). Mistakes can be avoided by insisting, not only on promotion certificates from the school which is being left, but on the passing of an entrance examination at the higher school or university to which the pupil is going.

These methods will fulfil the aims of any careful and intelligent system of State leadership, that the best elements of the whole population shall be given a good chance of rising to the top. Only a lasting and self-regulative process of renovation can prevent the occurrence of 'morbid stasis' here and there in the national organism.

It is expedient to point out that for such a structural alteration in the German educational system, a spiritual change throughout will be indispensable.

Hitherto the main object of schooling has been to 'impart information', but henceforward it will be regarded as at least equally important to train character. As a result, not only will the pupil's character have a decisive influence upon his chances of promotion to a higher school or a university, but the educational institutions

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will thereby be profoundly modified both subjectively and objectively.

More especially the universities will differ greatly from our present ones. They will lose the duplex character they now have of being institutions both for teaching and for research. Whereas, nowadays, for practical reasons more emphasis is usually laid upon research than upon teaching, in days to come there will be great stress on teaching and on character-training. The universities will be of a collegiate type, that is to say they will be circumscribed institutions, in the country rather than in towns, with an attached economic branch where in the vacations the students will be engaged in practical labours. The two first terms will be devoted to general philosophical, historical, and artistic studies, after which the separation into faculties will begin. Great value will be attached to sports, comradeship, and the like; each university will probably have its own tradition, to the maintenance of which sometime-students' clubs will contribute.

The higher schools will be analogous to our present gymnasia, but early specialization will be avoided. Special importance will be attached to high schools having courses conducted in foreign tongues, which will not only promote close touch with the intellectual world of foreign nations, but will encourage the appearance of many good linguists among the Germans. (This will further have a good effect upon the national minorities living in Germany, and will encourage foreigners to come to German schools.)

One may hope that former pupils of a high school will continue to take a lively interest in its work, partly in the



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indirect form of patronage, partly in the direct form of assistance as examiners. These outsiders, both in the high school and in the elementary school, will assist the teaching staff in deciding a pupil's chances of promotion.

It is of fundamental importance that by thus regulating promotion the State should be able to prevent the overstocking of the country's professional intelligentsia, for any such overproduction of intellectuals or would-be intellectuals is most unwholesome to the social organism.

### 4. ARMY AND LABOUR SERVICES

However much we may insist on the need for a sifting by character, the school, from its very nature, will always tend to lay more weight upon intelligence tests.

How important it is therefore that schooling should be followed by another method of selection which allows adequately for the fact that in human beings the formation of character is not completed until after puberty, when the first educational period is over.

This supplementary testing will be effected in the universal labour service and in the voluntary army service.

For all young Germans of both sexes the close of early vocational training will be followed by a year of labour service in which the pupil will have to learn a handicraft. This year of labour service, during which the pupils will lead a comradely life that will be of considerable social importance, will also enable young Germans to revise their choice of a vocation, and will subject them to a process of selection that will help to disclose (after they have left the elementary school) those that are fitted for an intellectual vocation.

## GERMAN LAW, JUSTICE, AND RIGHT

Of peculiar importance in selection by character will also be the period of voluntary military service for those that undertake it. This follows from the constitutional inequality of human beings, a recognition of which I have several times explained as one of the main features of the conservative philosophy.

Whereas a year of labour service will be compulsory, report for army service will be a voluntary affair. Inasmuch as military service will continue for several years, is not associated with the acquisition of new, privately useful knowledge, and involves considerable risk in the event of war, we may be sure that none but the nationally useful young fellows will wish to enter the army. In this way will be ensured the racial selection of those who will form the supporting stratum of the German socialist State.

The outstanding value of such a selection, which will confer on those who are sifted out a new title to nobility, will be that the title is acquired, not by birth, but by personal choice.

The extreme political importance of such a sustaining stratum, which will extend through all vocations and estates, can be underlined once more by providing that every person who occupies a highly esteemed unremunerated position (all magistrates, guardians, trustees, etc.) shall be taken from this stratum.

### 5. GERMAN LAW, JUSTICE, AND RIGHT

Our account of the national culture would be inadequate should we fail to insist how essential it is that this culture shall favour the development of a German system of law, justice, and right.

## CULTURAL POLICY OF GERMAN SOCIALISM

It is self-evident from the national outlook that there can be no such thing as 'law per se', for the consciousness of right and the prevailing forms of law derive from the peculiarities of each people, from the age it has reached, and from the ideas that are at any time dominant.

That basic notion secured expression in our demand for a new economic law, and I have again and again stressed the national peculiarity of this economic law of German socialism.

But the law relating to persons needs a no less radical transformation than the law relating to things. It is preposterous to suppose that the present Civil Code can remain in force for as much as a day after the German Revolution has become effective.

Without going into too much detail I may mention as the fundamental idea of German law that the protection of honour is more important than the protection of things and rights. Another very important notion is that the Roman-Christian idea of punishment must be replaced by the Teutonic idea of reparation or compensation, and that the essential purpose of legal activity is not to discover individual blame, but to prevent injury to society.

The basic difference between the German law of tomorrow and the Civil Code of today will result in a complete change as regards punishments, and, above all, will reduce to a minimum the present absurd practice of punishing people by depriving them of liberty. As regards the enormous majority of offences, the cruel punishment of depriving the offender of liberty will give place to making him compensate whoever has been injured by imposing a fine which will be levied in case of need by making the offender work in a State workhouse

## ELITE AND IDEAL TYPE

without imprisonment. All offences against the community will be expiated by excluding the offender from the community temporarily or permanently, either by banishment or death. Thereby a repetition of the offence will be prevented.

Of decisive value for the carrying out of such ideas, especially during the period of transition, will be the abolition of expert courts in which judges and lawyers function. Instead there will be peoples' courts, where the sound instincts of the people can be trusted to observe the principles of German law, justice, and right until new legal forms have been elaborated.

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The foregoing remarks upon the cultural program of German socialism are fragmentary and sketchy, this being partly due to the nature of the topic and partly to my own inadequacy. Still, I can supplement them by saying a few more words about their aim.

Their aim is to insist upon the need for cultivating an elite of the German people, in accordance with an ideal type that shall conform to the essential nature of the Germans.

This ideal type must be deeply rooted in the constitutional characteristics of the German people, and must therefore have the traits which the study of German history from its beginnings has made familiar to us; and yet, on the other hand, it must be modern enough to conform with the requirements of the socialist order to be established in the twentieth century.

Both demands will be fulfilled by producing the Old-



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German type of knight, the chivalrous being whose best characteristics are embodied in all the greatest figures of German civilization, and who stand forth from the earlier (conservative) epochs of German history.

German education must be concentrated upon the production of this knightly, this chivalrous type, even as English education is concentrated upon the production of the type of the 'gentleman' which has been maintained for generations.

Here it becomes needful to return briefly to the problem of the upbuilding of the State. Before, when we were considering the revolutionary birth of the new order, we could only answer negatively the problem of how to produce this supporting stratum (by referring to the fact that the party system would have to be abolished); but now, again insisting upon the revolutionary genesis of the new order, we can throw light on the matter positively.

The production, the culture, of a supporting stratum, of an elite, is the vital problem of the new order, and upon its solution will depend the permanency and the satisfactory working of German socialism.

It will not suffice to do no more than formulate the principles of selection for intelligence and character, and to organize the process of selection by the schools, the labour service, and the voluntary army, for we shall also have to explain what will guide us in the actual practice of our methods of selection.

The picture of the new order proclaimed in this work, the new order of national freedom, social justice, and European collaboration, will be crowned by the declaration that the elite, the ideal type we aim at installing as leaders of Germany shall be the 'knights', that mighty

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creation which appeared so early in the West; which, unrestricted by national frontiers, became symbolic of the whole European community; and is now, consistently enough, being revived simultaneously with the resurrection of the West.

For this, and nothing else, is the meaning and the content of the German Revolution:

The Resurrection of the West.