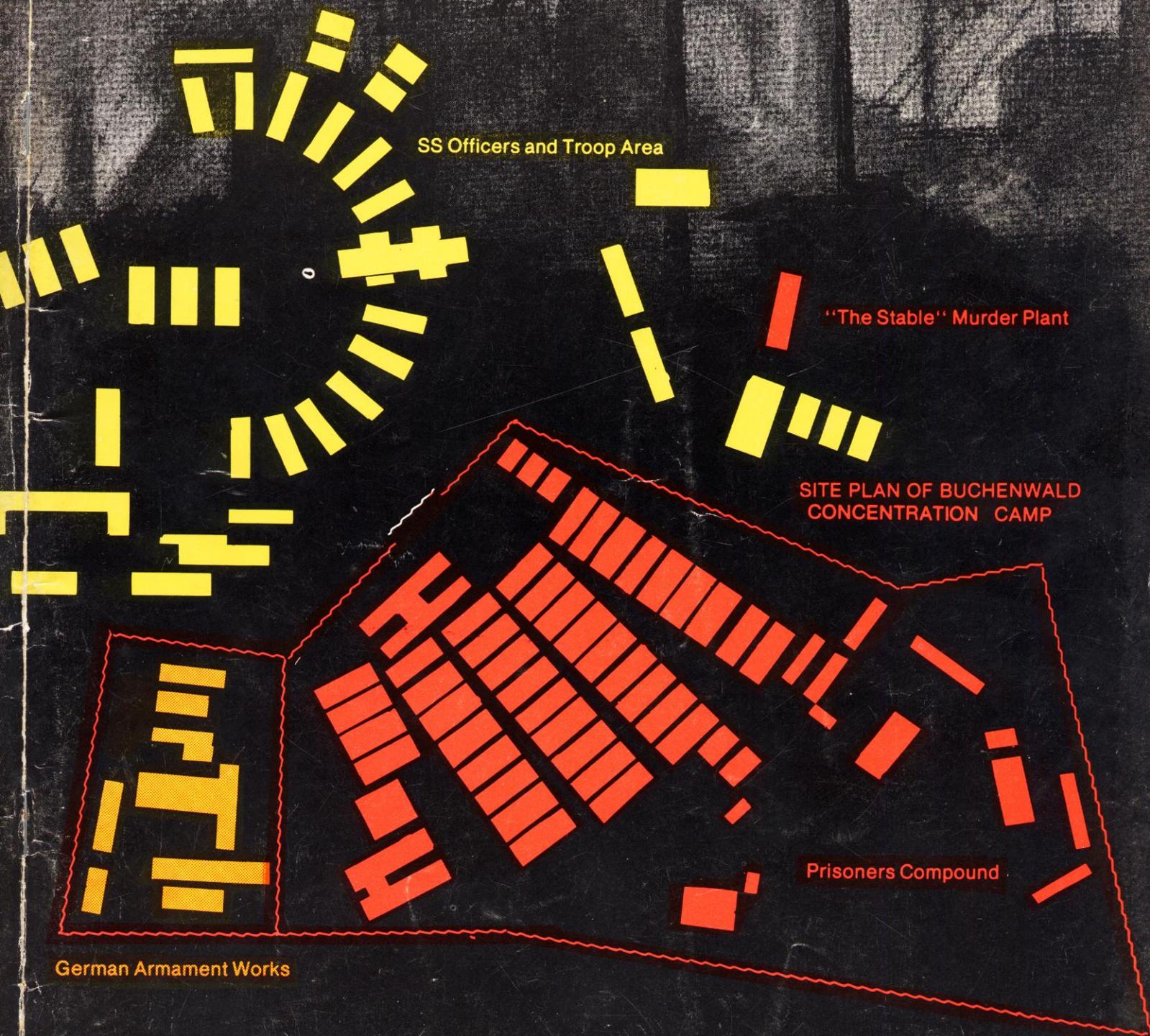


The Campaigner

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Journal of the National Caucus of Labor Committees

March 1975 \$1



Final Solution: The Schactian Economy of the Third Reich
Beyond Schacht: The Destruction of the Cognitive Powers of Labor

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Editorial

The Great Awakening of the U.S. Working Class

One of the most crucial chapters in world history will open in the weeks ahead. Its main protagonist will be the political and industrial vanguard of the most culturally advanced proletariat in the world, the United States working class, guided by the philosophical conceptions for which this journal has campaigned since its first issue about eight years ago. To serious political thinkers it will not come as a surprise that sometime between mid-summer and early fall of this year the U.S. Labor Party will have emerged to broad public recognition as the principal mass-based working-class organization, and as the only mass political organization in the country with a comprehensive programmatic alternative to whatever tomfoolery will then be floating around in Washington, D.C.

As a result, the center of gravity of international working-class politics will be shifted to the USA and the American working class will emerge in 1975 as the "theoretician," the "economist," and the "politician" of the world proletariat — roles that in the 19th century Karl Marx had assigned to the German, English, and French proletariats respectively.

This assertion is not in the slightest degree exaggerated. It is the direct result of years of meticulous scientific preparation by the Labor Committees to meet the spring-summer 1975 conjuncture, which will find this country and the entire advanced capitalist sector in the midst of the worst production collapse in the last four hundred years — while the Rockefeller-led *haute bourgeoisie* will have sunk to the lower depths of programmatic paralysis and factional disintegration.

Against this bourgeois shipwreck of fools, the political and industrial vanguard of the U.S. working class (especially in the industrially crucial Midwest and much of the Mid-Atlantic seaboard) is already deploying a tightly knit, highly flexible network of the most highly qualified revolutionary organizers ever

fielded in the history of the socialist movement. This network of organizers has already fired up the entire political life of the country with a precise program for immediate economic recovery in already finished legislative form. The political explosiveness of this programmatic initiative lies in the fact that it was mounted to intersect a situation where the curve of mass unemployment and mass discontent had by December 1974-January 1975 just passed a crucial point of inflection and started heading skywards, while the most sophisticated capitalist policy makers in the country were publicly acknowledging their total inability to cope with the present crisis.

This precise programmatic campaign was catapulted into the country's political process at approximately the beginning of the year with the activation of the Labor Committees' Research & Development efforts, primarily in North America and Western Europe. This campaign, centered mainly around the proposed Emergency Agricultural Production Act (EAPA) and related bills, has already been debated in dozens of municipal councils across the country, has been introduced in a number of state legislatures, and has already drastically polarized Capitol Hill as a result of the combined effect of two important political events: first, the massive and furiously accelerating support for the bills from the constituencies of Congressmen who represent mainly industrial and agricultural districts and second, the complete temporary paralysis of the entire policy-making apparatus of the Rockefeller family and their allies, including every department of the Administration.

So far, there have been no "technical" or "scientific" objections to our program. There has not been a single challenge to the program that the working class has sent to Congress — either from Congressmen, or from government functionaries, or even from the late lamented species of bourgeois economists. On the contrary, as has so often happened in the past history of the Labor Committees, our political opponents have once again chosen to remain silent and dumbfounded on the issue of our theoretical and general scientific competence.

On these grounds, the working class program to lick the depression overnight has decisively proven its superior competence in the eyes of both the working class and of leading specialists in a broad range of scientific and technical fields. In fact, the launching of this programmatic campaign has triggered a process of polarization among the technical and scientific intelligentsia still employed by the bourgeoisie in governmental institutions, corporations, research establishments, and universities. Confronted with the broadness and sweep of our programmatic recommendations, these layers of specialists have already begun to split between those who are expressing broad enthusiasm and are already entering into collabor-

ation with us on a broad spectrum of scientific tasks, and those who immediately withdraw into hostile silence and, regardless of the scientific merits of our proposals, reject them on grounds that they are "communistic."

This split among specialists and intellectuals connected with the tasks of organizing production is now being carried even inside the department staffs of the Federal Administration, even including such unlikely places as the Energy Research and Development Administration (formerly the Atomic Energy Commission) and certain research staffs of even the Department of Defense! Invariably, the difference between those who approach our proposals with a sense of intellectual excitement and those who sulkily reject them is that the individuals in the first category are usually people who have a well developed sense of self-identification with intellectual achievement, while the latter types derive their sense of identity solely from the fact that they function as paid hacks for the "powers that be." The chemistry of this type of selection will itself ensure that only the most gifted among the petit bourgeois intelligentsia will swing over to the side of the working class, leaving blundering imbeciles to serve on the side of our enemy -- a state of affairs that does not bode well for Nelson Rockefeller's touted "talent-hunting" abilities.

Finally, to dispell any false expectations we must warn that there will not be any debate between us and Rockefeller's hacks on the scientific merits of the programmatic conceptions which we have hurled at the legislative bodies of the bourgeoisie. Rockefeller himself has understood the futility of such an effort and has instead chosen his favorite behind-the-scenes methods of arm-twisting and blackmail as the only way of persuading Washington legislators to abandon their tentative support of and/or sympathy for our programs.

In fact we have elsewhere presented ample evidence showing that Rockefeller is presently preparing to meet both the U.S. Labor Party's challenge and his desperate overall economic and political situation with a wave of raw terror and political violence against the working class here and abroad. Each one of his blunders forces him to reveal more of the repulsive features of his actual fascist intentions, which he attempts to remedy with more blunders, more desperate moves toward naked *Machtpolitik*, thus rapidly accelerating the degeneration of public life toward anti-working-class violence and massive repression waves of the type portended by the presently unfolding "anti-alien" campaigns.

The crucial question, then, is: can such violent measures work against the political machine that the U.S. Labor Party and the Labor Committees are presently putting together and mobilizing?

The Birth of the Political Working Class

To answer this question, it is important to focus on the precise chemistry of the rapidly spreading influence of the Labor Committees' program at this particular juncture of bourgeois political and programmatic bankruptcy. The most crucial feature of this process is not its impact on bourgeois political bodies and assemblies, although this too is of great contributing significance.

The core aspect of this organizing process is the willful, premeditated activation among hundreds and thousands of workers of profound deliberative discussion, debate, and elaboration of a core matrix of urgent programmatic tasks. As a result of the mobilization of a few hundred key worker-leaders around the core of Labor Committee organizers, thousands of workers since the beginning of the year have been engaged in a continuously developing deliberation on the specific issues of industrial conversion to tractor production, feasibilities of increasing tractor production by a factor of ten, specific model designs for tractors to be used in a variety of climatic, cultural, and other environmental conditions across the globe, pioneering methods of fertilizer production to cover world needs, methods for emergency mass housing and the revival of the construction industry, etc.

Key industrial cadres and specialists are discussing machine tool design requirements to back up the above objectives. The issues of meeting the increased energy demands for this economic mobilization are being discussed among political cadres, workers, petroleum engineers, etc. The requirements for transport are getting workers, research specialists and political organizers together in discussions on solving such far-reaching problems as the 1975-76 global transport requirements for emergency food and fuel deliveries to Third World disaster areas. Deliberations are going on among nuclear scientists, auto workers, technicians, political organizers and others on issues of phasing the world economy into fusion-based technologies by 1985. The problems of financing tractor, fertilizer, and food production are being cleared up at the same time that political organizing in support of municipal debt moratoria and the Euro-Ruble solution for the world money markets is being spread throughout the country.

In short, the matrix of all the interrelated economic, scientific and administrative tasks required for the prompt restoration of the world reproductive process, starting from the task of eliminating the world food crisis by the time of the next harvest, is the subject of the daily activities and intellectual efforts of the most politically and technologically advanced cadres of the working class in the United States.

These activities, which characterized our work in the first two months of this year, are merely the first stirring of an awakening intellectual giant — the United States working class conceiving itself as the *intellectual organizer* of world production. The philistine mind will inevitably mistake this profound political and psychological process for the facts and figures and the economic statistics that are its mere predicates. What is in fact happening is that the Labor Committees' theoretical intervention has catalyzed an electrifying, mass-scale process of overcoming the alienation of universal labor from cooperative labor.

The crucial political and psychological point of this process must not be missed. At this point, the few thousands of most advanced workers in this country are winning the battle to overcome within themselves the muck and banality of centuries that has condemned men to view themselves as little beasts of burden, as mere trade union members or — at best — as militant trade union dissidents mindlessly battling for silly “shop-floor” issues. The leading workers in this country are already making the bold leap into the arena of world politics, leaving behind the petty sense of “I-ness” that is tied to the banality of petty trade-union and plant politics. In the words of Karl Marx, this vanguard of the U.S. proletariat, in its programmatic offensive that culminated in the formation of the Detroit Provisional Organizing Committee, has already displayed “...that genius for inspiring material force toward political power, that revolutionary boldness which flings at its adversary the defiant words, *I am nothing and I should be everything.*”

There is nothing accidental in the broad display of moral and intellectual qualities that the U.S. proletariat has already shown on a relatively mass scale — qualities that by far surpass anything that the U.S. bourgeoisie, with its proverbial anti-intellectual boorishness, has ever aspired to. Not only is this emergence of such truly human qualities in the proletariat not accidental but, it must be emphasized, it has come about as a result of a single-minded, ruthless and persistent policy charted by the theoretical leadership of the Labor Committees aimed to trigger precisely this process of great intellectual and moral awakening.

This organization, since the time it consisted of only two individuals, has staked everything on the knowledge that a socialist revolution in the advanced capitalist sector would be impossible unless it was conceived as the process of overcoming the alienation of universal labor from cooperative labor. The long journey that commenced with the first lonely efforts of the founder of the Labor Committees stands as testimony to an unswerving knowledge of the vast potentialities of the human mind, the great dormant

moral and intellectual capabilities of the working class. Every organizing effort throughout these years has been aimed at bringing to the fore these joyful qualities of the working class. The first results of the organizing efforts since the beginning of this year are an exalting first vindication of this foresight, and a vindication of the Labor Committees' ruthless determination to stick to its theoretical guns.

The Labor Committees' thesis that a socialist revolution is nothing but the practical, sensuous realization of the dormant moral and intellectual powers of the proletariat, to be realized through a systematic intervention of a revolutionary intelligentsia, was first articulated by Karl Marx in the winter of 1843 in the closing portion of the celebrated Introduction to his *Toward a Critique of Hegel's Philosophy of Law*:

As philosophy finds its material weapons in the proletariat, the proletariat finds its intellectual weapons in philosophy...The head of this emancipation is philosophy, its heart is the proletariat. Philosophy cannot be actualized without the transcendence of the proletariat, the proletariat cannot be transcended without the actualization of philosophy.

This wedding between “philosophy” and the proletariat that is now spreading in U.S. cities, factories, and unemployment centers is the direct result of the fact that we were able to prepare a forceful programmatic intervention at precisely the point of conjunctural collapse of every institution of bourgeois society. The masses of workers who for almost all their lives have been trapped in the paranoid ideological muck of vicious but nonetheless functioning bourgeois institutions are now being rapidly stripped of such illusions, as the viability or soundness of such things as trade unions, bourgeois political parties, Congress, and the like have evaporated. The very intensity of the present capitalist crisis is rapidly destroying any illusory sense of social identity that workers derived from their association with such institutions.

In this sense, workers whose functioning sense of identity is being reduced to “nothing” as the capitalist collapse proceeds, are discovering qualities within themselves that qualify them to elaborate, put together, and organize for a program of worldwide reconstruction — intellectual and moral qualities which, propelling them to tasks and actions of world-historical responsibility, qualify them to “fling the defiant words, *I should be everything.*”

Through the terror of looming destitution, mass unemployment, deprivation, irretrievable loss of customary social status and loss of traditional illusions, the working class is beginning to taste the joy of its own awakening humanity as it responds to

the necessity to organize and fight for an economic program whose scope encompasses the fate of the world as a whole.

It is this powerful taste of humanity that comes with the awakening of the dormant intellectual and moral qualities of the proletariat that is our most potent weapon against any political terror that Rockefeller may try to unleash.

World Economic Program

There are (admittedly faint) empirical precedents in the history of the modern era that demonstrate experimentally the unique coherence with which economic program and social consciousness are connected. One celebrated such precedent, a negative one, is the Comintern's tragic failure to lead even one successful revolution in the advanced capitalist sector as a result of that organization's rejection of Rosa Luxemburg's programmatic outlook, which had so successfully built the German Communist Party into a mass organization before Zinoviev's (and Lenin's) hacks wreaked havoc in that organization.

The other side of this argument is proven by the exciting experience of the original English Industrial Revolution. In the few years that it took to revolutionize a weak, handicraft-like, home-run industry into gigantic, centralized and streamlined mass production, the most rapid transformation of social consciousness occurred, only equalled — but hardly surpassed — by the unleashing of creative powers through the French Revolution. The following extract from the observations of a contemporary affords a modest glimpse into the vast, hitherto unsuspected potentialities awakened in a human population actively engaged in grand tasks of construction:

Such works, however their operations, causes, and consequences, have infinite merit, and do great credit to the talents of this very ingenious and useful man, who will have the merit, wherever he goes, of *setting men to think*.

...Get rid of that dronish, sleepy and stupid indifference, that lazy negligence, which enchains men in the exact paths of their forefathers, without enquiry, without thought, and without ambition, and you are sure of doing good. What trains of thought, what a spirit of exertion, what a mass and power of effort have sprung in every path of life from the works of such men as Brindley, Watt, Priestley, Harrison, Arkwright...In what path of life can a man be found that will not animate his pursuit from seeing the steam-engine of Watt?

For the dialectician as well as for the competent historian it is obvious that the *apparent* "chicken-egg" problem of whether the intellectual awakening precedes or follows the fever of creative economic

conquests does not exist. The productive and technological conquests of the Industrial Revolution were nothing but the practical realization of previously generated intellectual ferment. It was this *practical realization*, the social realization of sensuous thought, that was the driving power behind the great awakening of peoples at the dawn of industrial capitalism.

In the present historical turn the same Marxian principle of thought as a sensuous social force, propelled by necessity, remains the principal mover of political and ideological developments. Only now its agents are the entire world working class and its social allies rather than handfuls of individual capitalist pioneers. One will appreciate the scope and vast sweep of transformations in mass consciousness, politics and economics that we are proposing here, in the very short run ahead, when one takes stock of both the vast problems and the vast potentialities that the human race is confronting in 1975.

If we are to avert the death of hundreds of millions by starvation and disease in 1975 and 1976, we need to commence tractor and fertilizer production on a scale unprecedented in the history of man. The additional immediate world requirements for housing and other construction, transport equipment, drilling and related equipment to meet the expanded energy needs, irrigation and desalinization equipment, and so forth would stagger a mind accustomed to thinking in the measly terms of the last fifteen years of capitalist stagnation. The specific quantities and measures involved in the above projects have for the most part been worked out or are in the process of being worked out in a collaborative effort among Labor Committee Research & Development personnel, skilled industrial workers, and specialists drawn from the relevant fields. None of these projects is out of reach from the standpoint of either technology or industrial capacity.

Take for example the world machine tool industry. At present, the United States machine tool industry is in no better state of organization than spinning and weaving was in England before the industrial revolution: scattered, decentralized enterprises that depend on individual customers, with wasteful customer specifications and no techniques for mass production. It would take us an estimated five years to do with the machine tool industry what the industrial revolution did to spinning and weaving in twenty. We are potentially in a position to literally saturate the world with the most advanced heavy machine tools of the most versatile type, should we combine the sophisticated mass production techniques of East Germany and the USSR with the available industrial potential and computer techniques in the United States.

How easy indeed it will be within the remaining years of this decade to "...get rid of that dronish, sleepy and stupid indifference, that lazy negligence, which enchains men in the exact paths of their forefathers," if we accomplish in that time the eminently feasible goal of saturating the globe with machine tools to the point that the present worldwide shortage of capital equipment will be overcome, revealing in its place the one single serious shortage that we will face in the first years of worldwide socialist reconstruction: the shortage of skilled labor.

There would be little hope of successfully overcoming this particular shortage were it not for the fact that the efficient solution is implicit in the uniquely Marxian programmatic method for mass organizing that the International Caucus of Labor Committees represents and that the key vanguards of the U.S. working class have at this juncture been won over to. The revolution would not be possible unless the working class had qualified itself to become the world ruling class, unless it unleashed beforehand those qualities which represent the bridging of the chasm between universal and cooperative labor. Therefore, the future problem of massive skilled labor shortages will not be what it may appear to be at the present time. Its solution will lie in a cultural climate in which the moral and intellectual qualities of the working population are vastly superior to what today's empiricists are accustomed to. The socialist revolution has to be carried out for the purpose of unleashing the full creative powers of the proletariat, and it will not succeed unless it unleashes these powers. "Philosophy cannot be actualized without the transcendence of the proletariat, the proletariat cannot be transcended without the actualization of philosophy."

The International United Front

Given that the United States working class is undertaking programmatic responsibilities of such global scope, a few remarks about the world working class movement and its traditional mass organizations are in order.

To begin with, the present upheaval of revolutionary class consciousness in the United States is also empirical demonstration that such revolutionary transformations in the advanced capitalist sector are lawfully feasible only under conditions of international strategic organizing for an international economic program. It is not accidental that the first organizing successes of the U.S. working class reported here have occurred under the leadership of an international organization, the ICLC, organizing for an explicitly international program.

In Western Europe too, the key layers of the working

class in France, Italy, West Germany, and the Scandinavian countries have already for the last twelve months displayed the intellectual maturity and readiness to move far beyond the point their leaderships are at present willing to go in the direction of this kind of international organizing. There have been significant instances of French, Italian, etc., worker rank-and-file Communist Party members effectively protecting European Labor Committee organizers' rights within their organizations against attempts of middle-level party hacks to silence us. The enthusiasm with which Italian workers have been responding to the ELC's campaign to kick the nationalist Italian Communist Party leadership out, the French Communist workers' appreciation of the ELC's unique function as an *international* coordinating cadre organization in distinction to their *national* party leadership, the profound sympathy of skilled West German workers to our Euro-Ruble and East-West trade proposals; combined with the stirring responses of European workers each time they are informed of the U.S. working class' organizational advance such as the formation of the Detroit Provisional Organizing Committee, the electoral successes of the U.S. Labor Party, and so forth; these phenomena prove convincingly that there are extremely powerful mass potentials that can be immediately activated to form the international strategic proletarian alliance that the ICLC has been proposing.

As we have repeatedly pointed out, the actual formation of such a united front between the Western Communist Parties, left working-class factions of the Social Democracy, and the ICLC will provide a tremendously powerful impetus for further revolutionary organizing in the USA sufficient to obliterate Rockefeller's remaining strategic options in 1975.

Since the "Left Turn" of the European Communist Parties last October, the possibilities for such a united front have improved tremendously, although there are certain issues of organizational sensibilities that remain to be removed before leaderships such as that of the French Communist Party, for example, can appreciate both the principled theoretical reasons why they must enter into political collaboration with such a numerically tiny ally as the ELC and the powerful appeal that such an alliance will have among their own working-class memberships who have demonstrated revolutionary potentialities that the average party machine functionary (in distinction to the party leadership) is generally reluctant to recognize.

As we have argued earlier, the integral participation of the ICLC in such a strategic alliance is absolutely indispensable precisely because the leaderships of the traditional Communist Parties, as

instituted bureaucracies, do not possess the internalized qualifications that would afford them a working understanding of the process of formation of revolutionary class consciousness through the elaboration and propagation of working class economic program.

Since Karl Marx, it has been only the Labor Committees and Rosa Luxemburg's organization that have premised their daily political activities and deployments on this unique understanding of economic program as the sensuous means by which the working class establishes itself both politically-institutionally and in terms of its self-consciousness as the ruling class. Rosa Luxemburg's critique of the Bolshevik Revolution as well as her keynote address at the German Communist Party founding congress are reflections of the determination that the establishment of political class consciousness in the working class under capitalism is uniquely located in the generalized intellectual-organizing drive to accomplish those precise economic tasks that the given historical conjuncture dictates. Any other definition of "class consciousness" is mere centrist drivel.

The sooner the leaderships of the various traditional Communist Parties in the European national sectors come to terms with the reality of the ICLC's proven, indispensable theoretical superiority and thus agree to collaborate with us on the elaboration of the common programmatic economic tasks that the U.S. working class is now committing itself to undertake along with its class brothers in the rest of the industrially advanced parts of the world, the faster the intellectual and political flowering of the working class will spread internationally.

The Penalty of Failure

At the present stage of world crisis, mankind has absolutely no other choice but that between the programmatic path we prescribe and a psychotic march into fascism under Rockefeller, leading directly to either destruction of all economic processes and ecological holocaust or thermonuclear devastation.

Between November 1974 and the present the world is experiencing the full eruption of a depression whose mere beginnings dwarf the worst moments of the last Great Depression. The annual rate of production fall, continuously sustained since last November, is approximately 40 per cent! The U.S. corporate liquidity ratios are today worse than in 1929 by a factor of 8! And all advanced capitalist governments are entering this financial disaster with the highest public debt and budget deficits ever recorded. The U.S. dollar is practically severed from Western Europe and world trade is coming to a grinding halt. Thus, the

mere inauguration of the Second Great Depression is already much worse than the last one. Should the international working class not intervene to stop and reverse this insanity, the full unfolding of this Second Great Depression portends a tragedy for mankind that will pale the hellish consequences of the last Depression with its slave-labor camps, its famines, its fascist regimes and its world war.

It is true that the imperialist general staff around the Rockefeller brothers has temporarily lost political and tactical control over the situation. But should these criminals be allowed to ever regain the initiative, we know perfectly well what horrendous fate will await the international working class. We know that if no effective international working-class opposition is organized against them, they will move rapidly toward the implementation of a worldwide fascist economic order on the general model developed by Hitler's Economics Minister Hjalmar Schacht.

This issue of the Campaigner offers the international working class an invaluable contribution with two important analytical studies that are 34 years overdue. The article by C. Axios provides in essence the only competent Marxian basis for rewriting the history of Nazi Germany from the standpoint of the capitalist financial imperatives behind the shaping of that monster. Given the tragic inability of the Communist movement of that period (an inability that continued until the emergence of the Labor Committees) to comprehend the essential political economy of fascism, Axios' contribution represents the first authoritative historiographical treatment of Nazi Germany from a Marxist standpoint, and thus an indispensable theoretical tool for a working class determined not to go through another fascist venture — which this time would prove fatal for the human race.

Second, Ed Spannaus' paper in this issue treats the issue of the destruction of cognitive powers of labor under fascism in a fashion that places the hitherto shallow moralistic polemics against fascism on a rigorous scientific basis. As Spannaus details, the actual political and psychological processes that necessarily occur under fascist regimes are specifically designed to obliterate at an early stage any inner notion of humanity, as this term is scientifically understood as species consciousness or even neurotic approximations of species consciousness. Should Rockefeller be given enough room to succeed in his intention for world economic restructuring, the human race will soon experience a psychotic collapse of even more dramatic dimensions than the horrors of the Third Reich. The more immediately discernible result will be an accelerating breakdown of labor's cognitive powers which,

accompanied by a rapid, drastic reduction of physical living standards, would quickly lead to a sudden collapse of the labor process and economic activities of the type that threatened the Nazi economy by about 1936, at which time the decision was taken to launch a world war. At that hypothetical future point, Rockefeller will either unleash a thermonuclear war against the workers states or soon thereafter the entire world reproductive apparatus will fall apart and, through famine and pestilence, humanity will quickly march back to the bestial existence of the pre-stone ages.

Clearly the human species has reached its most

critical crossroads. It will either follow the path that the Labor Committees are forging into a new era of flowering of the human spirit, an era where science and labor, merging into each other, will take their rightful commanding place in human society; or it will blindly follow Rockefeller's road to bestiality and extinction. This greatest crisis of capitalism represents for all of us both the promise of a great opportunity and the threat of a great catastrophe. We have entered this arena with the full scientific conviction that humanity will prevail. But this will be so only through our struggle and our ruthless determination to make it happen.

DIALECTICAL ECONOMICS

***by Lyn Marcus
(Lyndon LaRouche)***

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Editorial

The Fascism of Rockefeller's Mr. Leonard Woodcock

On February 27 a New York City press conference was held to announce formation of a professedly fascist association calling itself "The Initiative Committee For National Economic Planning" (ICNEP). The array of spokesmen for the Committee included Leonard Woodcock, President of the United Auto Workers union, Robert Roosa, a leading banker, and Harvard economist Wassily Leontief, as well as the conference's moderator, Myron E. Sharpe.

The formal presentation was made into a replay of the Mad Hatter's tea-party from *Alice In Wonderland* by the antics of Woodcock and Roosa (competing for the Mad Hatter's role) with Myron Sharpe attempting to play Alice, and all three casting Leontief in the part of the Dormouse.

Typical of the proceedings: Leonard Woodcock's repeated outbursts of screaming were supplemented by his wildly waving a book in front of Leontief's face while Leontief struggled to continue his presentation. Banker Roosa distinguished himself, in part, by a mad-bull charge into the heart of the astonished press corps in an attempt to strong-arm one reporter. Sharpe, ostensibly the fourth character in search of an author, intermittently — and rather ineffectually — interceded in this pandemonium to remind all present that he was, after all, the moderator. This failing, he finally succeeded in gavelling the conference to an abortive end as his contribution to the best of all possible worlds.

If Peter Sellers and the rest of the old "Goon Show" cast had combined efforts to produce the long-awaited film, *Carry On, Carrion*, they could not have achieved a more convincing low-comedy ultimate in the tradition of Sellers/Terry-Thomas farce.

But...Mussolini and the Nazi *Bonzen* also had their bucolic moments. Once the amusing, low-comedy features of the conference proceedings are duly digested, the laughter dies. On a deeper level, the affair is about as funny as a mid-1930s Nuremburg rally.

The broader significance of the affair is that Leonard Woodcock and his cronies for the first time publicly admitted their conscious advocacy of a brand of fascism in keeping with "the core elements of the *economic* strategy which the Italian fascists, Salazar in Portugal, the Falange in Spain and the Nazis adopted to deal with the inter-war crisis. Vichy France carried this on. The pattern reappeared after the war in such odd guises as Peronism in Argentina — and, Nkrumah-style 'African socialism.'"

The chief written introductory think-piece of the Woodcock Committee went on to place its outlook within the context of current fascist policies. The piece reported such policies as emerging in the guise of center-faction Toryism and Labour Party policy commitments in present-day Britain. "What the parties are putting forward now is an acceptable face of fascism; indeed a masked version of it, because so far the more repugnant *political and social* aspects of the German and Italian regimes are absent or only present in diluted form."

The piece, entitled, "The Coming Corporatism," is the featured item in the March-April, 1975 issue of *Challenge*. This is not the magazine with the identical name published by the shrivelled, formerly Maoist Progressive Labor Party, but one edited by press-conference moderator Sharpe and including Robert Roosa and Wassily Leontief on its editorial board.

The article, co-authored by British academic sociologists R.E. Pahl and J.T. Winkler, is reprinted from the British publication, *New Society*, which in its original printing caused considerable review comment in British press circles over the year-end.

There are three principal points to be presented to the jury at Leonard Woodcock's trial in connection with this article.

First, Pahl and Winkler present competent demonstration that the policies of the Tory "center," British Labour Party leadership (including Anthony Wedgewood Benn specifically), the British Liberal Party, and the Second International leadership generally represent an explicit commitment of the fascist policies the writers advocate. Sweden's Olof Palme is correctly emphasized as an extremely advanced fascist thinker along those lines.

Second, the policies labeled fascist by Pahl and Winkler are incorporated in Mr. Woodcock's own current principal legislative and labor-management proposals.

Third, although the publication of a signed article is not ordinarily proof that the editors are responsible for the philosophy and proposals presented, in this instance the article was publicly submitted to the assembled press as the principal — and only background think-piece reflecting the philosophy

governing the outlook and proposals of the Committee.

Offhand, one might say that Woodcock's conscious association of his philosophy with the mainstream of economic strategies of Mussolini, Hitler, Franco, Salazar, Vichy, et al. should be the final evidence that absolutely destroys his fading hegemony over the UAW. In fact, no one was ever convicted because of clear-cut evidence of his guilt, nor are persons convicted necessarily guilty of the offenses for which they are convicted, sentenced and incarcerated.

Notwithstanding frequent hysterical assertions to the contrary, justice is determined by men, not abstract laws. In particular, it is institutions of men who select or even manufacture whatever evidence suits their purpose in prosecuting and penalizing the alleged offender. Mr. Woodcock will not be expelled from trade-union office because he is a confessed fascist, but because powerful forces within the labor movement are mobilized to prosecute his expulsion on the basis of that — and much, much more damning evidence already in hand.

How It Happened

It was inevitable that Woodcock would soon publicly admit he is a fascist, as he did this past February 27. He (like Lane Kirkland of the AFL-CIO) is openly a major operative for the U.S. Central Intelligence Agency and a shameless public collaborator with Nelson and David Rockefeller. To be a CIA tool and a close Rockefeller collaborator in this period means to be nothing but a raving fascist. Until recently, Mr. Woodcock has been unequivocally fascist *in practice*. His legislative and labor-management proposals, whether in North America or Western Europe, are raving fascism in the tradition of Mussolini. Up to February 27, Mr. Woodcock had been fascist in practice, but declined to profess his philosophy by that name. His current profession of fascist beliefs and goals was nonetheless inevitable.

The point is a simple one. It is impossible to build a fascist movement without at some point proudly advertising one's aims to that effect. To recruit tens or hundreds of thousands to a fascist movement, the leaders must attempt to make the very name "fascism" appealing.

It is true that over most of the past decade the Rockefeller-led forces have attempted to organize a fascist movement around rubrics such as "local community control," "nationalism," "co-determination," "quality of life," "Swedish Way." However for a variety of reasons, including the Labor Committees' vigorous sabotage of that game, the Rockefellers' efforts to speak in fascism without naming it as such failed.

Now, we witness a gathering of many of the leading

scoundrels under the unfurled banner of professed fascism who, until recently, were still parading themselves under such mush-mouthed labels such as "fighters against racism," "Third Camp socialists," and "structural reformers." A partial listing of some of the avowed affiliates of Woodcock's new fascist political association if appropriately illustrative: Robert Heilbroner, Robert Lekachman, Daniel Bell, Chester, Bowles, Lester R. Brown, Kenneth Clark, William Gomberg, Micheal Harrington, Paul Jennings (IUE), David Livingston, Carey McWilliams, Seymour Melman, Arnold Miller (UMW), Gunnar Myrdal, Joseph Rauh, Jr. (ADA), Arthur Schlesinger, Jr., Jerry Wurf (AFSCME).

Many will recall the howls of outrage against the Labor Committees for our exposure of Lester Brown, Kenneth Clark, Michael Harrington, Arnold Miller, Gunner Myrdal, and Jerry Wurf as being both social fascists and Rockefeller puppets. Now these scoundrels have overtly associated themselves with an organization of professed Rockefeller intimates whose professed policy is "to take over the core elements of the *economic* strategy which the Italian fascists, Salazar in Portugal, the Falange in Spain and the Nazis adopted to deal with the inter-war crisis."

The appearance of the name of David Livingston (Distributive Workers 65) in that collection of fascist boosters is particularly interesting.

As a result of the powerful impact of the Labor Committees within anti-war organizations during the summer of 1971, the leadership of the Socialist Workers Party initiated efforts to mobilize Livingston and his personal goon squad against us. Up to that time, the Communist Party USA had had intermittent collaborative relationships with us. However, when we publicly exposed Livingston for his hooligan antics (also reminding folks that Livingston was a particularly scummy "ex-progressive" notorious for his sweetheart agreements with certain sweat shops), Livingston prompted George Morris to publish wild slanders against us in an October 1971 issue of the *Daily World*. The official CPUSA slander-line against the Labor Committees dates from that incident and the Morris column.

Now, George Morris's good friend, (McCarthyite red-purger) Livingston, exposes himself as a booster of a professedly fascist Rockefeller front organization in company with the scummiest collection of CIA-minded cold war "liberals" and right-wing social-democrats. What can George Morris have to say about that?

It would be a mistake to conclude from that that our problems with those fascist scoundrels are now solved. One should not take the view: "Well, now these criminals have vindicated the Labor Committees'

characterization of them. Therefore, this Initiative Committee is obviously a foolish move on Rockefeller's part." In reality, there are two direct threats to be dealt with now that Woodcock and his cronies have decided to come out openly as fascists.

Investigations completed by our staff subsequent to the ICNEP press conference have confirmed what our investigators' report describes as "a very tight relationship" among "the Joint Economic Committee, the Commission on Critical Choices, and the Domestic Council." The key personnel associated with ICNEP are not only representative of top strata of the Rockefeller' Commission on Critical Choices and Trilateral Commission, but Congressional figures such as Senators Humphrey and Javits are among those being pressed by ICNEP leaders to give the fascist Committees' institutional forms and proposals official standing in the Washington lobbying circuits.

In total, the fascist ICNEP is no maverick venture by a few individuals who happen to also function in the Rockefeller apparatus. The ICNEP is unquestionably a tactical reconnaissance in force by a large segment of the Rockefeller machine, a serious effort to determine whether fascism under its own name can be "sold" to the majority of the petit-bourgeois liberal base in the U.S.A. itself.

During recent weeks the Rockefeller forces have chosen to risk a split in the international Social Democracy. The same CIA-controlled Second International spokesman who have been slandering the ICLC as "CIA agents" for over a year began significantly shifting their attacks on us, two weeks ago, joining with traditional cold warriors like Joseph Alsop in publicly accusing us of being Soviet KGB agents! There are several reasons for this abrupt shift in anti-ICLC propaganda policy by the Rockefeller forces, reasons which coincide with a decision to drive the significant left-wing factions out of the international Social Democracy entirely.

The dictatorial bureaucratic tactics of France's Francois Mitterand at the recent Socialist Party conference in that country generally typifies the situation. The sizeable Ceres left-wing Socialist Party faction was booted out of all leadership positions. In general, the "Operation Truth" initiative of the French Communist Party (PCF) and the inability of the CIA forces to successfully "contain" the Labor Committees' growth and influence are the relevant considerations. Rockefeller forces are now committed to forming a coalition of right-wing Social Democrats and center capitalist factions around a tough cold war military-economy policy, with anti-left witch-hunts thrown in.

In short, under the conditions of such a policy turn the Rockefeller forces are almost unconcerned with further efforts to maintain "left credibility" for actually fascist (corporatist) policies.

At the same time, significant portions of the Rockefeller forces, including the CIA agents in control of the Second International, are now committed to building an openly fascist mass movement among a mish-mash of lumpenproletarians, corporate bureaucrats, disaffected petit bourgeois strata generally, and as much of the organized labor movement as they can mobilize. Woodcock's emergence as a professed fascist at the February 27 press conference reflects a broad policy commitment to the attempt to mobilize a mass-based fascist movement, and a correlated commitment to the attempt to sell fascism in its own name as a "good idea."

It must be emphasized that Leonard Woodcock and Secretary-Treasurer Lane Kirkland of the AFL-CIO are the two principal Rockefeller agents in the U.S. labor movement, just as Robert Roosa is among the very top bankers represented in that same apparatus. This new fascist organization of Woodcock's is no accidental development; it represents a calculated policy decision at the top levels of the Rockefeller cabal.

What They Are Peddling

The hard core of the recently launched Woodcock tactic is to push the theme, "Fascism is not really bad." The Pahl-Winkler piece is most explicit on that point. Under these circumstances it would be a mistake to limit ourselves to gloating over the fact that Woodcock and his fellow fascists have publicly exposed themselves for what they are. At this juncture we are obliged to destroy fascism's demagogic arguments directly.

The key themes Woodcock and other open fascists will now begin to stress are these:

1. Corporatism (fascism) does away with the profit motive, replacing it with government control of privately owned corporations, through which production and employment are governed by predetermined national goals.
2. Corporatism replaces emphasis on "material incentives" (wages) with a new emphasis on "quality of life."
3. Fascism does away with the business cycle. (This, incidentally, is not true.)
4. (In the specific language chosen by Pahl and Winkler) "What the parties (Woodcock et al. — Ed.)

are putting forward now is an acceptable face of fascism; because so far the more repugnant *political and social* aspects of the German and Italian regimes are absent or present in diluted form.”

5. Your only choice is between the kind of fascism you get. If you wish a more liberal form of fascism, you must support the Social Democratic/center alliance (e.g., “Hysterical compromise”): otherwise the initiative for and political control of the fascist order will come from the right-center alliance, which will fill the vacuum if the Social Democratic/center fascist alliance does not succeed.

The key point of the Pahl-Winkler argument is basic to all the issues. What they emphasize in the passages cited immediately below is not to be dismissed as merely their personal view of the economic principles involved. The policy they put forward essentially represents the stated policy of both Italian and Nazi fascism, and is both the current trend among Rockefeller circles and the only policy which a fascist regime could conceivably propose.

Under the sub-head, “Capitalism without Competition,” the authors develop the point as follows:

Why is such a fundamental change in our economic system taking place at this particular time. The obvious (and partly correct) answer is the current economic crisis. Traditionally and historically, businessmen have turned to the government for legal support, subsidization, and protection from outside competition during hard times....Certainly the current crisis, coming on top of a long-term decline in corporate profitability, is the precipitating cause. But if it were only the imminence of Latin American inflation rates which induced corporatism, we might expect a reversion to liberal amanagerial capitalism when the crisis was past. There is, however, an underlying cause, which is a fundamental change in the structure of the British economy. This time, we would argue, there can be no going back.

In recent years, the pace of corporate concentration has accelerated to the point where most of Britain's basic production industries are (or soon will be) controlled by a very small number of firms (some may be public or semipublic: but most still are not). With such a structure, the concept of open market competition is meaningless. So the notion that profit is a sufficient justification for corporate activity is undermined....As two economists, who are certainly not sympathetic to left-wing tendencies, have concluded: “The relevance of the profit ethic to today's large companies may be debatable; but the very large companies of the near future will represent the final proof of the inappropriateness of the profit ethic and the market ideal.” (G.D. Newbould and A.S. Jackson, *The Receding Ideal*). The new structure requires not only controls on the abuse of corporate power, but a new purpose and justification for business activity. Two candidates are emerging: a revised concept of “social responsibility” and “national economic performance.” Both can be readily transmuted into the underlying ideology of corporatism.

What the authors intend by that is made indisputably clear in two other passages:

Unlike the “technocracy” of Galbraith's *New Industrial State*, where experts rule in the name of science and efficiency, corporatism openly acknowledges political control directed toward ends determined by the state itself.

And finally:

For consumers, there is bound to be a noticeable drop in living standards....The whole point of any corporatist government will be to engineer a forceful shift of resources away from consumption into production....Investment controls will certainly eliminate some of the trivia, gimmicks, baubles and paraphernalia of contemporary life; and probably a number of the joys as well.”

To begin a review of the essential points involved in those statements, it is essential to emphasize that the two authors are British sociologists, and clearly within the mainstream of fascist ideology which has dominated Anglo-American academic sociology since the 1920s (as at Harvard, a notorious hot-bed of fascist hegemony in behaviorist, cultural-relativist sociology. This is to emphasize that their mental achievements are of the same order as the superstitious Haushofer and Nazi racialist, Alfred Rosenberg. To put it another way, on matters of science most of the Anglo-American sociologists, the two authors included, are awfully stupid. They are not thinkers; they are rabid ideologues.

This must be emphasized in pointing out that the authors, like their sponsor and fellow fascist, Paul Samuelson, are bumbling incompetents in matters of economic theory. Consequently, they could not realize that the points of their policy which they have explicitly admitted above are sufficient evidence to prove that their corporatism (which they explicitly define as “Fascism with a Human Face”) is far more vicious in its *early* consequences than either the Mussolini or Hitler models.

Most fundamentally, no modern economy can succeed without some form of “profit motive.” In capitalism, this takes the immediate form of capitalists' profits; in a workers' economy or actual socialist economy, this essential “profit” assumes the form of the net social surplus available for useful “investment” from aggregate production.

Ignorant persons might foolishly imagine that an economy operating at an overall “zero profit” level would simply maintain itself at “equilibrium,” provided the population were not permitted to increase. That belief is utter nonsense. The simple perpetuation of an economy involves the depletion of relatively finite resources, to the effect that without development of the technology and associated expansion of the division of social-productive labor, it is impossible to develop new kinds of resources at at least the same rate the old types are being depleted. Hence, without development and expansion, society can not even simply perpetuate its existence. The essential development and expansion on which the simple existence of a society depends can not be

realized except through the investment of social surplus to that end.

The minimum rate of social surplus required to do this is no less than the rates of profit prevailing during the early 1960s. That fact is proven by the deterioration of existing plant and equipment which has occurred under post-1965 rates of investment. In general, the rate of net social surplus generated and reinvested by society must be at least as great as the highest rates of total profit of the early 1960s!

This point is implicit in the connection between the first and third of the three passages cited immediately above. The authors concede, without having the slightest appreciation of the reasons for that fact, that a nominally zero profit corporatist economy means a spiraling reduction in the per capita incomes of workers and farmers.

It was exactly this feature of the Nazi corporatist economy which impelled Hitler & Co. to war and mass genocide from 1937 onwards — as C. Axios exposes the point in the article included in this issue. Already the fascist movement's directors (Rockefeller, the Club of Rome, Sicco Mansholt, the World Bank, etc.) have

publicly committed themselves to massive genocide — approximately one billion "Fourth World" people — through "triage" tactics, for the same reason that Hitler & Co. launched World War II and wiped out six million Jews (among many millions more of Slavs and others). The reason, as we have shown elsewhere, is that the crisis of capitalism is far more advanced today than it was in the 1930s, such that the alternatives for looting are relatively far less and the appetite for loot absolutely much, much greater.

It is necessary to emphasize this fact. Otherwise, millions of poor dupes will permit themselves to be lured into the Woodcock-Rockefeller/fascist movement for what the two British fascist sociologists herald as the new goals of "Order, Unity, Nationalism, and Success." Underneath the thin costumes of "respectable figures," these scoundrels, from Rockefeller through Woodcock down to Livingston and Jerry Wurf, are in fact the most unspeakable criminals the human race has ever hatched, the most detestable and witting mass-murderers in human history.



Hjalmar Schacht arriving at the Reichsbank

FINAL SOLUTION: The Schachtian Economy of the Third Reich

by Costas Axios

Present day Schachtians cling to the belief that Hjalmar Schacht, the Nazi Minister of Economics, "solved the depression" in Germany. Some have attempted to separate Schacht's methods from the Nazi regime in order to study Schachtian economics as a "pure model," supposedly providing valuable guidelines for recovery economics. Schacht himself would have dismissed such separation as ludicrous, since the crux of Schachtian economy is fascism and the indispensable fascist state.

This tenacious belief in the powers of Schachtian economics was demonstrated by the Financial Times of London, which ran an editorial entitled "How the German Doctor Cured Inflation," on the eve of Rockefeller's decision to shift to war production as an immediate solution to the world economic crisis. Provided one has a sane world outlook, the acclaim given to Schacht for having pulled Germany out of the depression has absolutely no basis in reality. The history of the Third Reich is essentially a history of *breakdown crises*, with each crisis temporarily circumvented by introducing more of the same Schachtian primitive accumulation measures that caused the breakdown in the first place. Implementing Schachtian economics as a cure for the depression is like proposing death to a patient as the remedy for his ailment.

We are not dealing with sane individuals but with the Rockefeller machine whenever we speak of contemporary Schachtians. The Anglo-American nexus under Rockefeller leadership is determined to go to any lengths, to use any means in order to maintain the moribund imperialist system. The marriage between the Rockefellers and Schacht is propelled by the same dynamic that brought Schacht to the Nazis — the capitalist breakdown crisis.

Breakdowns occur under capitalism because of two

contradictory optimizing processes that operate simultaneously during the course of social reproduction. There is the production of real wealth in the form of reproducible material objects, and there is capitalist valuation of the wealth in the form of capitalist profits accruing to property titles.

Provided these two processes were evolving in tandem there would be no problem. However, the rate of capitalization of income in the form of credit expansion grows more rapidly than the rate of production of real wealth. As the social productivity of labor rises due to advances in technology and living standards, past investments are devalued in terms of society's ability to reproduce the corresponding material objects more cheaply and efficiently at current costs. To compensate for the devaluation of their old capital, capitalists overprice the commodities put into circulation. As more fictitious value is created, the demand for payments on debt-service and profit accounts grows much more rapidly than does the production of real wealth — the means of this payment. Thus, a liquidity or monetary crisis builds up.

The capitalists' attempt to circumvent this tendency by cheating on payments to the real categories of social reproduction exacerbates the problem by causing further reductions in the net social surplus out of which growth is realized. Once this process is underway, a depression, or what amounts to a devaluation of overbloated assets, becomes inevitable. However, to the extent that capitalists can plunder both labor power and man-made nature (primitive accumulation), capitalist accumulation can take place even though social reproduction is zero. The only limit to such a recovery policy, pioneered by Schacht, is the resistance and physical endurance levels of the workers and farmers being subjected to this looting. Once

primitive accumulation becomes the core of capitalist accumulation, it must proceed at cancerous ratios relative to real production, which undergoes a process of total breakdown.

The Schachtian economy was not only a no-growth economy of the type advocated by the Rockefeller Foundation for the past decade, but actually one in which growth rates were negative. It was within this framework that the notion of "surplus population" relative to "scarce resources" came into being. Once industry and agriculture were bled to prop up Schacht's paper finances, entire populations were tossed out as surplus residue. The Nazi vocabulary expanded to include words born out of the new economy, such as "surplus population," "final solution," "forced emigration," "labor relocation," "resettlement," etc. Most of these words have now become most familiar to workers throughout the world, while new catchwords such as "cannibalism," "triage," "development projects" have been added to the Schachtian dictionary by the Rockefellers.

Primitive accumulation is the invariant feature of Schachtian economics, and it is from this standpoint that we will analyze the political economy of the Third Reich. Beginning with the Weimar Republic which disintegrated under the weight of the depression, up to the Speer war economy which collapsed through sheer depletion, we will trace the unfolding of fascist economies.

No attempt has been made in the text to draw parallels between the measures of Schacht and those of the Rockefellers, since this has been fully delineated elsewhere (see "Rockefeller's 'Fascism With a Democratic Face'," by L. Marcus in the Nov.-Dec. 1974 *Campaigner*). However in comparing the Nazis with their limited means to the Rockefellers, the former stand out as minor criminals; while in terms of morality the Nazis come off as enlightened moralists. This is no exaggeration. One need only cite the Nazi plans for genocide in the Ukraine which, once formulated, were circulated as *Top Secret* memoranda; or the Gestapo's thorough surveillance of all mail from the Eastern Front, lest the German population discover the full magnitude of the crimes being committed. Compare that to the Rockefellers' *open* ten-year publicity campaign which, under the rubric of Zero Growth, advocates the elimination of 1.5 billion human beings in order to solve "overpopulation." If anyone is horrified by the mass murder on the Eastern Front (up to this year the most hideous crime ever perpetrated), it is worth noting that it was minor compared to the *deliberate* extermination of over 40 million Indians, Bengalis, and Africans this past year.

On morality, compare the protests against genocide emanating from sections of the Nazi Party to the psychotic ruthlessness of the entire Rockefeller cabal —

to the "liberal" *New York Times* which advocates cannibalism and triage on its front pages; to William Paddock who proudly points to his political connections to John D. Rockefeller III and boasts that "30 million Mexicans will have to be thrown overboard"; or to the official policy statements and actions of the Rockefeller family itself.

The only significant difference between Germany in the 1930s and the Anglo-American empire from the standpoint of the breakdown process is that the German capitalists were limited to the available loot in their own nation state. The outer limits of primitive accumulation had been reached by 1936, whereupon the Nazis had to undertake military operations to extend their domain of plunder. The Rockefellers, through their control of the capitalist world's resources and finances, see no such national limitations, provided that the supranational fascist infrastructure is consolidated in the coming year.

We are now at the same juncture that Germany was on the eve of the Nazi takeover. The Bruening and von Papen regimes preceding Hitler's rise to power had already introduced the entire gamut of Schachtian economic policy, but lacked the coercive muscle to enforce it. The regimes of the United States, Western Europe, and Japan are of the same transitory character, governing only to the extent that they implement the programs that pave the way to the Fourth Reich.

If the Rockefellers succeed in the 18 months ahead, their success will signal the end of human civilization as we have come to know it. Auschwitz will be an inconsequential moment in history compared to the phenomena of entire countries and continents being written off as "Fourth World" death camps; starvation, plague, genocide, administered by an international SS will destroy human society and its ecology. Or if we are more fortunate, we will be spared that agony through a nuclear holocaust. That is the future if the enemy wins.

The working class acting as an international force can destroy Schachtianism once and for all. To the economics of plunder we pose the alternative of expanded production, vast expansion of agriculture to end hunger, investment in technology for the rapid realization of fusion power. A communist mobilization in Western Europe under the United Front program advanced by the International Caucus of Labor Committees can rally the forces to destroy the new Nazi regime before it comes to power.

It was the Red Army of the Soviet Union and the international workers' movement that crushed fascism in the Second World War, but it was also the capitulation of the Communist International to Nazism in 1933 which made Hitler possible. The working class has a choice in the coming months: either solve the problem of capitalism once and for all, or perish under capitalism's final solution.



PART I: The Weimar Republic

A Proletarian Nation

Beginning in roughly the 1870s, capitalism sustained an unparalleled cycle of economic expansion based on exports of fictitious masses of capital in the form of loans to regions outside the capitalist zone. The colonial sector subsidized the imperialist boom by providing sufficient margins of unpaid-for wealth until approximately 1905-07, when the sector as a whole could no longer carry the combined loan burden. World War I came as an attempt to solve the problem of imperialist "overpopulation," by the forcible elimination of competitors.

The Entente victory over the Kaiserreich reduced Germany to what German capitalists rightly termed a "proletarian nation." Not only were colonies and spheres of influence stripped away, but Germany itself now became subject to the type of looting that had previously been reserved for Asia and Africa. For the first time a capitalist country became the object of colonial plunder. The reparations accords made Germany a virtual satrapy for the French bond holders, who went so far as to occupy the Ruhr region in 1923 as collateral on payments!

The runaway inflation of 1923-24 was the direct outcome of French confiscations which deprived Germany of any means other than paper bills to meet outstanding payments. To prevent the outbreak of a socialist revolution, the United States intervened by providing long-term loans which then became the basis for the revitalization of the German economy. U.S. banks and to a lesser degree British clearing houses fi-

nanced the export of heavy industry commodities by taking advantage of the depressed wage levels of the skilled German labor involved in this sector. But since the recovery depended on continuously expanding world trade to absorb a rising flow of German exports, the first signs of a trade crisis were to have catastrophic effects.

The German financiers, unlike the Entente victors who could afford to delude themselves into a "booming Twenties" psychosis, were forced to make a more realistic appraisal of the fragile nature of their belated post-war recovery.

Schacht's new Rentenmark (currency based on German real estate to back up the depreciated mark) was negotiable only because the Dawes Plan of 1924 promised to secure an \$800 million loan as a first installment from U.S. creditors. Even so, recovery quickly dissipated into a depression during 1925-26, and it was only when U.S. interest rates fell substantially below those in Germany that new capital imports resuscitated the paralyzed finances of Germany.

During this period of recovery unemployment averaged about two million, or one-seventh of the working class. State budgets and public employment were slashed, while taxation was drastically increased. In a coordinated blitz by the Minister of Economy and Schacht, then President of the Reichsbank, 397,000 civil servants were dismissed at one fell swoop.

Having no colonies, Germany could not export or realize any portion of its debts in the form of traditional looting. On numerous occasions Schacht pleaded with U.S. and British financiers that Germany be granted a

few colonies, but this request was rejected. Strapped in and faced with an imminent decline in world trade, German financiers had to turn to their own working class as the sole reservoir of loot. Schacht expressed their viewpoint forcefully and bluntly throughout this period:

(The loan recovery) involved the newly revived German economy in the most enormous burden of debt. For with the long-term and short-term loans we assumed responsibility not only for the ultimate repayment of these accounts — we had to pay current interest on them...soon after I took over at the Reichsbank, I started to warn the public against excessive borrowing abroad, especially for such things as swimming baths, public grounds, libraries, sports grounds....

Until his conversion to Nazism Schacht preferred to couch his austerity program in metaphors that made reference to swimming baths, though it was well understood at the time that German workers were not exactly bathing in "prosperity." Even though the entire capitalist class clamored for an extraordinary austerity program, there was no force capable of implementing it. German capital, as Schacht bitterly admitted, was still crushed by the political aftermath of the war. Its Prussian army had been dismantled; its police force was in the hands of the Social Democratic Party. German capitalism was in no position to deliver ultimatums to the working class.

The Social Partnership

The Weimar Republic was a "social contract" between the trade-union-based Social Democratic Party (SPD) and the German capitalists. The contract had been consolidated in the course of the war when the SPD agreed to accept Ludendorff's military dictatorship over the war economy and in return gained recognition by the authorities as sole bargaining agent for the German working class. Under the contract the German worker's diet was reduced to turnips as the basic staple, women and children were herded into the plants, and the pace of labor was intensified to the limits of endurance. Under the contract the German working class was thrown back into the 19th century.

The 1918 "Winter of Turnips" marked the breakdown of the German war economy and gave rise to a revolutionary mass strike upsurge that swept through the factories and gathered into its ranks the uniformed workers on the battlefield. The German General Staff at that point called on the SPD to live up to its obligations by restoring order, and the Ebert-Noske faction eagerly obeyed by deploying fascist paramilitary Freikorps to carry out mopping-up operations against the mass strike.

After this unique display of faith both the General Staff and more enlightened capitalist-industrial elements committed themselves to renewing and main-

taining their temporary alliance with the SPD. In secret negotiations that preceded the adoption of the Weimar Constitution, a spokesman for the Iron and Steel Industry laid down for the benefit of the short-sighted Ruhr Barons the nature of the agreement:

We cannot get on without negotiations with the trade unions....Yes, gentlemen, we should be happy that the unions still find themselves ready to deal with us in the manner in which they have, for only through negotiations with the unions, we can prevent it — call it what you will — anarchy, Bolshevism, rule of the Spartacists or chaos.

In the course of the first few years of Weimar, the industrialists through their employers' associations negotiated a series of "concessions" whose net intent was to give the SPD a veneer of credibility as the protector of employed labor. This package in its entirety was the real Constitution of the Weimar Republic. To sustain the left-borderguard role of the SPD, the battered industrialists accepted a bill of minimum rights for the employed labor force under depression conditions.

With six million unemployed in 1918 the SPD negotiated a labor exchange scheme that prevented the importation of scab labor as a wage reduction tool. In addition, a national integrated network of employment agencies was created with safeguards guaranteeing that workers were to be placed at union rate jobs and were not to be used in factories where strikes were in progress, or in plants that violated normal working conditions. Other protective measures included a 48-hour week, eight-hour shifts, and layoff procedures that required six to eight weeks' advance notice.

More fundamental as a fulcrum for these concessions was the recognition of the right to industry-wide binding contracts and the unemployment insurance legislation which was enacted in 1927. These provisions gave minimal borderline defenses to the employed and semi-employed from being recycled down to 18th century levels of subsistence.

Hjalmar Schacht's political activities during the early Weimar years exemplify the quality of commitment among industrial-financial circles to the "social partnership." A faithful, God-fearing monarchist during the Kaiserreich, he served his country during the war in Belgium, where he helped transfer that occupied country's finances to German banks. In the upheaval of 1918 he suddenly transformed himself into a "revolutionary" executive member of a district Workers and Soldiers Council! During the "Year of Turnips" he recognized that Germany was about to undergo the same type of breakdown that led to a Bolshevik seizure of power in Russia, but that unlike in Russia the mass-based SPD could provide a bulwark against revolution.

He propagandized in the upper-class Berlin "Club of 1914" against benighted, traditional intransigence

towards the SPD, an attitude which was most prevalent among Ruhr industrialists who had always relied on the decorticated Prussian military for "thinking." "We must endeavor to form a mighty reservoir of all those elements who, without being extremists, are dissatisfied with present conditions," argued Schacht. "We need a middle-class Left which will throw in its lot with the organized workers in the coming coalition government." Around Schacht's "liberal" German Democratic Party coalesced what today would be regarded as the strategic think-tank minds who formulated a coherent matrix of policies for the capitalist class as a whole. By allying with the Social Democracy they were able to dictate for the SPD the acceptable limit to workers' demands. As Schacht himself proudly noted:

The surmise we had entertained in connection with the formation of the GDP (German Democratic Party) came to pass....The Social Democrats were compelled to form a coalition with the middle-class left...and at a critical juncture ensured that Socialist theories were not applied in too one-sided a fashion.

For approximately ten years the German bourgeoisie grudgingly held to the terms of its contract with the SPD. This can also be seen from their reactions to the Kapp Putsch, to Hitler's attempted coup in Bavaria, and various other conspiracies of the right, which they correctly judged as premature and therefore lent no institutional support. This steadfast detente with the SPD had very little to do with the SPD itself. As noted earlier, the bourgeoisie had nothing to fear from the traitorous scum who led the SPD. The constant terror was that the rank and file would abandon the SPD en masse for the revolutionary struggle of the German Communist Party (KPD).

Every concession to the SPD had been nothing more than desperate retreats in the face of explosive mass strike upheavals which the SPD leadership was summoned to quash. Every gain was won through the soviet class-wide political forms of struggle to which the KPD in its formative years aimed at giving organization, coherence, and program for the seizure of power.

The strategic perspective of Rosa Luxemburg had been to extend these soviet (united front) forms of struggles, and to win hegemony over the SPD in these alliances by providing direction (program) for a European-wide workers' solution to the social breakdown. After her assassination and the Zinoviev faction's Comintern purge of the cadre trained by her, the KPD was thrust into the hands of tertiary leaders whose original commitment and integrity deteriorated to the extent that they carried out unscrupulous factional errands on behalf of Zinoviev and Stalin.

As a result of the witchhunt against Luxemburgism,

the communist movement was decapitated and during the depression years came to resemble a ship cast adrift in tumultuous hurricanes — without compass, without command.

Throughout the 1920s and early 1930s, the KPD attracted the most advanced and most committed layers of the working class, recruited mostly from the ranks of the unemployed, but the party had no way of linking them up with the SPD workers. By failing to bring the unemployed into alliances with the employed SPD trade unionists, the KPD reduced the unemployed to an atomized, heteronomic strata, and in turn as the depression deepened the party assimilated the desperate raw prejudices of this layer. The same type of mass under a petit-bourgeois machine is the chemistry for a fascist movement. "Directives from Moscow" are not sufficient to explain the eagerness with which the KPD allied with the Nazis against the SPD in the referendum elections of 1931, or their staging of joint anti-Weimar demonstrations, or to account for the transmigrations between the two parties. By dispensing with the teachings of Rosa Luxemburg, the KPD lost itself in the back alleys of the depression where inevitably its membership brushed shoulders with the petit bourgeois vermin of the Strasser Nazis.

The SPD unionist was left no alternative but to cling to the rotting corpse of his organization and to reinforce his swinish attitude towards the unemployed section of his class. This unresolved antagonism between the employed and unemployed under depression conditions was the virus that killed the working-class movement.

Once the German capitalists were convinced by experience that abrogation of the social contract would not immediately result in a mass exodus to the KPD, they prepared for a head-on confrontation with the working class. Despite the criminal ineptness of the Communist movement, the possibility that the KPD might rally the 15 million organized workers weighed so heavily on their minds that they had to proceed with extreme caution lest they ignite an explosion which would spread socialist power throughout Europe.

The offensive came in the form of "stages," or a succession of confrontations in which the defeat of working-class forces, and the subsequent demoralization, would create the conditions for the next confrontation. After the workers' movement had been softened up in this way, the Nazis were called in to finish the process.

Schacht's Conversion to Nazism

As early as 1927 the American banker Parker Gilbert, who was appointed by Morgan to watchdog the Reichsbank finances, issued a memorandum to the SPD government warning of "tendencies...that would lead to observable recessions and depressions."

To finance both reparations and interest on "recovery" loans, German industry and banking obtained short-term credit in foreign currencies at an alarming rate. The short-term notes, however, were being converted into long-term loans by the German banks to keep German industry from going bankrupt. The industrial contraction in Europe and the United States created a situation in which the German export market perspective was in inverse ratio to its spiralling debt. German finance was faced with the predicament of keeping interest rates high to prevent a flight of foreign capital and to maintain payment on these loans in the midst of the collapse in trade.

As President of the Reichsbank, Schacht expressed the viewpoint and interests of his foreign creditors, the Morgans and the British clearing houses. Schacht was fully committed to accepting the satrapy status of Germany, and for his insistence that austerity be intensified so that the loans could be paid off he was labeled (correctly) by both the left and the right as an agent of U.S.-British banking interests. At the same time Schacht concentrated his efforts on bargaining for a better colonial status. He pressured the U.S. for a lowering of reparations, explaining that it was in their own interest, and continued to repeat his appeals for colonies somewhere in Africa or Asia.

Domestically he became the leading exponent and propagandist for austerity, arguing that only a drastic cut in the living standard could save Germany's liquidity position. But Schacht's strategems up to 1928 had only a marginal effect, because the pace at which austerity advanced was slowed down by strong working-class resistance. It was only when the Ruhr industrialists took the offensive under the cry of "Break the Trade-Unions" that Schacht's program came to be implemented.

German capitalists were not concerned with unions as such, but in the obstacles which these advanced outposts of working-class gains placed in the way of recycling the *class as a whole*. The apparatus through which the growing numbers of unemployed could be processed as "workfare" labor existed in the form of national employment agencies, although the "trade union" rights won in the 1918 mass strike prevented the capitalists from making use of it.

In the winter of 1928 the Ruhr magnates locked out 200,000 workers with the bluntly stated aim of abolishing collective bargaining and industry-wide contracts. Under the circumstances this amounted to an explicit demand that working-class organization be done away with. The Social Democracy reacted to this turning point in the Weimar Republic by dispatching their whimpering Minister of the Interior, Karl Severing, to negotiate a compromise settlement. Otto Braun, an SPD trade-union leader, explained at the time why the unions became paralyzed under these attacks: "How

could the trade unions call workers from their posts when they knew that millions of unemployed were waiting for the moment when these places might become vacant?"

Though a temporary compromise was reached, the working class parties failed to perceive that this event had taken place in a new geometry, one in which the social partnership could no longer exist. The failure of the Communist International to come forward at this critical juncture, with its own program for replacing the system that the capitalists could no longer live with, was the determining factor behind the successive catastrophic defeats that were to follow.

The employers' associations treated the Ruhr lock-out as a crucial experiment, in which it was proven both to themselves and to capitalists of other countries that the best organized working class in Europe — when put to a test — would not fight.

The SPD nevertheless clung desperately to its illusion of renewing the terms of the old contract. At the price of implementing austerity legislation on a scale which no capitalist government would have dared, they were allowed to remain in government until 1930. Their traitorous collaboration in enforcing Schacht's austerity reached its limit only when the capitalists demanded that they voluntarily liquidate the trade unions, upon which their entire party was based. Unlike their modern day scions Woodcock, Vetter, Loderer, et al., they were not prepared to go that far.

When the Ruhr demanded that unemployment insurance be ended through legislative "revisions," even the most corrupted union leader knew that abrogation of that law in the face of mass unemployment would totally destroy the SPD and its unions. Over this issue the SPD resigned from government, though they never wanted to realize that the curtain had fallen on the Weimar Republic.

Until a political machine could be created to crush the working class, the capitalists had to turn to a Bonapartist military-backed government under Bruening that ruled above parties by decree. Under emergency powers "For the Protection of the German Economy and Finances..." wages were reduced by 15 per cent, and collective bargaining was torn up.

The Bruening government marked Schacht's transition to fascism. Schacht not only gave support to the "positive" measures implemented by Bruening; he was in fact the author of the new government's austerity measures. But it became clear to him that half-way austerity which merely *weakened* the working class could not salvage German capitalists.

Schacht was one of the first to abandon the sinking ship. In 1930 he put his signature to the Young Plan, which stipulated that Germany would have to continue reparations and honor its debts — and then immediately resigned from his position at the Reichsbank,

knowing full well that the entire banking system was about to collapse. He then travelled to the United States where he propagandized for the coming Nazi regime.

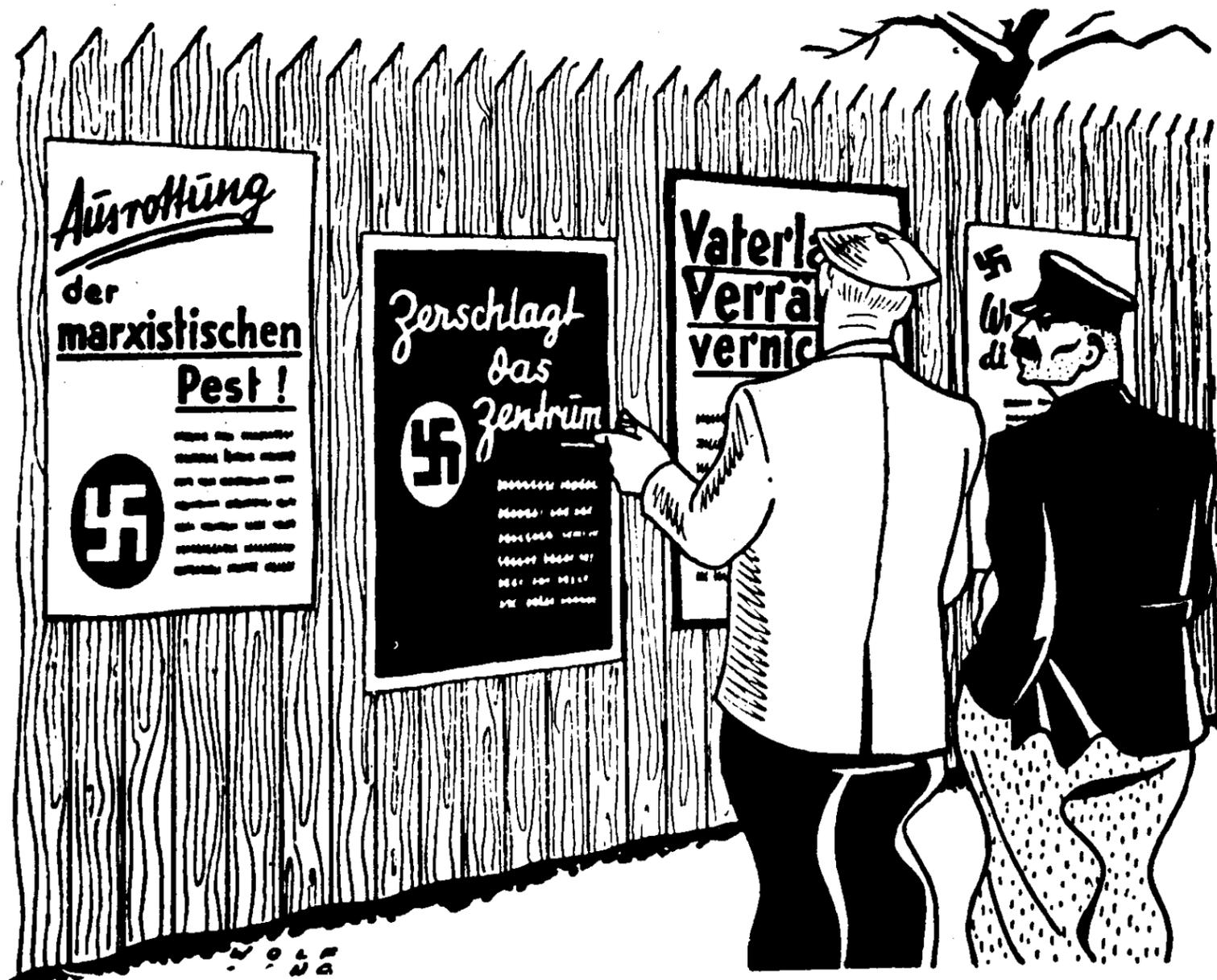
The collapse which Schacht had easily foreseen came in 1931 with the failure of the Austrian Central Bank, which immediately set off a chain reaction of bankruptcies in Germany. Within days production fell by 50 per cent while unemployment soared to over six million. Schacht understood that this depression was not going to be solved by a "loan-export" revival, because it was the illiquidity of prospective creditors like the U.S. and Britain that had sparked the monetary collapse in the first place. Recovery would have to be financed out of the blood and bones of the working class. Schacht became convinced that only Nazi gutter scum, *whom he personally loathed*, could enforce a Schachtian recovery program.

Originally a Schachtian program had been handed over to the organ of heavy industry, Strassemann's *Volkspartei*, which was urged to move towards a presidential-military dictatorship. When the task was later shifted to Bruening, the impossibility of a purely military solution became apparent. The army, split up as it was into rival factions and permeated with intrigue at all levels of command, was not a reliable agency for dealing with 15 million organized workers.

Furthermore the military was numerically weak, lacking any "low intensity" capability and was considered to be incapable of dealing with the street riots that were spreading through the country.

Despite all statements to the contrary by Schacht's modern-day apologists, Schacht after 1930-31 devoted his entire political energies to the goal of bringing the Nazis to power. At the Harzburg Conference of Germany's fascist parties it was Schacht who was called on to enunciate the program for the coming Reich. Schacht stressed that this program "rests on a few fundamental ideas....namely to extract from our native soil whatever can be extracted and finally *to work hard for an entire generation.*" Because this task ("for an entire generation") was beyond Bruening, the arrogant, dignified gentleman Schacht now found himself in the company of the Nazi thugs.

Schacht had nothing but contempt for the so-called "theorists" of the Nazi movement. The economic program put together by cranks Gottfried Feder and Duree was a scratchsheet of heteronomic ravings designed to fit the "little interests" of each bankrupt section of the petit bourgeoisie that flocked to the Nazis after 1930. Schacht had no patience for the "pure-idealist" morons in the Nazi camp. "If men like Gottfried Feder and Rower were to gain control of the



A 1933 German cartoon: "They want to kill off half the population. Is that supposed to be a solution for the unemployment problem, or bring about the unification of the Germans?"

banking and monetary system," he wrote, "I could see already that it would spell ruin for German economic policy. The work of the Reichsbank would collapse."

The populist lunacies of Feder (notorious for his ravings against the "Thralldom of Interest"!) remained for the benefit of the Storm Troop rabble, but Hitler's real economic program was shaped by industry and finance, for whom Hjalmar Schacht was the acknowledged spokesman. By 1933 the exuberant Schacht was signing his fervent letters to Hitler "With a vigorous Heil!" Goebbels jotted down in his diary during the dark period of 1932, "He (Schacht) is one of the few who stand firmly behind the Fuehrer." The former head of the Reichsbank ended up on the eve of the Nazi takeover as the treasurer of the Nazi slush campaign fund. At a major fundraising event before the 1933 terror elections, Schacht jumped up after Hitler's speech and exhorted the assembled industrialists, "*Und nun, meine Herren, an die Kasse!*" (And now, gentlemen, to the cash box!)

Once the coalition between finance, industry, the military, and the Nazis was consummated, Bruening was scrapped and replaced by non-entity von Papen. The sole *raison d'etre* of the von Papen government was to make the final preparations for a peaceful transition to the Nazis, who in turn were no more than the battering ram for the Schachtian coalition.

Von Papen issued more emergency decrees, only to rub in the total rout of the immobilized working-class parties. The right to contract, already a legal fiction, was formally abolished. Adding to Bruening's 15 per cent wage reduction, von Papen reduced wages by another 25 per cent, even though capitalists were already cutting wages without waiting for official declarations. Final proof that the stupid and treacherous leaders of the KPD and SPD would give up without a fight came in July 1932, when the only resistance encountered to the coup d'etat in Prussia which overthrew the SPD government there was an injunctive suit filed by the SPD in the Supreme Court! While the venerable judges of the court went through the faded footnotes of Constitutional law, the Nazis under von Papen's protection were let loose like wild dogs against the working-class parties.

Up to the last days of the Weimar Republic the working class still had the organization, the moral strength, and the military combat units to repulse and shatter the Nazis. Workers in the para-military units, who were engaged in daily combat with the Nazis to

protect their rallies, offices, and organizations, lived under the illusion that somehow, when the day of the Nazi bid for power came, orders to mobilize would come. Stalin and the KPD stood by and let the vanguard of the international working class go under without a single shot being fired!

Hitler's appointment to the Chancellory in December 1932 was followed by the most concentrated terror in history. The SS, the SA, and the Gestapo spread terror throughout the pores of society, not only destroying every form of working-class organization but also shattering morale and the very notion of solidarity. Now that the industrialists had a free hand, German workers were deliberately put through a two-year recycling journey at the end of which they emerged as broken, docile, chattel slaves.

The unemployed for all practical purposes were robbed of insurance payments. Like cattle they were rounded up at the national employment agencies from where they were either "relocated" to ditch-digging public works or sent to factories to take away jobs from the employed, at unemployment scale wages, under far worse working conditions.

The former employed worker now found himself at the unemployment office, ready and willing to replace those who had replaced him. When the workforce had been shuffled and reshuffled sufficiently, labor books were issued that tied the slave to "his" employer. Any protest, or even a sign of latent protest such as an unenthusiastic "Heil," was recorded in the little book. Usually "anti-social" behavior among workers was remedied by a trip to Dachau, where the SS administered remedial education.

The Nazi Labor Front reached right down to the floor level of the plants. No one dared talk or joke any longer. A sharp quip, a slip of the tongue in an unguarded moment, or a discussion with a former comrade who once belonged to the same party could all turn out to be one-way fare to a concentration camp.

In this jungle environment solidarity broke down even to the point where social interaction among workers came to an end. The days of home visits and after-work discussions over a mug of beer belonged to the past. This was a Zero Growth society in which your former comrade might turn you in, if only to get your job, your apartment, or some other scarce resource.

The combination of Nazi terror and recycling conditioned the German worker, "for an entire generation," to the quality of life that made the Schachtian recovery possible.



PART II: The Schachtian 'Recovery'

The Real Dictator

It is often said that Schacht as Nazi Economics Minister did nothing more than plagiarize from the policies already set forth by Bruening and von Papen. This line of thinking puts the cart before the horse, for although the continuity in the economic policies of the three regimes is patent, the continuity is a progression in the implementation of Schacht's own program. Von Papen and Bruening had as little to do with economics as did the Nazis.

Up to 1936 the Nazis were limited to a domestic police role only, while the Wehrmacht and the ministries of economics, foreign affairs, and defense were completely under the control of the financial-industrial-military bloc directed by Schacht. In the domain of capitalist policy no half-baked Nazi Party interference was tolerated. The industrialists expressed gratitude to Hitler for his accomplishments and paid him ceremonial tributes, but when it came down to policy the Nazis were *persona non grata*.

The purge of the SA (*Sturmabteilung*) is a case in point. While it is certainly true that Hitler was well disposed to ridding himself of any factional rivals in the party, the impetus and the orders for the purge came directly from the Schachtian bloc.

As long as the SA were needed as an auxiliary police force during the terror recycling period, their antics were tolerated and their populist demands met with some degree of accommodation. The first Nazi relief

program, a subsidy for repairs to residential housing, was in fact a sop aimed to pacify the Nazified artisans who were mostly involved in the construction trades.

The first phase of the Schachtian program, consisting of public works slave-labor recycling, took 18 months to complete. The SPD, the KPD, and their former members were pulverized to the point where the rabble in the SA were no longer essential. The Schachtian bloc, via the Economics Minister Schmitt (also director of Germany's largest insurance company and closely connected to the Reichsbank), presented Hitler with the next phase of the program, which centered around rearmament and stipulated that the SA and their "Second Revolution" be liquidated.

The question had come down to one of hard economics. The rabble were demanding that department stores be closed down, even though the commercial paper debt of these establishments amounted to 500 million Reichsmarks (RM)! Similarly, the demand for low interest rates, low taxes, housing subsidies, etc., ran directly counter to the real recovery program. Schacht, Krupp, Farben, and the military agreed that the rowdies had to go.

After the Roehm purge the last obstacle to a Schachtian recovery had been done away with. Schmitt was put under a great deal of pressure to resign, especially after he had donned an SS uniform and compromised the interests of the Ruhr barons by allowing the Nazis to make inroads into the employers' associations — a situation that Schacht was to reverse swiftly. Both industry and the army now called direct-

ly upon Hitler for Schacht's appointment to the Ministry of Economics, not as mere minister but as political dictator over the entire economy.

In late June 1934 General George Thomas, chief of the economics section in the Ministry of War, submitted a memorandum to Chief of Staff von Blomberg in which he delineated the demands of the entire capitalist-military bloc. The memo stated that recovery must be achieved solely through a rearmament program and that an economic dictator be appointed, with power over all economic institutions and most emphatically with control over wage policies. Dr. Ley's illusions of turning the Labor Front into a corporatist "bargaining agency" regulating labor policy were quashed and the Labor Front was strictly confined to functioning as a Gestapo appendage in the factories.

Between June and August General Thomas had to remind Hitler twice that the only choice acceptable to the bloc for the post of economic dictator was Hjalmar Schacht. In his memoirs Schacht describes how "surprised" he was at Hitler's offer and how he underwent a deep crisis of conscience in trying to decide whether it was morally proper to serve a regime that was committing such crimes against the Jews and civil liberties.

The 18-month delay to his appointment was actually due to Schacht's own unwillingness to assume the post. Schacht, it must be understood, was an opportunist and fundamentally a coward who made no political moves when risks were involved. Only after the Nazis proved that they could enslave the working class, and after Hitler showed he could get rid of his own SA radicals, was Schacht prepared to take over as economic dictator. Once he did, however, there was no doubt in anyone's mind as to who was in control. U.S. Ambassador Dodd, Allen Dulles, and others acting for British and U.S. ruling circles took it for granted "that if anything happened to Hitler" Schacht would be the one to replace him.

Schacht's first actions in the Ministry were to establish his own command and to make it absolutely clear that he would not tolerate the least bit of Nazi meddling with his mandate. Schacht describes it as follows:

On the 2nd of August 1934, I took office as head of the Ministry for Economic Affairs. My first action was to summon the senior officials and urge them to arbitrate justly and impartially, and to *tolerate no Party interference*. I would support any official who upheld that standard....Nor did I confine myself to the defense of my own departments: I also had recourse to attack. Immediately after my opening address...I sent for Herr Gottfried Feder, whom Hitler had previously appointed Secretary of State in the Ministry. I told him that his connection with the Ministry ceased on the day I took office. "But sir, I am prepared to cooperate with you." "That may be, Herr Feder, but I am not."

Nor did Schacht confine his house-cleaning to such lunatic Nazi elements. Wilhelm Kepler, who used his post as Hitler's economic advisor to expand the power of the Nazi Party in business circles, was expressly forbidden by Schacht from entering any of the Ministry buildings. To an SS courier who told him of Himmler's opposition to his appointment Schacht replied that the only way Himmler could make him resign was if "he shoots me from the front, for I don't allow myself to be taken from the rear."

MEFO Bills

The image of a marathon poker game is appropriate to the "wizardry" of Schacht's "MEFO-bill"-financed recovery. The bank provides its privileged though penniless players with chips, and in return the players offer their own personal IOUs. As the ante goes up the bank graciously supplies more chips using the IOUs as collateral. At some point, however, one of the wary players wishes to go out into the real world, where to his misfortune his earnings at the poker table cannot be exchanged. Was the game in vain, he despairingly asks himself? The banker who is a financial wizard calms the player down and gives assurances that the exertions at the table were not for nothing. With a flick of his magic wand the wizard summons from the adjacent room a band of gentlemen who are armed with sub-machine guns, and he bids them to accompany our wary player into the world to ensure that the magic chips are honored.

It was machine guns — not Schacht's magic bag of financial tricks — upon which "recovery" was built.

The acronym MEFO stood for the *Metall Forschungsinstitut GmbH*, a corporate front group founded by the central bank, the Ministry of Defense, and the four major armaments producers. The purpose of the bills was to provide credit for arms production. Military procurement offices paid for their orders in MEFO bills, which were then acceptable by the dummy corporation, whose debt was guaranteed by the government.

Unlike the usual bill of exchange that must be paid on the day of maturity, rediscounting of MEFOs was guaranteed by the central bank so that the total MEFO debt could function as credit money for further payments. Nevertheless, as a portion of this mass was deposited by armaments producers and their suppliers in private banks, they found their way back to the Reichsbank and ultimately to the issuing of new currency.

The rate of currency expansion between February 1933 to February 1938 was 33 per cent. This, however, in no way represents the runaway inflation trend because it only covers the expansion of currency, which

is merely one of the credit instruments at the capitalists' disposal.

By exercising very tight control over the capital and money markets, Schacht was able to use the liquid assets of banks, municipalities, stock and bond markets to prop up the MEFO expansion. Savings and commercial banks were forced to invest 30 per cent of their deposits into MEFO-bills, municipalities up to 90 per cent, and similar ratios were set for insurance funds, both public and private. The issue of new securities was forbidden, while bonds and accounts that had been frozen during the depression were unfrozen by converting them into MEFOs. The capital market was inundated by MEFO-bills and other government-created paper, for which the Reichsbank paid declining rates of interest.

Without such regimented concentration of paper capital, one may well imagine the rate at which the government would have had to print new notes. From 1934 to 1938 a total of 12 billion RM in MEFO-bills were issued! It is not so much the gross sum of MEFOs which is significant, as the leverage (or "multiplier") which this credit provided for additional credit expansion throughout the financial system. The question which comes to the fore is, how was this paper empire maintained, since war production produces no value? This is where economics ends and the machine guns come in.

The secret was primitive accumulation. Here Schacht excelled as a cold-blooded gangster, divising scheme after scheme to squeeze every last ounce of value from his victims. Wage rates were fixed by Schacht through the state-appointed Trustees of Labor, *at the depression level of 1933*, and as rearmament financing increased, real wage rates steadily declined *below* this deep depression level.

In actual terms the 1933 wage level was approximately one-half the weekly earnings of 1928. It should also be noted that deductions from the money wage amounted to 10 to 15 per cent of the nominal wage. This was carried out in the form of unemployment insurance withholdings which were set at the very high depression rate, even though compensation payments were either reduced or refused until 1939, when all compensation payments were officially abolished — though certainly not the deductions! Other deductions included "old age insurance," dues to the Labor Front, "Strength Through Joy," not to mention the numerous "voluntary" contributions solicited by the Nazi Party. And then of course there were the outright "con game" swindles, among which the Volkswagen (people's car) thievery stands out as a good illustration of what occurred daily, albeit in less spectacular forms. Greater efficiency in tax collecting and an increase in indirect taxation, whose costs were borne

by workers, took further deductions from the gross wage fund.

Reductions in variable capital (the social cost of maintaining and reproducing a skilled work force) must necessarily be reflected in a contraction of what Marx defined as Department II production, that portion of industry devoted to consumption goods production. The fixing of Department II to depression levels was the deliberate policy of the Economics Ministry upon Schacht's appointment. This was expedited by denying credits, labor, and raw materials to consumer production and imposing tight import restrictions. That the policy was one of contraction, freezing production to its most depressed level, can be seen from the special 1934 decrees which attempted to regulate the fiber industry, whereby a work week of 36 hours was imposed, new plant or capacity was forbidden, and a ban was put on the introduction of new technologies.

Investment in Department II never reached the pre-depression level of 1928, while the percentage of consumer goods investment to overall investment dropped by 27 per cent between 1933 and 1939. A significant portion of consumer production never reached the civilian population, since it was either directly channeled to the military or stockpiled to prevent shortages in the case of war.

Import restrictions and the compulsory admixture of domestic synthetic raw materials ("*Ersatz*") had the immediate effect of lowering the quality of consumption items, especially the quality of food and clothing. The deterioration was so apparent that *Ersatz* became the butt of many jokes, but it was no laughing matter for the thousands of infantrymen who froze to death in the Russian cold in their *Ersatz* winter clothing.

The contraction of Department II expressed itself in very high (relative to world market) prices, and this inevitably led to a shift from high to low quality items of consumption, as in the case of food. Overall the pattern is unmistakable: *per capita consumption by 1938 was significantly below that of 1929*. And 1929 was below that of 1913!

Another form of looting variable capital was in the precipitous deterioration of education and in declining allocations for *reproducing* the labor force. If older workers were being driven into the 19th century, youth, in terms of skills, culture, and education, were being driven into the Middle Ages.

During the depression working-class youth graduating from vocational schools were not integrated into the labor force. It is this layer, with an elementary knowledge of engineering-draftsman skills, which replenishes such skilled sections as machining, tool-and-die, etc. From 1929 to 1933 they were excluded from

the job market since an unemployed skilled worker could be hired at a fraction of the pre-depression cost. After 1933 these young workers were herded into the Hitler Youth as ditch diggers. By 1936 when unemployment came to an end and the armed forces were expanded, these youth were the first to be drafted, so that the bulk of vocationally trained youth during Weimar never entered the industrial labor force.

After Schacht came to power *all* schools, vocational and otherwise, underwent a collapse. A severe teacher shortage developed as those who entered the profession were judged by their loyalty to the National Socialist Teachers League and by their physique. The subject weighted most heavily was "physical education," while "ideological" subjects such as "racial theory" took a close second. A good barometer of the decline can be gauged from the sharp reduction in enrollment in technical schools, out of which most scientists and engineers graduated. Between 1933 and 1939 enrollment fell from 20,474 to 9,554, while a large part of their education was diverted to the study of "German sciences" such as "German mathematics" and "German physics." The decline in the quality of engineers and other scientists fell to such abysmal levels that the trade journals of the period are full of complaints and lamentations over the poor quality of technical school graduates, who couldn't be trusted to repair a car let alone practice industrial engineering.

Industrialists raised cries of despair over the quality of apprentices. Results in apprenticeship examinations were so poor that they became a national scandal. In one test of 400 apprentices in Hamburg, 75 per cent failed to capitalize proper names and an equal number could not spell the name of Goethe. By 1938 the shortage of skilled labor was so severe that industrialists were setting up their own emergency training programs.

The education and acculturation of the young was commensurate with a Zero Growth economy. Development of skills is only required for a society that is advancing; the Schachtian Reich was one in which the social reproductive process was contracting and turning on itself. Nazi education, a mixture of boot camp and Nazi brainwashing, was not a quirk but a curriculum designed to develop the qualities of the model SS killer. From the standpoint of Schachtian accumulation the most "productive" labor was that performed by the SS.

The looting of the domestic work force was only one aspect of Schacht's MEFO-bill financing. Short-changing foreign creditors and trading partners was the other indispensable sphere of primitive accumulation.

In this venture Schacht was aided by the Morgans, the Rockefellers, and the British banks who supported the Reich by giving it credits and by graciously opening up some of their colonies for Schacht to

practice a poor man's version of imperialism there. Schacht's colonial ambitions came half-way true, as the Rockefellers opened up Latin America and the British, the Balkans for Schachtian trade. (Although it must be said that the Rockefellers, who hired Schacht after the Second World War as a trouble shooter for the oil cartels, made him work hard for the money.)

Under the rubric of the "New Plan" Schacht declared a debt moratorium, by refusing to meet Germany's long-term debt liabilities to foreign creditors in foreign currencies; instead Schacht offered "partial" payment in the form of scrip which could be used to purchase *specific* goods in Germany. Concomitantly the Reichsmark was taken off the international money markets and pegged at an artificially high price ranging to about 20 per cent above the going market price. Not only was the conversion of foreign assets into scrip calculated at very profitable exchange rates, but scrip also depreciated in value since many creditors had no interest in buying the commodities specified in the agreement. The scrip innovation, needless to say, could not possibly have succeeded without the collaboration of U.S.-British banking, which wrote the debts off as a political subsidy to the Reich.

The scarcity of foreign exchange to carry on trade was an even more serious problem. Trade with the U.S. and West Europe was drastically reduced due to the artificial pegging of the mark, which made German exports 15 to 25 per cent more expensive than those of Britain. To remedy this, Schacht shifted trade to those countries which also suffered from a shortage of foreign currency and were therefore open to barter. Almost exclusively these were raw material exporting countries in Latin America and the Balkans, which had devalued their currencies by 40 to 80 per cent after the British devaluation of the pound sterling to maintain their exports in the collapsed markets. Even though no conversion of currencies took place in these "clearing agreements," the commodities exchanged were calculated at the exchange rates prevailing in the respective countries.

Schacht got the edge by virtue of the overinflated Reichsmark, and in addition introduced a bit of mafia thievery known as "quantity manipulation." After the bureaucratically complex clearing agreements were negotiated, the German importers would go ahead and order more quantities of raw materials. By the time the third country had caught up with its paper work, it would discover that there was a gross imbalance in the trade, and would demand payment from Germany in hard cash for the additional quantities. Schacht's standard reply was to offer return payment in goods, not cash. The central bank of the country being robbed had no other choice but to restrict trade with other countries and to force its importers to trade with Germany to make up for the imbalance, even though

German exports were priced exorbitantly high.

Another practice ancillary to quantity manipulation was sheer dumping of surplus and *Ersatz* commodities. The case of IG Farben dropping a mountain of aspirin into Yugoslavia in exchange for raw materials was such a commonplace phenomenon in the Balkans that the countries in that region virtually pleaded for the return of British imperialism.

The 1936-38 Crisis and the Demise of Schacht

Only two years into the celebrated "recovery" Germany was once again on the verge of economic collapse. From a social reproductive standpoint the recovery had been a sham. Armaments served as an investment sector for "paper" accumulation, and the increase in production led to no increase in social use values, which remained stagnant and then began to fall below the deep depression levels. The inevitable result was hyper-inflation in Germany, coupled with a severe foreign exchange crisis.

A solution to this problem was heatedly debated between industrial, financial and military circles throughout 1936, culminating in a sharp factional confrontation between Schacht and the Ruhr barons, in which the "old wizard" was ultimately deposed from his post as economic dictator.

The real debate centered around the fundamental issue of whether MEFO-bill financed rearmament could be maintained without incurring immediate financial collapse. Around the central question three factional positions developed.

A section of the export trade and light industry called for a devaluation of the mark as a way of increasing exports and, more important, as a means of gaining access to international money markets. Schacht, the Ruhr industrialists and the military joined together in rejecting this position, on the grounds that the "devaluationists" wanted Germany to go back to the satrapy status of 1924-32. A devaluation would have ended the Reichsbank's capability of realizing the fictitious paper capital generated inside Germany, via Schachtian trade, and furthermore the subsequent depreciation in MEFO-bill holdings would have immediately triggered a chain reaction of bankruptcies inside Germany. German capital then would have no other recourse but to apply for "loans" abroad and accept the political consequences of becoming a U.S. colony.

Once the "devaluationists" were defeated politically, Schacht imposed a turnover tax on the entire capitalist class as a way of providing emergency subsidies to export trade without recourse to devaluation. This was merely a short-term bandaid which left the real problem of MEFOs unresolved.

From an enlightened and well-seasoned banker's standpoint, Schacht argued that further expansion of

credit was untenable. His alternative was to reduce the mass of paper, cut down on inflationary war production and increase the rate of primitive accumulation within Germany by enforcing greater austerity on the population. Throughout 1936 he became involved in heated political battles with what became the third faction, the Ruhr barons, by rejecting their requests for credits to finance the expansion of the war industry. The cutting point came when the military planning group (on behalf of IG Farben, Krupp, et al.) requested an increase in military expenditures requiring a doubling of foreign exchange outlays. Schacht's insistence that the new request was impossible to meet was immediately confronted with a factional document by the industrialists known as "Goering's Four Year Plan."

On the surface this economic "planning" document presented the idiotic thesis that Germany could become self-sufficient in raw materials by investing in synthetic goods industries. On this basis, the document argued, Germany could do away with the problem of foreign exchange and at the same time equip itself for war within four years. Autarchy, the ostensible objective of the plan, was in fact never taken seriously, nor for that matter did anyone have any illusions about Goering's ability to handle matters pertaining to economic policy, especially anything going beyond the realm of thievery.

The only "planning" aspect of the document was a behind-the-scenes agreement between the military, the industrialists, and the Nazis to expand credit for arms production. The Goering plan was essentially an unwritten agreement to go to war at the earliest possible date. The stipulation of "Four Years" had little to do with economics and was actually a factional ploy to win over the General Staff of the Wehrmacht from their alliance with Hjalmar Schacht. Four years for preparations alone, with the prospect of actual war held off to about six or seven years, was palatable to the conservative-minded military strategists. Once Schacht was deposed the Nazi-industrialist alliance in turn purged the General Staff of all officers who opposed the military gambles that the inflationary economic policy made necessary.

The origins of Goering's Four Year Plan bear out the nature of the new alliance. The document was written in toto by IG Farben aides who were supplied to Goering's office for this purpose. The massive propaganda campaign about "autarchy" was merely a device to justify government credits to IG Farben for the synthetic goods industries — credits that Schacht had been denying. (In the same way "Project Independence" in the U.S. today is a propaganda ploy to convince workers that Rockefeller's coal gasification projects are necessary to solve an "energy shortage.")

The industrialists understood as well as Schacht did

that the rate of debt expansion was far greater than the rate at which it could be capitalized in the form of tangible (looted) wealth. Whereas Schacht demanded a halt to paper accumulation, the industrialists' remedy was to continue Schachtian measures (even without Schacht) on the premise that Schachtian measures could be extended to both the *capitalists* and *working classes* of other countries. Provided that the frontier barriers restricting primitive accumulation to Germany alone were dismantled by the Wehrmacht's Panzers, "inflationary spending" could be supported.

The Four Year Plan alliance raised the Nazis out of their junior partner status in the government. Once the decision for war was taken, the Nazis and their SS apparatus were entrusted with the political task of looting Europe. In the industrialists' minds the ability of the Nazis to do this would make the difference between whether the government paper in their possession would become useless garbage or certificates redeemable in the assets of the occupied countries.

Schacht was not adverse to the use of Panzers to back up the liquidity of the Reichsbank as much as he was troubled by the prospect that the Wehrmacht was insufficiently prepared for the task of requisitioning the assets of other European countries. When compared to the combined might of the standing armies of Germany's most likely opponents, the Wehrmacht was an underequipped, understaffed, under-trained force. The thought of gambling in war in the face of such overwhelming enemy superiority horrified Schacht, just as it was to horrify the upper echelons of the German General Staff in 1937-38.

The precise nature of Schacht's opposition to the inflationary policy that was adopted is made apparent by following his changing attitude towards Hitler's successive looting operations.

When the tempo of rearmament was increased after 1936 along the lines of the Four Year Plan policy, the inflationary strain in Germany was exacerbated to the point that the entire monetary system was on the verge of exploding. Hitler resorted to the most desperate stormtrooper methods to take over Austria's finances. Schacht gave full political support to the stormtrooper-mafioso tactics by which *Anschluss* was achieved, for the simple reason that the risks involved in the Austrian venture weighed far less than the certainty of bank failures in Germany without the immediate acquisition of foreign exchange and other liquid assets.

Appearing a few days before the "plebiscite" in Vienna, Schacht gave a speech to the staff of the Austrian Central Bank in which he praised the achievements of "the newly strengthened Wehrmacht" and ecstatically proclaimed that "the Reichsbank will always remain National Socialist..." Several

days later, under Schacht's direction, the foreign currency reserves of Austria and its liquid assets were transferred posthaste to Berlin, while the Ruhr industrialists picked their way through Austria's industries, grabbing as they went.

It was a totally different matter when Hitler's plan to invade Czechoslovakia brought the Wehrmacht into what appeared to be a head-on confrontation with the British, French and Soviet armies. Such a war violated sound banking principles! Schacht, one can imagine, was haunted by visions of engraved MEFO bills going up in smoke and a second round of reparations on the horizon. The prospect of defeat so terrified Schacht that he immediately entered into a conspiracy with the General Staff in a plot to overthrow Hitler. To this end Schacht entered into negotiations with British banking circles while the General Staff sent emissaries to Britain with full documentation of Germany's state of military unpreparedness. According to the plot the British were to call Hitler's bluff, the Wehrmacht would then proceed with a coup d'etat, and Schacht was to be appointed military dictator of the Reich.

When these overtures were rebuffed by Chamberlain (British and U.S. policy being one of encouraging the Nazis to go East) and the Czech gamble paid off, Schacht temporarily abandoned his opposition activities.

The Polish crisis was the point of no return. Here it was absolutely clear that war would erupt and only miracles could keep the Wehrmacht from total disaster. Hitler was confident of victory while Schacht was convinced that the contrary was inevitable; this explains their final split over credit policy. Schacht gives a revealing account of this last bout with Hitler in his memoirs:

Now, however, it became evident that the capital market was exhausted...(and) no money would be available for further armaments. On the 2nd January 1939 I went to see Hitler... On this occasion Hitler himself referred to the financial situation and told me he had found a way of raising funds to meet Government expenditure. I pointed out that the last loan had demonstrated the complete exhaustion of the capital market and furthermore, that the so-called Jewish indemnity of one billion Reichsmarks decreed in November—of which the first quarter had been exorted—only one hundred and seventy million Reichsmarks had been paid in cash; for the remaining...the Minister of Finance had to accept real estate lots, securities, etc., as payment. Whereupon Hitler remarked: "But surely we can issue notes against these securities."

Hitler demanded that the Reichsbank provide the credits despite the runaway inflation. In return Schacht issued a statement making his resignation from the Reichsbank official. In it he delineated his differences "with the reckless policy of expenditure on the part of authorities."

The unlimited increase in Government expenditure

brings the national finances to the verge of bankruptcy despite an immense tightening of the taxation screw, and as a result is ruining the Central Bank and the currency. There exists no recipe, no system of financial or money technique...to check the devastating effects on currency of a policy of unrestricted spending. *No central bank is capable of maintaining the currency against an inflationary spending policy on the part of the State.*

Schacht overexaggerated in his statement; he himself had always maintained the principle that an "inflationary spending policy" could be financed provided it did not overstep the rate at which the state was capable of procuring loot. The question of credit was political, and in this case Schacht believed that the political course adopted would lead to insolvency of the Reich. IG Farben, Krupp, and the SS disagreed.

'Germany's Economic Preparations for War' and Burton H. Klein

After the war Germany's relatively low level of arms production for the period of 1936 through 1941 was revealed to the public by the United States Strategic Bombing Survey findings on the German war economy. The issue of whether or not Germany could have increased its war mobilization became a focal point for discussion and analysis among OSS/MI-5 think-tank specialists who had been involved in the Bombing Survey.

The post-war debate was not motivated by any purely academic interest, but was in fact oriented to examining the inner workings of Schachtian economics for future use. The work which subsequently achieved hegemony on the subject of the Nazi war economy was Burton H. Klein's *Germany's Economic Preparations for War*, which argues the thesis that full war mobilization was possible. The book was written as an exercise in rewriting the 1936-39 breakdown crisis, as a reverse futurology, that is, "what we would have done had we been in their shoes" (or "what we should do under similar circumstances"). The work therefore assumes the character of a polemic against Hjalmar Schacht who is in effect dismissed as a bungling economist. It is therefore important to examine the 1936-39 crisis from Klein's standpoint in order to gain some insight into the fact that the modern-day Schachtian fascists are so confused, so muddleheaded, and so far below the intellectual level of their Nazi progenitor.

Klein begins his analysis with a cover story, as is usual among the members of the intelligence community. He states that the reason for writing this work was to dispell the illusions of the strength of the Nazi war machine:

When Germany marched against Poland in September 1939, her military might was not questioned. The Nazi government, it was commonly

believed, had for six years concentrated the country's resources on preparation for war. This was a tacit assumption of the diplomacy of the period, and a point of major emphasis in the voluminous writings on Germany.

It is of course true that European and U.S. workers, who were being inundated by pro-Nazi terror propaganda on the part of their own capitalists, were convinced of Germany's military strength. The ruling circles responsible for diplomacy, however, absolutely were not, because they themselves were so intimately involved in the formulation of Nazi war aims and strategy.

Nevertheless, Klein's central thesis is worthy of consideration. He compares the military production of Britain and Germany on the eve of war, and the low figures for Germany are indeed impressive.

In regard to manpower, for example, mobilization fell nearly a million short of the number in the armed forces at the outbreak of World War I. Military production was on a much smaller scale than had been assumed: for example, German aircraft production at the beginning of the war, 675 per month, was about the same as Britain's. Tanks, the main weapon of Blitzkrieg warfare, were produced at the rate of 50 per month, a rate of output which was exceeded by the British. Another indication of German's preparedness was Germany's stockpiling program...

Klein states that since most conclusions about the Nazi economy were falsely premised on the supposition of massive war production expenditures "a number of important economic conclusions...will have to be revised." In the process the traditional evaluation of Schacht is also "revised," along very revealing lines. The thesis is stated very briefly:

There is no doubt that without this concern for inflation, and without such an effective exponent of financial conservatism as Schacht, Germany would have had a larger rearmament....

Procuring additional funds by borrowing, it was thought, would destroy confidence in the economy and lead to an inflation. The fear of inflation weighted heavily in the policy decisions of the whole decade....

The German leaders simply did not at this time understand the elementary economic lesson that a nation can finance anything which can be produced.

Had Klein been in Germany during the 1930s, Schacht no doubt would have had him barred from the Reichsbank along with the lunatic Nazis. It was this line of thinking which recently led to the International Monetary Fund's decision to print Special Drawing Rights in order to save the Euro-dollar market, while the bankrupt Euro-market was to provide the credit pool for the SDRs... and this expansion of credit supposedly going to finance increased military expenditures!! Schacht, to his credit, had a fundamental notion of how capitalist finance operates,

unlike contemporary Schachtians whose grasp of economics seems to be no greater than that of their patron, David Rockefeller.

Throughout his career Schacht was cognizant that the volume of credit expansion had to be some multiple of *real* assets available in convertible liquid form. He also understood that if these two processes were moving in opposite directions at growing rates a breakdown crisis would manifest itself, initially through inflation, and ultimately through a general monetary collapse. His Rentenmark of 1924, which stabilized the price of the mark, was based on a comprehensive agreement with the U.S., in which the U.S. financiers agreed to provide emergency loans while the Reichsbank put up as collateral the real estate mortgages of Germany. The MEFO-bills of 1934 were kept liquid by looting the working class and foreign creditors. In the 1936-37 crisis, Schacht proposed that more intensive austerity measures be applied and that war production be curtailed. The invariant in these solutions was the determination to maintain a sane relationship between the mass of paper credit and convertible assets.

For Klein to argue that Schacht was a victim of inflation paranoia, at a time when the Nazis had to ram their way into Austria to keep the Reichsmark solvent, is gross stupidity. The psychotic thesis, "a nation can finance anything which can be produced," suggests that Schacht in 1936 could have financed the imports for war production had he only known about the wonders of credit. (Perhaps SDRs!)

Klein attempts to prove his thesis by citing two areas, consumer production and expenditures related to Nazi activities, which supposedly could have been curtailed to provide non-inflationary funding of arms production. This is hardly original, since Schacht himself bitterly factionalized to effect such reductions. Unlike Klein, however, Schacht pointed out that these intensified austerity measures must be accompanied by contraction of credit, and must be viewed as emergency measures to save the mark. Here again Klein's grasp of Schachtian economics falls below that of Schacht's chauffeur.

The Nazi Party's opposition to further austerity measures as a solution to the 1936-39 crisis was politically correct, whereas Schacht's "rational" economic policy was a political powder-keg. Between 1936-39 the intensification of austerity was creating boiling point pressures on the Nazi political machine. Complaints which the Nazis could not afford to ignore were being registered with local Gauleiters throughout the Reich. Towards the end of 1936, for example, the Minister of Labor was forced to protest "the social retrogression in the metal industries" to the Minister of War, citing the "absolutely untenable extension of the working day," and noting that once again

"thousands of women...work eight or ten hours at night."

We have already documented the decline of German living standards to below deep depression levels; suffice it to be said that the shift to greater war production in 1936-37 brought a further deterioration. The reply on the part of the War Ministry to the charge of "social retrogression" expresses the Nazis' invariant political orientation to the question of austerity levels:

According to the decision of the ministry...and General Goering, the *present* tempo of rearmament and overtime employment shall be continued, *in spite of the social consequences for the workers affected.*

As far as the *present* tempo went the Nazis were more than willing to enforce it; beyond that, they themselves were extremely frightened of the "social consequences." This may seem specious when one considers the massive terror-police apparatus with which austerity could be enforced, but only if we look at Germany in political isolation. The Nazis had no illusions about the hostility of the working class to their fascist regime, and what they realistically feared was a communist-led workers upsurge in Europe which would have pulled the plug on the German economy, and ultimately would have given confidence to the millions of formerly-organized German workers who had capitulated in 1933 because of their cowardly leadership. Had the Comintern mobilized its forces for the seizure of power in France, Spain and elsewhere, the German economy would have dissolved overnight. The political consequences of driving the working class to 1918 starvation conditions bred so much anxiety in the Nazi political machine that it always rose to protest whenever Schacht and later Speer attempted to impose a second "Year of Turnips."

As for depriving the Nazi Party of its pork barrel expenditures (15 billion Reichsmarks in 1938), the old saying "you can't have your cake and eat it too" holds true. The Nazi machine was the backbone of the recovery, and like all capitalist political machines its cohesion was maintained through "kick-backs," or patronage. To have foregone payment to the Nazis would have fragmented the Nazi machine through factional squabbles over diminishing gate receipts. In addition, such an action would have been enough to bring the old SA radicals out of the woodwork once again, with Hitler leading the pack. When it came to dividing the spoils the Nazis demanded their fair share for services rendered.

The idiocy of Klein's central theses on rearmament can be seen by taking his own comparison between the German and British economies a few steps further. In Britain, supposedly, the more advanced Keynesians

at the Bank of England were free of Schachtian paranoia and therefore could "finance anything which could be produced." Klein forgets to point out that Britain enjoyed the blocked sterling accounts of its colonials which were deposited in British banks, and income from war levies that Britain placed on her colonies. Even so, the strain of war production devastated the British economy (and the British working class) and bankrupted Britain out of her position as the world's leading banker. By 1941 the British were on their hands and knees begging for lend-lease in Washington, which the U.S. granted only after Britain agreed to surrender a large chunk of its colonial empire. The example picked by Klein turns out to be a vindication of "conservative" Schacht with a vengeance, if one considers Schacht's own comparison between the two economies, in which he pointed out repeatedly that the Reich did not have the benefit of a colonial empire to subsidize full war mobilization.

The German industrialists and the Nazis struck a balance between liquidity and the exigencies of war economy by opting for "production in width," or what otherwise has come to be known as the *Blitzkrieg* economy. This form of production was specifically geared to short tactical wars in which the outcome is decided in the first battles.

In terms of military production no expansion of the industrial base was required. Labor, material, machine tools and capacity were maintained at existing levels and shifted about according to the type of war to be fought at any given time. For example the campaign against France necessitated a shift to tank production, while later on "Operation Sea-Lion" required a shift in priorities for increased naval landing equipment and aircraft. In this manner hyper-inflationary "production in depth" was avoided, while *Blitzkrieg* production was financed by the acquisitions in the occupied territories.

The *Blitzkrieg* economy gambled on the supposition that opponents could be annihilated in short wars characterized by mobile, concentrated German thrusts, followed by a breakthrough and encirclement. This too had been the line of thought which inspired von Schlieffen in his celebrated battle plan for war against France. Hitler and the industrialists thought they could succeed where the Schlieffen Plan had failed because the depression had rendered the bourgeoisie of Europe (and the U.S.) allies of fascism, especially in those countries where the working class had not been effectively crushed, as was the case in France. The Nazis gambled on the fifth column in the military and the bourgeoisie of their potential enemies. The deciding factor in the battle for France, for example, was not so much Guderian's effective

use of the Panzer as the defeatism among the French capitalists who decided to ally with the Nazis, just as Thiers had allied with Bismarck to crush the French working class in 1871. The French capitalists accepted a satrapy status under Vichy in return for a fascist machine. The development of technology which made the *Blitzkrieg* possible is a purely secondary matter, since it can easily be shown that German's opponents possessed the same knowledge but too often refused to make use of it.

The *Blitzkrieg* economy came to an end after the setbacks in the Soviet Union, beginning with the battle for Rostov-on-Don and ending with the defeat at Stalingrad in 1942.

Klein ecstatically prints statistic after statistic on German expansion of the war industry as final proof that, were it not for conservative prudishness, the German war economy could have been on full mobilization in 1936-41. Had Schacht known in 1936-39 that the Reichsbank would have at its disposal the entire assets of Europe, and that 100 million could be murdered in slave labor camps or starved to death, there can be no doubt that he would have abandoned his "conservative" scruples and financed expansion of arms industries. On these matters Schacht was more ruthless than the most diehard Nazi — but in 1936-39 there were no such guarantees!

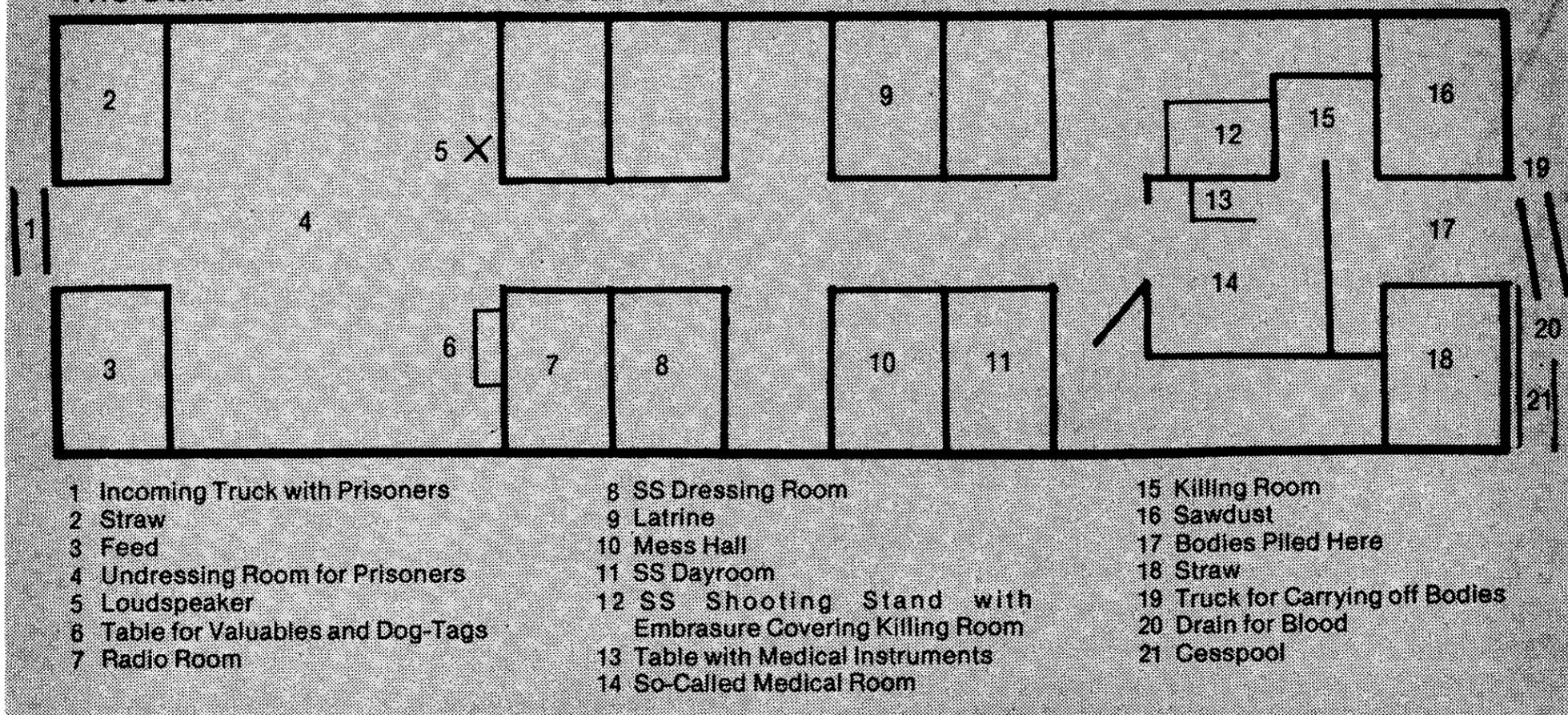
Klein blows his cover story and reveals the real purpose of his book in the final chapter, where he concludes by calling for stepped up arms production in the U.S. Here Klein comes straight to the point:

The lesson that we ought to draw from this experience is that whether future wars be nuclear or conventional wars, we should count less on our potential military strength than our actual military strength.

Thus Klein's work, published in 1958 while he was serving the Rockefellers at the RAND Corporation, is nothing more than a polemic for arms production as a solution to the 1958-59 recession. He argues that "the German war production effort was restricted (until Stalingrad) by the lack of a *real sense of crisis*...Germany's awakening did not come until after her defeat at Stalingrad," at a time when the CIA and Klein's employers at RAND were creating precisely such a crisis in Vietnam.

We do not in any way wish to exaggerate the importance of Klein's incompetent work. Nevertheless the fact that this book is so widely accepted as "authoritative" has obvious implications. Klein's thesis, followed to its conclusion, does indeed make Schacht and the Nazis appear conservative and prudish — for its implementation would require the working to death of the world's entire population. This is the new Schachtian economics.

"The Stable" Murder Plant at Buchenwald



PART III: The Final Solution

The Extermination of the Jews

"Final solution" (*Endloesung*) — the Nazi codeword for the extermination of European Jewry — has generally been interpreted as the result of the Nazis' ideological fanaticism, while some have tried to locate the reason in some dark, mysterious aberration of the German mind. The destruction of the European Jews can only be understood from the standpoint of Schachtian economics, in which this extermination was a result of ruthless, calculated, and methodical primitive accumulation. Once the "exceptional" policies towards European Jewry are viewed in this light, the generalized features of Nazi war policy can be comprehended.

Historically European Jewry, and even earlier the Jewry of the Levant, was the most accessible sector for the purposes of quick and thorough looting. The Jews within the borders of the Roman Empire evolved into an international mercantile capitalist stratum, providing liquid funds, credit, and discount markets on the fringes of non-capitalist economies. The Jews financed a significant portion of the risky trade of the time, and were prime lenders of funds to the state. Whenever Rome prepared for war, the Jewish money markets with their wide-flung connections were inevitably turned to. But the Jews remained a foreign element and were always in danger of being looted by the same people they were financing. Defaults on Jewish loans were a very frequent occurrence whenever the state no longer had any use for credit, or whenever looting ventures ended unprofitably. The Caesars

looted the mercantile Jews in cycles, almost as one would milk a cow, allowing the cow to pasture during the day only to take away its milk the next morning. The history of capitalist accumulation is filled with periodic milking operations at the expense of Jewish mercantile capital. These ventures, before the rise of industrial capitalism, were facilitated by the class-based anti-Semitism among lumpenized peasants and craft artisans. Peasants bankrupted by successive waves of tax farming (and "proletarianized" artisans) were allowed under appropriate circumstances to vent their populist rage against the merchant capitalist Jews. After the riots and the rag-tag looting, the state would move in and self-righteously rob the Jews.

The same technique was utilized by the German capitalists under the Third Reich. The radicalism of the bankrupted petit bourgeois was conveniently channeled against the "Jew capitalist" in *Einzelaktionen* ("individual actions") organized by the Nazi Party. For the first 18 months of the regime the SA rabble was allowed to indulge in petty thievery at the expense of the Jews. When Schacht took over the Ministry of Economics he made it clear that Jewish assets were to be appropriated only by the state, and to be used as leverage for MEFO-bill credits. His insistence that the looting must be *systematic* and *efficient*, as opposed to the smash and grab methods of the SS which Schacht found morally repugnant, places him as the individual most responsible for the process which finally led to the gas chambers of Auschwitz.

Between 1933 and 1938 German Jews were subjected to waves of primitive accumulation, during which

they were deprived of their properties through the various Aryanization laws, property taxes, penance taxes, emigration statutes, and more direct forms of confiscation. By 1938 the Jews remaining in Germany were entirely impoverished and were being forced into slave labor. To make labor as cheap as possible, all minimum wage legislation was lifted and at the same time Jews were cut off all public expenditure rolls.

Deprived of property, then depleted through slave labor, German Jewry became the capitalists' "surplus labor." For the Reichsbank the Jews were no longer worth maintaining; they were superfluous consumers of scarce resources. In 1938 Schacht, among others, negotiated with the British for "resettlement" of the surplus Jewish population to some abandoned colony. Ribbentrop and French Foreign Minister Bonnet discussed the possibility of sending the Jews to the tropical malaria-infested island of Madagascar, but the French were not willing to donate one of their colonies for this purpose. Later, when France was occupied, Himmler became obsessed with the Madagascar plan, hoping to turn the island into an SS labor colony, but British control of the African waterways prevented the Nazis from carrying out this scheme. The resettlement of the Jews to the Generalgouvernement area of occupied Poland in 1941 was a "rationalization" measure, concentrating the surplus population for final "resettlement" as soon as military conditions allowed. The relocated Jews shipped to Poland in cattle cars were sent off under the Nazi slogan, "on the way to the East the Jews must work."

Poland had already been defined by the Nazis as a "huge labor camp," or, as Hitler put it, an "*Arbeitsreich für den Herrenvolk*" ("a labor empire for the master race"). Polish Jewry, unlike that of Germany, was overwhelmingly working class in composition, with approximately 45 per cent employed in industry. After the initial confiscation of businesses under the direction of Goering's Four Year Planning group, the Nazis turned to utilization of the massive labor pool.

Jewish workers on the whole were the most skilled section of the Polish working class. But the Nazis had no appreciation of this, nor did they intend to deliberately exploit this fact since Polish industry was being dismantled in line with the strategic policy of deindustrializing the entire East. Jewish labor was used for slave-labor projects, in lieu of costly machinery or animals.

The evolution of the slave-labor apparatus in Poland is the epitome of fascist political economy in its more advanced Schachtian stage. The principle applied by the SS is the same which the liberal-fascist Ford Foundation has sought to implement in the black and Hispanic ghettos of the United States. The Jews were allowed the freedom to organize and expedite their own extermination through the "community control"

agencies of the *Judenrat* (Jewish Council). Unless one is blinded by Shinbet propaganda, overabundant historical evidence shows that Jewish bourgeois layers both in Germany and in Eastern Europe were fervent supporters of fascism (especially in Hungary, where Jewish bankers financed the fascist movement). Along with the bourgeoisie, the anti-communist sections of the Zionist movement, inspired by the teaching of proto-fascist Herzen, found admirable qualities in the communalist ravings of fascist ideology.

Out of these groupings came the *Judenrat* — the Jewish elders who were so proud of their role as chosen guardians of the Jewish slaves under their command. The *Judenrat* offices were the epitome of bureaucratic efficiency, carefully modeled to approximate those of the SS. In the ghettos the *Judenrat* leaders wore shiny boots, carried riding whips, and had their clothing tailored to closely resemble the SS uniform. The *Judenrat* built the apparatus for the efficient handling of the slaves. In the first months of the occupation the SS merely picked Jews off the street and forced them into labor columns from which they were released at night. This highly inept technique was changed after the *Judenrat* submitted a request to organize labor pools for servicing the labor requirements of the Nazi occupation agencies. The SS granted permission to the *Judenrat* — on condition that the wages be financed out of *Judenrat* funds! Thus was established the self-cannibalization process which culminated at Auschwitz, where the body fat of the victims provided the fuel to burn the gassed corpses.

Initially the wage fund came from taxing prosperous ghetto Jews who were exempted from the labor rosters. As these assets were quickly devoured by the SS, the *Judenrat* came increasingly to rely on the left-behind valuables of those transported to the extermination camps, or the valuables brought into the ghetto by "resettled Jews." The industries organized in the ghettos for supplying the German war machine operated on the same principle. The importation of raw materials for ghetto workshops was generally prohibited by the Nazis, so that materials were acquired by collecting scraps from within the ghetto itself. The Lodz ghetto, which built up a significant war industry through the ruthless enforcement of slave labor ("rescue through work"), was not accidentally the last ghetto to be "resettled" to Auschwitz.

The food rations in the ghetto were constantly being lowered and the quality, poor to begin with, deteriorated to rotten garbage. Nevertheless, to the German financiers this putrid allocation for food appeared as a huge expenditure when the gross tonnage being supplied to total ghetto populations was computed. They progressively reduced the rations; at times shipments of food were simply stopped, at which times instances of cannibalism resulted. Starvation, poor housing, in-

tensive labor, inadequate clothing all combined to produce the spread of epidemics. Epidemic deaths accounted for 20 per cent of the deaths of Jews in Poland. Even the SS teams sent to clean up and disinfect the ghettos after the Jews were transported became infected by a variety of diseases.

Had the Nazis simply followed this course to the end, Jews would have been exterminated through pestilence and starvation, in the same way that Rockefeller has over the past year exterminated 30 million peasants on the Indian sub-continent without the aid of death camps. The problem, from the standpoint of capitalist (primitive) accumulation, was that this long drawn-out process failed to optimize the utilization of labor while at the same time it squandered scarce resources. For every slave working in a labor camp or in light industry supplying the Wehrmacht, there were several young, elderly, or sick who were incapable of labor. As soon as the campaign in the East put a further strain on the war economy, the industrialists and the Nazis decided to rationalize the process by weeding out those who could work from those "superfluous consumers" who could not. A Generalgouvernement official stated that "Jews who migrated to the East (to the gas chambers) will have to interrupt their journey and work in war industry."

Auschwitz was the result of a collaborative business venture between IG Farben and Heinrich Himmler. Sixty-three per cent of the total camp population, on the average, was employed in Farben's synthetic rubber (Buna) plants, in the coal pits, and in Krupp's armament plants. A big industrial park was built around Auschwitz, in which Farben made an initial capital investment of 500 million Reichsmarks. Employees from Krupp's and Farben's personnel departments stood on the railway platform and determined by sex, age, and health criteria which Jews would be employed in industry and which would be rejected.

No matter where one was sent, the ultimate destination was the gas chamber. The life expectancy of the Jewish slave at Auschwitz was three months in the factories, only one month in the coal mines. In the Buna works alone 35,000 workers were employed, out of which 25,000 died.

Once it was determined that an employee could no longer keep pace, because of overwork, starvation, or sickness, he was transferred to the inner camp as raw material for the killing industry, a capitalist industry in its own right. The production was organized with assembly-line efficiency, so that the cost of killing production (including transportation, etc.) was covered by the valuables and raw materials salvaged (eyeglasses, gold teeth, hair), while fuel costs were cut by recycling bodies to fuel the fires that burned the next batch. Gold from fillings was transported to the Reichsbank; fountain pens and other scarce Depart-

ment II commodities were distributed to the SS on the Eastern Front.

The extermination process may be separated into three phases: first the looting of all assets and personal possessions, then the looting of the stored-up wealth within the human body, through slave labor, and finally the body itself, a depleted hulk, becomes nothing but a raw material servicing the killing industry.

For those who would still cling to the myth of Jewish exceptionalism, it should be pointed out that the macabre saying making the rounds in Poland during 1942 was, "This year we are using soap made from Jewish corpses. Next year Polish bodies will be used for soap production." The Jewish "exception," as it turns out, is the very essence of Schachtian economics, in which capitalist accumulation feeds on the corpses of mankind.

The Looting of Europe

The looting of Europe was a continuation of the MEFO-bill process, by which the German industrialists tried to realize the government paper upon which their book-valued profits were based. In 1942 the Krupp firm's assets in Treasury bonds alone amounted to over 200 million hyper-inflated Reichsmarks, and this was the case throughout industry and banking. The way industrialists capitalized the state debt was described at Nuremberg by an individual who by chance happened to intrude on one of these industrial "planning" meetings during the invasion of Holland and France:

One of the businessmen brought a map. He spread it out and their eyes darted across it, searching for place names as the announcer identified the depth of the Wehrmacht penetration. As yet the communique hadn't mentioned France....but in Holland the situation had so consolidated that there was a possibility that outstanding members of the economy would be able to travel there now. The tension of these gentlemen grew perceptibly; the radio was shut off...and now the four gentlemen pointed with their fingers to certain places in Holland...."Here is village x"; "There is Mueller"; "he is yours," and "There is Herr Schmidt, or Huber....he has two plants, we will have him arrested." At one point Alfried Krupp said to one of the others "This factory is yours."

Before each Wehrmacht invasion the leading industrialists would submit, via the agencies born out of the Four Year Plan, a list of industries pinpointed for confiscation or dismantling. In all branches supervising distribution of conquered assets, Alfried Krupp, head of the Krupp firm, and IG Farben had a dominant voice. After Schacht was deposed, Farben and Krupp stepped in and became the leading spokesmen for the entire capitalist class. The Krupp firm alone spread its European empire from the shipyards in the Netherlands to the machine tool and steel industries in

France, to the ore-mining regions of the Balkans...in addition to entire industries that were dismantled and transported to the Ruhr as "capital investment." But even this is minor compared to Krupp's acquisition of a large piece of real estate known as the Ukraine.

Under Farben-Krupp two distinct looting policies were formulated for Eastern and Western Europe. In the case of Western Europe, the industrial infrastructure was to remain, because the total destruction of Western European industry would have brought the German war economy to its knees in short order. Looting took the form of reparations payments, which were dutifully collected by the local fascist collaborationist regimes (in France \$7 billion per annum in 1945 dollars), and direct seizures of plant, equipment, raw materials, agricultural produce, and labor, over and above stipulated reparations. The "surplus population" resulting from the severe contraction of industry was to be sorted out for the maintenance of German industry, while another section was to be resettled for "agricultural development projects" in the East.

The Eastern policy of the Krupps was one of deliberately destroying the entire social reproductive process by looting everything to the marrow. The military's views on the matter, which were expressed by General Thomas in the "Oldenburg Plan," proposed that agriculture and industry in the East remain intact, out of military considerations, and that looting take the form of stockpile and inventory confiscation. This plan was rejected by the Four Year nexus, and a policy memorandum was secretly circulated to all the relevant agencies under the title "Green File." The memo, as all memos coming from this group, bore Goering's signature, as the nominal economic "planner" for the Reich. It instructed:

Many tens of millions of people in the industrial areas will become *redundant* and will either die or have to emigrate to Siberia. Any attempts to save the population from starving to death by bringing in surplus food from the black soil region can be made only at the expense of feeding Europe. They undermine Germany's ability to hold out in the war....There must be absolute clarity on this point. From this fact *there follows forcibly the extinction of industry as well as of a large percentage of the human beings....*

The same policy applied to the Jews was to be enforced in the East. In the short run the assets of the Soviet Union were to be used to liquidate the monstrous war debt; Hitler and others were explicit on this point. The scale of plundering would necessitate the extermination of the total Soviet population over a projected period of ten years. Goering predicted that thirty million Russians would have to die from starvation during the first year of the occupation, while Alfred Rosenberg opined that, "it will be necessary to drive the surplus population into Siberia."

As the native population was starved and worked to death, colonialization from the West would take place. The Westerners were to be separated into two class divisions, the ethnic German caste that would rule, and beneath them the resettled unemployed who were to replace the Ukrainian and Russian farmers being exterminated. In the wake of the 1941 German victories, tours of the East were scheduled for the fascist collaborators of France, Denmark, etc., as a preparatory move for the resettling of Western stock.

The contention that Nazi racialism was the driving force behind these policies has no foundation. The ideology was an appropriate form of consciousness for those executing the orders dictated by the Krupp-Farben machine. It was in fact the most extreme of racialists, Alfred Rosenberg, who protested these genocide measures all the way to Berlin despite the danger of being purged and liquidated. The Nazi ideologues were warm-blooded humanists compared to the bondholders who organized and directed the operation. Interestingly enough, the dummy corporation which held all Soviet assets in "trusteeship," the *Huettenwerksgesellschaft Ost GmbH*, against which Rosenberg hurled much of his rancor, had as its executive director Alfred Krupp.

The eastern policies went through two phases as the Red Army disrupted the long-term plans of the invading capitalists. The first year they implemented the Green File directive to the letter, but after Stalingrad the German industrialists had to cope with the fact that, for the first time, there was a frontier limit to primitive accumulation. Krupp therefore had to switch to "conservation measures" lest the labor force under his control be wiped out completely by plagues and famine.

In the euphoria of the 1941 victories the Nazis saw no limit to manpower resources; this resulted in the extermination of prisoners who were herded to repair the damaged factories and mines captured by Krupp. The trainloads carrying the prisoners to their work sites would arrive at their destinations with at least 30 per cent of the "cargo" dead, although in many instances the figure rose to as much as 95 per cent. At the end of the year, out of a total of 3,800,000 Soviet prisoners of war, approximately 800,000 survived. Even the Gestapo raised a loud cry of protest over the mishandling of Bolshevik prisoners who, though slated for execution, "arrive in the concentration camps already dead." Rosenberg howled from the Ukraine that "of the 3.6 million prisoners of war only a few hundred thousand are still capable of working." Goebbels during this period described the plight of Russian POWs with manic elation to Mussolini's son-in-law Ciano:

In the camps for the Russian prisoners of war after having eaten everything possible including the soles of their boots, they have begun to eat each other, and

what is more serious have also eaten a German sentry.

The bourgeois historians who clamor about the Nazis' inefficiency in exploiting their conquered assets are perhaps even more psychotic than the Nazis who carried out the crime. Krupp was not concerned in making long-term investments in production, but in looting every ounce of real wealth that could be squeezed from accumulated value.

Maintenance of the workforce was a superfluous expense. When plagues and epidemics spread throughout occupied Russia, the SS raised the question of allocations for emergency inoculations. The response from Hitler: "spread the superstition among them, that inoculations are quite a dangerous business."

Hitler on the training of youth, who, in an expanding society, are educated for a developing technology: "We don't want a horde of school teachers to force education down the throats of the subject races....At most one must let them learn not more than the meaning of road signs." The youth who survived the holocaust were to serve as chattel, and accordingly education was limited by decree to only three years of elementary schooling, though youth were encouraged to learn the skilled slave craft of bricklaying, since villas and mansions would have to be built for the future colonial rulers.

The SS was responsible for enforcing Krupp policy in the Soviet Union. It was they who carried out the first "Operation Phoenix" in history; an operation copied by the CIA's William Colby in Vietnam, whose intent was to destroy the vanguard communist cadre force in the country. On the basis of intelligence supplied to the SS by Reinhardt Gehlen's army intelligence unit, communist cadres were weeded out from the civilian population and the POWs and executed en masse by the *Einsatzkommandos*, the same units entrusted with the extermination of Eastern Jewry. Initially these cadres were shot in open ditches. Later, as an economy measure, they and the Jews were killed in mobile vans by carbon-monoxide poisoning. Other SS units, with the aid of fascists from allied countries, busied themselves with the task of procuring slaves for the captured industries.

The old school military, trained by the pre-World War I General Staff, protested these policies for obvious military reasons. It was not because, as some have suggested, the Prussian code of honor made genocide abhorrent to them. The exterminations and the endless labor manhunts were forcing the entire population to turn to the Soviet partisans, or wherever such units did not exist to create them as the only hope for survival. The military's plans for organizing a fascist movement against the Red Army under Vlasov were completely wrecked by the SS operations in the occupied zones.

"Morality" in the German General Staff died in 1871. Only weeks after the German army had accomplished the historically progressive step of German unification, the same army was used to batter the armed working class of Paris. Morality for the General Staff became a steadfast commitment to maintain imperialist class rule. The postwar General Staff was already an embryonic SS (as evidenced by Ludendorff's lawful conversion to fascism), an officer corps committed to settling accounts with the working class. The so-called "democrats" of the *Truppenamt*, like Goerner, pledged their allegiance to the Weimar Constitution only to the extent that the SPD "democrats" allowed them to fire their machine guns against the Spartacist workers. The only reason the officer corps could not develop an SS on its own was that the army was too battered and depleted to act with initiative.

Nevertheless the British-inspired Junker officer caste was the blueprint from which Himmler designed his SS. The officer corps, with its anal existentialist trappings, presented the persona model for imitation by every petit bourgeois philistine in the Kaiserreich. Himmler the chicken farmer, the paradigm of the respectful, impotent German petit bourgeois, tried to give some dignity to his "elite" thugs by dressing them up in the customs and rites of the officer corps.

The traditional relationship between the military and the Ruhr began to change as a result of the scale of primitive accumulation. The mere annihilation of the enemy on the battlefield, though essential, was secondary to the subjugation of the victim in a form that could immediately be realized as capital. The SS had already assumed that function between 1933 to 1939 in regard to the German working class. When the decision was made in 1936 to extend that policy to the rest of Europe, the SS rose to the occasion. The "state within a state," as the SS has been dubbed by sensationalist historians, is a convenient smokescreen hiding the fact that by 1941 to 1942 the SS was the state, acting as the military-executive arm of the Ruhr magnates.

The *Waffen SS*, the military arm of the SS, rapidly gained predominance over the *field military per se*. The field had to be subordinated to the overall economic policies of the Krupps and the Farbens. Hitler summed up his attitude towards his field generals, as typified by Guderian, when he rejected that tank commander's pleas during the early months of Barbarossa for an assault on Moscow, rather than continuing the sweep through the Ukraine. Hitler remarked to his staff, "My generals know nothing about the economic aspects of the war." Indeed, the red pins on Krupp's maps already identified the routes the military was to travel!

The military failed to notice the ironical truth of Clausewitz' dictum that war is a continuation of politics, as entire German armies were sacrificed for no

other purpose than to allow Krupp a few more months of looting time in the occupied zones. Hitler's suicide orders after Stalingrad were tolerated by the Ruhr because they conformed with their own interests. "Stand to the last man" may have been Hitler's personal psychosis; nevertheless it was also economic policy.

Krupp and Farben used every day won on the battlefield as a breathing space to plunder and to transform government paper holdings into real assets. Especially after 1942, when the combination of Stalingrad and the Allied bombings made it clear that the Reich would lose the war, Alfried Krupp committed the firm to a policy of rapidly transforming book earnings based on state paper into foreign currencies and liquid assets. A top Krupp executive testified to that effect at Nuremburg:

(In 1942) we felt that Germany had lost the war and in the strictest confidence we said so among ourselves....In view of the coming defeat, Krupp managers were more interested in at least saving something for the post-war era....Rather than invest assets in war production and lose them, the firm followed a new policy of secretly keeping all assets as liquid as possible. It rid itself of war bonds, cashed in claims for war damages, and collected outstanding debts from the Reich.

Slave Labor

In the year 1942, marked by the great Soviet victory at Stalingrad, the German industrialists were forced to abandon the *Blitzkrieg* economy and shift to production of weapons and materiel in the massive quantities needed to sustain the armies in the East. The 250 per cent increase in production during the next two years was accomplished through the enslavement of millions of workers throughout Europe, imported into Germany as slaves.

The influx of slaves for the German war economy had begun just *three days* after the Nazi invasion of Poland, which serves as a further indication of how close to breakdown the German economy had been in 1939. Only two weeks after the Wehrmacht had crossed the frontier, before the fighting had entirely died down, the Nazis had already opened 30 "recruiting offices," which "recruited" over 100,000 Poles in less than a month. Within a few months the number of conscripted slaves amounted to over a million.

The initial recruiting was easily forced by the dismantling of Polish industry (much of which was transferred to the Ruhr) and the looting of raw materials, which created severe shortages and massive unemployment. To aid the process along, *all* social legislation pertaining to wages, hours and conditions of work, and social welfare expenditures were officially abolished by decree. Workers were left with the alternative of either starving to death or "voluntarily" resettling in the Reich. In 1940, when the German economy was gearing up for the offensive in the West, Goering

ordered Hans Frank to deliver the impossible quota of one million additional slaves on short notice. It was during this labor recruiting experience in Poland that the SS perfected the methods it was to unleash in the Soviet Union.

The victories in the West netted another million slaves, either as POWs or volunteers who had become surplus population after the dismantling of their industries. Another supply line was Italy, which agreed to send several hundred thousand, with special quotas of skilled labor, to Germany.

Prior to the influx of Soviet POWs, a modicum of attention had been paid to the diet, housing, and health of the imported slaves; once the seemingly endless stream from Russia began to arrive all restraints were removed. Slaves were herded into concentration camp barracks, the food allowances were reduced (these expenditures were deducted from the "wage," along with social insurance "benefits"), while the pace of work was intensified to murderous levels.

When the Speer office was created to mobilize and reorganize production for war in 1942, another office for procurement of labor was created under Hans Sauckel. Sauckel, unlike Speer, was an old Nazi party man who had come up from its working-class wing. From the start he was astounded at the tremendous waste of human lives on the part of the industrialists. The Ruhr constantly made demands on him for more labor, labor that was becoming increasingly difficult to procure as German working conditions became known in the occupied countries. Civilians preferred to hide, to join the resistance, in order to escape being transported. Sauckel was alarmed that the rate of demand for slaves was far outdistancing his office's capability to deliver, especially after the Soviet pool dried out.

Sauckel appealed to the industrialists that "even a machine can perform only to the extent to which I give it fuel oil and service. How many more prerequisites must be considered with regard to a human being even if he is of a primitive sort of race." Sauckel's directive on the use of slave labor demanded "that all the men must be fed, sheltered and treated in such a way as to exploit them to the highest possible extent at the lowest possible expenditure." From Sauckel's harried standpoint this was intended to mean "bare subsistence," but the Ruhr took "minimum" to the literal auto-cannibalistic meaning, and they did not permit Sauckel (a mere official of the Nazi Party) to interfere with their own private interpretation.

For the Ruhr industrialists the foreign laborers in the Reich were not human, nor were they ever referred to as people in the office memoranda or in the workshops. Essen, Krupp's capital and headquarters in the Ruhr, was decorated with signs reminding the population that "*Slawen sind Sklaven*" ("Slavs are

slaves"). The workers were referred to as *Stucke* (cattle) or just *Sklaven*, while Krupp himself appears in the memoranda of his firm under the title *Sklavenhalter* (slave-master).

Despite the unavailability of statistics on the nutrition levels for the slave workers, there is a simple rule-of-thumb way for calculating workers' diets. The official consumption level was set in 1940, ranging from a maximum of 2,900 calories daily for extra heavy labor to a minimum of 2,156 daily for light work. These official allocations of course were universally disregarded, but the degree of variance from the standard depended on how close these capitalists' connections to the SS were. The SS controlled the supply of slave laborers, and Krupp's factional industrial circle had top priority. It was in these firms that the diet was under 500 calories a day.

In Krupp's factories the staple meal was *Bunker-suppe*, a water-thin soup with a sprinkling of turnips thrown in. This diet was supplemented by a wafer, and on exceptional occasions scraps of rejected, chemically-processed meat called *Freibankfleisch*. At IG Farben it was potato peel soup, and so on.

Slaves had no clothing to wear. Upon arrival, if the prisoner was fortunate enough to have retained his shoes, they were taken away from him and in return wooden clogs were issued (and of course deducted from his "wages"). Slaves who tried to steal some underwear from the commissary, to avoid freezing during the winter months, were either shot on the spot or transferred to a death camp for execution. Other elements of variable capital, such as housing, were equally atrocious. Uniformly, "housing" was no more than a wooden bunk in a concentration camp barrack. German capitalists had to borrow from the state to pay for the construction materials to house over 12 million slaves, and because of the state of insolvency the costs were kept to a minimum. It is ironic that these barracks, remodeled after the war, provided housing for millions of German workers during the post-war miracle "recovery."

Krupp could not expect Sauckel's office to replenish his labor stocks at the rate they were being used up. Sauckel was hampered not only by the population's resistance but also by the Wehrmacht's outright refusal to recruit labor, fearing the spread of guerrilla activity. Krupp therefore contracted directly with the SS. The agreement stipulated that Krupp would pay the SS four Reichsmarks per day per laborer. On this basis Krupp managed to keep over a hundred factories and his 50 concentration camps in Essen adequately supplied.

Industrial peace was maintained through a vast extension of the SS, factory police, kapos, etc. In the Krupp plants company police, the *Werkschutz*, were organized under Krupp's personal supervision to over-

see the production line, along with male and female SS police. The motto was "keep the pace, or off to Auschwitz." Epithets were supplemented with kicks, whiplashes, blows from black jacks and steel truncheons, while torture chambers were built right into the factories. When a subordinate asked Krupp how to treat undisciplined slaves, Krupp issued a memorandum stating that no new policy had to be formulated since "in such cases the Gestapo always passes death sentences."

Auschwitz and the other killing factories served Krupp and Farben as centers from which labor could be transported to industries in the Reich, and as disposal sites for the used-up workers who, once depleted, were sent there as raw material for the killing industry. Here again we see that the fate of European Jewry was not an exception, but what would have been the rule had not the Soviet armies smashed the fascist beast.

With the contraction of territory under SS jurisdiction, the recruitment of labor after 1943 took the form of widespread manhunts. In occupied territories labor recruiters were assassinated and battles erupted as SS tried to seal off areas for mass deportation to the Reich; in the Soviet-occupied territories women, children, even the crippled were grabbed off the streets. By 1944 Sauckel, in desperation, was instructing his agencies to seize labor whenever available. Plans were made to evacuate entire cities and haul their populations into Germany. By then even the *Volksdeutsche* in the East, who only two years before were preparing themselves to become the new colonial elite, were carted off to the Fatherland as cheap labor.

The scarcity reflected itself in a stream of conservation legislation and directives. Books and educational material were quickly printed up to remold the German capitalist's attitude towards the slaves. The change typically reflected itself in the new Nazi code word for the foreign worker; in 1944 the *Sklaven* (slaves) were renamed *Gastarbeiter* (guest workers) by Sauckel! Even the ethnic badges worn by workers (P for Poles, Star of David for Jews, etc.) were suddenly declared to be "badges of honor" for "loyal service to the German war economy."

The necessity of raising productivity brought the neglected Lewinite sociologists and industrial psychologists back into prominence again. The Zehlendorf Institute for Industrial Psychology and Industrial Training, along with other industrial relations centers, was called in to devise "incentives," "motivation," "building of rapport," as a way of raising output. In 1943 these Lewinite "token economy" techniques did produce a rise in productivity, for reasons obvious to anyone familiar with elementary brainwashing techniques (or to any worker in the U.S. who has gone through the United Auto Workers' "O.D." in-plant

brainwashing network). Sauckel and Ley reported a doubling of productivity. Just how effective these programs were (wherever implemented) can be gauged by the complaints registered in several instances by German workers on the preferential status and attention being given to the slaves!

The influence of these psychological techniques should not be exaggerated. That food was increased and better living and working conditions instituted (relative to the horrors of 1942) had more effect on the slaves' capacity to work. This can be seen from the drastic decline in productivity during 1944 when, under the pressures of the collapsing war economy, the working day and the work pace were increased. This immediately resulted in a 50 to 70 per cent decline in productivity, while the rate of absenteeism in many areas doubled.

The depleted German war economy was held together with the blood and bones of the slaves. By 1944 one out of five workers in the Reich was a *Gastarbeiter*. In industrial production the ratio was even higher, with slaves making up about 30 per cent of the workforce. In assembly line production, where simple, repetitive tasks could be executed by unskilled labor, the foreign workers were in the overwhelming majority. How much of the slave force was involved in skilled labor is impossible to figure, but what is certain is that the amount is generally understated. Sauckel made special demands on the occupied countries, especially on the Vichy regime, for quotas of skilled laborers. Out of the nearly 1,500,000 French workers in the Reich a significant portion must have been skilled, and this was the area in which the labor shortage was most acute.

Who can calculate with accuracy the number of workers herded off by the Schachtian capitalists of the Reich? Who can calculate the number of slaves killed, gassed, starved? At Nuremburg Sauckel stated that approximately 12 million foreigners were brought into the Reich. This figure, which seems so strikingly high, is a gross miscalculation. How many workers after all never appeared on the records, victims of *Nacht und Nebel*? How many died in the cattle cars while being relocated?

The figure of 12 million also leaves out the uncounted millions who slaved in the Krupp-Farben factories outside the Reich. Whatever industry in the occupied areas was not dismantled was integrated into the German war economy, and hence supplied from Auschwitz and other camps. How many such workers and POWs died in the Ukraine, in Czechoslovakia, in France, in the Low Countries, in Poland?

A number of scoundrels in their learned studies of the German war economy take issue with the "all-inclusive term 'slave labor,' " and point to the fact that 750,000 Eastern European slaves preferred to remain in Germany rather than be repatriated. Perhaps these moral imbeciles would like to argue that

the inmates in the death camps who tailored their ragged apparel to resemble the uniforms of the SS guards did so because their tormentors "didn't treat them that badly."

Discounting for a moment the large share of these workers who were psychologically manipulated by the OSS and MI-5 and kept behind as a cheap labor pool for the Marshall Plan "recovery," the rest who remained did so because they were psychologically devastated. The SS had reduced them to a psychotic state, in which their identities as productive human beings had been destroyed; the terror of going home, of being independent, was too great to bear. These workers were to carry the concentration camp within them for the rest of their lives.

The Collapse of the Schachtian Reich

The failure of the German war economy has been described by Speer, who laments in his memoirs the poor production figures relative to 1918:

Even at the height of military successes in 1941 the level of arms production of the first world war was not reached. During the first year of the war in Russia production figures were a fourth of what they had been in the autumn of 1918. Three years later, in the Spring of 1944, when we were nearing our production maximum, ammunition production still lagged behind that of the First World War — considering the total production of Germany at the time with Austria and Czechoslovakia.

To the countries mentioned by Speer one might also add the French industries which were integrated into the German war machine (10,000 factories in France in 1943 received exemption from Sauckel's labor man-hunts on the grounds that they were essential for the production of finished and semi-finished goods exported to German arms producers), the industry of the Low Countries, and of course the confiscations carried out all over occupied Europe. Then there were the millions of slaves, not available to Ludendorff when he ran the war economy in 1918. Yet even with these vast resources the German war machine could not reach the production levels of 26 years earlier, when Germany's industrial base had been confined within its own frontiers.

This in itself is devastating proof that the German economy never recovered from the depression of the 1930s. The Schachtian recovery was a recovery of *paper capital*, which totally destroyed the social reproductive process. The penalty for looting constant and variable capital was visited upon the war economy with breakdowns and bottlenecks at every point.

On the monetary side, finances were held together in 1943-45 solely through the SS' control of the state. Financing of increased production took the form of a tremendous rise in state indebtedness, which even though supported by intensified looting did not keep runaway inflation under control. Inflation was swept

under the rug only by doing away with currency and reverting to a ration card economy. In 1944 Speer was offering to donate his real estate properties as a way of helping to keep the mark solvent!

The failure of the economy had its origins in the lack of real investment during the years after World War I. The U.S.-financed investment "boom" of 1924-28 failed to make up for the tremendous depletions incurred during World War I. During the Depression, before the rise of Schacht, there was no net investment in industry; on the contrary there was the usual depression phenomenon of negative investment. Under Hjalmar Schacht, investment in expansion of new capacity was *verboten*, and these prohibitions were carefully regulated by the cartelization of entire industries. Similarly, investment in new industry or in new technologies was also expressly forbidden except in the case of industries, such as IG Farben's synthetic gasoline plants, which did not devalue the assets of already existing investment.

Steel production under the new Reich never reached 1929 levels until the steel plants of Austria and Czechoslovakia were requisitioned. Even more significant was the poor quality of steel produced relative to that of the pre-1914 period, as evidenced by the shortage in high-grade plate for finished arms.

In machine tools the situation was desperate. The quantities of machine tools produced do not reflect the poor state of affairs. Machine tools of the inexpensive variety for general use were available, but special-use tools were never available in the necessary quantities. When the Speer Ministry tried to force industrialists to produce the necessary specialized machine tools, the response was massive sabotage. The bottleneck in machine tools prevented the German economy from shifting to the standardized mass arms production of 1914-1918, or from adopting the techniques being applied in the U.S. and the Soviet Union during World War II. German capitalists refused to invest in the production of the required tools since such investment was being financed by a tremendous increase in the state debt. No one in his right mind after 1942 had any hopes of ever retrieving assets held in government paper. Machine tools for general use, on the other hand, were real assets which were eagerly bought or invested in as a way of protecting one's assets against inflation. In a period when currency is totally debased and the state loses its police powers to capitalize the debt, investment in some form of convertible asset is better than getting stuck with a pile of worthless paper. Under different conditions capitalists would normally buy up food stocks, jewels, gold, or any other suitable form of convertible wealth to escape disaster when the monetary system collapses. In Germany these were not available; they had either already been bought up or looted by the Krupps, Farbens, and the SS.

Specialized tools are not convertible since their

design is tailored to meet very specific production, a particular airplane model, for example. A good portion of these tools were looted from the occupied countries, to avoid making irretrievable investments.

Skilled labor was the biggest bottleneck of all. This had devastating effects on the machine tool industry, which requires a high order of engineering skills from its workforce. When the Messerschmitt 262 jet plane was put into production, there were not enough skilled tool makers to undertake the necessary retooling; it was only after 3,000 workers were scrounged out of the army that production got underway. It was this shortage in skills that prevented these industries from going into a three shift production schedule. There were enough difficulties and bottlenecks with only one shift; where were the Schachtian industrialists going to find the additional skilled labor to spread over three shifts? Perhaps they could create them by issuing MEFO-bills?

To prevent disaster special military exemptions were allowed for skilled workers after 1942, and Speer attempted to create a mobile "flying squad" system for the dispatching of skilled labor on a project basis. The industrialists finally gave up trying to train more skilled laborers and instead concentrated on the expansion of the semi-skilled work force, only to discover that the shortage here was as acute, although more easily remedied.

To make up for their inability to produce the massive quantities of war material, especially in the aircraft sector, which required the most advanced skills and constant retooling, the Nazis opted for "qualitative superiority." This fig leaf was intended to cover over the fact that "production in depth" was impossible. Krupp, for instance, followed the hallowed profit-scheming traditions of the firm by producing armaments whose quality was supposedly determined by their superior weight. Weapons such as the Tiger Tank, nicknamed "the Elephant" by the troops on the eastern front, were produced under the cover of "qualitative superiority." The simple truth is that it was cheaper to produce these monstrosities than to retool entire industries for serialized mass production.

As for technological progress, the Nazis lagged far behind. Throughout the war they were unable to build the early warning radar system of the type that had saved Britain during the air war over seas. In all areas of production the complaints about poor engineering and lack of scientific talent were ever-present.

Speer has argued (and he has been supported by U.S. Strategic Bombing Survey think-tankers) that had he had dictatorial control over the economy he could have raised production to keep Germany in the war longer, by cutting down production in the consumer goods sector and recruiting women into the labor force. Speer, like Schacht before him, ran into determined opposition from the Nazi Party machine when he tried to enforce his "Turnip"-style austerity.

Repeatedly he threatened the Nazi Gauleiters with sanctions but with little effect:

The manner in which the various districts (*Gaue*) have hitherto obstructed the shutdown of the consumer goods production can and will no longer be tolerated. Henceforth, if the districts do not respond to my requests within two weeks I shall myself order the shutdowns.

Had the Gauleiters submitted to these threats there is no doubt that the Nazi war economy would have disintegrated *sooner* than it did. The German working class, already drained by years of looting, was working a sixty-hour *minimum* work week, while its consumption had been drastically reduced from its previous low level. At the same time it was being -pounded from the skies by the Anglo-American terror bombings. Women, far from living a cozy, leisurely life at home, served as unpaid slave laborers, clearing the rubble, taking care of refugees and bombed-out children, and carrying out a variety of other "volunteer" tasks essential to the economy. To have campaigned under these circumstances for the additional conscription of women into the factories was sheer idiocy. Opposition to expanded female employment came not only from the Gauleiters but also from the industrialists who, accustomed to slave labor, complained that German women "couldn't keep the pace."

Speer was ruthless in carrying out his assigned task of preventing the German war machine from disintegrating. It was he who coined the new-Schachtian phrase "*Primitivebauweise*," primitive construction methods that required no tools, only slaves. As early

as 1942 Speer was reprimanding the all-powerful Himmler for treating the death camp inmates "too mildly." He demanded that the SS enforce "*Primitivebauweise*" and the mode of labor that went along with it. Oswald Pohl, SS head in charge of the concentration camps and a mass murderer in his own right, lamely protested Speer's new directives:

Did he (Speer) realize how many deaths there were in the concentration camps? Did he realize the tremendous rise in mortality that "primitive methods" would occasion?

By 1944 the plight of the working class (and the millions of slaves) so terrified the Nazi machine that it concentrated on organizing a Home Army in the expectation of a 1918-type working-class revolt. Operation Valkyrie, which was used by von Stauffenberg and other plotters to overthrow Hitler, was actually a mobilization plan for defending Berlin from a working-class uprising.

With this depletion of manpower and equipment it was only necessary for the Allies to concentrate their bombing runs for a few months on Germany's rail transport network to bring about a total collapse. This operation was analogous to giving a shove to a dilapidated building already on the verge of disintegrating. As the Soviet armies approached Germany Hitler ordered the arming of the population organized in the *Volkssturm* brigades — but there were no longer any arms to deliver. Production, transportation, distribution had all come to a grinding halt. By late 1944 the German economy had ceased to exist.



Beyond Schacht: The Destruction of the Cognitive Powers of Labor

by Ed Spannaus

The inefficiency of slave labor is well known throughout history. Those who were given the responsibility of studying the original Nazi economy during and immediately after World War II were acutely aware that this had been the case for the German fascist economy. While they had long admired the "genius" of Nazi Economics Minister Hjalmar Schacht in transforming depression-wracked Germany into a profitable, full-employment enterprise, they hoped it would be possible to salvage what they regarded as the positive features of Nazi economic and social organization while discarding the more overtly distasteful elements such as the hooligan SS police apparatus.

It was not that these gentlemen had any moral qualms about the more odious features of the Nazi regime. After all, they would argue, things could be worse; look at Soviet Russia. It is just that coercion is so damned inefficient, especially when the coercion is so flagrant, as it was under the Nazis.

So over the ensuing years, these planners and social engineers devoted their best efforts to designing and testing new social forms which would preserve the most useful aspects of the German experiment but at the same time appear perfectly tolerable and acceptable to the subjected populations.

Thus, in government and academic circles radiating outward from the Tavistock Institute of London, was created "fascism with a democratic face."

I. Beyond Schacht

The effects of Schachtian economics upon the productivity of the work force are well understood or at least should be. The Nazi economy suffered a series of threatened breakdowns due to the continuous depletion of labor power, as living standards declined and conditions of work intensified. Likewise, the Brazilian economy today has reached the limits of its expansion, failing an influx of skilled laborers from outside the

country; its working class has been so brutally recycled and beaten down that Brazil faces a severe shortage of skilled labor.

This is one aspect of Rockefeller's dilemma. His New Order requires that Schachtian economic methods be implemented to the far corners of the earth, yet at least his better informed advisors know that any attempt to implement such policies over an extended period of time must lead to a breakdown of the labor force.

There has also been no dearth of studies of the Nazi concentration camp system. While the camps were models of thorough organization, the productivity of prisoners was by no means outstanding. Says a former Buchenwald inmate in a report prepared under the direction of the Psychological Warfare Division of SHAEF:

Insofar as the SS with its limited forces was able to do so, labor was rigidly supervised. But of course the Detail leaders and Prisoner Foremen could not be everywhere at once. As a result the universal policy among prisoners was to reduce work and output to the absolute minimum once there was no supervision. The main thing was to "work with the eyes...."

In the peat-bog details of the moor camps it was possible to set a fixed output quota, but in most of the camps the nature of the work made that impossible and output remained at an irreducible minimum. In the construction, excavation, drainage, and water-main details entire columns stood stock still when there was no supervision, only to fall in at a mad pace as soon as the warning sounded.

The SS system of slavery was a liberal education in how to shirk work. A rational labor system, using incentives and humane treatment, might well have achieved two or three times the actual output, with one-fifth of the labor force. (1)

"Incentives and humane treatment." The same point was developed more thoroughly by Kurt Lewin, a German Jewish refugee who had been brought to the United States by the Rockefeller family. Lewin, already familiar with the Taylorism schemes of the 1920s, had engaged in a number of experiments using "autocratic" and "democratic" leadership in small groups. By 1939 he had also begun to apply his findings to the problems of increasing labor productivity, and was pleased to find that "democratic" methods in the work-place resulted in higher labor output. After serving a stint in the newly-created American psychological warfare department, the OSS, Lewin and his followers founded a number of institutions devoted to perfecting the means by which "democratic" forms could be utilized to effectively brainwash masses of working people into policing their own speedup.

In brief, Rockefeller's problem was this: Open coercion is of limited effectiveness in increasing the output of workers. In the short term, to be sure, the SS system

of terror frequently induced workers to push themselves to the point of physical exhaustion and beyond, so that hundreds of thousands of workers in the concentration camps or the factories adjoining the camps were worked to death or were so depleted that they were exterminated once their usefulness to the capitalists had ended.

But open and naked coercion is not the only way of inducing workers to work harder, as Lewin and others had observed, and it is not necessarily the most effective way either. Could not situations be so structured that workers would speed themselves up under conditions which appear to be non-coercive? Would it be possible to create a non-coercive fascism — or a form of fascism which would at least appear that way to the credulous?

The Rockefeller-financed fascist planners of the Tavistock nexus concluded that it was possible to create fascism from above, that they could bypass the need for a fascist political revolution by superimposing "democratic fascist" ideology and practices on top of Schachtian economic forms. In short, they concluded that they would attempt to apply their psychological-warfare experience to brainwashing and manipulating the working class so that workers would intensify their own labor far beyond the levels which could be attained by the boot of a sadistic SS guard.

Numerous phenomena observed under the Nazi regime encouraged the Tavistock planners that it would indeed be possible to mask the more coercive measures necessary and to thereby induce workers to speed themselves up to raise output under labor-intensive conditions.

First, it was observed with a great deal of interest that in the concentration camps a relatively small number of SS guards were able to control ten or twenty thousand prisoners. A system of prisoner self-administration had grown up, largely fostered by the Nazis but developed even further by prisoners themselves. This was similar to the *Judenrat* system in the Jewish ghettos.

Secondly, it was observed that many prisoners manifested child-like submissiveness, even adoration, toward their SS tormenters. Some prisoners adopted the most brutal and sadistic characteristics of the guards; others simply labored exceptionally hard to please their SS masters.

Third, there was massive, widespread evidence of self-delusion among Jews and the German people generally as to the true nature of the Nazi regime. Organized revolt or even individual resistance to the extermination of Jews was negligible; in the overwhelming majority of cases, Jews and others who were destined for the extermination camps and the gas ovens not only refused to believe what was happening, but at the final moment thousands even appeared to cooperate.

with the executioners. There are countless tales of situations where an escapee from the "resettlement" convoys would warn a Jewish village of what awaited them at the end of the train ride, only to be regarded as a demented intruder who was disturbing the everyday routine of business and family life. What this suggested was that under normal circumstances people would hysterically deny the existence of the most atrocious and coercive conditions as long as they had any excuse whatsoever. The lesson to be learned from this was that it should be a relatively simple matter to suitably mask the more "undemocratic" features of a fascist conspiracy so that a credulous population would accept and tolerate the New Order. As for the more political elements, other methods could be found to eliminate or neutralize their influence.

Therefore in 1946 the new Reichsfuehrer SS, Brigadier John Rawlings Rees, offered his entire Tavistock operation to Rockefeller. Using their studies of Nazi society, and borrowing liberally from it, Rees and his "conspiracy of the psychiatrists" went forward to create a 1984 world of zombified slave labor.

Rockefeller made one miscalculation. He thought he had hired the best social scientists and psychiatrists that money could buy but his recently-hired new breed of Nazi Doctors had one shortcoming: they didn't understand how the human mind works.

Nevertheless, they were able to convince their new boss of what he wished to believe: that it would be possible to use their perverted applications of psychoanalysis and social psychology to create a work force of self-motivated, self-spiced-up laborers, who would "democratically" make decisions about how to cut their own throats. Viewing men as nothing more than super-machines, Rees and his colleagues thought it would be possible to brainwash the working class into submission and create a race of self-policing, self-motivating, mindless workhorses.

It can't work. It is impossible to induce psychotic states among workers without destroying their minds, and thereby destroying their ability to function as skilled workers.

Workers are not machines. To destroy a worker's ability and potential to approach the world rationally and scientifically, and to act upon that knowledge, is to destroy him as a worker. To destroy the ability to conceptualize the world is to destroy the ability to conceptualize and assimilate the applications of technology. To destroy the higher cognitive powers of mind is to destroy the essence of the working class itself.

As we will see below, this is exactly what the consequences must be of attempts to apply Rees-Lewin-Trist brainwashing methods to the industrial working class. To pose the question hypothetically, even if Rockefeller's "restructured," labor-intensive New

World Order were not to lead to ecological holocaust, the economy would have to collapse because of the destruction of the cognitive powers of labor. After a certain period of "successful" application of industrial brainwashing methods to the working class, the working class would be transformed into a mass of psychotic zombies, psychologically so brutalized and bestialized that the labor process itself would necessarily collapse.

What is Paranoia?

All brainwashing plays upon the individual's susceptibility to be reduced to a state of infantile paranoia. This suggests that brainwashing, particularly of the "soft" variety (as compared to "Clockwork Orange"-style clinical hard brainwashing), is more a matter of utilizing predispositions already existing within the individual, rather than imposing some alien belief structure by strictly external means.

The world of the infant, as discussed in the "New Psychoanalysis" series in this journal (2) is a world in which the infant's utter dependence on the adults around him produces a state of literal paranoia. To him the world beyond the mother and secondarily the immediate family is a mysterious and treacherous place. The infant's time-span or time-perspective is virtually non-existent; the immediate gratification of social-biological needs, the immediate warmth and security of the mother, are the exclusive concerns of the infantile mind. If the child feels rejected by the mother because of real or imagined withdrawal, enormous terror and internal rage build up. If this state is not satisfactorily resolved, the internal terror and rage can become a permanent store of guilt and magical thinking about this rage and its consequences; this can be internalized as guilt (depression), or on the more primitive level terror and guilt are projected on others (paranoia).

As the individual matures and is socialized, he becomes increasingly capable of deferring the immediate gratification of "security" needs in favor of longer-term goals and activities; he explores and studies the world around him, and to a greater or lesser extent gauges his behavior against socially-defined reality. The maturing individual assimilates certain "ego-ideals" which define for him appropriate modes of conduct and objectives; in the typical member of our society activity is governed by a more-or-less hierarchal assembly of ego-ideals, otherwise termed collectively the "superego."

But the superego, even in its limited definition above, is by no means the exclusive governor of thoughts and actions. The early infantile forces are still ever-present, always eager for the chance to lure the individual back to the imagined warmth of the

mother-image, to sabotage the individual's attempts to act rationally upon external reality by summoning up the mother-witch to warn of the perils and horrors of the "outside world." So the typical individual is constantly torn between the pulls and the threats of the fantasy-world of the infantile ego and the "id" on the one hand, and the superego's demands that he function maturely and rationally with respect to external reality on the other.

The normal member of capitalist society appears to function rationally a good deal of the time; but the forces which govern his rationality can still be neurotic. To the extent that the ego-ideals operate as the externalized authority of others, and the individual defines rationality as behavior which is accomplished by the propitiation of such authorities (employers, academic "authorities," "experts," etc.) the apparent rationality of the individual is easily undermined and destroyed as the authority of the external ego-ideal is destroyed.

Many workers can identify this process by locating the confusion and insecurity they felt when they realized that their "authorities" were being demolished by the social and political chaos which accompany the depression. The brainwashers, however, deliberately create such dislocation. This is the fundamental principle of all psychological warfare, which was well understood by the Nazi SS in the concentration camps as well.

The more developed level of superego functioning is the level of the individual who does not govern his beliefs and actions according to the whims of "authorities" or short-term opinions of experts, but who guides his conduct by an internalized sense of his own authority with respect to the necessity and importance of his contributions to the existence of the human race.

The higher cognitive powers associated with the superego are the powers of creative mentation, powers of "insight" and concept-formation. The ability to create new conceptions, to synthesize new gestalts, to think and create in a non-formal way, are the powers which form the basis of all creative and productive activity; however, in the normal member of present-day society these powers are only developed in a rudimentary fashion.

Paranoia therefore involves the suppression and breakdown of the powers and functions of the superego, so that the individual regresses to an infantile state. Or more precisely, the infantile, mother-image-dominated tendencies which are always present actually "take over" the individual. In this state, the individual interprets the world from the perspective of his internal fantasy-map, in which the witches and hobgoblins of the internal "pit" survey the territory and shriek hysterical warnings of the terrors projected onto the external world. Objects located in

external reality become mere symbols to be associated with the appropriate features of the internal fantasy-metric. The real or imagined authority figures of the outside world become mere surrogates for the internal authorities who must be propitiated at all costs.

Take, for example, the person who describes the NCLC as being "paranoid" because we have identified the Rockefeller conspiracy as governing capitalist politics today. What such a person is actually saying is that there is no coherence or lawfulness to events, that everything is discrete and arbitrary. Such an individual must himself deny the coherence of external reality in order to satisfy his *internal* authorities who tell him that there can be no such thing as a conspiracy — with its implication that one would have to act upon reality in order to stop it. Thus he demands that reality be adjusted to "fit" his internal fantasy-map, just as the child magically attributes events outside himself to his imagined omnipotence. In a child, such paranoia is a normal feature; in an adult, it is pathological.

For the individual locked up in this internal paranoid world, there is no reality except the overwhelming need to ward off the unknown terrors of the outside (i.e. inside) world in a frantic, desperate search for the oozy warmth of the infantile mother-image.

The function of Reesian-Lewinite brainwashing is to deliberately recreate such infantile paranoid states of mind.

What is Labor Power?

Before proceeding to our discussion of the means by which mass brainwashing destroys the cognitive powers of labor, we must refer briefly to the nature of labor power.

Labor power cannot be mere mechanical energy. Skilled and semi-skilled labor in particular is based upon powers of *judgement*: the ability to carry out operations with timing and precision, to anticipate future moves, to be alert for errors and malfunctions, and so on. No industrial operation could be carried out for long by a bunch of Good Soldier Schweiks, who stupidly but obediently carry out orders to the "T" without thinking.

But this does not yet pinpoint the essence of modern labor power. Capitalism is the first form of society to be explicitly premised upon applications of and constant advances in technology. Modern labor power must have the cultural background and the intelligence to assimilate and creatively apply new technology. Consider the problems faced in trying to employ peasants in industry, or, in this country a few years ago, even in trying to bring the "hard-core

unemployed" into the factories. Persons who have been denied access to modern technology, even in the form of the right to the full plenum of modern consumer goods, machinery, and education, are at first incapable of operating the machinery of industry. The inability to assimilate technological advances and to function in a technological setting is a criminal waste of human beings, which we will remedy at the first possible opportunity.

This is still in the realm of what Marx described as cooperative labor. The necessity of the higher cognitive powers is much more obvious in the realm of "universal" labor, wherein scientific and creative breakthroughs are made which have a "chain reaction" effect throughout the society, upgrading the cultural and scientific level of the entire society. This is the highest form of labor power, which must become the dominant form if the human race is to survive and progress.

Consequently, it should be clear that any attack on the conceptual powers of workers, on those qualities of mind associated with the functioning of the superego, is an attack on the very nature of labor power itself and on the ability of labor power to reproduce itself and the society which rests on its shoulders. It is to these systematic attacks on the superego, which necessarily involve the destruction of the higher qualities of mind, that we now turn.

II. The SS State

Discovery of the means by which fascist ideology could be instilled into masses of the population was aided by studies of war neurosis, actually war psychosis, the states of mind commonly found in battle-fatigued soldiers, former prisoners of war, or former concentration camp inmates. To clarify this we will momentarily examine the coherence between fascist ideology and paranoia, since paranoia is the common element of both outlooks.

Fascist ideology is based upon an unswerving hostility to "bigness"; it is the outlook of the alienated little man fighting to preserve his "autonomy" against the mass society, against technology and progress. The *ideology* of the Nazi Party — as opposed to its post-1933 practice — was anti-capitalist; its program virulently attacked the big bankers, big department-store owners, and so forth in favor of the small artisan, the small shopkeeper, the small farmer. The anti-progress, "back-to-nature" pathology so common today was a prominent feature of the Nazi world-outlook.

It is here that the correspondence of "local control" and decentralization with fascism comes into focus. Local control is institutionalized paranoia; it is the

"extended family" of the neighborhood or the workplace banded together in solidarity against the evil outsiders. In psychoanalytic terms, all of the "badness", the rage and hostility of the infantile ego, is projected upon the world which lies outside of the extended family.

Anti-semitism is strictly a variant derivative form of fascist ideology. History has recorded numerous fascist movements of which anti-Semitism was not a feature. For the Nazis, the "Jew-capitalist" was the object of the most venom. The Nazi extermination policies did not begin with Jews. The first victims of the drive to eliminate "useless eaters" were 100,000 feeble-minded and patients in mental institutions; the Polish intellectual elite and communists were the next. The "final solution" against Jews did not go into operation until 1941.

It was the more fundamental features of fascism which the planners of Rockefeller-Tavistock fascism-from-above were determined to replicate. They knew what they wanted; their only problem was to discover the means by which such a world-outlook could be created without having to go through the rather messy stages of creating and tolerating bands of gangster-stormtroopers running amok in the streets. The two most important contributions to this monstrous endeavor were the small-group brainwashing theories of Kurt Lewin and his associates, and the studies of Nazi society and the war neurosis conducted by the villainous psychiatrists around John Rawlings Rees at the Tavistock Institute.

As the background for examining how the Lewinite "democratic" small group was used as the means of inducing fascist world-outlooks, we first turn to the Nazi system which was studied with such loving care by the Tavistockers.

The psychologists and others who were located in the Psychological Warfare Division (PWD) of the Allied Command noticed that a severe psychological regression was observable among "displaced persons," a category referring generally to former *Gastarbeiter* (slave laborers) in the Third Reich, but also including former POWs and concentration camp inmates. The involuntary loss of ties to home and family had undermined the individual's sense of security and identity. The uncertainty of the foreign worker's condition, physical exhaustion, unsanitary conditions, the lack of privacy, all led to an extreme sense of social degradation in the individual.

J.M. Meerloo, a Dutch psychologist who worked with the PWD, noted the following psychological state of the displaced person:

...he abandons something of his civilization. Something of the suspiciousness of primitive man shows up in him again. Unable to find a safe place in

The quarry at Buchenwald



this world, and dependent on the arbitrariness of others, he becomes an unreasonably nervous human being...

By regression we understand the lapse into more primitive and infantile habits. The loss of civilized standards of behavior is one of the most characteristic changes in mental attitude. After a certain lapse of time the acquired habits of civilization cease to rule and there is a loss of ordinary human decency. People wash themselves less, no longer keep their clothes tidy, come to look increasingly ragged, even more so than is necessary under the circumstances. They cease to worry about hygiene. Traditions and forms are neglected, the sense of shame disappears. There may even be a tendency to relapse into infantile habits where everything becomes at the same time more childlike and crude. Even words and language become childish. Infantile pictures are collected. To satisfy a childish need for "mothering," men feign illnesses and develop all kinds of hypochondria...All former ideals are suppressed. The ordinary give-and-take of life degenerates into quarrels and recriminations.

Meerloo's observations here generally did not concern concentration camp inmates, but rather the forced laborers of Nazi Germany. They lived and worked under degrading barracks conditions not dissimilar to those under which the resettled and relocated slave laborers of Rockefeller's Fourth Reich would exist. The psychological regression characteristic of these persons were much more severe in the cases of concentration camp victims, who lived in an *almost* total controlled environment.

In the concentration camps, the reduction of the prisoners to a childlike, infantile state was quite deliberate. The initiation to the *Konzentrationslager* (KZ) often consisted of a terror-filled transport (train ride) in which the novice was subjected to the most severe physical and psychological torture he was likely to experience during his entire confinement. Prisoners were beaten, tortured, forced to degrade and defile themselves, the specifics of which "depended on the fantasy of the particular SS man in charge." Any resistance was punished by death.

Bettelheim notes that the trauma of the initial transport ride was designed to permanently "break" the new prisoner psychologically, and that this was most successful among formerly middle-class prisoners. He also observed that verbal insults were often more effective than physical blows in breaking down a prisoner by undermining his self-identity and sense of worth. Of course the more fragile the sense of identity, the easier it was for the SS to break the individual.

Prisoners were forced into constant situations of self-degradation designed to shatter any remaining sense of self-identity or ego-ideals. Among the SS's favorite sports was to force prisoners to beg permission to urinate or defecate, and to allow them to use the latrines only publicly and under conditions of extreme humiliation, such as having a line of fellow

prisoners waiting to use the latrine in the very limited time period in the morning. (Bettelheim notes that this was far more humiliating for a German than for a Briton or an American.) SS guards also delighted in kicking prisoners into the latrine pits, where numerous prisoners suffocated. The most common name for a prisoner used by the guards was "shit" or "asshole."

All the psychological elements of modern "clinical" brainwashing were present in the repertoire of the SS. Among the most important was the institutionalization of *arbitrariness*.⁴ To destroy not only the prisoner's former belief in the controllability of his environment, but even to destroy his sense of predictability and lawfulness was a fundamental aspect of destroying a prisoner's personality.

Examples abound. In the Jewish ghettos in Poland, the SS would from time to time change the meaning of identification cards, so that one could never be sure of what "category" he belonged in or what its significance was. In one situation, Jewish victims were allowed to voluntarily choose which of two branches of a fork in the road they would take. Those who "chose" wrong faced immediate death.

Prisoners in work camps were often forced to perform completely senseless labor, such as digging a ditch and then filling it up, building a wall and then tearing it down, or to work without tools even when tools were right at hand.

Bettelheim described the following example:

A large group of Czech prisoners was utterly destroyed by giving them the promise that they were "honor" prisoners entitled to special privileges, letting them live in relative comfort without any work or hardship for a time, then suddenly throwing them into quarry work where labor conditions were worse and mortality highest, while at the same time reducing their food rations; then back again into good quarters and easy work, and after a few months back into the quarries with little food, etc. Soon they all died.

Terror operates on this principle. While punishment for certain offenses was always certain, punishment came for no discernable reason whatsoever, except the whims of the SS guard. Meerloo describes how gangs of Nazi toughs would swagger down the streets of occupied Holland, then, at a signal from a whistle, would suddenly attack and assault a passerby. Afterwards they would continue on their way as if nothing had occurred. The terror-bombing of the CIA-controlled gangs such as the IRA Provos, and the Weathermen operate on the same psychological principle: the intended victims never know with what or from where they will be hit.

The effects on the intellectual powers of mind should be obvious. The purpose of arbitrariness and random terror is to utterly destroy any sense of the rationality or predictability of the environment, to throw the

adult back into a terror-filled infantile world of helplessness and superstition.

Defenses

How does an individual survive under such brutalizing conditions? The "willful" element was that of *dissociation*. One had to numb oneself to the impact of events; to allow oneself to respond emotionally, to *feel* anything at all, would create an impossible situation. For in a situation where the controlled environment is so total that any sign of resistance, any sign of sympathy, any attempt to help a fellow prisoner who is being victimized could mean death, one learned quickly to dull one's emotions and thoughts.

Kogon describes the process by which "the soul had to grow callouses," through which a prisoner began to develop the mentality of a "concentrationary":

Its main characteristic was a process of regression to a more primitive state. The range of sensations was almost automatically reduced. The mind developed a kind of protective crust, a kind of defensive armor that no longer transmitted every strong stimulus to the sensitive membranes. Pain, pity, grief, horror, revulsion and approval, if admitted in their normal immediacy, would have burst the receptive capacities of the human heart. Terror alone, lurking everywhere, would have effortlessly brought it to a halt. Men grew hard and had their sensibilities dulled. It was the same process that takes place in war. A cruel laugh, a brutal jest were often no more than protective devices for minds in danger of becoming hysterical or unhinged. There were many dead martyrs in the camps, but few living saints...

Another means of coping with the situation was that which has come to be identified with Bettelheim's name because of his insightful description of the process: identification with the oppressor, the "Bettelheim syndrome." Prisoners would come to take on the attitudes and characteristics of the SS guard, often becoming more brutal and sadistic toward fellow prisoners than the SS themselves. This was an essential feature of the creation of the self-policing system of the camps; prisoners themselves could be depended upon to control themselves and their fellow prisoners. Sometimes the identification with the SS reached absurd lengths, such as the prisoners who would mimic the guards' language and gestures, or who would dress themselves in tattered remnants of SS uniforms — even though this was forbidden.

Needless to say, intellectual functioning virtually disappeared under such circumstances. Prisoners lived in fear of losing their memories, and developed various ways of retaining their memories and past learning as a means of holding onto sanity. Interestingly, the same learning which was retained

the longest under the conditions of the KZs was that which had been learned by rote — which involved little if any conceptual thinking.

The longer a prisoner was in a camp, the less interest he would tend to have in the world outside of the KZ society. Bettelheim refers to the course of two rumors which came into the Buchenwald camp. The report that Roosevelt had made an anti-Hitler pronouncement was eagerly seized upon by newer prisoners, whereas the typical older prisoner was much more concerned with the rumor that a change in the command of the camp was to be made. Newer prisoners were more likely to sabotage work, particularly work which involved military production, whereas older prisoners had developed various rationalizations for performing their jobs well so that they could take some sense of pride in their work.

(The reader is warned: the question is not “what would I have done under similar circumstances?” That is an irrelevant diversion. What is of concern to us here is the effects upon the intertwined intellectual and emotional powers of victims of a controlled environment. The concentration camps only pose in a more extreme form phenomena which occur daily in our society under far less coercive conditions, and phenomena which are being deliberately induced under Lewinite-Tristian programs.)

Local Control in the KZ

For the Tavistockers who studied the “SS State,” what no doubt intrigued them the most was the means by which the concentration camps, particularly the older camps within Germany itself, became increasingly self-policing. Kogon’s report on Buchenwald is probably the most thorough study of this phenomenon; he notes that after 1942, the camp became more and more self-administered as the prisoners gained more “power” and the SS became increasingly corrupt and demoralized.

The Nazis had discovered in the Warsaw ghetto and elsewhere that it was far more efficient to hand over the administration of the ghetto, including the “selection” of victims for “resettlement,” to the Jews themselves: the *Judenrat* council.

The two most cohesive groups in the German KZs were the “reds” (politicals) and the “greens” (criminals), so designated by the color of their identification patches. After a long power struggle, the political prisoners in Buchenwald took control of the prisoner apparatus during 1942 and maintained control until the end of the camp in 1945. The *kapos*, or work-crew foremen, were still more likely to be greens, however, because of their known brutality.

The “official” prisoner apparatus (as opposed to the underground resistance organization) included positions of Senior Camp Inmate, Senior Block

Inmate, and positions in the kitchen, the clothing dispensary, the prison hospital, etc. Prisoners in these vital positions could frequently provide better treatment, supplies, food, and so on for favored individuals, and often were able to save the lives of certain prisoners. The latter situation was especially true for the prisoner group which controlled the process of selection for outside work details.

It is one of the greater ironies of the Nazi period that the Buchenwald concentration camp was virtually run by German Communists during its final years. The Communist prisoners, possessing the highest sense of group purpose and cohesion, and recognized as the most reliable and determined anti-fascists, essentially governed the camp. At the moment of the camp’s liberation by American troops in April, 1945, the Communists had organized the most effective armed resistance apparatus and thus totally took over the administration of the 21,000 man camp under the auspices of the Allied forces after the SS withdrew.

Kogon, himself an Austrian Catholic centrist, speaks favorably of the Communist political prisoners who gradually took over the administration and much of the self-policing of the camp (although the Communists in general did not participate in beatings of other prisoners). After reviewing countless atrocity stories of the KZs, Kogon’s account of the organization of the camp and the resistance struggle has a certain seductive appeal. But psychological truth lies with the Bettelheim account, which is less “political” but which conveys far more accurately the reality of KZ society.

For the clinical truth is that the Communists’ apparatus in the camps was effectively administering the camps *for the SS*. In most cases, saving one’s friends or comrades or providing them with extra food rations or clothing meant that someone *else* suffered. We can view the situation of the political prisoners compassionately, and yet not blind ourselves to the fact that a tremendous amount of psychological rationalization was involved in justifying the situation in which the Communist prisoners occupied privileged positions and made the decisions for the SS as to who would live and die, how the barracks would be run, and so on. It is from the standpoint of what we now know about the nature of “community control,” and related counterinsurgency techniques that we must analyse the reality of prisoner self-administration of the concentration camps.

Our indignation should not be directed at the political prisoners subjected to the daily life-and-death struggle in the KZ. What about those who have, under far less coercive conditions, allowed themselves to be put in the position of self-policing a community or a factory? What about a Leonard Woodcock or other trade union bureaucrat who willingly polices the factories to

discipline dissidents or those who simply don't work hard enough to suit these modern-day kapos? Or what about the "poverty pimps" who agreed to police the ghettos for a few pieces of silver? It is the Trilateral criminals who push coparticipation and local control — with the same destructive consequences for the minds of workers as the Nazi concentration camps—who deserve the fate of those who met justice at Nuremburg.

The lawful contradiction of the controlled aversive environment is that it cannot be *too* successful. If the aversive situation is so complete that the victim loses all hope, he then becomes effectively suicidal.

Prisoners in the KZs who came to feel that they were completely lost, who felt that they could exercise no control whatsoever over the environment, became the walking dead who were called "moslems" (*Muselmaenner*). Bettelheim's description bears quoting:

These people had not, like real Mohammedans, made an act of decision and submitted out of free will. On the contrary, they were people who were so deprived of affect, self-esteem, and every form of stimulation, so totally exhausted, both physically and emotionally, that they had given the environment total control over them.... As long as a prisoner fought in any way for survival, for some self-assertion within and against the overpowering environment, he could not become a "moslem."

(The deterioration) began when they stopped acting on their own. And that was the moment when other prisoners recognized what was happening and separated themselves from these now "marked" men, because any further association with them could only lead to one's own destruction. At this point such men still obeyed orders, but only blindly or automatically; no longer selectively or with inner reservation or any hatred at being so abused. They still looked about, or at least moved their eyes around. The looking stopped much later, though even then they still moved their bodies when ordered, but never did anything on their own any more. Typically, this stopping of action began when they no longer lifted their legs as they walked, but only shuffled them. When finally even the looking about on their own stopped, they soon died.

What is most terrifying about this account of the self-destruction of the "moslems" is that it differs only in degree from the sort of psychological suicide which many of us commit upon ourselves daily. To willfully cut off one's emotions, to refuse to think, to refuse to use one's powers to look into the mind of another — is this not the behavior of a "walking corpse"? It is not uncommon in psychoanalytic sessions for the image of death to be associated with a person who is totally blocking.

The powers to think, to feel, to create, are not powers which can be turned on and off at will. Not to use and develop these powers is to destroy the only qualities which make one alive and human, is to become the empty shell, the walking corpse of the concentration camp "moslem." Only it does not take an SS environ-

ment to cause such a state of total dissociation; most people deliberately block their own emotional, creative powers under coercion from nothing more than the *internal* SS. The only difference is that in a KZ such psychological death quickly results in physical death as well; on the "outside" one can commit psychological suicide and walk around for years, merely giving off the psychological stench of death.

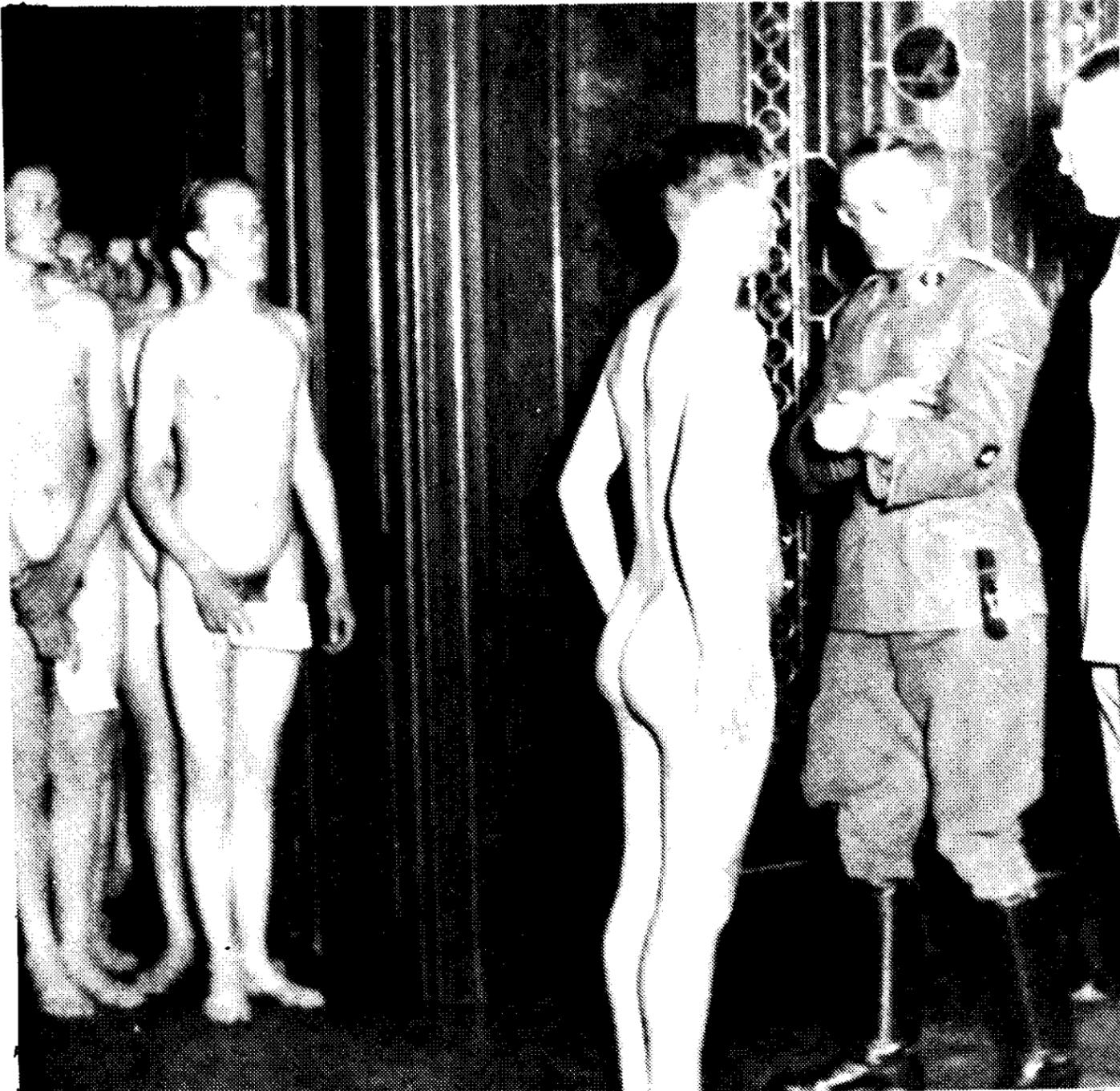
Humanizing the Workplace

To prevent the phenomenon of total demoralization, the SS undertook various programs to try to avoid complete hopelessness in situations where they wished to keep most of the prisoners alive. In the later years of Buchenwald, prisoners were often allowed to have Sunday as a day off during which prisoners could visit a movie theater or a brothel set up in the camp.

In the Treblinka extermination camp, the SS had two purposes in "humanizing" the death camp: to give those who were about to die the illusion that they were only being "resettled," and to give the few thousand prisoners who made up the workforce of the camp (those who processed the incoming victims and who later processed their bodies) some measure of hope that they might escape the grisly fate of their fellow Jews who died in the gas chambers.

Landscaping of the camp grounds was undertaken, flower gardens were planted, and a normal railroad station facade was constructed. Newly-arrived victims politely had their hair cut and were relieved of their clothing and any remaining possessions. For the "permanent" staff there were Sundays off with such amusements as a theater, an orchestra, and wrestling.

After Himmler had inspected the camp and ordered that bodies be burned rather than buried, which increased the horrors of the "work," even more psychological wooing of the prisoner work force was required. Women were brought into the camp, parties were allowed, and marriages were even permitted. The leaders of the camp resistance movement held firm in their knowledge that all prisoners were ultimately scheduled for extermination, but thousands of other prisoners deluded themselves that maybe there was some hope for them after all. (It should be noted that the prisoners of Treblinka did organize and carry out an armed revolt. Hundreds escaped into the forests, but only a few escaped eventual recapture. The irony was that what kept the resistance leaders going in the face of almost impossible odds was their determination to tell the world what was happening in the extermination camps; but anyone who wanted to know about the camps *already* knew. Most people, Germans and East European Jews alike, refused to



Inspecting SS recruits

acknowledge or accept the reality.)

Again, before we find ourselves shocked at the tragic gullibility of the victims of such circumstances, what about the multitudes of workers who have fallen for such "humanization" schemes in the factories, allowing themselves the illusion that the employer's generous "concern" for improving the "quality of the workplace" will somehow compensate for vicious wage cuts and murderous speedup? In either case, the capacity for self-delusion, for allowing oneself the luxury of refusing to fight when a fight is the only human alternative, is the common core of the gullibility of the victims of such hideous frauds.

The Making of SS Killers

We have gone into the psychological phenomena of the concentration camps at this length not to merely retell the atrocities of the Nazi period one more time, but because the KZ society shows in such clear relief the states of mind which the Tavistock cabal has been intent upon producing in the mass of the population. Not that the Nazi SS was any less deliberate about it; they were simply less sophisticated and resorted to

cruder methods than Rockefeller's conspirators use.

One further area of Tavistock research requires mention before we go on to examine how the Rockefeller cabal intends to create similar such infantile-paranoic states. This is the study of the SS killers themselves, which was published in a popularized form by Tavistock psychiatrist H. V. Dicks.

Dicks' study of eight former SS men, who were interviewed while serving prison terms in West Germany, destroys a number of commonly held assumptions about SS killers while at the same time providing insight into the means by which relatively normal individuals can be brainwashed and turned into murderous beasts. The SS men examined, most of whom were members of the feared "Death's Head Units" (the *Totenkopfverbaende*) which provided the guards for the KZs and the Jewish ghettos, were not clinically insane according to any conventional sense of the term. They were typically persons of average or below average intelligence, of weak ego-strength, who for the most part lived the lives of normal, respectable citizens.

Dicks' stated concern is to show how it is that human beings can be brought to commit organized brutality and mass murder. (The study can just as well show



Camp inspection
at Buchenwald

how to create zombie terrorists of the IRA or Black September type — which Dicks may well have had a hand in.)

Under conditions of social crisis and chaos, individuals of a certain psychological predisposition gravitated toward the Nazi party and its “Black Corps,” the SS (*Schutzstaffeln*). The SS recruit was then subjected to a process of conditioning and brutalization which only differs in degree from normal military training. The SS recruits were put through extremely sadistic drill and training (until “the juice in your tail boils,” as the saying went). All of the hostility and rage built up during this training was expected to be taken out on prisoners and other appropriate victims in predictable sado-masochistic fashion. Then concentration camps were used as a training grounds for Death’s Head trainees, who were ordered to watch floggings, tortures and executions without flinching or showing any other signs of “weakness,” i.e., emotion.

As Dicks notes, most of these men would not have become “common murderers” under normal conditions. “Their instigatory triggering was not a sudden, solitary experience, but a process extended over time, shared with team mates in a *facilitating group setting*.”

Dicks’ psychological profiling of the SS killers was of the type later used to “select” U.S. Army Special

Forces units who would carry out Operation Phœnix in Vietnam. The SS killers were individuals who acted out the infantile paranoid fantasies common to many people. The infantile rage which is experienced toward the rejecting mother-image is projected outward; the evil or “badness” which one feels inside is attributed to others, outside. Alternating fantasies of omnipotence-weakness, or sado-masochism, under the appropriate conditions can turn the most submissive, obsequious sort of fellow into a murderous maniac. The psychology of the SS killer was such that he projected his innermost terrors onto his victim, thus in psychic terms his most brutal acts of murder were acts of suicide as well. This provides as well some insight into why so many of the most sadistic of the Nazi and SS leaders committed actual suicide once their perverse fantasy world collapsed at the end of the war.

A characteristic phenomenon among the SS murderers was that the effects of their cruelty and sadism were cumulative: the more they violated moral standards which they had previously held, the more they felt compelled to project their own guilt onto their victims as paranoia. Thus “the prisoners deserved it and worse,” “they were always cheating and conniving,” “they would have killed me if they could,” etc. Thus the internal “bad object” becomes attributed to the victims, and everything is inverted so

that it was the tormentor who had to fear the prisoners.

Dicks does not attempt to show that *anyone* could be turned into an SS killer. What he maintains is that there are large numbers of "normal" persons who have only overcome the infantile schizoid-paranoid phase in the most tenuous manner, who can therefore, under the proper *group* conditioning, lose their normal superego restraints and run amok, acting out their most primitive murderous fantasies. The lesson is that the Tavistock conspirators understand all too well how specific psychological predispositions can be used to turn otherwise "normal" individuals into raving psychotics.

III. Cognitive Breakdown

The Second World War and its aftermath provided so-called social scientists and psychologists with a wealth of opportunities to study and implement what they politely referred to as "social engineering." A glance through the pages of early issues of *Human Relations*, the journal published by the Tavistock Institute from 1947 onwards, indicates what a field day they were having: studies of repatriated POWs and their "resettlement," techniques of mass persuasion, experiments in industrial democracy, resistance to change, resistance in therapy groups, experiments in small groups, studies of the German and Russian national character, and so on. *Human Relations* was subtitled "Studies toward the integration of the social sciences," a convenient academic cover story for its real purpose: to draw upon the most advanced thinking in psychoanalysis and social psychology in particular in order to develop the brainwashing techniques for establishing a psychotic 1984 world.

The role of sub-human John Rawlings Rees has been thoroughly documented in earlier issues of *The Campaigner* and need not be repeated here.⁽³⁾ Suffice it to say that Rees, Director of Tavistock, proposed to apply the methods of army psychiatry, especially techniques of psychological "selection," to society at large, using "mobile shock troops" of psychiatrists who would move around and provide treatment for people "even when they do not want it." Rees conceived of his mission as the substitution of psychiatric techniques for less sophisticated methods of overt coercion.

The primary means of implementing the Reesian mission was the use of the small group. The single most influential individual for this purpose was psychologist Kurt Lewin.

Ironically, Lewin was a refugee who fled Hitler's fascism, leaving Berlin for the U.S.A. in 1933. His coming to America, like virtually everything else he

did, was financed by the Rockefeller family. Lewin was the originator of almost everything that is most vicious in "social science" and counterinsurgency today: the "democratic" small group and its application to industry, sensitivity training or "T-groups," and the "community organization" methods used to manipulate and brainwash whole sectors of the population.

Lewin's theoretical ideas utilized mathematical concepts to illustrate the psychology of social groups. His "field theory" emphasized notions of social space, vectors and valences, topological psychology, and so on. What it comes down to in real terms is that under controlled circumstances it is possible to use a structured group situation to modify beliefs and attitudes, or to induce an individual to act *against* his beliefs and superego restraints.

Lewin et al. on "Democracy"

The use of the term democracy by Lewin and Tavistock conspirators should not be confused with any commonly used meaning of the term. For Lewin, democracy always means the *illusion* of democracy, that is a situation in which the victims of Lewinite group manipulation *believe* that they are making their own decisions in a democratic fashion.

The manipulative aspect of such "democracy" was openly referred to by Lewin himself:

To instigate changes toward democracy a situation has to be created for a certain period where the leader is sufficiently in control to rule out influences he does not want....

In fact, one of Lewin's early experiments on "democratic" versus "autocratic" groups soon demanded the addition of a third, the "laissez-faire" group, since the "democratic" group required such active intervention by the group leader.

What Lewin and his associates happily discovered about the "democratic" group was that it was far more productive, and that there appeared to be so much genuine interest in the group's activity that the group continued at its work even when the leader had left. Both the autocratic and the laissez-faire groups displayed much less group cohesion, initiative, and efficiency. While this experimental group situation had been conducted with groups of pre-adolescent youth, it only took a few months for Lewin's ideas to be applied in industry. This was in 1939.

Lewin and his cohorts found the same results when group techniques were applied to workers. Productivity and efficiency shot up, as long as the workers themselves believed that they had made the decision as to increased output, etc. It was not enough that increased productivity goals be discussed with workers; they must believe that they *made the*

decision themselves for the new goals to be effective. Needless to say, the decisions “democratically decided” upon by such manipulated groups of workers always happened to correspond to exactly what their employers and the psychologist-agent wanted the workers to decide.

However, the manipulative features of Lewinite “group dynamics” are not what is psychologically most destructive about these criminal methods. The most severe effects on the cognitive powers of the victim are the result of the emphasis on the manipulation of *feeling-states*.

Some insight into the connection between this and the Tavistock view of “democracy” is suggested by an early *Human Relations* treatise on “democracy.”(4) According to its author, the secret ballot is the essence of democracy because it allows the individual to express “deep feelings *apart from conscious thought*.” Likewise, the election of a group or a political party is “less mature” than the election of a person; the least mature form of democracy is support for a principle, i.e. a referendum.

The emphasis on unconscious feelings as opposed to deliberate, conscious thought processes is natural for the Tavistockers, since they depend so heavily upon the manipulation of such feelings as opposed to rational thought. This is then supported in the same article by reference to the locus of training for democracy as being the home and the mother-infant

relation in particular — opening the door to the intervention of the “conspiracy of the psychiatrists” into politics via “community mental health programs.” The specific purpose of such programs would be to treat the anti-democratic elements, defined as the anti-socials or the “hidden anti-socials,” i.e., those who identify with authority. It doesn’t take much acumen to figure out that “anti-socials and authoritarians” would in practice refer to those citizens with a propensity for “communistic” ideas.

Whereas the proper goal of psychoanalysis and group therapy should be the liberation of the individual from such governance by infantile feeling-states, so that he is free to use his emotions in accordance with developing his higher cognitive powers, the perverted goal of the Lewinites is just the opposite: to target the susceptibilities of individuals to group manipulation, and then use group pressures to break down superego functioning and force the individual to act strictly on the basis of “felt needs.”

Thus the current proliferation of transactional analysis nonsense (“I’m okay; you’re okay”), “live-free” ideology, and the generalized submission to acting like one *feels*, especially among the petit bourgeoisie, is properly seen as a deliberate effort to destroy the ability and capacity for rational thought processes in the population. If there are no rational criteria for behavior, but only *feelings*, then the popu-



Kurt Lewin (left) at the World's Fair, New York, 1939. A friend remembers that Lewin, pathetically eager to “assimilate,” remarked, “Let’s have a couple of hot dogs. That’s what we Americans eat on Sunday evenings in the summer.”

lation is indeed reduced to a band of infants leaving Daddy to run things while Mommy's warmth shields her little children from reality.

Is it any wonder than Lewin was so enthusiastic about "democracy"? Even one of his own colleagues once commented, "The autocratic way he insisted on democracy was a bit spectacular...."

Lewin's ideas on the advantages of small group techniques in industry were quickly picked up by Tavistock agent Eric Trist, and were applied to British coal miners with spectacular success — for the mine owners. It was on the basis of Trist's use of Lewin's notions that the entire Organizational Development industrial brainwashing apparatus was developed — for which Leonard "Heinrich" Woodcock has so graciously made members of his United Auto Workers available.

That workers will work much harder under self-motivation than under external coercion is true, but is itself not the issue. Workers, motivated by a rational sense of purpose and self-sacrifice, can subject themselves to a high level of physical stress without suffering destructive psychological consequences. It is not intensified work per se which is our primary concern in this discussion. Rather we are dealing with the deleterious effects upon the higher cognitive powers of irrational, self-propelled intensification of labor, when that intensification is driven by the manipulation of the irrational psychic forces within an individual. That is what can lead to psychosis.

(Lewin himself appears to have been a victim of a mild form of the disorder his work was designed to produce in workers — self speed-up. During his last year of life, his friends noted that he was overworked, preoccupied, and some wondered that he wasn't dead already. However Lewin, always so anxious to please his master Rockefeller, kept working at a frenetic pace according to reports, so that he died of a heart attack while still in his fifties — just before he was to spend a year at Tavistock.)

The Perversion of Psychoanalysis

Lewin himself was little concerned with psychoanalysis, considering it speculative and intuitive since its notions were not subject to rigid, empirical mathematical measurement, as he thought his concepts were. This, however, did not stop the Tavistock gang from fusing Lewin's small group methods with the deeper insights of psychoanalysis. Such a fusion was necessary to create the sort of thoroughgoing brainwashing techniques which would maintain their hold over an individual even when he was removed from the group setting. Thus the methods of individual psychoanalysis and psycho-

analytic group methods were conjoined with the small-group "democracy" of the Lewinites. "The integration of the social sciences," indeed.

In the quarter-century since Lewin's death, the use of the small group has come a long way. Listen to a worker's description of a "therapy group" carried out under the auspices of the United Auto Workers union and the National Council on Alcoholism (John Crane is the director of the program in Flint, Michigan).

Crane's "therapy" is aimed at weakening the patient's sexual identity. He never conducts as much as a two-hour session without going into depth about his patient's sex life. He asks questions like "Do you ever worry about how long your penis is?" and "are you afraid of women?"

...when a patient says that he is not afraid of women, Crane asks "Do you want to sleep with so-and-so (a female member the man may never have met before)?" If the patient says no, Crane demands, "Why don't you want to go to bed with her — she's a nice looking young girl." He strongly implies that this is an abnormal attitude. Crane once told me I should ask every woman I meet to go to bed with me.

Now, the attempts to destroy the controls of the superego are openly expressed. The modern-day "group therapy" brainwasher demands that his patient abandon the attempt to regard members of the opposite sex as anything more than objects for the patients's own immediate gratification. The effect on intellectual powers of such object-fixation and sexual promiscuity is immediate and drastic. One cannot abandon oneself to infantile feelings, thus refusing to see the minds and human qualities of others, without substantially lowering the powers of one's own mind.

If the patient-victim shows any "resistance," the group leader keeps after him:

Other sexual questions which Crane generally asks therapy group members are: "Do you worry about having premature ejaculation?" and "Do you have problems getting an erection?" These questions are asked publicly, often in front of women. If a patient answers no to these questions, Crane says, "You have these worries whether you know it or not. You're no different than anyone else."

Crane frequently asks male patients if they ever wanted to sleep with their mother. He asks women if they every wanted to have intercourse with small boys, and if they have every done so. Crane claims that everyone thinks or does such things at one time or another.

As is typical in "attack" therapy, the patient-victim is subjected to increasing stress in order to break him down. Perverting the insights of actual psychoanalytic work, the individual is made to feel "you are worthless, you are shit, we can all see inside you that you think you are shit." The typical individual, unprepared for such an assault, finds his powers of reason seeming to fail him, and he is thus set up for further psychological manipulation:

In order to prove that they are confident in their sexual identity, Crane urges male members to kiss other male group members on the cheek, and to run their fingers through another man's hair. Crane himself kisses male members on the cheek. As part of therapy, Crane advocates masturbation.

Thus the patient is "helped along" to become a creature of the id, a polymorphous pervert to whom anything, human or otherwise, is simply an object for the immediate gratification of his most infantile fantasies. The fears and terrors of the id's "pit" are deliberately evoked, not for the purpose of aiding the individual in facing and overcoming these terrors, but to further subject the patient to the control of his internal, terrifying "witch." The "successful" treatment of such a patient-victim must result in the individual's emerging in a paranoid-psychotic state.

Workers do not voluntarily attend these mind-destroying sessions:

If a patient objects to any of these attitudes, Crane replies: "You're the one on probation, not me."

Crane calls his method "constructive coercion." ...when patients say they don't want to participate in group therapy, Crane informs them they have another "choice": in some cases jail, in others, permanent job loss. I have heard Crane say on several occasions that every person in the group "should have a hatchet over him as a motivator"!

Tens of thousands of auto and other workers have been processed through such brainwashing programs — under the threat of loss of their jobs if they do not "cooperate." One does not have to be an alcoholic to qualify: the symptoms which are grounds for referral to these menticide programs are so broad as to encompass any worker who expresses dissident attitudes or whose "attitudes" toward the job are not up to the foreman's specifications. In Nazi Germany, such workers were sent off to Dachau as "work-shy" or "anti-socials"; in Heinrich Woodcock's empire they are sent off to an "alcoholism" program where their minds instead of their bodies are destroyed.

Local Control as Paranoia

While such psychoanalytically-derived ego-stripping methods are a rather fast and efficient means of creating psychosis, they are not the only way it can be done. Large masses of people can be effectively brainwashed through the use of varieties of local control — such as workers' participation, *autogestion* or self-management, and community control.

The effect of putting an individual in such a structured situation is to force him to begin to narrow his scope of conception and action; instead of trying to understand and effect changes on a national or society-wide basis, or even better on an international

basis, the individual is made to limit his perspective to the local workplace or local neighborhood. The available choices become increasingly trivial and irrelevant: how to increase the output of the factory, how to split up the dwindling public funds available for a local neighborhood. The more one focuses on such trivia, the more weakened one's actual powers of intelligence become.

Intelligence — the struggle and ability to understand the lawfulness of society and the entire universe within which it is situated, to comprehend that the world is subject to predictable and *alterable* laws — can only atrophy and die under conditions of "local control." For local control, or any form of anarcho-syndicalism, can only be an illusion which thrives upon the "felt needs" of the little, common man to "free" himself of the dominance of the society as a whole.

These tendencies toward a paranoid outlook are exacerbated under the stress conditions of social crisis and Schachtian austerity. Now, since the world outside the shop or the neighborhood is totally beyond one's control, it becomes the enemy. Growing hardship and insecurity are blamed on evil and omnipotent "outside" forces; meanwhile the "in-group" who are "all in this together," takes on the qualities of the mother-image and the extended family. As economic breakdown increases and stress intensifies, the members of the local "family" come more and more to believe that "it's us against the world"; their own powerlessness becomes transformed into an irrational fear and hatred of everything outside. They have become psychotic.

Lest this seem an exaggeration, one needs only to examine with open and compassionate eyes the black and Puerto Rican communities which have already been subjected to a decade of "cultural pride" and community control brainwashing. Or look at Israel today, an entire country victimized by Reesian mass psychosis.

The attempt to create a non-coercive fascism, or more precisely a form of fascism where the instruments of coercion are suitably masked for those who wish to deny their existence, would still be doomed to failure even if we were unsuccessful in stopping Rockefeller's New Order. By replacing coercion-from-without by coercion-from-within, by utilizing advanced psychological-warfare methods, Rockefeller and the Tavistock conspirators are destroying far more than the working class' capacity to resist and fight. They think they are creating a more efficient fascism, one in which the workers will drive themselves instead of requiring the SS guard's truncheon.

But what they would actually be creating is a self-destructing psychotic hell. By harnessing the most

irrational forces of the psyche to drive their self-propelling labor force, they are necessarily destroying workers' capacities to confront the world rationally and competently. The skilled worker who is reduced to believing in witches and magic can no longer function as a skilled worker; the worker whose powers of conceptualization are taken from him cannot carry out complex industrial operations.

The worker whose "feelings" are manipulated by group pressure to speed himself up *will* work harder — until he works himself into psychosis or death. Such workers may work more efficiently for a time, but the point must soon arrive when they have been so psychologically brutalized that they lose the capacity to handle the cognitive demands of modern technology or the social demands of cooperative labor. Zombies cannot operate modern industry.

Lest this seem far-fetched, the reader can picture for himself the effects of infantile thinking on skilled labor. If you own a car, have you ever foolishly ignored a worrisome engine noise or other warning sign, superstitiously hoping it will somehow disappear? "Oh it's just ol' Betsy acting up again... nothing to worry about"...until a minor warning sound has lawfully grown into a major repair job.

Even in the NCLC national headquarters, we can easily observe the effects of "ego states" on skilled labor. When a comrade working in printing or communications or newspaper production "fogs out," the person on the next shift frequently is obliged to spend hours just straightening out the mess. Any worker in industry is familiar with the same phenomenon. Now compare a brainwashed-induced psychotic state with a mere mild ego-state, and you get an idea of why skilled labor would necessarily break down under such conditions.

Even the Nazis knew better. Within the old fascism of Nazi Germany, there was a clear stratification of the labor force. Skilled labor in the Third Reich was protected and relatively privileged. Workers in heavy industry were provided slightly higher wages and living standards than workers in consumer-goods industries. Slave labor from foreign "*Gastarbeiter*" or concentration-camp inmates was reserved for semi-skilled or unskilled manual labor, which could be depleted and recycled without jeopardizing the entire economy.

Rockefeller, on the other hand, is proceeding in precisely the opposite manner. His industrial brainwashing programs are aimed at the heart of the labor force — at skilled workers in the auto and steel industries. Under Schachtian conditions of a declining labor force and deteriorating education there are not masses of skilled workers being trained or otherwise available. Their attack on the heart of the skilled labor force with mass brainwashing shows how little

Rockefeller and his Tavistock hirelings actually understand what they are playing with. For under intensified conditions of economic chaos, social stress, and industrial brainwashing, Rockefeller will awake one morning and find that his workforce has disappeared: it has turned into bands of raving psychotics, similar to the psychopathic bands of adults and youths that roamed Europe in the period immediately after World War II, or the plundering hordes of barbarians that stalked Europe during the ecological holocaust that followed the fall of the Roman Empire.

The Remedy

We are not interested in presenting a "formal proof" that Rockefeller's Reesian restructuring plans must fail, that the outcome must be a psychotic holocaust to accompany its inevitable ecological counterpart. Indeed, if one wanted "proof," the signs of emerging psychosis are already visible in the occasional mentally-broken individuals on unemployment lines, or in the more frequent instances of workers masturbating in their cars during factory lunch hours in Detroit and Chicago.

Far more frequent are the signs that the working class is being successfully inoculated against the psychotic holocaust. At many of the same factories and unemployment centers, groups of workers are avidly discussing the most advanced scientific and programmatic conceptions. Workers who a year ago might have been discussing sports or otherwise wasting their time at lunch hour are now debating proposals for conversion of auto plants to tractor production, or discussing the significance of the recent leftward turn of the Communist Parties in Europe.

Why describe this as inoculation? We do not mean anything so simplistic as that since workers are now discussing politics instead of baseball, they are less susceptible to brainwashing, although on a superficial level that is true. What is important is this: the deliberate creation of paranoid psychosis by Rockefeller's brainwashing agencies thrives upon infantile fantasy-life, where the subject has given up the attempt to see the world as rational and coherent. As we have seen, psychological warfare works by successfully playing upon *already existing* predispositions for superstition, primitive thought-patterns, and paranoia.

Attempts to induce a fascist, paranoid world-outlook through local control, small-group manipulation, and so forth are thus most efficiently countered by forcing workers to develop a rational, scientific world-view, to understand reality as located internationally, not locally, to understand the cause of the present

depression and chaos *in order to change it*.

It is necessary but not sufficient that workers and others become self-conscious of their own thought-processes, that they understand the difference between infantile feeling-states and self-conscious emotion. Elementary mental hygiene measures within and around our movement are essential to protect the minds of workers and supporters who could otherwise be victimized by mental coercion of the sort practised by the agents of Woodcock, Trist, et al.

But actual mental health on a mass scale means the substitution of reason and rationality for magic and superstition; it means substituting science for paranoia; lawfulness and coherence for mystery and confusion.

Our fight is to make the coherence of the universe and all its aspects understood by the working class, to make the lawfulness and predictability of the world clear in order to change and order those laws in a lawful fashion. By removing the last shreds of mystery from these *social* processes and subjecting them to our collective will, we thereby establish the

conditions for the further development of the highest cognitive powers of mind.

We too will use our knowledge of psychological processes, we also will use social processes to facilitate the development of ideas and beliefs. But unlike the Tavistock criminals, we do not use social processes to break down the cognitive processes, but to build them up. It could not be otherwise, for a zombie could no more be an effective revolutionary, organizing around the most advanced scientific conceptions, than he could be a skilled laborer in an industrial plant. We are organizing the social institutions through which individuals can mediate their intellectual development, providing a place to compare and test ideas, and to assimilate new conceptions of revolutionary organizing. A revolutionary class-for-itself institution provides the working class with the moral "superego" strength to rise to heretofore unimagined heights of intellectual and moral accomplishment. The new Intellectual Renaissance is the best defense against Rockefeller's psychotic holocaust.

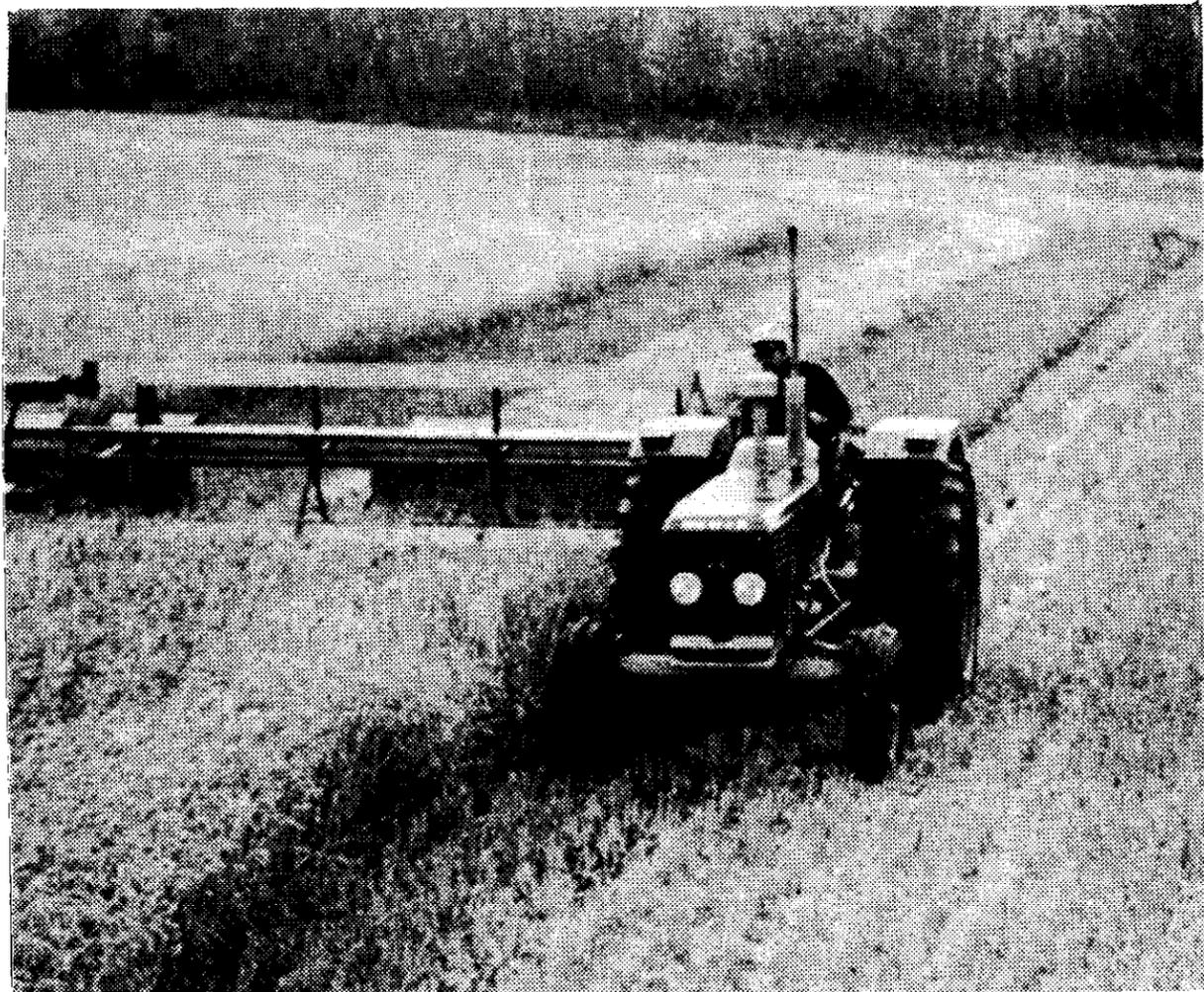
Footnotes

1. Eugen Kogon, *The Theory and Practice of Hell*, New York, 1971, page 100.
2. *Beyond Psychoanalysis*, *Campaigner* reprint, 1973; "The Sexual Impotence of the Puerto Rican Socialist Party," *Campaigner*, Nov. 1973; "The Case of Ludwig Feuerbach," Parts I and II, *Campaigner*, Dec. 1973 and *Campaigner*, Jan.

1974. See also "Rockefeller's 'Fascism with a Democratic Face,'" *Campaigner*, Nov.-Dec. 1974, particularly "Section X. Paranoia."
3. See particularly "The Tavistock Grin I," *Campaigner*, April 1974.
4. D.W. Winnecott, "Some Thoughts on the Meaning of the Word Democracy," *Human Relations*, Vol. 3, 1949.

East-West Trade: Basis for Increased Food Production

by Ed Podhorn
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The following article, here republished in slightly modified and enlarged form, originally appeared in the July 10, 1974 issue of New Solidarity. The political relevancy of East-West trade — in fact its absolute necessity — is today, some 7 months later, even greater, its implementation even more urgent. The International Caucus of Labor Committees' recent proposal for a Euro-Ruble currency, a powerful political and economic weapon and convenient way of financing such trade, provides a clear basis for its implementation now.

This article exemplifies and in fact initiated the type of scientifically based programmatic studies recently broadened through the creation of the Research & Development unit within the ICLC. As the ICLC moves toward the establishment of International Planning Commissions, composed of scientists and practitioners in the fields of agriculture, industry, urban planning, education, etc., our rudimentary programmatic ideas will become more exact and concrete. But deliberation, suggestions and criticism is a task not only for experts but for the entire international working class. History — the survival of humanity — demands that the concepts presented in this article receive the widest possible circulation among government officials, Communist and Socialist Party members, workers, and farmers in both Western Europe and the Comecon countries.

The only way to prevent the worldwide starvation and consequent ecological disaster planned by the Rockefellers is to massively expand agricultural production on the basis of advanced technology. The International Caucus of Labor Committees is proposing a general outline of the program by which this

expansion of agricultural production can be accomplished.

While in the near future agriculture worldwide must be upgraded to at least current U.S. levels of productivity, the potential for the agricultural expansion needed to avert genocide is immediately available in the Soviet Union and Eastern Europe. But without being able to tap the industrial potential of other advanced countries, particularly Western Europe, for political reasons, expansion within the Soviet sector is virtually impossible. The solution lies in a massive trade agreement between the Soviet bloc nations and Western Europe.

The interests involved for the Soviet sector should be obvious. Plagued by limitations of industrial development relative to available labor power, the Soviet bloc nations have been forced to develop certain industrial sectors at the expense of others, particularly consumer goods. As a result, consumption of high quality protein, particularly meat, has been abysmally low.

For Western Europe such trade expansion is even more crucial. Faced with an economic collapse that threatens to destroy its very existence, Western Europe has been forced to capitulate to the Rockefeller interests — the very interests that brought Europe down in the first place. The primary way that Western Europe can break Rockefeller's stranglehold grip on the imposition of fascist austerity is through a moratorium on all debt.

Access to the Soviet bloc's vast raw materials, particularly the Soviet Union's natural gas and grains, would allow Western Europe to break this dependence upon their destroyer. Furthermore, it would ensure that the debt moratorium would be a winning tactic that could bust through any of Rockefeller's retalia-

tory measures, especially deadly economic embargos and blockades.

Most importantly, an East-West trade agreement is Western Europe's only way out of the depression. The highly skilled European work-force — rather than face slave labor or no job at all — could actually expand the production of consumer and industrial goods, especially tractors, trucks, machine tools and fertilizer, that the Soviet bloc nations so desperately need. As we shall later detail, with increased raw materials Western Europe can turn around the rapid deterioration of the living standards of its own population.

This East-West trade expansion would only be the first step in the rebuilding of the world's economy. Almost immediately, the underdeveloped nations could benefit from increased food supplies at cheap prices. But shortly after, through similar technological inputs from the advanced sector, the Third World itself could become nearly self-sufficient. Africa's cereal production, which now only has yields of one-quarter of those of the U.S., could easily be quadrupled: Asia, which currently has almost half of the world's total cereal acreage, could more than double its food production. In total, the world's productive grain capacity could be easily doubled.

Key to this is the vast expansion of fertilizer. To achieve the doubling of world cereal production, the amount of fertilizer available must be tripled. Virtually all underdeveloped countries are well below the already low world average of 100 kg/hectare. African nations like Mali and Mauritania, for example, have only 5 and 1 kg/hectare available, respectively.

The doubling of world agriculture within a few years is just the start. Concurrent with the expansion of agriculture with conventional technology, a brute force program geared to the development of fusion power must occur. Fusion power will make the expansion of agriculture virtually limitless. Through quickly and efficiently enabling the desalinization of seawater, necessary for vast irrigation, fusion power will provide mankind with scientific control over food production. Bare deserts can be turned into fertile farmland; the threat of drought can be totally eliminated.

Furthermore, the rapid exploitation of the earth's natural resources — a prerequisite for the implementation of this proposal — is only possible, without experiencing a devastating ecological crisis, because of the anticipation of fusion power within five years. Without tapping the Soviet Union's gigantic natural gas reserves, the world's largest, the industrial expansion necessary to produce the technological inputs as well as nitrogenous fertilizer (derived from natural gas) could not occur. As long as the Soviet bloc and Western Europe join forces around a crash program of fusion power, there is absolutely no reason to fear an energy crisis.

The ICLC's proposal for expanded food production based upon increased East-West trade is not a finished blueprint. The conclusions that we have reached, while valid, are only approximations of the process that must occur. The Soviets know far better the actual particulars necessary for agricultural expansion. Immediately Soviet and Eastern European officials must begin drawing on their working and peasant classes to deliberate on the exact form that this trade proposal must take. The future of humanity depends upon it.

How It Will Work

The general form that such expanded East-West trade would take is quite simple: Western Europe's capital goods in exchange for the Soviet bloc's raw materials (fuel, metals, etc.) and agricultural commodities. We will, however, limit our developed explanations to agricultural trade. As the accompanying box demonstrates, the raw material exchange is a relatively simple proposition; the question of agricultural production and exchange is much more complex.

As we have indicated, this trade agreement could strike a deadly blow to Rockefeller's control of Western Europe. For example, the countries of the continental EEC import some 40 million tons of grain and animal foodstuffs per year, yet Rockefeller controls the major grain exporting companies that the EEC must deal with, monopolistic companies like Cargill and Continental. Additionally, Rockefeller controls Mideast oil on which Europe is 90 per cent dependent, as well as basic metals, like iron ore.

The following provides background materials as well as a preliminary proposal detailing how the Soviet Union can become a major world supplier of food.

The Soviet bloc is the world's largest producer of cereal grains, particularly wheat, but it is so only because of the extensive land area under cultivation. Crop yields per hectare (equivalent to about 2 1/2 acres), as low as 1.4 metric tons, are on a par with underdeveloped countries such as Kenya. The Eastern European countries, while not as bad as the Soviet Union, have yields considerably lower than Western Europe. While the German Democratic Republic (GDR) has wheat yields comparable to the U.S., Romania's yields are on a par with the Soviet Union. Although part of the reason is climatic — especially in the Soviet Union where the climate in many areas is too cold or too dry — the basic reason is the shortage of capital inputs, particularly fertilizer and mechanization.

The amount of fertilizer, for example, used in the intensive farming of the Netherlands is more than four times greater than the extensive farming of the Soviet bloc. Thus in 1970 the Soviet Union used only 91 kg/hectare compared to the Netherlands average use

of 450 kg/hectare. Romania and Yugoslavia are even in worse shape with 56 and 77 kg/hectare being used respectively.

Similarly, the Soviet bloc, especially the Soviet Union, has a grossly inadequate number of tractors. Presently, the hectare per tractor ration ranges from 73 to 90 hectares in Eastern Europe to 125 hectares in the Soviet Union, compared with 43.5 hectares per tractor in the U.S.

To compensate for capital goods scarcity, extensive farming — or the practice of expanding land area with limited fertilizer and farm machinery inputs — has been dominant in the Soviet Union. This has meant that “virgin land” areas such as Kazakhstan, where precipitation is low and therefore yields are low, have become major grain producing regions in the Soviet Union. But with vastly increased capital inputs, large land areas of Eastern Europe and the Soviet Union would be able to equal, if not surpass, the highest yielding sectors of present-day advanced intensive Western agriculture.

With the implementation of the United Front agreement on expanded trade, agricultural production will be rapidly expanded to the benefit of the entire European and Soviet working class. If this proposal were adopted immediately it would mean:

- That within a single growing season, by the harvest of 1975, the Soviet bloc, mainly through vast increases in the amount of fertilizer and mechanization used, would be able to maintain Western Europe's current grain imports of 40 million metric tons.

- That by the second growing season, in 1976, through even greater use of fertilization and mechanization and through partial conversion of fodder crops and meadow land into grains, the Soviet bloc countries could triple their grain output to more than 600 million metric tons and thus be able to dramatically increase the nutritional standards of the European and Soviet working class and become a major net exporter to the developing countries.

- That by the third growing season, in 1977, through further intensification and vast expansion of agriculture, mainly through massive irrigation and drainage and flood control the Soviet bloc could further increase food exports to the developing nations.

The key to agricultural expansion is the expansion of grain production. As grains are to be used almost exclusively for the expansion of livestock feed, the per capita consumption of meat and dairy products (crucial protein foods) will markedly increase. Soviet cattle, for example, now receive about 35 per cent less in grain feed units as compared with U.S. cattle. As a result milk yield per cow is approximately 50 per cent lower in the USSR; consumption of meat is only 106 grams per Soviet worker per day or about one-third of the amount consumed by the average U.S. worker. In addition, Western Europe meat consumption,

especially in light of the near collapse of the EEC livestock sector, is drastically down to the point that a British worker, in 1973, ate slightly more than 6 ounces of beef per week.

The four key inputs necessary in order that Soviet bloc agriculture be able to quadruple grain production to more than 900 million metric tons are: fertilizer use, mechanization, land expansion, and infrastructural development. While there are other factors such as the elimination of the private plot (used mainly for growing vegetables both for direct peasant subsistence and sale of produce to raise inadequate incomes) and the need for extensive collectivization in certain Eastern European countries, such as Poland (only 14 per cent collectivized) and Yugoslavia (only 30 per cent), these tend to be of a secondary nature and with the intensification of agriculture should be quickly eliminated bottlenecks.

Fertilizer

Fertilizer use is the key component for immediately increasing crop yields. With about 40 million additional metric tons of fertilizer, the Soviet bloc can nearly double its grain output — thus increasing the production of wheat, corn, rye, barley, and oats from over 233 million metric tons to over 430 million metric tons or a net increase of nearly 200 million. This increase can be achieved without adding a single hectare of land area.

With this 200 million metric ton increase, total production in the EEC and the Soviet Union combined will be raised to the equivalent of one ton of grain per capita. This is sufficient to raise the European and Soviet diet to the present level of the U.S. — tripling the meat consumption of the Soviet population and nearly doubling that of the European.

The methodology employed in reaching these conclusions is important. While these estimates are only approximate, they are more than accurate enough to demonstrate the basic potentialities in increased yield.

We first grouped the regions of the Soviet bloc into classifications consisting of similar climatic conditions and soil types. We then compared such groups with developed countries having similar climatic conditions and practicing intensive farming. We then calculated the total yield and volume of fertilizer on the basis of assuming that, with identical fertilizer input, similar yields, under similar conditions, would occur. The Netherlands, for example, was found to have similar climatic and soil-type conditions as most of Eastern Europe and certain sections of the Soviet Union.

In terms of the relationship of climatic-soil type grouping to yield, precipitation is the key limiting factor. For example, all those regions in Group I, the

highest yielding group, had an annual precipitation rate of at least 24 inches. Conversely, Group IV, the lowest yielding group, had an annual precipitation rate of under 16 inches. Fertilizer, for maximum effectiveness, must have adequate precipitation; otherwise, with low precipitation, the point of diminishing returns is quite low.

Mechanization

The Soviet bloc, in order to achieve par with the U.S., must nearly triple its level of mechanization. This means the production of at least 6 million more tractors and 1 million combines to bring Soviet bloc agriculture to U.S. levels. Spare parts production must also be increased.

Without mechanization, any substantial increase in volume production will be practically impossible. Tractors are needed to prepare land, seed, and spread fertilizer; combines are needed to harvest the crop. Furthermore, already about one-third of the Soviet bloc labor force is directly engaged in agriculture. This must be quickly reduced to at least the level of the U.S. where approximately 5 per cent of the workforce is employed in agriculture. This would allow about 68.5 million peasants to be freed from the land for industrial and infrastructural development.

Land Expansion

Through land expansion of grain production, a

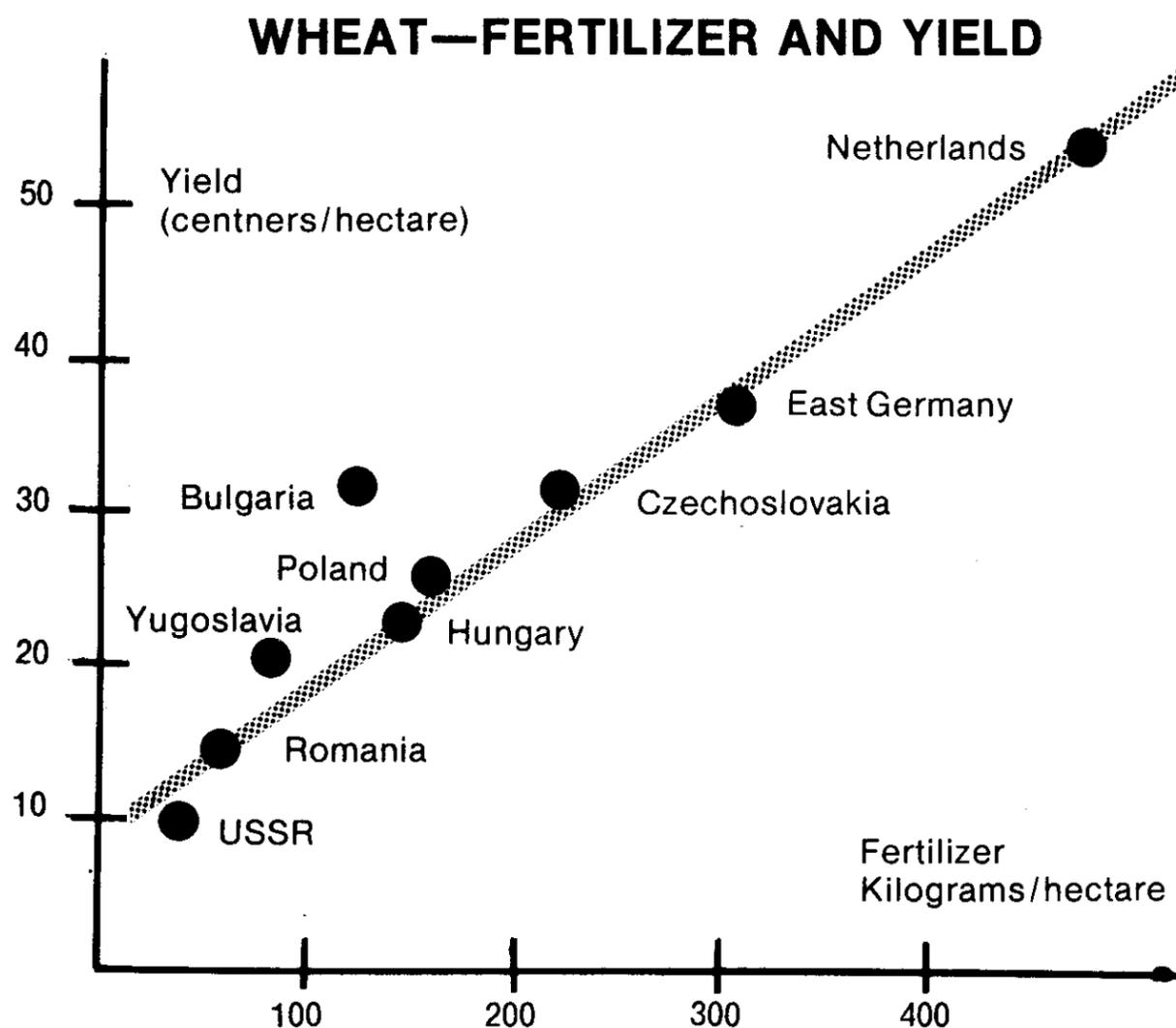
second-stage development, output will be tripled to at least 690 million metric tons of grain. This will be possible chiefly as a result of crop and land conversion as well as through drainage and particularly irrigation.

By converting 50 per cent of the low nutritious fodder crops — hay, grasses, green corn — to grain, nearly 30 million additional hectares of land yielding 100 million metric tons of grain could be brought under cultivation. Similarly by converting 50 per cent of existing meadow land (usually fertile land now used for grazing) grain production can be increased by an additional 100 million metric tons.

Through drainage and irrigation projects, potentially fertile marshland in the Baltic region of the USSR and desert areas in the Soviet republics of Central Asia and Kazakhstan can be transformed into crop land. This will mean that in the southern desert area, warm weather crops like corn and soybeans (the most nutritious feedstuff) can be extensively grown. While irrigation is presently limited by the water supply, with fusion power (providing energy for massive desalinization of sea water), irrigation can be unlimited.

Infrastructure

But the vast expansion of Soviet bloc agriculture poses an immediate problem. Without a greatly upgraded transportation system, the construction of storage facilities and farm buildings, an intensi-



The relation of fertilizer to yield is clearly demonstrated in this graph. The upward slant of the gray line indicates that even the large amounts of fertilizer used by the Netherlands have not resulted in diminishing returns, which would show up on this graph as a leveling off and eventual downturn of the line if it were extended far enough to the right.

fication of skill level, and the raising of the standard of living, the degree of expansion would be greatly curtailed.

One of the most immediate tasks is the construction of proper storage elevators. Even with current low production, the Soviet bloc cannot realize its full production in that millions of tons of grain rot for lack of proper storage. Even to meet the demands of current production, storage facilities must be initially expanded by at least 25 per cent and then quickly expanded by 100 per cent.

Railways have served as the predominant form of transport, handling 66 per cent of the freight and 50 per cent of the passenger traffic in the Soviet Union. Except for the western portion of the Soviet Union, however, railways are sparse or nonexistent — including in areas that have vast agricultural potential. Eastern Europe has an extremely well developed rail network which would require only slight expansion, although portions, particularly in Southeastern Europe, would require modernization. In addition, thousands of boxcars will be needed.

Road expansion, while necessary, will be less of a problem. The bulk of the road construction will be limited to secondary roads leading to grain storage and railroads. More important, however, is the construction of sorely needed trucks. These trucks will be crucial for short hauls — especially within populated areas and between Eastern Europe and Western Europe. We estimate that at least 3 million additional trucks must be assembled.

The machinery required for the overall construction necessary for Soviet bloc development is substantial. Besides the construction of roads, storage facilities, irrigation networks — most of which require relatively little capital investment, significantly greater machinery and machine tools will be required to build adequate housing, schools, hospitals, etc. In many cases whole new communities must be constructed. Not only will large numbers of bulldozers, cranes, etc. be needed, but the parts to repair this equipment must be available.

As peasants are forced to operate and repair complex farm machinery and as more precision planning and scientific knowledge for crop production is required, the skill levels must be elevated quickly. To begin with, large-scale training programs during the off-season must be instituted for all peasants. Not only must these programs teach specialized skills, they must also raise the general educational levels of all peasants.

But it is nearly impossible to raise skill and educational levels without simultaneously raising the general standard of living of the peasants. Adequate housing, health-care, recreational and cultural activities must be provided. Improved nutrition alone

will mean considerable improvement in the peasants' living standards.

Western Europe's Critical Role

In summary, the Soviet bloc cannot expand agriculture without the following:

- At least 40 million additional metric tons of fertilizer

- 6 million more tractors

- 1 million more combines

- 3 million more trucks

- Other capital goods, especially machine tools, for the development of drainage and irrigation systems, infrastructural construction, etc.

Yet Europe has the capital goods production potential, the skilled labor force, and is economically in deep trouble. The International Caucus of Labor Committees says to Western Europe's auto workers in France, Italy and Germany: "You don't have to be laid off, you don't have to face the future of slave labor and resettlement, you and other workers must manufacture tractors, combines, and trucks which the Soviet bloc so desperately needs." We also speak to the millions of steel workers, machine tool workers, chemical workers, etc. whose plants are on the brink of folding. The United Front proposal of expanded trade with the Soviet bloc is in the direct interest of the entire international working class.

The 40 million tons of fertilizer that the Soviet bloc needs for the immediate expansion of grain production can be easily manufactured by the chemical workers of Italy and Germany. And this 40 million tons is just the beginning. With practically unlimited supplies of natural gas exported to Western Europe from the Soviet Union, the production of key nitrogenous fertilizers (manufactured from natural gas) would be quite simple. Only 6,000 machine tools would be necessary in order to produce the necessary equipment to build the 20 plants in a year's time. (West Germany, alone, produces 450,000 machine tools per year.)

Farm machinery production is a far more socially expensive task. However, by converting 50 per cent of the Western European auto industry (already nearly 30 per cent idle) to tractor, truck, and combine production, Europe has the capability of producing the Soviet bloc's needs in about two years.

Current auto production in West Germany, Italy and France combined is about 11 million per year. In order to achieve the farm machinery production needed by the Soviet bloc, 6 million tractors would require 3 million auto units (an auto unit being equivalent to the production of one auto), 3 million trucks would require 4 million auto units for a total of 10 million auto units. Thus at 50 per cent conversion

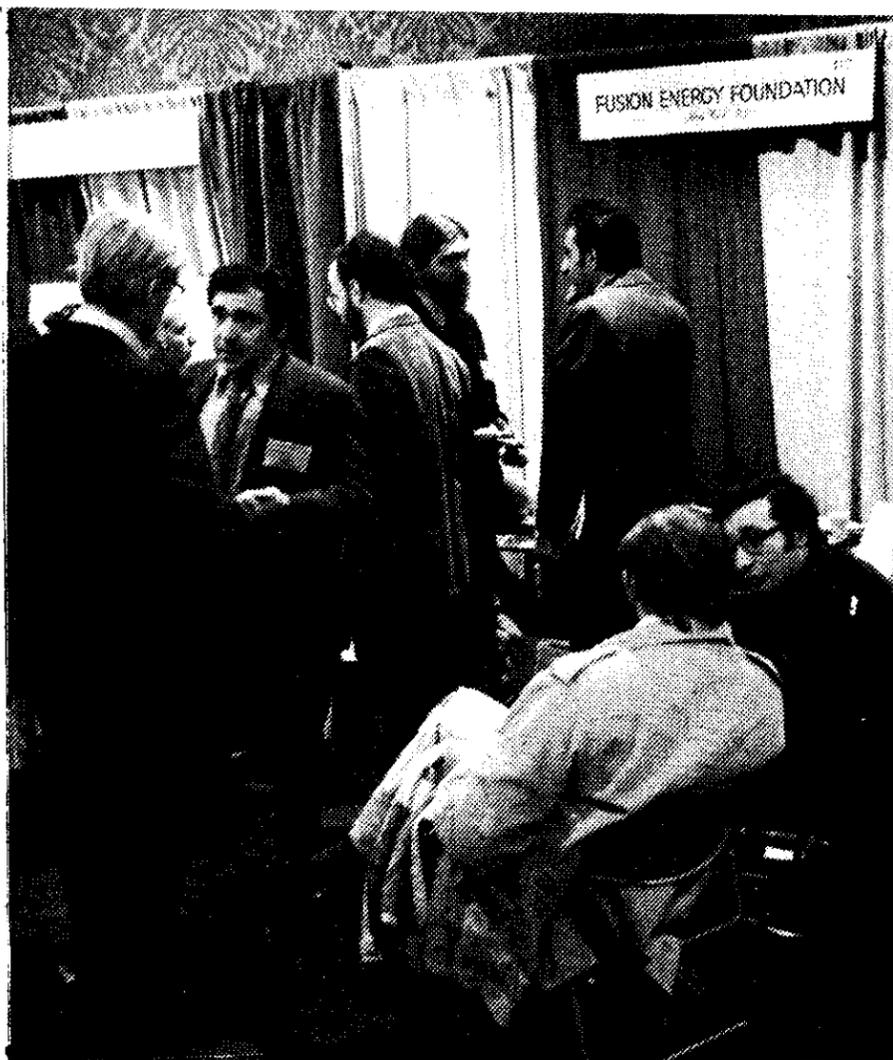
this capacity can be achieved in less than two years. By fully utilizing capacity in the auto industry and by the necessary increased production of steel and machine tools, the number of expanded jobs will be about 1½ million in auto and scores of thousands more in the steel and machine tool industry.

But this is just the start. As the Soviet bloc further expands agricultural production and especially their infrastructure, untold numbers of capital goods, especially machine tools, will be needed. With Europe's increased access to greater raw materials, particularly fuel and food from the Soviet bloc, it will

be able to further expand production. This industrial expansion, in turn, will allow Europe to take on serious reconstruction programs centered on building housing, schools and hospitals; developing mass transportation systems; and increasing the educational, cultural and general well-being of the entire population. With Europe and the Soviet bloc allied around a crash program of fusion power development, this expansion and reconstruction can be unlimited.

The peasants, workers, Social Democrats of Europe and Soviet officials must act now.

Fusion Energy Foundation



The FEF booth at the recent meeting of the American Association for the Advancement of Science.

The Fusion Energy Foundation was founded in November 1974, at a meeting attended by representatives of the United Nations, the International Atomic Energy Commission, scientists who have made significant contributions to fusion research, and interested laymen.

To rapidly expand our influence throughout the scientific community and to obtain the necessary support from other layers of society, we must develop and disseminate the most advanced concepts in fusion and related sciences on a sustained and consistent basis. To do so, we need your active support as Associates and Members of the Fusion Energy Foundation.

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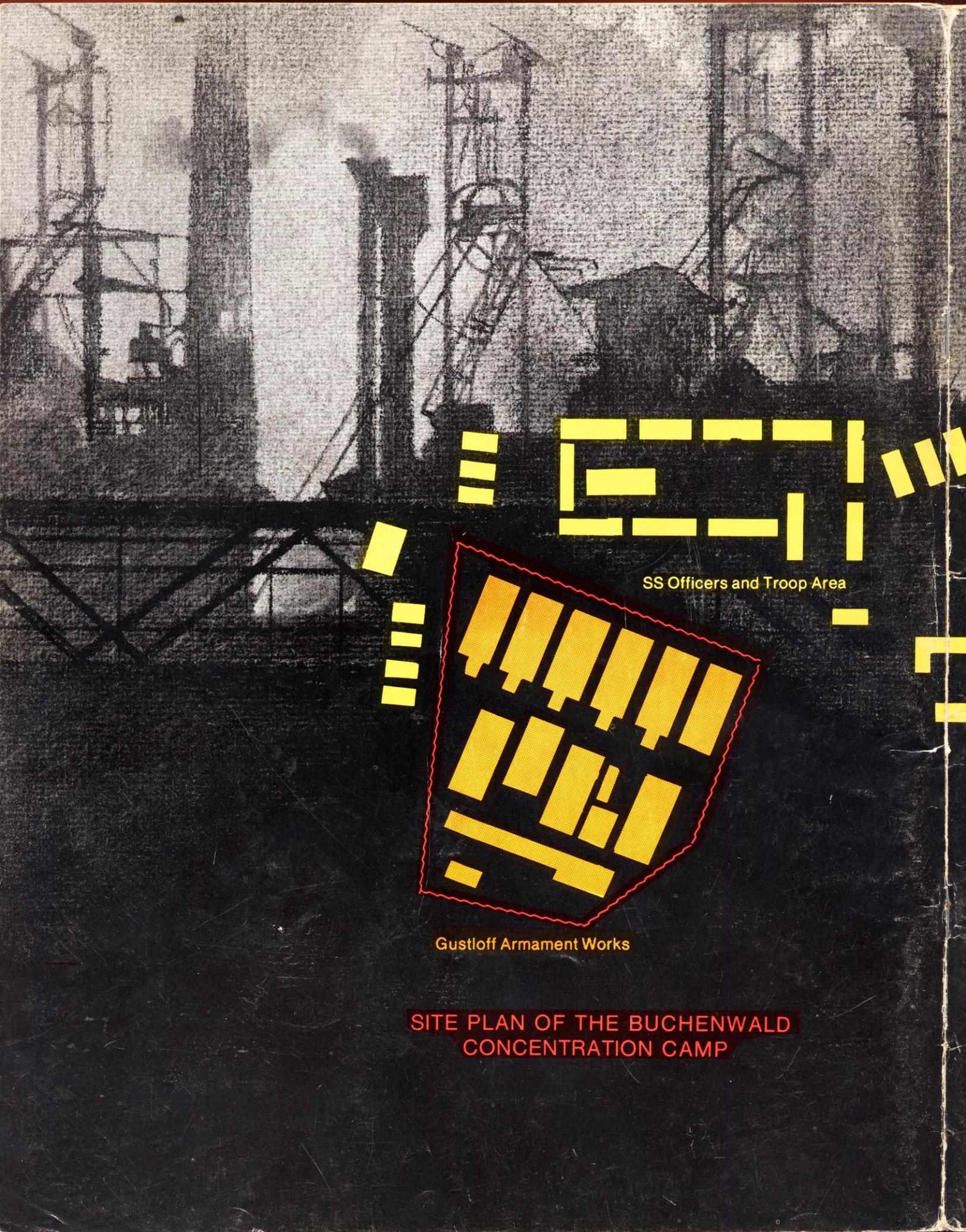
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