

**WHY
THE GERMAN
REPUBLIC FELL**

by
Bruno Heilig



**WARUM
DIE DEUTSCHE
REPUBLIK FIEL**

von
Bruno Heilig

An Austrian journalist, Mr. Bruno Heilig, who went to England in 1938, speaks with the authority of one who worked for thirty years at his profession as editor or foreign correspondent of leading newspapers in Austria, Germany, Hungary and the Balkans. For five years preceding the collapse of the Weimar Republic he was in Berlin, at first on the staff of the *Vossische Zeitung* and later as correspondent of the Vienna *Wiener Tag* and the Prague *Prager Presse*. The succeeding five years he spent in Vienna, where he was leader writer and foreign editor of *Der Wiener Tag* and the influential Monday paper *Der Morgen*. Thus he twice had the opportunity of following the development of modern tyranny. More intimate is the acquaintance he made of it as prisoner for thirteen months within the concentration camps of Dachau and Buchenwald, a life described by him in his book *Men Crucified*.

"*Why the German Republic Fell*" first appeared in the English magazine "*Land & Liberty*."

Reprinted by the
HENRY GEORGE SCHOOL
50 East 69th Street
New York, N.Y. 10021, U.S.A.

WHY THE GERMAN REPUBLIC FELL

NUMBERLESS NEWSPAPER articles and books have been published on the subject of Hitler's career and Germany's turning to barbarism. They describe in minute detail the comings and goings of the actors of that tragedy; they reveal secrets about political and diplomatic interviews, about intrigues and conspiracies too. They give you a more or less reliable picture of the characters of the leading persons and entertain you, perhaps, with spicy stories about their private lives. You get splendidly informed, yet you are not satisfied. The more you have learned about the events the more you are puzzled. There was a country with a fine democratic constitution built on the ideas of liberty and self-government. Its people had been glad to get rid of the Kaiser after the Great War, and had elected for the Weimar National Assembly men whose records and programmes offered the best guarantee for a radical extirpation of the hated old Prussian ideas. Then some crooks, some fools, and some weaklings appeared on the stage of history, and liberty was thrown away, and democracy became rubbish. Hitler attained power under observance of a democratic constitution, the fundamental principle of which was self-government and self-determination of the people. He became Chancellor just in the same way as any of his predecessors, by regular appointment. There was no reason why the people should submit to tyranny against their will. They followed the tyrant voluntarily, many of them jubilant. How did it happen, how *could* it happen?

There are, I know, a number of explanations, ranging from the failure of the Allied nations to implement their pledges in the Versailles Treaty, and their folly or guilt in thereafter pursuing illiberal policies, to the alleged innate militarism of the German people which only awaited another brand to set that spirit in flame. These ideas can be argued to Doomsday, unavailingly, if one takes no account of the social forces that were disrupting Germany from within:

internal causes so potent that they deserve far more attention than most students of the German—and of the European—scene have chosen to give them.

THE INDUSTRIAL BOOM

After the disastrous years of the inflation, business revived almost suddenly. With the re-establishment of the gold value of the mark (equal to the full gold value of the English shilling) stable conditions for security of investment became possible, and Germany needed capital badly. The whole industrial equipment which had been engaged in war work for four years had been lying practically idle during the inflation period. There was also an enormous demand for dwelling-houses, not more than some few hundred houses having been built all over Germany during the previous ten years, and population had increased in spite of the war, and was still increasing.

German enterprises got as much support as they wanted from the United States, where bankers were at a loss to know what to do with the gigantic amounts of money that had been accumulated during the war. The recovery which started in Germany in 1924 had all the elements of an investment boom. Factories scrapped their old plant and replaced it with up-to-date machines. Germany was going to become the most advanced industrial country in the world, surpassing even the United States. Busy times drew millions of people to the big towns, the population of greater Berlin increasing rapidly by two millions to six and a half millions.

The public bodies rushed in also to participate in the feverish building up of a new and modern Germany. The whole rail-traffic system was reorganized and re-equipped. In Berlin rows of houses were demolished to broaden the streets. In the heart of Berlin the Alexander Platz was to become the largest square in the world, surrounded by the most modern skyscraper office buildings.

The most urgent problem to be settled was, of course, that of erecting buildings for dwelling, industrial, and trading purposes. The technical problem was speedily solved. They simply made buildings in factories, the concrete blocks and plates ready-made being assembled and joined together on the

site where the building was to go up. You could see posters on the growing skyscrapers proclaiming: "A story a day"!

Prices and rents of land soared at once, and so, too, rose the cost of building materials, with manufacturers protected against foreign competition by high customs duties. The price of iron was double that in England at the time, and cement was three times as high. Land prices rose on the average by 700 per cent in Berlin and by 500 per cent in Hamburg, within six years. But in some districts of the capital the increase amounted even to 1000 per cent or more. It was "good business" to be on good terms with members of the City Council, the Stadtrat. If for instance you had timely information about the plan to connect the Zehlendorf outskirts with Berlin by a new Underground line, or if you secretly learned that there was to be a new line to the Reichskanzler Platz, the shrewd purchase of but a few hundred square feet of ground would bring you a fortune. And you could become even a millionaire if you were in the know that Herr Reuter, Berlin's traffic dictator, intended to enlarge the Alexander Platz and to have a gigantic central Underground station built beneath it.

SPECULATION IN LAND VALUES

Land speculators had a fantastic time, some doubling or trebling their fortunes overnight. While the common people toiled feverishly and proudly to build up the new Germany that should be the world's most advanced community, money poured into the pockets of those who gambled in land values.

The high rents for flats and premises in the new buildings reacted upon and forced up the rents in the old ones. During the war, rents had been fixed by law at the pre-war level, and that law had remained in force during the whole period of the inflation. Suddenly the newspapers began an agitation that it was unjust to maintain the great difference between the rents in the new and in the old buildings, and this was so successful that an amended law permitted the proprietors of pre-war buildings to raise rents up to 125 per cent of the pre-war level. It was a generous gift. Already the proprietors had got rid of three-quarters of the burden of their mortgages, the valorization law passed after the inflation stipulat-

ing that they were responsible for only 25 per cent of the gold value of the bonds. Thus they were getting more than their full pre-war rent in terms of gold marks and, in addition, quittance of 75 per cent of their mortgages.

Experts estimated the increase in rents in respect of dwelling-houses alone at 1200 million marks (say, £60,000,000) a year for the whole Reich. It is impossible, of course, to give any approximate figure of the burden which was heaped upon production and trade by the enormous rise in the rents and prices of land used for industrial and mercantile purposes.

The people had not only to pay this tribute to the land monopolists, they also had to finance the business, thanks to the strange policy of the representatives and the corporations of the cities and towns. In Hamburg for example the taxpayers had to subscribe 60 million marks in compensation to owners, and were further made to pay 40 millions in subsidies to builders of houses. After these schemes were carried through, rents all over Hamburg went up by 20 million marks per annum.

Berlin spent upon land-buying no less than 400 million marks, of which 120 millions were invested in purchases around the Alexander Platz. This business turned into a big scandal of speculation and corruption. The sites for which the city paid 120 million marks had been valued at 35 millions previous to the purchase. The excess of 85 million marks was actually regarded—in addition to the original 35 millions—as the rightful property of the vendors because that would be the value given to the land by the expenditures of the taxpayers' money on the improvements about to be made; the vendors should not be deprived of this value added to their "property." It has to be said, too, that the city officials of Berlin, entrusted as they were with the defense of the city's interests, lent a hand to that speculation—and not disinterestedly. It was a kind of legal corruption and bribery.

In cases where the landowners refused to sell to the city, or would not accept the price offered, an arbitration committee had to decide. This committee was composed of two representatives of each party and one neutral chairman. Many cases came before such committees who regularly declared that

the city council had to pay not only the actual value of the site but any value the site was likely to have in the proximate future, no matter what caused the value to increase. I remember the exact data of one such case which was the most disgraceful of all. The proprietor of the site valued his property at 400,000 marks. The city council considered the price too high, and submitted the case to arbitration. The decision was that the city had to pay, not the 400,000 marks the owner had wanted, but no less a sum than 1,080,000 marks, this being the arbitrators' estimate of the value the site would have after the city had made the traffic improvements it had planned. Now, the scandalous side of the transaction was this; the fee payable to the members of the arbitration committees was a certain percentage of the determined price, and it was therefore in their personal interest that the price should be as high as possible. What they awarded the vendor was also their reward. Moreover, the city council appointed their own representatives upon the arbitration committees from that city committee which had to decide which were the cases to be submitted to arbitration.

Another case of flagrant corruption was the leasing of the Berlin river-harbor basin to a private firm. It took place near the end of the inflation period, when well-informed people already knew what was going to happen after settlement of the money question. The port of Berlin is, after Duisburg, the largest of its kind in Germany. It is situated on the rivers Spree and Havel, which fall into the rivers Oder and Elbe respectively, and thus connect Berlin with the sea. The city council spent millions upon millions on the completion and equipment of the basin with huge warehouses and the most modern means for loading and unloading. When all was finished Herr Schüning, who as city official was in charge of the basin, reported that it could not be operated with profit to the city but would require a considerable subsidy, and he therefore recommended that it be leased to a private firm.

An accommodating firm was soon formed as the Berlin Port and Warehouses, Ltd., by the Busch Wagon Factory and the transport agents, Schenker & Co. To that company the council leased the whole basin with all its fine warehouses and other equipment for fifty years against payment

of 369,000 marks, not as annual rent, but as outright purchase of the lease. The area of the basin was one million square metres and the rent of the bare land in that neighborhood was one mark per metre per year. The company, therefore, paid for the fifty-year concession only a 150th of what they should have paid in rent for the land alone. In addition, the city council granted to the company a loan of 5,000,000 marks for working capital. Exactly twelve months after the signing of the contract, Herr Schüning was appointed director-general of the company. With the port of Berlin under their control the promoters of this company controlled all supplies coming to Berlin and the Berliner had to pay them tribute for every bit of bread he ate.

Such in brief is part of the story of the land racket in the cities and towns. There remains to give some description of what happened with regard to agricultural and mineral-bearing land.

THE AGRICULTURAL LAND

Half the area of the agricultural land in Germany is taken up by large estates which are in the hands of the old military nobility, the Junkers. The other half is cultivated by peasants, the number of peasants being nine times as great as the number of Junkers.

The large estates employ 2,500,000 persons: by contrast, those engaged in work on the peasants' farms (peasants and their dependents and paid laborers) number 7,500,000. The large estates have always been befriended by governments because they chiefly grow corn, which is so important in war time. They were protected by high customs duties and were favored by reduced taxation.

After the War of 1914-1918 the question of land reform was much discussed in Germany. The republic, peace-loving and led by socialists, was expected to make a radical departure from the old economic ideas. Millions of soldiers being demobilized could have been settled and the agricultural output could have been greatly increased, since according to official statistics the value of the output of the small farms was up to 47 per cent higher than that of the large estates; in dairy farming even up to 69 per cent higher. After years of fatigue

and starving, the physical condition of the people also needed improvement. Again, the statistical data were definitely in favor of the small farms. In countries where conscription is in force, the state of health of the people is reliably shown by the proportion of those fit for military service, which on the small farms exceeded that of the people working on the large estates by no less than 150 per cent.

THE "HELP FOR THE EAST" AND THE JUNKERS

But nothing happened. No land reform was initiated, nothing but some timid steps towards market gardens and allotments near the cities and towns. When, later, owing to the competing imports from the grain-growing trans-Atlantic countries, and to the fall of corn prices on the world market, the Junkers got involved in difficulties, the government helped them handsomely. Customs duties on corn and fodder were raised, which was a heavy blow to the small farmers, increasing the cost of stock-farming. In addition, what is known as the *Osthilfe* (the "Help for the East" to the landowners of East Prussia) was granted by Parliament, amounting to 500,000,000 marks (£25,000,000) cash subsidies to relieve the estates encumbered with debts and to modernize the equipment.

Even so the Junkers were not satisfied; they demanded and got more subsidies. I have the official figures for the year 1931. In that year alone they were paid 100,000,000 marks for storing corn, withholding it from the market in order to keep its price high. That meant that the people had to pay more taxes in order that they should pay dearer for bread. In the same year the interest on the debts of the Junkers was reduced by 365 millions and they were given tax relief of 160 millions. With various other subsidies added, the agrarians were presented with more than 1000 million marks (£50,000,000) in that year 1931! And with all that money in their pockets they eventually extorted from the Reichstag the famous, or infamous, law which generally prohibited the collection of debts from the agrarians.

Under such conditions the value of agricultural ground of course rose enormously. I have no exact figures for those years but data of previous years will show how, as to one form of

subsidy, protective tariffs are reflected in the increased rent of land. From 1892 to 1906 corn duties were stable in Germany and ground prices increased during the same period by 18 per cent, a figure which may correspond to the normal rise resulting from the increase of population and the improvement of production. In 1906 import tariffs on corn were doubled. At once the prices of ground belonging to *large* estates jumped by 200 per cent, with which trebling of the fortunes of Junkers is to be compared the increase of only 10 per cent in the land value of the small farms. After the law was passed prohibiting foreclosure of mortgages there were no ground prices at all in Germany for the simple reason that no one was so foolish as to offer to sell a single foot of land. The monopoly was complete.

The mines of Germany have been owned partly by big companies and partly by some aristocratic families. The masters of that part of the German land were as effectively buttressed and aided as the Junkers. I have already mentioned the enormous prices that the people had to pay for iron and cement. The price of coal in Germany was also twice as high as in England. In addition, heavy industry also got its millions of marks in subsidies. I refer to only some outstanding cases: The Upper Silesian Foundries got 36 millions, the Lower Silesian Mining Co. 11 millions, the Röchling Concern 37 millions, the Mansfield Co. 16 millions, the Siegerländer Metal Works 10 millions, and Ruhr Mines 25 millions.

You may ask why the people tolerated all this.

The answer is that he who holds the land holds the real source of power. Germany has actually been ruled by 12,000 Junkers and some hundred aristocrats. With their own votes, they would not have succeeded in getting a single seat in any legislative body. Yet their parties, the German National Party and the German Peoples' Party, managed to get more than 100 members into the Reichstag. In Prussia, which covers two-thirds of the Reich, the relations between the land-owners and the people had hardly changed since the time of serfdom, the people voting as the landlord wished they should.

Skilled in ruling for centuries, the landowners quickly accommodated themselves to changing political conditions. After the breakdown of the Hohenzollern regime they were tolerant of common people occupying government posts, and they even consented to the Constitution which was said to over-ride their privileges and make the landlord formally equal to his laborers. But they maintained their influence undiminished. With the toiling folk on their estates and in the remote villages, no trouble was to be feared; the "normal" means of pressure which are at the disposal of the landowner (and tradition) were sufficient to keep them down. They used modern and politically democratic methods to harness the townfolk and the band of republican bosses to their chariot. The biggest newspaper and news service establishment was theirs. It was the Hugenberg Concern, which published the well-known *Berliner Lokalanzeiger* and some periodicals and the notorious "Generalanzeigers" (General Advertisers), cheap daily papers made up to the taste and the level of the man in the street which Hugenberg bought up after the War and established in every town. Moreover, he organized the Telegraph Union, which provided thousands of newspapers all over Germany with a splendid news service, and the service which supplied feature articles and even entire Sunday-supplements in matrices ready for print and therefore unalterable.

I need not explain what that propaganda organization meant in operation. Its effect was to sway public opinion into believing that the interests of the landowners were the interests of the nation. Subsidizing the landlords was the accepted policy for preserving and even saving the sources of subsistence of the people: the higher tariff walls were for the benefit of the wage-earning population: increase in land values meant increase in the national wealth: and so on.

There were also, of course, in Germany independent newspapers, some of them of a high level and distinguished. But on the one hand, none of them realized the true position, and on the other hand, all of them were, to a certain extent, terrorized by the ruthlessness of the Hugenberg propaganda which had monopolized patriotism.

INDUSTRIAL COLLAPSE

The industrial boom lasted for about seven years. Again and again, intelligent men stood up and warned against the inevitable consequences of what was going on. I remember having read a book discussing the situation as early as in 1925 only a few months after the great boom had started. The author was definitely right from a point of view of what is called the capitalist system. He explained that standardizing industry would mean the loss of its elasticity of calculation. The invariable part of the costs of production, that is to say, the debt charges for land, buildings, and equipment, would increase enormously, and the variable part, wages, would decrease correspondingly. The producers would become quite helpless in time of lessening demand. Normally, they had been able to meet a crisis by reducing wages and laying off their laborers, but overhead charges had to be paid without regard to boom or crisis. If demand fell, the author argued, prices would have to go up and the whole amount of overhead charge would weigh upon a smaller amount of goods produced; yet rising prices must inevitably lead to another decrease of demand and so on, in a vicious circle.

The author demanded that a limit be set to rationalization, and others were just as emphatic. If right from *their* point of view, they were absolutely wrong from the point of view of sound economic thinking. The advance of industrial production must not and cannot be stopped; it has gone on ever since somebody made the first primitive tool. To try to prevent men from improving the means of production is as crazy an effort as to try to stop men breathing. No doubt under the conditions existing in our world, rationalization has to lead to a disastrous effect similar to that predicted in the book mentioned; but the only right conclusion was to alter the whole structure of German economic life, an idea however which was taboo. Thus, Germany's destiny took its fatal course. From the very beginning we can trace how the boom in industry was impelled and speeded and intensified as land values rose and then how the further speculation in land values rendered it definitely absurd.

The flow of capital which came over from America would have been of no use if there had not been hands to make the new machines. Now in a country where a large portion of

the land is covered with large estates there is always abundance of people seeking employment. I pointed to the fact that in Germany 7,500,000 people were engaged in working on the smaller farms and only 2,500,000 on the large estates though the two parts of the cultivated land were equal in extent. Thus the existence of big estates made a difference of 5,000,000 people in the "labor market." Wages were low and low wages will stimulate industrial investments. The increase of ground prices proved another incentive to investments and intensified the rationalization. But high ground prices increase the cost of living and he who continues to employ labor has to provide for its regeneration whether he likes to or not. The laborers began to press for higher wages. The employers were in a difficult position. With high prices for the ground on which their factories were built, high prices for building material and coal, increasing taxes weighing heavily on their budgets, how could they bear the burden of rising wages? They decided to speed up the modernization of their equipment, to get rid of those expensive workers as quickly as possible; in other words, "to rationalize." Yet in doing so they caused ground prices to rise still higher and the cost of production rose again—another vicious circle.

Germany was in a state of intoxication at that time. Modernize, modernize at all costs, was the only idea that people could entertain. In 1930 the first signs of a crisis became manifest. Laborers stood off by machines met with difficulties when looking for other employment. Industrialists and merchants complained of difficulties in selling their merchandise. The position deteriorated month by month, week by week. In 1931 the crisis was in full swing. The ordinary means to meet the crisis had failed. By restriction of production things went from bad to worse. Amortization, rents, interest, taxes ate up everything. Workers were dismissed *en masse* but the employers hardly felt any relief in their budget, and in any case with every worker lost to employment a consumer had been lost as well. The number of unemployed went up by tens of thousands, then by hundreds of thousands, and the number of bankruptcies mounted correspondingly.

If those wise men I have mentioned had not stopped thinking at the point where they left off they might have

reached the right remedy instead of recommending a halt to industrial progress. Had they only reflected a little upon the meaning of the word "invariable costs"! Whence came these costs or to whom were they to be paid? Land speculation had anticipated all possible increase of production and had forestalled all the value the land might have decades hence. The mine-owners had doubled and trebled the price of their products so that the bare costs of building had risen to 180 per cent of the highest pre-war costs in spite of the new labor-saving methods. Taxes were extraordinarily high because the state and the city had to redeem the costs of dearly bought land and generously built roads and railways, or a splendid river-harbor like that in Berlin, the owners of which were now extorting inordinate transport fees out of the working people. All had gone to the landowners: that was the true meaning of the term "invariable costs." One had worked for *them* during all those years.

The breakdown of the German banks in the summer of 1931 further proved the truth of the theory of the invariable costs. The industrialists and the merchants were unable to meet debts and interest and therefore the banks had to stop payment. Yet the debts in question were nothing other than the capital invested during the prosperity, that is the money the landowners had swallowed. The invariable costs had quickly become insupportable and were simply not paid.

The Government rushed in to help the banks, which got accommodation at the expense of milliards of marks drawn from the people's taxes. Then began the flow of other subsidies, as those to the Junkers and the heavy industry to which reference has been made, and light industry had also to be subsidized by way of helping it to meet those "invariable costs."

The crisis grew, ever deepening. Futile expedients were adopted in the effort to stem it. Although it was obvious that the "invariable costs"—*i.e.* the tribute land monopoly exacts from the working people—were eating into all production, the responsible men and the leading exponents of what was taught as economics kept their eyes, as if under some hypnotic influence, fixed upon the worker's pay-packet. Herr Brüning, then Chancellor, declared for the so-called deflation policy which involved a general reduction in rates

of wages, and wages were reduced by 15 per cent. This it was contended would decrease commodity prices, so stimulating consumption and decreasing unemployment. Herr Brüning and his advisers failed to see (1) that, even if the decrease in prices was equivalent to the decrease in wages, the amount of goods produced would remain as before and such a scheme could never result in finding new employment for the workers who were in search of it; and (2) that reduction in wages cannot induce a corresponding reduction in prices since prices are so largely determined by factors other than wages. Herr Brüning ought to have cut down the rents of land and rather raised than lowered wages, which would have loosened the Gordian knot and brought the needed relief.

FROM POPULAR GOVERNMENT TO DESPOTISM

Seven million men and women (one-third of the wage-earning people) unemployed, the middle class swept away: that was the position about one year after the climax of prosperity. Progress, conditioned as it was, had rapidly produced the most dreadful poverty.

Germany, it seems to me, has provided a striking example supporting the theory that the private appropriation of the rent of land is the fundamental cause of industrial depression and of distress among those who labor in the production of wealth—the theory expounded by Henry George in his *Progress and Poverty*, a theory that some professed teachers of social science have been strangely slow in accepting, whether from ignorance or prejudice is for them to say. For my part, a conclusion has been arrived at not by prior theoretical study but rather by attendance upon the circumstances I have recounted. It was not until I had arrived in England as a refugee journalist that by good fortune the book fell into my hands, to be read with increasing interest and excitement for the light it shed upon what I had seen taking place. The economic demonstration was complete, at least I could discover in it no defect. Yet why had Germany taken the road from individual political liberty through mass hysteria to the surrender of all liberty and the despotic "leadership" of one man? Was there a link between the economic and the political collapse? Emphatically, yes. For as unemployment grew, and with it poverty and the fear of poverty, so grew the

influence of the Nazi Party, which was making its lavish promises to the frustrated and its violent appeal to the revenges of a populace aware of its wrongs but condemned to hear only a malignant and distorted explanation of them.

In the first year of the crisis the number of Nazi deputies to the Reichstag rose from 8 to 107. A year later this figure was doubled. In the same time the Communists captured half of the votes of the German Social Democratic Party and the representation of the middle class practically speaking disappeared. In January 1933 Hitler was appointed Reichskanzler; he attained power, as I said before, quite legally. All the forms of democracy were observed. It sounds paradoxical but it was in fact absolutely logical.

This I realized with all the more conviction from my reading—after the event—of that book written sixty years ago. It was as if history had been written in advance, the thought impressing me that, by simply altering the tense of verbs from the future to the past, one could turn the form of prophecy into a narrative of fact and get a correct story of the situation in civilized countries as it actually develops. With my intimate acquaintance of life and labor in Germany, those passages were naturally most absorbing which seemed to me to portray the kind of men who would become the leaders of starving and desperate peoples. In the Introductory to the book you already meet them in the reference to the fallacious ideas in current economic teaching which “bring great masses of men, the repositories of ultimate political power, under the leadership of charlatans and demagogues”; and in the chapter “How Modern Civilization may Decline” there is hardly a page or a paragraph which does not apply almost literally to the happenings in Germany itself.

The inevitable effect of poverty on political developments under popular government is stated in this quotation:

To put political power in the hands of men embittered and degraded by poverty is to tie firebrands to foxes and turn them loose amid the standing corn; it is to put out the eyes of a Samson and to twine his arms around the pillars of national life.

When the disparity of condition increases, so does universal suffrage make it easy to seize the source of power, for the greater is the proportion of power in the hands of those who . . . tortured by want and embruted by poverty are ready to sell their votes to the highest bidder or follow the lead of the most blatant demagogue; or who, made bitter by hardships, may even look upon profligate and tyrannous government with the satisfaction we may imagine the proletarians and slaves of Rome to have felt, as they saw a Caligula or Nero raging among the rich patricians.

To turn a republican government into a despotism the basest and most brutal, it is not necessary to formally change its constitution or abandon popular elections [for] forms are nothing when substance has gone, and the forms of popular government are those from which the substance of freedom may most easily go. Extremes meet, and a government of universal suffrage and theoretical equality may, under conditions which impel the change, most readily become a despotism. For there despotism advances in the name and with the might of the people.

No doubt in all political changes the national character also plays its part. Yet particular circumstances really provoke the reaction. I do not believe that the Germans would have followed Hitler in his hates and revenges if the people had been living under reasonably good social conditions instead of being as they were under the lash of so much unemployment and privation. True, Adolf Hitler may be the particular German specimen of what Henry George calls the most blatant demagogue. But do you consent to Mussolini, the Latin-speaking tyrant? And what about Norwegian, Dutch, French, Hungarian, Roumanian and Bulgarian fascists? The German people—or a large proportion of them—were only the first to follow Hitler. Others joined in later under the lead of *their* most blatant demagogues. All Europe is either Communist or Fascist, with few exceptions. It was not fear or downright political stupidity that prevented so many European countries from joining in the fight against Hitler and it was not mere incompetence that defeated France. It was the strong Fascist forces existing in those countries and the influence of the respective blatant demagogues (though not yet in official power) that paralyzed the peoples; and

the outcome is that the superlative of all the blatant demagogues has become the leader of the lot. Thus, national character is but of subordinate effect. The circumstances are the determining factor.

THE LESSON—DEMOCRACY DESTROYED BY SOCIAL INEQUALITY

The unequal distribution of wealth makes government corrupt, and "a corrupt democratic government must finally corrupt the people, and when a people become corrupt there is no resurrection."

I have dealt with only some outstanding cases of corruption and have not mentioned any of the many cases not directly connected with the land question. But I believe I have shown that corruption was the essence of what was called German economic life; and corruption naturally became the feature of political life as well.

Money also was the chief weapon the enemies of democracy applied to overthrow democracy. Germany's masters, the owners of agricultural and industrial land, the Junkers and the Ruhr industrialists, had no actual love for Nazidom as such, but they were willing to use it to destroy the hated Republic. "A mere aristocracy of wealth will never struggle while it can hope to bribe a tyrant," which is just how the German landlords behaved. Nazidom was financed as everyone knows by the heavy industry in the first place, but the Junkers also contributed to the millions of marks which were paid to the leaders of the Nazi Party. It is interesting to notice how quickly the old German aristocracy had accommodated itself to customs that had been strange to them. They did so because with the abolition of privileges they had really turned into a "mere aristocracy of wealth," and it proves their highly developed political instinct that they at once realized the new position and acted accordingly. It is a particularly ironical side of the story, that the landlords bought Nazidom with part of the money they obtained from the Republic both in cash subsidies and through the rise in land values. The State had provided its enemies with everything they needed for its destruction: with progress, with popular government, and with the material funds necessary to

achieve the thorough organization of tyranny. The wall painter and corporal was of course not to the taste of the German landlords but in the most important problem he has not betrayed his sponsors. He did not touch the land problem. He only added to the class of Junkers that of the "Erbhofbauern" (peasants owning land under entail and prohibited from mortgaging), thus creating a new hereditary class of middle-sized land monopolists. So we see how the land question repeatedly got into the hub of political life at every turn as the German Republic drove to its fate.

Similar conditions will be of the same effect everywhere. What happened in Germany will inevitably happen anywhere that similar conditions prevail. In some Continental countries it has happened already. The Nazi regime is not Hitler's, the man's, achievement. Nazidom has grown organically out of a rotten democracy, and the rottenness of that democracy is the natural consequence of unequal economic conditions; and unequal economic conditions obtain all over the world owing to the instituted private appropriation of the rent of land. Therefore every country is potentially a Fascist country. Germany is but the type of a development which no country can escape except by the establishment of the equal right to the occupation and use of land. Therefore also there can be no lasting peace even after the defeat of Nazism if the present economic structure of the civilized countries remains. The private appropriation of the rent of land is the deadly enemy of mankind.

BRUNO HEILIG.