

would he willing to come into a Cabinet of which Papen was head in order to recover the financial contributions from industry and prevent the disruption of his party. Schleicher, on the other hand, hoped to unite the Left wing of the Nazi Party under Otto Strasser with the Christian and Socialist labor unions to support the Reichwehr in a program of nationalism and unorthodox finance. Both plots dependent on retaining the favor of Hindenburg in order to retain control of the army and of the presidential power to issue decrees. In this, Papen was more successful than Schleicher, for the aged president had no liking for any unorthodox economic schemes.

Papen's plot developed more rapidly than Schleicher's and appeared more hopeful because of his greater ability to control the president. Having persuaded his close friends, the industrialists, to stop their contributions to the Nazis, Papen called a new election for November 1932. In the balloting the Nazis were reduced from 230 to 196 seats, while the Communists were increased from 89 to 100. The tide had turned. This had three results: (1) Hitler decided to join a coalition government, which he had previously refused; (2) the Quartet decided to overthrow the republic in order to stop the swing to the Communists; and (3) the Quartet, especially the industrialists, decided that Hitler had learned a lesson and could safely be put into office as the figurehead of a Right government because he was growing weaker. The whole deal was arranged by Papen, himself a colonel and an industrialist as well as a Westphalian aristocrat, and was sealed in an agreement made at the home of the Cologne banker Baron Kurt von Schroder, on January 4, 1933.

This agreement came into effect because of Papen's ability to manage Hindenburg. On January 28, 1933, the president forced the resignation of Schleicher by refusing to grant him decree powers. Two days later Hitler came to office as chancellor in a Cabinet which contained only two other Nazis. These were Minister of Air Goring and Frick in the vital Ministry of the Interior. Of the other eight posts, two, the ministries of economics and agriculture, went to Hugenburg; the Ministry of Labor went to Franz Seldte of the Stahlhelm, the Foreign Ministry and the Reichswehr Ministry went to nonparty experts, and most of the remaining posts went to friends of Papen. It would not seem possible for Hitler, thus surrounded, ever to obtain control of Germany, yet within a year and a half he was dictator of the country.

Chapter 28—The Nazi Regime

Coming to Power, 1933—1934

When Adolf Hitler became chancellor of the German Reich on January 30, 1933, he was not yet forty-four years old. From his birth in Austria in 1889 to the outbreak of war in 1914, his life had been a succession of failures, the seven years 1907-1914 being passed as a social derelict in Vienna and Munich. There he had become a fanatical Pan-German anti-Semite, attributing his own failures to the "intrigues of international Jewry."

The outbreak of war in August 1914 gave Hitler the first real motivation of his life. He became a super-patriot, joined the Sixteenth Volunteer Bavarian Infantry, and served at

the front for four years. In his way he was an excellent soldier. Attached to the regimental staff as messenger for the First Company, he was completely happy, always volunteering for the most dangerous tasks. Although his relations with his superiors were excellent and he was decorated with the Iron Cross, second class, in 1914 and with the Iron Cross, first class, in 1918, he was never promoted beyond Private, First Class, because he was incapable of having any real relationships with his fellow soldiers or of taking command of any group of them. He remained on active service at the front for four years. During that period his regiment of 3,500 suffered 3,260 killed in action, and Hitler himself was wounded twice. These were the only two occasions on which he left the front. In October 1918 he was blinded by mustard gas and sent to a hospital at Pasewalk, near Berlin. When he emerged a month later he found the war finished, Germany beaten, and the monarchy overthrown. He refused to become reconciled to this situation. Unable to accept either defeat or the republic, remembering the war as the second great love of his life (the first being his mother), he stayed with the army and eventually became a political spy for the Reichswehr, stationed near Munich. In the course of spying on the numerous political groups in Munich, Hitler became fascinated by the rantings of Gottfried Feder against the "interest slavery of the Jews." At some meetings Hitler himself became a participant, attacking the "Jewish plot to dominate the world" or ranting about the need for Pan-German unity. As a result he was asked to join the German Workers' Party, and did so, becoming one of about sixty regular members and the seventh member of its executive committee.

The German Workers' Party had been founded by a Munich locksmith, Anton Drexler, on January 5, 1919, as a nationalist, Pan-German, workers' group. In a few months Captain Ernst Rohm of Franz von Epp's corps of the Black Reichswehr joined the movement and became the conduit by which secret Reichswehr funds, coming through Epp, were conveyed to the party. He also began to organize a strong-arm militia within the group (the Storm Troops, or SA). When Hitler joined in September 1919, he was put in charge of party publicity. Since this was the chief expense, and since Hitler also became the party's leading orator, public opinion soon came to regard the whole movement as Hitler's, and Rohm paid the Reichswehr's funds to Hitler directly.

During 1920 the party grew from 54 to 3,000 members; it changed its name to National Socialist German Workers' Party, purchased the *Völkischer Beobachter* with 60,000 marks of General von Epp's money, and drew up its "Twenty-five-Point Program."

The party program of 1920 was printed in the party literature for twenty-five years, but its provisions became more remote from attainment as years passed. Even in 1920, many of its clauses were put in to win support from the lower classes rather than because they were sincerely desired by the party leaders. These included (1) Pan-Germanism; (2) German international equality, including the abrogation of the Treaty of Versailles; (3) living space for Germans, including colonial areas; (4) German citizenship to be based on blood only, with no naturalization, no immigration for non-Germans, and all Jews or "other aliens" eliminated; (5) all unearned incomes to be abolished, the state to control all monopolies, to impose an excess-profits tax on corporations, to "communalize" the large

department stores, to encourage small business in the allotment of government contracts, to take agricultural land for public purposes without compensation, and to provide old-age pensions;(6) to punish all war profiteers and usurers with death; and (7) to see that the press, education, culture, and religion conform to "the morals and religious sense of the German race."

As the party grew, adding members and spreading out to link up with similar movements in other parts of Germany, Hitler strengthened his control of the group. He could do this because he had control of the party newspaper and of the chief source of money and was its chief public figure. In July 1921, he had the party constitution changed to give the president absolute power. He was elected president; Drexler was made honorary president; while Max Amann, Hitler's sergeant in the war, was made business manager. As a consequence of this event, the SA was reorganized under Röhm, the word "Socialism" in the party name was interpreted to mean nationalism (or a society without class conflicts), and equality in party and state was replaced by the "leadership principle" and the doctrine of the elite. In the next two years the party passed through a series of crises of which the chief was the attempted Putsch of November 9, 1923. During this period all kinds of violence and illegality, even murder, were condoned by the Bavarian and Munich authorities. As a result of the failures of this period, especially the abortive Putsch, Hitler became convinced that he must come to power by legal methods rather than by force; he broke with Ludendorff and ceased to be supported by the Reichswehr; he began to receive his chief financial support from the industrialists; he made a tacit alliance with the Bavarian People's Party by which Prime Minister Heinrich Held of Bavaria raised the ban on the Nazi Party in return for Hitler's repudiation of Ludendorff's anti-Christian teachings; and Hitler formed a new armed militia (the SS) to protect himself against Rohm's control of the old armed militia (the SA).

In the period 1924-1930 the party continued, without any real growth, as a "lunatic fringe," subsidized by the industrialists. Among the chief contributors to the party in this period were Carl Bechstein (Berlin piano manufacturer), August Borsig (Berlin locomotive manufacturer), Emil Kirdorf (general manager of the Rhenish-Westphalian Coal Syndicate), Fritz Thyssen (owner of the United Steel Works and president of the German Industrial Council) and Albert Vögler (general manager of the Gelsenkirchen Iron and Steel Company and formerly general manager of United Steel Works). During this period neither Hitler nor his supporters were seeking to create a mass movement. That did not come until 1930. But during this earlier period the party itself was steadily centralized, and the Leftish elements (like the Strasser brothers) were weakened or eliminated. In April 1927, Hitler spoke to 400 industrialists in Essen; in April 1928, he addressed a similar group of landlords from east of the Elbe; in January 1932 came one of his greatest triumphs when he spoke for 3 hours to the Industrial Club of Düsseldorf and won support and financial contributions from that powerful group. By that date he was seeking to build his movement into a mass political party capable of sweeping him into office. This project failed. As we have indicated, by the end of 1932 much of the financial support from industry had been cut off by Papen, and party membership was falling away, chiefly to the Communists. To stop this decline, Hitler agreed to become chancellor in a Cabinet in which there would be only three Nazis among eleven members.

Papen hoped in this way to control the Nazis and to obtain from them the popular support which Papen had so sorely lacked in his own chancellorship in 1932. But Papen was far too clever for his own good. He, Hugenberg, Hindenburg, and the rest of the intriguers had underestimated Hitler. The latter, in return for Hugenberg's acceptance of new elections on March 5, 1933, promised that there would be no Cabinet changes whatever the outcome of the voting. In spite of the fact that the Nazis obtained only 44 per cent of the ballots in the new election, Hitler became dictator of Germany within eighteen months.

One of the chief reasons for this success rests on the position of Prussia within Germany. Prussia was the greatest of the fourteen states of Germany. Covering almost two-thirds of the country, it included both the great rural areas of the east and the great industrial areas of the west. Thus it included the most conservative as well as the most progressive portions of Germany. While its influence was almost as great under the republic as it had been under the empire, this influence was of quite a different character, having changed from the chief bulwark of conservatism in the earlier period to the chief area of progressivism in the later period. This change was made possible by the large numbers of enlightened groups in the Rhenish areas of Prussia, but chiefly by the fact that the so-called Weimar Coalition of Social Democrats, Center Party, and Liberal Democrats remained unbroken in Prussia from 1918 to 1932. As a consequence of this alliance, a Social Democrat, Otto Braun, held the position of prime minister of Prussia for almost the whole period 1920-1932, and Prussia was the chief obstacle in the path of the Nazis and of reaction in the critical days after 1930. As part of this movement the Prussian Cabinet in 1930 refused to allow either Communists or Nazis to hold municipal offices in Prussia, prohibited Prussian civil servants from holding membership in either of these two parties, and forbade the use of the Nazi uniform.

This obstacle to extremism was removed on July 20, 1932, when Hindenburg, by presidential decree based on Article 48, appointed Papen commissioner for Prussia. Papen at once dismissed the eight members of the Prussian parliamentary Cabinet and granted their governmental functions to men named by himself. The dismissed ministers were removed from their offices by the power of the army, but at once challenged the legality of this action before the German Supreme Court at Leipzig. By its verdict of October 25, 1932, the court decided for the removed officials. In spite of this decision, Hitler, after only a week in the chancellorship, was able to obtain from Hindenburg a new decree which removed the Prussian ministers from office once more and conferred their powers on the federal vice-chancellor, Papen. Control of the police administration was conferred on Hermann Goring. The Nazis already held, through Wilhelm Frick, control of the Reich Ministry of Interior and thus of the national police powers. Thus Hitler, by February 7th, had control of the police powers both of the Reich and of Prussia.

Using this advantage, the Nazis began a twofold assault on the opposition. Goring and Frick worked under a cloak of legality from above, while Captain Rohm in command of the Nazi Party storm troops worked without pretense of legality from below. All uncooperative police officials were retired, removed, or given vacations and were replaced by Nazi substitutes, usually Storm Troop leaders. On February 4, 1933,

Hindenburg signed an emergency decree which gave the government the right to prohibit or control any meetings, uniforms, or newspapers. In this way most opposition meetings and newspapers were prevented from reaching the public.

This attack on the opposition from above was accompanied by a violent assault from below, carried out by the SA. In desperate attacks in which eighteen Nazis and fifty-one opposition were killed, all Communist, most Socialist, and many Center Party meetings were disrupted. In spite of all this, it was evident a week before the election that the German people were not convinced. Accordingly, under circumstances which are still mysterious, a plot was worked out to burn the Reichstag building and blame the Communists. Most of the plotters were homosexuals and were able to persuade a degenerate moron from Holland named Van der Lubbe to go with them. After the building was set on fire, Van der Lubbe was left wandering about in it and was arrested by the police. The government at once arrested four Communists, including the party leader in the Reichstag (Ernst Torgler).

The day following the fire (February 28, 1933) Hindenburg signed a decree suspending all civil liberties and giving the government power to invade any personal privacy, including the right to search private homes or confiscate property. At once all Communist members of the Reichstag, as well as thousands of others, were arrested, and all Communist and Social-Democrat papers were suspended for two weeks.

The true story of the Reichstag fire was kept secret only with difficulty. Several persons who knew the truth, including a Nationalist Reichstag member, Dr. Oberfohren, were murdered in March and April to prevent their circulating the true story. Most of the Nazis who were in on the plot were murdered by Goring during the "blood purge" of June 30, 1934. The four Communists who were directly charged with the crime were acquitted by the regular German courts, although Van der Lubbe was convicted.

In spite of these drastic measures, the election of March 5, 1933, was a failure from the Nazi point of view. Hitler's party received only 288 of 647 seats, or 43.9 percent of the total vote. The Nationalists obtained only 8 percent. The Communists obtained 81 seats, a decrease of 19, but the Socialists obtained 125, an increase of 4. The Center Party fell from 89 to 74, and the People's Party from 11 to 2. The Nationalists stayed at 5: seats. In the simultaneous election to the Prussian Diet, the Nazis obtained 211 and the Nationalists 43 out of 474 seats.

The period from the election of March 5, 1933, to the death of Hindenburg on August 6, 1934, is generally called the Period of Coordination (Gleichschaltung). The process was carried on, like the electoral campaign just finished, by illegal actions from below and legalistic actions from above. From below, on March 7th throughout Germany, the SA swept away much of the opposition by violence, driving it into hiding. They marched to most offices of trade unions, periodicals, and local governments, smashing them up, expelling their occupants, and raising the swastika flag. Minister of the Interior Wilhelm Frick condoned these actions by naming Nazis as police presidents in various German states (Baden, Saxony, Württemberg, Bavaria), including General von Epp in Bavaria.

These men then proceeded to use their police powers to seize control of the apparatus of state government.

The new Reichstag met on March 23rd at the Kroll Opera House. In order to secure a majority, the Nazis excluded from the session all of the Communist and 30 Socialist members, about 109 in all. The rest were asked to pass an "enabling act" which would give the government for four years the right to legislate by decree, without the need for the presidential signature, as in Article 48, and without constitutional restrictions except in respect to the powers of the Reichstag, the Reichsrat, and the presidency.

Since this law required a two-third majority, it could have been beaten if only a small group of the Center Party had voted against it. To be sure, Hitler made it very clear that he was prepared to use violence against all who refused to cooperate with him, but his power to do so on a clear-cut constitutional issue in March 1933 was much less than it became later, since violence from him on such a question might well have arrayed the president and the Reichswehr against him.

In spite of Hitler's intimidating speech, Otto Wels of the Social Democrats rose to explain why his party refused to support the bill. He was followed by Monsignor Kaas of the Center Party who explained that his Catholic Group would support it. The vote in favor of the bill was more than sufficient, being 441-94, with the Social Democrats forming the solid minority. Thus, this weak, timid, doctrinaire, and ignorant group redeemed themselves by their courage after the eleventh hour had passed.

Under this "Enabling Act" the government issued a series of revolutionary decrees in the next few months. The diets of all the German states, except Prussia (which had had its own election on March 5th) were reconstituted in the proportions of votes in the national election of March 5th, except that the Communists were thrown out. Each party was given its quota of members and allowed to name the individual members on a purely party basis. A similar procedure was applied to local governments. Thus the Nazis received a majority in each body.

A decree of April 7th gave the Reich government the right to name a governor of each German state. This was a new official empowered to enforce the policies of the Reich government even to the point of dismissing the state governments, including the prime ministers, diets, and the hitherto irremovable judges. This right was used in each state to make a Nazi governor and a Nazi prime minister. In Bavaria, for example, the two were Epp and Rohm, while in Prussia the two were Hitler and Goring. In many states the governor was the district leader of the Nazi Party, and where he was not, he was subject to that leader's orders. By a later law of January 30, 1934, the diets of the states were abolished; the sovereign powers of the states were transferred to the Reich; and the governors were made subordinates of the Reich Ministry of the Interior.

All the political parties except the Nazis were abolished in May, June, and July 1933. The Communists had been outlawed on February 28th. The Social Democrats were enjoined from all activities on June 22nd, and were expelled from various governing

bodies on July 7th. The German State Party (Democratic Party) and the German People's Party were dissolved on June 28th and July 4th. The Bavarian People's Party was smashed by the Storm Troopers on June 22nd, and disbanded itself on July 4th. The Center Party did the same on the following day. A series of pitched battles between the SA and the Stahlhelm in April-June 1933 ended with the absorption of the latter into the Nazi Party. The Nationalists were smashed by violence on June 21st; Hugenberg was unable to penetrate the SA guard around Hindenburg to protest; and on June 28th his party was dissolved. Finally, on July 14, 1933, the Nazi Party was declared to be the only recognized party in Germany.

The middle classes were coordinated and disappointed. Wholesale and retail trade associations were consolidated into a Reich Corporation of German Trade under the Nazi Dr. von Renteln. On July 22nd the same man became president of the German Industrial and Trade Committee, which was a union of all the chambers of commerce. In Germany these last had been semipublic legal corporations.

The breakup of the great department stores, which had been one of the Nazi promises to the petty bourgeoisie since Gottfried Feder's Twenty-five-Point program of 1920, was abandoned, according to Hess's announcement of July 7th. Moreover, liquidation of the cooperative societies, which had also been a promise of long duration, was abandoned by an announcement of July 19th. This last reversal resulted from the fact that most of the cooperatives had come under Nazi control by being taken over by the Labor Front on May 16 1933.

Labor was coordinated without resistance, except from the Communists. The government declared May 1st a national holiday, and celebrated it with a speech by Hitler on the dignity of labor before a million persons at Tempelhof. The next day the SA seized all union buildings and offices, arrested all union leaders, and sent most of these to concentration camps. The unions themselves were incorporated into a Nazi German Labor Front under Robert Ley. The new leader, in an article in the *Völkischer Beobachter*, promised employers that henceforth they could be masters in their own houses as long as they served the nation (that is, the Nazi Party). Work was supplied for labor by reducing the work week to forty hours (with a corresponding wage cut), by prohibiting aliens to work, by enforced "labor service" for the government, by grants of loans to married persons, by tax cuts for persons who spent money on repairs, by construction of military automobile roads, and so forth.

Agriculture was coordinated only after Hugenberg left the government on June 29th and was replaced by Richard Darré as Reich minister of food and Prussian minister of agriculture. The various land and peasant associations were merged into a single association of which Darré was president, while the various landlords' associations were united into the German Board of Agriculture of which Darré was president also.

Religion was coordinated in various ways. The Evangelical Church was reorganized. When a non-Nazi, Friedrich von Bodelschwing, was elected Reich bishop in May 1933, he was forcibly removed from office, and the National Synod was forced to elect a Nazi,

Ludwig Müller, in his place (September 27th). At the elections for Church assemblies in July 1933, government pressure was so great that a majority of Nazis was chosen in each. In 1935 a Ministry of Church Affairs under Hans Kerrl was set up with power to issue Church ordinances having the force of law and with complete control over Church property and funds. Prominent Protestant leaders, like Martin Niemöller, who objected to these steps, were arrested and sent to concentration camps.

The Catholic Church made every effort to cooperate with the Nazis, but soon found it was impossible. It withdrew its condemnation of Nazism on March 28, 1933, and signed a Concordat with von Papen on July 20th. By this agreement the state recognized freedom of religious belief and of worship, exemption of the clergy from certain civic duties, and the right of the Church to manage its own affairs and to establish denominational schools. Governors of the German states were given a right to object to nominations to the highest clerical posts; bishops were to take an oath of loyalty, and education was to continue to function as it had been doing.

This agreement with the Church began to break down almost at once. Within ten days of the signing of the Concordat, the Nazis began to attack the Catholic Youth League and the Catholic press. Church schools were restricted, and members of the clergy were arrested and tried on charges of evading the monetary foreign-exchange regulations and of immorality. The Church condemned the efforts of Nazis like Rosenberg to replace Christianity by a revived German paganism and such laws as that permitting sterilization of socially objectionable persons. Rosenberg's book, *The Myth of the Twentieth Century*, was put on the Index; Catholic scholars exposed its errors in a series of studies in 1934; and finally, on March 14, 1937, Pope Pius XI condemned many of the tenets of Nazism in the encyclical *Mit brennender Sorge*.

Attempts to coordinate the civil service began with the law of April 7, 1933 and continued to the end of the regime without ever being completely successful because of the lack of capable personnel who were loyal Nazis. "Non-Aryans" (Jews) or persons married to "non-Aryans," politically unreliable persons, and "Marxists" were discharged, and loyalty to Nazism was required for appointment and promotion in the civil service.

Of the chief elements in German society, only the presidency, the army, the Catholic Church, and industry were not coordinated by 1934. In addition, the bureaucracy was only partially controlled. The first of these, the presidency, was taken over completely in 1934 as the result of a deal with the army.

By the spring of 1934 the problem of the SA had become acute, since this organization was directly challenging two members of the Quartet, the army and industry. Industry was being challenged by the demand of the SA for the "second revolution"—that is, for the economic reforms which would justify the use of the word "Socialism" in the name "National Socialism." The army was being challenged by the demand of Captain Rohm that his SA be incorporated into the Reichswehr with each officer holding the same rank in the latter as he already held in the former. Since the Reichswehr had only 300,000 men while the SA had three million, this would have swamped the Officers'

Corps. Hitler had denounced this project on July 1, 1933, and Frick repeated this ten days later. Nevertheless, Röhm repeated his demand on April 18, 1934, and was echoed by Edmund Heines and Karl Ernst. In full Cabinet meeting Minister of War General von Blomberg refused.

A tense situation developed. If Hindenburg died, the Reichswehr might have liquidated the Nazis and restored the monarchy. On June 21st Hindenburg ordered Blomberg to use the army, if necessary, to restore order in the country. This was regarded as a threat to the SA. Accordingly, Hitler made a deal to destroy the SA in return for a free hand to deal with the presidency when it became vacant. This was done. A meeting of SA leaders was called by Hitler for June 30, 1934, at Bad Wiessee in Bavaria. The SS, under Hitler's personal command, arrested the SA leaders in the middle of the night and shot most of them at once. In Berlin, Göring did the same to the SA leaders there. Both Hitler and Göring also killed most of their personal enemies; the Reichstag incendiaries, Gregor Strasser, General and Mrs. von Schleicher, all of von Papen's close associates, Gustav von Kahr, all those who had known Hitler in the early days of his failure, and many others. Papen escaped only by a narrow margin. In all, several thousands were eliminated in this "blood purge."

Two excuses were given for this violent action: that the murdered men were homosexuals (something which had been known for years) and that they were members of a conspiracy to murder Hitler. That they were in a conspiracy was quite true, but it was by no means mature in June 1934, and it was aimed at the army and heavy industry, and not at Hitler. In fact, Hitler had been wavering until the last moment whether he would throw in his lot with the "second revolution" or with the Quartet. His decision to join the latter and exterminate the former was an event of great significance. It irrevocably made the Nazi movement a counterrevolution of the Right, using the party organization as an instrument for protecting the economic status quo.

The supporters of the "second revolution" were driven underground, forming a "Black Front" under the leadership of Otto Strasser. This movement was so ineffectual that the only choice facing the average German was the choice between the reactionary mode of life built about the surviving members of the Quartet (army and industry) and the completely irrational nihilism of the inner clique of the Nazi Party.

Only as the regime approached its end did a third possible way appear: a revived progressive and cooperative Christian humanism which sprang from the reaction engendered within the Quartet by the realization that Nazi nihilism was merely the logical outcome of the Quartet's customary methods of pursuing its customary goals. Many of the persons associated with this new third way were destroyed by the Nazis in the systematic destructiveness which followed the attempt to assassinate Hitler on June 20, 1944.

In return for Hitler's decisive step—the destruction of the SA on June 30, 1934—the army permitted Hitler to become president following Hindenburg's death in August. By combining the offices of president and chancellor, Hitler obtained the president's legal

right to rule by decree, and obtained as well the supreme command of the army, a position which he solidified by requiring a personal oath of unconditional obedience from each soldier (Law of August 20, 1934). From this time on, in the minds of the Reichswehr and the bureaucracy, it was both legally and morally impossible to resist Hitler's orders.

The Rulers and the Ruled, 1934—1945

Thus, by August 1934, the Nazi movement had reached its goal—the establishment of an authoritarian state in Germany. The word used here is "authoritarian," for, unlike the Fascist regime in Italy, the Nazi regime was not totalitarian. It was not totalitarian because two members of the Quartet were not coordinated, a third member was coordinated only incompletely and, unlike Italy or Soviet Russia, the economic system was not ruled by the state but was subject to "self-rule." All this is not in accord with popular opinion about the nature of the Nazi system either at the time it was flourishing or since. Newspaper men and journalistic writers applied the term "totalitarian" to the Nazi system, and the name has stuck without any real analysis of the facts as they existed. In fact, the Nazi system was not totalitarian either in theory or in practice.

The Nazi movement, in its simplest analysis, was an aggregation of gangsters, neurotics, mercenaries, psychopaths, and merely discontented, with a small intermixture of idealists. This movement was built up by the Quartet as a counterrevolutionary force against, first, the Weimar Republic, internationalism, and democracy, and against, second, the dangers of social revolution, especially Communism, engendered by the world economic depression. This movement, once it came to power at the behest of the Quartet, took on life and goals of its own quite different from, and, indeed, largely inimical to, the life and goals of the Quartet. No showdown or open conflict ever arose between the movement and the Quartet. Instead, a *modus vivendi* was worked out by which the two chief members of the Quartet, industry and the army, obtained their desires, while the Nazis obtained the power and privileges for which they yearned.

The seeds of conflict continued to exist and even to grow between the movement and its creators, especially because of the fact that the movement worked continually to create a substitute industrial system and a substitute army parallel to the old industrial system and the old Reichswehr. Here again the threatening conflict never broke out because the Second World War had the double result that it demonstrated the need for solidarity in the face of the enemy, and it brought great booty and profits to both sides—to the industrialists and Reichswehr on one hand and to the party on the other hand.

Except for the rise of the party, and the profits, power, and prestige which accrued to the leaders (but not to the ordinary members) of the party, the structure of German society was not drastically changed after 1933. It was still sharply divided into two parts—the rulers and the ruled. The three chief changes were: (1) the methods and techniques by which the rulers controlled the ruled were modified and intensified, so that law and legal procedures practically vanished, and power (exercised through force, economic pressures, and propaganda) became much more naked and direct in its

application; (2) the Quartet which had held real power from 1919 to 1933 were rearranged and increased to a Quintet, such as existed before 1914; and (3) the line between rulers and ruled was made sharper, with fewer persons in an ambiguous position than earlier in German history; this was made more acceptable to the ruled by creating a new third group of non-citizens (Jews and foreigners) which could be exploited and oppressed even by the second group of the ruled.

The following table shows the approximate relationships of the ruling groups in the three periods of German history in the twentieth century:

The Empire	The Weimar Republic	The Third Reich
Emperor		Nazi Party (leaders only)
Army	Army	Industry
Landlords	Bureaucracy	Army
Bureaucracy	Industry	Bureaucracy
Industry	Landlords	Landlords

The ruled groups below these rulers have remained roughly the same. In the Third Reich they included: (1) peasants; (2) laborers; (3) the petty bourgeoisie of clerks, retailers, artisans, small industry, and so on; (4) professional groups, such as doctors, druggists, teachers, engineers, dentists, and so on. Below these was the submerged group of "non-Aryans" and the inhabitants of occupied areas.

A revealing light is cast on Nazi society by examining the positions of the ruling groups. We shall examine each of these in reverse order.

The influence of the landlord group in the earlier period rested on tradition rather than on power. It was supported by a number of factors: (1) the close personal connections of the landlords with the emperor, the army, and the bureaucracy; (2) the peculiar voting rules in Germany which gave the landlords undue influence in Prussia and gave the state of Prussia undue influence in Germany; (3) the economic and social power of the landlords, especially east of the Elbe, a power based on their ability to bring pressure to bear on tenants and agricultural laborers in that area.

All these sources of power were weakening, even under the empire. The republic and the Third Reich merely extended a process already well advanced. The economic power of the landlords was threatened by the agricultural crisis after 1880 and was clearly evident in their demand for tariff protection after 1895. The bankruptcy of the Junker estates was bound to undermine their political influence even if the state was willing to support them with subsidies and Osthilfe indefinitely. The departure of the emperor and the change in the position of the army and bureaucracy under the republic weakened

these avenues of indirect influence by the landlords. The change in the voting regulations after 1918 and the ending of voting after 1933, combined with the increasing absorption of Prussia and the other Länder into a unified German state, reduced the political power of the landlord group. Finally, their social influence was weakened by the migration of German farm laborers from eastern to central and western Germany and their replacement by Slav farm labor.

This decrease in the power of the landlord group continued under the Third Reich and was intensified by the fact that this group was the one segment of the Quartet which was successfully coordinated. The landlords lost most of their economic power because the control of their economic life was not left in the hands of the landlords as was done with industry. In both cases economic life was controlled, chiefly by cartels and associations, but in industry these were controlled by industrialists, while in agriculture they were controlled by the state in close cooperation with the party.

Prices, production, conditions of sale, and, in fact, every detail about agriculture was in control of a government corporation called the Reichsnährstand which consisted of a complex of groups, associations, and boards. The leader of this complex was the minister of food and agriculture, named by Hitler. This leader appointed the subordinate leaders of all the member organizations of the Reichsnährstand, and these, in turn, named their subordinates. This process was continued down to the lowest individual, each leader naming his direct subordinates according to the "leadership principle." Every person engaged in any activity concerned with agriculture, food, or raw-material production, including lumber, fishing, dairying, and grazing belonged to one or several associations in the Reichsnährstand. The associations were organized both on a territorial and on a functional basis. On a functional basis they were organized in both vertical and horizontal associations. On a territorial basis were twenty regional "peasant-ships" (Landesbauernschaften) subdivided into 515 local "peasant-ships" (Kreisbauernschaften). On a horizontal basis were associations of persons in the same activity, such as grinding flour, churning butter, growing grain, and so on. On a vertical basis were associations of all persons concerned with the production and processing of any single commodity, such as grain or milk. These organizations, all formed on the "leadership principle," were chiefly concerned with prices and production quotas. These were controlled by the state, but prices were set at a level sufficient to give a profit to most participants, and quotas were based on assessments estimated by the farmers themselves.

While the landlords lost power in this way, they received economic advantages. As befitted a counterrevolutionary movement, the Nazis increased the wealth and privileges of the landlords. The report on the Osthilfe scandal, which had been made for Schleicher in 1932, was permanently suppressed. The autarky program gave them a stable market for their products, shielding them from the vicissitudes which they had suffered under liberalism with its unstable markets and fluctuating prices. The prices fixed under Nazism were not high but were adequate, especially in combination with other advantages. By 1937, prices paid to farmers were 23 percent more than in 1933 although still 28 percent below those of 1925. Larger farms which used hired labor were aided by the prevention of unions, strikes, and rising wages. Labor forces were increased by using the labor

services of boys and girls in the Nazi Youth Movement and Labor Service. Payments for interest and taxes were both reduced, the former from 950 million marks in 1929-1930 to 630 million marks in 1935-1936, and the latter from 740 million to 460 million marks in the same six years. Farmers were exempt completely from unemployment-insurance contributions which amounted to 19 million marks in 1932-1933. The constant threat of breaking up the bankrupt great estates was removed whether it arose from the state or from private creditors. All farms of over family size were made secure in possession of their owner's family, with no possibility of alienation, by increasing the use of entail on great estates and by the Hereditary Farms Act for lesser units.

These benefits were greater for larger units than for smaller ones, and greatest for the large estates. While small farms (5 to 50 hectares), according to Max Sering, made a net return of 9 marks a hectare in 1925, large ones (over 100 hectares) lost 18 marks a hectare. In 1934 the corresponding figures were 28 and 53, a gain of 19 marks per hectare for small units and of 71 marks per hectare for large units. As a result of this growth in profitability of large units, the concentration of ownership of land in Germany was increased, thus reversing a trend. Both the number and the average size of large units increased.

Thus the landlords won great privileges and rewards in the Third Reich, but at the cost of a drastic reduction in their power. They were coordinated, like the rest of society outside the ruling groups, with the result that they became the least important of these groups.

The bureaucracy was not completely coordinated, but it found its power greatly reduced. The civil service was not, as we have indicated, purged of non-Nazis, although Jews and obvious anti-Nazis were generally retired. Only in the Ministry of Economics, perhaps because of the complete reorganization of the ministry, was there any extensive change at first. But this change did not bring in party members; it brought in men from private business. Outside the Ministry of Economics the chief changes were the ministers themselves and their secretaries of state. The newly created ministries, of course, had new men, but, except on the lowest levels, these were not chosen because they were party members. The old division of the bureaucracy into two classes (academic and non-academic), with the upper open only to those who passed an academic examination, continued. Only in the lowest, non-skilled ranks did party members overwhelm the service.

By 1939, of 1.5 million civil servants 28.2 percent were party members, 7.2 percent belonged to the SA, and 1.1 percent belonged to the SS. The act of 1933, which expelled non-Aryans and political unreliaables, affected only 1.1 percent (or 25 out of 2,339) of the top civil servants. But new recruits were overwhelmingly party members so that, in time, the bureaucracy would have become almost completely Nazi. The Civil Service Act of 1937 did not require party membership, but the candidate had to be loyal to the Nazi idea. In practice, 99 percent of those appointed to the grade of assessor (the lowest academic rank) were party members from 1933 to 1936. However, a law of December 28, 1939 stated, what had always been understood, that in his civil service work a party member

was not subject to party orders but only to the orders of the civil service superior. Here again the lower ranks were more subject to party control by means of the office "party cell" which permitted party members to accomplish their ends by terror. This opens up an important, if nonofficial, aspect of this subject.

A chief change was that where formerly the bureaucracy governed by rational, known rules, under the Nazis it increasingly governed by irrational and even unknown rules. Neither earlier nor later were these rules made by the bureaucracy itself, and to some extent the later rules, because of the bureaucracy's well-known anti-democratic proclivities, may have been more acceptable to the bureaucracy. More important was the influence of party terrorism, through the SA, the SS, and the secret police (Gestapo). Even more important was the growth, outside of the bureaucracy, of a party organization which countermanded and evaded the decisions and actions of the regular bureaucracy. The regular police were circumvented by the party police; the regular avenues of justice were bypassed by the party courts; the regular prisons were eclipsed by the party's concentration camps. As a result, Torgler, acquitted by the regular courts of the charge that he conspired to burn the Reichstag, was immediately thrown into a concentration camp by the secret police; and Niemöller, having served a brief term for violation of the religious regulations, was taken from a regular prison to a concentration camp.

The Reichswehr Officers' Corps was not coordinated, but found itself more subject to the Nazis than it ever was to the Weimar Republic. The republic could never have murdered generals as Hitler did in 1934. This weakening of the power of the army, however, was not in relationship to the party as much as it was in relationship to the state. Previously, the army very largely controlled the State; under the Third Reich the state controlled the army; but the party did not control the army and, for failure to do so, built up its own army (SS). There was a statutory provision which made it illegal for members of the armed services to be simultaneously members of the party. This incompatibility was revoked in the autumn of 1944. However, the army was quite completely subjected to Hitler as chief of the state although not as Führer of the Nazi Party. The army had always been subordinated to the chief of the state. When Hitler obtained this position (with army consent) at the death of Hindenburg on August 2, 1934, he strengthened his position by requiring army officers to take their oath of loyalty to himself personally, and not merely to the German Fatherland as had been done previously. All this was possible because the army, although not coordinated, generally approved of what the Nazis were doing and, where they occasionally disagreed, did so only for tactical reasons. The relations between the two were well stated by Field Marshal Werner von Blomberg, Reich minister of war and commander in chief of the armed forces until February, 1939:.

"Before 1938-1939, the German generals were not opposed to Hitler. There was no reason to oppose Hitler since he produced the results which they desired. After this time some generals began to condemn his methods and lost confidence in the power of his judgment. However, they failed as a group to take any definite stand against him, although a few of them tried to do so and, as a result, had to pay for this with their lives or their positions." To this statement it is necessary only to add that the German Officers' Corps maintained its autonomous condition and its control of the army by the destruction

of its chief rival, the SA, on June 30, 1934. For this it paid on August 2, 1934. After that, it was too late for it to oppose the movement, even if it had wished to do so.

The position of the industrialists in Nazi society was complex and very important. In general, business had an extraordinary position. In the first place, it was the only one of the Quartet which drastically improved its position in the Third Reich. In the second place, it was the only one of the Quartet which was not coordinated significantly and in which the "leadership principle" was not applied. Instead, industry was left free of government and party control except in the widest terms and except for the exigencies of war, and was subjected instead to a pattern of self-regulation built up, not on the "leadership principle," but on a system where power was proportional to the size of the enterprise.

In these strange exceptions we can find one of the central principles of the Nazi system. It is a principle which is often missed. We have been told that Germany had a corporate state or a totalitarian state. Neither was true. There was no real corporate organization (even fraudulent, as in Italy and Austria), and such an organization, much discussed before and after 1933, was quickly dropped by 1935. The term "totalitarian" cannot be applied to the German system of self-regulation, although it could be applied to the Soviet system.

The Nazi system was dictatorial capitalism—that is, a society organized so that everything was subject to the benefit of capitalism; everything, that is, compatible with two limiting factors: (a) that the Nazi Party, which was not capitalist, was in control of the state, and (b) that war, which is not capitalist, could force curtailment of capitalist benefits (in the short run at least). In this judgment we must define our terms accurately. We define capitalism as "a system of economics in which production is based on profit for those who control the capital." In this definition one point must be noted: the expression "for those who control the capital" does not necessarily mean the owners. In modern economic conditions large-scale enterprise with widely dispersed stock-ownership has made management more important.... Accordingly, profits are not the same as dividends, and, in fact, dividends become objectionable to management, since they take profits out of its control.

The traditional capitalist system was a profit system. In its pursuit of profits it was not primarily concerned with production, consumption, prosperity, high employment, national welfare, or anything else. As a result, its concentration on profits eventually served to injure profits.

This development got the whole society into such a mess that enemies of the profit system began to rise up on all sides. Fascism was the counterattack of the profit system against these enemies. This counterattack was conducted in such a violent fashion that the whole appearance of society was changed, although, in the short run, the real structure was not greatly modified. In the long run Fascism threatened even the profit system, because the defenders of that system, businessmen rather than politicians, turned over the

control of the state to a party of gangsters and lunatics who in the long run might turn to attack businessmen themselves.

In the short run the Nazi movement achieved the aim of its creators. In order to secure profits it sought to avert six possible dangers to the profit system. These dangers were (1) from the state itself, (2) from organized labor; (3) from competition; (4) from depression; (5) from business losses; and (6) from alternative forms of economic production organized on nonprofit bases. These six all merged into one great danger, the danger from any social system in which production was organized on any basis other than profit. The fear of the owners and managers of the profit system for any system organized on any other basis became almost psychopathic.

The danger to the profit system from the state has always existed because the state is not essentially organized on a profit basis. In Germany this danger from the state was averted by the industrialists taking over the state, not directly, but through an agent, the Nazi Party. Hitler indicated his willingness to act as such an agent in various ways: by reassurances, such as his Dusseldorf speech of 1932; by accepting, as a party leader and his chief economic adviser, a representative of heavy industry (Walter Funk) on the very day (December 31, 1931) on which that representative joined the party at the behest of the industrialists; by the purge of those who wanted the "second revolution" or a corporative or totalitarian state (June 30, 1934).

That the industrialists' faith in Hitler on this account was not misplaced was soon demonstrated. As Gustav Krupp, the armaments manufacturer, writing to Hitler as the official representative of the Reich Association of German Industry, put it on April 5, 1933, "The turn of political events is in line with the wishes which I myself and the Board of Directors have cherished for a long time." This was true. The "second revolution" was publicly rejected by Hitler as early as July 1933, and many of its supporters sent to concentration camps, a development which reached its climax in the "blood purge" a year later. The radical Otto Wagener was replaced as chief economic adviser to the Nazi Party by a manufacturer, Wilhelm Keppler. The efforts to coordinate industry were summarily stopped. Many of the economic activities which had come under state control were "re-privatized." The United Steel Works, which the government had purchased from Ferdinand Flick in 1932, as well as three of the largest banks in Germany, which had been taken over during the crisis of 1931, were restored to private ownership at a loss to the government. Reinmetal-Borsig, one of the greatest corporations in heavy industry, was sold to the Hermann Göring Works. Many other important firms were sold to private investors. At the same time the property in industrial firms still held by the state was shifted from public control to joint public-private control by being subjected to a mixed board of directors. Finally, municipal enterprise was curtailed; its profits were taxed for the first time in 1935, and the law permitting municipal electric-power plants was revoked in the same year.

The danger from labor was not nearly so great as might seem at first glance. It was not labor itself which was dangerous, because labor itself did not come directly and immediately in conflict with the profit system; rather it was with labor getting the wrong

ideas, especially Marxist ideas which did seek to put the laborer directly in conflict with the profit system and with private ownership. As a result, the Nazi system sought to control the ideas and the organization of labor, and was quite as eager to control his free time and leisure activities as it was to control his working arrangements. For this reason it was not sufficient merely to smash the existing labor organizations. This would have left labor free and uncontrolled and able to pick up any kind of ideas. Nazism, therefore, did not try to destroy these organizations but to take them over. All the old unions were dissolved into the German Labor Front. This gave an amorphous body of 25 million in which the individual was lost. This Labor Front was a party organization, and its finances were under control of the party treasurer, Franz X. Schwarz.

The Labor Front soon lost all of its economic activities, chiefly to the Ministry of Economics. An elaborate facade of fraudulent organizations which either never existed or never functioned was built up about the Labor Front. They included national and regional chambers of labor and a Federal Labor and Economic Council. In fact, the Labor Front had no economic or political functions and had nothing to do with wages or labor conditions. Its chief functions were (1) to propagandize; (2) to absorb the workers' leisure time, especially by the "Strength Through Joy" organization, (3) to tax workers for the party's profit; (4) to provide jobs for reliable party members within the Labor Front itself; (5) to disrupt working-class solidarity.

This facade was painted with an elaborate ideology based on the idea that the factory or enterprise was a community in which leader and followers cooperated. The Charter of Labor of January 20, 1934, which established this, said, "The leader of the plant decides against the followers in all matters pertaining to the plant in so far as they are regulated by statute." A pretense was made that these regulations merely applied the "leadership principle" to enterprise. It did no such thing. Under the "leadership principle" the leader was appointed from above. In business life the existing owner or manager became, ipso facto, leader. Under this system there were no collective agreements, no way in which any group defended the worker in the face of the great power of the employer. One of the chief instruments of duress was the "workbook" carried by the worker, which had to be signed by the employer on entering or leaving any job. If the employer refused to sign, the worker could get no other job.

Wage scales and conditions of labor, previously established by collective agreements, were made by a state employee, the labor trustee, created May 19, 1933. Under this control there was a steady downward reduction of working conditions, the chief change being from a period wage to a piecework payment. All overtime, holiday, night, and Sunday rates were abolished. The labor trustee was ordered to set maximum wage rates in June 1938, and a rigid ceiling was set in October 1939.

In return for this exploitation of labor, enforced by the terroristic activity of the "party cell" in each plant, the worker received certain compensations of which the chief was the fact that he was no longer threatened with the danger of mass unemployment. Employment figures for Germany were 17.8 million persons in 1929, only 12.7 million in 1932, and 20 million by 1939. This increased economic activity went to non-consumers'

goods rather than consumers' goods, as can be seen from the following indices of production:

	1928	1929	1932	1938
Production	100	100.9	58.7	124.7
a. Capital goods	100	103.2	45.7	135.9
b. Consumers' goods	100	98.5	78.1	107.8

Business hates competition. Such competition might appear in various forms: (a) prices; (b) for raw materials; (c) for markets; (d) potential competition (creation of new enterprises in the same activity); (e) for labor. All these make planning difficult, and jeopardize profits. Businessmen prefer to get together with competitors so that they can cooperate to exploit consumers to the benefit of profits instead of competing with each other to the injury of profits. In Germany this was done by three kinds of arrangements: (1) cartels (Kartelle), (2) trade associations (Fackverbände), and (3) employers' associations (Spitzen-verbände). The cartels regulated prices, production, and markets. The trade associations were political groups organized as chambers of commerce or agriculture. The employers' associations sought to control labor..

All these existed long before Hitler came to power, an event that had relatively little influence on the cartels, but considerable influence on the other two. The economic power of cartels, left in the hands of businessmen, was greatly extended; the employers' associations were coordinated, subjected to party control through the establishment of the "leadership principle," and merged into the Labor Front, but had little to do, as all relations with labor (wages, hours, working conditions) were controlled by the state (through the Ministry of Economics and the labor trustee) and enforced by the party. The trade associations were also coordinated and subject to the "leadership principle," being organized into an elaborate hierarchy of chambers of economics, commerce, and industry, whose leaders were ultimately named by the Ministry of Economics.

All this was to the taste of businessmen. While they, in theory, lost control of the three types of organizations, in fact they got what they wanted in all three. We have shown that the employers' associations were coordinated. Yet employers got the labor, wage, and working conditions they wanted, and abolished labor unions and collective bargaining, which had been their chief ambition in this field. In the second field (trade associations) activities were largely reduced to social and propaganda actions, but the leaders, even under the "leadership principle," continued to be prominent businessmen. Of 173 leaders throughout Germany, 9 were civil servants, only 21 were party members, 108 were businessmen, and the status of the rest is unknown. Of 17 leaders in provincial economic chambers, all were businessmen, of whom 14 were party members. In the third field, the activities of cartels were so extended that almost all forms of market competition were ended, and these activities were controlled by the biggest enterprises. The Nazis permitted the cartels to destroy all competition by forcing all business into cartels and

giving these into the control of the biggest businessmen. At the same time it did all it could to benefit big business, to force mergers, and to destroy smaller businesses. A few examples of this process will suffice.

A law of July 15, 1933, gave the minister of economics the right to make certain cartels compulsory, to regulate capacity of enterprises, and prohibit the creation of new enterprises. Hundreds of decrees were issued under this law. On the same day, the cartel statute of 1923 which prevented cartels from using boycotts against nonmembers was amended to permit this practice. As a result, cartels were able to prohibit new retail outlets, and frequently refused to supply wholesalers or retailers unless they did more than a minimum volume of business or had more than a minimum amount of capital. These actions were taken, for example, by the radio and the cigarette cartels.

Cartels were controlled by big business, since voting power within the cartel was based on output or number of employees. Concentration of enterprise was increased by various expedients, such as granting public contracts only to large enterprises or by "Aryanization" (which forced Jews to sell out to established firms). As a result, on May 7, 1938, the Ministry of Economics reported that 90,448 out of 600,000 one-man firms had been closed in two years. The Corporation Law of 1937 facilitated mergers, refused to permit new corporations of below 500,000 marks capital, ordered all new shares to be issued at a par value of at least 1,000 marks, and ordered the dissolution of all corporations of less than 100,000 marks capital. By this last provision 20 percent of all corporations with 0.3 percent of all corporate capital were condemned. At the same time share-owners lost most of their rights against the board of directors, and on the board the power of the chairman was greatly extended. As an example of a change, the board could refuse information to stockholders on flimsy excuses.

The control of raw materials, which was lacking under the Weimar Republic, was entrusted to the functional trade associations. After August 18, 1939, priority numbers, based on the decisions of the trade associations, were issued by the Reichstellen (subordinate offices of the Ministry of Economics). In some critical cases subordinate offices of the Reichstellen were set up as public offices to allot raw materials, but in each case these were only existing business organizations with a new name. In some cases, such as coal and paper, they were nothing but the existing cartels.

In this way competition of the old kind was largely eliminated, and that, not by the state but by industrial self-regulation, and not at the expense of profits, but to the benefit of profits, especially of those enterprises which had supported the Nazis—large units in heavy industry.

The threat to industry from depression was eliminated. This can be seen from the following figures:

1929 1932 1938

National income, 1925-1934

prices billions - RM	70.0	52.0	84.0
Per capita incomes, 1925-1934 prices - RM	1,089.0	998.0	1,226.0
Percentage of national incomes:			
to industry	21.0%	17.4%	26.6%
to workers	68.8%	77.6%	63.1%
to others	10.2%	5.0%	10.3%
Number of corporate bankruptcies	116	134	7
Profit ratios of corporations			
(heavy industry)	4.06%	-6.94%	6.44%

In the period after 1933 the threat to industry from forms of production based on a nonprofit organization of business largely vanished. Such threats could come from government ownership, from cooperatives, or from syndicalism. The last was destroyed by the destruction of the labor unions. The cooperatives were coordinated by being subjected "irrevocably and unconditionally to the command and administrative authority of the leader of the German Labor Front, Dr. Robert Ley," on May 13, 1933. The threat from public ownership was eliminated under Hitler, as we have indicated.

It would seem, from these facts, that industry was riding the crest of the wave under Nazism. This is quite true. But industry had to share this crest with the party and the army.... Party participation in business activities was not the threat to industry which it might appear to be at first glance. These participations were the efforts of the party to secure an independent economic foundation, and were largely built up of unprofitable activities, or non-Aryan, non-German, or labor-union activities, and were not constructed at the expense of "legitimate" German industry. The Hermann Göring Works arose from government efforts to utilize low-grade iron ore in Brunswick. To this was added various other enterprises: those already in government control (which were thus shifted from a socialized to a profit-seeking basis), those taken from newly annexed areas, and those confiscated from Thyssen when he became a traitor. The Gustloff Works, in complete party control, were made up of non-Aryan properties. The Labor Front, with sixty-five corporations in 1938, was an improvement over the previous situation, since all, except the People's Auto enterprise (Volkswagen), were taken from labor unions. Other party activities were in publishing, a field of little concern to big industry, and largely non-Aryan previously.

... Industry wanted to prepare for war, since it was profitable.... [I]ndustry was not ruling Germany directly, but was ruling through an agent. It was not government of, by,

and for industry, but government of and by the party and for industry. The interests and desires of these two were not identical. The party was largely paranoid, racist, violently nationalistic, and really believed its own propaganda about Germany's imperial mission through "blood and soil." Industry wanted re-armaments and an aggressive foreign policy to support these, not in order to carry out a paranoid policy but because this was the only kind of program they could see which would combine full employment of labor and equipment with profits. In the period 1936-1939 the policies of "rearmament for war" and "rearmament for profits" ran parallel courses. From 1939 on they ran parallel only because the two groups shared the booty of conquered areas and were divergent because of the danger of defeat. This danger was regarded as a necessary risk in pursuit of world conquest by the party; it was regarded as an unnecessary risk in pursuit of profits by industry.

This brings us to the new ruling group, the party. The party was a ruling group only if we restrict the meaning of the term "party" to the relatively small group (a few thousand) of party leaders. The four million party members were not part of the ruling group, but merely a mass assembled to get the leaders in control of the state, but annoying and even dangerous once this was done. Accordingly, the period after 1933 saw a double action, a steady growth of power and influence for the Reichsleiter in respect to the ruled groups, the Quartet, and the ordinary members of the party itself, and, combined with this, a steady decrease in the influence of the party as a whole in respect to the state. In other words, the leaders controlled the state and the state controlled the party.

At the head of the party was the Führer; then came about twoscore Reichsleiter; below these was the party hierarchy, organized by dividing Germany into 4 districts (Gaue) each under a Gauleiter; each district was subdivided into circles (Kreise) of which there were 808, each under a Kreisleiter; each Kreis was divided into chapters (Orts-gruppen), each under an Ortsgruppenleiter; these chapters were divided into cells (Zellen) and subdivided into blocks under Zellenleiter and Blockleiter. The Blockleiter had to supervise and spy on 40 to 60 families; the Zellenleiter had to supervise 4 to 8 blocks (200 to 400 families); and the Ortsgruppenleiter had to supervise a town or district of up to 1,500 families through his 4 to 6 Zellenleiter.

This party organization became in time a standing threat to the position of the industrialists. The threat became more direct after the outbreak of war in 1939, although, as we have indicated, the issue was suspended for the sake of sharing the booty and for the sake of solidarity in the face of the enemy. The three ruling groups, party, army, and industrialists, remained in precarious balance although secretly struggling for supremacy in the whole period 1934-1945. [Actually the industrialists were secretly in control of Hitler, the party and army.] In general, there was a slow extension of party superiority, although the party was never able to free itself from dependence on the army and business because of their technical competence.

The army was brought partly under party control in 1934 when Hitler became president and obtained the oath of allegiance; this control was extended in 1938 when Hitler became commander in chief. This resulted in the creation of centers of intrigue

within the Officers' Corps, but this intrigue, although it penetrated to the highest military level, never succeeded in doing more than wound Hitler once out of a dozen efforts to assassinate him. The power of the army was steadily subjected to Hitler. The old officers were removed from control of the fighting troops after their failure in Russia in December 1941, and by 1945 the Officers' Corps had been so disrupted from within that the army was being guided to defeat after defeat by nothing more tangible than Hitler's "intuition" in spite of the fact that most army officers objected to subjecting themselves and Germany to the jeopardies of such an unpredictable and unproductive authority.

Business was in a somewhat similar but less extreme position. At first, unity of outlook seemed assured, largely because Hitler's mind was able to adopt the colors of an industrialist's mind whenever he made a speech to businessmen. By 1937 businessmen were convinced that armaments were productive, and by 1939 ... had even decided that war would be profitable. But once the war began, the urgent need for victory subjected industry [smaller industries, not large industries] to controls which were hardly compatible with the vision of industrial self-government which Hitler had adopted from business. The Four-Year Plan, created as early as 1936, became the entering wedge of outside control. After war began the new Ministry of Munitions under the control of Fritz Todt and Albert Speer (who were Nazis but not businessmen) began to dominate economic life.

Outside its rather specialized area, the organization of the Four-Year Plan, almost completely Nazi, was transformed into a General Economic Council in 1939, and the whole range of economic life was, in 1943, subjected to four Nazis forming the Inner Defense Council. Industry accepted this situation because profits were still protected, promises of material advantages remained bright for years, and the hope did not die that these controls were no more than temporary wartime measures.

Thus the precarious balance of power between party, army, and industry, followed in a secondary role by bureaucracy and landlords, drove themselves and the German people to a catastrophe so gigantic that it threatened for a while to destroy completely all the established institutions and relationships of German society.

Part Ten—Britain: the Background to Appeasement: 1900-1939

Chapter 29—The Social and Constitutional Background

In the course of the twentieth century Britain experienced a revolution as profound, and considerably more constructive, than those in Russia or Germany. The magnitude of this revolution cannot be judged by the average American because Britain has been, to most Americans, one of the less familiar countries of Europe. This condition is not based on ignorance so much as on misconceptions. Such misconceptions seem to arise from the belief that the English, speaking a similar language, must have similar ideas. These misconceptions are as prevalent among the better-educated classes of Americans as in less well-informed circles, and, as a result, errors and ignorance about Britain are widespread, even in the better books on the subject. In this section, we shall emphasize