

Hitler and German Capitalism

By Paul A. Kaufmann

THERE has been a good deal of controversy over the relations between the Hitler government and German capitalism in respect to the "socialist" claims of National Socialism. Some have gone so far as to assert that fascism fetters capitalism to such an extent that "free" capitalism no longer exists. On this basis, communism and fascism are sometimes considered identical in their "collectivization" of capital.

The proponents of this view have contented themselves with merely putting forth the theory without actual reference to the fact. Yet it is easy to establish the truth or falsity of their argument. Whether Hitler is a friend or enemy of monopoly capitalism may be verified by simply referring to the record.

In the years before 1933, when every Nazi agitator still shouted against usury and usurious capital, when Point 13 of the Nazi program, which demands nationalization of big trusts, was expounded at meetings of unemployed and underpaid workers, storekeepers and debt-ridden farmers, the German government became a partner in quite a number of German banks and industrial concerns. To avert the complete collapse of German economic life, the government—"of the Marxist era," as the Nazis call it—acquired majority stock in the Hamburg-South American Steamship Lines, the Gelsenkirchen Bergwerksverein (a subsidiary of the United Steel Works), the Commerz & Privat Bank, and the Dresdner Bank. It furthermore purchased a considerable block of Deutsche Bank stock.

When he took over the government in March 1933, Hitler automatically became a partner in those firms. His government held 70 percent of the Gelsenkirchen Bergwerksverein 140-million-mark stock; 70 percent of the Commerz & Privat Bank 80-million-mark stock; 88 percent of the Dresdner Bank 150-million-mark stock; and 38 percent of the Deutsche Bank 130-million-mark stock.

Here was a golden opportunity. Two of the nation's biggest banks and a good part of the steel trust were already controlled by the government. Hitler could have begun, at once, to redeem his campaign pledges, could have carried out Point 13 of his program. However, he did nothing at that time. The Nazis have now enjoyed almost five years of complete rule, and one is justified in asking what steps were taken to nationalize the trusts and break the power of the big banks?

Did Hitler dismember the huge trusts? Let us take the United Steel Works as an example. When Hitler entered into partnership with Fritz Thyssen, the chairman of United Steel, this concern, besides determining the policy of the Gelsenkirchen Bergwerksverein, was tied up with a number of other similar

mining and smelting enterprises. After the Nazi revolution Thyssen set out to build a still mightier steel trust. Though Hitler was an important partner, Thyssen must not have consulted him in matters of trust building. At a stockholders' meeting in November 1933 it was decided to take the old United Steel Works, the Phoenix Corp. for Mining & Smelting, the United Steel Works Van der Zypen, and the Wissener Iron Mills, into the fold of the Gelsenkirchen Mining Corp. The capital of the latter was increased to 644 million marks, and the name was changed to United Steel Works. The Reich's share in this new combination was 15.5 percent, a considerable drop from the previous 70 percent.

The steel trust was on the march. In spring of 1934 the new United Steel Works gobbled up five additional iron and steel mills in the Ruhr district to become the unchallenged master of German heavy industry. As the steel trust grew bigger, the government's interest became less important.

Thanks to Hitler's rearmament program, United Steel was resuming handsome dividend payments. In 1936 Thyssen and one hundred and thirty-three stockholders of the steel trust decided to buy back from the Reich, at par, that hundred-million-mark bloc of Gelsenkirchen stock. While the Nazi government obligingly gave up its share in the nation's second biggest concern, other interests, at the same time, increased their holdings of United Steel common. Early in 1936 the German press reported that Rheinstahl had purchased another ten-million-marks' worth of United Steel common, making its holdings total seventy million marks, or 15 percent of United Steel capital stock. Since Rheinstahl happens to be the mining subsidiary of the powerful I. G. Dye Trust, this transaction did not indicate a dissolution of trust combinations.

Next to United Steel and I. G. Dye, the Friedrich Flick Kommandit Gesellschaft has profited most by Hitler's repudiation of his own program. Until 1933, Friedrich Flick was little known in Germany. Financial circles knew him as chairman of the Mittelstahl Corp., a holding company capitalized at forty-five million marks. Through Mittelstahl, Flick held 80 percent of the capital stock of Maxhütte, a twenty-six-million-mark iron and coal concern. In 1934 Flick became chairman of the Harpen Mining Corp., a sign of his growing influence in the affairs of this ninety-million-mark company. At the same time Mittelstahl had purchased two smaller iron works in central Germany and had acquired majority stock of two leading railway equipment shops. Finally, in 1935, Harpen Mining Corp., with Flick at its helm, reduced its capital in a way as to give Maxhütte, meaning

Flick, a clear majority. It was this Flick-controlled corporation which purchased the Essener Mining Co. from United Steel, when the latter needed cash to conclude the hundred-million-mark deal with the government.

In 1937, Friedrich Flick set up the Flick Kommandit Gesellschaft, a personal holding-company, thus completing his trust. He has become one of the dominant industrialists in Germany. His concern ranks third in the production of raw steel, right behind United Steel and Krupp. In coal output, too, the Flick mines take a leading place.

Before they seized the government, the Nazis ranked the bankers with Jews and Bolsheviks. Gottfried Feder, creator of the Nazi program, in his pamphlet *Der deutsche Staat*, is quite outspoken on the subject of banks. A 1932 edition, published by the official Eher Co., Munich, states:

Their [the bankers'] one thought is to make a profit out of interest, commission, or whatever the banking process of tapping the supply of money is called.

The government of Feder's prize pupil holds different opinions now. It did not take over the banks, although the capital of some of them was, as we saw, almost completely in its hands. Instead, every step was taken to hand back to the bankers those institutions which public money had saved from utter ruin.

In September 1936 the Reich's interest in the Hamburg-South American Steamship Line was sold to a group of Hamburg bankers. In October of the same year private banks bought twenty-two-million-marks' worth of Commerz & Privat Bank stock, and today all of the fifty-six million marks which the government held in 1933 are back in private vaults. Similarly, the fifty-million-mark bloc of Deutsche Bank stock was bought back from the government. Finally, on October 4, 1937, the directors of the Dresdner Bank announced that all of the one hundred and thirty-two million marks, which the government had taken over in 1931 to save the biggest private banking corporation in Germany, were again in private possession.

The Nazi regime has proven to be most solicitous of big business. The resignation of Hjalmar Schacht, while it probably will lead to some change of policy, will not effect any change in principle. National Socialism is essentially pro-capital. This truth has been strikingly demonstrated by the unheralded resignation of Gottfried Feder. Today, Gottfried Feder, whom Hitler on February 14, 1926, appointed final judge of all questions connected with the Nazi program, leads the obscure life of a petty official in Breslau, while Thyssen, Krupp, and Flick carry out their profitable brand of National Socialism.

The Police Go to School

By Oscar Wagner

MY student days are not over. I am now taking a fascinating correspondence course entitled "A Complete Course in the Use of Tear Gas and the Thompson Submachine Gun." Every month in the magazine, the *National Police Officer*, there appears another chapter in this thrilling drama of how the police preserve law and order. I am instructed how to break strikes and crush the Red menace "humanely," with tear gas. But I will let you in on the essentials.

LESSON I

The problem is placed before us, squarely and solemnly.

Radical and communistic propaganda of the present time has created many new problems for authorities responsible for peace, one of the most important of which is civil unrest. . . . If violence breaks out and gunfire has to be resorted to, a situation is created out of all proportion to the original disturbance, with an aftermath which may be historical. The funeral of the victim of a riot is frequently a more serious problem than the original cause of the riot.

And so, since people might become too aroused over police killings, the search began for a "humane method of maintaining order." Tear gas was discovered and became a popular police weapon because it did not kill but served merely "to disorganize the mob, breaking up the hypnotic influence of the mob leadership." The urgent need is stressed for a gas weapon which can disperse rioters and at the same time keep police "out of range and bombardment of these vicious missiles." The long-range, gas riot-gun was perfected. A description of the various gas guns manufactured by Federal Laboratories, Inc., Pittsburgh, Pa., completes the lesson.

We have thus learned that pickets, strikers, and agitators cause civil unrest and must be quelled.

LESSON II

In this chapter we are taught how to "Control Riots and Dangerous Criminals" and again are told of the great advantage of gas over gunfire. Killing creates martyrs and prolongs disturbances but tear gas makes most uninspiring "a leader who is weeping and unable to see." The objective is to restore the individual to his rational thinking because

Rioters are usually peaceful citizens who have become excited under leadership and led into acts of violence. Frequently many members of a mob comprise some of the town's best citizens.

At this point I tried to recall when some of these best citizens were dispersed by tear gas while taking part in a lynching but the police never seem to be around when the lynching



John Heliker

occurs. There is a final warning to the police officer that

leaders should not be clubbed or shot in the presence of their followers. To do so makes a martyr of them and further increases the frenzy of the crowd.

The lesson ends with a discussion of hand grenades, aerial gas grenades (the newest development), and smoke candles.

LESSON III

This lesson is really illuminating. Examples of typical riots and methods of quelling them are considered in detail.

Example 1. In 1934, rioting broke out in a prominent sea-coast city. It started with the longshoremen's walkout, but soon was beyond their control, ending in an unsuccessful attempt by communists to overthrow the city government. . . . There was much talk of sacking stores, but the police were on the job continuously and prevented this being done.

The effective manner in which the police used gas to break the strike is then discussed and the final comment is that:

It was said by the rioting leaders that if it had not been for the tear gas, they could have accomplished their objective by mass action.

By their objective is meant, I suppose, the taking over of the city government by the communists.

Example 2 is an analysis of the methods used in quelling a revolution in a Latin-American country and how efficient and "humane" the use of tear gas was.

Example 3 shows what a snap it is to break a strike given the proper equipment—gas, of course.

Example 4 warns of the need for a sufficient gas supply.

During 1934, civil disturbances broke out in an important textile manufacturing center. The police were confronted with large numbers of rioters, apparently imported from other sections.

But alas! There wasn't enough gas on hand to disperse all the strikers so that one group of them looted the main-street stores and damaged property until more gas was obtained. Therefore the warning that "this example depicts the necessity of having an adequate supply of gas."

This lesson also urges us to learn certain points of law which will help us in our work.

A little knowledge of law has enabled some police departments to overcome this handicap to a considerable degree. Charges of disorderly conduct or disturbing the peace are only misdemeanors and carry a small bail. When these same leaders are charged with felonious assault on an officer of the law, in most sections classified as a criminal action carrying high bail, release is more difficult to secure. Thus the offender may often be held until the excitement is over and order restored.

No matter the offense or the charge, the important thing is to hold him. It was during this same textile strike that not only leaders but hundreds of strikers were herded into specially constructed bull-pens by the order of the governor of Georgia, where they were imprisoned until the strike was over. This meat lesson winds up with a series of plans and formations useful in the handling of civil disturbances.

LESSON IV

We are assured in this chapter that the tear gas produced by the Federal Laboratories, Inc., of 185 41st Street, Pittsburgh, Pa., is an "effective chemical method of handling civil disturbances." Tear gas, sickening gas, and a mixture of the two are then discussed. When there are "extremely stubborn civil disturbances," mixtures of the tear and sickening gases are urged. The relative merits of these are then given as follows:

Tear gas (CN). Causes lachrymation, skin itching, and throat irritation; breaks the mob spirit and restores the individual to his rational senses; effects last from five to twenty minutes after entering clear air.

Tear gas (CN) and sickening gas (DM). Cause sneezing and vomiting; breaks the mob spirit by removing all ability to resist; effects last from twenty minutes to three hours.

Sickening gas (DM). Causes sneezing, vomiting, and violent headaches; makes the victim helpless; effects last from one to twelve hours.

The list also includes first-aid treatment for each type of gas.

I have not yet received the last three lessons which will be concerned mainly with tactics and equipment. Lesson VII, however, promises to be more interesting because it will be a discussion of the Thompson Submachine Gun, its place in law-enforcement work, and its use in the suppression of riots.