

Social Injustice and the Nazis

"Why The German Republic Fell," by Bruno Heilig, published by the Robert Schalkenbach Foundation, contains some informative yet little known material concerning the important influence of social injustice in the rise of the Nazis to power, and it has been thought well worthwhile to give an outline of the contents of the booklet, especially in view of its historical significance.

The author was an Austrian journalist who for 30 years was editor or foreign correspondent of leading newspapers in Austria, Germany, Hungary and the Balkans. He observed first hand the development of modern tyranny both in Germany and Austria. In 1938 he was obliged to escape to England. But his acquaintance with modern tyranny was even more profound in the concentration camps of Dachau and Buchenwald.

Land Values Boom.

In 1924, after the disastrous inflation, an amazingly rapid recovery began in Germany. A feature of the industrial boom was the fantastic jump in land prices. In six years land prices rose on the average by 700 per cent in Berlin and 500 per cent in Hamburg. Land speculators often doubled and trebled their fortunes overnight. For instance, being on friendly terms with the Berlin City Council often yielded dividends—one could become a millionaire if one knew where Berlin's traffic director intended to have a big underground station built.

A further feature was the way in which the cost of building materials soared, as a result of high customs duties imposed as protection for local manufacturers against foreign competition.

Besides the tribute to land monopolists, the German people were compelled to subsidise business activity. Thus in Hamburg taxpayers were robbed of 60 million marks to compensate landholders, and also of 40 million marks in order to subsidise builders of houses. This was at once followed by a substantial rise in rents. Again, in purchasing the Alexander Platz in Berlin, 85 million marks, over and above the 35 million mark valuation figure, were paid out to landholders on the ground that this extra amount was the rightful property of the vendors because it represented the value given the land by the expenditure of public money on the improvements to be made.

More Land Rackets.

Typical of the land rackets in cities and towns is the case of the Berlin river harbour basin, on which millions of marks were spent on improvements. The basin was leased to a private firm for 1/150th of the amount that should have been paid in rent for the land alone. Twelve months later the city official in charge of the basin was appointed Director-General of the company.

Half of the agricultural land in Germany was in the hands of the Junkers, the military aristocracy. After 1914-18 war, no land reform worth mentioning was initiated; on the contrary, more and more privileges were accorded the fortunate Junkers. Heilig states that in various ways a total of about one thousand million marks (50 million pounds) was presented to these

monopolists. Naturally these subsidies inflated the value of agricultural land, as did the protective tariffs on corn and fodder.

How It Was Done.

Furthermore, millions of marks were paid out to the heavy industries in subsidies.

It is natural to ask how the privileged classes were able to achieve all these hand-outs for themselves. One factor was that in many areas, notably in Prussia, people voted as the landlord wished. (According to Heilig, for a long time Germany was in effect ruled by 1,200 Junkers and a few hundred aristocrats.) Moreover the landed class and their coterie organized an efficient propaganda machine, including cheap daily newspapers and Sunday supplements. Propaganda included such assertions as: Subsidizing the landlords was the ideal policy for preserving the sources of subsistence for the people; tariff duties protected wage-earners and increase in land values meant increase in national wealth.

There were indeed independent newspapers but these either failed to adequately grasp the situation or were to some extent under the thumb of the propaganda machine of the privileged classes.

The Boom Collapses.

After seven years of industrial boom the collapse set in. Palliatives were vainly applied. Taxes were amazingly high so as to redeem the costs of the dearly bought land, and proved a crushing burden for the industrialists. In 1931 the banks collapsed and finally seven million people, or one-third of the wage-earners, found themselves unemployed.

Heilig emphasises the aptness of George's analysis of the private appropriation of the rent of the land as the fundamental cause of industrial depression and poverty. This insight was attained not by prior theoretical study but rather by reflecting upon the circumstances which he had witnessed on the spot, for it was not until later that he first encountered George's teachings.

He stresses the link between the economic collapse and the political collapse of the Republic, pointing out how the growth of unemployment and the fear of poverty facilitated the march to power of the Nazi party. It is worth emphasising that Hitler attained power quite legally when he was appointed Reichs-kanzler in January, 1933.

Heilig points out the extraordinary relevance of the following words of George:

"To put political power in the hands of men embittered and degraded by poverty is to tie firebrands to foxes and to turn them loose amid standing corn; it is to put out the eyes of 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 embittered 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 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."

Social Inequality Danger.

The author then raises the interesting question of the role of the national character of the Germans. This is a special case of the general question of the relative importance of psychological and spiritual factors on the one hand and of socio-economic conditions on the other in the determination of human behaviour. Opinions vary on this important matter; however, it seems to be inadvisable to over-emphasise one and belittle the other, as is not infrequently done. Heilig, however, while granting the part played by national character, asserts that particular circumstances, i.e., the socio-economic forces, constituted the major determinant in the collapse of the republic.

In concluding, the author stresses the lesson that democracy was destroyed by social inequality. His final words are worth heeding: "Every country is potentially a Fascist country. Germany is but a 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 civilised countries remains. The private appropriation of the rent of land is the deadly enemy of mankind."

KEW ANALYSIS.

Worthy of recording permanently is the result of the Land Values Research Group analysis of the figures on the Kew Voters' Rolls.

This showed that the number of houses which would have the rates increased had the recent reversion poll succeeded was about double those which would have received reductions.

But the full severity of that change is only appreciated when the magnitude of the increases and reductions is considered.

So far as homes are concerned it was found that there are **only 129** which are paying under site-value rating more than double what they would have paid under annual value. But if the reversion move had succeeded there would have been no less than 1,118 who would have found their rates more than doubled. Of these 375 would have been more than tripled and 51 more than quadrupled.

Most of the houses which pay more under site-value rating have only a small proportionate increase. The main properties with substantial increases under site-value were the 1,004 vacant holdings.