

# STATISTICAL AND SOCIAL INQUIRY SOCIETY OF IRELAND.

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## THE ECONOMIC AND SOCIAL ORGANISATION OF NATIONAL SOCIALIST GERMANY.

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*(Read on Friday, 25th March, 1938.)*

At the outset of this paper I desire to make it clear that I make no claim to originality in so far as the matter contained in it is concerned. In its preparation I have proceeded along the lines which you, as statisticians, call the "Secondary" method in that I have made use of the recorded observations of others as a basis. These observations have come from so many and varied sources that it is impossible to make individual acknowledgment; but I have endeavoured, as a statistician should, to ensure that the material used has a high standard of accuracy and reliability.

In order to gain an insight into the present social and economic system of Germany it is essential to remember that it is based not on a system of "scientific" Socialism but on philosophy. The roots of National Socialism stretch back to that period when economics was a section of State philosophy, and its foundations rest on the metaphysical conception of the supremacy of the German people. Throughout the nineteenth century a procession of professors and writers had saturated the German mind with a mixture of myths, fancies and slogans. In the clash of the World War the ideals of "Aryan Supremacy," the "Germanic Mission" and its "creative function" failed to withstand the more realistic ideals of the Allies, yet they survived and were even strengthened by that failure. It was not the scheming of imperialists or mere duplicity that caused the Germans to deny reality in respect to war responsibility or the defeat of the German forces. It was simply that the German mind was so imbued with the conception of the greatness of the German incarnation of the Nordic race, that a supreme national vanity created an actual incapacity to grasp any truth incompatible with national self-esteem. It was the ferment of the same mediæval philosophy, combined with the autocratic Prussian tradition, which brought about the downfall of the Weimar Republic, whose incipient dogmatical Socialism could offer no inspiration to the German mind. The philosophy of the National Socialist Party believes that the key to the understanding of human society is the community and not the individual. Their policy aimed at replacing disruption by political and spiritual unity; and, by consolidating its strength and conserving its energies, to restore its national power and develop the primacy of the German people against the outside world. The reaction against

the aimlessness of the Weimar Republic gave the Party the opportunity to put their theories into practice.

National Socialism is an economic system based on the totalitarian concept of the State to which there must be complete conformity. The totalitarian principle of the State is itself "rooted in the supremacy of the nation which builds the State" which should strive for the maximum possible power.

A prominent member of the Government Party, in 1935, stated that it was not "admissible to determine National Socialism's political theory by drawing inferences from its system of thought. We, over whom National Socialism pours out its tremendous reconstructive and creative power, we who are struggling for it, are neither able nor competent to express its doctrine in words. The apostles have written no catechism, nor have they created a theology. We must confine ourselves to relating and comprehending as adequately as possible what has happened and what transformations we have witnessed." While it may be a comparatively simple task to relate "what has happened," to comprehend it is by no means so easy.

Government is carried out on a one-party system, the Communists and Social Democrats having disappeared from politics. A "Cabinet Act" of July, 1933, gave the National Socialist Party a monopoly as the only legitimate political organisation and declared the attempted formation of new parties illegal. In a further Act, in December of that year, the Party was given the status of "a corporate body of public law." This status naturally implies that the Party is subordinate to the State; but such is by no means the case. At the Party Congress held in 1934 Hitler stated: "not the State commands us, but we command the State; not the State has created us, but we ourselves created our State." Not the State, therefore, but the Party is politically supreme; the State is simply an indispensable instrument of government, by means of which the National Socialistic doctrines developed by the Party are given effect.

Membership of the Party is restricted to those who can prove an Aryan ancestry back to 1800; and recruitment is now confined to members of the younger generation of both sexes, who have proved themselves worthy during at least four years continuous membership of their Youth Organisations. Though the Party proper is only a small minority of the German people yet, through its organisations—ranging from the Hitler Youth to the National Socialist University Teachers' Association—and its affiliated organisations including the German Labour Front (which embraces not only the former trade unions and the associations of "white collar" workers, but also the collective employers), and professional associations such as the National Association of Civil Servants and the National Socialist Medical Association, the vast majority of the Aryan population of Germany are, at any rate, nominally, connected with the Party.

The National Socialist Party in Germany has an amazingly complete and complex organisation. On the political side its organisation corresponds to that of the State, with Party chiefs as "Ministers" in charge of the different departments such as racial policy or foreign affairs; in its administrative work it controls the Party and allied organisations and supervises their finances; and in its judicial aspect it has a complete system of Party courts throughout the country with a Supreme Party Court in Munich.

Since the Party "commands the State," as might be expected there is a pretty complete integration between the two. The Party is the reservoir of the dogma of National Socialism, from which is drawn the supply of leaders necessary to ensure this command over the State. The ideology of the Party is infused into the executive and administrative departments of the State, by a system of interlocking offices which ensures close co-operation between Party and State. Not only in State departments but in the domain of local government, the important offices are held by individuals who combine with their official duties offices in the Party administration. In the Civil Service, among those otherwise qualified for promotion, preference is given to those who have exhibited the spirit of National Socialism and who are most likely to act as examples to their fellows in that respect.

"The Party" and "the State" are thus "separate entities performing different functions: the Party as the select minority guarding the sacred dogma of National Socialism and spreading its message, the State as the indispensable instrument of government." But the Party is not the people, and it is indeed questionable how far, apart from compulsion, it really represents the wishes of the majority of the German people. Though, from its size and organisation, it was probably the most representative of all the German political parties, yet it was unable to command a Parliamentary majority; and at the elections of March 1933 it was only forced into power by the support of the Conservatives. It must be obvious, therefore, that the boundaries of the Party are not coterminous with those of "the people." But there is an additional factor to be taken into account. Though it is impossible to claim unanimity in the political creed of "the people" the majority of them, at any rate, nominally conform to the Nazi programme. But that was by no means true of the Army. The Army has always been a powerful factor in German politics, and during the Nazi régime it had become a "paradise for political free-thinkers." A powerful section of the Army had become increasingly dissatisfied with the policy of the Nazi Government, and planned to have the strongly Nazi Field-Marshal von Blomberg replaced by von Fritsch, who was only nominally Nazi. The discovery of this plan led to the latest "purge," when Herr Hitler assumed the position of Supreme War Lord of Germany, by which it is hoped "that the uniting of the supreme military leadership in the leader's own hands will, undoubtedly, accelerate the process of welding the Party and the armed forces together."

"The Party," "the people" and "the State" are the three pillars which give the new Germany its "tripartite organisation." The unifying power which binds them together and gives cohesion to the whole is to be found in the person of the leader who governs "by the will of the people." Hitler, himself, on the occasion of the plebiscite to abolish the Reich presidency, in 1934, declared his firm conviction that sovereignty must emanate from the people.

But the people does not necessarily imply the entire population. The most ardent supporter of the present régime would not dare to contend that there is complete unanimity among the population in favour of the Nazi system. The national will, therefore, can only be an expression of the policy endorsed by a majority of the people. But the very principle of government in accordance with the wishes

of the majority, is absolutely irreconcilable with the principle of leadership. To reconcile the irreconcilable the doctrine of National Socialism falls back on the element of mysticism. The fount, we are told, from which the leader derives his power and his policy is the national soul. He is the executor of the will of the people in which he is rooted. The leader does not determine the goal; that is determined by the people, but only the leader knows the direction in which to proceed in order to reach that goal. But since the people do not know the direction how can they select the leader who does know? How can they know that he knows the way when they do not know it themselves? Or does the leader, inspired by his own knowledge, save them the trouble of making a selection?

The position of the leader is peculiar. No constitutional procedure has been established for his election, and it seems as if the appointment was not for a term of years, but for life, with the power of nominating a successor. The Enabling Act gave the Cabinet practically unlimited legislative powers, while the Reconstruction Act gave them the power to create new constitutional law. But the members of the Cabinet are not the colleagues but the servants of the leader. Any legislative Act, whether a statute of the Reichstag or passed by the Cabinet, is "the plan and will of the leader" who gives sanction to all laws. Legislation has taken the form of decrees and ordinances; and proclamations promulgated by the leader are laws binding on the courts. And not only is the leader the legislator but he can also assume judicial powers as the supreme magistrate.<sup>2</sup> In February this year he assumed supreme command over the armed forces of the State, as a first step towards carrying out in the Army that "Nazification" which has already been done so thoroughly in the Civil Service.

In his executive capacity he can enter into alliance with other powers and make treaties without the consent of the Reichstag; he controls the appointment of all civil servants and State officials; and has power to appoint and dismiss the members of the State Cabinets.

The State is founded on "the consent of the governed," though it is difficult to follow the process by which the will of the people is translated into the will of the leader. Since there is but one Party and one programme in the State, there is no longer a place for the old system whereby, amid the clash of Party politics, the people at the polls decided the policy and the individuals to be entrusted with the guidance of the State. It would be absurd to ask the people to vote on either questions of policy or on specific measures, as only the leader knows the way. It is only the leader who can order a plebiscite. We understand the plebiscite as a mechanism whereby the opinion of the people, for or against a specific measure, is expressed. But under National Socialism the conception would seem to be very different. The leader by ordering a plebiscite expresses his "confidence in the people as his followers." It is the duty of every good citizen to prove he is deserving of that confidence by endorsing the policy placed before him; and it is the business of the Party to see that the endorsement is an overwhelming one.

The Führerstaat is "a state of national community" though, in structure, it is still regarded as being in the formative stage. Its aim is to "restore the precedence of the commonwealth over individual fate in a homogenous people, permeated by one national will; to place

the public interest before selfish ends; and to bring about the true national community under the leadership of the best of the people, in which every willing fellow-citizen finds the feeling of solidarity." It aims at the strengthening of national unity, the enrichment of national life, and, above all, the development of national culture.

At first sight it would seem as if we had here a reversion to the philosophy of Hegel, which for so long influenced German thought—the subordination of the individual in the State which is regarded as supreme. But this is not so. It is true that there is a subordination of the individual to the State. The present day German must attune his mind to the canons of conduct fixed by the Party; and this envisages a widening range of civic duties. As to individual rights, during the past three years these have received less and less consideration, until it is now much safer for the individual not to think in terms of his rights at all. But so far as the supremacy of the State is concerned National Socialism could not tolerate such an idea since "the Party" is above "the State."

It has already been said that everything must conform to the totalitarian State. That includes, above all, economics. Our "orthodox" economic system is based on the individual who seeks to obtain the maximum amount of satisfaction with the minimum amount of effort. The individual in pursuit of his own good serves the interests of the community. Our economic system is a "price" system of production and distribution based on the working of the mechanism of the market. Human effort commands a price in the market paid in wages or salaries or profits. Materials, lands, property, capital, businesses, and goodwill, all have their market prices. The price indicator influences the human agent in deciding what to produce, and how it is to be produced; and determines the contraction or expansion of production as well as regulating consumption. The functioning of the market is dependent on the system of prices, while its flexibility is maintained by the interaction of supply and demand, determined by individual wants. The very existence of the market, however, depends on the decisions of individuals or groups—decisions based in general on self-interest, though sometimes influenced by considerations of the public good. "What is best for each is best for all," so that our system aims at achieving the common good through the self-interest of the individual.

To National Socialism the conception of social economics as a synthesis of individual activities is not only erroneous but is absolutely absurd. It holds that the uncontrolled economic activities of individuals can never, as we assume, bring the interests of all into harmony and ensure the welfare of the community, but must lead to disaster. So far from assuring the smooth functioning of the economic machine, on which the production and distribution of wealth depend, it has set the interests of capital and labour in opposition and has created a "class" struggle and warfare. That being so, the "orthodox" system must be replaced by the Nationalist Socialist system which rests on an entirely different state of mind, and obeys laws other than those controlling a capitalistic economy. The supreme economic principle of this system therefore is not "through individual interests to the common good" but "through common interests to the individual good." This is the national economy which must be served by all its members. In modern times, with industry and trade on such a vast and complex scale, and subject to such rapid changes, economic

trends must not be left to the free, but slow, operation of forces, and to the shrewdness of individual capitalists. Such trends must be methodically guided, as all other economic activities, by social organs representing the interests of the community, and themselves controlled and directed "from above."

The next point for consideration, then, is the basis on which this control is to be exercised. National Socialism rejects the orthodox conception of "value." It is not the individuals who through their labour produce economic values. Neither labour nor capital nor organisation, but selling alone determines the value of the industrial product. Selling and price are determined by the entire economic condition of the community. Economic values are determined by the co-operation of the community, and the individuals' proportionate share is derived from the community. Are the new economic laws therefore based on the market? That cannot be so for the price-cost relation of the market is connected with the idea of the highest profit: and in any case, since the market is itself regulated, it cannot be the basis of the control. The orthodox system of economics gives no yardstick for measurement, no standard for judgment.

What then is the economic theory of National Socialism? Hitler himself gives the answer. "There is no theory. In the course of centuries economic systems have changed unceasingly . . . . . mankind succumbs to a doctrine which is just as harmful as, perhaps, belief in the opposite might be. We have only one theory: that there is no doctrine in economy." At any period in the history of a people, their economic system is their own creation. That system might be directed towards social or anti-social ends according to whether it was well or badly led: but scientific laws of economics do not exist.

It is contended, instead, that the national will is creative and the will power of the people can shape and change economic facts. Anything becomes possible if the people are co-operating in the proper spirit. The power, and the very life of the people, therefore, depend on the control of the economic system. Co-operation and co-ordination are secured, not by voluntary individual activities, but through the command and guarantee of the leaders. Harmony can only be assured if imposed from above. Free competition is ruled out. There can be no conflict of interests between workers and employers since both are working for the good of the community. Every human activity is co-ordinated into a dictated order. Individuals are organised in their proper estates, and their actions controlled by dictation or "advice": production and prices, wages and profits, investments and foreign exchange, are all regulated in detail.

We have here no voluntary social or trade organisation. The Labour Front which governs the relations between workers and employers is in no sense a "joint board" of trade unions and employers' associations, but like the "estates" for the producers' group, is a State organisation. It is not a case of the free co-operation of different individuals or groups for the furtherance of a common end, but the complete control of all by the Party and the State, which thereby ensures co-ordination. The principle of "leadership" permeates the whole structure. "It is more the

co-ordination of "leaders" than of the interdependent social groups which constitute the 'social will.'"

These leaders are the representatives and nominees of the National Socialist Party—the Party in power, and the only Party permitted in Germany. They exercise their power through propaganda, and enforce it through coercion and violence: and behind them they have, as additional instruments, the Party Courts as well as the National Courts.

It is held that the adjustment of economic interests for the common good cannot take place of itself: that it is not a mechanism which can regulate itself automatically, but that it must be regulated and directed from above. Economic society is regarded as absolutely unthinkable except in subordination to the nation. The national economy is the "be all and end all" of economic society. Though international exchange may be necessary, there can be no breaking down of national barriers—no such thing as a world economy.

The development of this doctrine of national supremacy can be clearly seen reflected in German foreign policy—the abolition of the Versailles Treaty: the demand for the restoration of colonies: the claim of control over Germans throughout the world and particularly German minorities in Europe: and the desire to establish a Central European bloc, dominated by Germany, are all steps towards establishing the supremacy of the German nation. In pursuit of this end Germany aims at destroying its world trade interdependence through a new economic system "born from its own energies and corresponding to its life."

What then is the new economic system and in what respects does it differ from the old? An examination shows us that private capital has not been destroyed and still operates. There is still a monetary system and a price system. In industry and commerce the entrepreneur is still faced with the problem of costs which must be covered by the selling price. There is still a labour market though we do not find large numbers of unemployed idly subsisting on a "dole." Credit still plays its important part in the economic life, and producers and merchants are alike dependent on the willingness of bankers to grant supplies. In fact all the familiar landmarks of orthodox economics are still in evidence. But there is a difference. Whereas in the orthodox system there is a wide gap between potential capacity and actual production, National Socialism believes that it can close this gap by the utilisation of psychological and material reserves which could not be grasped by a capitalistic system of production. By working on the emotions of the people through propaganda, coercion and, if necessary, violence, fundamental conceptions are transformed and the impossible can be made possible through a people working for the common good.

The basis of the whole National Socialist economic policy is a purchasing-power theory of money. In their theory, not only is the quantity of money spent an important element, but the purpose for which it is spent is regarded as a determining factor. Thus money spent on armaments or for any purpose which strengthens the national power is considered as productive of greater wealth and more permanent employment, than money spent on, say, schemes of public works. By spending money freely, the State can enable private

enterprises to work to full capacity, can provide work for the unemployed and utilise to the full all factors of production.

In the working out of the National Socialist economic policy in Germany we can see clearly evidence of two distinct schools of thought. The less influential of these seems to hold some of the ideas of orthodox economics in regard to money. This "rational" school holds that while the expansion of credit may be beneficial, or at least harmless, in its early stages, and may help to promote economic recovery, if carried beyond a certain point it becomes extremely dangerous: and they realise that the expenditure of money for political or national purposes influences the price level just as much as expenditure of the same sums for any other purpose. The "radical" school, however, discards such hampering restrictions, and believes that the lavish spending of money for building up national supremacy is not only harmless, but is actually beneficial. Thus Dr. Otto Dietrich, Press chief of the German National Socialist Labour Party, speaking of the necessity of anticipating credit policy at the beginning of a boom period asks: "Is our present issue different from the anticipation of business extension which necessarily increases our economic strength and raises our national status in the world? . . . The safe factor in its credit and debit calculation is the confidence in the productive forces of the resurging nation." He adds "What is invested to-day will bear fruit a thousandfold in the future," having previously stated, "Certainly the cycle in which these productive expenditures will be returned with profit is not so short as the usual turn of normal economic market tides." While such views may be harmless in the depths of a depression, they can only lead to chaos when carried to the point of inflation.

The second school now dominates the economic policy of National Socialist Germany, which has embarked on a vast programme of economic development, with no check to its credit expansion save the "confidence in the productive forces of the resurging nation." In any monetary system the expenditure of vast sums of money by the State must, if continued, result in inflation of the currency with all its evil consequences. It is interesting, therefore, to consider the means which have so far been effective in Germany in checking inflation.

In the first place wages have been kept down so that the volume of purchasing power in the hands of the workers has not increased. Consumption-goods have therefore not increased in price from this cause. A further check on a rise in prices of consumption-goods is exercised by "controlled" prices, and, where this is not sufficient, "rationing" is employed to reduce the demand effectively. For the other classes of the community equally effective methods are employed. By the restriction of "free" capital investments, surplus profits and savings find their only outlet for investment in public loans. More stringent taxation measures reduce the amounts available for spending, and this reduction is further increased by the method of "voluntary" collections. The combined effect of all these is not always sufficient to keep the amount of currency in circulation down to the required level, so that the State from time to time is impelled to employ short-term borrowing. It is a rather significant fact that the amount of these short-term liabilities has never been disclosed.

I have already referred to the policy of public expenditure in

a period of depression as a means of lessening the effects of the crisis, and shortening its duration—a policy which has been endorsed by many economists. One of the reasons behind the huge armament programme recently launched by Great Britain was to set in motion the forces leading to industrial recovery. In this respect the armament programme in Germany affords a striking contrast, in that instead of being a policy aiming at industrial recovery, it was rather directed *against* recovery. As a means of establishing the supremacy of the German people on an unassailable foundation, Germany aims at building up the most efficient fighting organisation in the world. Industrial recovery, by increasing wages and prices, would have greatly increased the cost of rearmament and consequently restricted the extent of the development in that direction.

And now let us consider briefly how this new economic policy has worked out up to the present. In the industrial sphere, control, regulation and restriction have swept away every vestige of freedom of action on the part of both employers and workers. Employers “are expected to carry out the will of the State as if it were their own”: workers, in exchange for their personal freedom, obtain “liberation from the former hopelessness of their purely capitalistic conditions”, and attain the emotional heights of “creative co-operation in the life of the nation” where each is made to “comprehend that he can find his personal happiness only as long as he does his duty to the community.” Workers and employers, merchants and agriculturalists alike, have gained the new “political liberty” of striving for and anticipating German supremacy among the nations of the world. Capitalists receive lower profits and suffer increased taxation: while workers receive lower wages. The new plan for German autoeracy striving for “freedom of bread and economic interdependence” applies both to food and raw materials. In conjunction with the rearmament and public works programme, it has resulted in the ruthless exploitation of Germany’s meagre natural resources, has exhausted her store of raw materials, and dissipated the most of her gold and foreign exchange reserves in foreign spending. Enormous quantities of war material are being produced, and hundreds of factories for the production of synthetic raw materials are under construction. But the very intensity of this economic effort tends to defeat its own ends. For with the increasing shortage of raw materials, German industry has been compelled to work with obsolete or worn out machinery, the railways have brought rolling stock “back from the scrap heap,” while there has been a serious falling off in the quality of the products of German industry in general. Government spending has been on such a gigantic scale, that details of the Budgets and of the public debt cannot be made public for fear of destroying the public faith in the Government policy.

Worse than all, for the past five years there has been a steady lowering of the standard of living of the people; and there are in consequence many signs of increasing restlessness and popular discontent. We have been witnessing in Germany the sacrifice of the people for the glorification of the race. The volume of “psychological reserves” on which the leaders can draw, and the

amount and duration of the sacrifice which can be imposed on the people, are questions for the social psychologist rather than for the economist: but on the answers depends largely whether Germany will see some of the National Socialist dreams reach fruition or whether it will be faced with another disastrous period of inflation.

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<sup>1</sup> *Hans Schmolt-Leonhardt, Deutsches Recht, Vol 5, p. 340.*

<sup>2</sup> As during the "purge" of 1934.

## DISCUSSION.

Mr. Meenan, proposing a vote of thanks, said that it was almost impossible in the consideration of the Germany of to-day or of its political or economic organization to maintain a level balance. In the case of Italy they had Mussolini saying enterprise must be preserved and six months later saying they should suppress enterprise which had impoverished the working classes. They had the same attitude, more or less, in the case of Germany. It was, therefore, particularly difficult for an outsider to decide what were the forces which swayed the conduct of those States, and, particularly, Germany. In any totalitarian state, power remained with one man or, at least, very few men, and the struggle for power would be fought out among those men. The paragraph at the end of page 58 could be easily paralleled in the speeches of Mussolini or any of his lieutenants. In Italy the organization was based on sympathy with the Government, and both workers' and employers' organizations were based on the people who could agree and could be trusted to agree with the Government. The existence of the Monarchy in Italy had been always a boundary to the extension of Fascism. Hitler did not find any boundary of that sort. The relationship between the Italian army and Fascism had not been the same as the relationship between National Socialism and the German army. When Mussolini came into power he was able to bring over a larger percentage of ex-Socialists than ever Hitler could. There was no real proof that Hitler ever had the same Socialist creed that Mussolini had in his early days. Mussolini had been able to lead Fascism with a certain amount of Socialism. There were two differences which distinguished Fascism and Nazism; in fact they were the two by which Nazism could be distinguished and which could be summed up as the test of race and the test of land. They all knew the importance attached under the Nazi régime to blood. That was a conception which he (speaker) made bold to say was the whole basis of Nazi philosophy. They had the German urge to incorporate into the German Empire those portions of Europe inhabited by people of the German race. That aspiration could not be paralleled in the case of Italy. When speaking of Germany they were dealing with a people whose standards and ideals were not theirs.

Mr. Thomas Johnson, seconding Mr. Meenan's proposition, said that many thoughts were prompted by Dr. Lloyd-Dodd's paper, some of which were acutely controversial and others which called for more elucidation. Of two things which distinguished the Nazi political system and which were worthy of examination, one was the "leader principle." It was a new idea in modern political systems, and in his opinion the greatest weakness in those systems. There might be some justification for the leader idea if experience proved its effectiveness. There was no such proof. Another new idea in modern political life was the grouping of people who claimed the right to interpret and declare the will of the people—to be the custodians of the souls of the people.

The "orthodox" economic system in Germany, in summarizing which Dr. Lloyd-Dodd stated "the very existence of the market, however, depends on the decisions of individuals or groups—decisions based in

general on self-interest, though sometimes influenced by considerations of the public good," was a choice between taking a job at a price and going hungry. They had the great mass of the people depending on the sale of their labour and had to sell it at the price which property-owners would pay. One of the many points in the paper which called for examination and raised queries was whether the accumulation of personal property was growing and whether national savings were increasing pro rata with national production. Another point was whether the rise of those modern political systems was fostered for the purpose of resisting revolutionary movements ?

**Mr. Coutts** (a visitor), supporting the vote of thanks, asked whether the new schools of thought in economics in Germany had been able to put their programme into practice.

**Mr. C. E. Reldin** said that Dr. Lloyd-Dodd's paper had brought home to people like him that the whole structure of Germany to-day was inextricably bound up with the idea of race supremacy which was a reversion to tribalism. G. K. Chesterton and men of his school had for years pointed out that behind the whole expression of German philosophy there was the fact that they were a superior race, and warned the countries of Europe that when dealing with them they were dealing with a race not to be judged by ordinary standards. Dr. Lloyd-Dodd had also done a service that night in pointing out that there was an admixture of mysticism in Germany's economic and social organization.

**Dr. Kennedy** said he took part in the discussion because some of the speakers were led into error. Dr. Lloyd-Dodd stated in his paper that "in order to gain an insight into the present social and economic system of Germany it is essential to remember that it is based not on a system of 'scientific' Socialism but on philosophy." It developed in Germany, said Dr. Kennedy, because the German people were very hungry and because on every occasion they tried to remove the shackles of the Treaty of Versailles "the good old grandmother"—the League of Nations—looked on quietly and Germany did not get any relief. Chaos was created in financial matters in Germany, and Austria later. Could that development in Austria during the preceding fortnight which had shaken the world for the time have been possible as quietly in the past ? What was done in the past was that the matter was referred by the League of Nations to the Hague Court. Anyone who had had contact with Germany must regard the development as simple. The Allied Powers were always late. Meanwhile the German middle classes were handicapped, and they feared the proletarianization of their children. The way had been opened for them by the Communists, and the danger of Communism as known in Russia was a strong force in changing over the middle class people of Germany to the development of the totalitarian State. The philosophies of Communism, Fascism and National Socialism were nonsense. The doctrine changed from time to time, and, therefore, the doctrine and the philosophy were not important. Democracy such as existed for a short time was an excellent system of ruling until it became "democracy," or, in other words, until everyone who attained the age of twenty-one got the vote.

**Rev. Father Canavan, S.J.**, said that when Dr. Lloyd-Dodd spoke about the foundations of National Socialism resting on the metaphysical

conception of the supremacy of the German people he seemed to insinuate that it had its origin in mediæval philosophy which was certainly not the case. He (Fr. Canavan) thought it was more likely that the Nazi philosophy originated in the eighteenth century. He had no doubt that Germany was finding it difficult to base culture on race alone, and was driven back on mysticism which was always the refuge of the confused. Second and third-rate professors who come out of Germany like locusts were exceedingly vain, and he never yet heard any of them explain anything properly. He presumed it was essential to the Nazi programme that the population should grow and continue growing. If the population were to increase and economic results decreased, was not the future exceedingly perilous for them? As one who had lived in Italy under the Fascist Government, he (Fr. Canavan) agreed with Mr. Meenan's remarks regarding the King and the army. It should be remembered that in a country like Italy there was the organization—the Catholic Church—which imposed certain ethical standards. Mussolini had to reckon with that fact, and if he disregarded it he was immediately called to account. Mussolini was not such a subjective dictator as Hitler and Stalin, yet, at the same time, he was subjective enough.

The President, at the close of the discussion, said they had been reminded of much of the historical background of Germany, which was of great interest and enabled them to understand things as they were. They were concerned with trying to understand what the German people had found in the Nazi system for themselves and their governmental system. Was there reason to think that it could commend itself from the standpoint of economic efficiency? If less attention were paid to the professions of those who guide the system and more to actual achievement, what did they find? There was an enormous concentration of power, creating a semi-military machine and providing armaments. That was a type of efficiency different from what was required in the general and more complex relations that arose in the economic world generally. It seemed that those who controlled the system had sacrificed the general requirements of the community in favour of the military and racial outlook which was the chief inspiration of the system. While there was evidence that the standard of life was slowly improving in Germany, it was still very poor in comparison with what other countries knew and were accustomed to. The fact of the matter was that the savings of the people were diverted to the provision of armaments and military requirements. It was Dr. Schacht's conception of the raising of the standard of living rather than meeting the armament needs that made his outlook unpopular with the Nazi party.

Dr. Lloyd-Dodd, having acknowledged the vote of thanks, expressed his gratitude to Mr. Meenan for his excellent comparison and analysis of the conditions in Germany and Italy. There were undoubtedly, as referred to by Mr. Johnson, some dangers arising from leadership, but the important point was that leadership got over the dangers of democracy because democracy could become as dangerous and as bad for the community as leadership could. The advantage of democracy was that there were many minds at work in the selection of those who were to carry work into effect. In the case of the leader, he very often elected himself, and might be capable and competent to get the work well done. It was difficult to answer Mr. Coutts's question as to whether the Nazis had been able to put their economic doctrine into practice, because the

doctrines themselves were the practice! They were all agreed with Dr. Kennedy that present conditions in Germany were largely due to the unjust, impossible treaty imposed on the country at the end of the Great War, and sooner or later it had to go. He disagreed with Dr. Kennedy's statement that the question of doctrine and philosophy was not very important. Dictatorship in Germany was made ripe for Hitler by the conditions in the country. Dr. Lloyd-Dodd, continuing, said he accepted with pleasure Father Canavan's correction in regard to the matter of mediæval philosophy. Father Canavan's point in regard to population was difficult, but there was really not the problem behind it that first appeared on the surface. Germany had made strenuous efforts to increase her population, but they had not been altogether successful. There was a considerable increase in marriages at the early period owing to the dowry loans to girls who gave up their employment to get married. The loan, which was repayable by instalments, was wiped out on the birth of a child. There had been also a considerable increase in births, but he understood that in 1937 the birth-rate was five or six per cent. less than nine or ten years ago. The Chairman had raised the point as to how far the German experiment had justified itself by results, and remarked that there had been some improvement in the standard of living. "The Economist" had published figures given by Hitler, in which he showed an enormous increase in German productivity in recent years, and normally it would be expected that that would be reflected in the standard of living. The wages of the German workers had not been increased. Their increased value had gone back in the form of loan and investment, so that there would not be an increase in the volume of purchasing power. At the present time there was practically no unemployment in Germany.