Hitler & the Prospects of War

(Copyright Harpers Magazine)
(Continued from last issue)

2. A Revealing Document

The skeptical, or the simply cautious reader will reply that our interpretation of the Hitler program is, at best, a hypothesis, which has certain marks of verisimilitude but by no means the stamp of authenticity. To this one can reply: the program flows from the imperative logic of the circumstances and in big politics one must have as the point of departure that the opponent will always make his best moves. The difficulty of literally proving the "hypothesis" unfolded above, lies in the fact that the opposition literature of the National-Socialists is exceptionally abundant and contradictory, whereas the governmental practise is still very recent and meager. The author was fully aware of this difficulty when he undertook this work. But we were assisted by a fortunate accident which supplied us in time with a political document of extraordinary value.

We refer to an "Open Letter" of Hitler to Papen, published in the form of a little brochure on October 16, 1932. Rather sharply polemical in tone, the "Letter" remained unnoticed outside of Germany. The leaders of National-Socialism talk and write too much! Still, it should have found a place on the table of every diplomat or journalist who occupies himself with the present-day foreign policy of Germany. Let us recall the circumstances of the polemic. Papen was then Chancellor. Hitler was in expectant opposition—between August 13, when Hindenburg refused to appoint him head of the government, and January 30, when the Field Marshall was forced to yield the command of Germany to Hitler. The "Open Letter" was not destined for the masses, but for the ruling classes, and had as its aim to prove to them that the social regime of Germany cannot be saved solely by bureaucratic methods; that only the National-Socialists have a serious program in foreign policy; finally, that he, Hitler, is as far removed from effete resignation as he is from adventurism. The letter is almost void of demagogy, it is serious in tone and veracious in essence. Today, it may be assumed, Hitler would gladly burn his own brochure in the furnace. All the more attentively should his adversaries examine it.

"It is absurd to think," Hitler explained to Papen, "that the power which disarmed us, will today seriously also disarm itself without being forced to do so." It is just as absurd to wait for France to agree some fine day or other to the rearmament of Germany. Its enormous military preponderance relieves France of the necessity of an entente with a vanquished foe on the basis of equality of rights. Any attempt to propose a military agreement to France in return for armaments, will not only be very coldly received but will immediately be brought to the attention of the state against which it might be aimed! Hitler is alluding of course to the Soviet Union. It is possible for Germany to gain the right to arm itself only by means of "a genuine re-establishment of the European equilibrium". England and Italy are interested in the realization of this goal, but in no case and under no conditions is France. "It is inconceivable to think that the lack of intimacy and of concordance with England and Italy can be made up for by the establishment of better relations with France!" The fundamental thesis of the foreign policy of Hitler, which places a cross over the ideas, or if one prefers, over the illusions of Locarno, leaves nothing to be desired in the way of clarity. In the declaration of May 17, we will not of course find so clear an exposition. But the declaration in no way contradicts the "Open Letter": on the contrary, it develops and applies its program for a definite stage.

The goal of German policy is the re-establishment of the military sovereignty of the state. Everything else is only a means thereto. But the means need not at all be constructed in the image of the goal. Under no circumstances must Germany present itself to the world with a rearmament program of its own, even less so to this Disarmament Conference. For two reasons no conference is able to adopt a decision which would radically change the material relationship of forces; the very demand for the right to armaments, while remaining a purely platonic demonstration, will nevertheless permit France to suppress the question of its own disarmament and, what is worse yet, bring England closer to France.

This latter result is ,according to Hitler, already obtained to a certain degree as a result of the thoughtless policy of Papen. England is forced to support France much more than it wants to. It must be recognized that the criticism addressed by Hitler to the "Gentlemen's Club", and to the Chancellor of the Reich himself as a dilletante and an adventurer, is not merely biting but also quite convincing. The "national" barons and bureaucrats have no foreign policy at all. The rattling of an inexistent weapon is dictated to them by domestic considerations: they are ready to utilize the nationalist movement while arresting, at the same time, its further growth. Undoubtedly taking his inspiration from Bismarck, Hitler does not recoil from a blow at the last Hohenzollern: Papen and his colleagues are only the epigones of the theatrical policy of Wilhelm II, with this fundamental difference, that the Kaiser had a first class army, whereas they have only the memory of it. Hitler hits a bull's eye here.

Trotsky Warns Against Nazi Designs on Soviet Union

It is not hard, after this, to understand how badly mistaken was that part of the press and diplomacy which sought to discover the real program of the present German government in the rhetoric of Papen on the peculiar charm of death on the field of battle. It must not be lost sight of that Papen, whom the Nazis, during the brief period of his rule, treated as a captain of the dragoons, feels himself in their midst like a man who is constantly on probation. On May 13, he adopted an unusually loud tone so as to put himself in harmony—but he was mistaken in his calculations. One may have his own opinion about the tastes of an elderly captain of the dragoons who, between taking a dose of Urodonal and drinking down a glass of Hunniadi-Jenos water, propagates among young people the advantages of shrapnel over arteriosclerosis; but one thing is indisputable: behind Papen's discourse is concealed no program. The "pacifism" of the present Chancellor is much more dangerous than the bellicose flights of the Vice-Chancellor.

In passing, we find the explanation for the sharp contradiction between Hitler's declaration and the previous policy of Neurath, Nadolny and others. Hitler became Chancellor at the cost of accepting a ministry of barons and privy councillors. The camarilla around Hindenburg consoles itself with the idea of pursuing also its policy under Hitler. In all likelihood, it is only the threatening repercussions of Papen's speech that gave Hitler the possibility of finally taking into his hands the helm of foreign policy. It is not Wilhelmstrasse which dictated the declaration of May 17 to the new Chancellor. On the contrary, it is Hitler who subdued the fantasies of the barons and the privy councillors of Wilhelmstrasse.

But let us return to the "Open Letter". With an unusual bruskness, it attacks the slogan launched byPapen on naval armament: even if Germany had the means—and it hasn't—it would not be permitted to convert them into warships and it would be powerless to violate the prohibition. The slogan of military armament alone drove England to the aide of France: there you have the results "of your truly fatal leadership in foreign policy, Mr. von Papen!"

The struggle for the arming of Germany, on sea and on land, must be based upon a definite political idea. Hitler calls it by its name: the need of "strengthening the defense **against the latent dangers of the East**" is comparatively easy to motivate. Sympathy for such a program is guaranteed in advance on the part of "clear-visioned persons" in the West—obviously not in France. It is only from the standpoint of "the defense necessary for us in the East", with regard to the Baltic Sea, that England can be persuaded to accept "corrections" also in the naval paragraphs of the Versailles treaty. For it must not be forgotten: "at the present time, it is important for the future of Germany to have an attitude full of confidence towards England".

The German national movement can and should demand armament, but the German government must in no case expound this demand. Today, it must insist only and exclusively upon the disarmament of the victors. Hitler considered it self-evident that the Disarmament Conference is condemned to failure. "There would be no need at all", he wrote three months before his advent to power, "for the German delegation to participate interminably in the Geneva Disarmament comedy. It would suffice to expose clearly before the whole world the wish of France not to disarm, for us thereupon to quit the Conference, stating that the peace of Versailles has been violated by the signatory powers themselves and that Germany must reserve for itself under these circumstances the drawing of the corresponding conclusions."

The declaration of Hitler, as Chancellor, only serves to develop this melody. The refusal of the victors to disarm would signify the "final moral and real liquidation of the treaties themselves". Germany would interpret such conduct as the desire "to remove it from the Conference". In that case, it would be hard for it "to continue to belong to the League of Nations". Truly, the "Open Letter" is indispensable as the key to the strategy of Hitler!

The departure of Germany from the League of Nations should be accompanied by a disaffection between France, on the one hand, and England and the United States, on the other. The first pre-conditions will be created for the re-establishment of the "European equilibrium" in which Germany must occupy a growing place. With the concordance of Italy and England, Hitler will acquire the possibility of rearming Germany, not by petty contraband measures but by big "corrections" in the Versailles treaty. Parallel to this, will be developed the program of "defense" against the East. In this process, a critical point must inevitably supervene: **war.** Against whom? Should the line against the East prove to be the line of least resistance, the explosion can also take place along a different direction. For, if it is still possible to discuss to what degree offensive means are distinguished from defense means, it is already beyond discussion that the military means suitable for the East are equally suitable for the West.

Hitler is preparing for war. His policy in the domain of economics is not dictated by the abstraction of autarchy, but primarily by a concern over the maximum economic independence of Germany in case of war. To the aims of military preparation must also be subordinated the service of obligatory labor. But the very character of these measures indicates that it is not a question of tomorrow. An attack upon the West in the more or less proximate future could be carried out only on condition of a military alliance between Fascist Germany and the Soviets. But it is not the most turbulent sections of the White Guard emigration that can believe in the possibility of such an absurdity or can seek to make a threat out of it. The attack against the East can take place only on condition of the support of one or several states of the West. This variant is, at all events, the more real one. But here too the preparatory period will not be measured by weeks or by months.

The four-power pact, deciding nothing fundamental in advance, can only organize the mutual contact of the largest states of western Europe: it is a guarantee against hazards of a secondary order, but not against fundamental antagonisms. Hitler will strive to extract from the pact all the advantages for the attack against the East. The regulations of the pact predetermine no more than ten percent of its future destiny. Its real historical role will be determined by the actual relationships and the groupings of its participants, their allies and their adversaries.

Hitler is prepared for the next ten years not to undertake any military actions against either France or Poland. In the declaration, he fixed five years as the term which genuine equality of rights for Germany in the matter of armed forces must be accomplished. These terms need not, of course, be invested with a sacred significance, but indirectly they nevertheless outline the bounds, in point of time, within which the leading circles of Fascism confine their plans of revenge.

Domestic difficulties, unemployment, the ruination and the distress of the petty bourgeoisie, may, of course, push Hitler to premature actions which he himself, by a cool analysis, must regard as harmful. In living politics, one must base himself not only upon the plans of the opponent but also upon all the entanglements of the conditions in which he is placed. The historical development of Europe will not meekly obey the order of march worked out in the Brown House of Munich. But this order of march, after the seizure of power by Hitler, has become one of the greatest factors in European development. The plan will be altered in conformity with events. But one cannot understand the alterations without having before him the plan in its entirety.

The author of these lines does not consider himself at all called upon to mount guard before the Versailles treaty. Europe needs a new organization. But woe betide it if this work falls into the hands of Fascism. The historian of the twenty-first century will, in that case, inevitably have to write the epoch of the decay of Europe began with the war of 1914. Called the "war of democracy", it soon led to the domination of Fascism which became the instrument concentrating all the forces of the European nations towards the aim of "the war for liberation"....from the results of the preceding war. Thus, Fascism, as the expression of the historic blind alley of Europe, was at the same time the instrument of the destruction of its economic and cultural acquisitions....

Let us hope, however, that this old continent still has sufficient vital strength left to open up to itself a different historical road.

Prinkipo, June 2, 1933.

—L. TROTSKY.

Richard Rall

Comrade Richard Rall, an active member of the Left Opposition in Kansas City, passed away Monday August 28. Pneumonia was the official cause but the bosses speed-up —the real murderer.

The auto plant where comrade Rall had been working up to the time of his illness had been driving its hired slaves from seventy to eighty hours a week during the months of May, June and July. This speed-up robbed comrade Rall of all physical resistance to disease and drove him a victim of capitalist exploitation, to death at the early age of 29.

Richard Rall had a rich proletarian background. His father was a militant battler in the early struggles and free speech fights of the western workers. The Russian Revolution opened the eyes of the elder Rall to the need of political action. This turn of events made a vivid impression upon the then young comrade, Richard Rall.

Comrade Rall came to Kansas City two years ago and immediately took up the study of Marx Engels, Lenin and Trotsky. This brought him to the conclusion that the program of the Left Opposition was the only one that would lead the world proletariat to victory.

Up to the time of sickness, comrade Rall was the organizer of the Kansas City branch of the Left Opposition and the study class of the Spartacus Youth Club which, under his able tutulage grew from twelve to twenty.

Disarmament and War-V.I.Lenin

(Continued from last issue)

(This article was published by comrade Lenin in October 1916, in the **Social-Democrat,** the Bolshevik publication issued in Geneva, Switzerland during the war. It is of especial importance now, when preparations are being made for an Anti-War Congress with the participation of Barbusse and other pacifists. It clearly states the revolutionary line in the struggle against war, and distinguishes it from petty-bourgeois pacifism. To read this document now enables one to measure the distance which separates the line of Lenin and that of Stalin, the "greatest disciple of Lenin".—Ed.)

• • • •

The adherents of disarmament are opposed to the point in the program on the "arming of the people" for this reason among others, that the latter demand is supposed to lead more easily to concessions to opportunism. We have already examined the most important part: the relation of disarmament to the class struggle and to the social revolution. Now let us examine the question of the relation of the demand for disarmament to opportunism. One of the most important reasons why it is unacceptable is precisely the fact that it, and the illusions created by it, inevitably weaken and take all force from our struggle against opportunism.

There is no doubt whatever about the fact that this struggle is the most important question on the agenda of the International. A struggle against imperialism, which is not indossolubly connected with the struggle against opportunism, is nothing but an empty phrase or a swindle. One of the main deficiencies of Zimmerwald and Kienthal, one of the main reasons for a possible fiasco (failure, or collapse) of these germs of the Third International, lies precisely in the fact that the question of struggle against opportunism was not even openly posed, not to speak of a decision on this question in the sense of the necessity of a break with the opportunists. Within the European movement opportunism has conquered—for the time being. In all the larger countries two shades of opportunism have been formed: first, a nhonest, cynical and therefore less dangerous social-imperialism, that of Messrs. Plekhanov, Scheidemann, Legien, Albert Thomas, Sembat, Vandervelde, Hyndman, etc.; and second a concealed form, of the Kautskyan type: Kautsky-Haase and the "Social-Democratic Co-operative Group" in Germany; Longuet, Pressemane, Mayeras, etc. in France, Ramsay MacDonald and other leaders of the "Independent Labor Party" in England, Martov, Tscheidse, etc. in Russia, Treves and other so-called "Left reformists" in Italy.

The sincere form of opportunism is frankly and openly opposed to the revolution, and to the beginning revolutionary movements and outbreaks, it is in open alliance with its government, no matter what different forms this alliance may take, ranking from participation in the ministry up to participation in the war committees of industry. The concealed opportunists, the Kautskyans, are more harmful and dangerous to the labor movement, because they hide the defense of their pacts with the government behind fine-sounding and also "Marxist" phrases and pacifist slogans. The struggle against both these forms of the prevailing opportunism must be carried out in all fields of proletarian policy: parliamentary, trade union, strikes, the army, etc.

Imperialist War and Class War are Sharply Contrasted

But in what does the most important peculiarity consist, which distinguishes **both** forms of the prevailing opportunism?

It consists in the fact that the concrete question of the **connection of the present war with the revolution and other concrete questions of the revolution** are passed over in silence, are veiled over or are treated with reservations as to police prohibitions. And this is done—irrespective of the fact that, before the war, unofficially on innumerable occasions and officially in the Basle Manifesto the connection of precisely **this** coming war with the proletarian revolution was pointed out.

The main defect of the demand for disarmament consists precisely in the fact that in it all the concrete questions of the revolution are evaded. Or are the adherents of disarmament in favor of an entirely new kind of unarmed revolution?

IV.

We go on. We are in no way opposed to the struggle for reforms. We do not want to ignore that dismal possibiltiy, that if the worst comes to the worst, mankind will live through yet another imperialist war, if, irrespective of the numerous outbreaks of the ferment among the masses and their discontent and irrespective of our efforts, the revolution fails to develop out of this war. We are in favor of a program of reforms, which is directed against the opportunists **too.** The opportunists would be only too happy if we were to leave to them alone the struggle for reforms, and betake ourselves to the misty distances of some "disarmament" in order to save ourselves by flight from the sad reality. "Disarmament" is just that, a flight from ugly reality, but absolutely not a struggle against it.

A propos: one of the main deficiencies in the posing of the question, for example of the defense of the fatherland, among certain Left wingers, lies in the fact that the answer is not concrete enough. It is theoretically far more correct, and practically far more important, to say that in the **given** imperialist war the defense of the fatherland is a bourgeois-reactionary swindle instead of setting up "general" theses against "every" defense of the fatherland. This is not correct, and also does not "hit" the immediate enemies of the workers within the workers' parties, the opportunists.

In the question of the militia, in working out a concrete and practically necessary answer, we should have said, "We are not for a bourgeois, but only for a proletarian militia". And therefore 'Not a penny and not a man", not only for the standing army but also for the bourgeois militia, even in such countries as the United States or Switzerland Norway, etc. And all the more so, because even in the freest republican countries (for instance in Switzerland) we see the Prussianization of the militia, the prostitution of the militia for the purpose of mobilization against strikers. We can demand: selection of officers by the people, abolition of all military law, equal rights for foreign workers with the native-born (this is an especially important point in such imperialist countries as Switzerland which exploit foreign workers more and more shamelessly and leave them without rights) and moreover: the right, let us say, for each hundred inhabitants of a given country to create free associations for the study of the art and science of war, with free selection of instructors and payment of the work of the instructors out of State funds, etc. Only under such conditions could the proletariat acquire the knowledge of war **for itself** and not for its slaveholders, and the interests of the proletariat unquestionably demand such knowledge. The Russian revolution has shown that every success, even if it is only a partial success, of the revolutionary movement, as for instance the conquest of a certain city, of a certain factory district, a certain part of the army, will inevitably **force** the victorious proletariat to realize just such a program.

Finally, it is a self-understood that one must not fight against opportunism with programs alone, but by inflexibly seeing to it that they are carried out. The greatest and most fatal error of the now bankrupt Second International lay in the fact that its deeds did not correspond to its words, that the habit of the conscienceless revolutionary phrase was cultivated (see the present relation of Kautsky and his partners to the Basle Manifesto). If we approach the demand for disarmament from this point of view, we must first of all raise the question of its **objective meaning.**

Disarmament as a social idea—that is, as one whose origin is due to a certain social situation and which can have an influence on a certain social milieu, and which does not merely remain the caprice of an individual or of a circle—has evidently arisen from the special, unusualy "calm" conditions of existence of a few small states, which have stood aside from the bloody road of the war for a fairly long time, and hope to continue to remain on the side. In order to be convinced of this, it is sufficient to visualize the line of reasoning of the Norwegian adherents of disarmament: "We are a small country, we have a small army, we can do nothing against the great powers (and therefore they are powerless to resist being forcibly drawn into an imperialist alliance with one group or another of the great powers!), we want to continue in peace in our little corner and carry on our little corner politics and demand disarmament, compulsory courts of arbitration, eternal neutrality, and the rest" ("eternal" neutrality—like that of Belgium, evidently?)

The petty effort of the small states to remain on the side—the petty-bourgeois wish to remain at all costs far from the great battles of world history—and to use their relatively monopolistic position to remain in an ossified passivity—this is **objectively** the situation which can obtain a certain success and a certain circulation for the idea of disarmament in a few small states. It is self-understood that this effort is reactionary and rests on illusions alone, since imperialism is drawing the small states after all, in one way or another, into the whirlpool of world economy and world politics.

We can illustrate this by the example of Switzerland. The imperialist situation prescribes for it, objectively speaking, **two** directions for the labor movement. The opportunists are trying to make an alliance with the bourgeoisie, to make Switzerland a republican-democratic monopoly federation, to make money out of the tourists of thei mperialistic bourgeoisie, and to be able to use this "peaceful" monopoly position all the more profitably and all the more quietly. In practice, this policy of the alliance of a small privileged layer of workers in a small country, itself in a privileged position, with the bourgeoisie of its own country, is **opposed** to the masses of the proletariat. The genuine social-democrats of Switzerland are trying to use the relative freedom of Switzerland, its "international" position (as neighbor to the countries of the highest civilization), as well as the circumstance that Switzerland, thank God, does not speak its "own independent" language but three world languages for the broadening, consolidation and strengthening of the **revolutionary** alliance of the revolutionary elements of the proletariat of all Europe. "Let us help our bourgeoisie to remain in the monopoly position of dealing in the quietest manner possible in beauties of the Alps, for a long time to come; perhaps then a few pennies will fall off for us"—this is, objectively speaking, the content of the policy of the Swiss opportunists. "Let us help the alliance of the revolutionary proletariat among the French, the Germans and the Italians to overthrow the bourgeoisie" —that is the object-content of the policy of the Swiss revolutionary social-democrats. Unfortunately this policy is still only inadequately carried through by the "Lefts" in Switzerland, and the excellent and the excellent decision of its party congress in Aarau in 1915 ,recognition of the revolutionary mass struggle) for the time being still remains on paper. But that is not the question now.

The question which interests us can be posed in this way: Does the demand for disarmament correspond to the revolutionary direction among the Swiss social-democrats, or not? Obviously this is not the case. Objectively speaking, the "demand" for disarmament corresponds to the opportunistic, narrowly-national, line of the labor movement, limited by the horizon of a small state. Objectively speaking, "disarmament" is the most national, the specifically national, program of the small states, and in no way an international program of international social-democracy.

—N. LENIN.

• • • •

P. S. In the last issue of the English magazine, **The Socialist Review** (September 1916), the organ of the opportunistic "Independent Labour Party", we find on page 287 the resolution of the Newcastle Conference of this party—**"refusal of support to any conceivable war of any conceivable government",** even if this war should "nominally" be a defensive war. And on pagt 205 we find in the editorial the following statement, "We do not approve the insurrection of the Sinn-Feiners (the insurrection Ireland in 1916). We do not approve of any armed insurrection altogether, just as we do not approve of militarism and war no matter what kind of form it may take".

Is it still necessary to prove that **these** "anti-militarists", that **such** adherents of disarmament, not in small state, but in a great power, are the worst kind of opportunists? And yet they are perfectly right in theory, when they regard the armed insurrection as being also "one of the forms" of militarism and of war.

October 1916. —N. LENIN.

Inflation Hits the American Working Class

When President Roosevelt was granted the power to reduce the gold content of the dollar by one half and to inflate currency the inter-relation of politics and economics was clearly seen by the stimulation this act gave to the increase of the prices of commodities. Neither of these measures have been carried out, nevertheless, a state cannot adopt such a far reaching political measure, knowing the experience of post-war Europe, without expecting immediate effects upon the economic system and upon prices.

The commodities that the workers buy have increased greatly in price and average over 30 percent in many cities. Many economists deny this and inform us that inflation amounts to only about 1 percent. One of the many tricks they use is the method of taking an average of about 300 commodities, the majority of which the workers do not even buy once a year. In this manner the capitalist spokesman try to cover up the increase in prices of the daily consumed commodities the workers use.

Again the question of currency inflation is coming to the fore. This time directly in relation to the NRA. General Johnson correctly informs the public that unless the machinery for credit is organized as fast as the codes are being signed the NRA will not function properly. This means increased credit inflation now, to be followed by currency inflation later. Within the last few weeks the Federal Reserve Board has been increasing its purchases of government bonds. This is also a form of credit inflation.

The apologists of capitalism are systematically propagandizing the general public to the effect that there is no inflation. This is true only in the sense that the technical financial machinery of inflation has not been put into motion on a broad scale. The cost of living, however, has gone up rapidly and consistently, and this is what the worker means by inflation, because this is how inflation is expressed in his every-day life. All lies that have an element of truth, or a half truth unexplained constitute the best kind of capitalist propaganda. Such is the case with the question of inflation. When the capitalist economists inform us that there has been no inflation, meaning outright currency inflation, they are correct. But the real problem only begins where these writers leave off.

Currency inflation is only one form of inflation and not the best as experience has proven. Currency inflation will only be resorted to if the other forms and other methods applied fail to bring the desired results. Then we may be forced with the problem of actual devaluation of the dollar.

Credit inflation measures were started under the Hoover administration and have been increased since. The effects, however, were washed out by the decline in world prices. Nevertheless, the policy of the Hoover and later the Roosevelt government, through the different farm relief organizations, through the R. F. C. and N. R. A., as well as the banking and currency acts, taken together all constitute measures in this direction.

The currency policy of the government is now following up its farm relief and R. F. C., policy by having the Federal Reserve increase its purchases of government securities in the open market. Since this leads to the replacing of Federal Reserve notes, backed by a minimum of 40 percent gold, by notes, backed by what is called sound collateral, this leads to a form of inflation. The general result is that since the Roosevelt government took office, there have been over a hundred million dollars of the new Federal Reserve Bank notes issued, but this has been more than counterbalanced by the heavy decrease in the old Federal Reserve notes outstanding. The further expenditure of public funds under the recovery plan will stimulate the inflation of credit, started under the Hoover administration.

On the foreign exchange markets the dollar has declined 30 percent. When Roosevelt issued his statement to the London conference instructing the American delegation not to participate in plans for currency stabilization, the policy of "controlled inflation" took another jump upward. The immediate effects of the fall of the nation's currency on the foreign exchanges usually does not effect the domestic prices to a great degree. However, in this case it did move prices upward on the home market. On the other hand, the fact that America is the world's creditor nation has a tendency to force the dollar toward par. But further measures against this tendency have been taken by the government.

Nevertheless, the government measures that is: the conferring of power to inflate currency, the going off the gold standard, the embargo on gold, the power to reduce the gold content of the dollar by 50 percent, the public works projects, the credit inflation and the fall of the dollar on the foreign exchange by 30 percent, all this has had the effect of causing prices to rise rapidly. Senator Thomas, who sponsored the Farm Adjustment Act amendment, said in behalf of his proposed inflationary measure: "If the kind of inflation we are having brings back the 1926 price level, then perhaps we may not need to resort to physical inflation of currency' 'Thus Senator Thomas informs us that inflation existed prior to the measures of the Roosevelt government. He is correct and today prices have been increased.

The Frazier Jelke and Company, dealing with the effects of inflation on stock market prices listing some stocks from March the third to June the nineteenth, finds that in dollars industrial stock rose 78 percent; rails 80 percent and utilities 65 percent. This is the price advance in terms of dollars. From the standpoint of the theoretical advance in terms of gold the rise in price has been: industrial 45 percent; rails 47 percent; and utilities 34 percent.

Hughes, of the Consolidated Press calculated that the advance due to inflation is between 41 and 46 percent. Inflation changes and price rise in the cost of living differ from the stock prices. The transfer of wealth from currency to commodities and stocks is the logical process of inflation plus the fear of currency inflation.

America's gigantic economic system, its creditor position, and its tremendous gold supply gives this group of imperialists a strong position despite the path of inflation in which, it is now traveling. Nevertheless, even these bulwarks are no guarantees against the coming storms.

—HUGO OEHLER.