

DES MOINES PUBLIC FORUMS

Leader -- Mr. Karl P. Polanyi

Six Lectures -- January 8 to February 15, 1935

General Theme -- Taking Stock of Central Europe

LECTURE I -- FASCISM: NATIONAL PLANNING AND INTERNATIONAL ANARCHY

A. Summary of Points Made

Summary -- More drastic changes in Central Europe during last ten years than effected by Great War and Peace Treaties. Emergence of a new kind of State. Traditional aims of the State: Material well-being of its citizens, Peace and Progress for Mankind. These aims of the State rejected as illusionist, despicable and unworthy of the State. Permanently lower standards of life announced by Mussolini for the future. Hitler sounds similar notes. Peace, Progress and Humanity denounced as false ideals, responsible for national and racial decay. Spartan virtues extolled. Germany the ideal Fascist state. Austria and Italy variations of the German model. The economic, political and international features of Fascism forming a consistent whole.

1. Planning for economic self-sufficiency

Self-sufficiency has a different meaning for countries which could be self-sufficient, and for countries which could not be. Relatively self-sufficient territories (Russia, U. S. A., British Empire) and non-self-sufficient ones (Germany or Italy). Expectation of war behind effort to increase food supplies in Central European countries. Peasant farming supported at all costs as a safeguard against Bolshevism. Economic conditions those of a beleaguered fortress.

2. Against Democracy, Individualism and Christian ideals

Fascism is a counter movement to Socialism. It is borne by those classes in society which are most opposed to the workers. The experience of the Continent is that Democracy leads to Socialism. Why? The Continental working class is "class-conscious" because it helped the middle class to destroy feudalism in 1789, 1848 and 1917-18. Its class-consciousness is mainly a consequence of this historic function. Fascism in its endeavor to make Socialism impossible turns against Democracy, Liberalism and Individualism. This is the explanation of the ideals of Fascism, its political and economic program. "Individualism leads to Liberalism, Liberalism leads to Democracy, Democracy leads to Socialism." The clash with Christian ideals is inevitable.

3. International Anarchy

Fascism rejects the concepts of Humanity and of Progress. Therefore it rejects the concept of Progress toward a Human Commonwealth: International Anarchy not only as the natural but also as the permanent and desirable state of the World. Fascist planning and non-Fascist planning. Some measure of planning inevitable in future. Crucial question: What does a state plan for? Two types of new states: Planning for cooperation and New World Order or planning for increased Power in a system of International Anarchy.

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LECTURE II -- GERMANY: IS IT BEYOND REPAIR?

A. Summary of Points Made

Summary -- Germany the perfect type of New Nationalism. Military preparedness the final end of the State. This precept taken literally: (1) Her economics anticipate a blockade. (2) Establishing beforehand the political institutions needed in war time. (3) Her social organization meant to achieve national unity for the sake of military efficiency. Mythology of blood, worship of physical strength, racialism, etc.

1. In Economics

Germany cutting herself loose from the World system of credit, trade and capital investment. Highly favorable trade balance demolished in order to increase certain imports. Virtual monopoly of foreign trade. Reichsmark an internal currency. Varieties of currency unimportant if food is to be rationed. Deliberate default on external debts. Discrimination in defaulting dependent upon considerations of foreign policy.

a. Agricultural self-sufficiency

New Yeomanry. Feudal privileges extended to the peasantry. Not Homesteads, but Medieval entails. In Central Europe self-sufficiency in grain leads to insufficiency of industrial exporting capacity.

b. Industrial organization

Import control implies control of exports. State regulation of industries. But no guarantee of profits. Gasoline, substitutes for rubber, wool and other raw materials produced in the country.

2. In Politics

Powers of President and Prime Minister combined in the person of the Leader. End of Federalism in the Reich an asset to Germany. But on the debit side there is the Austrian Problem. Partial failure of Churches in Germany. Heroic stand of Pastors' Emergency League and its historical importance.

3. In Social Organization

Hitler's Autobiography the clue to German Fascism. "Nationalizing the Masses" with the help of the "anti-capitalist" slogan. The Düsseldorf Speech. Ultimate aim: an ultra-nationalist Capitalism consolidated under a Permanent Dictatorship.

Conclusions -- Germany has embarked upon a long-term policy, the reversal of which is beyond reasonable probability. Short of a total upheaval, she will not go back upon her new policy until its results are forthcoming.

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LECTURE III -- ITALY: WAS IT WORTH WHILE?

A. Summary of Points Made

Summary -- (What is the Corporative State and how far has Italy travelled towards it?) Beginnings of Fascism in Italy even more violent than in Germany. (Hitler suspended progress towards a Corporative State (Ständischer Aufbau). Mussolini although apparently advancing towards it, actually no nearer to it than Hitler. Censorship in Italy makes recognition of this difficult.

1. In Economics

Balance sheet of Fascist Economics: What was the outcome of the Wheat Battle? Of the drive to stop the fall of the birth rate? Of the embargo on emigration? Of the efforts to straighten out the trade cycle? To improve the balance of trade? To deal with unemployment? To put State finances on a sound basis? To raise the standard of life of the population?

2. In Social Organization

Thirteen years after the march on Rome and eight years after the promulgation of the 'Charter of Labour' the Corporative System still in statu nascendi. The National Council of Corporations less an administrative or a legislative body than an elaborate grouping of study circles with more or less ceremonial functions. What distinctive principles of State interference with industry are observable? What is the actual position concerning wage arbitration; the economic function of Trade Unions? How far are they obligatory? How far is membership of them compulsory? How much reality is there behind many official Fascist terms?

3. In Politics

Three factors under the constitution: (a) the Crown, (b) the Corporations, (c) the Fascist Party. Is it a system of checks and counter-checks? What is the meaning of the Plebiscite, of Representation, of "Liberalism" under it? Are Crown and Corporations constitutionally independent of the Dictator? Is there a Fascist solution to the problem of succession in Dictatorship?

Conclusions -- No serious progress towards setting up a new type of society. As long as Italy is "Planning for Poverty" she will stand for International Anarchy. Some symptoms of a new start towards international cooperation observable. Accordingly, Italy's push for economic self-sufficiency weakening. Mussolini in retreat.

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LECTURE IV -- CAN AUSTRIA REMAIN INDEPENDENT?

A. Summary of Points Made

1. Austria and her six neighbors. The hub of the Central European turmoil. If Germany achieves union with Austria, Czechoslovakia would probably be broken up and the Danubian system of states thrown into the melting pot. Czechoslovakia supported, more or less, in her opposition to Austro-German Union by the two other members of the Little Entente: Rumania and Jugoslavia. Italy afraid of a Pan-German thrust towards the Adriatic. Germany persists in regarding both the Italian and the Little Entente support of Austria against her as a danger to Austrian independence. Austria naturally trying to retain her independence of all three: Germany, Italy, and the Little Entente.
2. Why is Austria set against Union with Germany at present? What of the "Anschluss" Movement? Austria a German state by race and language. Her present political system almost as far removed from Democracy as the German. Her refusal to unite due mainly to the abolition of Federalism in Germany by Hitler. Union with a Federal Commonwealth would have left Austria culturally autonomous. But joining a unified German state would mean the total engulfment of Catholic Austria in Protestant, or, rather, National-Socialist Germany.
3. Catholicism and Federalism allied in German Central Europe. The two Catholic countries, Bavaria inside, and Austria outside Germany, eventually joining forces in favor of restoring Federalism. An independent Austria thus pivotal for Catholic politics in Central Europe. The Vatican following a double line of action: Attempted a compromise with National Socialism in Germany at the same time fortifying its independent Austrian position against Germany. A Catholic Fascist State established in Austria. A doubtful asset in Austria's fight for her independence.
4. What is Catholic Fascism? How could a minority establish it against the opposition of the two popular mass movements in Austria herself, i.e., the anti-Fascist Social Democrats and the German Fascist National Socialists? Mussolini, in his fight with Hitler, thrust Fascism upon Austria. This may yet prove a fatal mistake. First the Democratic wing of the Conservative Christian Socialist Party crushed by the Heimwehr, then the Social Democrats put down by force. The Heimwehr supported in this by both the Italian Government and the Vatican. The destruction of Austrian democracy a heavy blow to the internal forces standing for the independence of the country against National-Socialist Germany.
5. Austrian economic life is being stabilized on a lower level. Union with Germany becoming less favorable on account of German internal economic difficulties. Neutralization of Austria, if successful, would be a great step towards European peace.

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LECTURE V -- THE FIVE DANUBIAN STATES: WHY CANNOT THEY COOPERATE?

A. Summary of Points Made

The Danubian System: Austria and Hungary - two defeated remnants.
Czechoslovakia, Rumania, Jugoslavia - three new states.

1. Why no progress towards economic cooperation?

- a. Two defeated countries, Austria and Hungary, kept apart by their efforts towards economic self-sufficiency. In Austria, governments, though politically favorable towards cooperation with Hungary, were mainly agrarian, and therefore averse to throwing open Austrian market to Hungarian grain. Hungarian Governments aiming at protection of home industries, partly for military reasons, unable to make concessions to Austrian industries.
- b. Three victorious countries (Czechoslovakia, Rumania, and Jugoslavia) were (1) lacking geographical cohesion, and (2) economically non-complementary. Two of them definitely agricultural, the third, (Czechoslovakia), although strongly industrialized, fostering agriculture artificially.
- c. No cooperation of complementary groups, i.e., of the industrial countries, Austria and Czechoslovakia, on the one hand, and the agricultural countries, Rumania, Hungary and Jugoslavia, on the other.

2. Why no progress in the political field?

- a. Minorities issue: Hungary, the present main creditor on this issue, was in pre-War times the main debtor, and a bad one at that. This impairs her standing. Hungarian minorities in new states often in even worse position than racial minorities were in former Hungary. Political tension has become so great that liberal solution of racial problems much more difficult than before.
- b. Revision issues complicate minority problems considerably. Would Hungary be permanently content on Lord Rothermere's lines? If so, would Czechoslovakia make counter-proposals on "Masaryk lines"?

3. Why did Parliamentarism fail in Danubian States?

As result of territorial acquisitions the victorious Jugoslavia, Rumania and Czechoslovakia (similarly Poland) become states with a highly mixed nationality. Tremendous strain put on representative institutions. Consequent breakdown in Jugoslavia, Rumania and Poland, partly in Czechoslovakia. The defeated Austria and Hungary become

nationally pure states. But economic burden of defeat produces in those countries unbearable social strain. Class conflict and revolutions disrupt parliamentarism. This representative democracy fails to solve problems arising not out of normal conditions but out of the catastrophic consequences of the Great War and Peace Treaties.

Conclusions -- In the economic field any advance towards cooperation impossible in the Danube without some measure of political understanding. This mainly depends on agreement between Great Powers, notably between France, the friend of the Little Entente States and Italy, the Protector of Hungary. Doubtful whether the recent Rome agreements between Laval and Mussolini have actually opened up the way towards such cooperation.

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LECTURE VI -- THE POWERS: BOTH HELP AND HINDRANCE TO A NEW EUROPEAN ORDER

A. Summary of Points Made

1. Two legacies of War: Hungary's revision claim and question of Austro-German Union ("Anschluss"). European setting of Danubian conflicts. The main groupment: Germany supports Hungary; France supports the Little Entente. Italy's divided policy: For Germany on the Hungarian, against Germany on the Austrian issue. Three-cornered fight between Germany, Italy, and the Little Entente.
2. This confusing situation result of breakup of revisionist front as a consequence of National-Socialist foreign policy. Revisionist block formerly included Germany, Hungary, Russia, Italy, Bulgaria, Austria. Only Germany and Hungary definitely revisionist today. Why did Italy leave the revisionist front? Hugenberg and Rosenberg, Conservatives and Nazi, united on anti-Soviet policy. Prospective cooperation with Poland against Russia. Mussolini's rude awakening when Hitler claims "Anschluss". "Anschluss" would make militarist Germany neighbor of Italy. Danger points for Italy: Southern Tyrol, Trieste, Balkans, the Adriatic. Italy offers in Summer 1934 military support to Vienna Government in case of German invasion of Austria. Formation of Italo-Austro-Hungarian block, opposed both to Little Entente block and to Germany.
3. But both blocks not quite solid. (a) Italo-Austro-Hungarian block: Revisionist Hungary, although Italy's ally, in strong sympathy with Germany. Austria unlike Hungary (and Italy) not interested in revision. (b) Little Entente: Czechoslovakia concerned mainly about Germany, Yugoslavia about Italy. Rumania less apprehensive about both. Present Yugoslavia Hungarian conflict due to Jugoslavs' fear of Italo-Austro-Hungarian block.
4. In the three-cornered fight between Germany, Italy and the Little Entente an agreement between the last two not inconceivable. This depends mainly upon Italo-Yugoslav compromise in the Adriatic. This again could be very much facilitated by sincere Franco-Italian rapprochement. Italy becoming more amenable. Failure of her German policy and Russia's return to Europe weakened her bargaining power in relation to France decisively. This leading to Rome agreement. Russia's attitude mainly determined by Far Eastern situation. Austria the Manchukuo of Central Europe. This more than a superficial analogy. Germany on the Western, Japan on the Eastern frontier of Russia are playing a very similar game. The Russian continent acting as conductor between the two storm centers in the East and West. Peace and War in Pacific might have source on Danube.

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