

# The Red Tide

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A Practical Study of Marxism and Leninism in the 1920s

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## **Abstract**

Following the collapse of the Soviet Union, scholarship on Marxism stumbled to a close with many claiming that study was no longer necessary. However, Marxism should not be equated with the Soviet Union; even at its theoretical core – Leninism – Marxism differs strikingly. While past research has relied upon tedious interpretation of abstract theoretical concepts, this study grounds the theoretical concepts in understandable economic analysis. Focusing upon European economic conditions in the 1920s, this study demonstrates that, although Leninists claimed Europe would soon fall to communism, Marxist conditions for a communist revolution had yet to be met. Only after accounting for the differences between Marxism and Leninism does Europe appear to meet the requirements for a communist revolution.

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## Introduction

In December 1991, after just seventy-four years of existence, the largest state and continental empire in history collapsed without so much as a single gunshot. Shortly after the collapse of the Soviet Union, scholars abandoned their study of Marxism. This occurred in spite of the widely-acknowledged fact that Soviet Russia was not a Marxist or communist state. Between 1917 and 1991, Marxism shifted from a possibly viable economic theory to one that could only be evaluated in conjunction with the theoretical construct that had perverted the original concept: Leninism. The collapse of a nominally Leninist state does not guarantee the failure of a Marxist state. This study demonstrates the dramatic difference between Marxism and Leninism by using three Western European states – Britain, France and Germany – during the interwar period as test cases. These test cases reveal that, although Leninism claimed a communist uprising in Western Europe was imminent during the 1920s, no state had achieved Marx's bourgeois society. The Soviet Union's collapse does not indicate that scholars should abandon their study of Marxist theory.

At its theoretical core, Marxism claims that the communist revolution will spread throughout the entire world. However, Marx and Engels claim that each state will undergo its own proletarian revolution only after its bourgeois revolution.<sup>1</sup> Furthermore, most Marxists believed that the revolution would progress in the order of industrialization: from England to France and then to Germany and Austria.<sup>2</sup> Following the October Revolution, the Bolsheviks recognized that under Marxism, they would need the revolution to expand beyond Russia. The proletarians, being a minority in Russia, would not be able to retain control without support from

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<sup>1</sup> Karl Marx, *The Communist Manifesto*, 1st ed. (New York, NY: Signet Classic, 1998 [1848]), 64.

<sup>2</sup> Leon Trotsky, *The First Five Years of the Communist International*, trans. John G Wright (New York: Pioneer publishers, 1945), 50.

the more industrial nations. However, Trotsky had long before developed his theory of the permanent revolution which asserted that after Russia fell to communism, it would be able to export the revolution to the Western European states.<sup>3</sup> Furthermore, the Bolsheviks believed that this Western European revolution was imminent, specifically in Germany.<sup>4</sup> As we now know, this anticipated revolution never occurred.

As the Bolsheviks realized that the communist revolution was not about to occur in the industrialized states, they shifted away from the theory of permanent revolution. In 1924, Stalin first advanced the idea of socialism in one country; based on the peasantry, socialism could survive in Russia without support from the West.<sup>5</sup> Throughout the remainder of the decade, Stalin battled with Trotsky, Kamenev, Zinoviev and Bukharin for control over the Soviet state. When he consolidated his control over the state, this policy went into full force, effectively ending the dreams of a Western European revolution.

This study utilizes the economic conditions in Europe during the 1920s to demonstrate that the Bolsheviks were incorrect in asserting that Britain, France and Germany were prepared for Marxist revolutions.

## **Historiography**

Since its creation in 1848, Marxism has been a hotly-debated topic amongst scholars. Historians and economists have written entire libraries on Marxist theory, debating its various merits and flaws. However, perhaps the most highly regarded of these scholars is Leszek Kolakowski, whose *Main Currents of Marxism* has become the most oft-cited study. This comprehensive study traces Marxist thought from its dialectic base in Ancient Greece through

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<sup>3</sup> Leszek Kolakowski, *Main Currents of Marxism: The Founders, the Golden Age, the Breakdown* (W W Norton, 2005), 683.

<sup>4</sup> Trotsky, *The First Five Years of the Communist International*, 62-63.

<sup>5</sup> Spencer Di Scala, *Twentieth Century Europe: Politics, Society, Culture* (Boston: McGraw-Hill, 2004), 294-295.

Stalinism. The comprehensive nature of his study permits him to compare various schools of Marxist thought to each other and the orthodox interpretation in a manner that has never been matched before or since. Most importantly, Kolakowski devotes a large segment of his study to discussing Leninism and addresses the relationship between Leninism and Marxism. While Kolakowski refuses to state unconditionally whether Lenin's theory was 'revisionist' or not, he discusses the three greatest departures from Marx's original theory: the role of the communist party, the question of nationality and the necessity of a bourgeois revolution.<sup>6</sup> A self-professed Leninist, Kolakowski's bias likely explains his hesitation to declare a Leninism revisionist philosophy while acknowledging its major departures with Orthodox Marxism.

Another highly-regarded theoretical historian, Andrzej Walicki, argues that Leninism was actually a devout, though extreme, form of Marxism. His study, *Marxism and the Leap to the Kingdom of Freedom*, focuses primarily upon the nature of political freedom in Marxist and Leninist theory. While Walicki does not focus upon the communist revolution, his study fosters a deep theoretical discussion of both Marxism and Leninism. However, Walicki fails to emphasize the differences between Marxism and Leninism that allowed Lenin to take Marx's views on freedom to their extreme. Rather, when mentioning these differences, he focuses upon their relationship to Marx and Lenin's views on freedom.<sup>7</sup> However, the differences he cites closely mirror those that Kolakowski finds.

Other scholars, such as Robert Tucker and Stephen Cohen, have also identified similar differences between Marxism and Leninism. However, each scholar focuses solely upon the theoretical writings of Marx and Lenin. This theoretical discussion of Marxism, while extraordinarily interesting to the theoretical historian, makes for a steep learning curve in

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<sup>6</sup> Kolakowski, *Main Currents of Marxism*, 661-686.

<sup>7</sup> Andrzej Walicki, *Marxism and the Leap to the Kingdom of Freedom: The Rise and Fall of the Communist Utopia* (Stanford, Calif: Stanford University Press, 1995), 359.

understanding the differences between various school of Marxist thought. Furthermore, it creates scholarship that has absolutely no practical application; there is no relationship between the theory they discuss and the tactile world.

The theoretical discussion of Marxism and practical application of the study separate this study from those preceding it. While this study does undertake some theoretical discussion of Marx – it is impossible to not do so – the main focus of the study is the economic conditions during the 1920s. The theoretical discussion of Marxism is geared towards creating a series of thresholds that can be used throughout the course of the analysis to measure the extent to which interwar Europe had achieved the preconditions necessary for a Marxist revolution. This unique lens also yields a more practical analysis of the differences between Marxism and Leninism. Whereas other scholars have relied upon Marx's and Lenin's writings to demonstrate their differences, this study relies upon socio-economic conditions, something to which every individual can relate.

However, this study is not without its own limitations. Perhaps the greatest limiting factor is that Marx and Engels, perhaps wisely, developed a theoretical framework that leaves substantial leeway for interpretation. In *The Communist Manifesto*, they focused upon developing their theoretical view of the world, not on the practical application of that framework. The founders of various schools of Marxism have used this difference between theoretical and practical as justification for their unique spins on Marxist thought.<sup>8</sup> Furthermore, they neglect to provide precise measures of the preconditions for a Marxist revolution (discussed in more detail below). Instead, Marx and Engels use vague statements to identify extremely broad phenomena. Therefore, any study that wishes to use a series of test cases must first establish values against which to test. Because the study must create these variables, they are open to substantial debate

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<sup>8</sup> Kolakowski, *Main Currents of Marxism*, 663.

and may be accused of showing bias in one direction or another. However, this method of analysis allows future scholars to adjust the thresholds to other values that they believe are more accurate.

The second limitation this study faces is the underlying economic data. Some states, specifically Britain, are known for fastidiously maintaining statistics on its population. Other states – most notoriously Soviet Russia – have been known to release inaccurate data in an attempt to give the appearance of outperforming rivals. Meanwhile, other states simply have not had the financial ability to collect a full compilation of economic statistics (the Weimar Republic is among these states). In today's world, we view economic data with confidence because we have external bodies like the United Nations to verify its accuracy. These bodies did not exist in the 1920s and therefore the data is somewhat less likely to achieve the accuracy levels we are used to today.

Section two (Preconditions) of this study provides a rigorous interpretation of Marx and Engels's *Communist Manifesto*. This landmark work outlines a series of seven preconditions that a capitalist society must meet prior to a communist revolution. These preconditions range from the socioeconomic – urbanization and wages – to the sociopolitical – nationalism – and must be measured and interpreted independently of each other. In their work, Marx and Engels neglect to provide statistical measures or concrete examples against which the economic historian can compare case studies. As such, for each precondition, this study generates three thresholds for comparison: high, medium and low. States meeting the high threshold in a given statistic are more likely to experience the socioeconomic friction of class warfare than those at a lower level.



The third section (Case Studies) of this study presents the economic statistics for each of the three states under consideration and compares the data to the thresholds generated in the second section. This section operates as a series of case studies, providing a complete analysis of each state independently of the other two states, analyzing each as a separate case study. Unfortunately, due to variations in statistical collection methods in each state, the data may not be comparable to the section two thresholds. Where this is the case, I will adjust the thresholds to create comparable data points. Prior to making the adjustments, I will provide an explanation for why they are necessary and how I will proceed in making them so as to avoid bias. Each case study concludes with a brief summary and chart outlining which threshold the state meets for each precondition.

### **The Preconditions**

In their 1848 seminal piece, *The Communist Manifesto*, Marx and Engels presented the communists' mission. Like no other work before or since, the *Manifesto* clearly and concisely stated the means by which communists would overthrow capitalism. Although Marx and Engels were prolific writers over the latter half of the nineteenth century, the *Communist Manifesto* remains their most influential work and has served as a guiding light for communist movements throughout the world.

The first section of the *Communist Manifesto*, "Bourgeois and Proletarians", sets out seven socioeconomic and sociopolitical preconditions for a communist revolution. Marx and Engels cite intense urbanization, commercial crises, wage inequality, collapse of the middle class, the rise of unionization, the creation of a "bourgeois proletarian" class and a decline in nationalism as the preconditions for a communist revolution.<sup>9</sup> Within any society, these preconditions begin to develop from the birth of capitalism and eventually lead to the collapse of

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<sup>9</sup> Marx and Engels, *The Communist Manifesto*, 55-63.

capitalism and rise of a communist state. The first five preconditions – urbanization, commercial crisis, wage inequality, middle class erosion and unionization – are easily quantified and can thereby be compared to economic data. The latter two – bourgeois proletarians and nationalism – are abstract ideas that cannot be measured in a numerical sense but can be accounted for via traditional historical analysis.

While the first five measures are easily quantified, Marx and Engels neglect to provide precise thresholds for meeting a precondition; they discuss each only in broad terms. As such, determining the thresholds for each precondition is the most difficult aspect of this study. For each precondition, this section creates three levels of analysis. Measures meeting the requirements for the “high” level are considered to be strongly destabilizing and indicate that the precondition has been unambiguously met under Marxism. At the “medium” level, measures shall be considered weakly destabilizing and indicate that a precondition has been approached though not necessarily met. The “low” level shall be considered to have almost no destabilizing effect and indicate that a precondition has not been met. To eliminate possible bias, these thresholds are created based on prior economic analysis and without comparison to the underlying economic data considered in section two.

### *Urbanization*

Under Marxism, the first precondition for a communist revolution is intense urbanization. Marx and Engels state, “The bourgeoisie has subjected the country to the rule of the towns. It has created enormous cities, [and] has greatly increased the urban population as compared with the rural...”<sup>10</sup> Prior studies have created thresholds to measure urbanization; notably Dirk Berg-Schlosser and Gisèle De Meur’s 1994 study. In their study, they create a Boolean variable for urbanization that takes on the value 1 if the population in towns with 20,000 or more inhabitants

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<sup>10</sup> Ibid., 55.

is more than 50% of the state's population. Otherwise, the variable takes on the value 0.<sup>11</sup> This distinction provides a useful starting point for generating the thresholds for this study. A Boolean variable, however, is insufficient for creating the “high”, “medium” and “low” thresholds required for this study. Furthermore, Berg-Schlosser and Meur were testing for the presence or absence of urbanization, not the intensity as is required for this study. In order to account for these differences, for the “high” threshold, I shall raise Berg-Schlosser and Meur's threshold to 60% of the population living in towns of 20,000 or more inhabitants. The “medium” threshold shall account for states with 40% to 59% of their population living in towns of 20,000 or more inhabitants. Meanwhile, the “low” threshold shall account for states with less than 40% of their population in towns of 20,000 or more inhabitants. These revised thresholds should provide a more accurate breakdown of Marx's “enormous cities” and “greatly increased urban population”.

### *Commercial Crises*

After setting up this precondition, which he believes had been met by 1848, Marx turns to a lengthy discussion of commercial crises. According to Marx, “In these crises a great part not only of the existing products, but also of the previously created productive forces, are periodically destroyed. In these crises there breaks out...the epidemic of over-production.”<sup>12</sup> Effectively, the bourgeois economy produces more than it is able to consume and thereby falls into chaos and disarray. Arguably, World War I could have been considered a commercial crisis and some Bolsheviks argued that it was the final crisis of capitalism.<sup>13</sup> However, Western and Central Europe emerged from the crisis without falling into communism and began a recovery

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<sup>11</sup> Dirk Berg-Schlosser and Gisèle De Meur, “Conditions of Democracy in Interwar Europe: A Boolean Test of Major Hypotheses,” *Comparative Politics* 26, no. 3 (April 1994): 256.

<sup>12</sup> Marx and Engels, *The Communist Manifesto*, 57.

<sup>13</sup> Vladimir Il'ich Lenin, *V. I. Lenin: Selected Works; in Three Volumes* (Moscow, Progress, 1967), 31-32.

that even the Bolsheviks recognized.<sup>14</sup> The question, therefore, is the extent to which the European states were recovering from this crisis; was production rising, falling or remaining stagnant?

Although commercial crises arise from periods of rampant overproduction, it is nearly impossible to test for overproduction in a society. States at different points in their development cycles will experience varying levels of “normal” production. For example, growth rates in developing states such as China would be unsustainable in a state like the United States. Periods of overproduction can only be identified by the collapse of production that follows. Therefore, for this precondition, I use thresholds that indicate lower levels of production that should be expected in a post-war economy.

The natural measure for production is gross domestic product (GDP) growth, which measures the change in the value of all production within the borders of a state. Creating thresholds for this measure of the economy requires some use of statistics; in order to prevent bias, I rely upon US economic data from after the time period in question to design the thresholds. According to the U.S. Department of Commerce Bureau of Economic Analysis, the average rate of US GDP growth since 1930 has been 6.6% nominally and 3.4% in real terms.<sup>15</sup> This period includes both the Great Depression and the rapid growth of World War II – combined they do not influence the data in a statistically significant positive or negative direction. Allowing for a likely slower rate of growth in the period under question and controlling for the rise in US economic power, a sustainable European rate of growth would likely fall around 5% nominally or 2% in real terms. However, nominal terms are affected by the price of the goods being produced – if prices fall but production remains constant, nominal

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<sup>14</sup> Trotsky, *The First Five Years of the Communist International*.

<sup>15</sup> B. E. A. US Department of Commerce, “Bureau of Economic Analysis,” February 8, 2010, <http://www.bea.gov/national/index.htm>.

GDP will fall while real GDP, adjusted for prices, would remain constant. Therefore, the thresholds for this study shall be in real terms.

The measure determined above (2% real GDP growth) shall be used for determining the “low” threshold; any value exceeding this value shall indicate that the European economy had returned to increasing productivity. Values between -1% and 2% in real terms shall meet the requirements for the “medium” threshold. At these levels, the economies would exhibit very little growth or even slight declines in production. Although this threshold includes some positive economic growth, it is below what should be expected from economies rebuilding from a period of total war; real GDP growth is typically higher as the government increases spending. Lastly, values below -1% in real terms shall meet the requirements for the “high” threshold, indicating a fairly rapid decline in production.

### *Wages*

The next two preconditions, wages and the collapse of the middle class, are closely related to each other. On the subject of wages Marx claims that mechanization replaces the worker and, “the cost of production of a workman is restricted, almost entirely, to the means of subsistence that he requires for his maintenance and for the propagation of his race.”<sup>16</sup> The “cost of production of a workman” is equal to the price of a workman – his wage. Therefore, according to Marx, wages for the proletariat should decline to the level of a living wage. For this study, if the typical wage in the manufacturing sector is a living wage, the state shall meet the “high” threshold without further testing. However, if the typical manufacturing wage is above the level of the living wage, this study will examine its rate of real decline. If the typical real wage is declining faster than 2% per year, the state shall also meet the “high” threshold. Where the typical real wage is declining but slower than 2% per year, the state shall meet the

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<sup>16</sup> Marx and Engels, *The Communist Manifesto*, 58.

“medium” threshold. Otherwise, if the real wage is rising, the state shall meet the “low” threshold. These levels provide a fairly accurate breakdown of the impact of wage decline on the individual; rapid declines in real terms will ruin the worker’s purchasing power, slower declines will slowly erode purchasing power while increase will raise the worker’s purchasing power, making the worker better off.

### *The Middle Class*

The declining wages mentioned above lead to an erosion of the middle class. Marx asserts, “The lower strata of the middle class – the small tradespeople, shopkeepers, and retired tradesmen generally, the handicraftsmen and peasants – all these sink gradually into the proletariat...”<sup>17</sup> Therefore, as individuals from the middle class progressively fall into the proletariat, higher levels of the middle class find themselves unable to support their lifestyle and they too find themselves joining the proletariat. A count of all factory workers could measure this precondition, but would be difficult, if not impossible, to determine. Instead, I rely upon the savings rates in each state, a variable that economists frequently tie to the middle class. These variables are linked primarily due to the size of the middle class; while the upper class is able to save greater amounts, the middle class so outnumbers it that the middle’s savings become the driving factor of the savings rate.<sup>18</sup> States with a negative savings rate have societies taking on large levels of debt, indicative of a collapsing middle class. Therefore, for this study, negative savings rates shall indicate that a state has met the “high” threshold while slightly positive – less than 10% – savings rates shall meet the requirements of the “medium” threshold. All other rates shall fall within the “low” threshold.

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<sup>17</sup> Ibid., 59.

<sup>18</sup> V. A. Avadhani, “Asset Preferences of the Middle Class,” *Economic and Political Weekly* 3, no. 23 (June 8, 1968): 873.

## *Unionization*

According to Marx, in an attempt to counter the decline of wages and erosion of the middle class, workers unite under unions; this, therefore, is the fifth precondition. Under Marxism, unions' sole-responsibility is to coordinate worker activity to improve working conditions and lift wages.<sup>19</sup> Therefore, as a Marxist revolution approaches and unions gain greater power, they should lead an increasing number of strikes to assert this power over the bourgeoisie. Adding to his discussion of unions, Marx claims these unions are "helped on by the improved means of communication that are created by modern industry, and that place the workers of different localities in contact with another....[helping to] centralise the numerous local struggles, all of the same character, into one national struggle between classes."<sup>20</sup> This study must, therefore, combine the effects of increased volume of strikes and the coordination of strikes across unions. Inarguably, in the final stages of capitalism, Marx believes unions should coordinate activity to lead a series of general strikes. The "high" threshold shall be met if two or more general strikes – defined as strikes that expand to industries with no interest in the original strike – occur throughout the course of the decade, equating to one at least every five years. If there is one general strike within the decade or unions show increasing rates of striking, a state shall meet the "medium" threshold. States in which there were no general strikes and labor disputes are declining shall meet the "low" threshold.

The final two preconditions are sociopolitical in nature and therefore cannot be quantified as easily. As such, this study shall only test for their presence or absence. Therefore, for these preconditions, I can only create a "high" and "low" threshold against which to test each of the case studies.

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<sup>19</sup> Marx and Engels, *The Communist Manifesto*, 61.

<sup>20</sup> Ibid.

### *Bourgeois Proletarians*

The first of these sociopolitical preconditions is the separation of a portion of the bourgeoisie. According to Marx, this segment of the bourgeoisie, primarily ideologists, joins the proletarians because they “have raised themselves to the level of comprehending theoretically the historical movement as a whole.”<sup>21</sup> These are the individuals who become the leaders of the communist revolution. While the proletarians are unable to cease work to lead a united front against the bourgeoisie, the bourgeois proletarians do not need to labor and can therefore unite the disparate elements of the working masses. Furthermore, Marxism posits that the working class cannot join the ruling class and participate in politics – they must be represented by the classes that are not forced to sell their labor. This study, therefore, assumes that the split of the bourgeoisie has occurred if a communist party exists within a state. Within the framework of Marxism, the mere existence of a communist party indicates that a portion of the bourgeoisie has taken up the cause of the proletariat.

### *Nationalism*

Marx’s final precondition is that workers exhibit no nationalist tendencies. “[M]odern industrial labor, modern subjection to capital...has stripped [the proletarian] of every trace of national character.”<sup>22</sup> This is the most difficult precondition to measure; workers in each state choose to express nationalism (or not) in their own unique ways. Therefore, I do not create a method for measuring proletarian nationalism that can be used across each state – instead, I shall rely upon traditional historical analysis of articles and other documents relating to nationalism. Most importantly, I look for the presence or absence of an ultranationalist party and the support these parties garner from the wider populace.

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<sup>21</sup> Ibid., 62.

<sup>22</sup> Ibid., 63.



### *Total State Risk*

Measuring each of these preconditions individually, however, does little to show the overall state risk of a Marxist revolution. Instead, it merely shows which preconditions have been met and which have not. To create a state-wide measurement of risk within the Marxist framework, I assign values to “high”, “medium” and “low”. At the “high” level, a state receives a two for that precondition while at the “medium” level the state receives a one. Zeros are assigned for the “low” level. For the latter two preconditions, the presence of the precondition shall receive a two while the absences shall receive a zero. Summing these across the preconditions creates a continuum from zero to fourteen with the former indicating that a state is at the “low” threshold for all preconditions and the latter indicating that a state is at the “high” threshold for each precondition. The overall state risk shall break down as follows: zero to four shall indicate a low risk, five to nine shall indicate medium risk and ten to fourteen shall indicate high risk. Because Marx and Engels do not place greater emphasis on any single precondition, I have weighted each precondition equally.

### **Section Three**

As was mentioned above, this study examines three states: Britain, France and Germany. This section utilizes the available economic data from each state to determine the extent to which the Marxist preconditions outlined in section two had been met during the 1920s. I approach this analysis as a series of three case studies, examining and testing each precondition in Britain before moving on to France and then, lastly, to Germany. Of these three cases, Britain’s is the most complete – the British government produced and released a far greater volume of data than either of the other two states, even allowing for time series analysis in most variables. The French data, while less complete and detailed, provides the economic variables for testing each

of the thresholds. Meanwhile, the German data, collated primarily by the Western Powers hoping for reparations, has some gaps that must be filled.

Before advancing to the case studies, I have reproduced the thresholds for the reader to review in Table 1 below.

<b>Precondition</b>	<b>Variable</b>	<b>"High" Threshold</b>	<b>"Medium" Threshold</b>	<b>"Low" Threshold</b>
<b>Urbanization</b>	Population in towns with >20,000 inhabitants	≥ 60%	40% - 59%	< 40%
<b>Commercial Crises</b>	Real GDP Growth	< -1%	-1% - 2%	> 2%
<b>Wages</b>	Real Wage Growth	< -2%	-2% - 0%	> 0%
<b>Middle Class</b>	Savings Rate	< 0%	0% - 5%	> 5%
<b>Unionization</b>	Strikes	> 1 General Strike	1 General Strike OR Increasing # of Labor Disputes	No General Strikes AND Decreasing # of Labor Disputes
<b>Bourgeois Proletarians</b>	Existence of a communist party	Exists	N/A	Does not exist
<b>Nationalism</b>	Nationalist Writings	Does not exist	N/A	Exist

**Table 1**

### *Britain*

The British historical record of economic data is strikingly complete throughout the 1920s. Since the early 1800s, the British government has regularly released census data that includes much of the information necessary for this study. Even the most destructive war of the time, World War I, interrupted British data collection for a period of only five years (1915-1919). Where data was not released by the British government various scholars have attempted to interpolate, usually resulting in differences of less than 1%. This makes the British case study the most reliable of the three states considered under this study.

Continuing the tradition of the nineteenth century, throughout the 1920s, Britain's population was intensely centralized. The study on which this threshold is based, Berg-Schlosser

and Meur's, estimated that urbanization in Britain had exceeded 50% by 1930.<sup>23</sup> Meanwhile, Charles P. Kindleberger estimates that by 1931, population in cities with more than 100,000 inhabitants amounted to 40% of Britain's overall population while including smaller towns would have brought the total to more than 69% of the population.<sup>24</sup> However, Kindleberger's estimates include towns of less than 20,000 inhabitants, indicating that his estimates do not correlate to the thresholds outlined in this study. Adjusting for this difference between the thresholds used here and those in Kindleberger's study, it is still strongly likely that Britain met the requirements for the "high" threshold of urbanization by 1931. If Britain did not meet the "high" threshold by 1930 then it was only by a very small percent and therefore can be considered to have met the requirements.

Marx's commercial crises present a somewhat more interesting precondition in Britain throughout the 1920s. Over the ten years, British GDP declined 23.06% nominally but actually rose 17.20% in real terms.<sup>25</sup> The dramatic difference between these two values demonstrates the necessity of using real values to determine GDP. Using the real term, Britain seems to clearly meet the requirements for the "low" threshold. However, the ten-year growth barely scratches the surface of British GDP growth throughout the 1920s. Following the immediate postwar boom, Britain entered a recession that bordered on depression in 1921.<sup>26</sup> Real GDP growth in 1921 was -8.11%, inarguably meeting the requirements for the "high" threshold, but turned around in 1922, actually reaching the second-highest growth rate of the decade.<sup>27</sup> Figure 1, below, shows the dramatic swings of British GDP between 1920 and 1930.

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<sup>23</sup> Berg-Schlosser and Meur, "Conditions of Democracy in Interwar Europe," 256.

<sup>24</sup> Charles P. Kindleberger, *Economic Growth in France and Britain, 1851-1950* (Cambridge, Mass: Harvard University Press, 1964), 250-251.

<sup>25</sup> B. R. Mitchell, *British Historical Statistics* (Cambridge [Cambridgeshire]: Cambridge University Press, 1988), 836.

<sup>26</sup> Di Scala, *Twentieth Century Europe*, 206.

<sup>27</sup> Mitchell, *British Historical Statistics*, 836.

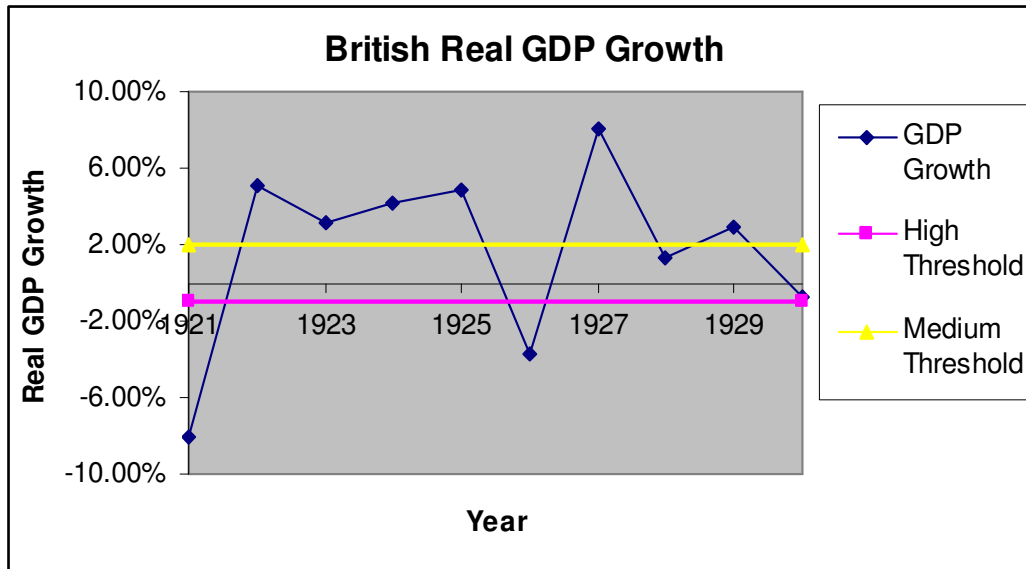


Figure 1

Source: Mitchell, *British Historical Statistics*, 836.

As Figure 1 shows, Britain met the “low” threshold for commercial crises in six of the nine years for which data was available. Of the remaining three, Britain met the “medium” threshold once and the “high” threshold twice. If those years in which Britain failed to meet the “low” threshold are exactly Marx’s definition of a commercial crisis, the immediate, and often strong, recoveries signify that they were not sustained crises that would result in the “enforced destruction of a mass of productive forces”.<sup>28</sup> This indicates that, in determining the decade-long threshold, Britain should be considered to have met the requirements for the “low” threshold.

Unlike real GDP, British wages present a clear picture. Between 1924 and 1930, real wages rose 9.91% throughout the British economy – data on real wages is not available for 1920-1924.<sup>29</sup> Furthermore, real wages did not decline at all over the time period (see Table 2 below). This increase in wages runs directly counter to Marx’s theory; wage-earners in Britain were actually becoming richer with each passing year. In an almost textbook example of Keynes’ so-

<sup>28</sup> Marx and Engels, *The Communist Manifesto*, 58.

<sup>29</sup> Mitchell, *British Historical Statistics*, 150-151.

called “sticky wages”, while nominal wages actually declined over this time, prices fell faster, pushing real wages up.<sup>30</sup> These rising wages strongly indicate that Britain meets the requirements for the “low” threshold throughout the 1920s.

	<b>Money Wages</b>	<b>Cost of Living</b>	<b>Real Wages</b>
1924	194	175	111
1925	196	175	112
1926	195	172	113
1927	196	167	117
1928	194	166	117
1929	193	164	118
1930	191	157	122

**Table 2**

**Note: 1914 = 100**

**Source: Mitchell, *British Historical Statistics*, 150-151.**

Unlike urbanization, real GDP growth and real wages, the savings rate in Britain is somewhat more difficult to quantify. Effectively, the savings rate would be income (GDP) minus consumption, or net savings, divided by GDP.<sup>31</sup> Net savings, as the name implies, may also be measured as the difference between gross savings and loans. In gross terms, Britons saved, on average, 41.4% of their money between 1920 and 1930 (see Table 3 below).<sup>32</sup> Meanwhile, on average, banks loaned approximately 51.93% of their deposits.<sup>33</sup> Subtracting the 51.93% of deposits that are loaned out from the gross savings yields an average savings rate of approximately 20%. However, this value is derived from savings in private banks and therefore does not adjust for the government’s impact upon the savings rate. Other scholars have used investment in new capital to determine savings rates more precisely. Kindleberger cites a rate of 10.5% for investment in new capital between 1924 and 1938 while also pointing to Maddison’s

<sup>30</sup> C. H Feinstein, *The European Economy Between the Wars* (Oxford: Oxford University Press, 1997), 136-137.

<sup>31</sup> Edward Albert Radice, *Savings in Great Britain, 1922-1935; an Analysis of the Causes of Variations in Savings* (London: Oxford University Press, H. Milford, 1939), 5.

<sup>32</sup> B. R Mitchell, *International Historical Statistics, Europe, 1750-1988*, 3rd ed. (Basingstoke, Hants, England: Macmillan, 1992), 885-886, 898, 901.

<sup>33</sup> J. F. Wright, “Britain’s Inter-War Experience,” *Oxford Economic Papers* 33, New Series (July 1981): 284..

estimate of 12% in 1929.<sup>34</sup> Under either of these estimates, Britain meets the “low” threshold for savings rate, indicating that the middle class was not eroding.

	<b>Gross Savings</b>	<b>Loan Ratio</b>	<b>Net Savings</b>	<b>GDP</b>	<b>Savings Rate</b>
1921	£2,632	47%	£1,390	£4,578	30.36%
1922	£1,611	43%	£912	£3,995	22.83%
1923	£1,584	47%	£844	£3,793	22.26%
1924	£1,586	50%	£790	£3,877	20.37%
1925	£1,566	53%	£733	£4,113	17.82%
1926	£1,568	55%	£702	£3,870	18.15%
1927	£1,592	56%	£702	£4,079	17.21%
1928	£1,640	56%	£730	£4,103	17.79%
1929	£1,561	57%	£673	£4,214	15.97%
1930	£1,624	55%	£729	£4,185	17.42%

**Table 3**

**Note: In millions of £s**

**Sources: Mitchell, *International Historical Statistics*, 885-885, 898, 901; Mitchell, *British Historical Statistics*, 836; Wright, “Britain’s Inter-War Experience,” 284.**

Unionization rates reflect the relative prosperity of the British working class throughout the 1920s. Between 1920 and 1930, membership in the Trades Union Congress (TUC) declined from 6,417,000 to 3,729,000.<sup>35</sup> Meanwhile the volume of labor disputes plummeted from a high of 1,607 in 1920 to a low of 302 in 1928 – a collapse of 81.2%.<sup>36</sup> These disputes include everything ranging from the general strike of 1926 to minor disagreements that the workers at just one company and therefore may make unions appear more active than they actually were. The general strike of 1926 is, perhaps, the greatest signal of the weakness of the unions in Britain during the 1920s. After just ten days, the Trades Union Congress called off the general strike without receiving any concessions from management; the strike was a complete failure.<sup>37</sup> Union membership rates were declining, labor disputes plummeted to negligible levels and the only general strike was a complete failure. However, although it was a complete failure, there was

<sup>34</sup> Kindleberger, *Economic Growth in France and Britain, 1851-1950*, 61.

<sup>35</sup> Peter Mathias and Sidney Pollard, eds., *The Cambridge Economic History of Europe*, 2nd ed. (Cambridge: Cambridge U.P, 1966), 531.

<sup>36</sup> Mitchell, *British Historical Statistics*, 142-143.

<sup>37</sup> Mathias and Pollard, *The Cambridge Economic History of Europe*, 533.

one general strike between 1920 and 1930 while labor disputes declined – Britain, therefore, met the requirements for the “medium” threshold in unionization.

Meanwhile, the British Marxists focused upon the impact of this limited union activity on the advancement of a communist revolution in Britain. However, “[c]ommunism in Britain was very weak and never gained mass support among the working class; but it was not, as in some other countries, a purely intellectual movement.”<sup>38</sup> While the British communist party focused on practical concerns, it also included the theoreticians Harold J. Laski, John Strachey and Christopher Caudwell. The British communist party was never a major force in politics, but the aforementioned theoreticians are precisely the bourgeois proletarians that Marx believed would split from the bourgeoisie and lead the communist revolution. Britain, therefore, met the requirements for the “high” threshold.

On the issue of nationalism, Britain stands apart from the other two states utilized in this study. Unlike France and Germany (discussed below) there was not a strong right-wing party in which nationalist sentiment gathered. The population celebrated anti-government activity and the government undertook unrelated anti-nationalist actions. When the unions joined in support of the miners’ strike in 1926, a strike the government actively and visibly opposed, it stirred a sense of pride among the working class: working-class individuals were “standing together in a noble cause of their own, not one thrust upon them from above, as in a war.”<sup>39</sup> The British population wished to take actions outside the scope of what the government ordered; they supported the strikers more than the government. Meanwhile, the British government unilaterally recognized Egypt’s independence after nearly forty years of de facto rule.<sup>40</sup> As of

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<sup>38</sup> Kolakowski, *Main Currents of Marxism*, 931.

<sup>39</sup> Charles Loch Mowat, *Britain Between the Wars, 1918-1940* (Chicago, IL: University of Chicago Press, 1955), 330.

<sup>40</sup> *Ibid.*, 110-111.

1922, this was one of the very few times a European state had voluntarily given up a colony. While this declaration was in response to a period of inflamed nationalism in Egypt, Britain could have taken action against the nationalists as they did in India. However, these very actions in India, including mass arrests, prompted some members of the government to resign in protest.<sup>41</sup> Combined with the working class support for the 1926 strikers, this would seem to indicate that Britain was suffering from a period of relative nationalist malaise.

However, it would be inaccurate to argue that nationalism was not a factor in Britain during the 1920s. As George Orwell argues in “The Lion and the Unicorn, Part 1: England Your England,” British nationalism takes a different form than nationalism in other states. Counter to Marx’s assertion that workers will abandon nationalist ideals, law and morality, Orwell states that, “[e]xcept for a brief moment in 1920 (the ‘Hands off Russia’ movement) the British working class has never thought or acted internationally.”<sup>42</sup> Furthermore, the British working classes do not stand up against the law and in fact hold a great “respect for constitutionalism and legality.”<sup>43</sup> These important elements stand contrary to Marxist theory on nationalism, indicating that even the seemingly anti-nationalist action throughout the 1920s do not amount to a lack of nationalism. Instead, Britain experiences a quieter nationalism and therefore, arguably, meets the requirements for the “low” threshold.

Table 4, below, shows a summary of British thresholds in the 1920s. As this table demonstrates, Britain only met the “high” threshold on two criteria: urbanization and bourgeois proletarians. On the precondition of unionization, it met the “medium” threshold while under the four remaining preconditions Britain achieved the “low” threshold. Summing across the

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<sup>41</sup> Ibid., 378.

<sup>42</sup> George Orwell, “The Lion and the Unicorn, Part 1: England Your England,” March 26, 2010, [http://www.orwell.ru/library/essays/lion/english/e\\_eye](http://www.orwell.ru/library/essays/lion/english/e_eye).

<sup>43</sup> Ibid.



preconditions yields an overall index of five; 1920s Britain met the “medium” threshold for overall risk for a Marxist revolution.

	Urbanization	Commercial Crises	Wages	Middle Class	Unionization	Bourgeois Proletarians	Nationalism	Total
<b>Threshold</b>	<b>High</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>	<b>Medium</b>	<b>High</b>	<b>Low</b>	
<b>Value</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>5</b>

Table 4

### *France*

Unfortunately, French data is somewhat less complete and reliable than British data. The French government did not produce the extensive volumes of economic data that the Britons did throughout the 1920s. This places a far greater emphasis on the estimates of other scholars and thereby reduces the reliability of the case study. Where estimates are necessary, I have drawn them from reliable historians and econometricians to ensure that the data is not skewed in either direction.

Unlike Britain, the French population remained relatively decentralized throughout the 1920s. Using census reports, Kindleberger estimates that only 46.3% of the population lived in cities in 1921, increasing to just 51.2% in 1931.<sup>44</sup> Urbanization in France was nearly 20% lower than the 69% rate in Britain. These estimates are backed up by Fernand Braudel and Ernest Labrousse in their socio-economic study of France.<sup>45</sup> However, like the values Kindleberger presents for Britain, these estimates do not compare directly to the thresholds used for this study. The French census “reports as urban those communes where the total population agglomeration exceeds 2,000 inhabitants.”<sup>46</sup> This overestimation appears to be small, as Berg-Schlosser and Meur, who set the 20,000 inhabitant benchmark, also estimate that French urbanization was at

<sup>44</sup> Kindleberger, *Economic Growth in France and Britain, 1851-1950*, 253.

<sup>45</sup> Fernand Braudel and Ernest Labrousse, eds., *Histoire Économique Et Sociale De La France*, trans. Laura Beers (Paris: Presses universitaires de France, 1970), 619.

<sup>46</sup> Kindleberger, *Economic Growth in France and Britain, 1851-1950*, 253.

least 50% by 1930.<sup>47</sup> These three sources agree that France only met the requirements for the “medium” threshold of urbanization.

On the issue of GDP growth, the French experience closely replicated that of Britain: large year-to-year fluctuations from striking declines in production to rapid expansions. Recovering from the destruction of World War I, GDP growth in France was unusually high throughout the 1920s. Estimates have placed growth between 1920 and 1924 as high as 7% while growth between 1924 and 1929 may have topped 3%.<sup>48</sup> Furthermore, growth rates in industrial production were even higher than GDP growth. Industrial production growth averaged 9.59% between 1920 and 1930, reaching a high of 41.77% in 1922 and only three years of negative growth (see Figure 2 below).<sup>49</sup>

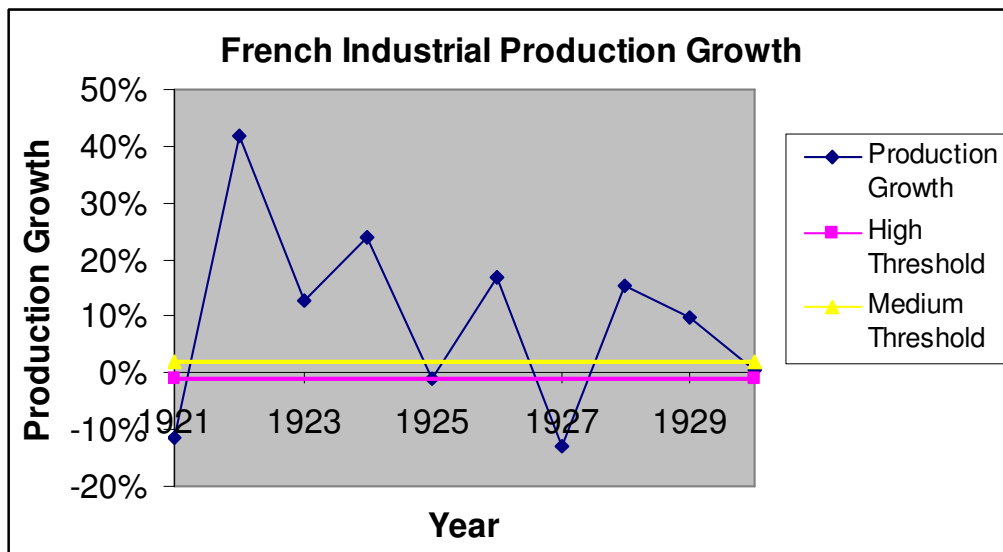


Figure 2

Source: Institut scientifique, *L'évolution De L'économie Française*.

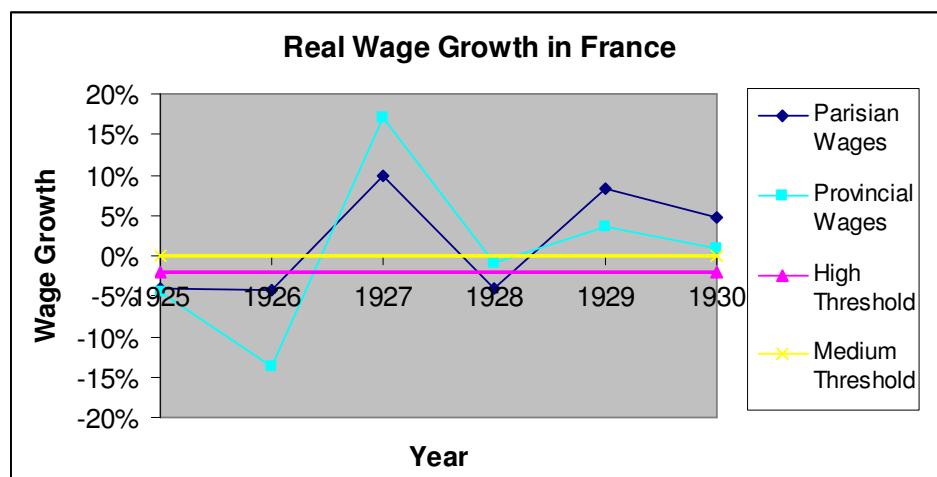
<sup>47</sup> Berg-Schlosser and Meur, “Conditions of Democracy in Interwar Europe,” 256.

<sup>48</sup> Patrick H Hutton, Amanda S Bourque, and Amy J Staples, *Historical Dictionary of the Third French Republic, 1870-1940*, Historical dictionaries of French history (New York: Greenwood Press, 1986), 317.

<sup>49</sup> Institut scientifique de recherches économiques et sociales, *L'évolution De L'économie Française, 1910-1937* (Paris: Librairie du Recueil Sirey, 1937).

As Figure 2 demonstrates, France met the requirements for the “low” threshold in six of the ten years under consideration. In the remaining four years, industrial production growth met the “medium” threshold in two years and the “high” threshold in the remaining two. These various indicators demonstrate that France, on average, met the “low” threshold for GDP growth throughout the 1920s.

While real GDP growth presents a fairly straightforward picture, wages in France present a series of problems. First and foremost, sources present wages in terms of Paris real wages and provincial real wages, rarely showing a unified picture as British sources do. Furthermore, real wages exhibited far more volatility throughout the decade. Overall, Parisian wages rose 14.74% between 1924 and 1930 while provincial wages rose just 4.59% throughout the same period.<sup>50</sup> As with Britain, wage data is not available for the four years prior to 1924. However, the rise in these two wage levels hides the relatively large and frequent fluctuations in real wage growth (see Figure 3 below). Between 1924 and 1926, wages declined precipitously but, by 1927, wages had nearly returned to their 1924 highs.



**Figure 3**  
Note: 1914 = 100

Source: Institut scientifique, *L'évolution De L'économie Francaise*.

<sup>50</sup> Ibid.

The extreme volatility of real wages was likely due primarily to the rampant inflation in the early- to mid-1920s. Inflation arose from the franc crisis in which the government had difficulty maintaining the fixed exchange rate against other currencies. Specifically, “[w]orth 20 American cents in January 1919, the franc slipped to four cents in 1926. The result was severe inflation.”<sup>51</sup> The severe inflation caused the cost of living to rise more than 65% over the course of the 1920s.<sup>52</sup> Since real wages are nominal wages adjusted for the cost of living, the large variation in the cost of living throughout this time likely caused the changes in real wages. Although real wages fluctuated substantially between 1920 and 1930, on average they rose throughout the period, indicating that France met the requirements for the “low” threshold of real wage growth.

Unfortunately, while data for the last two preconditions existed for much of the 1920s, French data on savings rates is lacking; data is only available for 1925. In 1925, gross savings in France amounted to approximately 52.790 billion francs or 25% of GDP.<sup>53</sup> Lending rates, meanwhile, fell to 18.6% of GDP or 38.967 billion francs.<sup>54</sup> Solving for the difference between savings and lending, the French population saved 13.823 billion francs in 1925, a savings rate of about 6.6% of GDP. Therefore, while savings were positive, they are close enough to 0 that they may be driven primarily by the upper-class. This estimate for savings falls within the criteria for the “medium” threshold.

While British unions were fairly weak throughout the 1920s, unions in France were nearly powerless. Although union membership was on the rise in the early-1920s, membership

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<sup>51</sup> Di Scala, *Twentieth Century Europe*, 211.

<sup>52</sup> Mitchell, *International Historical Statistics, Europe, 1750-1988*, 963.

<sup>53</sup> Mitchell, *International Historical Statistics, Europe, 1750-1988*, 885-886, 898, 901; Charles S Maier, *Recasting Bourgeois Europe: Stabilization in France, Germany, and Italy in the Decade After World War I* (Princeton, N.J: Princeton University Press, 1988), 468.

<sup>54</sup> Michel Lescure, "Banking in France in the Inter-War Europe" in *Banking, Currency, and Finance in Europe Between the Wars* (Oxford: Clarendon Press, 1995), 321.

topped out at 2 million individuals, just 5.1% of the population.<sup>55</sup> Meanwhile, French business owners imported labor from Italy, Belgium, Poland and Spain to make up for domestic labor scarcity.<sup>56</sup> Supplementing the supply of European immigrants, businesses imported even cheaper labor from Algeria, North Africa and China.<sup>57</sup> This steady supply of immigration limited the unions' ability to strike or bargain for wage increases. During the 1920s, French unions only led one general strike, occurring in 1920.<sup>58</sup> As with British unions, although unions in France were not overly successful, the general strike meets the requirements for the "medium" threshold of unionization.

The unions also lacked support from the bourgeoisie. While France had a communist party, it primarily focused on rhetoric rather than practical concerns. Furthermore, the French communist party was unusually weak throughout the 1920s, only reviving itself in the 1930s.<sup>59</sup> This revival eventually produced some of the most famous French Marxists, including Henri Wallon, Georges Friedmann and Armand Cuvillier, and had its origins in the labor failures throughout the 1920s. The weakness of the communist party, however, does not change the fact that it existed throughout the 1920s, therefore meeting the requirements for the "high" threshold of bourgeois proletarians.

Throughout the 1920s, the French rode a nationalist high from being a victor of World War I. French politics saw the rise of two right-wing nationalist groups: the reactionary right, who advocated a return to monarchism and nationalism, and the fascists.<sup>60</sup> While these groups

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<sup>55</sup> Mathias and Pollard, *The Cambridge Economic History of Europe*, 581.

<sup>56</sup> Tom Kemp, *The French Economy, 1913-39; the History of a Decline* (New York: St. Martin's Press, 1972), 94-95.

<sup>57</sup> Peter Mathias and M. M Postan, eds., *The Industrial Economies: Capital, Labour, and Enterprise* (Cambridge: Cambridge University Press, 1978), 320.

<sup>58</sup> Mathias and Pollard, *The Cambridge Economic History of Europe*, 581-582.

<sup>59</sup> Kolakowski, *Main Currents of Marxism*, 878.

<sup>60</sup> Edward J Arnold, ed., *The Development of the Radical Right in France: From Boulanger to Le Pen* (Houndmills [England]: MacMillan Press, 2000), 119.

did not reach their apex until the early-1930s, they developed and grew throughout the 1920s, increasing their influence throughout society. Meanwhile, the government moved right in foreign affairs. When the German government defaulted on its reparation debt in 1922, France invaded and occupied the Ruhr.<sup>61</sup> This action took place against the wishes of France's closest allies at the time, including Britain and Italy. France was willing to utilize its power to enforce its will upon surrounding nations, the very definition of nationalism. At both the governmental and popular levels, France experienced a nationalist surge throughout the decade, meeting the requirements for the "low" threshold.

Table 5, below, provides a summary of French thresholds in the 1920s. As this table indicates, France met the "high" threshold for only one criterion: bourgeois proletarians. However, the remaining six were split evenly between the "medium" and "low" thresholds with urbanization, erosion of the middle class and unionization meeting the requirements for the former. Summing across the preconditions yields an overall index of five, indicating that, like Britain, France met the "medium" threshold for overall risk of a Marxist revolution.

	Urbanization	Commercial Crises	Wages	Middle Class	Unionization	Bourgeois Proletarians	Nationalism	Total
Threshold	Medium	Low	Low	Medium	Medium	High	Low	
Value	1	0	0	1	1	2	0	5

Table 5

### *Germany*

As has been mentioned, statistics for Germany are far less extensive than those for either France or Britain. Following World War I, the newly-formed Weimar Republic did not have the structure necessary for collecting the volume of data the French and British governments

<sup>61</sup> René Albrecht-Carrié, *France, Europe, and the Two World Wars* (Westport, Conn: Greenwood Press, 1975), 132-133.

gathered. Instead, what statistics are available were collected by the French and British governments, whose primary concern was collecting reparation payments. This dearth of statistics means that many thresholds must be calculated using estimates from former scholars rather than from economic data. While this method is far less precise, it is the only available method.

Unfortunately, data and estimates for German urbanization are somewhat lacking. As with France and Britain, Berg-Schlosser and Meur estimate that the urban population in Germany accounted for at least 50% of the total population.<sup>62</sup> This appears to be the most accurate estimate of German urbanization. However, data on the German labor force and type of work do exist, allowing for reasonably accurate estimates of German urbanization. In 1925, there were 63.17 million people living in Germany with a labor force of 31.03 million. Of these 31.03 million people in the labor force, 21.25 million worked in the non-agricultural sector.<sup>63</sup> If every non-agricultural worker lived in cities, more than 68% of the labor force would live in cities. Applying the same ratio to the non-laboring individuals, this would indicate that more than 68% of all Germans lived in cities – close to the percentage that lived in British cities. Assuming that only 90% of the non-agricultural labor force lived in cities would yield an urbanization percentage of 61.6%. It is highly unlikely that less than 90% of the non-agricultural labor force would live in non-urban areas. These estimates seem in line with possible extrapolation. As of 1871, about 36% of population lived in urban areas, increasing to no more than 40% by 1890.<sup>64</sup> However, between 1890 and 1920, much of the population growth (about

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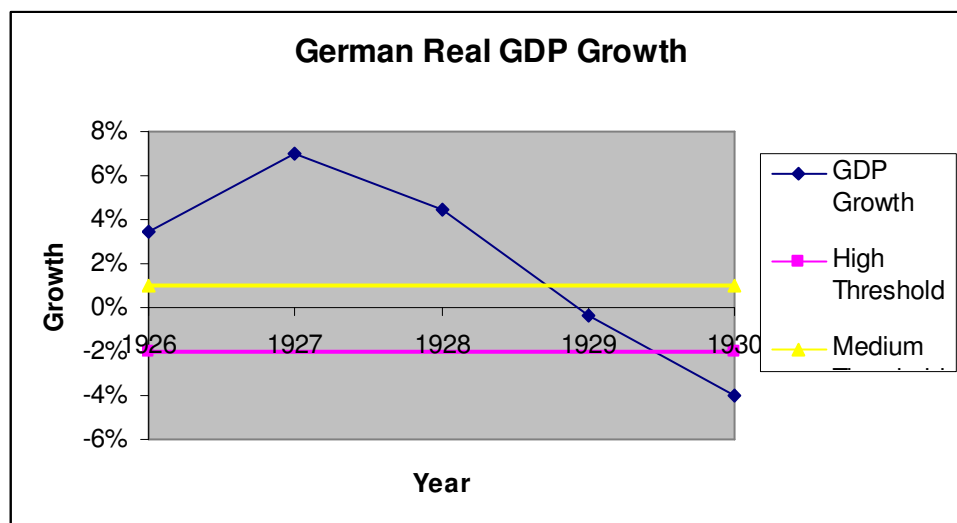
<sup>62</sup> Berg-Schlosser and Meur, “Conditions of Democracy in Interwar Europe,” 256.

<sup>63</sup> Mathias and Postan, *The Industrial Economies*, 444.

<sup>64</sup> Gustav Stolper, *German Economy, 1870-1940, Issues and Trends* (New York: Reynal & Hitchcock, 1940), 26; David Clark, “Interdependent Urbanization in an Urban World: An Historical Overview,” *The Geographical Journal* 164, no. 1 (March 1998): 90.

30%), was in cities and urbanization rates increased after World War I.<sup>65</sup> This estimate indicates that Germany met the “high” threshold for urbanization in the 1920s.

Data for German real GDP growth is only available from 1925, after the German government successfully put an end to hyperinflation. Between 1925 and 1930, real GDP growth amounted to 10.73%, peaking in 1927 (see Figure 3 below).<sup>66</sup> Other scholars have attempted to use interpolation to estimate data points between 1920 and 1924. However, some of these estimates are somewhat suspect, appearing to show nearly 90% growth in real GDP in just a decade.<sup>67</sup> Even with the extreme destruction of World War I, 90% growth over the course of a decade seems somewhat higher than should be expected. While the actual number may be suspect, the general trend of GDP expansion appears to be sound.



**Figure 4**

Source: Tooze, *Statistics and the German State*, 127.

<sup>65</sup> Stolper, *German Economy, 1870-1940, Issues and Trends*, 38-40; Gisela Konopka, “Reform in Delinquency Institutions in Revolutionary Times: The 1920s in Germany,” *The Social Service Review* 45, no. 3 (September 1971): 246.

<sup>66</sup> J. Adam Tooze, *Statistics and the German State, 1900-1945: The Making of Modern Economic Knowledge*, Cambridge studies in modern economic history 9 (Cambridge, U.K: Cambridge University Press, 2001), 127.

<sup>67</sup> Feinstein, *The European Economy Between the Wars*, 60.



Like Britain and France, Germany spent much of the decade exhibiting strong, positive growth. Only towards the end of the 1920s did German GDP growth turn negative. While data does not actually exist for the period prior to 1925 and interpolations appear to overestimate growth throughout the first five years, Germany still appears to have reached the requirements for the “low” threshold of commercial crises.

While GDP data was released by the German government, wage data comes from research performed by the British government. Unfortunately, the British government does not provide the raw data but, rather, estimates for wage growth. According to their data, wages increased about 10-15% in 1926 and 1927 and about 9% in 1928 and 1929.<sup>68</sup> The given wage increases, however, are in nominal rather than real terms. Meanwhile, between 1926 and 1930, the cost of living only increased 5.5%, well below the rate of wage increases.<sup>69</sup> With the nominal wage growth rate and the rate of increase in cost of living, we can estimate the real wage growth. Roughly speaking the real wage growth equals the nominal wage growth minus the growth in the cost of living. Therefore, between 1926 and 1929, real wages grew by about 4-10% per year. This estimate is well above the 0% real wage growth necessary to meet the “low” threshold.

Actual data on German net savings is not available but the hyperinflation throughout the early-1920s allows for some logical conclusions. Hyperinflation grew so rampant that streetcar conductors collected fare at the end of the ride because the mark lost value during throughout the course of the ride.<sup>70</sup> As inflation rose, savings, especially among the middle class, were wiped out effectively destroying the middle class. Any assets yielding a fixed return, such as savings bank deposits and bonds, lost their value. These fixed return assets are among the most common

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<sup>68</sup> Great Britain, *Economic Conditions in Germany* (London: H.M. Stationery Off), 79, 63.

<sup>69</sup> Mitchell, *International Historical Statistics, Europe, 1750-1988*, 963.

<sup>70</sup> Di Scala, *Twentieth Century Europe*, 222.

individually-held assets in most societies, especially within the middle class. Even when the mark and fixed-return assets were revalued, they were at 25% or less of their former value.<sup>71</sup> This hyperinflation led to the complete erosion of the middle class throughout the early-1920s. Although this does not meet any savings thresholds set up in section two of this study, it is the phenomenon to which Marx refers; Germany met the requirements for the “high” threshold.

As in wages, the British government provides the most complete description of German strikes. The most famous strike in German history, the Spartacist uprising was a series of strikes led by the communists but occurred and was resolved in 1919, outside the scope of this study.<sup>72</sup> However, this uprising presaged a period of relative labor instability in Germany. Just over one year later, on March 14, 1920, the trade unions led another general strike known as the Kapp Putsch.<sup>73</sup> However, as with most general strikes throughout the 1920s, the putsch eventually failed to achieve its stated goals. Throughout the rest of the decade, a series of smaller strikes and labor disputes plagued German industry. For example, in 1927 there were 1,387 work stoppages while there 726 in 1928 – more than twice as many as occurred in Britain during the same year.<sup>74</sup> This higher volume of strikes seems out of place considering the legal nature of German mediation. Under mediation, the government could “declare a labor agreement as ‘generally binding,’ thus extending the scope of the agreement over all employers and employees of the respective industry and district, even if they had not participated in the negotiations for the agreement.”<sup>75</sup> Such a policy should, logically, reduce the number of strikes as successive labor agreements raise working conditions throughout the country, thereby reducing the incentive for

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<sup>71</sup> Stolper, *German Economy, 1870-1940, Issues and Trends*, 160.

<sup>72</sup> Gerhard P. Bassler, “The Communist Movement in the German Revolution, 1918-1919: A Problem of Historical Typology?,” *Central European History* 6, no. 3 (September 1973): 248.

<sup>73</sup> Gerald D. Feldman, “Big Business and the Kapp Putsch,” *Central European History* 4, no. 2 (June 1971): 99.

<sup>74</sup> Great Britain, *Economic Conditions in Germany*, 234, 198.

<sup>75</sup> Stolper, *German Economy, 1870-1940, Issues and Trends*, 213-214.

other workers to strike. The Kapp Putsch of 1920 and the relatively high, but declining, number of strikes per year indicate that Germany meets the “medium” threshold for unionization.

Unlike the French and British communists, German communism, under the flag of Social Democracy, was perhaps the most vibrant and influential outside of Soviet Russia. Germany produced perhaps the three most recognizable names in communism outside of Leninist theory: Karl Kautsky, Rosa Luxemburg and Eduard Bernstein. These three individuals led various wings of the German communist movement throughout the late 19<sup>th</sup> century and early 20<sup>th</sup>. Luxemburg led the left-wing revolutionaries, a group that closely resembled Lenin’s Bolsheviks though differed on important strategic points.<sup>76</sup> Meanwhile, Bernstein led the “revisionist” movement that believed Germany could enter the socialist phase without the violent revolution necessary under Orthodox Marxism.<sup>77</sup> However, Kautsky was, by far, the most important figure of German communism, dominating “the theoretical development of Marxism for the whole period of the Second International.”<sup>78</sup> While these three individuals reached the apex of their careers in the period prior to World War I, they created vibrant communist movement in Germany against which the Nazis rallied support in the 1930s. Only the Bolsheviks achieved greater influence than the German communist party throughout the 1920s. This strong communist movement with three of the most famous Marxist theoreticians of the era inarguably meets the requirements for the “high” threshold of bourgeois proletarians.

Although Germany had a vibrant communist movement, its polar opposite – nationalism – also flourished throughout the 1920s. A nationalist state since its creation in the 1870s, Germany only became more nationalist with the loss of World War I and the ignominious peace

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<sup>76</sup> Kolakowski, *Main Currents of Marxism*, 403, 431.

<sup>77</sup> Radoslav Selucký, *Marxism, Socialism, Freedom: Towards a General Democratic Theory of Labour-Managed Systems* (New York: St. Martin's Press, 1979), 94.

<sup>78</sup> Kolakowski, *Main Currents of Marxism*, 379.

enforced upon it by the Versailles Treaty. When an anti-militarist segment of the German populace became vocal following World War I, there was severe backlash from the right. Millions of families who lost fathers, brothers and sons during the war felt that if the anti-militarists were correct then those sacrifices had been made in vain.<sup>79</sup> Furthermore, the Versailles treaty placed blame for the war squarely upon the Germans' shoulders and allowed enemies to encircle the German state.<sup>80</sup> When, in 1923, France took control of the Ruhr, this feeling came to a head. Left with no military to resist French aggression, the German people united in passive resistance including strikes against the French occupying force.<sup>81</sup> These attitudes contributed heavily to the rapid growth of the ultra-nationalist Nazi party throughout the 1920s. Counting just 1,100 members in July 1920, the Nazi party grew to 3,300 members by August of the following year and 55,000 members by November 1923.<sup>82</sup> The main goal of this rapidly expanding party was "to make Germany the dominant force on the continent."<sup>83</sup> As membership grew so too did Nazi electoral control, eventually resulting in Hitler's rise to power and the German expansion that prompted World War II. The ultra-nationalist Nazis and the broader attitudes toward the Versailles Treaty and French occupation of the Ruhr indicate that Germany met the "low" threshold for nationalism throughout the 1920s.

Table 6, below, shows a summary of the German thresholds in the 1920s. As this table demonstrates, Germany met the "high" threshold for three preconditions: urbanization, erosion of the middle class and bourgeois proletarians. Of the remaining criteria, Germany reached the "medium" threshold for unionization and the "low" threshold for the final three. Summing

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<sup>79</sup> Walter Laqueur, *Weimar, a Cultural History, 1918-1933* (London: Weidenfeld and Nicolson, 1974), 82.

<sup>80</sup> Ibid.

<sup>81</sup> Albrecht-Carrié, *France, Europe, and the Two World Wars*, 136.

<sup>82</sup> Peter D. Stachura, "The Political Strategy of the Nazi Party, 1919-1933," *German Studies Review* 3, no. 2 (May 1980): 263-265.

<sup>83</sup> Laqueur, *Weimar, a Cultural History, 1918-1933*, 103.

across the preconditions, Germany achieves an overall index of 7, meeting the “medium” threshold for overall risk.

	Urbanization	Commercial Crises	Wages	Middle Class	Unionization	Bourgeois Proletarians	Nationalism	Total
Threshold	High	Low	Low	High	Medium	High	Low	
Value	2	0	0	2	1	2	0	7

Table 6

## Conclusion

As the preceding discussion has shown, Britain, France and Germany were not prepared for a Marxist revolution during the 1920s. None of these three states met all of the preconditions set out within *The Communist Manifesto* at even the “medium” threshold. All three states met the “low” threshold for commercial crises, wages and nationalism indicating that Europe was moving away from a communist revolution. The Bolsheviks were accurate in believing that Germany was closer to revolution than the other European states. However, this difference was only marginal: whereas Britain achieved an overall risk of five, Germany achieved a risk of seven. Even at seven, Germany only met half of the possible value for overall state risk of a Marxist revolution.

The Bolsheviks were not justified in believing that Western Europe was prepared for a Marxist revolution. However, the question remains, why did the Bolsheviks believe that a communist revolution was imminent? The answer lies in the differences between Marxism and Leninism.

Most pertinently, Leninism discounts Marx’s aversion to nationalism; Lenin actually believed that nationalism would assist a communist revolution. Therefore, when the Bolsheviks took control in the October Revolution, Lenin advocated for self-determination of the national minorities of the Tsarist Empire. He claimed that “the proletarian party first of all must advocate

the proclamation and immediate realisation of complete freedom of secession from Russia for all the nations and peoples who were oppressed by tsarism.”<sup>84</sup> On the issue of nationalism, all three states under this study achieved the “low” level, yielding zero points for each. Removing nationalism as a precondition, meanwhile, reduces the maximum possible level for overall state risk to twelve. The adjustment pushes Germany above the half-way mark while Britain moves up to the half-way level.

This two-point adjustment, however, is miniscule compared to the adjustment necessary to account for the second difference between Marxism and Leninism. Lenin’s second major departure from Marxism involves the relationship between the bourgeois and proletarian revolutions. Under Marxism, society progresses from a feudal to bourgeois phase in the former and then passes into communism after the proletarian revolution. The bourgeois revolution overthrew the feudal lords and created a period of outstanding productive and technological growth. Only through this growth did the proletarian revolution become possible.<sup>85</sup> However, Lenin believed that the proletarian revolution could follow immediately upon the heels of the bourgeois revolution. Recognizing the February Revolution as Russia’s bourgeois revolution, Lenin continued to advocate for an immediate proletarian revolution.<sup>86</sup> Lenin realized that he could not retain control over the Bolshevik party by allowing for the bourgeoisie to take power in Russia. Even Kolakowski recognizes that Lenin “was less interested in Marxian ‘correctness’ and mainly, or exclusively, concerned with the political efficacy of the proposed tactics.”<sup>87</sup> This change to Marxism removes many of the preconditions for a communist revolution. Without a true bourgeois period, the state would not enter a period of overproduction – the commercial

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<sup>84</sup> Lenin, *V. I. Lenin*, 36.

<sup>85</sup> Marx and Engels, *The Communist Manifesto*, 52, 56, 58.

<sup>86</sup> Lenin, *V. I. Lenin*, 93-94.

<sup>87</sup> Kolakowski, *Main Currents of Marxism*, 681.

crises of Marxism would not exist. Furthermore, unions would not have capitalists against whom to dispute, eliminating the issue of unionization. This eliminates a total of four points from the overall state risk, yielding a maximum value of eight. Meanwhile, the British index declines by just two points and the French and German by only one each (all for unionization), creating index values of four, four and six, respectively. Making these adjustments, Germany appears much closer to a communist revolution than under the original precondition variables.

Making these two adjustments demonstrates the radical differences between Leninism and Marxism. Under Marxist theory, no state appeared even relatively close to a Marxist revolution – the closest, Germany, only achieved half of the maximum possible index value. Leninist theory, however, placed Germany extremely close to a communist revolution while Britain and France achieved half of the maximum value. These dramatic differences indicate that Marxism and Leninism should not be tied together; the success or failure of one theory does not, of necessity, predict the success or failure of the other.

This study does not purport to show that Marxism is, in fact, a viable theory. Rather, it has attempted to demonstrate that scholars have inaccurately tied the theory to the failure of a single school of thought that arose from Marxism. The collapse of the Soviet Union does not necessarily indicate that Marxist philosophy is a failure. In order to demonstrate that Marxism is a failed philosophy, scholars must demonstrate that the preconditions for a Marxist revolution have existed but have not resulted in such a revolution. As this study has demonstrated, the preconditions for a Marxist revolution did not exist in Europe during the 1920s, when many communists believed Europe was destined to collapse into communism. Ironically, Europe likely achieved a substantially higher percentage of Marx's preconditions during the world-wide Great Depression of the 1930s. Scholars wishing to demonstrate that Marxism is a failed theory

may wish to target the 1930s as the most likely decade for meeting the preconditions for a Marxist revolution.



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