

THE END OF ECONOMIC MAN by Peter Drucker

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Introduction, pp. ix-x It is easy to assemble all manner of secondary and accidental reasons that account for the rise and the conquests of fascism—the follies of Versailles, the feud that divided the German workers, the malign accident that England and France have never had governments of the Left simultaneously in office for more than a few months, the aloof isolation of the United States, the inadequacy at critical moments of individual statesmen. All these things have played their part. But the fundamental explanation is one that few of us have the courage to grasp. If you would know why Luther and Calvin triumphed, you must realize that the Church of the sixteenth century was bankrupt in faith. If you would understand why Hitler and Mussolini have made of freedom a shivering refugee on the Atlantic coast, you must realize that, one after another, each group of Europeans had lost effective belief in its creed.

p. xi A few have proved that they possess the faith that will face death for an idea—the Socialist workers of Vienna, the Spanish Republicans, the young men of all nations who volunteered for the defense of democracy in the International Brigade. But what shall we say of the passive millions who collapsed in Germany without a blow, or of the supine electorates in England and France which allowed their governments to load the dice against the Spanish Republic, until it was overwhelmed, more by the invaders from without than by

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the enemy from within? There is only one thing that can be said with honesty about these great masses of men: they lack that effective belief in their various creeds which will drive a man to take a risk for their defense.

p. xvi In this book I have made an attempt to explain and interpret fascism and Nazism as fundamental revolutions. This analysis confines itself intentionally to the social and economic sphere, though I do not believe in the materialist interpretation of history. I believe that the material, far from being the foundation of human society, is but one pole of human existence. It is of no greater, though of no less, importance than the other pole, the spiritual—corresponding to man's dual nature as belonging at the same time to the animal kingdom and to the kingdom of heaven.

pp. 3-4 And communism—the world revolution of yesterday—has not only been forced to admit that it has become purely defensive, but also that it has lost its fight. Whatever mental reservations the communist leaders might have made regarding the distant future, their drive for a united front with the bourgeoisie and with capitalist democracy against fascism amounts to complete abdication as a revolutionary force, and to virtual renunciation of the promise to be harbingers of the future social order. The impotence of the “popular front” in

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France, and the complete collapse of the united front idea altogether over the Czechoslovak crisis, meant the end of communism as an effective resistance to fascism.

pp. 4-5 The reason why all resistance to the fascist menace has proved unavailing is that we do not know what we fight. We know the symptoms of fascism, but we do not know its causes and its meaning. And the very people who have made resistance to fascism the main article of their creed by calling themselves anti-Fascists insist upon fighting a phantom of their own invention. This ignorance is the main cause, both of the complacent hope of one section of public opinion in the democratic countries that the "radicalism" of fascism is but a passing phase and of the anti-fascist illusion that fascism "cannot last," which together have been responsible for the ineffectiveness of democratic resistance. The analysis of the causes of fascism would therefore appear to be our most important task.

p. 7 As for the explanation that fascism is a last desperate attempt of capitalism to delay the socialist revolution, it simply is not true. It is not true that "big business" promoted fascism. On the contrary, both in Italy and in Germany the proportion of fascist sympathizers and backers was smallest in the industrial and banking classes. It is equally untrue that "big business: profits from fascism; of all the classes it probably suffers most from totalitarian economics and Wehrwirtschaft. And finally, it is just ridiculous to maintain that the

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capitalist class—or, for that matter, anybody else—had reason to fear a victory of the working classes in pre-fascist Italy and Germany. The whole thesis is nothing but a feeble attempt to reconcile Marxist theory with the facts by falsifying history; it is a lame apology but not a serious explanation.

p. 10 A revolution can only be overcome if it is recognized as such and if its true causes are diagnosed correctly. And the true cause, the only possible cause, of a revolution is a fundamental and radical change in the order of values, especially in that most important sphere, man's conception of his own nature and of his place in the universe and in society.

p. 11 The novel and therefore differentiating symptoms are threefold:

- (1) Fascist totalitarianism has no positive ideology, but confines itself to refuting, fighting, and denying all traditional ideas and ideologies.
- (2) Fascism not only refutes all old ideas but denies, for the first time in European history, the foundation on which all former political and social systems had been built: the justification of the social and political system and of the authority constituted under it as the only means to further the true well-being of the individual subjected to it.

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- (3) The masses joined fascism not because they believe in its promises, which take the place of a positive creed, but *because they do not believe in them.*

pp. 12-13 Mussolini—and Hitler, imitating him—have tried to make an asset out of the lack of a positive creed and a system out of having none. That, and nothing else, is the meaning of Mussolini's "men make history"! Insofar as this was meant to read, "Mussolini makes history," the slogan is neither particularly original nor in any way important. But Mussolini meant much more: he wanted to claim that the deed is before the thought, and that revolution logically precedes the development of a new creed or of a new economic order. Historically, this is nonsense. All revolutions of the past have been caused by protracted and profound developments either in the intellectual sphere or in the social, or in both. The "great historical figure" at best provided the ignition and was often only a tool. Mussolini's contention is, however, correct—or partly correct—insofar as it applies to the fascist and Nazi revolutions. There the "deed"—i.e., the revolution—took place without the previous development of a positive creed or of a new socio-economic order.

pp. 13-14 But if there is no positive creed in totalitarianism, there is as compensation an abundance of negatives. Of course, every revolution repudiates what went on before and considers itself a conscious break with the past; it is only posterity that sees, or imagines it

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sees, the historical continuity. Fascism, however, goes much further in its negation of the past than any earlier political movement, because it makes this negation its main platform. What is even more important, it denies simultaneously ideas and tendencies which are in themselves antithetic. It is antiliberal, but also anticonservative; antireligious and antiatheist; against big business, but also against the small artisans and shopkeepers who are regarded as superfluous—the list could be continued indefinitely. It is typical that the leitmotiv of all Nazi propaganda is not the "Nordic man," not the promises, conquests, and achievements of Nazism, but *anti-Semitism*, the attack against the "fourteen years" before Hitler and against foreign conspiracy. The Nazi agitator whom, many years ago, I heard proclaim to a wildly cheering peasants' meeting: "*We don't want lower bread prices, we don't want higher bread prices, we don't want unchanged bread prices—we want National-Socialist bread prices,*" came nearer explaining fascism than anybody I have heard since. But for the sentimental invocation of the glory of the Rome of the Caesars, which is anyhow too far away to be a living tradition, Italian fascism works in the same way.

p. 14 Of these denials of European tradition one is especially important: that is the refutation of the demand that the political and social order and the authority set up under it have to justify themselves as benefiting their subjects. Hardly any other concept or idea of

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our past is held up to so much ridicule by fascism as that of the justification of power. "Power is its own justification" is regarded as self-evident.

pp. 14-15 And since Europe became Christian there has never been any other approach to this problem than that of seeking justification in the benefit which the exercise of power confers upon its subjects—be it the salvation of their souls, the "good life," or the highest standard of living for the greatest number. Not even the most fanatical advocate of absolute monarchy would have dared to justify the sovereign otherwise.

p. 15 The infinite contempt in which Machiavelli has been held by contemporaries and posterity is entirely due to his indifference of the moral justification of authority, which made this conscientious and honest man appear a moral leper even in the corrupt and power-obsessed world of the Italian Renaissance. In every social system that bases itself on the European tradition, the justification of power must be the central problem.

p. 19 These three main characteristics peculiar to fascism: the absence of a positive creed and the overemphasis on the refutation of the whole past, the denial of the demand for the justification of power, and the trust of the masses in fascism in spite of their lack of belief in

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its statements and promises, are the symptoms on which any serious diagnosis has to be based.

p. 23 What broke down? Why and how? What miracle has fascism to fulfill? How does it try and can it do it? Will there be a new order? When and on what basis? These questions I have to answer in the following analysis. I will anticipate only one point: the abracadabra of fascism is the substitution of organization for creed and order: though it cannot succeed and cannot last, the formal democracy of capitalism and of socialism cannot prevent its spread. But the glorification of organization as an end in itself shows that eventually there will be a new order based upon a reformulation of the old fundamental values of European tradition: freedom and equality.

p. 25 Marxism stands and falls by the promise to overcome the unequal and unfree society of capitalism and to realize freedom and equality in the classless society. And it is because it has been proved that it cannot attain the classless society but must necessarily lead to an even more rigid and unfree pattern of classes that Marxist socialism has ceased to be a creed. From being the gospel of the future order which promises to overcome the inequities of capitalism by revolution, it has degenerated into a mere opposition within capitalism. As

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such it is highly effective. But a movement which exhausts itself in opposition derives its appeal and validity from the system which it opposes.

p. 27 Instead of establishing the true freedom, the socialist state would produce a genuinely feudal society, though the serf would be proclaimed the beneficiary. In the heyday of feudalism in the twelfth and early thirteenth centuries the social pyramid was rationalized by the creed on which society was based. But social stratification in the socialist state cannot be justified. It cannot even be explained. It is as senseless as a hierarchy without God. That such a society is the inevitable consequence of the realization of socialism invalidated, therefore, all basis of belief in the Marxist creed as the harbinger of the future order.

p. 50 The collapse of the society of Economic Man was inevitable as soon as Marxism had proved itself unable to realize the free and equal society. Beyond Marxism there is no possibility of reconciling the supremacy of the economic sphere with the belief in freedom and equality as the true aims of society. And the only justification, the only basis for Economic Man or for any society based thereon, is the promise of the realization of freedom and equality.

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p. 64 For the reality of industrial society is one of inequality. The failure to realize the ideals for which the war had been fought is directly due to the basic and fundamental cleavage between the ideals and concepts of the society of Economic Man and its actual structure revealed by the war. This disparity alone destroyed our belief in the democratic creed. New terms such as "Have-not" versus "have" nations—by which we project the ideology of class war into international relations—are a complete rejection of the formal equality of bourgeois liberalism, as well as a denial of the international solidarity of classes found in Marxism. This disparity shows itself also in the identification of the idea of democracy with the reality of the territorial order established at Versailles. It became impossible on the one hand to change the frontiers without abandoning democracy. On the other hand, the masses refused, in the case of Czechoslovakia, to fight for democracy, since that would have meant fighting for Versailles.

p. 132 Fascism and Nazism are social revolutions but not socialist; they maintain the industrial system but they are not capitalist.

p. 189 Neither the validity of the totalitarian miracle nor the stability of the totalitarian society are, therefore, proved or disproved by economics. These decisive questions depend

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entirely upon whether totalitarianism can perform its social and political miracle, whether it can banish the demons and restore the rationality of society and of the world.

p. 193 From a moral point of view the concept of Heroic Man might therefore appear valid, as it might give purport and sense to the individual. But it cannot give purport and sense to society. Because it denies life, the self-justification of sacrifice not only denies but destroys society. To live dangerously may be all right for the individual; but a society has, above all, to live continuously, and that means safely. If the individual finds his satisfaction and his fulfillment in suicide, then society can have no meaning at all. And anarchy must appear to be the only legitimate form of social existence.

p. 199 The real function of the Jews and "Non-Aryans" in Nazi theology is the personification of the forces of bourgeois capitalism. Their persecution as "demons" became necessary because Nazism fails to replace the profit motive by some noneconomic motive as the driving force in social relations. Official Nazi theory does not admit this: probably it does not understand it. Its racial theory of the irreconcilable conflict between the Nordic and the Semitic is an appeal to the belief in the miracle. How else can it reconcile the contradiction between the alleged biological superiority of Nordic man and the simultaneous biological superiority of Jewish blood which makes one Jewish grandparent

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taint irreparably the blood of three Nordic ones? This theory gives, however, no answer to the politically important question why this allegedly fundamental conflict has been released just now and just in this form.

pp. 202-203 Anti-Semitism, furthermore, is not due to any inherent opposition of the German Jews to the principles of Nazism—except, of course, its anti-Semitism. Had the German Jews been allowed to enlist in Hitler's movement, they would have joined, just as Italian Jews subscribed to Italian fascism as long as they were welcome. The quota of Jews in Nazism probably would have been even higher. For the German Jews were longing for an opportunity to achieve a complete merger with the rest of the German people in a national movement that transcended religious barriers. Not without reason orthodox rabbis, during the first years of the Nazi regime, tended to regard Hitler's anti-Semitism not only as a punishment of the Lord but as His way to save His people from complete loss of identity and of religion.

pp. 219-220 One has often ridicules the old maiden ladies who, when asked about their impressions upon visiting Mussolini's Italy, replied that they did not see any beggars and that the trains ran on time. But their observation comes nearer the essentials of fascism than most of the learned treatises. That the trains run on time, that the beggars have been chased

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off the main streets, that Italy has the fastest motorships on the southern Atlantic or the widest motor roads—all these purely mechanical details of technical efficiency and organization have come to be regarded as social ends in themselves, regardless of their technical, economic, or military utility. The democracies are deemed inferior not only because they cannot give social equality, but because they cannot mobilize a million men for a mass rally or because they cannot organize uniform applause for their leaders. Free capitalism is not inferior to totalitarian economics because it leads to depressions, but because it has no centralized foreign exchange control. The great historical achievement of Nazism, according to serious Nazi spokesmen, is seen in the outward unification of the various provincial German administrations.

pp. 223-224 But the most dangerous consequence for a society which regards the army as its prototype is the grave weakening of military strength. Although a centralized organization appears necessary in modern warfare, it is essential that its subdivisions function independently in the face of the unexpected and non-provided-for. The history of the World War provides a striking example of the danger of overorganization. Germany lost the first battle of the Marne in the fall of 1914 because overorganization and overcentralization had deprived her officers of the power to decide for themselves without sanctions from the commander in chief. The temporary lack of communications between

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headquarters and the two army corps which rapidly advanced on Paris therefore led to the panicky decision to retreat. In the far less organized French army, however, a subordinate general himself took the decision to pursue these retreating corps—against all orders and plans. The disastrous consequences for Germany were lessened by the completely unplanned and unprovided-for victory over the Russians staged by Hindenburg and Ludendorff—the two “nonconformists” in the prewar General Staff. But, although organization then enabled Germany to last out for another four years, she never recovered from the disruption of her carefully organized plan for a speedy victory in the West. The Marne was the turning point.

pp. 227-228 This creates the continuous tension under which the masses in the totalitarian countries live. They are deeply unhappy, deeply disappointed, deeply disillusioned. But they must force themselves with all their power to believe in totalitarianism just because they are disillusioned and dissatisfied. What is left to them when they give up the only thing they have? They are like drug addicts who have to take increasing doses of the poison, knowing that it is a poison, but unable to give it up because they must find oblivion and the happiness of dream. That explains the hysteria which grips the masses in every totalitarian meeting, parade, or pageant. They must convince themselves collectively that there is the right society. Individually every one of them knows or feels that he has nothing. That your

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neighbor is enthusiastic becomes a convincing argument for being enthusiastic yourself, even though the neighbor's enthusiasm is equally synthetic.

p. 229 And since the totalitarians have no god, they must invent a Demon, a superman and magician in whom the contradictory becomes one. To be this demon in whom wrong is right, false true, illusion reality, and emptiness substance is the function of the "leader."

p. 234 In addition the leader-principle fails as a political and ideological solution of the totalitarian problem. It can resolve the inner totalitarian conflict only by increasing the intellectual and nervous tension. Nobody can live all the time in the atmosphere of a revivalist meeting; but this atmosphere must be maintained in order to maintain totalitarianism. This tension must become increasingly marked as the "totalitarianizing" of society proceeds. Finally it will reach a point where the slightest doubt in the leader is disastrous. The more necessary it becomes for the leader to be accepted as infallible, the more difficult will it be for him to maintain the belief that he is always right; accordingly, the more vulnerable he and the regime become. For the belief in the demonic nature of a fellow man must assert itself anew every day; the miracle must be repeated with increasing success and at decreasing intervals. The belief in the miracle becomes more feverish all the

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time. The more the masses need the belief in the leader, the more they feel the strain which this belief imposes and its danger of sudden collapse.

pp. 234-235 This collapse will come as soon as there is an alternative to the belief in the demonic nature of the leader, that is, as soon as there is a new order and a new creed. But—and that is the mainspring of totalitarian success and strength—it cannot come otherwise. There can be no doubt that the masses in their great majority will continue to worship their self-invented demon out of sheer despair as long as the only alternative is the vacuum.