

Capitalism + Democracy = Dictatorship: Counterrevolution in Germany and Chile

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Extended abstract:

Many critical analysts observe that democrats pass power to the authoritarian far right in moments of crisis. Why? In this paper, I refine two interrelated theses that are together capable of explaining these dynamics. I do so through the study of two cases of the decline and fall of social-democratic governments leading to dictatorship: Germany from Weimar to Nazism and Chile from Allende to Pinochet.

Democracy divides the left. Liberal-democratic institutions have sufficient credibility to attract the center-left but not the far left (Piven and Cloward 1979). This produces an intraleft cleavage which weakens the left-wing agenda in absolute terms. The German Social Democratic Party (SPD) had a plurality in the Bundestag for an entire decade up to 1932, but for that entire time there was a deep cleavage between them and the Communist Party of Germany (KPD) (Poulantzas 1970). Chile's Socialist Party (PS) enjoyed a plurality for a much shorter amount of time, but the cleavage between the highly-mobilized workers' movement, demanding nationalizations and workers' control, and the Allende government in power, which did not want to deepen reforms too rapidly, was just as significant (Winn 1986). In both cases, the intraleft division was largely a reflection of the fact that liberal-democratic institutions had attracted the different wings of the left differentially: they drew the center-left in, whereas the far left remained outside.

Under capitalism, capital largely decides the political fate of government through its investment decisions (Block 1977). When the center-left is capable of prosecuting socialistic reforms, it provokes a capital strike and conditions get worse before the imagined socialist future, when they will get better, comes to fruition (Przeworski 1984). Both the German SPD and the Chilean PS were able to prosecute socialistic reforms. Since capitalists responded at different points in the reform process, and in different ways, the social democrats in power in both countries were able to advance politically, producing real gains for their working classes. But the weaponization of the liberal-democratic government for class struggle also turned the capitalist class against the government in each case. The effects of their opposition were not immediate. But when they were finally able to unite ranks, the implications were devastating.

Taken together, these two theses add up to the ironic conclusion that, by using the liberal-democratic institutions to pursue socialism, the left ultimately advanced capitalist dictatorship. First, democracy divided the left. There was considerable potential for joint SPD-KPD work in

both economic struggles and to oppose fascists in the streets (Trotsky 1971). But the left's *political* division meant it was in no position to effectively obstruct the advent of Nazism. In the Chilean case there actually was also collaboration between the parts of the Allende government and the insurgent labor movement. But the leftist part of the government opposed Allende's moderate industrial policy, putting the government as a whole in a defensive position vis-a-vis the far left. This meant the left was, again, in no way *politically* prepared to lock arms to oppose the Pinochet coup. In both cases, then, the left was divided more in some ways than in others, but nowhere more than in the political sphere.

Second, the socialist reforms prompted capital to unite ranks. This took some time, as several factors divided the fractions of the capitalist class: In Germany, heavy industrialists were always opposed to the SPD social programs, whereas the dynamic exporting fraction was initially more conciliatory (Abraham 1986). At the instigation of the depression of the 1930s, the eastern Junkers spearheaded elite class reunification. In Chile, it also took time for the fractions of the dominant class to unite. Initially it was not even clear Allende's economic reforms would be very significant, since they were driven by government recognition of worker demands for nationalization (which was arguably what drove the Russian and Cuban socialist revolutions as well [Le Blanc 2017; Pérez 1999]). But after this political direction became clear, the big bourgeoisie was able to enlist the petty bourgeoisie in a major anti-government lockout (pro-capital political strike).

In both cases, these two factors combined into a counterrevolution. The counterrevolutionary coalition was comprised differently in each case. In Germany, the insurgent bankrupted petty bourgeoisie inspired the Junker and industrial elites to unite ranks into an "anti-revolutionary triad" (Mayer 1971). This former, especially the Freikorps and Sturmabteilung, was a mass movement which the dominant class hoped to use and then discard, but which was not discarded so easily. The latter a wing of the military, cut from a similar cloth as Junkers, and arose in an economic crisis spawning mass petty bourgeois political outrage at the government, like in Germany. But rather than the latter inspire the former to join forces with the bourgeoisie, foreign intervention—technocrats trained at the University of Chicago's Department of Economics, along with CIA interference—was the decisive factor.

In sum, in Germany and Chile, liberal-democratic institutions divided the left. These institutions allowed center-leftists to take power, but doing so gave rise to an intraleft divide, weakened the left overall. Social democrats in government were able to pursue significant, socialistic reforms. These reforms, however, prompted the dominant class to react. It took an economic crisis for the dominant class to unify. Once they did, though, they hit back, torpedoing the center-left and the democratic institutions they had inhabited. The thesis, then, is that liberal-democratic institutions allow governments to pursue progressive reforms but that these serve to provoke a reaction from capitalists and their political allies, and that since they also divide the left. This reaction leads those we would today call "liberals" to pass power to the right—since they cannot survive in the face of this reaction, and sometimes even embark on more politically viable careers as a result.