

# On Paying For The War

IMPERMANENCE IS AN ATTRIBUTE of all wealth. With respect to goods designed for immediate consumption, the fact is obvious—it is only less so as to more durable goods. When normal consumption or decay are lingering processes, obsolescence intervenes. The impetus to production of invention and innovation accelerate the process.

The seeming vast reservoir of material things is in reality an endless stream of production, momentarily consumed and renewed. Consumption of necessities is dependent upon and supplied out of current production.

War is no exception to the rule. The implements of destruction must be fashioned by the generation that employs them. Despite every device of accounting, war must be paid for as it is fought.

In the past it was possible to shift the incidence of payment for isolated nationalistic conflicts to the future through the expedient of borrowing the means of prosecuting the war from abroad. The wealth so borrowed and consumed in the war was repaid and exported out of the production of a later period and to that extent the wealth of the nation as then constituted was depleted.

World struggle has rendered such procedure of impractical value. Collection of intergovernmental debts arising out of the first world war was generally abandoned as impracticable and impossible. In the present world involvement, despite the terminology applied to international transfers, realism counsels that no true relationship of creditor and debtor exists or is intended, and could in no event be enforced.

The issue of who will pay for the war and when therefore presents no problem. Inexorable economic law has determined that those participating must pay as they fight.

This conclusion is consistent with the fact that we are presently engaged in producing the means of prosecuting the war and that nothing produced hereafter can be used now—and the further fact that the most huge tax bill in our history is being levied to pay for that production in part.

But when we recall that the major part of this production is being financed by governmental loans we are perplexed. The simple factual statement that repayment in the future, being but a transfer of wealth within the nation from those taxed to domestic creditors, in no wise impairs

the wealth of the community as a whole, only serves to beg the larger question—the purpose and consequences of such procedure.

The purpose is clear to distribute the burden of the cost over the future (which is impossible) or deceptively to create the illusion of its accomplishment. The result is equally clear—extravagant process, added cost and redistribution of wealth.

Project the elements of wartime economy in hypothesis and this becomes apparent. Production of consumer goods in favor of war goods is acutely restricted. Every able person is employed, and despite the diversion of large numbers into actual combat service, production in the aggregate is increased. All the aspects of economic prosperity are superficially presented, but wealth for consumption, always evanescent in character and now of limited quantity, is insufficient to pay the wages and interest normally accruing from such activity. Inflation inevitably follows the ensuing rapid expansion of credits through loans.

Natural resources, site values and legal monopolies flourish while inflation absorbs the apparent gains in wages and interest. The government debt thus stands revealed as the depository of speculative and monopolistic gain and a guarantee of its return with increment out of future taxation. The pledge, if too embracing, may fall of its own weight, for repudiation lurks in its widening shadow.

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