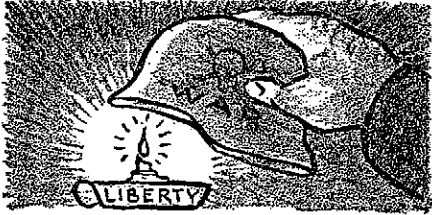


An Economy In Transition

WE ARE ENTERING the final stages of a war economy. The establishment of the National Defense Commission is the signal that the technique of living on a partially free basis is coming to a close.



From now on—and no one can foretell when or how a reaction toward free enterprise may set in—the marketplace as the determinant of our ways of satisfying desires will gradually be replaced by the mechanism of planning.

The market has never been free. The appointment of a regulatory body by the president does not in itself signalize a complete reorientation of our economy. It simply announces that the disease from which we have been suffering since the inception of our American way of living has reached the critical stage. The tendency toward a controlled economy can be traced to the first tax law, the first grant of land, the first statute that enabled one man to live by another man's work.

The first privilege given by organized society to any individual or group set the pattern for an economy in which the privileged wrest from the workers the product of their labor. Poverty is the consequence. Poverty begets poverty—including the consequent social ills—and the process is accelerated

able to improve their position relatively by inflation. . . . They are in an ever better position to extort from the people who have to use the land, a higher price for the privilege of producing wealth from that land.

"All the wealth about which Members have been talking is ultimately produced by labor out of land. Unless you force the people who own the land and raw materials to allow the man who wants, can and knows how to produce wealth, to do so, the State is positively assisting by inflation to prevent the production of the maximum amount of wealth."

One must not hope for too much from such slight currents of sense in the hurricane of war. But there is at least some hope for England in that such sense may find expression. Maybe the country will be forced to take heed.

* Remarks by Mr. Stokes and Col. Wedgwood from "Land and Liberty," London.

by the invention of more and more privileges. Eventually there must be a contraction of all privileges into the hands of the privilege-granting body, that is, the State.

That is a war economy. War and the fear of war—particularly the fear—make politically possible the transition from a partially-free, partially-monopolized economy to one completely monopolized by the State. The formation of the National Defense Commission is notice that the transition has begun.

Let us hope that it is for the duration of the war only. But of that we cannot be certain. Reason and experience tell us that freedom cannot be attained until it is understood. The inception and extension of monopoly economy is the result of ignorance; for instance, ignorance of the nature of taxation, or the function of rent. Education is the only hope. But that hope grows dim in the face of the complete control of all educational means, which is a necessary corollary of controlled economy.

The task for those who understand the economy of freedom becomes more difficult.