

## Confiscation Plagues the Munitions Makers

AN ECONOMY half free and half socialist cannot endure. Living in an environment which harbors these contradictory forces is difficult; either the weed must be rooted out of the garden or the garden disappears. Half measures are the allies of socialism in its struggle with freedom; the weed is noxious and thrives on the preoccupation of productive energy. Once socialism permeates a community's economy only annihilation of that economy can satiate the virus.

The transitional period—between freedom and slavery—is the most trying. It is a period of read-

justment. As the fear of poverty is infinitely more destructive of human values than poverty itself, since then the sense of human values has been completely dulled, so the conditioning of a society accustomed to the stimulating process of the market place to the deadening technique of a planned economy is attended with strife, confusion and dismay.

America is in that period now. The weed of privilege which was transplanted from Europe at the inception of our economy has so spread through our social, political and economic life that it seems ready now for the complete sweep. Many are the signs that point to the complete transition of our half-free economy to some form of socialism. We select a seemingly unimportant but highly interpretive news item to illustrate the point: the difficulty encountered by our government in obtaining war materials.

Briefly, this is the situation: Privately owned plants are afraid of being commandeered through the tricky technique of taxation. The owners, ignorant of economic processes but intuitively cognizant of danger signals, are fighting for their plants, their capital. Therefore, before accepting war munitions orders they are asking the government for guarantees that will protect them from confiscation. They want the government to: (1) finance the plant construction which will become valueless if

war orders cease; (2) guarantee that taxes will not wipe out all profits on these orders as well as any capital they may themselves invest in equipment and organization; (3) promise legislative control of labor lest increasing wage demands have the same effect as increasing taxes, since war orders cannot be stopped or prices raised.

It is dawning on American capital that production for the government is not true production. The rules of the market place do not obtain when government is the purchaser, since government brings taxes and not production to the exchange counter. Its taxes are derived from the wealth produced by labor and capital. The more it takes the less is left for labor to live on, and to store up capital for future production. Lowering wages and interest retards production, but not the power of taxation; and a government at war clothes itself with moral sanction for taking without stint.

Production, or income, is the first source of taxation. When income becomes insufficient, (labor must live) capital is confiscated. That is the lesson in economics recently re-taught by dictators. That is the lesson with which our munitions makers seem to be struggling. They are seeking a formula whereby they can save their capital from the insidious weed of socialism. There is no such formula.

No enclave, no ascetic retreat can completely isolate itself from the prevailing economy; there is no running away from our environment. When that environment crumbles none in the entire community is immune from the debris of its crashing pillars. That is the obvious to which our capitalists—and our privileged classes—seem so blind. If our capitalists should realize that freedom for them is possible only when freedom is the *modus vivendi*, when

they cease to particularize their problem and see it as the problem of society, then there might be some hope for weeding socialism out of our lives.

But, as things are shaping up now, it is manifest that munitions plants and other plants, as the "emergency" continues, will be confiscated by the government, either by taxation or by fiat, by inflation or by foreclosure following forced loans, or by a combination of these burglaries. Labor, depending

on the use of free capital for its own freedom, will find itself regimented into government service; that is, it will be militarized. Europe has shown us that no mirrors are needed for the metamorphosis. Nor is a violent revolution or *coup d'etat* necessary. It is done with less fuss and more effectively by the democratic technique and in the democratic phrase. If we do not wear blinders we can see it being done now.