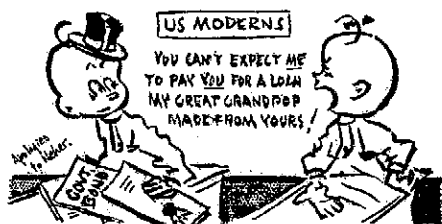


## Mortgaging the Lion's Cubs

THE BRITISH ANNOUNCEMENT of a £300,000,000 war loan, bearing 3 per cent interest, brings to mind some Liberty Bonds we bought, and urged others to buy, in 1918-19. Particularly reminiscent was the statement by the Chancellor of the Exchequer that the new bonds will be subject to a partial payment plan. This is the same old appeal to the patriotic cupidity of the "little man."

We recall that many workers who pinched themselves to buy a stake in victory—and, incidentally, to invest in the "safest security in the world"—later found themselves unable to keep up the payments, sold the bonds for much less than par, lost much of their savings. If a census of present owners of Liberty Bonds were available, it would disclose that very few of the original purchasers retained them. Who has the bonds? Your guess is as good as anybody's.



Anyhow, the present owners of Liberty Bonds, in collecting "interest" on these securities, are sharing in the taxing power of the government. It must be remembered that the money received by the Wilson administration from the sale of these bonds was not used as capital; that is, in the production of wealth. It was blown up. Therefore, the return to the owners of war bonds cannot be called "interest"; it is merely a tax on production.

War loans do not help a nation carry on war. The workers in 1918-19 produced the things necessary to the business of war. We fight, as we live, on present production. In creating a war liability, the government burdens future workers with a debt which they could not have incurred, since they were not born at the time. For the same reason they are not making payments, through taxation, to the workers who helped wage the war, nor even to those who lent the money to the government. War debts are a burden on present population for the benefit of living owners of the bonds.

Hitler and Stalin are much smarter than Chamberlain. For their war they prefer to take from workers all their produce above a very bare exist-

ence. (Maybe the dictators are not so smart; maybe they are making a very few loans merely because of a shortage of lenders). Unless Germany and Russia are so vanquished that their conquerors can impose a collectible war indemnity, these nations will emerge from the holocaust without a debt burden, and this would be quite an advantage to future Russian and German workers.

We do not, however, recommend the Hitler-Stalin robbery technique, superior as it is to the hocus-pocus technique of Chamberlain. Robbery, like the subtler method of taxation, distinctly discourages production. There is a source of revenue which would greatly encourage the productive enterprise necessary to the prosecution of war (to say nothing of peace) and would place no burden on the future workers. That is the economic rent of England.

But to collect rent openly, even for war, would destroy the prerogatives of the land-owning class whom Mr. Chamberlain represents, the very class who will eventually own all the war bonds.