

Capitalists, Beware the Barrack Economy

The German planned economy is now becoming a barrack economy to the nth degree, a completely State-dominated economy which can be distinguished from the Soviet economy only in details. Colonels in Col. Gen. Hermann Goering's Four-Year Plan organization are now running German business according to military and strategic considerations. In his first decree, Gen. Goering proclaimed, not unexpectedly, to the Reich workmen who have been agitating for wage increases to meet living cost rises, that "wage improvements cannot be granted" although increased labor productivity is demanded. In due course The Freeman will present a comparative analysis of the Nazi barrack economy. Mr. Levy, in the following article, presents an intimate picture of the common man's life in the Third Reich today.

By Adolf Levy

To the foreigner travelling in the Germany of the Third Reich, that country may appear a model of order. No sign of civil war, no riots in the streets; apparently everything is under perfect control. But what the traveler sees moving about the country is but the outer surface. When he returns to his native land he very often brings with him a distorted picture of the life there.

But whoever is compelled to live in this country for a longer time will be convinced that all is different from the mirage raised up by a dexterous propaganda. One thing which will hit him where he minds it most, in his standard of living, is the tax system. A skillfully devised scheme of taxes of all kinds is applied to extort from the people even the last penny of their earnings.

Germany has an immense number of taxes, some with names which cannot be translated into a foreign tongue. The tax collector spares no one, neither the laborer who works for starvation wages nor the independent tradesman. From peasant to big businessman, all producers are fair game to him. If, despite the tax robbery, something is left of his earnings to the individual, pressure is brought upon him to yield this up as a contribution to the "Winterhilfe," the general welfare fund, or as a subscription to the public loans which are being issued at regular

intervals. The latter might better be considered a donation, since the subscriber will never get his money back.

Besides that, the existing laws exert rigid control over the earnings of the independent merchant and manufacturer. To sever from the payroll in time of depression a laborer or employee who had been added in a busy season is almost impossible. To increase the price of a product more than its net cost is strictly forbidden. There are thousands of rules and regulations governing the formation of prices and the use of raw materials. Nobody knows all of them, yet if someone violates one, by design or by mistake, he is liable to imprisonment or loss of his license as a business man.

The consequence of these economic policies is the systematic destruction of private capital and all other values. For example, the market prices of buildings and of vacant lots have reached low levels never approached before. If somewhere an expensive, modern house in a choice locality is offered for sale, the buyer will usually be the Nazi party, which by law is tax free. I know of a well-known street in a large city in Germany where almost every second house has passed in this way into the possession of the party organization.

Despite all assurances in the platform of the National Socialist party that land reform would be introduced, no change in the direction of social land value taxation has taken place. Buildings and sites are assessed as a single entity and vacant sites are nearly free of taxes.

Worse than that are the privileges given to the big land owners in the East. In former times these Junkers employed to bring in their crops the so-called Polish wandering laborers (itinerant harvest hands), very poorly paid laborers, who returned to Poland when their work was done in

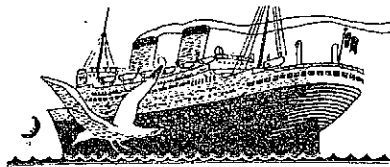
the Fall. Today the government sends the young folks, obliged to serve half a year in the work corps, as laborers to the big farms where they are paid wages against which any American apprentice would revolt. By these and other means the government supports the monopoly of the Junker land owners, who, without this help, would have lost their inefficiently-worked holdings a long time ago.

One would expect that a government which calls itself socialist would move to abolish the uneconomic congestion in the big cities by breaking up the latifundia in the East and settling on its soil the millions of landless peasants who would be better able to produce the manifold crop than the grain-cultivating and sheep-raising big farmer. This would have been the right direction for colonization aspirations, instead of alarming the whole world by continuous demands for return of the old German colonies, which were in former times a very expensive item in the general budget.

Protection for the private appropriation of rent and destruction of all capital values, however, is the aim of the "socialism" in Germany today. In this respect there is no difference between the German government and the Franco government in Spain. Like him, it protects the large class of land owners as well as that of the bureaucrats, who are willing to sacrifice their lives for their protectors to save their well-paid positions. The strength of the Nazi regime is in its ingenious system of mutual supervision which covers every street, even every house. In all probability this will bring it to an old age if war does not intervene.

Certainly, the destruction of capital in Germany is progressing rapidly and the impoverishment of the people is keeping pace with it. But what must become much greater before the people will be able to throw off the yoke of the regime. Did not the Spanish laborer suffer more before he sent the monarchy packing?

All classes, but the capitalist especially, should beware those who would oppose "Bolshevism" by set-



ting up in a democracy an authoritarian regime. From Moscow comes no greater menace to individual liberty than from Berlin. Both are centres of Communism. Whether the Russian form is government for the

people I do not know. But this I know, that Germany's present rulers are not working for the benefit of all the people but for a privileged minority. A dictator like Hitler can maintain his power, but only by heap-

ing honors and privileges on those in whose interest it is to stake their lives on protecting his.

See: "Social Problems," chapter XVII. The Functions of Government. "Protection or Free Trade," pp. 304-305.