

On the Nature and Uses of Sabotage.

(Continued from last issue)

At the present conjuncture, brought on by the war and its termination, the case stands somewhat in this typical shape. In the recent past earnings have been large; these large earnings (free income) have been capitalized; their capitalized value has been added to the corporate capital and covered with securities bearing a fixed income-charge; this income-charge, representing free income, has thereby become a liability on the earnings of the corporation; this liability cannot be met in case the concern's net aggregate earnings fall off in any degree; therefore prices must be kept up to such a figure as will bring the largest net aggregate return, and the only means of keeping up prices is a conscientious withdrawal of efficiency in these staple industries on which the community depends for a supply of the necessities of life.

The business community has hopes of tiding things over by this means, but it is still a point in doubt whether the present unexampled large use of sabotage in the businesslike management of the staple industries will now suffice to bring the business community through this grave crisis without a disastrous shrinkage of its capitalization, and a consequent liquidation; but the point is not in doubt that the physical salvation of these peoples who have come through the war must in any case wait on the pecuniary salvation of these owners of corporate securities which represent free income. It is a sufficiently difficult passage. It appears that production must be curtailed in the staple industries, on pain of unprofitable prices. The case is not so desperate in those industries which have immediately to do with the production of superfluities; but even those kept classes to whom the free income goes, are not feeling altogether secure. For the good of business it is necessary to curtail production of the means of life, on pain of unprofitable prices, at the same time that the increasing need of all sorts of the necessities of life must be met in some passable fashion, on pain of such popular disturbances as will always come of popular distress when it passes the limit of tolerance.

Those wise business men who are charged with administering the salutary modicum of sabotage at this grave juncture may conceivably be faced with a dubious choice between a distasteful curtailment of the free income that goes to the vested interests, on the one hand, and an unmanageable onset of popular discontent on the other hand. And in either alternative lies disaster. Present indications would seem to say that their choice will fall out according to ancient habit, that they will be likely to hold fast by an undiminished free income for the vested interests at the possible cost of any popular discontent that may be in prospect—and then, with the help of the courts and the military men, presently make reasonable terms with any popular discontent that may arise. In which event it should all occasion no surprise or resentment, inasmuch as it would be nothing unusual or irregular and would presumably be the most expeditious way of reaching a *modus vivendi*. During the past few weeks, too, quite an unusually large number of machine guns have been sold to industrial business concerns of the larger sort, here and there; at least so they say. Business enterprise being the palladium of the Republic, it is right to take any necessary measures for its safeguarding. Price is of the essence of the case, whereas livelihood is not.

The grave emergency that has arisen out of the war and its provisional conclusion is, after all, nothing exceptional except in magnitude and severity. In substance it is the same sort of thing that goes on continually but unobtrusively and as a matter of course in ordinary times of business as usual. It is only that the extremity of the case is calling attention to itself. At the same time it serves impressively to enforce the broad proposition that a conscientious withdrawal of efficiency is the beginning of wisdom in all established business enterprise that has to do with industrial production. But it has been found that this grave interest which the vested interests always have in a salutary retardation of industry at one point or another cannot well be

left altogether to the haphazard and ill-coordinated efforts of individual business concerns, each taking care of its own particular line of sabotage within its own premises. The needed sabotage can best be administered on a comprehensive plan and by a central authority, since the country's industry is of the nature of a comprehensive interlocking system, whereas the business concerns which are called on to control the motions of this industrial system will necessarily work piecemeal, in severalty and at cross-purposes. In effect, their working at cross-purposes results in a sufficiently large aggregate retardation of industry, of course, but the resulting retardation is necessarily somewhat blindly apportioned and does not converge to a neat and perspicuous outcome. Even a reasonable amount of collusion among the interested business concerns will not by itself suffice to carry on that comprehensive moving equilibrium of sabotage that is required to preserve the business community from recurrent collapse or stagnation, or to bring the nation's traffic into line with the general needs of the vested interests.

Where the national government is charged with the general care of the country's business interests, as is invariably the case among the civilized nations, it follows from the nature of the case that the nation's lawgivers and administration will have some share in administering that necessary modicum of sabotage that must always go into the day's work of carrying on industry by business methods and for business purposes. The government is in a position to penalize excessive or unwholesome traffic. So, it is always considered necessary, or at least expedient, by all sound mercantilists to impose and maintain a certain balance or proportion among the several branches of industry and trade that go to make up the nation's industrial system. The purpose commonly urged for measures of this class is the fuller utilization of the nation's industrial resources in material, equipment, and man power; the invariable effect is a lowered efficiency and a wasteful use of these resources, together with an increase of international jealousy. But measures of that kind are thought to be expedient by the mercantilists for these purposes—that is to say, by the statesmen of these civilized nations, for the purposes of the vested interests. The chief and nearly sole means of maintaining such a fabricated balance and proportion among the nation's industries is to obstruct the traffic at some critical point by prohibiting or penalizing any exuberant undesirables among these branches of industry. Disallowance, in whole or in part, is the usual and standard method.

The great standing illustration of sabotage administered by the government is the protective tariff, of course. It protects certain special interests by obstructing competition from beyond the frontier. This is the main use of a national boundary. The effect of the tariff is to keep the supply of goods down and thereby keep the price up, and so to bring reasonably satisfactory dividends to those special interests which deal in the protected articles of trade, at the cost of the underlying community. A protective tariff is a typical conspiracy in restraint of trade. It brings a relatively small, though absolutely large, run of free income to the special interests which benefit by it, at a relatively, and absolutely, large cost to the underlying community, and so it gives rise to a body of vested rights and intangible assets belonging to these special interests.

Of a similar character, in so far that in effect they are in the nature of sabotage—conscientious withdrawal of efficiency—are all manner of excise and revenue-stamp regulations; although they are not always designed for that purpose. Such would be, for instance, the partial or complete prohibition of alcoholic beverages, the regulation of the trade in tobacco, opium, and other deleterious narcotics, drugs, poisons, and high explosives. Of the same nature, in effect if not in intention, are such regulations as the oleomargarine law; as also the unnecessarily costly and vexatious routine of inspection imposed on the production of industrial (denatured) alcohol, which has inured to the benefit of certain business concerns that are interested in other fuels for use in internal-combustion engines; so also the singularly vexatious and elaborately imbecile specifications that limit and discourage the use of the parcel post, for the benefit of the express companies and other carriers which have a vested interest in traffic of that kind.

It is worth noting in the same connection, although it comes in from the other side of the case, that ever since the express companies have been taken over by the federal administration there has visibly gone into effect a comprehensive system of vexation and delay in the detail conduct of their traffic, so contrived as to discredit federal control of this traffic and thereby provoke a popular sentiment in favor of its early return to private control. Much the same state of things has been in evidence in the railway traffic under similar conditions. Sabotage is serviceable as a deterrent, whether in furtherance of the administration work or in contravention of it. In what has just been said there is, of course, no intention to find fault with any of these uses of sabotage. It is not a question of morals and good intentions. It is always to be presumed as a matter of course that the guiding spirit in all such governmental moves to regularize the nation's affairs, whether by restraint or by incitement, is a wise solicitude for the nation's enduring gain and security. All that can be said here is that many of these wise measures of restraint and incitement are in the nature of sabotage, and that in effect they habitually, though not invariably, inure to the benefit of certain vested interests—ordinarily vested interests which bulk large in the ownership and control of the nation's resources. That these measures are quite legitimate and presumably salutary, therefore, goes without saying. In effect they are measures for hindering traffic and industry at one point or another, which may often be a wise precaution.

During the period of the war administrative measures in the nature of sabotage have been greatly extended in scope and kind. Peculiar and imperative exigencies have had to be met, and the staple means of meeting many of these new and exceptional exigencies has quite reasonably been something in the way of avoidance, disallowance, penalization, hindrance, a conscientious withdrawal of efficiency from work that does not fall in with the purposes of the Administration. Very much as is true in private business when a situation of doubt and hazard presents itself, so also in the business of government at the present juncture of exacting demands and inconvenient limitations, the Administration has been driven to expedients of disallowance and obstruction with regard to some of the ordinary processes of life, as, for instance, in the non-essential industries. It has also appeared that the ordinary equipment and agencies for gathering and distributing news and other information have in the past developed a capacity far in excess of what can safely be permitted in time of war. The like is true for the ordinary facilities for public discussion of all sorts of public questions. The ordinary facilities, which may have seemed scant enough in time of peace and slack interest, had after all developed a capacity far beyond what the government traffic will bear in these uneasy times of war and negotiations, when men are very much on the alert to know what is going on. By a moderate use of the later improvements in the technology of transport and communication, the ordinary means of disseminating information and opinions have grown so efficient that the traffic can no longer be allowed to run at full capacity during a period of stress in the business of government. Even the mail service has proved insufferably efficient, and a selective withdrawal of efficiency has gone into effect. To speak after the analogy of private business, it has been found best to disallow such use of the mail facilities as does not inure to the benefit of the administration in the way of good will and vested rights of usufruct.

These peremptory measures of disallowance have attracted a wide and dubious attention; but they have doubtless been of a salutary nature and intention, in some way which is not to be understood by outsiders—that is to say, by citizens of the Republic. An unguarded dissemination of information and opinions or an unduly frank canvassing of the relevant facts by these outsiders, will be a handicap on the Administration's work, and may even defeat the Administration's aims. At least so they say.

Something of much the same color has been observed elsewhere and in other times, so that all this nervously alert resort to sabotage on undesirable information and opinions is nothing novel, nor is it peculiarly democratic. The elder statesmen of the great monarchies, east and west, have long ago seen and approved the like. But these elder statesmen

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