Righteousness

Recently, I participated in the meeting of a university committee which was investigating the generally dull question of how to "employ" surplus Ph.D.'s. When I suggested that our terms of reference (e.g., "employment") were specious, and that a more fruitful framework in which to consider the question was that of how to establish conditions conducing to "the disinterested pursuit of truth", I was derisively rebuked by a committee member: "It's all right to talk about beauty and truth and light," he said, "but we have to be practical."

The implications of this assertion are staggering. On the surface, it appears to be a denial that academics are concerned with truth. This (though no doubt often the case) is probably not what the man meant: he likely meant that here, in the university, we study our own kind of "truth", which has nothing to do with reality; as soon as we encounter a 'real' problem, we have to forget about being 'truthful' and be something quite different, i.e., "practical". Personally, I cannot comprehend how anyone can construct an antithesis — or even a dubiety — between "truth" and "practicality". To do so is tantamount to saying "the only way to deal with this problem is to do the wrong thing".

Nevertheless, this type of dissociation is characteristic of much thinking (particularly among the professional thinkers or 'intellectuals') nowadays: "truth" is regarded as purely theoretical, abstract, and ideal; "expediency" or "pragmatism" — however theoretically 'evil' — is the only way to get things done. Thus, for example, 'morality' is seen to be irreconcilable with 'progress'. Note, however, that this is merely an assumption, arising from the (often unconsciously held) conviction that the universe is in its essence contradictory. That is, what should be is very nice, but what can be — though not very nice at all — is unavoidable. If 'truth' can be (indeed, must be) dissociated from practical consequences, then it follows that the effective force in the universe is evil. What works is bad, what does not work is good.

At the risk of seeming unconscionably nit-picking, I suggest that this is a ridiculous position to adopt. Anyone who maintains — in the face of all the evidence of what he accepts as effectively real — that "good" or "truth" must oppose the way things are is not only contradicting himself, but is also a sentimental fool, who can only reap destruction. On the other hand, a reality that maintains itself by evil or untruth (?) — by 'wrong' relationships — seems doomed to a similar end. If what is theoretically good cannot be reconciled with what is practically good, then we ought (in all sanity, in all reason) to abandon our idealisms and devote ourselves to the evil god.

If, however, 'truth' has objective reality (and is not merely a projection of subjective ideals), then perhaps it does have embodiments; perhaps it is the only practicality. Perhaps, in fact, what is 'right' does work — and what is presented to us as 'the way things are' is simply a set of perversions which so palpably do not work that to accept them as a frame of reference for either 'moral' or 'practical' action is sheer folly.
Red Stew

The lot of those exceptional men who function as "consciences" of society is fraught with vicissitudes. Often they are tolerated, or even applauded, for a certain time—especially when their criticism is aimed at somebody else to whom we enjoy feeling superior. However, it is the mark of such persons that they act with another thought than to reach and expose the truth. They are always pressing their arguments beyond comfortable limits, challenging our assumptions and prejudices. Eventually, they rouse the animosity of everyone who has bemused his own conscience in order to protect some destructive interest or persevere in some unwholesome practice. As a result, their careers are usually tempestuous, as they alternately evoke admiration and hostility.

Interested Praise

Such is the case of Aleksandr Solzhenitsyn. In his native land he was once lauded for his powerful literary representation of the brutality of the Stalin regime. His writings were then consistent with the official line of "de-Stalinization". However, when that line changed, Solzhenitsyn would not change with it. Instead, he became more insistent on extending his original work—thereby rendering himself extremely bothersome to the people holding political power in his country. Perhaps he could have gotten away with calling Stalin a criminal, if he had left off at that point. After all, Stalin was dead. But to argue that his collaborators and agents, his living heirs, should be brought to book for their crimes was intolerable. Not only was Solzhenitsyn no longer useful; he had become downright dangerous. Means of disposing of him had to be found; and, since the conventional Soviet methods could not conveniently be used against one so famous, he was denounced as a traitor and expelled from his country.

He has been accorded largely a hero's welcome in the non-communist world. Here was a man who had personally faced down tyranny and seemingly proved the superiority of our society to one organized on the principles of communism. Yet one wonders to what extent this is just a repetition of what he experienced in the Soviet Union. Has his arrival been celebrated out of sincere admiration for the man or, once more, because he is useful?

(continued p. 6)
The Cost of Production

This article, in two parts, is a paraphrase of an analysis first put forward over fifty years ago by C. H. Douglas. The discrepancy which it reveals between the true and financial costs of production, if true, is crucial to any effective approach to current financial-economic (and, by extension, political) issue.

Most, if not all, of the economic problems now confronting us can be traced to a faulty understanding of the question of 'cost'. Obviously, in an era of accelerating inflation, one becomes accustomed to declara-
tions such as: 'That costs too much!' or 'That costs twice as much as it did three years ago!' or 'Buy a com-
 pact car (or a set of garden tools) and reduce your costs!'. These assertions generally refer to prices, which reflect the financial costs of production; these costs (and not, as Marxist critics would have us believe, 'profits' and the rake-offs of middlemen) are the true locus of inflation. They lead to the dilemma of economic enterprises: to remain viable, they must be able to recover their financial costs. Built into the financial system, however, is the necessity that these costs shall always increase: faced with continuously increasing costs on the one hand, and louder and louder public outcry (stimulated by "revolutionists") on the other, private enterprises are forced to leave the field of production to organizations (e.g. government) which are less subject to accounting conventions and have at their disposal more direct sanctions than "money". Thus, politically, the question of cost is related to the problem of the centralization of power: as usual, it is the political implications of the issue which make it urgent.

And, in view of the fact that the problem of cost is (at least potentially) the instrument of a policy, it is worth questioning the inevitability of the phenomenon, at least in the terms in which it is generally elaborated. In fact, the notion of increasing costs (and their concomitant, inflation) is anomalous: 'we'—culture, civilization, the productive system—have presumably become more efficient. Increasing hardship in acquiring consumable goods—hardship manifested in inflation—seems a strange index of increasing "efficiency".

Nature of Cost

This reflection leads to the necessity for a rather close examination of the nature of cost—specifically, the cost of production. In absolute terms (if one pays heed to the law of conservation of matter-energy, the first law of thermodynamics), there is perhaps no such thing as the cost of production: matter-energy is not destroyed or expended in production; it is merely transformed into something else. Nevertheless, for practical purposes, matter-energy is more useful in certain forms than it is in others. Real costs might be regarded as the penalty (measured in terms of decreased availability of matter-energy in usable forms) resulting from the process of conversion or production. The matter-energy in a gallon of gasoline is not destroyed by its combustion in an automobile engine, but the water, carbon monoxide, and heat released are less usable than the original fuel. Similarly, the energy a man uses working in a factory is merely converted, but it is no longer available for him to play the piano. If music is a more desirable pursuit (to him) than labour, a cost additional to the energy he expends in either—a psychological cost—is exacted from him by the latter. This prompts a definition of 'freedom' as, perhaps, the power to choose the penalties (or costs) that one is going to pay. In terms of this definition, any kind of constrained labour is a limitation of freedom.

But, to return to 'cost': in real terms, cost can be regarded as the matter-energy consumed (or changed) in the process of production. This, however, seems to be a circular statement in view of the first law of thermodynamics: it is axiomatic that what is consumed is exactly equivalent to what is produced. The cost of production is consumption; consumption equals production: in real terms: upon what basis can we discuss "efficiency" if as much as is produced will always be consumed in that program of production?

Is, for example, cost purely psychological, that is, can the 'penalty' involved in production be differentiated solely in terms of human satisfaction? Obviously it can. Although the amount of energy (say, to bake a loaf of bread) derived from burning a Chippendale table may be the same as that released in the burning of a packing crate, the psychological cost attached to the
consumption of the former will probably be greater. Thus, there is an intangible element in cost—an element which may be the most important of all. Moreover, of course, certain kinds of production may entail concomitant costs which others may not. The same amount of matter-energy may be used in building a good car or a shoddy car: the latter will have to be replaced sooner than the former; it will depreciate more quickly; its "entropy" is greater. If the first law of thermodynamics suggests that consumption (the cost of production) will always equal production, the second law of thermodynamics suggests (at least) that there are more or less conservative methods of allocating that consumption.\(^1\) Significantly, it is at this point that the human faculty of discrimination—of discovering and applying the correct principles of association—becomes paramount.

**Reduction of Costs**

Human ingenuity cannot alter the fact that a certain amount of matter-energy is required in, say, the manufacture of a car. It can, however, reduce the amount of matter energy *wasted* (that is, expended in ways not necessarily related to the direct objective of the productive effort) in such manufacture: this is a question of the perfecting of the various associations involved in the production of the car. Here, many factors come into play—the administrative ability of the factory manager, the division of labour, employee morale, and so on. Moreover and this is surely the most important factor in production, there is the accumulation of know-how: the first car was the product of thousands of years of experimentation; now, a car comes off the assembly line every minute. Each time we want to build a car, we no longer have to invent the wheel. The increase in efficiency of effort resulting from this accumulation of technical knowledge is tremendous: the real cost (in terms of the expenditure of energy) involved in building last year’s model is infinitesimal compared with that invested in the first automobile. We no longer have to start from scratch; we know the principles involved. In other words, we can get more directly to the specific objective of our productive effort.

Not only is the real cost of production reduced by correct knowledge of the principles of association, but (in terms of human effort) it is also reduced by the application of those principles to non-human sources of energy. Thus, for example, if a water mill can be constructed to grind wheat into flour, there is probably no absolute saving of energy: the same amount of energy is required to do the same amount of work, regardless of the source of energy. But the cost of production in terms of human energy has diminished: because a machine has been devised to utilize energy flows occurring naturally, human energy is liberated from the kind of labour which the machine can now do. This means that the penalty for production in terms of human effort is lowered: that effort can be applied to some other project. If, for example, human ingenuity can be applied to the problem of further increasing productive efficiency or reducing the human cost of production, then the release of human energy by technology should allow further progress. At least, it should allow human energy to be applied to ends less onerous than grinding grain; the psychological cost is reduced. Or, politically, the sphere of choice of penalties to be paid is extended.

**Cost of Capital**

We should notice one or two other characteristics of our example. One of these is that the initial construction of the mill leads to an increase in costs: that is, while the mill is being built, energy is being expended not only to grind grain, but also to build a capital structure. Thus, in any period of capital expansion, real costs increase. However, as soon as the capital structure is completed, the real costs associated with its construction are met. The materials and energy that are the cost of the mill are used when the mill is built: this means that they were economically available at the time of the construction of the mill. The point is that, in terms of real cost, there is no such thing as debt: the real costs of building the mill cannot be "paid" after the mill is built. If it is finished, its costs have been met; if they have not, it is not finished. In real terms, then, the cost of the mill once it has been completed is the matter-energy required to keep it in repair—to replace parts as they wear out, and so on. That is, after a capital structure has been built, subsequent costs associated with it might be subsumed under the category of depreciation.

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Clearly, capital appreciation proceeds much more rapidly than capital depreciation. A mill which can be built in one year may not wear out entirely for fifty years or a century. The fact that we do not have to use all our energy building a new mill every year (or grinding grain manually in the first place) is a real economic gain for us, and is the basis of all investment. We have, in any given period, a surplus of matter-energy beyond what is necessary merely to keep alive: by investing that surplus in ways that exploit the potential of the principles of association, we secure a greater surplus in the future—a dividend, a dividend resulting from associations, an "increment of association". Again, our mill does not obviate the absolute need for energy: but that energy is derived from a natural source (flowing water, resulting from such 'automatic' processes as precipitation and the force of gravity), and thus does not represent a cost in terms of human energy (other than that of operating and maintaining the mill). In fact, the source of this energy has nothing to do with human effort ultimately—although human labour and ingenuity can be applied to tapping it. But the point is that by far the largest proportion of our power comes from non-human sources: most of our energy is simply "free" regarded from the point of view of human cost.

This cannot be overemphasized: the human factor in production is negligible compared with the increment of association resulting from millennia of experiment, of trial-and-error in developing technique and with energy derived from non-human sources. The 'costs' of production are met largely by non-human factors—by factors which specific persons cannot even be said to own. Who, for example, 'owns' the lever or Newton's laws? To what extent can our 'capital'—our heritage of organization and technical know-how—be said to be communal? To what extent can the reduced "cost" of production resulting from that communal capital be distributed to persons as a dividend? These questions follow upon any discussion of the 'cost of production' as matters of policy: what are the political implications of increasing technical efficiency? Who is controlling the communal capital?

True Cost

The axiom upon which the foregoing discussion has been based is this: "The true cost of a given pro-

represents economic "profit" in that it is product surplus to what is consumed during the production period. If, then, during the period, bricks, bread, and bakery are produced, but only bricks and bread are consumed, the cost of the bricks, bread, and bakery will be bricks and bread. The cost of the total production is less than the production itself. Again, this situation is the result of the multiplying factors which we have referred to as "the increment of association". Obviously, if a man had to spend all his time eating, and immediately converted everything that he ate into energy to allow him to go on eating, he would have nothing 'left over' to invest in improving the means of satisfying his requirements.

The point is that he does have such surpluses, and has for centuries been investing those surpluses: the result is that the communal capital has been appreciating over the years, and that the mean rate of production is actually and potentially increasing relative to the mean rate of consumption. The accumulation of capital (including cultural capital) has vastly augmented our ability to produce. The result is that the true cost of production (measured by consumption) is less than the production itself.

D.R.K.

(To be concluded next month)

Our psychic processes are made up to a large extent of reflections, doubts and experiments, all of which are almost completely foreign to the unconscious, instinctive mind of primitive man. It is the growth of consciousness which we must thank for the existence of problems: they are the dubious gift of civilization. It is just man's turning away from instinct—his opposing himself to instinct—that creates consciousness.

... As long as we are still submerged in nature, we are unconscious, and we live in the security of instinct that knows no problems. Everything in us that still belongs to nature shrinks away from a problem; for its name is doubt, and wherever doubt holds sway, there is uncertainty and the possibility of divergent ways. And where several ways seem possible, there we have turned away from the certain guide of instinct and are handed over to fear. For consciousness is now called upon to do that which nature has always done for her children—namely, to give a certain, unquestionable and unequivocal decision.

—C.G. Jung, Modern Man in Search of a Soul, 96

He kneweth nothing as he ought to know, who thinks he knoweth anything without seeing its place and the manner how it relateth to God, angels and men, and to all the creatures in earth, heaven and hell, time and eternity.

—Thomas Traherne

("Stew", continued from p. 2)

In the answer to this question (which will be evident shortly) lies the real measure of the degree to which our society constitutes an improvement upon the one he left.

Redirected Criticism

One thing, at least, seems certain: Solzhenitsyn is not going to play the game of powerful persons in the West any more than he was willing to play the game dictated by the CPSU. Nor is he going to rest on laurels previously won. He is clearly determined to force the truth, regardless of whom this may annoy or offend. Already, some of his declarations must be tearing the ears of many of our local tin gods.

His first major public address since his expulsion, delivered in Washington on June 30th, opened with the following sentence:

Something which is almost incomprehensible to the human mind is the West's fantastic greed for profit and gain, which goes beyond all reason, all limitations, all conscience.¹

Hardly the statement of a man seeking to curry favour in his new environment! If we expected him to confine his adverse judgments to communism, we were mistaken.

He did not enlarge upon this shattering estimate of our society on that occasion, but nine days later in New York he made his meaning clear. In fact, he had been attacking—if not communism proper—the principal props of the system. These, he said, consist of the economic aid and trade advantages provided by non-communist nations.

When they bury us alive, please do not send them shovels and the most up-to-date earth-moving equipment. ... Our whole slave system depends on your economic assistance.²

His point was that, by taking the pressure off the Soviet government to feed, clothe and house the people, the Western nations have facilitated its concentration on internal repression and external expansion. "Stop sending them goods. Let them stand on their own feet and see what happens." Despite a certain amount of "cold-war rhetoric", the West has continually satisfied Soviet requests for foodstuffs and technology. Without such aid, Solzhenitsyn suggests, the Russian experiment with communism would have collapsed long ago.

Contradictory Policies

He is treading on delicate ground, for his argument
To Those Who Share Our Concern

The publication of SEED is an enterprise which we feel is of cardinal importance to the revitalization of our culture. This endeavour represents the concern of a few individuals sensible of their responsibility to reverse, where possible, what they perceive to be the deterioration of the ideological and practical bases of this culture, and prepared to make personal sacrifices in the accomplishment of this objective.

However, our success can only be in proportion to our resources, which—particularly in their financial aspect—are quite limited. We are determined to proceed, even within those limitations. But we would like to do more.

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(continued p. 8)
Counter-attack Likely

The stakes involved in the commercial dealings that Solzhenitsyn has denounced are high—so high that the traffickers (whose lack of scruples is demonstrated) will give short shrift to any obstacle in their way. Solzhenitsyn is endeavouring by every means to become such an obstacle.

This is why his experience outside Russia might, in the long run, very much resemble that inside. He could utter a million criticisms of the Soviet government and society with impunity; but he will not so easily be permitted to force a genuine change in the established game plan for relations with the communists. Attempts may well be made to destroy his reputation entirely: the rumours casting doubt on his mental stability reportedly whispered by Gerald Ford's advisers seem to foreshadow something of the kind. Of course, there is nothing novel in this for Solzhenitsyn, since the same device of questioning the sanity of persons deviating from the 'approved' course is commonplace in the Soviet Union. So is demotion to the status of a 'non-person': if Solzhenitsyn's name suddenly disappears from the headlines, don't be surprised.

Fortunately, his past has so tempered his character that such treatment would probably affect him little; and, for thinking people in our society, it should offer potent confirmatory evidence of his fundamental thesis.

R.E.K.

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1. Taken from a translated transcript of his speech, which was delivered extemporaneously in Russian.

I had thought that Communists were calm, strong, definite people, with very clear ideas as to what was wrong with everything. ... But the trouble with their convictions was that they were mostly strange, stubborn prejudices, hammered into their minds by the incantation of statistics, and without any solid intellectual foundation. And having decided that God is an invention of the ruling classes, and having excluded Him, and all moral order with Him, they were trying to establish some kind of a moral system by abolishing all morality in its very source. Indeed, the very word morality was something repugnant to them. They wanted to make everything right, and they denied all the criteria given us for distinguishing between right and wrong.

Thomas Merton, The Seven Storey Mountain, 147

Never in human history, it is safe to assert, have there been so many actual and potential liberators as in the last half-century, and so little liberation; so many and so loud shouts for freedom, and so much enslavement.

Malcolm Muggeridge, The Green Stick, 175