Value Judgments

The criticism has been made of Seed that it is excessively "moral". Whatever the spirit in which the observation was made, we can only take it as a compliment: our policy is (explicitly) to make judgments on the basis of value. In fact, our critics probably mean that we are too "moralistic", too preoccupied with proclaiming the way things ought to be, and disregarding the way things are. Thus, for example, to speak of economic policies as being 'right' or 'wrong' is presumably merely fatuous; economics are simply matters of invention or opinion; they have nothing to do with the nature of reality.

We repudiate such a position. Our conviction is that economics (society's household management) is the result of associations which, if correctly realized, will be genuinely productive and conservative; if perverted, destructive and wasteful. We do not say, "How nice it would be if things were such and so"; we maintain that if our economic arrangements defy the principles (or laws) of association, then disintegration must follow—as it seems to be at the moment. And we hold that it is immoral to proclaim a theoretical love of "goodness" and at the same time say that "goodness" is purely abstract and that its pursuit is a futile policy.

The suspicion of "morality" as something simply theoretical, or "psychological", or culturally-determined (and therefore objectively invalid) is well-entrenched in current mythology. This distrust of "morality" (which, certainly, to do with choice) ostensibly renders "value judgments" unacceptable as a basis of choice. "Good" and "evil" are matters of perception, not of thought, word, or deed; a person's choices are not evil or good; they are manifestations of sexual-repression, cultural deprivation, or the dialectic of history.

This view obviates morality in two ways: it assumes that persons are will-less, are determined by forces outside the realm of choice; and it blurs the distinction between choices: that is 'good' which is positively reinforcing. As C. S. Lewis demonstrates in The Abolition of Man, however, the opposite view is that a person's destiny is a moral one depending upon the correspondence of his idea of reality (and his actions) with objective reality itself. Lewis quotes Thomas Traherne, for example ("Can you be righteous unless you be just in rendering to things their due esteem?"), and points to St. Augustine's conviction that virtue is "ordo amoris, the ordinate condition of the affections in which every object is accorded that kind of love which is appropriate to it". Note that this supposes that it is not how we feel about a thing that takes precedence in value judgments, but how the thing is. What kind of love is proper to an economic system which degrades and destroys, or to a political dispensation that coerces and enslaves? Does the fact that some people 'love' them give them a claim to our admiration—or even tolerance? What kind of love is due to perversions of the law of rightness?

Our evaluations may be right, or they may be wrong. We are convinced, however, that they must be one or the other. If not, then the condition of things is chaos.
Our Policy

SEED aspires to fulfil a unique role transcending the functions of other magazines and journals. Our purpose is neither to propagandize in the sense of promoting some fixed point of view or body of thought nor merely to comment on current events. Our partnership does not extend beyond these considerations. Firstly, we believe that reality does exist: it is not a matter of opinion and will assert its authority over all opinions that contradict it. All sanctions reside in reality; opinion has none. Secondly, we believe in the desirability of extending human freedom. Genuine freedom is contingent upon our comprehension of reality, since to the extent that men disregard reality, they court personal and social disaster.

In other words, far from conforming to the modern view that value judgments are to be avoided, SEED will intentionally consist of a succession of value judgments, which will constitute the principal criterion of its success. Man cannot approach truth without rigorous formation of value judgments and perfecting of definitions. Discovery and refinement of the correct principles for human action and association will be the focus of our attention within the field of reality. If we carry our investigation of the nature of reality far enough, we shall illuminate the way to the formulation of sound policy.

We have no illusions about the facility of the course on which we are embarking. It is possibly the most difficult course open to us. However, its value should be proportional to the efforts it requires. If the distractions to intelligence and will which characterize contemporary society are, as we believe them to be, fundamentally unsatisfying, we are confident that some seekers of truth will involve themselves in the experiment that SEED represents. Such persons are the only ones capable of responding to such an experiment.

We approach our undertaking in the spirit of making an offering that will call forth latent creative capacities. If the ideas that SEED disseminates have validity and settle in good soil, they will grow. Moreover, their growth will be progressive and cumulative. SEED will serve as a medium permitting the cross-fertilization of adventorous intellects, thereby diminishing the effects of the entropic phenomenon that paralyzes development by compelling men to struggle to find truths that they have lost sight of and had to rediscover repeatedly during the past.

If our project is conducted correctly, it will at the least generate a new conceptual vigour among a segment of the community -- and perhaps even result in the formation of new men.

Inverted Interest

The media which purvey "information for the masses" tend persistently to portray world events as the outcome of the efforts of community leaders to grapple with bewilderingly complex and intractable problems. Undoubtedly, this interpretation of developments is occasionally appropriate. However, taken by itself, it cannot lead to a realistic assessment of the dynamics of many major policies. The indisputable fact is that the fortunes of both individuals and organizations are as often as not dependent on the perpetuation — rather than the solution — of the problems in question.

Indeed, it would be no exaggeration to say that the artificial generation of problems is basic to contemporary economic and political structures. Conspicuous examples come to mind — such as the effects of maintaining the threat of war on the balance sheets of armaments manufacturers. The same sorts of stimuli permeate all aspects of our social relationships. The entire advertising business is, for instance, oriented towards creating impelling sensations of need where no genuine need may exist. The industrial strike is designed to cause difficulties for employers and/or the public.

The same principle is ubiquitous in politics. The predominant challenge to the man with political ambitions is to gain control over others; and, short of being physically incarcerated, people can most effectively be controlled by making their daily lives functions of the solution of some problem. A concocted problem will do the job quite as nicely as one that is real. Thus, the concomitant of the policy of transferring into "service" work people who are displaced from industry by technological advances is the necessity of keeping an adequate number of problems on the simmer to give the appearance, at least, that what they are doing is justified.

It is very well, say, to regard Stalin as an abomination for having wrecked Russian agriculture and then used the fact that it was failing as an excuse to extend his power over the whole nation; but the same trick is being carried off on a petty scale a thousand times a day in our own society. In fact, making oneself "useful" in the solution of some problem that ought not to exist (or, better still, does not exist) is nowadays (continued p. 7)
The Cost of Production

This continuation of an article begun last month considers the implications of the statement "the true cost of production (measured by consumption) is less than the production itself".

If this is the case, why are prices continually rising? Again, why is a reduction in the true cost of production apparently accompanied by a rise in financial costs—and consequently in prices? The answer, quite shortly, is that the community, while it is charged for capital costs, is not credited with the capital appreciation represented by the cultural heritage. This means that the community does not have access to production at its true cost: rather than reducing prices to accord with the true cost of production, those who manipulate the financial system consistently increase costs by vainly trying to bring 'consumption' artificially up to the level of production.

Economics of Waste

The key to this situation is revealed in John Maynard Keynes's assertion (which we have quoted elsewhere) that "We shall be absolutely dependent for the maintenance of prosperity and civil peace on the politics of increasing consumption." Remember that consumption is an index of cost: what Keynes is saying, in effect, is that 'prosperity' depends upon the politics of increasing cost—and therefore, of inflation. This is bare-faced nonsense: "We are better off," he is saying, "the less efficient we become." As for fostering "civil peace", we know that inflation is always a technique of revolutionary disruption.

The concomitant of Keynes's position is that waste is in fact economically (and politically) desirable. If "increasing consumption" is a meritocratic objective in itself, then destruction, not wealth ("Possession of the valuable by the valiant"—John Ruskin), becomes the goal of the economic system. This is, in fact, the case: the economy (as presently constituted) functions most 'effectively' (in terms of Keynes's criteria) in times of war or pseudo-war. War, in fact, consumes production at a devastating rate; it keeps the economy moving at a stupefying pace. In real terms, however, war is disgustingly inefficient—it increases costs astronomically and contributes to the human satisfaction of no one but sadists and psychopaths. "But," the orthodox economist will reply, "it does distribute incomes."

Military war is, of course, only one (perhaps the most blatant) of the consequences of Keynes's position: among others are the familiar phenomena of pollution, planned obsolescence, and junk-production. If 'consumption' is an objective in itself, then, obviously, the more quickly things can be consumed, the better. Therefore, nothing is built to endure: entropy, rather than conservation, becomes the goal of productive enterprise. The implication of this policy is that firecrackers are intrinsically more "economic" than the Mona Lisa. That is, what is cheap, ephemeral, and offensive is economically preferable to what becomes an enduring part of the cultural heritage. "Art" is antithetical to current economic assumptions: art tends to be permanent, it is consumed slowly, and it gives great human satisfaction. What is wanted is something that disappears as rapidly as possible, giving as little satisfaction to its consumers as is compatible with their continuing to consume it.

Once again, the point of all this is that "the politics of increasing consumption" is the politics of increasing costs: the notion that before we can enjoy what is wanted we must produce and destroy what is not wanted is an affront to discrimination and a conscious repudiation of the cultural heritage. As a financial index, then, inflation accurately represents the economic policy at work in the world today: it figures forth the build-up of costs attendant upon the proliferation of waste. But, as a financial index, inflation precisely inverts the potential reality of economics. The true cost (and therefore the financial cost) of production should be going down—unless we are willing to admit that a cavern with a club is more efficient than modern technology. Livelihood should be becoming more accessible, not less so.

Labour Theory of Value

Why is it not? Primarily because of the old super-

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3 Quoted by Sebastian de Grazia, Of Time, Work, and Leisure (Garden City, 1964), 214.
stitution that the only claim a person has to wealth is his labour. This, as we have seen, is plain foolishness: the whole constitution of the universe contradicts it—air and sunshine, for example, come to us "free". Moreover, as I have indicated, most of the work done today is the result of the efforts of persons lost in the mists of time—our present ability to produce is an inheritance, which is (once more) 'free' with respect to the labours of us, the heirs. The inability (or refusal) to recognize the importance of these 'costless' factors in production leaves us ridiculously struggling 'to earn our own money'.

Let us return to our example of the watermill. Suppose that, before its construction, the miller employed ten men to grind grain manually; now he finds that he can operate the mill alone. Previously, his costs were largely labour costs—the wages distributed to his workers—and costs for raw materials. He had to recover those costs through the prices he charged for flour; presumably, since he has his own needs as a consumer, he would want to make some sort of 'profit' (his own disposable income), which he must have included in his price. Thus, a large portion of his prices were matched by disposable income distributed to others as the flour was produced and to himself at the time of its final sale—assuming, of course, that he could sell his product. However, in order to finance the construction of his mill, he has had to 'save' part of his profits, which now becomes financial capital, which he invests in the building of a capital structure. His 'savings'—part of his prices—are no longer available for consumption of the product of which they form a cost; there are financial costs in the economy for which no equivalent disposable income is available: part of the price of the miller's flour cannot be met. He does, of course, ultimately spend his savings in the acquisition of real capital. However, his savings are used to meet the cost of production of that capital: this cost must subsequently be incorporated into the price of flour produced by the mill. But the money equivalent of this new capital has already been used to discharge the costs of a previous cycle of production. There are more costs in the economy than there are incomes.

Displacement of Labour

Recall that a much lower proportion of the miller's costs is represented by the payment of incomes, since his ten employees are now "out of work". But note: (1) the same amount of product is being manufactured; (2) the real cost (in terms of human energy at least) is vastly reduced; (3) the miller's financial costs are not significantly reduced because of his need to recover his capital; (4) ten men who previously had incomes now do not—even though the same amount of production is available. These men can (presumably) find other jobs. But their incomes, which they may use to buy flour, constitute costs for their new employers: if those incomes are used to buy flour, they will not be available to purchase the goods of which they (as wages) are a cost. To the extent that their new employer's enterprise is capitalized, this situation will be aggravated. To the extent that capital displaces labour as a factor in production, income becomes increasingly available to meet the financial costs of production. If (according to the dictates of the old superstition) labour is the only claim to consumable goods, the only means to distribute incomes is artificially to stimulate the need for labour.

This can be accomplished, of course, by capital expansion: as we have already seen, 'costs' (consumption of matter-energy) go up in periods of capital expansion. Thus, "employment" is provided. However, as we have also seen, every instance of capital appreciation results subsequently in reduced need for human energy—unless consumption (real cost) can be maintained at an artificially high level by the methods—war, waste, etc.—outlined above. Thus, obviously, capital appreciation or augmentation of the cultural heritage militates against "employment": it represents an increase in those factors in production which are 'costless' in respect of human energy.

Incidentally, too, the financial costs of production evince a phenomenon that is alien to true cost: debt. As we have seen, true cost is discharged as it arises; real matter-energy cannot be used before it is available. True cost can only be dealt with on a 'pay-as-you-go' basis. Treating financial costs as debt (an obligation to pay at some future time) is a method of deferring consideration of the issues at stake—while aggravating the difficulty in dealing with then. Reinvestment of savings (capital investment) as a means of 'creating employment' to distribute incomes, which will be used to liquidate existing prices, only creates (continued p. 6)
Production, Real and Potential

Of the 42 publications put out thus far by the Food Prices Review Board, hardly any are deserving of more than passing notice. In general, the workings of this body merely demonstrate the deleterious effects of the conviction that the appearance of action is as valid as action itself. You will have noticed that the prices of foodstuffs have continued to soar despite the good offices of Mrs. Plumptre and company.

However, the August 1975 report of the Board departs from the tradition of insipidity which it had developed. In fact, the document may be said to have opened up a line of economic investigation of momentous import. The matter broached is that of existing economic potential.

The avoidance of this question by orthodox economic researchers is remarkable considering that having some reasonably correct conception of what we are capable of seems logically to precede decisions as to what we are actually going to do.

In the foreword to their Report the authors state:-

In the course of [its] work the Board became aware of the lack of comprehensive published figures on the capacity of the Canadian meat-packing plants to slaughter and process cattle and hogs, and the degree to which existing processing capacity is being utilized. Yet, despite this lack of published information, some private investors and governments are considering further investment in meat-packing facilities.

The Report is issued as a caution that, "existing cattle and hog processing capacity in Canada is in excess of present needs and is more than adequate for immediately foreseeable future needs." To substantiate this contention it points out that:-

Even at the peak of the cattle number cycle only 70 per cent of available single-shift cattle slaughter capacity is being utilized. Present use of hog slaughter facilities on a national basis is only 52 per cent of existing single-shift capacity.

This excursion into regarding the economic situation from the standpoint of what could be as opposed to what is raises a number of disturbing questions. Why, for example, if our economy can deliver meat products in abundant quantities, should Canadians be compelled by inflated prices to buy cheaper cuts of meat and even meat counterfeits? And why would anyone be interested in extending productive capacity in a domain where established capacity seems excessive? Above all, why are the thousands of economists and statisticians in the country not providing us with comprehensive statements on the condition of our national assets?

It is of interest that, while economists generally disregard the real nature of economic potential, they do pay a kind of grudging tribute to its importance in their terminology. Thus, the National Income and Expenditure Accounts actually include a figure designated as "potential Gross National Product". However, one should not be misled into assuming that this has any connection with the kind of potential examined in the Report of the Food Prices Review Board. "Potential" in the National Accounts is defined as "an estimate of the productive (and consumptive) capacity of the economy in a long-term perspective," or alternatively as "a measure of the long-term equilibrium growth rate."

As regards the first of these definitions, the crucial matter is the basis of the estimate, which is nothing more than the rate of increase in GNP in recent years. "Potential GNP" is therefore just a projection of this growth rate into the future and rather resembles the limiting figures of a Soviet Five-Year Plan. Obviously, such a projection has nothing to do with true potential, and the use of the latter term in connection with it suggests a deliberate attempt to confuse the issue.

The second definition requires an understanding of what is meant by "equilibrium". The "equilibrium growth rate" is the rate achieved under conditions of "full employment" (that is, when less than 3 per cent of the labour force is not working). Again, defining economic potential in terms of employment is completely unrealistic—tantamount, in fact, to asserting that if all the members of society were set busy digging ditches with teaspoons and remunerated for their efforts they would be achieving their maximum possible output. Only an economist would endeavour seriously to sustain such a thesis. The attainment of so-called "full employment" is really conditional upon the systematic sabotage of productive efficiency. Far from it being the case that human work is the limiting factor in production today, time passed "on the job" is dissipated in a way which leaves no doubt of its superabundance relative to the desired productive program of society.

As final and irrefutable proof of the utterly fanciful
character of the accepted definitions of "potential GNP" we need only point out that in terms of this definition our economy has actually exceeded its "potential" during several periods since the Second World War. This is a logical impossibility.

The point to be grasped is that no reliable estimate of our total economic capacity is presently available. Yet it is certain that extension to other economic sectors of the methods of analysis used in the August 1975 Report of the Food Prices Review Board would yield similar findings — namely, that the potential of existing plant facilities greatly surpasses their actual output and the cry for their enlargement by advocates of full employment and national economic strategies is a cry for redundancy of effort on a colossal scale.  

The reader may be asking himself why these aspects of our economic situation have been objects of such neglect and distortion on the part of "experts". As far as the economists are concerned, they seem to be in the advanced stage of suffering from the disease of thinking that reality is what they define it to be instead of what it is. On the other hand, the aspiring power-brokers of the world—politicians, bureaucrats, financiers, industrialists, and the like—must live in constant fear that any rumours of the real capacity for a good life in economic terms should leak out and start the natives wondering where all the benefits are going.

R.E.K.

There is a universal moral law, as distinct from a moral code, which consists of certain statements of fact about the nature of man; and by behaving in conformity with which, man enjoys his true freedom. This is what the Christian Church calls 'natural law'. The more closely the moral code agrees with the natural law, the more it makes for freedom in human behaviour; the more widely it departs from the natural law, the more it tends to enslave mankind and to produce the catastrophes called "judgements of God".

Dorothy Sayers, The Mind of the Maker, 7 ("Cost", continued from p. 4) new costs which will occur in the prices of goods which will come onto the market in the future—necessitating even further capital expansion, which will result in an aggravation of the purchasing-power deficiency which will require further cost-creating production, and so on, ostensibly forever. (Financing of production through the expansion of 'credit' has similar effects: incomes are distributed conditionally on the proliferation of debt, which will have to be discharged at a later date, by further debt.) Any attempts to meet the financial costs of production by an expansion of 'employment'—which always creates new costs in the economy—are destined to pathetic failure.

Uneared Incomes

The only way to obviate this situation is to make financial cost a reflection of the true cost of production—not by increasing costs through frenetic 'spending'. What this means is the making of goods available at prices which may be less than financial cost on the basis of the formula:

\[ \text{Price} = \frac{\text{financial cost}}{\text{consumption}} \times \text{production} \]

Recall that "the true cost of production is consumption": the ratio of consumption to production is the fractional expression of the real cost of production in a given period. This phenomenon (i.e., that the cost of production can be a fraction of production) is the result of the 'costless' factors in production—the "cultural heritage" and the "increment of association"—which have been discussed already. For the financial index to be an accurate representation of economic reality, there must be a financial equivalent of these 'costless' factors in production—costless money or free credit. In other words, the community must be credited with the appreciation of its real capital. Or, a source of unentailed income (that is, income unrestricted by debt or future obligations) must be available in the economy—the amount of which could be ascertained on the basis of the true cost formula stated above. This new and unconstrained credit could be applied to the reduction of prices in accordance with true cost—thus obviating the anomaly of inflation.

This analysis also means that labour (or personal investment) cannot be recognized as the only legitimate claim to income. As we have seen, "earned incomes" in- (continued p. 8)
accepting as the royal road to temporal success.

The effects of this attitude on the world we inhabit are profound. A lawyer might feel genuine sympathy for his clients; but he also wants enough strife among the members of society to keep him in cases and will try to see that the legal system promotes this end. A doctor probably does not enjoy seeing his patients suffer but he still will not devote much energy to showing them how to revise their living habits so that they can totally dispense with his services.

As long as increasing the sum of misery in the world remains vital to big business interests and others, and individuals are unable to achieve independence from the employment system, human potential will continue to be used to sow confusion—or else frittered away for the purpose of capturing a more prestigious title here or a hike in salary there.

The situation has many distressing aspects, not the least of which is failure of most people to exhibit any sensitivity to this practically universal thrust toward the perversion of human purpose. They acquiesce without question in the proposition that futile or destructive activity should be rewarded indifferently from other kinds. Quite apart from the waste and harm issuing from the activity itself, continued involvement in suspending or thwarting good results is almost certainly inimical to the wholesome development of human personality.

If, as it seems reasonable to assume is the case, the condition of psychological health is, like its counterpart, physical health, essentially bound up with constructive action, we may wonder whether our top policy-makers, far from being aspiring benefactors, are really "habits of insanity working to propagate their malady throughout the world.

* * * * *

We have lately heard much about a planned New International Economic Order as a means of resolving major economic anomalies and problems. Its advance advertising implies that it has its source in the most immaculate philanthropy. "The developing nations have appealed for [it]," John Turner told delegates to the latest annual convention of the International Monetary Fund and the World Bank, "and we must respond to the challenge."

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 endeavor 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.

Therefore, if you respond to the challenge that SEED has set for itself and would like to contribute to our venture, we invite your donations.

If you know anyone who would like to receive SEED, GIFT TRIAL SUBSCRIPTIONS are available at a rate of $4.00 half-yearly. QUANTITY ORDERS of any issue can be obtained at the following prices (post-paid):

- 10 for $4.00
- 25 for $8.00
- 50 for $12.00

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We are justified in having misgivings about great "new" departures in policy bruiting about on high. After all, shibboleths such as "The New Order" have always been in the mouths of totalitarian schemers. And after Lenin's New Economic Policy, Roosevelt's New Deal, Hitler's New Order, Nixon's New Economic Plan—all of which were to launch society into undreamt of heights of prosperity and happiness—our world is, alas, apparently in a worse mess than ever. Moreover, the power over their own affairs that men surrendered to leaders to assist the transition to better conditions has, of course, never been fully restored.

Is it cynical, or realistic, to suggest that famines and massacres are convenient for those who wish further to subvert the independent status of the individual? Somehow one cannot help suspecting that the New International Economic Order will ultimately prove more advantageous to its promoters than to its ostensible beneficiaries.

And then, no doubt, that untarnishable slogan, "New Order", will be trampled out again and the whole fraud repeated.

"Cost", continued from p. 6) variably result in the proliferation of costs. On the other hand, the recognition of 'unearned incomes' accruing from the communal capital suggests that their financial equivalent should be available in the economy. In fact, application of the 'true cost' formula and the corresponding reduction of prices would effectually account for 'unearned income'. However, no matter how low prices are, they must be met with 'money'; if employment is no longer admitted as the sole justification for income, an argument can be made for realizing a part of the true cost adjusted price as an indiscriminately-distributed income, a 'dividend' paid in respect of the individual's inherited share in the communal capital.

The crux of this issue has been asserted by C.H. Douglas:

"It is not too much to say that the whole economic and financial system in its present form stands or falls by the contention that the present price-system is self-liquidating, that is to say, that no matter what price is charged for an article, there is always sufficient money distributed through the production of that or other articles to buy the article and therefore there is nothing inherent in the system, so far as the price system is concerned, to prevent this process going on indefinitely."

The contention of this article is precisely that the price system is not self-liquidating. The reason for this is that the community is debited for capital costs without being credited for capital appreciation; in other words, financial costs do not accurately represent real costs. That the price system is not self-liquidating is made bluntly clear by the build-up of debt everywhere in the economy: what is paid for in real terms currently is never going to be paid for in financial terms. If, in fact, there is such a disequilibrium between the rates at which true and financial costs are discharged, any amelioration of the 'economic crisis' must attend the correction of that disequilibrium.

D.R.K.


The true and adequate end of intellectual training and of a University is not Learning or Acquisition, but rather, is Thought or Reason exercised upon Knowledge, or what may be called Philosophy.