

The People's Potash

For several months, a lively debate has been going on in Saskatchewan over the provincial government's decision to "nationalize" the potash industry. Government propaganda alleges that the province has been "kind" to the potash companies for too long; now, it is time to deliver this "rich resource" into "the hands of the people". As is usual in cases of "nationalization", however, most of the rhetoric is a melange of persiflage and stale chowder. The benefits to "the people" of "public ownership" are not likely to be overwhelming.

What will the probable effects of the transferral of ownership be? At the moment, recall, private interests are presumably responsible for the financing and functioning of the potash industry. The companies themselves have to raise capital, maintain the technical efficiency of their operations, and recover their costs (and some) in prices. One of these costs, of course, consists in taxes paid to the provincial government. Now, when the industry is nationalized, what will happen to these three areas of responsibility?

In the first place, obviously, the "people" will have to assume the burden of financing potash production--which means, initially, compensating the expropriated companies. Thus, not too long ago, Premier Blakeney (on behalf of his constituents) hustled off to New York to check out the province's credit-rating on Wall Street. To "go into business", the population will have to go into debt--to pay off which they will pass many years in wage-slavery. They will not "own" anything; they will merely be in a position of unlimited liability to liquidate a debt (plus interest) to international money-lenders. Note, too, that the taxpayer will be an involuntary shareholder: he will have no power to opt out of this particular "investment".

The people, then, will not own their potash industry: will they exercise any effective control over it? Probably not. The "board of directors" will become a committee of bureaucrats having no direct responsibility for the efficient operation of the enterprise (unless an election every few years dominated by an uninformed majority can be called a "sanction"). The public will have less control over these bureaucrats than they would over private directors--who do not have the advantage of unlimited access to capital-through-taxation.

What about the profits, then--these surely will swell the public coffers? Having multiplied debts, abolished the principle of accountability, and (as likely as not) sacrificed efficiency to political objectives (e.g., "creating jobs"), the nationalized industry will soon become a non-profit organization. It will doubtless price itself out of the market by ignoring all the principles of sound organization, and require subsidization (from even further taxation) to keep its prices "competitive internationally". I should be surprised if, in a few years, the lucky people of Saskatchewan do not find themselves paying high domestic prices for their "own" potash, and subsidizing the sale (at lower prices) of their "own" potash abroad--in order to "keep the industry afloat" or to "provide employment".

Quis beneficet? Certainly not the new owners, the people, who will be paying thrice for their possession. A man may buy gold too dear; but what will he not pay for poison?

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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 partisanship does not extend beyond two 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 delusions 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 adventurous 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.



Salvation Through Sin?

A recent editorial in *Business Life in Western Canada* advances a bizarre defense of "capitalism", the chief interest of which lies in the frankness of its revelation of certain attitudes common among businessmen.¹ Not all business policy is of the devil; but much displays a cavalier acceptance of the normalcy of gouging and deception, provoking the question: "What is it that enables a man to skin his fellow men or to conspire to reduce their minds to indiscriminate passivity?" One is tempted to seek the answer in atrophied conscience. However that this explanation is not adequate is demonstrated by the need such persons often feel to contrive theoretical justifications for their dubious practices — a sure sign of conscience still active. Unfortunately, their arguments usually exhibit more rationalization than rationale.

This observation is certainly applicable in the case of the editorial alluded to. Its theme is the contention that the principal motivating force in human society is greed, a trait described in the following terms: "There is nothing more excessive than human greed. It knows no limits, listens to no reason, responds to nothing but promises of more, more, more." The writer goes on to state that schemes to improve society which do not take into account this datum about the greed inherent in human nature are doomed to failure because they are out of touch with reality.

Now, this statement about greed surely suggests that it is obsessional and unwholesome. It prepares the reader for the message that this corrupting force ought to be fought in its every manifestation. However, this is not the concept that the editor desires to convey. In his view, greed is not an excrescence on the landscape of human relations, but the fount of the virtue and proven superiority of the "capitalist" system. As he puts it:—

Because [the capitalist is] greedy like everybody else, he uses some [of his excess profits], at least, to try to make more money. That means he invests it, thus providing capital for production of more goods and services, and more profits. That, of course, creates jobs, tax revenues, goods and services.

As an initial observation, one can pose the question whether the creation of jobs and tax revenues is the ultimate (or even proximate!) purpose of human life. But, setting this matter aside, what is the position

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Faith and Economics

For several reasons--perhaps the most important being the depreciation of the symbolism of their faith into grating or empty clichés by religious people themselves--religion has come to be associated with vague mysticism, unrealistic expectations, and mindless jiggery-pokery. At best, it tends to be related to warm but indistinctly defined ethical impulses and "common decency". However, religion is seldom invoked as a technique of dealing with the 'real' world--where scientific exactitude and political pragmatism are hastily elevated above "metaphysical" considerations. The implications of this paradox--that religion is relevant only to a conjectural world--are significant: religious "truth" is useless truth. If this is the case, then religion is interesting (and not very) only as a species of fairy-tale. If, on the other hand, religion does tell us something about reality, then it ought to be given heed. This series of articles examines some of the realistic implications of religious belief in the area of economics and suggests the close relationship between faith and policy.

III: "To Work Is to Pray"

In referring to Douglas as one of "Four Monetary Heretics", Gaitskell implies (and Douglas, I think, would hardly have disagreed) that the financial system has a "religious" basis. That is, if the financial system embodies a policy, that policy will be determined by the "religion" (conception of reality) of the manipulators of the system. In this matter, Douglas does not postulate what "the end of man" is, but he does insist that "economic activity is merely a functional activity", and, as such, constitutes a restriction of "the free expansion of individuality"¹⁸. Therefore, within the limits of economic (not monetary) reality, Douglas's objective (policy) would be to free men and women from purely functional activity. The opposite point of view is, of course, embodied in the conception of the economic system as a means of government, or constraint.

St. Paul's Dictum

To St. Paul goes the rather dubious honour of having said: "this we commanded you, that if any would not work, neither should he eat" (I. Timothy 3:10). One would wish that this had simply been a statement of administration, determined by the exigencies of a specific situation, and not a statement of policy (work as an end in itself). In any case, in matters of Christian faith, we must defer to the higher authority of Christ Himself, who admonishes: "Consider the lilies of the field, how they grow; they toil not, neither do they spin" (Matthew 7:28). The argument is that the field exists for the flower, and that, even in the matter of economics,

grace (something for nothing) is realized.

This view has found expression in later spokesmen for "Christian orthodoxy", notably the great Catholic theologian, Thomas Aquinas:

Poverty is not a good in itself. In so far as poverty removes the good resulting from riches...it is simply an evil. Spiritual danger ensues from poverty when the latter is not voluntary; because those who are unwilling poor, fall into many sins¹⁹;

and the great Anglican theologian, Richard Hooker:

True it is, that the kingdom of God must be the first thing in our purposes and desires. But inasmuch as righteous life presupposeth life; inasmuch as to live virtuously it is impossible except we live; therefore the first impediment, which naturally we endeavour to remove, is penury and want of things without which we cannot live²⁰.

The emphasis is upon the desirability of economic arrangements which, as far as is consistent with reality, free the soul of man to seek "the kingdom of God"--whatever that may be. Christian policy, it would appear, is diametrically opposed to the idea that enforced penury is a spiritual good, for it denies God's gift of abundance and vitiates the soul.

Coercion and Morality

Nevertheless, there are those whose "faith" reposes in the desirability of economic coercion. Various com-

¹⁸"Social Credit Principles", *Warning Democracy* (London: Stanley Nott, 1935), 38.

¹⁹Quoted in Butler, 29.

²⁰Hooker, 189.

mentators— for example, Charles and Katherine George²¹ and Michael Walzer²²— have noted the association of the "work ethic" with that aberration known as "Puritanism". Tawney quotes the Puritan divine, Arthur Young, as having said: "Everyone but an idiot knows that the lower classes must be kept poor, or they will never be industrious"²³— a sentiment recently repeated by Arnold Toynbee. As with all labels, however, "Puritanism" tends to conjure up different images to different people: thus, it is the policy, and not the name, that concerns us. The policy is the elevation of work to an end in itself. Thus, if "Puritanism" describes this policy, Karl Marx— who was concerned with individuals "only insofar as they are personifications of economic categories"²⁴— was an arch-Puritan. So was George Bernard Shaw, who spoke of the "keystone" of Socialism as "Compulsory labour, with death as the final penalty"²⁵.

We see, then, that in respect of the objective of economic activity, there are two radically different "faiths", issuing in two radically different policies. Unfortunately, those who control our economic lives appear dedicated to the faith in labour as the end of man. When it was suggested to Montagu Norman (former Governor of the Bank of England) that the policy of that institution was preventing prosperity during the 30's, he is said to have replied: "I don't believe it is good for a people to be prosperous"²⁶. Presumably, he used the financial monopoly at his disposal to impose the policy of his philosophy on everybody else— a procedure which finds contemporary expression in the position adopted by the likes of Pierre Elliot Trudeau. Similarly, the former Canadian cabinet minister, Eric Kierans, reacted in horror to the suggestion that man seeks not work, but the results of his work:

Nothing so humiliating has ever been proposed to a people— that the object of man's existence, the goal of society, shall be his personal consumption! Socialists, and even Communists, are more honest than that— they know the necessity of work...²⁷.

Mr. Kierans seems totally incapable of even grasping the distinction between means and ends; to him, the means are the ends. He makes no mistake in categorizing himself with Socialists and Communists, for this religion of labour as man's sole justification is common to Gaitskell, Marx, and the financiers. At this point, we perhaps should query: "Who are the heretics?"

Thus, in view of the "convictions" of these flamens of "high finance" and "the proletarian revolution", one

of the dogmas that has been foisted onto society is the myth of "Full Employment". From the point of view of an orthodoxy that seeks to integrate means and ends, this particular heretical doctrine constitutes what Aquinas calls the "essence of sin"— the elevation of means into ends. Douglas has elaborated this estimation of full employment and suggested its ultimate consequences:

Institutions [the economic system] are a means to an end, and I do not think it is too much to say that the elevation of means into ends...constitutes an unforgivable sin, in the pragmatic sense that it brings upon itself the most tremendous penalties that life contains²⁸.

The relationship of the individual soul to Reality, to "the Kingdom of God", is prevented by a system of nearly-inescapable coercion. Under the circumstances, "free will" (the directing of the will towards or away from truth) is severely restricted: people's attention is focused on material survival, and the locus of control over the means of that survival is intransigently external.

"Sin"

Sin is sin because it perverts reality, and thus annihilates faith. The perversion of reality entails predictable consequences. Full employment is vicious not only in that it represents a religion of coercion, but also in that it is unreal— it goes against economic facts. How unreal it is is demonstrated by the perennial "concern" of politicians and economists that dealing with the Scylla of unemployment will cast us upon

(continued p. 6)

²¹*The Protestant Mind of the English Reformation* (Princeton: University Press, 1961).

²²*The Revolution of the Saints: A Study in the Origins of Radical Politics* (London: Weidenfeld and Nicholson, 1966).

²³*Eastern Tour* (1771), IV, 361.

²⁴Quoted in Butler, 24.

²⁵*Labour Monthly* (October, 1921).

²⁶Quoted by Douglas in "Whose Service is Perfect Freedom", *The Fig Tree*, I:4 (N.S.) (March, 1955), 179.

²⁷"The Myth of Social Credit", an address to the Members of the Club Richelieu at Chicoutimi, P.Q., February 27, 1963.

²⁸Quoted in Butler, 24.

Legislative Lip-sing

A Parliamentary Tradition

One of the elemental aspects of our governmental system—which we were all taught at some time during our schooling—is the control that the House of Commons supposedly exercises over government finances. The principle of this control has a long history, being substantially developed in England by the end of the fourteenth century. In 1395 the formula that government grants were to be made "by the Commons with the advice and consent of the Lords Spiritual and Temporal" came into use. Twelve years later, an incident occurred which has been interpreted as establishing the right of the Commons to initiate all money bills: in the Parliament of Gloucester its members protested the fixing of the amount of the grant to the King by the House of Lords, and Henry IV responded by agreeing that:—

... neither House should make any report to the King on a grant made by the Commons and assented by the Lords; or on any negotiations touching such grants until the two Houses had agreed; and that then the report should be made by the mouth of the Speaker of the Commons.¹

From that time the predominance of the Commons in controlling government funds gained practical acceptance.

This development was the logical result of insistence upon the precept that there should be no taxation of the people without their views being heard. Since the Commons more broadly represented society than any other group, it was natural that this body should assume the prerogative of scrutinizing and voting the supply of funds.

Understanding of these concepts seems to have been fairly general among our ancestors. Indeed, one of the grievances that led to the American Revolution of 1776 was the issue of "taxation without representation". The colonists, quite rightly, regarded the attempts by the British government to tax them without their consent as an intolerable violation of the rights of the individual. Ironically, they themselves had been sensitized to the importance of the matter by their contact with the British constitutional tradition.

This principle about the elected representatives of the people controlling government finances, which was fundamental to political thinking as recently as two

hundred years ago, seems hardly to be taken seriously at all nowadays. Admittedly, its legal vestiges endure: thus, for example, the Standing Orders of the Canadian House of Commons state:—

All aids and supplies granted to Her Majesty by the Parliament of Canada are the sole gift by the House of Commons, and all bills for granting such aids and supplies ought to begin with the House, as it is the undoubted right of the House to direct, limit, and appoint in all such bills, the ends, purposes, considerations, conditions, limitations, and qualifications of such grants....²

But the words no longer suit the circumstances. Even when "undoubted", a right is significant only to the extent that it can be applied; and effective control by the Commons over budgeting has all but disappeared.

Loss of Control

Some aspects of the present situation which make it more and more difficult for the Commons to fulfil its responsibility to oversee supply were described by the former Auditor-General, Maxwell Henderson, in a recent interview.

Do not forget that there has recently been a tremendous influx of revenue money, derived from income tax on inflated incomes. The dollars are rolling in and there is no longer any control of what a greatly enlarged government does with them.

Up to 1964, parliament approved all public spending by passing some 495 votes, a number about equal to those of the British House of Commons. At that time we were spending between \$5 and \$6 billion. In that year the Liberal government decided to cut this number to 236 votes, purportedly in the interest of simplifying procedures. In 1968, however, the Trudeau cabinet reduced them even further to a mere 135 votes and introduced the PPBS (planning, programming and budget system), grouping all expenditures by programs and objectives, rather than itemizing each amount and purpose. This hid the nuts and bolts that the members of parliament want to see and which gave them an opportunity for debate. At that time I asked the public accounts committee whether they were willing to sacrifice another 100 votes, a question that annoyed Mr. Drury immensely. But when the chips were down, the suggestion was passed by the Liberal majority, but though guidelines were laid down, they were not followed. So it came to pass that, in 1968, when the budget had risen to around \$12 billion, much larger amounts of money were bundled together in fewer appropriation votes. This gave an enormous amount of freedom to some departments which were thus liberated from control. That was one of the greatest backward steps in removing control from parliament.

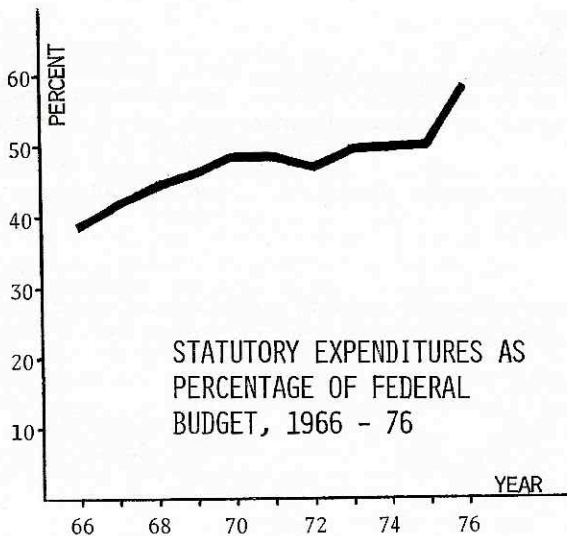
When the Prime Minister states publicly that he will gladly spend the money [saved in one area] somewhere else he is wrong, because that is the role

of parliament, not the Cabinet. But what can one expect when the former president of the Treasury Board once openly declared in parliament that its control over government spending is a myth.³

Mr. Henderson then pointed out that centuries ago such attitudes on the part of an English King could well have cost him his head — another indication of how far we have compromised the tenets of the previous polity.

Effect of Bigness

The problem, as Mr. Henderson states, derives from the progressive centralization of power. Acceptance of the notion that government should mediate more and more human relations and license virtually all activities has led to its ramifying beyond comprehension. The very fact of bigness creates potential for abuses in the expenditure of public funds. So many factors have been brought into play in public administration that the bureaucracy can readily cover its tracks with reference to any particular policy; and any effort, no matter how resolute, to ferret out specific information merely tails off into some remote corner of a mind-boggling maze.



A number of statistics demonstrate the growing ponderousness of government and the associated weakening of Parliamentary control over public funds. For example, during the past decade, public expenditure at all levels has risen from 33 percent to more than 40 percent of the Gross National Product. Then there is the less known fact that a significant—and, as usual, increasing—proportion of annual budgets is not voted at all. The so-called "Statutory Expenditures" cannot be altered

in the process of revising the Estimates. Since 1966 the part of the budget which is not voted has swollen from 39 percent of the whole to 57 percent, projected for the current fiscal year (see graph).

So the situation may be summarized as one in which more power is concentrated in fewer hands with an increasingly defective system of accountability applicable to those wielding it. Moreover, there is little evidence of a desire on the part of the government to modify the policies which seem to be leading to its usurpation of all economic and political initiatives.

R.E.K.

(To be continued)

¹J. A. R. Marriott, *English Political Institutions* (Oxford, 1925), p. 127.

²Provisional Standing Order 63 approved March 24, 1975, for the balance of the 1st Session, 30th Parliament.

³John van der Feyst, "The Power of Parliament: A Paradise Lost," *Canadian Business* (December 1975), pp. 21-2.

("Faith", continued from p. 4)

the Charybdis of inflation²⁹. Within the context of the present system, "full employment" and "relative price stability" are mutually exclusive—but the point is that neither is a legitimate economic objective in any case. C.S. Lewis, as we have remarked elsewhere, has very perceptively pointed out that the devil always sends errors into the world in pairs of apparently-contradictory opposites and asks: "Choose the lesser evil". No, thank you. What we really want is leisure and falling prices

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²⁹The Hon. Edgar Benson, then Minister of Finance, demonstrated the typical equivocation of politicians in this matter when he said in the Canadian House of Commons (May 15, 1970):

The fact that there has been a relatively moderate increase in the number of Canadians without jobs as a result of the slower growth of the economy does not reflect any lack of concern about unemployment on the part of either myself or the government. On the contrary, one of the central objectives of the government is to promote the greatest increase in employment and in the standard of living of Canadians that is possible under conditions of relative price stability. To achieve this long-term objective, however, we are confronted by the immediate necessity of breaking the back of the inflationary spiral that grips the nation and seriously jeopardizes future employment and prosperity.

This was in 1970, note. The rhetoric (including the curious mixture of metaphors) has not changed.

("Salvation", continued from p. 2)
in which the editor's theorizing places us?

His thesis is that a kind of stripped-down original sin—universal greed—is the predominant conditioner of human action. At the individual level, it is, if anything, a cause of imbalance and irrationality; yet its untrammelled indulgence gives rise (by some miraculous though unexplained process) to the most excellent of economic systems. Of course, the corollary of the proposition that greed is the supporting pillar of the only really workable economic system is that any attempt to efface this blot upon the personality must tend to subvert our prosperity. The argument is the most twisted defense of total, uncritical service to mammon that can possibly be conceived. We are to believe that self-control and economic success are mutually exclusive — that to attempt to free oneself from a vice is tantamount to sabotaging the welfare of the nation.

The editorial is, in fact, a modern variant of an old philosophical deviation—namely, the adulteration of the doctrine of original sin by that of predestination. It has been convincingly argued that acceptance of the former doctrine is the surest guarantee of personal freedom and fair treatment under such man-made laws as restrain our freedom. However, this is true only so long as the doctrine of original sin leads to the deduction that no man is good enough to govern the life of any other. In combination with a belief in predestination, this doctrine almost invariably becomes an excuse for tyranny—those who are supposedly saved arrogating to themselves the right to impose God's plan on the rest, who, being damned anyway, have no need of the opportunity to improve themselves. The divine plan to which the editor of *Business Life in Western Canada* would see us sacrificed is "capitalism".

If this system can only work, as he argues, through the corruption of what used, in more critical times, to be known as a "deadly sin", we would be well rid of it. Communism enslaves; but its slavery is largely physical. The slavery to which the editor would subject us is of a worse sort—spiritual and voluntary.

A defense of an establishment which exalts private vice for the sake of public virtue is more feeble than no defense at all, and will only hasten the demise of the system which contained—in germinal form, at least—the creative advantages of responsible personal initiative.

¹November-December 1975, page 9.

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.

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("Faith", continued from p. 6)

- prices that reflect our real increase in productive power. The question is "Can it be done?" and not "Can we make reality fit our presuppositions— can we wrest, stretch, or prune reality to fit our Procrustean model?"

Nevertheless, employment is maintained at an artificially high rate— as a result of such doctrines as "superproduce" and "export-or-die". It is one of the ironies of modern economic arrangements that a country measures its economic health in terms of its ability to keep people working overtime to produce goods which will immediately be shipped off to the ends of the earth— hopefully, to be destroyed as quickly as possible. Douglas notes that this policy derives psychological reinforcement from the doctrine of "Progress"— the belief that it is inherently desirable to keep people employed in the overproduction of "gadgets", and in the export of these "in order that the blessings of a gadget civilization may be carried to the benighted heathen"³⁰. Here, once more, we observe the formulation of "religious dogma" from the facts of a false economic indicator, with the consequent reaction upon economic objectives. This is

veritable idolatry: the ability to distinguish the real is lost, and civilization reels from repletion³¹.

Conceived in perversion, the doctrines of "full employment" and "Export-or-die" issue ultimately in death. Paul Samuelson, for example, asks how the United States, after 1940, was able to become the "arsenal of democracy" and enjoy higher living standards than ever before. The answer: "Largely by taking up the slack in unemployment"³². Incomes cannot be distributed until an excuse can be found for excessive capital production. What Samuelson fails to ask is: why must our standard of living be a direct function of our ability to manufacture the means of death? It is a predictable characteristic of a heinous financial system that it thrives on murder. Presumably the United States could not "afford" to quit Vietnam until suitable trade arrangements could be made with Moscow and Peking.

"By their fruits shall ye know them". The religion of "full employment" is sinful, and results in the penalties of sin: coercion, alienation, pollution, and death. It attacks the very basis of real faith, and sacrifices man upon the altar of functionalism. It is a sad testimony to our lack of faith that we will not accept grace in its economic incarnations. However, like Goodman unable to penetrate the "mystery", modern man consoles himself with the contemporary equivalent of Goodman's alibi— "the Laws of Economics"— and desperately acquiesces in the consequences of a perversity that, in normal conditions of faith, would be neither ignored nor tolerated.

D.R.K.

(To be concluded next month)

³⁰ *The "Big" Idea* (Liverpool: K.R.P. Publications, 1942), 38.

³¹ See "Inflation: The Price of Entropy", *Seed*, I:1 (February, 1974), for a discussion of the "cost-price squeeze" as it relates to the pollution problem.

³² *Economics: An Introductory Analysis* (London: McGraw-Hill, 1964), 20.

The danger which at the moment threatens individual liberty far more than any extension of individual enterprise is the Servile State; the erection of an irresistible and impersonal organisation through which the ambition of able men, animated consciously or unconsciously by the lust of domination, may operate to the enslavement of their fellows.

C. H. Douglas, *Economic Democracy*, p. 42.

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