Seed

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Language Legislation

At a time when, in many areas of the world — notably, Quebec, efforts are being made to preserve language by enacting restrictive laws, it is perhaps instructive to reflect that such legislation is not new.

A. C. Baugh, in his *A History of the English Language,* relates that in the thirteenth and fourteenth centuries various regulations were devised by those who wanted to forestall the decline of French in England. Remember that French was, or had been, in many respects the "official" language of England following the Norman conquest: monarchs and nobility were French; French was, in Baugh's words, "a cultivated tongue supported by social custom and by business and administrative convention" (160). It occupied, roughly, the position that some feel English occupies in Quebec today: it was the language of an alien, ruling class.

Curiously, however, it was not the (more or less) indigenous language of the lower classes that was in danger, but that of the cultivated elite. Baugh cites several examples of "laws" made to force people to speak French, not English: the monasteries of Canterbury and Westminster prohibited the use of English and insisted that conversation be in French; students at some Oxford and Cambridge colleges were required to speak Latin or French, but not English. Baugh's comment on this situation is apt: "Such efforts as these indicate how artificial was the use of French in England by the fourteenth century" (166).

The key word is "artificial". And, while the position in Quebec, say, is scarcely parallel to that in medieval England, the very fact that legislation ("coercive order") is deemed necessary to preserve a language seems an indication that the language has lost some of its natural or "organic" vigour. The argument that such measures are necessitated by undue artificial pressures exerted by powerful minorities may have some validity, but our historical example contradicts it. If a language has to be preserved by outlawing alternatives, then someone has lost faith in it as an integral part of the culture.

We have suggested elsewhere that it is desirable to expand the sphere of cultural choice, not to narrow it. Those who would "revitalize" a culture by restricting associations — however laudable the intentions may be — are, we suspect, doing it a serious disservice. Perhaps, too, they are indulging in a futile enterprise: the language legislation in medieval England did not "save" French in that country.

On the other hand, one would be foolish to deny that coercive measures can be effectual: was it not the Britons conquering Armorica who, having decimated the male population of that country, married the women, making sure to cut out the tongues of their newly-won brides in order that any ensuing children would be exposed only to the language of their fathers, and hear no other?

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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.

The Piggyback Principle

The recent inauguration of compulsory seatbelt use in Saskatchewan (following many other places) reminds one that one kind of coercion can act as a "carrier" or rationale for others.

Aside from the merely technical or statistical question—that is, do seatbelts really prevent or reduce injury, etc.?—upon which discussions of this (and other) issues tend to become hung up, the crux of the matter is whether anyone ought to be compelled to "save" himself. Obviously, this particular issue of compulsory seatbelt wearing is not, in itself, momentous: if this were the only restriction placed upon us, we could no doubt bear it quite happily. But it illustrates an important principle and demonstrates the interlocking nature of the compulsions to which we are subject.

Thus, when one objects to the seatbelt law on the grounds of individual choice and responsibility, one is told that the unsecured driver/passenger is a potential danger, not just to himself, but to "society": "Every year", the television advertisement tells us, "accidents and injury cost society hundreds of millions of dollars". The reason for this is that medical services are collective: it follows that, if someone injures himself, he is making himself a burden to the public at large. The justification for further compulsion is the presence of previously-instituted compulsion. Everybody has to pay for medicare; anyone who allows himself to be injured is anti-social.

The ramifications of this argument that persons ought not to endanger themselves because of the strain this may place on socialized medicine are worth considering. Although I do not have the statistics at hand, I suspect that they would show that more medical problems arise from smoking, drinking, and the consumption of cholesterol—or drugs—than from the non-use of seatbelts. Presumably, then, people should be fined for these habits—and for sexual practices which increase the occurrence of venereal disease, for not taking exercise, for worrying too much, and for being fat. However, the state, in its absolute discretion, can decide that unbuckled seatbelts are particularly pernicious, and legislate accordingly.

There is, in other words, apparently no limit to the extent to which "the government" can save us, through

(continued p. 7)

Understanding Inflation: A Concrete Approach

Our ability to contend in a practical manner with the problem of inflation is hampered by a number of myths. Undoubtedly sustained for political reasons these myths remove thinking on the subject from concrete considerations to abstract theories. The following essay not only delineates what inflation is (a matter about which ignorance nowadays is probably, because of defective instruction, as great as ever before), but also pinpoints specific sources of inflation and suggests how these could be closed.

The Nature of Inflation

Professional economists—those intrepid sleuths forever on the trail of the causes of inflation—seem to get farther from their quarry the longer they chase it. Perhaps the proverbial empathy that develops between hunter and hunted in prolonged pursuits accounts for this strange situation. After all, what would these trend-forecasters, model-builders, and public-admonishers do if the chief object of their attention, inflation, was finally snared and hobbled? The loss of their comfortable pastime (and its attendant remuneration) must appear to them as an unpleasant prospect.

In any case, advanced economic theory has increasingly assumed the aspect of a perfect jungle camouflage for the rampaging beast it purports to be trying to subdue.

Economic "experts" either cannot or will not provide useful information about inflation. Their interest is in airy speculation and mathematical gymnastics: they consider preoccupation with such matters as the fundamental nature of inflation as indicative of a vulgar intellect. That inflation is, in essence, robbery is a proposition they would undoubtedly find indelicate and *gauche*. Fortunately, reality is no respecter of effete sensibilities.

If a person saves \$1000, and after a year his savings will buy only what \$900 would have bought when they were first put aside, the result is the same as having a larcenist lift \$100 from the nest-egg. The effect of inflation is identical to the effect of robbery. The fact that the latter takes away the money itself, while the former filches the value of the money is unimportant: in both cases the only attribute of money that concerns ordinary people—namely, its purchasing power — is reduced.

If inflation is a form of theft, then when government leaders talk about "controlling" it, instead of eliminating it, they are actually proposing an accommodation with evil. Of course, once this attitude is adopted, there is no guide showing where a tolerable rate of inflation ends and an intolerable one begins. The same politicians who, a few years ago, were warning the public about the disastrous implications of an annual increase in the price level of 3 per cent now request the support of the public for policies permitting increases three or four times greater.

Theft is recognized as a crime, and its practitioners are identified and punished under law. However, where the variety of theft known as inflation is concerned, this principle is totally neglected. Such remarkable immunity is explained, possibly, by the fact that the chief culprits in the inflation racket are persons who exert considerable influence over the drafting and application of the law. The result is that, whereas somebody who steals \$50 goes to jail, the people who last year robbed Canadians of more than \$10 billion enjoy, as a rule, immaculate reputations and large incomes.

Given this situation, the existence of a sustained campaign to confound the issues involved in inflation should come as no surprise. The thieves and powermongers who benefit by the phenomenon would probably prefer its not being discussed at all; but, this Nirvana being impossible in a society in which freedom of speech still exists, they encourage a cacaphony of contradictory and highly abstract opinions on the subject which have paralyzed the will for remedial action as effectively as the most perfect silence would have done.

Inflation Undermines Freedom

The constant dilution of the purchasing power of money undermines personal freedom in many ways. Most obviously, it diminishes the scope of choice at the market-place. Then, the nagging insecurity of never knowing whether or not our financial means will be sufficient to meet future demands upon it forces us to spend much time worrying about and trying to insure ourselves against adverse economic developments. By making the accumulation of savings impractical, inflation puts the attainment of a condition of economic independence beyond the reach of the vast majority of the population. Evaporating buying power means wage-slavery: people are compelled to work all their lives merely in order to survive. Talents are prostituted to ends towards which the individual may be hostile or indifferent: he does things not because, in his judgment, they are worthwhile, but because they provide him with an income.

On a larger scale, the disequilibria and other problems created by inflation in all sections of the economy give governments a multitude of pretexts for interfering in the lives of the citizens and dominating economic policy. Disorder—of which upward spiralling prices are an instance—breeds desire for order at any cost: this explains why revolutions leading to the suspension of personal rights and the establishment of dictatorships have often followed periods of hyper-inflation.

Government Figures Unreliable

The "inflation rate" about which we constantly hear and read is a figure published by the government and transmitted to the public by all major news media. Reporters and news commentators pride themselves on exposing certain aspects of the embarrassing underside of politics; but their promulgation of the official inflation statistics is an absolutely uncritical exercise. This passive acceptance of government figures would be understandable (especially since no other agency can rival the latter's capacity for data-collection) were the inadequacy of the official approach to inflation analysis not so striking to anyone regarding it from a discriminating standpoint.

To put the matter in its plainest form: we cannot seize the real dimensions of the inflation problem from such official indicators as the Consumer Price Index. The government has so narrowed the official definition of inflation—probably in the hope of maintaining the best possible "public image"—that its data disguise more than they reveal about the dynamics of prices.

Viewed from a realistic perspective, inflation is any reduction in the buying power of a monetary unit. However, the government defines inflation as the financial increase in prices that, say, consumers have to pay for what they purchase. The difference between these two approaches is of tremendous significance.

The second approach—upon which Statistics Canada bases its analysis—implies that if financial prices were invariable, the rate of inflation would be nil. Yet if prices remain fixed at the same time that productive efficiency is increasing, the purchasing power of the public is being reduced. After all, paying the same price for goods which cost less to produce is equivalent to paying a higher price for goods which cost the same to produce. Any consumer of normal intelligence can see this; but it quite surpasses the wits of professional economists. For the latter, inflation is a price increase and nothing but a price increase. They will not admit that inflation is also a reduction in price which would ordinarily be due to consumers, but which never becomes effective. On their assumptions, buyers should be paying the same price for a nail shot out of a modern factory in a micro-second as they did for one made by hand a century ago!

The reader need hardly be told that improvements in productive processes are being made all the time; however, it is hoped that he will begin to wonder where the benefits of all this progress are going, since the prices of goods are continually rising, rather than falling.

There are other forms of hidden inflation which are not accounted for in government figures. Consider, for example, declining standards of service. If you pay 10 per cent more to repair your car this year than last, but the work is done only half as well, the inflation rate is not 10 per cent (as the economists allege), but more than 200 per cent. Similarly, if people depend on bus service to get around, and the bus drivers are on strike for higher pay for three months of the year, the rate of inflation in this domain is not just the resultant increase in the fares, but also the increased expense and bother to everybody of finding alternative ways of travelling.

Relying on government statistics to monitor inflation is, therefore, like relying on the visible part of an iceberg as an indication of where navigational hazards lie. The outcome may be unforeseen disaster.

A Misleading Myth

One of the greatest obstacles to explaining the origins of inflation is the ubiquitous myth that "Inflation is caused by too much money chasing too few goods." The import of this recurrent phrase is that merchants automatically react by raising their prices when the public possesses the financial means to pay more for the goods and services they desire. Of course, this suggests that responsibility for inflation is diffused among the entire population. If universal greed and extravagance are behind the dilution of the buying power of our money, the attribution of guilt in the matter to specific persons or groups takes on the appearance of irrational persecution. At least, this would be the perception of the general population. That minority of people who are familiar with the role the banking system plays in creating and administering the money supply may conclude from the premise of "too much money" that inflation indicates the need to sack a few bank directors on grounds of gross incompetence; but the views of this minority have little impact at present on the vagaries of a media-manipulated public opinion. Furthermore, some of its members, misled by uncritical acceptance of the premise, advocate policies of monetary stringency which would be even more destructive than current policies leading to mounting prices.

The most favourable evaluation that can be made of the assertion that "Inflation is caused by too much money chasing too few goods" is that it is valid in certain circumstances, but viciously deceptive unless these are spelled out. Price increases will certainly result if the economy is flooded with money; but what is happening at present is somewhat more complex. There may at certain times be "too much money" (*i.e.*, current income) chasing too few *previously produced goods*. However, there is never too much income relative to the prices of goods whose production is giving it off, because the payment of an income creates a cost which is instantly chalked up in prices. In this sense, the payment of wages, salaries, commissions, and dividends can never be excessive in relation to goods, since, however large or small the former may be, they are always automatically withdrawn from the public in future prices.

Strangely, rigorous pursuit of this line of analysis leads to a conclusion that directly contradicts the myth described above. In fact, the formula best suited to present developments would run as follows: "Inflation is caused by too little income chasing too many prices too quickly". The inefficiencies resorted to as means of compensating for this situation produce the steady dilution of buying power from which we are all financially suffering.

The reader may be assisted to an understanding of this matter by fixing in his mind that the test of the sufficiency of the money supply is not the price level, but whether the money at our disposal enables us to make the use we want to of our economic resources. The phenomenon of "stagflation" should make this clear: can anyone seriously maintain that there is too much money when desirable programs are being scrapped every day for lack of it--even though prices are continually rising?

The Neglected Factor of Cost

The "too much money — too few goods" interpretation of inflation leaves the community with two remedial policy options, neither of which works. On one hand, an attempt may be made to increase the production of goods. Unfortunately, this response has never solved the inflation problem, while it has often exacerbated it. On the other hand, the money supply may be reduced. This occasionally brings about price stability, or even price decline; but the side-effects—bankruptcies, armies of unemployed, poverty, suicides—are intolerable. Thus, if the "too-much-money" thesis on the cause of inflation were correct and complete, our predicament would be without egress.

The seal on the door would be the fact that producers and merchants cannot adapt infinitely to changing monetary conditions. They cannot, for example, for any extended period, set their prices at levels lower than their costs, or they will be forced out of business.

Moreover, if the operating costs of business go up, prices must follow the trend. Therefore, rising costs can constitute a cause of inflation. Indeed, evidence supports the conclusion that this, and not a chronic excess in the money supply, is the sustaining cause of inflation at the present time.

This is an important insight, because it frees us to some extent from the irresolvable quandary encountered in the "too-much money" school. Another factor is at work; and, if we can understand its nature, we shall have opened to us other (perhaps satisfactory) avenues of reform.

Among the items of cost in business are taxes, financing, purchase of intermediate goods, depreciation, and labour.

Cause No. 1: Taxes

Our governments keep insisting that they are "fighting" inflation. However, their actions refute their words. Government policy—especially the centralization which is being increased at every level from the municipal to the international—is a major contributor to the cost pressure that makes prices rise.

Every government is continually seeking means of collecting more tax revenue; but each time a tax or tariff or fee is imposed on a producer or seller, a fresh component is added to the price of the goods being manufactured or sold. Ultimately, after being transferred through a series of intermediaries, these costs will be recovered from consumers. In fact, if we trace the cost factors in any line of production, we shall discover that at dozens, if not hundreds or thousands, of points governmental fiscal policy has boosted the price of any given article.

As a rule, this pumping up of prices has been effected with the maximum amount of subtlety and subterfuge. However, 1984 is drawing near, and "Big Brother" is becoming more blatant in his piracy. No better example could be found than in the field of energy. At present, the share of revenue that governments take from the sale of a gallon of gasoline is about two-thirds of the price. The inflationary ramifications of this situation are endless: everybody uses fuel.

Again, we must note that a portion of the tax burden imposed on business never appears in government records, although it pushes prices up as surely as any conventional tax. What we are referring to, of course, is the increasing expense of satisfying government accounting requirements and procuring guidance through labyrinthine laws. In 1974, the Goodyear Tire & Rubber Co. in the United States carried out a study whose conclusion was that the company was spending about $30 million that year merely to comply with government regulations. Goodyear was complaining—but in the long run its customers did the paying.

Considering the onerous tax demands of various sorts that governments make upon business, all of which end up being met from the consumer's pocket, political leaders generally may be accused of crass hypocrisy in pretending to be foes of inflation.

Cause No. 2: Financing

The ultimate source of business income is consumers. However, before a company recovers its costs from the purchasers of its products, it needs financing to provide itself with premises and equipment, to acquire raw materials or semi-manufactured goods, and to pay wages and salaries to its employees. An idea of the extent of these interim financing requirements will be conveyed by the fact that at present loans to business in Canada total approximately $30 billion and constitute well over 50 per cent of all bank loans.

Now, companies do not obtain this financing without penalty. They have to pay interest on their borrowings; and every dollar of interest they pay goes into their prices. This factor alone added more than $4 billion to aggregate prices of goods sold in Canada last year.

When businesses go to the banks for "ready money", they enter into a kind of race: they win by turning out goods and getting payment for them before the loan falls due. There is, alas, always a loser in this race—namely, the businesses' clients, who wind up paying both for the actual production and for the loans sustaining it.

Most people probably think that the banks' collecting interest on loans in this way is normal and that little could be done to stem this source of inflation. However, most people are not aware that the banks do not lend their own money—or even money that others have placed on deposit with them. The banks create the money they loan simply by writing figures in ledgers or typing them onto a computer read-out. This may be hard to believe. That it has an element of scandal about it may be deduced from the efforts which banking institutions have deliberately made to disguise their role as money-factories. However, hundreds of authorities have now confirmed that the banks create out of nothing the financial credit they loan to the public. In his recent book *Money: Whence it Came, Where it Went*, John Kenneth Galbraith states (page 17) that the banks' method of money-creation is so simple as to be intellectually offensive. Nobel-prize-winning economist Paul Samuelson says in his text *Economics* (page 285, 7th edition) that bankers are wrong when they deny that they create money and he goes on to describe the technique whereby this magic is performed. The former chairman of the Midland Bank of Britain, Reginald McKenna, summarized the matter with unexcelled clarity and candour in a speech in 1924 as follows:—

I am afraid the ordinary citizen will not like to

(continued p. 8)

("Piggyback", continued from p. 2)

constraint, from ourselves—because our habits violate the conditions of compulsion which they themselves have established. On the basis of the argument that persons should not be allowed to do anything that may result in costly medical conditions, the state should outlaw candy, alcohol, cigarettes, saturated fats, sugar, refined flour—and everything else that someone, justifiably or not, regards as carcinogenic, or whatever.

Not only does this seatbelt issue reveal the pervasive implications of the "argument to medical costs", but it exposes as logically fallacious the justification for medicare in the first place. As a form of compulsory, comprehensive insurance, medicare operates on a "no fault" principle; that is, everyone is similarly liable to pay for it, and everyone is (theoretically) eligible for its benefits. But those who justify penalizing non-wearers of seatbelts contradict themselves by claiming that "fault" (or responsibility) can be ascertained and attributed in medicare. They are merely being selective about the area of fault; only certain kinds of behaviour are vicious enough to be penalized. Those who conscientiously lead abstemious or moderate lives, those who take care of themselves, those whose religious convictions run counter to the assumptions that underlie "modern medicine" are not allowed to benefit from their sense of responsibility in this matter: they are not granted tax deductions, reduced premiums, or bonuses, but are required to pay as much as the most inveterate self-abuser.

The "piggyback principle" of comprehensivizing compulsion does not, of course, end there. Medicare itself is justified in terms of "necessity", in terms of the prevalence of disease and people's inability to pay for treatment. How much of that necessity is contrived by government policies is worth pondering. How much of that disease is attributable to state-manipulated economic conditions that perpetuate financial insecurity, encourage the production of contaminated junk foods, and necessitate the employment of thousands of people in the manufacture of drugs and poisons for mass consumption, I do not know. That people's inability to pay is the result of a deliberate program of debt, inflation, and "unemployment" is incontrovertible.

One could recite examples of this sort of thing *ad*

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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.

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.

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Freedom and Inflation

By Bryan W. Monahan

Inflation has been officially (for example, by Lord Rothschild and President Ford) designated an enemy. Of course, it is nothing of the sort. Inflation is an instrument of policy, and the enemy is the group ultimately responsible for the policy which is producing disaster and threatens catastrophe. The technical solution to inflation is quite simple, and is undoubtedly understood but opposed in higher financial circles whence international monetary policy originates—a position of immense power. The elimination of inflation requires a challenge to that power. The essential facts concerning the mechanics of inflation, and the accountancy modifications which would eliminate it, are outlined in the booklet *Freedom and Inflation*. If this can be brought forcefully to the attention of business leaders and others obviously concerned with the ridiculous and dangerous situation developing daily in what should be this increasingly prosperous and happy land, and if it can be made known to politicians that the excuse of misinformation will no longer suffice as chaos increases under the pretense of 'mismanagement', the fate now so imminent may be averted. Totalitarian enslavement is the alternative—inevitable unless informed public opinion becomes effective.

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("Piggyback", continued from p. 7)

nauseam: "free", compulsory, universal education must be uniform education; the Bible cannot be read in schools because schools are public, tax-supported institutions, and any kind of "bias" (except for the "scientific" bias of educational theorists) will be a violation of someone's civil rights. Once an institution has been thus comprehensivized, the individuals served by it have no option but to conform: the alternatives are either non-existent or too expensive. We begin to regard systems of artificial coercion as aspects of reality and, demoralized, acquiesce in the proliferation of prohibitions.

D.R.K.

("Inflation", continued from p. 6)

> be told that the banks can, and do, create and destroy money. The amount of finance in existence varies only with the action of the banks in increasing or decreasing deposits and bank purchases. We know how this is effected. Every loan, overdraft or bank purchase creates a deposit, and every repayment of a loan, overdraft or bank sale destroys a deposit.

In other words, the billions of dollars of interest paid to banks both by governments (taxpayers) and businesses (consumers), most of which is registered directly in the form of higher prices, is for the use of money that the banks have created out of thin air at virtually no administrative cost. The banks hold indisputable title as the most egregious source of inflation in the country.

R.E.K.

(To be continued)

While I was in England a short time ago, a large advertisement sponsored by five major British banks appeared in *The Guardian*. The ad was an appeal against a proposal to nationalize the banks. Proponents of the nationalization of the banking systems as the solution to most of our economic and political problems will no doubt be elated that such a policy has 'finally' worked its way into the establishment. In Canada, too, the New Democratic Party has recently been advocating that the banks be nationalized—an idea they seem to have got from Marx and Engels. —*EDITOR*

...a policy of inflation, that is to say, a policy of increasing issues of money or credit in such a manner that it can only reach the general public through the medium of costs, and must, therefore, be reflected in prices, has one thing and one thing only to be said for it at this time; that it is absolutely and mathematically certain to reduce any financial and economic system to ruins.

C.H. Douglas, *Social Credit*, 103